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Fresenius Investor News

First half 2007: Fresenius reports continued growth in sales and earnings and raises full-year earnings outlook

- Sales € 5.59 billion,
+ 10 % at actual rates, + 15 % in constant currency
- EBIT € 780 million,
+ 15 % at actual rates, + 20 % in constant currency
- Net income € 195 million,
+ 39 % at actual rates, + 44 % in constant currency

- Excellent sales and earnings growth and further margin improvements in all business segments

Earnings outlook for 2007 raised

Based on the Group's strong financial results in the first half, Fresenius raises its earnings outlook for 2007. Net income is now expected to increase by ~25 % in constant currency. Previously, the Company expected net income to increase by 20 to 25 %. Group sales are expected to grow by 8 to 10 % in constant currency.

Sales – excellent organic growth

Group sales increased by 10 % to € 5,592 million (H1 2006: € 5,078 million). Organic sales growth was 7 %. Acquisitions contributed 10 %, in particular Renal Care Group, which was consolidated as from the second quarter of 2006. Divestitures reduced sales by 2 %. Currency translation effects had a negative impact of 5 %. This was mainly attributable to the average dollar rate depreciating 8 % against the euro in the first half of 2007 compared to previous year's period.

In North America sales grew significantly due to the Renal Care Group consolidation and an excellent organic growth rate of 8 %. In Europe sales increased by 8 % in constant currency, with organic growth of 4 %. Strong growth rates were achieved in the emerging markets with organic growth of 9 % in Asia-Pacific, 13 % in Latin America and 24 % in Africa.

in million €	H1 2007	H1 2006	Change at actual rates	Currency translation effects	Change at constant rate	Organic growth	Acquisitions / Divestitures	% of total sales
Europe	2.337	2.159	8 %	0 %	8 %	4 %	4 %	42 %
North America	2.515	2.270	11 %	-9 %	20 %	8 %	12 %	45 %
Asia-Pacific	384	330	16 %	-6 %	22 %	9 %	13 %	7 %
Latin America	231	212	9 %	-5 %	14 %	13 %	1 %	4 %
Africa	125	107	17 %	-8 %	25 %	24 %	1 %	2 %
Total	5.592	5.078	10 %	-5 %	15 %	7 %	8 %	100 %

Strong earnings growth

EBITDA increased by 18 % in constant currency and by 13 % at actual rates to € 977 million (H1 2006: € 867 million). Group operating income (EBIT) increased by 20 % in constant currency and by 15 % at actual rates to € 780 million (H1 2006: € 681 million; adjusted € 652 million including a gain from the divestiture of US dialysis clinics and one-time expenses related to the Renal Care Group acquisition). The strong earnings growth was driven by the successful operating results in all business segments. The Group's EBIT margin improved to 13.9 % (H1 2006: 13.4 %, adjusted margin: 12.8 %).

Group net interest was € -185 million (H1 2006: € -194 million, including one-time expenses of € 30 million for the early refinancing of Group debt).

The tax rate improved to 36.0 % (H1 2006: 42.3%; 37.4 % adjusted for the tax expense related to the divestiture of US dialysis clinics).

Minority interest increased to € 186 million (H1 2006: € 141 million), of which 93 % was attributable to the minority interest in Fresenius Medical Care.

Group net income also grew strongly by 44 % in constant currency and by 39 % at actual rates to € 195 million (H1 2006: € 140 million, including one-time expenses of € 16 million).

Earnings per ordinary share were € 1.26 and earnings per preference share were € 1.27 (H1 2006, adjusted for the February 2007 share split: ordinary share € 0.91, preference share € 0.92). This represents an increase of 38 % for both share classes.

High level of investment

Fresenius Group spent € 304 million for property, plant and equipment and intangible assets (H1 2006: € 225 million). Acquisition spending was € 221 million (H1 2006: € 3,408 million).

Strong cash flow

Operating cash flow increased by 48 % to € 553 million (H1 2006: € 373 million), mainly driven by the strong earnings increase. Cash flow before acquisitions and dividends increased by 60 % to € 256 million (H1 2006: € 160 million). Free cash flow after acquisitions (€ 162 million) and dividends (€ 188 million) was € -94 million (H1 2006: € -2,997 million).

Solid balance sheet structure

Total assets increased by 3 % in constant currency and by 2 % at actual rates to € 15,343 million (December 31, 2006: € 15,024 million). Current assets increased by 4 % to € 4,275 million (December 31, 2006: € 4,106 million). Non-current assets were € 11,068 million (December 31, 2006: € 10,918 million).

Shareholders' equity including minority interest grew by 3 % to € 5,895 million (December 31, 2006: € 5,728 million). The equity ratio (including minority interest) was 38.4 % (December 31, 2006: 38.1 %).

The Group's debt was € 5,909 million (December 31, 2006: € 5,872 million). The net debt/EBITDA ratio stood at 2.9 on June 30, 2007 (December 31, 2006: 3.0).

Employees

As of June 30, 2007, the Group had 108,860 employees (December 31, 2006: 104,872), an increase of 4 %.

Fresenius Biotech

Fresenius Biotech develops innovative therapies with trifunctional antibodies for the treatment of cancer as well as cell therapies for the treatment of the immune system. In the field of polyclonal antibodies, Fresenius Biotech has successfully marketed ATG-Fresenius S for many years. ATG-Fresenius S is an immunosuppressive agent used to prevent and treat graft rejection following organ transplantation.

In July 2007, Fresenius Biotech announced further secondary endpoint data from a phase II/III study with removab[®] (catumaxomab) in patients with malignant ascites. The data confirmed clear benefits for patients treated with the antibody. The trial data showed that removab significantly increases time to tumor progression and has a positive influence on overall survival time. Moreover, a prolonged time interval between therapeutic punctures for the treatment of malignant ascites was seen in the removab group compared to the control group. This effect was also observed beyond the end of the study. In December 2006 and March 2007, Fresenius Biotech already announced encouraging results on the primary study endpoint – puncture free survival.

The submission for marketing authorization with the European Medicines Agency (EMA) for removab in malignant ascites is expected in late 2007.

The Phase II studies with the antibody rexomun[®] to treat breast cancer and with the antibody removab to treat gastric cancer are ongoing. These studies started in March 2006 and June 2006, respectively. A phase II study with removab for the treatment of patients with ovarian cancer was started in Europe.

In the first half of 2007, Fresenius Biotech's operating income (EBIT) was € -20 million. For 2007, Fresenius Biotech expects an EBIT of approximately € -50 million (2006: € -45 million).

The Business Segments

Fresenius Medical Care

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of June 30, 2007, Fresenius Medical Care was serving 171,687 patients in 2,209 dialysis clinics.

in million US\$	H1 2007	H1 2006 as reported	Change
Sales	4,725	3,912	21 %
EBITDA	926	757	22 %
EBIT	756	616	23 %
Net Income	339	246	38 %
Employees	63,296 (June 30, 2007)	59,996 (December 31, 2006)	6 %

- Continued strong organic sales development
- Excellent earnings growth
- 2007 outlook raised

Fresenius Medical Care achieved significant sales growth of 21 % to US\$ 4,725 million (H1 2006: US\$ 3,912 million). This was mainly driven by the strong organic growth of 8 % and by the consolidation of Renal Care Group (RCG) as from the second quarter of 2006. Sales in dialysis care increased by 22 % to US\$ 3,556 million (H1 2006: US\$ 2,924 million). In dialysis products, Fresenius Medical Care achieved sales of US\$ 1,169 million (H1 2006: US\$ 988 million), an increase of 18 %.

In North America Fresenius Medical Care's sales increased by 20 % to US\$ 3,297 million (H1 2006: US\$ 2,754). Sales outside North America ("International") grew by 23 % (in constant currency: 16 %) to US\$ 1,428 million (H1 2006: US\$ 1,158 million). This was driven by the positive operating performance in Europe, the Asia-Pacific region and in Latin America.

Fresenius Medical Care increased EBIT by 23 % to US\$ 756 million (H1 2006: US\$ 616 million, adjusted US\$ 581 million including a gain from the divestiture of US dialysis clinics and one-time expenses related to the RCG acquisition). The EBIT margin was 16.0 % (H1 2006: 15.7 %, adjusted 14.8 %). Net income increased by 38 % to US\$ 339 million (H1 2006: US\$ 246 million, including one-time expenses of US\$ 16 million).

Based on the strong operational performance in the first half of 2007, Fresenius Medical Care raises its outlook for the full year 2007 and now expects to achieve revenue of more than US\$ 9.5 billion. This represents an increase of at least 12 %. Previously, Fresenius Medical Care expected revenue of approximately US\$ 9.4 billion. Net income is now projected to be in the range of US\$ 685 million to US\$ 705 million in 2007. This represents an increase of between 19 % and 23 % on an adjusted basis as compared to 2006 after one-time effects. On a reported basis, this translates into an increase in net income of between 28 % and 31 %. Previously, Fresenius Medical Care expected net income in the range of US\$ 675 million to US\$ 695 million.

For further information, please see Fresenius Medical Care's Investor News at www.fmc-ag.com.

Fresenius Kabi

Fresenius Kabi offers infusion therapies and clinical nutrition for seriously and chronically ill patients in the hospital and out-patient environments. The company is also a leading provider of transfusion technology products.

in million €	H1 2007	H1 2006	Change
Sales	986	937	5 %
EBITDA	197	177	11 %
EBIT	159	139	14 %
Net Income	87	60	45 %
Employees	16,581 (June 30, 2007)	15,591 (December 31, 2006)	6 %

- Excellent organic sales growth
- Continued strong EBIT margin increase in second quarter and first half of 2007
- 2007 outlook fully confirmed

In the first half of 2007, Fresenius Kabi increased sales by 5 % to € 986 million (H1 2006: € 937 million). Currency translation effects had an impact of -2 %. This was mainly due to the depreciation of currencies in South Africa, China and Canada. Organic growth was 7 %. In the second quarter of 2007, Fresenius Kabi achieved strong organic growth of 8 %.

In Europe (excluding Germany) organic sales growth was 5 % while sales in Germany were at previous year's level. In the second quarter of 2007, organic sales growth was 1 % in Germany. Outside Europe, Fresenius Kabi achieved organic sales growth of 22 % in the Asia-Pacific region in the first half of 2007. Organic sales growth in Latin America was 10 % and in other regions 11 %.

Fresenius Kabi continued its excellent earnings growth. In the first half of 2007, EBIT increased by 14 % to € 159 million (H1 2006: € 139 million). The EBIT margin improved to 16.1 % (H1 2006: 14.8 %). In the second quarter of 2007, Fresenius Kabi achieved an EBIT margin of 16.3 %. Net income increased by 45 % to € 87 million (H1 2006: € 60 million, including one-time expenses for early debt refinancing of € 11 million).

Fresenius Kabi fully confirms its outlook for the full year 2007. Organic sales growth is projected to be 6 to 8 %. Continued strong sales growth is anticipated from the regions outside Europe. Based on the positive sales projection and further manufacturing and logistics improvements Fresenius Kabi expects an EBIT margin of 16.0 to 16.5 % in 2007.

Fresenius ProServe

Fresenius ProServe is a leading German hospital operator with 58 facilities. Moreover, the company offers engineering and services for hospitals and other health care facilities.

in million €	H1 2007	H1 2006	Change
Sales	1,069	974	10 %
EBITDA	101	90	12 %
EBIT	75	62	21 %
Net Income	31	23	35 %
Employees	28,301 (June 30, 2007)	28,615 (December 31, 2006)	-1 %

- Continued strong sales and earnings growth
- Sale of Pharmatec to Robert Bosch GmbH completed June 30, 2007
- 2007 earnings outlook raised

Fresenius ProServe's sales grew by 10 % to € 1,069 million (H1 2006: € 974 million). Organic sales growth was 2 %. EBIT increased by 21 % to € 75 million (H1 2006: € 62 million).

Sales in hospital operations (HELIOS Kliniken Group) grew by 16 % to € 890 million (H1 2006: € 767 million). The growth is mainly attributable to the acquisition of HUMAINE Kliniken, which was consolidated as from July 1, 2006. HELIOS achieved strong organic growth of 3 %. EBIT increased by 21 % to € 68 million, EBIT margin was 7.6 % (H1 2006: € 56 million and 7.3 %).

In the second quarter of 2007, HELIOS Kliniken inaugurated its newly constructed hospital Berlin-Buch. In parallel, HELIOS continued its growth strategy in the German hospital market. In July 2007, HELIOS agreed to acquire the Mariahilf hospital in Hamburg. The hospital has 255 beds and achieved revenues of € 26 million in 2006.

Sales in the engineering and services business was € 179 million (H1 2006: € 207 million). The decrease was mainly due to the sale of Pharmaplan, which was deconsolidated as of January 1, 2007. Organic growth was -2 %. EBIT was € 9 million (H1 2006: € 9 million).

Furthermore, Fresenius ProServe agreed to sell its subsidiary Pharmatec to Robert Bosch GmbH on May 1, 2007. In 2006, the company had sales of about € 30 million. The transaction was completed June 30, 2007.

Order intake in the engineering and services business was € 106 million (H1 2006: € 185 million). The decrease was due to the postponement of orders to the second half of 2007 and to a very strong order intake in the second quarter of 2006. Order backlog was € 379 million (December 31, 2006: € 428 million).

Based on the excellent financial results in the first half, Fresenius ProServe raises its 2007 EBIT outlook from previously € 160 to 170 million to now € ~170 million. The outlook for organic sales growth is confirmed at 2 to 3 %.

Conference call

As part of the publication of the results from the first half of 2007, a conference call will be held on August 2, 2007 at 2.00 p.m. CEDT (8.00 a.m. EDT). We invite all investors to follow the conference call over the Internet at www.fresenius.com, see Investor Relations/Presentations. Following the conference, a recording of the call will be available.

Quarterly financial report

The report for the second quarter and the first half of 2007 will be available from August 14, 2007 at www.fresenius.com, see Investor Relations/Financial reports.

This release contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements in this release.

Location: 61352 Bad Homburg v.d.H.

Commercial Register: AG Bad Homburg v.d.H.; HRB 10660

Management Board: : Dr. Ulf M. Schneider (Chairman), Rainer Baule,

Andreas Gaddum, Dr. Jürgen Götz, Dr. Ben Lipps, Stephan Sturm

Chairman of the Supervisory Board: Dr. Gerd Krick

Fresenius Group in Figures

Consolidated statement of income (US GAAP) (unaudited)

in million €	Q2 2007	Q2 2006	H1 2007	H1 2006
Sales	2,825	2,690	5,592	5,078
Cost of goods sold	-1,889	-1,844	-3,768	-3,496
Gross Profit	936	846	1,824	1,582
Selling, general and administrative expenses	-493	-417	-960	-827
Research and development expenses	-43	-39	-84	-74
Operating income (EBIT)	400	390	780	681
Net interest	-90	-110	-185	-194
Earnings before income taxes and minority interest	310	280	595	487
Income taxes	-111	-130	-214	-206
Minority interest	-97	-75	-186	-141
Net income	102	75	195	140
Basic earnings per ordinary share (in €)*	0.66	0.48	1.26	0.91
Fully diluted earnings per ordinary share (in €)*	0.65	0.48	1.24	0.90
Basic earnings per preference share (in €)*	0.67	0.49	1.27	0.92
Fully diluted earnings per preference share (in €)*	0.66	0.49	1.25	0.91
Average number of shares*				
Ordinary shares	77,316,028	76,379,130	77,271,249	76,278,480
Preference shares	77,316,028	76,379,130	77,271,249	76,278,480
EBITDA in million €	498	490	977	867
Depreciation and amortization (in million €)	98	100	197	186
EBIT in million €	400	390	780	681
EBITDA margin	17.6 %	18.2 %	17.5 %	17.1 %
EBIT margin	14.2 %	14.5 %	13.9 %	13.4 %

* Previous year's numbers adjusted for share split

Key figures of the balance sheet (US GAAP) (unaudited)

in million €	June 30, 2007	December 31, 2006	Change
Assets			
Current assets	4,275	4,106	4 %
thereof trade accounts receivable	2,146	2,088	3 %
thereof inventories	868	761	14 %
thereof cash and cash equivalents	306	261	17 %
Non-current assets	11,068	10,918	1 %
thereof property, plant and equipment	2,817	2,712	4 %
thereof goodwill and other intangible assets	7,706	7,655	1 %
Total assets	15,343	15,024	2 %
Liabilities and shareholders' equity			
Liabilities	9,448	9,296	2 %
thereof trade accounts payable	425	464	-8 %
thereof accruals and other short-term liabilities	2,561	2,383	7 %
thereof debt	5,909	5,872	1 %
Minority interest	2,628	2,560	3 %
Shareholders' equity	3,267	3,168	3 %
Total liabilities and shareholders' equity	15,343	15,024	2 %

Cash flow statement (US GAAP) (unaudited)

in million €	H1 2007	H1 2006	Change
Net income before minority interest	381	283	35 %
Depreciation and amortization	197	186	6 %
Change in accruals for pensions	4	2	100 %
Cash flow	582	471	24 %
Change in working capital	-29	-98	70 %
Operating cash flow	553	373	48 %
Capital expenditure, net	-297	-213	-39 %
Cash flow before acquisitions and dividends	256	160	60 %
Cash used for acquisitions, net	-162	-3,003	95 %
Dividends paid	-188	-154	-22 %
Free cash flow after acquisitions and dividends	-94	-2,997	97 %
Cash provided by/used for financing activities	141	3,009	-95 %
Effect of exchange rates on change in cash and cash equivalents	-2	-11	82 %
Net increase in cash and cash equivalents	45	1	

Segment reporting by business segment H1 2007 (US GAAP) (unaudited)

in million €	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Fresenius Group		
	H1 2007	H1 2006	Change	H1 2007	H1 2006	Change	H1 2007	H1 2006	Change	H1 2007	H1 2006	Change	H1 2007	H1 2006	Change
Sales	3,554	3,182	12%	986	937	5%	1,069	974	10%	-17	-15	-13%	5,592	5,078	10%
thereof contribution to consolidated sales	3,553	3,180	12%	964	919	5%	1,066	971	10%	9	8	13%	5,592	5,078	10%
thereof intercompany sales	1	2	-50%	22	18	22%	3	3	0%	-26	-23	-13%	0	0	0%
contribution to consolidated sales	64%	63%		17%	18%		19%	19%		0%	0%		100%	100%	
EBITDA	697	616	13%	197	177	11%	101	90	12%	-18	-16	-13%	977	867	13%
Depreciation and amortization	129	115	12%	38	38	0%	26	28	-7%	4	5	-20%	197	186	6%
EBIT	568	501	13%	159	139	14%	75	62	21%	-22	-21	-5%	780	681	15%
Net interest	-140	-127	-10%	-24	-43	44%	-21	-21	0%	-	-3	100%	-185	-194	5%
Net income	255	200	28%	87	60	45%	31	23	35%	-178	-143	-24%	195	140	39%
Operating cash flow	382	254	50%	62	80	-23%	132	68	94%	-23	-29	21%	553	373	48%
Cash flow before acquisitions and dividends	202	124	63%	8	44	-82%	71	27	163%	-25	-35	29%	256	160	60%
Debt¹⁾	4,193	4,236	-1%	951	880	8%	956	932	3%	-191	-176	-9%	5,909	5,872	1%
Total assets¹⁾	10,026	9,905	1%	2,105	1,965	7%	3,103	3,108	0%	109	46	137%	15,343	15,024	2%
Capital expenditure	189	141	34%	44	37	19%	70	41	71%	1	6	-83%	304	225	35%
Acquisitions	90	3,400	-97%	38	8	--	84	-	--	9	0	--	221	3,408	-94%
Research and development expenses	21	21	0%	40	32	25%	1	-	--	22	21	5%	84	74	14%
Employees (per capita on balance sheet date)¹⁾	63,296	59,996	6%	16,581	15,591	6%	28,301	28,615	-1%	682	670	2%	108,860	104,872	4%
Key figures															
EBITDA margin	19.6%	19.4%		20.0%	18.9%		9.4%	9.2%					17.5%	17.1%	
EBIT margin	16.0%	15.7%		16.1%	14.8%		7.0%	6.4%					13.9%	13.4%	
ROOA ¹⁾	12.1%	11.3% ²⁾		17.8%	17.3%		5.7%	6.9%					11.0%	10.4% ²⁾	
Depreciation and amortization as % of sales	3.6%	3.6%		3.9%	4.1%		2.4%	2.9%					3.5%	3.7%	

¹⁾ 2006: December 31

²⁾ Calculation is based on the pro forma EBIT which does not include the gain on the sale of Fresenius Medical Care dialysis clinics

Segment reporting by business segment Q2 2007 (US GAAP) (unaudited)

	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Fresenius Group		
	Q2 2007	Q2 2006	Change	Q2 2007	Q2 2006	Change	Q2 2007	Q2 2006	Change	Q2 2007	Q2 2006	Change	Q2 2007	Q2 2006	Change
Sales	1,783	1,729	3%	503	471	7%	548	498	10%	-9	-8	-13%	2,825	2,690	5%
of which contributing to consolidated sales	1,782	1,727	3%	492	462	6%	546	496	10%	5	5	0%	2,825	2,690	5%
of which intercompany sales	1	2	-50%	11	9	22%	2	2	0%	-14	-13	-8%	0	0	0%
contribution to consolidated sales	63%	64%		18%	17%		19%	19%		0%	0%		100%	100%	
EBITDA	354	362	-2%	101	90	12%	52	47	11%	-9	-9	0%	498	490	2%
Depreciation and amortization	64	64	0%	19	19	0%	13	15	-13%	2	2	0%	98	100	-2%
EBIT	290	298	-3%	82	71	15%	39	32	22%	-11	-11	0%	400	390	3%
Net interest	-68	-80	15%	-12	-17	29%	-10	-11	9%	-	-2	100%	-90	-110	18%
Net income	133	103	29%	45	34	32%	17	12	42%	-93	-74	-26%	102	75	36%
Operating cash flow	166	119	39%	43	52	-17%	70	31	126%	-13	-15	13%	266	187	42%
Cash flow before acquisitions and dividends	69	43	60%	19	34	-44%	28	11	155%	-15	-19	21%	101	69	46%
Capital expenditure	100	83	20%	24	19	26%	39	20	95%	1	3	-67%	164	125	31%
Acquisitions	19	115	-83%	38	3	--	9	-	--	0	0	0%	66	118	-44%
Research and development expenses	11	11	0%	21	17	24%	1	-	--	10	11	-9%	43	39	10%
Key figures															
EBITDA margin	19.8%	20.9%		20.1%	19.1%		9.5%	9.4%					17.6%	18.2%	
EBIT margin	16.3%	17.2%		16.3%	15.1%		7.1%	6.4%					14.2%	14.5%	
Depreciation and amortization as % of sales	3.6%	3.7%		3.8%	4.0%		2.4%	3.0%					3.5%	3.7%	