

Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st Quarter 2019

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FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities. In 2018, Group sales were €33.5 billion. As of March 31, 2019, more than 283,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q1/2019	Q1/2018	Change	Change in constant currency
Sales ¹	8,517	7,870	8%	5%
EBIT ² on a comparable basis	1,111	1,050	6%	2%
Net income reported ^{3,4}	453	440	3%	0%
Net income on a comparable basis ^{2,3}	465	451	3%	0%
Earnings per share in € reported ^{3,4}	0.81	0.79	3%	0%
Earnings per share in € on a comparable basis ^{2,3}	0.84	0.81	3%	0%
Operating cash flow ⁵	118	236	-50%	

BALANCE SHEET AND INVESTMENTS

€ in millions	March 31, 2019 ⁵	Dec. 31, 2018	Change
Total assets	59,316	56,703	5%
Non-current assets	44,358	41,913	6%
Equity	25,997	25,008	4%
Net debt	18,999	16,275	17%
Investments (Q1 2019/Q1 2018)	2,364	572	--

RATIOS

	Q1/2019	Q1/2018
EBITDA margin ²	17.4%	17.7%
EBIT margin ²	13.0%	13.3%
Depreciation and amortization in % of sales ⁵	4.3%	4.3%
Operating cash flow in % of sales ⁵	1.4%	2.9%
Equity ratio ⁵ (March 31/December 31)	43.8%	44.1%
Net debt/EBITDA ^{5,6,7} (March 31/December 31)	3.09	2.71

¹ On a comparable basis: Q1/18 adjusted for divestitures of Care Coordination activities at FMC; Q1/19 adjusted for IFRS 16 effect

² On a comparable basis: Q1/18 adjusted for divestitures of Care Coordination activities at FMC; Q1/19 before special items and adjusted for IFRS 16 effect

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

⁴ After special items; Q1/19 including IFRS 16 effect

⁵ Q1/19 adjusted for IFRS 16 effect

⁶ Both net debt and EBITDA calculated at expected annual average exchange rates; excluding further potential acquisitions

⁷ Before special items

INFORMATION BY BUSINESS SEGMENT

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

€ in millions	Q1/2019 ¹	Q1/2018 ²	Change	Change in constant currency
Sales	4,125	3,725	11%	6%
EBIT	551	506	9%	4%
Net income ³	318	296	8%	3%
Operating cash flow ⁶	-65	-45	-44%	
Investments/Acquisitions	2,036	405	--	
R & D expenses	34	32	5%	
Employees (March 31/Dec. 31)	125,643	120,328	4%	

FRESENIUS KABI – IV drugs, Biosimilars, Clinical nutrition, Infusion therapy, Medical devices/Transfusion technology

€ in millions	Q1/2019	Q1/2018	Change	Change in constant currency
Sales	1,701	1,603	6%	4%
EBIT ⁴	303	268	13%	7%
Net income ^{4,5}	203	170	19%	12%
Operating cash flow ⁶	132	226	-42%	
Investments/Acquisitions	180	78	131%	
R & D expenses	121	127	-5%	
Employees (March 31/Dec. 31)	38,764	37,843	2%	

FRESENIUS HELIOS – Hospital operations

€ in millions	Q1/2019	Q1/2018	Change	Change adjusted ⁷
Sales	2,311	2,331	-1%	4%
EBIT ⁶	266	278	-4%	-3%
Net income ^{5,6}	176	191	-8%	
Operating cash flow ⁶	91	97	-6%	
Investments/Acquisitions	118	73	62%	
Employees (March 31/Dec. 31)	100,648	100,144	1%	

FRESENIUS VAMED – Projects and services for hospitals and other health care facilities, post-acute care provider

€ in millions	Q1/2019	Q1/2018	Change	Change adjusted ⁸
Sales	440	249	77%	33%
EBIT ⁶	11	6	83%	17%
Net income ^{6,9}	6	4	50%	
Operating cash flow ⁶	-23	-42	45%	
Investments/Acquisitions	6	8	-25%	
Order intake	383	260	47%	
Employees (March 31/Dec. 31)	17,580	17,299	2%	

¹ On an adjusted basis: before expenses associated with the cost optimization program, the IFRS 16 effect, excluding effects from NxStage transaction

² Q1/18 adjusted for divestitures of Care Coordination activities

³ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

⁴ On a comparable basis: before special items and adjusted for IFRS 16 effect

⁵ Net income attributable to shareholders of Fresenius SE & Co. KGaA

⁶ Q1/19 adjusted for IFRS 16 effect

⁷ Adjusted for the post-acute care business transferred to Fresenius Vamed as of July 1, 2018

⁸ Adjusted for German post-acute care business acquired from Fresenius Helios as of July 1, 2018

⁹ Net income attributable to shareholders of VAMED AG

FRESENIUS SHARE

With an increase of 17% since the beginning of the year, the Fresenius share significantly outperformed the DAX.

FIRST QUARTER 2019

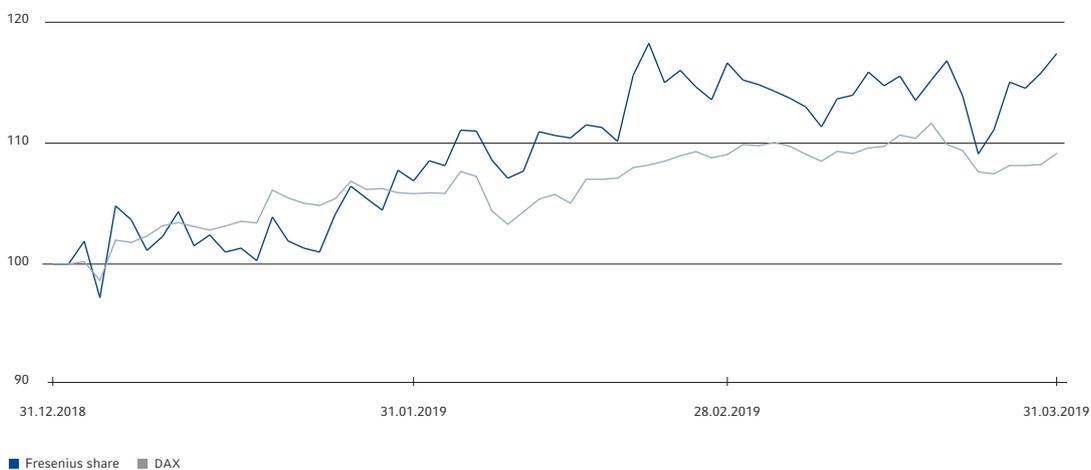
The global economy slowed down in the first quarter of 2019. The Brexit remains one of the biggest risks for the euro zone. The economy in the euro zone is expected to grow by 1.3% this year (previously 1.9%), according to the latest ECB forecast. The ECB left their base rate unchanged during its March meeting.

The Federal Reserve's latest forecast projects the U.S. economy to grow by 2.1% in 2019. The U.S. Federal Reserve, did not change the existing interest rates corridor of 2.25% to 2.50% at its May meeting.

Within this economic environment, the DAX increased by 9% in the first quarter of 2019 to 11,526 points. The Fresenius share closed at €49.76 on March 31, 2019. This represents an increase of 17% over the closing price of 2018.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2018 = 100



KEY DATA OF THE FRESENIUS SHARE

	Q1/2019	2018	Change
Number of shares (March 31/December 31)	556,322,791	556,225,154	0%
Quarter-end quotation in €	49.76	42.38	17%
High in €	50.12	70.94	-29%
Low in €	41.20	38.99	6%
Ø Trading volume (number of shares per trading day)	1,763,417	1,648,837	7%
Market capitalization, € in millions (March 31/December 31)	27,683	23,573	17%

MANAGEMENT REPORT

FRESENIUS MAKES SOLID START TO 2019 AND CONFIRMS GROUP GUIDANCE

- ▶ Fresenius Kabi with continued good growth in Q1/19
- ▶ Helios Germany stabilized; Helios Spain with continued dynamic growth
- ▶ Fresenius Medical Care with strong financial performance supported by agreements that materialized earlier than planned
- ▶ Growth investments on track
- ▶ Group guidance confirmed despite expected earnings dilution from NxStage

	Q1/2019 ¹			
	On a comparable basis ²	Before special items and incl. IFRS 16 effect	Growth ^{2,3}	Growth ^{2,3} in constant currency
Sales	€8.5 billion	€8.5 billion	8%	5%
EBIT	€1,111 million	€1,130 million	6%	2%
Net income ⁴	€465 million	€457 million	3%	0%

¹ Before special items

² Adjusted for IFRS 16 effect

³ Q1/18 adjusted for divestitures of Care Coordination activities at FMC

⁴ Net income attributable to shareholders of Fresenius SE & Co. KGaA

HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The main growth factors are rising medical needs deriving from aging populations, the growing number of chronically ill and multimorbid patients, stronger demand for innovative products and therapies, advances in medical technology and the growing health consciousness, which increases the demand for health care services and facilities.

In the emerging countries, drivers are the expanding availability and correspondingly greater demand for basic health care and increasing national incomes and hence higher spending on health care.

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot

compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and quality-conscious behavior. Overall treatment costs shall be reduced through improved quality standards. In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales were €8,495 million including an IFRS 16 effect of -€22 million. Group sales¹ on a comparable basis increased by 8% (5% in constant currency) to €8,517 million (Q1/18: €7,870 million). Organic sales growth was 5%. Acquisitions/divestitures contributed net 0% to growth. Positive currency

¹ On a comparable basis: Q1/18 adjusted for divestitures of Care Coordination activities at FMC; Q1/19 adjusted for IFRS 16 effect

EARNINGS

€ in millions	Q1/2019	Q1/2018
EBIT ¹	1,111	1,050
Net income ^{1,2}	465	451
Net income (before special items) ²	457	450
Earnings per share ^{1,2}	0.84	0.81
Earnings per share (before special items) ²	0.82	0.81

translation effects of 3% were mainly driven by the appreciation of the U.S. dollar against the euro.

EARNINGS

Group EBITDA before special items was €1,701 million including an IFRS 16 effect of €220 million. Group EBITDA¹ on a comparable basis increased by 6% (3% in constant currency) to €1,481 million (Q1/18: €1,394 million).

SALES BY REGION

€ in millions	Q1/2019 ⁴	Q1/2018	Change at actual rates	Currency translations effects	Change in constant currency	Organic growth	Acquisitions/divestitures	% of total sales
North America	3,514	3,096 ⁵	14%	9%	5%	4%	1%	41%
Europe	3,741	3,589	4%	-1%	5%	4%	1%	44%
Asia-Pacific	825	743	11%	3%	8%	8%	0%	10%
Latin America	337	329	2%	-14%	16%	16%	0%	4%
Africa	100	113	-12%	-3%	-9%	-9%	0%	1%
Total	8,517	7,870⁵	8%	3%	5%	5%	0%	100%

SALES BY BUSINESS SEGMENT

€ in millions	Q1/2019	Q1/2018	Change at actual rates	Currency translations effects	Change in constant currency	Organic growth	Acquisitions/divestitures	% of total sales
Fresenius Medical Care	4,155	3,725 ⁵	12%	6%	6%	6%	0%	49%
Fresenius Kabi	1,701	1,603	6%	2%	4%	4%	0%	20%
Fresenius Helios	2,311	2,331	-1%	0%	-1%	4%	-5%	27%
Fresenius Vamed	440	249	77%	0%	77%	31%	46%	4%
Total	8,517	7,870⁵	8%	3%	5%	5%	0%	100%

Group EBIT before special items was €1,130 million including an IFRS 16 effect of €19 million. Group EBIT¹ on a comparable basis increased by 6% (2% in constant currency) to €1,111 million (Q1/18: €1,050 million). The EBIT margin¹ on a comparable basis was 13.0% (Q1/18: 13.3%). Reported Group EBIT³ was €1,115 million.

Group net interest before special items was -€181 million including an IFRS 16 effect of -€48 million. On a comparable basis, net interest¹ improved to -€133 million (Q1/18: -€139 million) mainly due to lower rates for refinancing activities. Reported Group net interest was -€184 million.

Group tax rate before special items and adopting IFRS 16 was 23.3%. Group tax rate¹ on a comparable basis was 23.4% (Q1/18: 20.9%). The prior-year was positively influenced by one-time effects related to the adoption of the U.S. tax reform.

¹ On a comparable basis: Q1/19 before special items and adjusted for IFRS 16 effect; Q1/18 adjusted for divestitures of Care Coordination activities at FMC

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

³ After special items and including IFRS 16 effect

⁴ Adjusted for IFRS 16 effect

⁵ Q1/18 adjusted for divestitures of Care Coordination activities at FMC (-€251 million)

Noncontrolling interest before special items was €271 million including an IFRS 16 effect of €13 million. Noncontrolling interest¹ on a comparable basis was €284 million (Q1/18: €270 million), of which 94% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income² before special items was €457 million including an IFRS 16 effect of -€8 million. Group net income^{1,2} on a comparable basis increased by 3% (0% in constant currency) to €465 million (Q1/18: €451 million). Reported Group net income^{2,3} was €453 million.

Earnings per share² before special items was €0.82 including an IFRS 16 effect of -€0.02. Earnings per share^{1,2} on a comparable basis increased by 3% (0% in constant currency) to €0.84 (Q1/18: €0.81). Reported Earnings per share^{2,3} was €0.81.

RECONCILIATION

Consolidated results for Q1/19 include special items relating to the acquisition of NxStage and the cost optimization program of Fresenius Medical Care. Furthermore, special items due to the revaluation of biosimilars contingent liabilities as well as the terminated merger agreement with Akorn, Inc. are included in net income attributable to shareholders of Fresenius SE & Co. KGaA. With regard to the latter, these mainly comprise transaction costs in the form of legal and consulting expenses. For a detailed overview of special items and adjustments please see the reconciliation tables on pages 18-22.

INVESTMENTS

2019 is an investment year for the Fresenius Group. Fresenius is making good progress in all of its investment initiatives to secure long-term sustainable growth. Spending on property, plant and equipment was €441 million (Q1/18: €380 million), primarily for the modernization and expansion of dialysis clinics, production facilities as well as hospitals and day clinics. This corresponds to 5% of sales.

Total acquisition spending was €1,923 million (Q1/18: €192 million), mainly for the acquisition of NxStage.

CASH FLOW

Group operating cash flow was €289 million including an IFRS 16 effect of €171 million. On a comparable basis, Group operating cash flow was €118 million (Q1/18: €236 million) with a margin of 1.4% (Q1/18: 2.9%). After a strong Q4/18, operating cash flow was impacted by working capital changes at Fresenius Kabi, for example by some phasing of payments and stockbuild to prepare for a possible Brexit. Moreover, as in previous years' first quarters, operating cash flow was influenced by the seasonality in invoicing at Fresenius Medical Care North America. Fresenius does not expect these temporary effects to have a significant impact on FY/19 cash flow.

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	Q1/2019	Q1/2018	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	2,036	405	201	1,835	--	86%
Fresenius Kabi	180	78	121	59	131%	8%
Fresenius Helios	118	73	89	29	62%	5%
Fresenius Vamed	6	8	6	0	-25%	0%
Corporate/Other	24	8	24	0	200%	1%
Total	2,364	572	441	1,923	--	100%

¹ On a comparable basis: Q1/19 before special items and adjusted for IFRS 16 effect; Q1/18 adjusted for divestitures of Care Coordination activities at FMC

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

³ After special items and including IFRS 16 effect

Given the effects described above in combination with increasing investments, free cash flow before acquisitions and dividends adjusted for IFRS 16 was -€339 million (Q1/18: -€155 million). Free cash flow after acquisitions and dividends adjusted for IFRS 16 was -€2,282 million (Q1/18: -€389 million). The IFRS 16 effect amounts to €171 million respectively. Correspondingly, cash flow from financing activities declined by €171 million.

ASSET AND LIABILITY STRUCTURE

The Group's total assets were €64,985 million including an IFRS 16 effect of €5,669 million. Adjusted for IFRS 16, Group total assets increased by 5% (3% in constant currency) to €59,316 million (Dec. 31, 2018: €56,703 million). Current assets¹ grew by 1% (0% in constant currency) to €14,958 million (Dec. 31, 2018: €14,790 million). Non-current assets¹ increased by 6% (5% in constant currency) to €44,358 million (Dec. 31, 2018: €41,913 million).

Total shareholders' equity was €25,830 million including an IFRS 16 effect of -€167 million. Adjusted for IFRS 16, total shareholders' equity¹ increased by 4% (2% in constant currency) to €25,997 million (Dec. 31, 2018: €25,008 million).

The equity ratio was 39.7%. Adjusted for IFRS 16, the equity ratio was 43.8% (Dec. 31, 2018: 44.1%).

Group debt was €26,378 million including an IFRS 16 effect of €5,836 million. Adjusted for IFRS 16, Group debt increased by 8% to €20,542 million (8% in constant currency) (Dec. 31, 2018: €18,984 million). Group net debt was €24,835 million including an IFRS 16 effect of €5,836 million. Adjusted for IFRS 16, Group net debt increased by 17% (16% in constant currency) to €18,999 million (Dec. 31, 2018: €16,275 million) mainly due to the acquisition of NxStage by Fresenius Medical Care and the negative free cash flow.

As of March 31, 2019, the net debt/EBITDA ratio increased to 3.09^{1,2,3} (December 31, 2018: 2.71^{2,3}). Excluding the acquisition of NxStage the net debt/EBITDA ratio was 2.83^{1,2,3} as of March 31, 2019. Including the IFRS 16 effect, the reported net debt/EBITDA ratio increased to 3.53^{2,3}.

CASH FLOW STATEMENT (SUMMARY)

€ in millions	Q1/2019	Q1/2018	Change
Net income	735	698	5%
Depreciation and amortization	370	349	6%
Change working capital	-987	-811	-22%
Operating cash flow	118	236	-50%
Capital expenditure, net	-457	-391	-17%
Cash flow before acquisitions and dividends	-339	-155	-119%
Cash used for acquisitions, net	-1,900	-189	--
Dividends paid	-43	-45	4%
Free cash flow after acquisitions and dividends	-2,282	-389	--
Cash provided by/used for financing activities	1,083	254	--
Effect of exchange rates on change in cash and cash equivalents	33	-17	--
Net change in cash and cash equivalents	-1,166	-152	--

¹ Adjusted for IFRS 16 effect

² At LTM average exchange rates for both net debt and EBITDA; pro forma closed acquisitions/divestitures

³ Before special items

BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's largest provider of products and services for individuals with renal diseases. As of March 31, 2019, Fresenius Medical Care was treating 336,716 patients in 3,971 dialysis clinics. Along with its core business, the company provides related medical services in the field of Care Coordination.

€ in millions	Q1/2019 ¹	Q1/2018 ²	Change	Change in constant currency
Sales	4,125	3,725	11%	6%
EBITDA	738	676	9%	4%
EBIT	551	506	9%	4%
Net income ³	318	296	8%	3%
Employees (March 31/December 31)	125,643	120,328	4%	

- ▶ **6% sales^{1,2} growth in constant currency**
- ▶ **Earnings supported by agreements that materialized earlier than planned**
- ▶ **Outlook confirmed**

Adjusted for the Q1/18 contribution from the divested Care Coordination activities, the effect of the adoption of the IFRS 16 accounting standard ("IFRS 16 effect") and the contribution from NxStage, sales increased by 11% (6% at constant currency) to €4,125 million (Q1/18: €3,725 million). Organic sales growth was 6%. Positive currency translation effects of 5% were mainly related to the appreciation of the U.S. dollar against the euro.

Health Care Services sales^{1,2} increased by 12% (6% at constant currency) to €3,316 million (Q1/18: €2,958 million). Health Care Products sales^{1,2} increased by 5% (4% at constant currency) to €809 million (Q1/18: €767 million).

In North America, sales^{1,2} increased by 14% (5% in constant currency) to €2,879 million (Q1/18: €2,523 million). Health Care Services sales^{1,2} increased by 14% (6% in constant currency) to €2,679 million (Q1/18: €2,339 million)

¹ On an adjusted basis: before expenses associated with the cost optimization program, the IFRS 16 effect, excluding effects from NxStage transaction

² Q1/18 adjusted for divestitures of Care Coordination activities

³ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

Sales² outside North America increased by 4% (6% in constant currency) to €1,246 million (Q1/18: €1,202 million). Health Care Services sales² increased by 3% (8% in constant currency) to €637 million (Q1/18: €619 million). Health Care Product sales² adjusted increased by 4% (5% in constant currency) to €609 million (Q1/18: €583 million).

Fresenius Medical Care's EBIT³ increased by 9% (4% in constant currency) to €551 million (Q1/18: €506 million).

The EBIT margin³ decreased to 13.4% (Q1/18: 13.6%).

Net income^{1,3} increased by 8% (3% in constant currency) to €318 million (Q1/18: €296 million).

Operating cash flow was €76 million (Q1/18: -€45 million) with a margin of 1.8% (Q1/18: -1.1%). The increase was mainly driven by the adoption of the IFRS 16 accounting standard leading to a reclassification of the repayment portion of rent to financing activities (€141 million). Adjusted for the IFRS 16 effect, operating cash flow was -€65 million.

IFRS 16 RECONCILIATION FRESENIUS MEDICAL CARE

€ in millions	Q1/2019		
	Before special items adjusted for IFRS 16 effect ^{4,5}	IFRS 16 effect	Before special items according to IFRS 16 ⁴
Sales	4,125	-22	4,103
EBITDA	738	184	922
EBIT	551	17	568
Net income ¹	318	-18	300
Operating cash flow	-65	141	76

For FY/19, Fresenius Medical Care expects adjusted sales to grow by 3% to 7%^{2,6} in constant currency. Net income¹ is expected to develop in the range of -2% to +2%^{3,7} in constant currency.

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

¹ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

² FY/18 adjusted for divestitures of Care Coordination activities; FY/19 adjusted for IFRS 16 effects, excluding effects from NxStage transaction

³ FY/18 before special items and after adjustments; FY/19 before special items (before transaction-related expenses, expenses associated with the cost optimization program), adjusted for IFRS 16 effect, excluding effects from NxStage transaction

⁴ Before special items (operating cash flow after special items)

⁵ Adjusted for IFRS 16 effect

⁶ FY/18 base: €16,026 million

⁷ FY/18 base: €1,341 million

FRESENIUS KABI

Fresenius Kabi offers intravenously administered generic drugs, clinical nutrition and infusion therapies for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products. In the biosimilars business, Fresenius Kabi is developing products with a focus on oncology and autoimmune diseases.

€ in millions	Q1/2019	Q1/2018	Change	Change in constant currency
Sales	1,701	1,603	6%	4%
EBITDA ¹	378	338	12%	7%
EBIT ¹	303	268	13%	7%
Net income ^{1,2}	203	170	19%	12%
Employees (March 31/December 31)	38,764	37,843	2%	

- ▶ **4% organic sales growth and 7% EBIT¹ growth in constant currency**
- ▶ **High prior-year base impacts organic sales growth in North America**
- ▶ **FY/19 outlook confirmed**

Sales increased by 6% (4% in constant currency) to €1,701 million (Q1/18: €1,603 million). Organic sales growth was 4%. Positive currency translation effects of 2% were mainly related to the appreciation of the U.S. dollar against the euro.

Sales in Europe grew by 3% (organic growth: 3%) to €573 million (Q1/18: €557 million). Sales in North America increased by 5% (decreased organically by 2% from a high prior-year basis) to €623 million (Q1/18: €591 million). Sales in Asia-Pacific increased by 13% (organic growth: 11%) to €341 million (Q1/18: €301 million). Sales in Latin America/Africa increased by 6% (organic growth: 18%) to €164 million (Q1/18: €154 million).

EBIT¹ increased by 13% (7% in constant currency) to €303 million (Q1/18: €268 million) with an EBIT margin¹ of 17.8% (Q1/18: 16.7%).

Net income^{1,2} increased by 19% (12% in constant currency) to €203 million (Q1/18: €170 million).

Operating cash flow³ was €132 million (Q1/18: €226 million). After a strong Q4/18, operating cash flow was impacted by working capital changes, for example by some phasing of payments and stockbuild to prepare for a possible Brexit. The cash flow margin was 7.8% (Q1/18: 14.1%).

Fresenius Kabi confirms its outlook for FY/19 and expects organic sales growth⁴ of 3% to 6% and EBIT growth⁵ in constant currency of 3% to 6%.

IFRS 16 RECONCILIATION FRESENIUS KABI

€ in millions	Q1/2019		
	Before special items adjusted for IFRS 16 effect ³	IFRS 16 effect	Before special items according to IFRS 16
Sales	1,701	-	1,701
EBITDA	378	16	394
EBIT	303	1	304
Net income ²	203	-1	202
Operating cash flow	132	13	145

¹ On a comparable basis: before special items and adjusted for IFRS 16 effect

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

³ Adjusted for IFRS 16 effect, before special items (operating cash flow after special items)

⁴ On a comparable basis: FY/18 base: €6,544 million; FY/19 before special items (acquisition-related expenses, revaluations of biosimilars contingent liabilities) and adjusted for IFRS 16 effect

⁵ On a comparable basis: FY/18 base: €1,139 million; FY/18 before special items; FY/19 before special items (acquisition-related expenses, revaluations of biosimilars contingent liabilities) and adjusted for IFRS 16 effect.

FRESENIUS HELIOS

Fresenius Helios is Europe's leading private hospital operator. The company comprises Helios Germany and Helios Spain (Quirónsalud). Helios Germany operates 86 hospitals, ~125 outpatient centers and treats approximately 5.3 million patients annually. Quirónsalud operates 47 hospitals, 56 outpatient centers and around 300 occupational risk prevention centers, and treats approximately 13.3 million patients annually.

€ in millions	Q1/2019	Q1/2018	Change	Change adjusted ¹
Sales	2,311	2,331	-1%	4%
EBITDA ²	355	376	-6%	
EBIT ²	266	278	-4%	-3%
Net income ^{2,3}	176	191	-8%	
Employees (March 31/December 31)	100,648	100,144	1%	

- ▶ **4% organic sales growth**
- ▶ **Helios Germany stabilized;**
Helios Spain with continued dynamic growth
- ▶ **FY/19 outlook confirmed**

Sales decreased by 1% (increased by 4%¹; organic growth: 4%) to €2,311 million (Q1/18: €2,331 million).

Sales of Helios Germany decreased by 6% (increased by 1%¹; organic growth: 2%) to €1,485 million (Q1/18: €1,574 million). Sales were impacted by a decline in admissions in Germany, partially due to the transfer of the post-acute care business from Helios to Vamed, a shortage of nurses at selected intensive care units and a less pronounced flu season. The admission decline was more than compensated by positive price effects.

Helios Spain increased sales by 9% (organic growth: 9%) to €826 million (Q1/18: €757 million), mainly driven by the private sector. The occupational risk prevention business also had a valuable contribution. Performance in Q1/18 was impacted by the Easter holidays.

EBIT² of Fresenius Helios decreased by 4% (-3%¹) to €266 million (Q1/18: €278 million) with an EBIT margin of 11.5% (Q1/18: 11.9%).

EBIT² of Helios Germany decreased by 16% (-14%¹) to €149 million (Q1/18: €177 million). The EBIT margin improved sequentially by 50 bps to 10.0% (Q4/18: 9.5%). The development of Helios Germany is impacted by the admissions

decline and the investments for preparatory structural measures.

EBIT² of Helios Spain increased by 16% to €119 million (Q1/18: €103 million), mainly due to the strong operating performance with an EBIT margin of 14.4% (Q1/18: 13.6%).

Net income^{2,3} decreased by 8% to €176 million (Q1/18: €191 million).

Operating cash flow² was €91 million (Q1/18: €97 million) with a margin of 3.9% (Q1/18: 4.2%). The decrease is mainly attributable to the increase in days sales outstanding (DSO).

Fresenius Helios confirms its outlook for FY/19 and expects organic sales growth of 2% to 5% and an EBIT² growth of -5% to -2%.

IFRS 16 RECONCILIATION FRESENIUS HELIOS

€ in millions	Q1/2019		
	Before special items adjusted for IFRS 16 ²	IFRS 16 effect	Before special items according to IFRS 16
Sales	2,311	-	2,311
EBITDA	355	15	370
EBIT	266	2	268
Net income ³	176	-2	174
Operating cash flow	91	12	103

¹ Adjusted for the post-acute care business transferred to Fresenius Vamed as of July 1, 2018

² Adjusted for IFRS 16 effect

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide and is a post-acute care provider in Central Europe. The portfolio ranges along the entire value chain: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

€ in millions	Q1/2019	Q1/2018	Change	Change adjusted ¹
Sales	440	249	77%	33%
EBITDA ²	20	9	122%	
EBIT ²	11	6	83%	17%
Net income ^{2,3}	6	4	50%	
Employees (March 31/December 31)	17,580	17,299	2%	

- ▶ **Excellent organic sales growth of 31%**
- ▶ **Order backlog at all-time high – strong foundation for future growth**
- ▶ **FY/19 outlook confirmed**

Sales increased by 77% (33%¹) to €440 million (Q1/18: €249 million). Organic sales growth was 31%, acquisitions contributed 2% to growth. Both the project and the service business showed strong momentum. Sales of the project business increased by 17% to €108 million (Q1/18: €92 million). Sales in the service business grew by 111% (41%¹) to €332 million (Q1/18: €157 million), supported by an intensified collaboration with Fresenius Helios.

In Q1/19, EBIT² increased by 83% (83%² in constant currency) to €11 million (Q1/18: €6 million) with an EBIT margin of 2.5% (Q1/18: 2.4%). EBIT² additionally adjusted for the acquisition of the German post-acute care business was €7 million with an EBIT margin of 2.1%.

Net income^{2,3} increased by 50% to €6 million (Q1/18: €4 million).

Order intake increased by 47% to €383 million (Q1/18: €260 million). As of March 31, 2019, order backlog reached a new all-time high of €2,698 million (Dec 31, 2018: €2,420 million).

Operating cash flow² increased by 45% to €-23 million (Q1/18: €-42 million) with a margin of -5.2% (Q1/18: -16.9%).

Fresenius Vamed confirms its outlook for FY/19 and expects organic sales growth of ~10% and EBIT growth² of 15% to 20%.

IFRS 16 RECONCILIATION FRESENIUS VAMED

€ in millions	Q1/2019	
	Before special items adjusted for IFRS 16 effect ²	Before special items according to IFRS 16
Sales	440	440
EBITDA	20	29
EBIT	11	12
Net income ³	6	6
Operating cash flow	-23	-15

¹ Adjusted for German post-acute care business acquired from Fresenius Helios as of July 1, 2018

² Adjusted for IFRS 16 effect

³ Net income attributable to shareholders of VAMED AG

EMPLOYEES

As of March 31, 2019, the number of employees was 283,795 (Dec. 31, 2018: 276,750).

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	March 31, 2019	December 31, 2018	Change
Fresenius Medical Care	125,643	120,328	4%
Fresenius Kabi	38,764	37,843	2%
Fresenius Helios	100,648	100,144	1%
Fresenius Vamed	17,580	17,299	2%
Corporate/Other	1,160	1,136	2%
Total	283,795	276,750	3%

RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- ▶ Dialysis
- ▶ Generic IV drugs
- ▶ Biosimilars
- ▶ Infusion and nutrition therapies
- ▶ Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	Q1/2019	Q1/2018	Change
Fresenius Medical Care	34	32	5%
Fresenius Kabi ¹	121	127	-5%
Fresenius Helios	–	–	--
Fresenius Vamed	0	0	
Corporate/Other	0	0	
Total¹	155	159	-3%

¹ Before revaluations of biosimilars contingent liabilities

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the consolidated financial statements and the management report as of December 31, 2018 applying Section 315e HGB in accordance with IFRS, there have been no material changes in Fresenius' overall opportunities and risk situation in the first quarter of 2019.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration as well as external and internal investigations relating to various aspects of its business.

For example, Fresenius is currently investigating payments made by one of its subsidiaries in three Asian countries to assess whether these payments were in compliance with applicable anti-money laundering and anti-corruption regulations.

The Fresenius Group regularly analyzes current information about such matters for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

We report on legal proceedings, currency and interest risks on pages 44 to 48 in the Notes of this report.

RATING

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch ¹
Company rating	BBB -	Baa3	BBB -
Outlook	positive	stable	stable

OUTLOOK 2019

FRESENIUS GROUP

After closing the NxStage acquisition on February 21, the related sales and earnings contributions are now included in the Group guidance. Despite the expected earnings dilution from NxStage, Fresenius confirms its FY/19 guidance. Fresenius projects sales growth of 3% to 6%¹ in constant currency. Net income^{2,3} growth is expected to be ~0% in constant currency.

Including the NxStage acquisition which is increasing the net debt/EBITDA ratio in 2019 by ~30 basis points and excluding IFRS 16, Fresenius now expects year-end 2019 net debt/EBITDA ratio⁴ to be at the upper-end of the original self-imposed target corridor of 2.5x to 3.0x.

Due to the adoption of the IFRS 16 accounting standard, Fresenius increases its self-imposed target corridor of 2.5x to 3.0x net debt/EBITDA to 3.0x to 3.5x.

FRESENIUS MEDICAL CARE

For FY/19, Fresenius Medical Care expects adjusted sales to grow by 3% to 7%^{5,6} in constant currency. Net income⁷ is expected to develop in the range of -2% to +2%^{8,9} in constant currency.

FRESENIUS KABI

Fresenius Kabi confirms its outlook for FY/19 and expects organic sales growth¹⁰ of 3% to 6% and EBIT growth¹¹ in constant currency of 3% to 6%.

FRESENIUS HELIOS

Fresenius Helios confirms its outlook for FY/19 and expects organic sales growth of 2% to 5% and an EBIT¹² growth of -5% to -2%.

FRESENIUS VAMED

Fresenius Vamed confirms its outlook for FY/19 and expects organic sales growth of ~10% and EBIT growth¹² of 15% to 20%.

INVESTMENTS

2019 is an investment year for the Fresenius Group. Fresenius is making good progress in all of its investment initiatives to secure long-term sustainable growth. The Group plans to invest around 7% of sales in property, plant and equipment.

¹ On a comparable basis: FY/18 base: €33,009 million; FY/18 adjusted for divestitures of Care Coordination activities at FMC (H1/18); FY/19: adjusted for IFRS 16 effect

² Net income attributable to shareholders of Fresenius SE & Co. KGaA

³ On a comparable basis: FY/18 base: €1,872 million; FY/18 before special items and adjusted for divestitures of Care Coordination activities at FMC (H1/18); FY/19: before special items (transaction-related expenses, expenses associated with the cost optimization program at FMC, revaluations of biosimilars contingent liabilities); adjusted for IFRS 16 effect

⁴ Both net debt and EBITDA calculated at expected annual average exchange rates; excluding further potential acquisitions

⁵ FY/18 adjusted for divestitures of Care Coordination activities; FY/19 adjusted for IFRS 16 effects, excluding effects from NxStage transaction

⁶ 2018 base: €16,026 million

⁷ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

⁸ FY/18 before special items and after adjustments; FY/19 before special items (before transaction-related expenses, expenses associated with the cost optimization program); adjusted for IFRS 16 effect, excluding effects from NxStage transaction

⁹ 2018 base: €1,341 million

¹⁰ On a comparable basis: FY/18 base: €6,544 million; FY/19 before special items (acquisition-related expenses, revaluations of biosimilars contingent liabilities) and adjusted for IFRS 16 effect

¹¹ On a comparable basis: FY/18 base: €1,139 million; FY/18 before special items; FY/19 before special items (acquisition-related expenses, revaluations of biosimilars contingent liabilities) and adjusted for IFRS 16 effect

¹² Adjusted for IFRS 16 effect

GROUP FINANCIAL OUTLOOK 2019

	Targets 2019	Fiscal year 2018	New guidance
Sales growth (in constant currency)	3% – 6% ¹	€33,009 m ¹	confirmed
Net income ³ growth (in constant currency)	~0% ²	€1,872 m ²	confirmed

¹ On a comparable basis: FY/18 adjusted for divestitures of Care Coordination activities at FMC (H1/18); FY/19: adjusted for IFRS 16 effect

² On a comparable basis: FY/18 before special items and adjusted for divestitures of Care Coordination activities at FMC (H1/18); FY/19: before special items (transaction-related expenses, expenses associated with the cost optimization program at FMC, revaluations of biosimilars contingent liabilities); including operating results of NxStage, adjusted for IFRS 16 effect

³ Net income attributable to shareholders of Fresenius SE & Co. KGaA

OUTLOOK 2019 BY BUSINESS SEGMENT

	Targets 2019 ¹	Fiscal year 2018	New guidance ¹
Fresenius Medical Care			
Sales growth (in constant currency)	3% – 7% ²	€16,026 m ²	confirmed
Net income ³ growth (in constant currency)	-2% – 2% ⁴	€1,341 m ⁴	confirmed
Fresenius Kabi			
Sales growth (organic)	3% – 6%	€6,544 m	confirmed
EBIT growth (in constant currency)	3% – 6%	€1,139 m ⁵	confirmed
Fresenius Helios			
Sales growth (organic)	2% – 5%	€8,993 m	confirmed
EBIT growth	-5% – -2%	€1,052 m	confirmed
Fresenius Vamed			
Sales growth (organic)	~10%	€1,688 m	confirmed
EBIT growth	15% – 20%	€110 m	confirmed

¹ On a comparable basis: FY/18 before special items and adjusted for divestitures of Care Coordination activities at FMC (H1/18); FY/19: before special items (transaction-related expenses, expenses associated with the cost optimization program at FMC, revaluations of biosimilars contingent liabilities); adjusted for IFRS 16 effect

² 2018 adjusted for divestitures of Care Coordination activities; 2019 adjusted for IFRS 16 effects, excluding effects from NxStage transaction

³ Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

⁴ 2018 before special items and after adjustments; 2019 before special items (before transaction-related expenses, expenses associated with the cost optimization program), adjusted for IFRS 16 effect, excluding effects from NxStage transaction

⁵ Before special items

RECONCILIATION FRESENIUS GROUP

€ in millions	Q1/2019	Q1/2018	Growth rate	Growth rate in constant currency
Sales reported	8,495	8,121	5%	2%
Divestitures of Care Coordination activities (Q1/2018) at FMC (Fresenius Medical Care)	-	-251		
IFRS 16 effect	22	-		
Sales on a comparable basis	8,517	7,870	8%	5%
EBIT reported (after special items)	1,115	1,036	8%	4%
Transaction costs Akorn	2	5		
Revaluations of biosimilars contingent liabilities	-7	-		
Transaction costs Care Coordination activities	-	13		
Transaction costs NxStage	16	-		
Expenses associated with the cost optimization program at FMC	4	-		
EBIT (before special items)	1,130	1,054	7%	3%
Divestitures of Care Coordination activities at FMC (Q1/2018)	-	-4		
IFRS 16 effect	-19	-		
EBIT on a comparable basis	1,111	1,050	6%	2%
Net interest reported (after special items)	-184	-152	-21%	-18%
Bridge Financing costs Akorn	-	3		
Revaluations of biosimilars contingent liabilities	3	-		
Net interest (before special items)	-181	-149	-21%	-18%
Divestitures of Care Coordination activities at FMC (Q1/2018)	-	10		
IFRS 16 effect	48	-		
Net interest on a comparable basis	-133	-139	4%	6%

Reconciliation from the reported figures including IFRS 16 to the figures on a comparable basis.

The special items shown within the reconciliation tables are reported in the Group Corporate/Other segment.

RECONCILIATION FRESENIUS GROUP

€ in millions	Q1/2019	Q1/2018	Growth rate	Growth rate in constant currency
Income taxes reported (after special items)	-217	-186	-17%	-12%
Transaction costs Akorn	-	-1		
Bridge Financing costs Akorn	-	-1		
Revaluations of biosimilars contingent liabilities	1	-		
Transaction costs NxStage	-4	-		
Expenses associated with the cost optimization program at FMC	-1	-		
Income taxes (before special items)	-221	-188	-18%	-13%
Divestitures of Care Coordination activities at FMC (Q1/2018)	-	-2		
IFRS 16 effect	-8	-		
Income taxes on a comparable basis	-229	-190	-21%	-16%
Noncontrolling interest reported (after special items)	-261	-258	-1%	4%
Transaction costs Care Coordination activities	-	-9		
Transaction costs NxStage	-8	-		
Expenses associated with the cost optimization program at FMC	-2	-		
Noncontrolling interest (before special items)	-271	-267	-1%	3%
Divestitures of Care Coordination activities at FMC (Q1/2018)	-	-3		
IFRS 16 effect	-13	-		
Noncontrolling interest on a comparable basis	-284	-270	-5%	0%
Net income reported (after special items)	453	440	3%	0%
Transaction costs Akorn	2	4		
Bridge Financing costs Akorn	-	2		
Revaluations of biosimilars contingent liabilities	-3	-		
Transaction costs Care Coordination activities	-	4		
Transaction costs NxStage	4	-		
Expenses associated with the cost optimization program at FMC	1	-		
Net income (before special items)	457	450	2%	-2%
Divestitures of Care Coordination activities at FMC (Q1/2018)	-	1		
IFRS 16 effect	8	-		
Net income on a comparable basis	465	451	3%	0%

RECONCILIATION BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE – Reconciliation according to Fresenius Medical Care

€ in millions	Q1/2019	Q1/2018	Growth rate	Growth rate in constant currency
Sales reported	4,133	3,976	4%	-1%
Divestitures of Care Coordination activities (Q1/2018)	-	-251		
IFRS 16 effect	22	-		
NxStage operations	-30	-		
Sales adjusted	4,125	3,725	11%	6%
EBIT reported	537	497	8%	3%
Transaction costs Care Coordination activities	-	13		
Divestitures of Care Coordination activities (Q1/2018)	-	-4		
IFRS 16 effect	-17	-		
NxStage operations	11	-		
Transaction costs NxStage	16	-		
Expenses associated with the cost optimization program	4	-		
EBIT adjusted	551	506	9%	4%
Net income reported	271	279	-3%	-6%
Transaction costs Care Coordination activities	-	13		
Divestitures of Care Coordination activities (Q1/2018)	-	4		
IFRS 16 effect	18	-		
NxStage operations	14	-		
Transaction costs NxStage	12	-		
Expenses associated with the cost optimization program	3	-		
Net income adjusted	318	296	8%	3%

FRESENIUS MEDICAL CARE – Reconciliation according to the Fresenius Group

in Mio €	Q1/2019	Q1/2018	Growth rate	Growth rate in constant currency
Sales reported	4,133	3,976	4%	-1%
Divestitures of Care Coordination activities (Q1/2018)	-	-251		
IFRS 16 effect	22	-		
Sales on a comparable basis	4,155	3,725	12%	6%
EBIT reported (after special items)	537	497	8%	3%
Transaction costs Care Coordination activities	-	13		
Transaction costs NxStage	16	-		
Expenses associated with the cost optimization program at FMC	4	-		
EBIT (before special items)	557	510	9%	4%
Divestitures of Care Coordination activities (Q1/2018)	-	-4		
IFRS 16 effect	-17	-		
EBIT on a comparable basis	540	506	7%	2%
Net income reported (after special items)	271	279	-3%	-6%
Transaction costs Care Coordination activities	-	13		
Transaction costs NxStage	12	-		
Expenses associated with the cost optimization program at FMC	3	-		
Net income (before special items)	286	292	-2%	-6%
Divestitures of Care Coordination activities (Q1/2018)	-	4		
IFRS 16 effect	18	-		
Net income on a comparable basis	304	296	3%	-1%

RECONCILIATION BUSINESS SEGMENTS

FRESENIUS KABI

€ in millions	Q1/2019	Q1/2018	Growth rate	Growth rate in constant currency
Sales reported	1,701	1,603	6%	4%
Transaction costs Akorn	2	5		
Revaluations of biosimilars contingent liabilities	-7	-		
EBIT (before special items)	304	268	13%	7%
IFRS 16 effect	-1	-		
EBIT on a comparable basis	303	268	13%	7%
Transaction costs Akorn	2	4		
Revaluations of biosimilars contingent liabilities	-3	-		
Net income (before special items)	202	170	19%	12%
IFRS 16 effect	1	-		
Net income on a comparable basis	203	170	19%	12%

FRESENIUS HELIOS

€ in millions	Q1/2019	Q1/2018	Growth rate
Sales reported	2,311	2,331	-1%
German post-acute care business transferred from Fresenius Helios to Fresenius Vamed	-	-110	
Sales adjusted for German post-acute care business	2,311	2,221	4%
EBIT reported	268	278	-4%
IFRS 16 effect	-2	-	
EBIT adjusted for IFRS 16 effect	266	278	-4%
German post-acute care business transferred from Fresenius Helios to Fresenius Vamed	-	-3	
EBIT adjusted for IFRS 16 and German post-acute care business	266	275	-3%

FRESENIUS VAMED

€ in millions	Q1/2019	Q1/2018	Growth rate
Sales reported	440	249	77%
German post-acute care business acquired from Fresenius Helios	-110	-	
Sales adjusted for German post-acute care business	330	249	33%
EBIT reported	12	6	100%
IFRS 16 effect	-1	-	
EBIT adjusted for IFRS 16 effect	11	6	83%
German post-acute care business acquired from Fresenius Helios	-4	-	
EBIT adjusted for IFRS 16 and German post-acute care business	7	6	17%

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q1/2019	Q1/2018
Sales	8,495	8,121
Cost of sales	-5,991	-5,783
Gross profit	2,504	2,338
Selling, general and administrative expenses	-1,236	-1,143
Research and development expenses	-153	-159
Operating income (EBIT)	1,115	1,036
Net interest	-184	-152
Income before income taxes	931	884
Income taxes	-217	-186
Net income	714	698
Noncontrolling interest	261	258
Net income attributable to shareholders of Fresenius SE & Co. KGaA	453	440
Earnings per share in €	0.81	0.79
Fully diluted earnings per share in €	0.81	0.79

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q1/2019	Q1/2018
Net income	714	698
Other comprehensive income (loss)		
Positions which will be reclassified into net income in subsequent years		
Foreign currency translation	283	-427
Cash flow hedges	-13	8
Income taxes on positions which will be reclassified	3	4
Positions which will not be reclassified into net income in subsequent years		
Actuarial gains on defined benefit pension plans	0	1
Income taxes on positions which will not be reclassified	0	-
Other comprehensive income (loss), net	273	-414
Total comprehensive income	987	284
Comprehensive income attributable to noncontrolling interest	362	69
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	625	215

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ in millions	March 31, 2019	December 31, 2018
Cash and cash equivalents	1,543	2,709
Trade accounts and other receivables, less allowance for doubtful accounts	7,415	6,540
Accounts receivable from and loans to related parties	30	29
Inventories	3,509	3,218
Other current assets	2,461	2,294
I. Total current assets	14,958	14,790
Property, plant and equipment	10,456	10,366
Right-of-use assets	5,859	0
Goodwill	27,164	25,713
Other intangible assets	3,871	3,130
Other non-current assets	1,891	1,927
Deferred taxes	786	777
II. Total non-current assets	50,027	41,913
Total assets	64,985	56,703

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	March 31, 2019	December 31, 2018
Trade accounts payable	1,760	1,823
Short-term accounts payable to related parties	122	67
Short-term provisions and other short-term liabilities	6,128	6,240
Short-term debt	1,945	2,354
Short-term debt from related parties	6	-
Current portion of long-term debt	342	353
Current portion of long-term lease liabilities	779	0
Current portion of bonds	1,458	1,744
Current portion of convertible bonds	890	493
Short-term accruals for income taxes	242	201
A. Total short-term liabilities	13,672	13,275
Long-term debt, less current portion	6,743	5,944
Long-term lease liabilities, less current portion	5,471	0
Bonds, less current portion	8,285	7,246
Convertible bonds, less current portion	459	850
Long-term provisions and other long-term liabilities	1,631	1,634
Pension liabilities	1,255	1,235
Long-term accruals for income taxes	229	227
Deferred taxes	1,410	1,284
B. Total long-term liabilities	25,483	18,420
I. Total liabilities	39,155	31,695
A. Noncontrolling interest	9,828	9,597
Subscribed capital	556	556
Capital reserve	3,942	3,933
Other reserves	11,662	11,252
Accumulated other comprehensive loss	-158	-330
B. Total Fresenius SE & Co. KGaA shareholders' equity	16,002	15,411
II. Total shareholders' equity	25,830	25,008
Total liabilities and shareholders' equity	64,985	56,703

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1/2019	Q1/2018
Operating activities		
Net income	714	698
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	571	349
Gain/Loss on sale of investments and divestitures	-9	2
Change in deferred taxes	45	-18
Gain/Loss on sale of fixed assets	-1	-
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts and other receivables, net	-773	-695
Inventories	-173	-70
Other current and non-current assets	-111	-94
Accounts receivable from/payable to related parties	60	87
Trade accounts payable, provisions and other short-term and long-term liabilities	-69	-124
Accruals for income taxes	35	101
Net cash provided by operating activities	289	236
Investing activities		
Purchase of property, plant and equipment	-464	-399
Proceeds from sales of property, plant and equipment	7	8
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-1,911	-189
Proceeds from sale of investments and divestitures	11	-
Net cash used in investing activities	-2,357	-580
Financing activities		
Proceeds from short-term debt	400	404
Repayments of short-term debt	-803	-161
Proceeds from long-term debt	419	108
Repayments of long-term debt	-105	-112
Repayments of lease liabilities	-195	0
Proceeds from the issuance of bonds	1,000	0
Repayments of liabilities from bonds	-300	0
Payments for the share buy-back program of Fresenius Medical Care	-89	0
Proceeds from the accounts receivable securitization program	584	9
Proceeds from the exercise of stock options	3	5
Dividends paid	-43	-45
Change in noncontrolling interest	-2	1
Net cash provided by financing activities	869	209
Effect of exchange rate changes on cash and cash equivalents	33	-17
Net decrease in cash and cash equivalents	-1,166	-152
Cash and cash equivalents at the beginning of the reporting period	2,709	1,636
Cash and cash equivalents at the end of the reporting period	1,543	1,484

ADDITIONAL INFORMATION ON PAYMENTS THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

€ in millions	Q1/2019	Q1/2018
Received interest	18	12
Paid interest	-147	-165
Income taxes paid	-121	-114

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2017	554,710	554,710	555	3,848	9,656
Adjustment due to the initial application of IFRS 9 and IFRS 15	0	0	0	0	-28
As of January 1, 2018, adjusted	554,710	554,710	555	3,848	9,628
Proceeds from the exercise of stock options	165	165	-	4	
Compensation expense related to stock options				7	
Dividends paid					
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					21
Comprehensive income (loss)					
Net income					440
Other comprehensive income (loss)					
Cash flow hedges					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					440
As of March 31, 2018	554,875	554,875	555	3,859	10,089
As of December 31, 2018	556,225	556,225	556	3,933	11,252
Adjustment due to the initial application of IFRS 16	0	0	0	0	-44
As of January 1, 2019, adjusted	556,225	556,225	556	3,933	11,208
Proceeds from the exercise of stock options	98	98		3	
Compensation expense related to stock options				6	
Dividends paid					
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					1
Comprehensive income (loss)					
Net income					
Other comprehensive income (loss)					453
Cash flow hedges					
Foreign currency translation					
Comprehensive income (loss)					453
As of March 31, 2019	556,323	556,323	556	3,942	11,662

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other comprehensive income (loss) € in millions						Total shareholders' equity € in millions
	Foreign currency translation € in millions	Cash flow hedges € in millions	Pensions € in millions	Equity investments	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Non-controlling interest € in millions	
As of December 31, 2017	-61	-60	-277	0	13,661	8,059	21,720
Adjustment due to the initial application of IFRS 9 and IFRS 15	0	0	0	0	-28	-2	-30
As of January 1, 2018, adjusted	-61	-60	-277	0	13,633	8,057	21,690
Proceeds from the exercise of stock options					4	1	5
Compensation expense related to stock options					7	1	8
Dividends paid					0	-45	-45
Purchase of noncontrolling interest					0	7	7
Noncontrolling interest subject to put provisions					21	46	67
Comprehensive income (loss)							
Net income					440	258	698
Other comprehensive income (loss)							
Cash flow hedges		1			1	4	5
Foreign currency translation	-223	-	-		-223	-193	-416
Actuarial gains on defined benefit pension plans			1		1	0	1
Comprehensive income (loss)	-223	1	1		219	69	288
As of March 31, 2018	-284	-59	-276	0	13,884	8,136	22,020
As of December 31, 2018	38	-61	-311	4	15,411	9,597	25,008
Adjustment due to the initial application of IFRS 16	0	0	0	0	-44	-95	-139
As of January 1, 2019, adjusted	38	-61	-311	4	15,367	9,502	24,869
Proceeds from the exercise of stock options					3	-	3
Compensation expense related to stock options					6	1	7
Dividends paid					0	-43	-43
Purchase of noncontrolling interest					0	3	3
Noncontrolling interest subject to put provisions					1	3	4
Comprehensive income (loss)							
Net income					453	261	714
Other comprehensive income (loss)							
Cash flow hedges		-9			-9	-1	-10
Foreign currency translation	181				181	102	283
Comprehensive income (loss)	181	-9			625	362	987
As of March 31, 2019	219	-70	-311	4	16,002	9,828	25,830

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

by business segment, € in millions	Fresenius Medical Care				Fresenius Kabi				Fresenius Helios			
	adj. for IFRS 16 effect		Change		adj. for IFRS 16 effect		Change		adj. for IFRS 16 effect		Change	
	2019 ²	2019 ²	2018 ³	Change	2019 ⁴	Change	2018 ³	Change	2019	Change	2018	Change
Sales	4,133	4,155	3,976	4%	1,701	4%	1,603	6%	2,311	-1%	2,331	-1%
thereof contribution to consolidated sales	4,123	4,145	3,968	4%	1,688	4%	1,589	6%	2,309	-1%	2,331	-1%
thereof intercompany sales	10	10	8	25%	13	25%	14	-7%	2		0	
contribution to consolidated sales	49%	49%	49%		20%		19%		27%		29%	
EBITDA	919	735	685	34%	394	7%	338	17%	370	-2%	376	-2%
Depreciation and amortization	362	195	175	107%	90	11%	70	29%	102	4%	98	4%
EBIT	557	540	510	9%	304	6%	268	13%	268	-4%	278	-4%
Net interest	-108	-66	-83	-30%	-24	20%	-21	17%	-43	-8%	-40	-8%
Income taxes	-106	-113	-84	-26%	-67	-34%	-68	-12%	-47	-4%	-45	-4%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	286	304	292	-2%	202	4%	203	19%	174	-9%	191	-9%
Operating cash flow	76	-65	-45	--	145	-44%	132	-36%	103	6%	97	6%
Cash flow before acquisitions and dividends	-123	-264	-263	53%	5	0%	-8	-96%	15	-53%	32	-53%
Total assets ¹	32,353	28,126	26,242	23%	13,044	7%	12,638	3%	17,720	7%	16,504	7%
Debt ¹	13,232	8,850	7,546	75%	3,991	17%	3,629	3%	7,223	16%	6,219	16%
Other operating liabilities ¹	5,171	5,171	5,168	0%	3,042	0%	3,107	-2%	2,132	4%	2,051	4%
Capital expenditure, gross	201	201	221	-9%	121	-9%	78	55%	89	27%	70	27%
Acquisitions, gross/investments	1,835	1,835	184	--	59	--	59	--	29	--	3	--
Research and development expenses	34	34	32	5%	121	5%	127	-5%	-	--	-	--
Employees	125,643	125,643	120,328	4%	38,764	4%	37,843	2%	100,648	1%	100,144	1%
(per capita on balance sheet date) ¹												
Key figures												
EBITDA margin	22.2%	17.7%	17.2%		23.2%		21.1%		16.0%		16.1%	
EBIT margin	13.5%	13.0%	12.8%		17.9%		16.7%		11.6%		11.9%	
Depreciation and amortization in % of sales	8.8%	4.7%	4.4%		5.3%		4.4%		4.4%		4.2%	
Operating cash flow in % of sales	1.8%	-1.6%	-1.1%		8.5%		7.8%		4.5%		4.2%	
ROOA ¹	7.9%	8.9%	10.0%		10.8%		11.2%		6.3%		6.8%	

¹ 2018: December 31

² Before transaction-related effects and expenses associated with the cost optimization program

³ Before transaction-related effects

⁴ Before transaction-related effects and revaluations of biosimilars contingent liabilities

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

by business segment, € in millions	Fresenius Vamed				Corporate/Other				Fresenius Group					
	2019	2019	2018	Change	adj. for IFRS 16 effect	2019 ³	2019 ³	2018 ⁴	Change	adj. for IFRS 16 effect	2019	2019	2018	Change
	440	440	249	77%	77%	-90	-90	-38	-137%	-137%	8,495	8,517	8,121	5%
Sales	440	440	249	77%	77%	-90	-90	-38	-137%	-137%	8,495	8,517	8,121	5%
thereof contribution to consolidated sales	375	375	233	61%	61%	0	0	0			8,495	8,517	8,121	5%
thereof intercompany sales	65	65	16	--	--	-90	-90	-38	-137%	-137%	0	0	0	
contribution to consolidated sales	4%	4%	3%			0%	0%	0%			100%	100%	100%	
EBITDA	29	20	9	--	122%	-26	-22	-23	-13%	4%	1,686	1,466	1,385	22%
Depreciation and amortization	17	9	3	--	200%	0	2	3	-100%	-33%	571	370	349	64%
EBIT	12	11	6	100%	83%	-26	-24	-26	0%	8%	1,115	1,096	1,036	8%
Net interest	-4	-3	0			-5	-7	0			-184	-136	-152	-21%
Income taxes	-2	-2	-2	0%	0%	5	5	5	0%	0%	-217	-225	-186	-17%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	6	6	4	50%	50%	-215	-228	-217	1%	-5%	453	461	440	3%
Operating cash flow	-15	-23	-42	64%	45%	-20	-17	0			289	118	236	22%
Cash flow before acquisitions and dividends	-21	-29	-44	52%	34%	-44	-41	-10	--	--	-168	-339	-155	-8%
Total assets ¹	2,458	2,140	2,160	14%	-1%	-590	-467	-841	30%	44%	64,985	59,316	56,703	15%
Debt ¹	861	539	535	61%	1%	1,071	1,193	817	31%	46%	26,378	20,542	18,984	39%
Other operating liabilities ¹	882	882	912	-3%	-3%	140	140	189	-26%	-26%	11,367	11,367	11,427	-1%
Capital expenditure, gross	6	6	3	100%	100%	24	24	8	200%	200%	441	441	380	16%
Acquisitions, gross/investments	0	0	5	-100%	-100%	0	0	0			1,923	1,923	192	--
Research and development expenses	0	0	0			-2	-2	0			153	153	159	-4%
Employees (per capita on balance sheet date) ¹	17,580	17,580	17,299	2%	2%	1,160	1,160	1,136	2%	2%	283,795	283,795	276,750	3%
Key figures														
EBITDA margin	6.6%	4.5%	3.6%								20.0% ⁵	17.4% ⁵	17.3% ²	
EBIT margin	2.7%	2.5%	2.4%								13.3% ⁵	13.0% ⁵	13.0% ²	
Depreciation and amortization in % of sales	3.9%	2.0%	1.2%								6.7%	4.3%	4.3%	
Operating cash flow in % of sales	-3.4%	-5.2%	-16.9%								3.4%	1.4%	2.9%	
ROOA ¹	7.4%	8.7%	9.1%								8.0% ⁶	8.7% ⁶	9.0% ⁷	

¹ 2018: December 31

² Before transaction-related effects

³ After transaction-related effects, revaluations of biosimilars contingent liabilities and expenses associated with the cost optimization program at FMC

⁴ After transaction-related effects

⁵ Before transaction-related effects, revaluations of biosimilars contingent liabilities and expenses associated with the cost optimization program at FMC

⁶ The underlying pro forma EBIT does not include transaction-related effects, revaluations of biosimilars contingent liabilities and expenses associated with the cost optimization program at FMC.

⁷ The underlying pro forma EBIT does not include transaction-related effects, revaluations of biosimilars contingent liabilities and the impact of FCPA related charge.

The consolidated segment reporting is an integral part of the notes.

The following notes are an integral part of the unaudited condensed interim financial statements.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments as of March 31, 2019:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with “-”.

II. BASIS OF PRESENTATION

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315e of the German Commercial Code (HGB).

The accompanying condensed interim financial statements comply with the International Accounting Standard (IAS) 34. They have been prepared in accordance with the IFRS in force on the reporting date and adopted by the European Union.

The Fresenius Group has applied IFRS 16, Leases, since January 1, 2019. As a result of the implementation, the Fresenius Group has updated its accounting policies accordingly. Changes in the accounting policies due to the implementation of IFRS 16 are described in note 1.IV, Recent pronouncements, applied.

For all other issues, the accounting policies applied in the accompanying consolidated financial statements are the same as those applied in the consolidated financial statements as of December 31, 2018.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first quarter ended March 31, 2019 have not been audited nor reviewed and should be read in conjunction with the notes included and published in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first quarter ended March 31, 2019 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first quarter ended March 31, 2019 are not necessarily indicative of the results of operations for the fiscal year 2019.

Classifications

As of December 31, 2018, property, plant and equipment included leased fixed assets of €142 million recognized in accordance with IAS 17. These were transferred to the line item right-of-use assets as of the beginning of fiscal year 2019.

As of December 31, 2018, the item of the statement of financial position current portion of long-term debt included short-term liabilities from capital leases in accordance with IAS 17 of €22 million. From fiscal year 2019, these are included in current portion of long-term lease liabilities.

As of December 31, 2018, the statement of financial position item long-term debt, less current portion included long-term liabilities from capital leases in accordance with IAS 17 of €197 million. From fiscal year 2019, these are included in long-term lease liabilities, less current portion.

In the consolidated statement of cash flows, in the comparative information for the first quarter of 2018, the line item repayments of long-term debt (in prior year designated as: repayments of long-term debt and capital lease obligations) included repayments of liabilities from capital leases in accordance with IAS 17 of €5 million. From fiscal year 2019, these repayments are included in the line item repayments of lease liabilities in accordance with IFRS 16.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at March 31, 2019 in conformity with IFRS in force for the interim periods on January 1, 2019.

In the first quarter of 2019, the Fresenius Group applied the following new standard relevant for its business for the first time:

IFRS 16

In January 2016, the IASB issued **IFRS 16, Leases**, which supersedes the current standard on lease accounting, IAS 17, as well as the interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 significantly changes lessee accounting. For almost all leases, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a

lease liability representing its obligation to make lease payments. Only leases with a total maximum term of 12 months (short-term leases) and leases for underlying assets of low value may optionally be exempted from balance sheet recognition by applying an accounting policy choice. Depreciation of the right-of-use asset and interest on the lease liability must be recognized in the consolidated statement of income for every lease contract recognized in the balance sheet. Therefore, straight-line rental expenses will no longer be shown for the vast majority of the leases. The lessor accounting requirements in IAS 17 are substantially carried forward.

The Fresenius Group applies the modified retrospective method in accordance with IFRS 16 as the transition method. Accordingly, the cumulative effect from first-time application was recognized in the opening balance of retained earnings as of January 1, 2019 without adjustments to the comparative information of the previous period.

In the application of the modified retrospective method, the carrying amount of the lease liability at the date of the initial application is determined by discounting the remaining lease payments of lease agreements that were classified as operating leases under IAS 17 using the term-, country- and currency-specific incremental borrowing rate at date of initial application. Furthermore, right-of-use assets are to be recognized. In the application of the modified retrospective method, the carrying amount of the right-of-use asset equals the carrying amount of the lease liability, adjusted for any prepaid or accrued lease payments. For a part of the existing contracts, the Fresenius Group recognizes the right-of-use asset with its carrying amount assuming the new standard had been applied since the commencement date of the lease discounted using its term-, country- and currency-specific incremental borrowing rate at the date of initial application.

Regarding the options and exemptions available upon the initial application of IFRS 16, the Fresenius Group adopted the following approach:

- ▶ IFRS 16 is only applied to contracts that were previously identified as leases under IAS 17 and IFRIC 4.
- ▶ Recognition, valuation and disclosure principles of IFRS 16 are not applied to lease contracts with a lease term ending in less than 12 months from the date of the initial application. The respective lease contracts are accounted for as if they were short-term leases and recognized as an expense accordingly.
- ▶ Material initial direct costs are included in the measurement of a right-of-use asset with the carrying amount assuming the new standard was applied since the commencement date of the lease.
- ▶ Upon initial recognition, no impairment review was performed. The right-of-use assets were adjusted for onerous contract provisions, recognized on the consolidated statement of financial position immediately before the date of initial application.

Right-of-use assets from lease contracts are classified in accordance with the Fresenius Group's classification of property plant and equipment:

- ▶ Right-of-use assets: land
- ▶ Right-of-use assets: buildings and improvements
- ▶ Right-of-use assets: machinery and equipment

In addition to the right-of-use asset categories above, prepayments on right-of-use assets are presented separately. Right-of-use assets from lease contracts and lease liabilities are presented separately from property, plant and equipment and other financial debt in the consolidated statement of financial position.

For lease contracts that include both lease and non-lease components that are not separable from lease components, no allocation is performed. Each lease component and any associated non-lease components are accounted for as a single lease.

For the impacts of IFRS 16, please see note 20, Leases.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The International Accounting Standards Board (IASB) issued the following new standard relevant for the Fresenius Group's business:

In May 2017, the IASB issued **IFRS 17, Insurance Contracts**. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure related to the issuance of insurance contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was brought in as an interim standard in 2004. IFRS 4 permitted the use of national accounting standards for the accounting of insurance contracts under IFRS. As a result of the varied application for insurance contracts, there was a lack of comparability among peer groups. IFRS 17 eliminates this diversity in practice by requiring all insurance contracts to be accounted for using current values. The frequent updates to the insurance values are expected to provide more useful information to users of financial statements. IFRS 17 is effective for fiscal years beginning on or after January 1, 2021. Earlier adoption is permitted for entities that have also adopted IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers. The Fresenius Group is currently evaluating the impact of IFRS 17 on the consolidated financial statements.

The EU Commission's endorsement of IFRS 17 is still outstanding.

In the Fresenius Group's view, all other pronouncements issued by the IASB do not have a material impact on the consolidated financial statements, as expected.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €1,923 million and €192 million in the first quarter of 2019 and 2018, respectively. Of this amount, €1,911 million was paid in cash and €12 million was assumed obligations in the first quarter of 2019.

FRESENIUS MEDICAL CARE

In the first quarter of 2019, Fresenius Medical Care spent €1,835 million on acquisitions, mainly on the purchase of NxStage Medical, Inc. (NxStage).

Acquisition of NxStage Medical, Inc., USA

On February 21, 2019, Fresenius Medical Care acquired all of the outstanding shares of NxStage for US\$30.00 per common share. The total acquisition value of this business combination, net of cash acquired, is US\$1,976 million (€1,741 million at date of closing). NxStage is a leading medical technology company that develops, produces and markets an innovative product portfolio of medical devices for use in home dialysis and in the critical care setting. NxStage has been consolidated as of February 21, 2019.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of

financial position, this information may be incomplete. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

US\$ in millions	
Cash and cash equivalents	47
Trade accounts and other receivables	34
Other current assets	89
Property, plant and equipment	85
Intangible assets and other assets	818
Goodwill	1,165
Accounts payable, current provisions and other current liabilities	-69
Income tax payable and deferred taxes	-119
Other liabilities	-23
Noncontrolling interest (subject and not subject to put provisions)	-4
Total acquisition cost	2,023
Less cash acquired	-47
Net cash paid	1,976

As of the acquisition date, it is estimated that amortizable intangible assets acquired in this acquisition will have weighted-average useful lives of 13 years.

Goodwill in the amount of US\$1,165 million was acquired as part of the NxStage acquisition.

NxStage's results have been included in the Fresenius Group's consolidated statement of income since February 21, 2019. Specifically, NxStage has contributed US\$34 million (€30 million) to sales and -US\$13 million (-€11 million) to the operating income (EBIT) of the Fresenius Group for the first quarter of 2019. This operating loss amount does not include synergies which may have resulted at consolidated entities outside NxStage since the acquisition closed.

FRESENIUS KABI

In the first quarter of 2019, Fresenius Kabi spent €59 million on acquisitions, mainly for already planned acquisition related milestone payments relating to the acquisition of the biosimilars business.

Termination of the merger agreement with Akorn, Inc.

On April 24, 2017, Fresenius announced that Fresenius Kabi has agreed to acquire Akorn, Inc. (Akorn), a U.S.-based manufacturer and marketer of prescription and over-the-counter pharmaceutical products, for approximately US\$4.3 billion, or US\$34 per share, plus the prevailing net debt at closing of the transaction.

Fresenius conducted an independent investigation, using external experts, into alleged breaches of FDA data integrity requirements relating to product development at Akorn.

Fresenius decided on April 22, 2018 to terminate the merger agreement with Akorn, due to Akorn's failure to fulfill several closing conditions.

Fresenius' decision was based on, among other factors, material breaches of FDA data integrity requirements relating to Akorn's operations found during Fresenius' independent investigation. Fresenius offered to delay its decision in order to allow Akorn additional opportunity to complete its own

investigation and present any information it wished Fresenius to consider, but Akorn declined that offer.

Akorn disagreed with Fresenius' position and filed a lawsuit on April 23, 2018 purporting to enforce the merger agreement.

Fresenius filed a counterclaim on April 30, 2018. The trial of the lawsuit took place in the Delaware Court of Chancery from July 9 to 13 and on August 23, 2018.

On October 1, 2018, the Court of Chancery in the U.S. state of Delaware ruled in favor of Fresenius in the lawsuit by Akorn, Inc. against Fresenius for the consummation of the April 2017 merger agreement.

Akorn appealed on October 18, 2018 against this ruling to the Delaware Supreme Court. On December 7, 2018, the Delaware Supreme Court, being the highest court and final instance in Delaware, affirmed the ruling of the Court of Chancery in favor of Fresenius. Fresenius has sued Akorn for damages suffered as a result of lost acquisition expenses.

FRESENIUS HELIOS

In the first quarter of 2019, Fresenius Helios spent €29 million on acquisitions, mainly for the purchase of Mittel-deutsches Institut für Arbeitsmedizin GmbH and outpatient clinics in Germany.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first quarter of 2019 in the amount of €453 million includes special items relating to the acquisition of NxStage and the cost optimization program of Fresenius Medical Care. Furthermore, special items due to the revaluation of biosimilars contingent liabilities as well as the terminated merger agreement with Akorn, Inc. are included in net income attributable to shareholders of Fresenius SE & Co. KGaA.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Interest expenses	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings Q1/2019, before special items	1,130	-181	457
Transaction-related effects of NxStage	-16	0	-4
Cost optimization program Fresenius Medical Care	-4	0	-1
Transaction-related effects of biosimilars	7	-3	3
Transaction-related effects of Akorn	-2	0	-2
Earnings Q1/2019 according to IFRS	1,115	-184	453

4. SALES

In the first quarter of 2019, sales by activity were as follows:

€ in millions	Q1/2019	Q1/2018
Sales from contracts with customers	8,398	8,049
thereof sales of services	5,847	5,638
thereof sales of products and related services	2,442	2,318
thereof sales from long-term production contracts	107	92
thereof further sales from contracts with customers	2	1
Other sales	97	72
Sales	8,495	8,121

Other sales include sales from insurance and lease contracts.

5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €153 million (Q1/2018: €159 million) included expenditures for research and non-capitalizable development costs as well as regular depreciation and amortization expenses relating to capitalized development costs of €4 million (Q1/2018: €4 million). The expenses for the further development of the biosimilars business included in the research and development expenses amounted to €27 million in the first quarter of 2019 (Q1/2018: €34 million).

6. TAXES

During the first quarter of 2019, there were no material changes relating to accruals for income taxes as well as recognized and accrued payments for interest and penalties. Further information can be found in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS.

7. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	Q1/2019	Q1/2018
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	453	440
less effect from dilution due to Fresenius Medical Care shares	-	-
Income available to all ordinary shares	453	440
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	556,260,733	554,817,933
Potentially dilutive ordinary shares	993,367	2,616,099
Weighted-average number of ordinary shares outstanding assuming dilution	557,254,100	557,434,032
Basic earnings per share in €	0.81	0.79
Fully diluted earnings per share in €	0.81	0.79

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. CASH AND CASH EQUIVALENTS

As of March 31, 2019 and December 31, 2018, cash and cash equivalents were as follows:

€ in millions	March 31, 2019	Dec. 31, 2018
Cash	1,167	1,273
Time deposits and securities (with a maturity of up to 90 days)	376	1,436
Total cash and cash equivalents	1,543	2,709

€ in millions	March 31, 2019	Dec. 31, 2018
Trade accounts and other receivables	7,748	6,863
less allowance for doubtful accounts	333	323
Trade accounts and other receivables, net	7,415	6,540

Within trade accounts and other receivables, net, as of March 31, 2019, €7,668 million relate to revenue from contracts with customers as defined by IFRS 15. This amount includes €333 million of allowance for doubtful accounts. Further trade accounts and other receivables, net relate to lease contracts.

10. INVENTORIES

As of March 31, 2019 and December 31, 2018, inventories consisted of the following:

€ in millions	March 31, 2019	Dec. 31, 2018
Raw materials and purchased components	795	761
Work in process	354	326
Finished goods	2,489	2,245
less reserves	129	114
Inventories, net	3,509	3,218

As of March 31, 2019 and December 31, 2018, earmarked funds of €113 million and €123 million, respectively, were included in cash and cash equivalents.

9. TRADE ACCOUNTS AND OTHER RECEIVABLES

As of March 31, 2019 and December 31, 2018, trade accounts and other receivables were as follows:

	March 31, 2019	Dec. 31, 2018
	thereof credit impaired	thereof credit impaired
	7,748	6,863
	754	671
	333	323
	258	253
	7,415	6,540
	496	2,162

11. OTHER CURRENT AND NON-CURRENT ASSETS

At equity investments as of March 31, 2019 in the amount of €630 million (December 31, 2018: €650 million) mainly related to the joint venture named Vifor Fresenius Medical Care Renal Pharma Ltd. between Fresenius Medical Care and Galenica Ltd. In the first quarter of 2019, income of €20 million (Q1/2018: €18 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2019 and December 31, 2018, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	March 31, 2019			December 31, 2018		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Technology	966	244	722	428	235	193
Capitalized development costs	893	255	638	895	255	640
Customer relationships	767	139	628	717	122	595
Tradenames	700	101	599	699	90	609
Software	879	447	432	821	433	388
Patents, product and distribution rights	738	445	293	759	432	327
Non-compete agreements	334	289	45	329	282	47
Other	574	300	274	418	289	129
Total	5,851	2,220	3,631	5,066	2,138	2,928

The increase of the position technology mainly relates to the acquisition of NxStage.

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	March 31, 2019			December 31, 2018		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Goodwill	27,164	0	27,164	25,713	0	25,713
Tradenames	237	0	237	199	0	199
Management contracts	3	0	3	3	0	3
Total	27,404	0	27,404	25,915	0	25,915

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	Fresenius Group
Carrying amount as of January 1, 2018	12,104	5,155	7,902	118	6	25,285
Additions	328	44	102	21	0	495
Disposals	-664	0	-1	-	0	-665
Reclassifications	0	0	-146	146	0	0
Foreign currency translation	442	156	0	0	0	598
Carrying amount as of December 31, 2018	12,210	5,355	7,857	285	6	25,713
Additions	1,120	0	15	0	0	1,135
Disposals	-	0	0	0	0	-
Reclassifications	2	0	0	0	0	2
Foreign currency translation	230	83	0	1	0	314
Carrying amount as of March 31, 2019	13,562	5,438	7,872	286	6	27,164

The increase of goodwill mainly relates to the acquisition of NxStage.

As of March 31, 2019 and December 31, 2018, the carrying amounts of the other non-amortizable intangible assets were €224 million and €186 million, for Fresenius Medical Care as well as €16 million for Fresenius Kabi.

13. DEBT

SHORT-TERM DEBT

As of March 31, 2019 and December 31, 2018, short-term debt consisted of the following:

€ in millions	Book value	
	March 31, 2019	December 31, 2018
Fresenius SE & Co. KGaA Commercial Paper	477	973
Fresenius Medical Care AG & Co. KGaA Commercial Paper	1,000	1,000
Other short-term debt	468	381
Short-term debt	1,945	2,354

LONG-TERM DEBT

As of March 31, 2019 and December 31, 2018, long-term debt net of debt issuance costs consisted of the following:

€ in millions	Book value	
	March 31, 2019	December 31, 2018
Fresenius Medical Care Credit Agreement	2,296	1,887
Fresenius Credit Agreement	2,088	2,116
Schuldschein Loans	1,636	1,629
Accounts Receivable Facility of Fresenius Medical Care	590	0
Capital lease obligations ¹	0	219
Other	475	446
Subtotal	7,085	6,297
less current portion	342	353
Long-term debt, less current portion²	6,743	5,944

¹ The position included liabilities from capital leases in accordance with IAS 17 as of December 31, 2018. From January 1, 2019, these are transferred to current portion of long-term lease liabilities and long-term lease liabilities, less current portion.

² As of December 31, 2018, the item was designated as long-term debt and capital lease obligations, less current portion and included liabilities from capital leases in accordance with IAS 17. From January 1, 2019, these are transferred to long-term lease liabilities, less current portion.

Fresenius Medical Care Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US\$3,850 million and a 5-year tenor on October 30, 2012.

In the years 2014 and 2017, various amendments of the Fresenius Medical Care Credit Agreement were made. These related to the amount and structure of the available tranches, among other items. In addition, the terms have been extended.

The following tables show the available and outstanding amounts under the Fresenius Medical Care Credit Agreement at March 31, 2019 and at December 31, 2018:

	March 31, 2019			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facility (in US\$) 2017/2022	US\$900million	801	US\$246 million	219
Revolving Credit Facility (in €) 2017/2022	€600 million	600	€200 million	200
Term Loan (in US\$) 2017/2022	US\$1,320million	1,175	US\$1,320 million	1,175
Term Loan (in €) 2017/2020	€400 million	400	€400 million	400
Term Loan (in €) 2017/2022	€308 million	308	€308 million	308
Total		3,284		2,302
less financing cost				6
Total				2,296

	December 31, 2018			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facility (in US\$) 2017/2022	US\$900 million	786	US\$0 million	0
Revolving Credit Facility (in €) 2017/2022	€600 million	600	€0 million	0
Term Loan (in US\$) 2017/2022	US\$1,350 million	1,179	US\$1,350 million	1,179
Term Loan (in €) 2017/2020	€400 million	400	€400 million	400
Term Loan (in €) 2017/2022	€315 million	315	€315 million	315
Total		3,280		1,894
less financing cost				7
Total				1,887

As of March 31, 2019, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care Credit Agreement.

Fresenius Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit

agreement (2013 Credit Agreement) in the original amount of US\$1,300 million and €1,250 million. Since the initial funding of the Credit Agreement in June 2013, additional tranches were added. Furthermore, scheduled amortization payments as well as voluntary repayments have been made. In August 2017, the Credit Agreement was refinanced and replaced by new tranches with a total amount of approximately €3,800 million.

The following tables show the available and outstanding amounts under the Fresenius Credit Agreement at March 31, 2019 and at December 31, 2018:

March 31, 2019				
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facility (in €) 2017/2022	€1,000 million	1,000	€0 million	0
Revolving Credit Facility (in US\$) 2017/2022	US\$500 million	445	US\$0 million	0
Term Loan (in €) 2017/2021	€750 million	750	€750 million	750
Term Loan (in €) 2017/2022	€850 million	850	€850 million	850
Term Loan (in US\$) 2017/2022	US\$560 million	498	US\$560 million	498
Total		3,543		2,098
less financing cost				10
Total				2,088

December 31, 2018				
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facility (in €) 2017/2022	€1,000 million	1,000	€0 million	0
Revolving Credit Facility (in US\$) 2017/2022	US\$500 million	437	US\$0 million	0
Term Loan (in €) 2017/2021	€750 million	750	€750 million	750
Term Loan (in €) 2017/2022	€875 million	875	€875 million	875
Term Loan (in US\$) 2017/2022	US\$575 million	502	US\$575 million	502
Total		3,564		2,127
less financing cost				11
Total				2,116

As of March 31, 2019, the Fresenius Group was in compliance with all covenants under the Fresenius Credit Agreement.

Schuldschein Loans

As of March 31, 2019 and December 31, 2018, Schuldschein Loans of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Interest rate fixed/variable	Book value € in millions	
				March 31, 2019	Dec 31, 2018
Fresenius SE & Co. KGaA 2014/2020	€262 million	April 2, 2020	2.67% / variable	262	262
Fresenius SE & Co. KGaA 2017/2022	€372 million	Jan. 31, 2022	0.93% / variable	371	371
Fresenius SE & Co. KGaA 2015/2022	€21 million	April 7, 2022	1.61%	21	21
Fresenius SE & Co. KGaA 2017/2024	€421 million	Jan. 31, 2024	1.40% / variable	420	420
Fresenius SE & Co. KGaA 2017/2027	€207 million	Jan. 29, 2027	1.96% / variable	207	207
Fresenius US Finance II, Inc. 2016/2021	US\$342 million	March 10, 2021	2.66% / variable	303	297
Fresenius US Finance II, Inc. 2016/2023	US\$58 million	March 10, 2023	3.12% / variable	52	51
Schuldschein Loans				1,636	1,629

In order to optimize the capital structure and to further reduce financing costs, two floating rate tranches of Schuldschein Loans due originally on April 2, 2020 in the amount

of €55 million and €101 million have been terminated and prepaid as per April 2, 2019.

As of March 31, 2019, the Fresenius Group was in compliance with all of its covenants under the Schuldschein Loans.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At March 31, 2019, the additional

financial cushion resulting from unutilized credit facilities was approximately €3.2 billion. Thereof approximately €2.4 billion accounted for syndicated credit facilities.

14. BONDS

As of March 31, 2019 and December 31, 2018, bonds of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				March 31, 2019	Dec. 31, 2018
Fresenius Finance Ireland PLC 2017/2022	€700 million	Jan. 31, 2022	0.875%	697	697
Fresenius Finance Ireland PLC 2017/2024	€700 million	Jan. 30, 2024	1.50%	697	696
Fresenius Finance Ireland PLC 2017/2027	€700 million	Feb. 1, 2027	2.125%	692	692
Fresenius Finance Ireland PLC 2017/2032	€500 million	Jan. 30, 2032	3.00%	494	494
Fresenius SE & Co. KGaA 2014/2019	€300 million	Feb. 1, 2019	2.375%	0	300
Fresenius SE & Co. KGaA 2012/2019	€500 million	Apr. 15, 2019	4.25%	500	500
Fresenius SE & Co. KGaA 2013/2020	€500 million	July 15, 2020	2.875%	499	499
Fresenius SE & Co. KGaA 2014/2021	€450 million	Feb. 1, 2021	3.00%	448	447
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	450	450
Fresenius SE & Co. KGaA 2019/2025	€500 million	Feb. 15, 2025	1.875%	494	0
Fresenius SE & Co. KGaA 2019/2029	€500 million	Feb. 15, 2029	2.875%	494	0
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%	266	261
Fresenius US Finance II, Inc. 2015/2023	US\$300 million	Jan. 15, 2023	4.50%	265	260
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	298	297
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	246	246
Fresenius Medical Care AG & Co. KGaA 2018/2025	€500 million	July 11, 2025	1.50%	496	496
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	576	565
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800 million	July 31, 2019	5.625%	712	698
Fresenius Medical Care US Finance II, Inc. 2014/2020	US\$500 million	Oct. 15, 2020	4.125%	444	435
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	621	610
Fresenius Medical Care US Finance II, Inc. 2014/2024	US\$400 million	Oct. 15, 2024	4.75%	354	347
Bonds				9,743	8,990

On January 21, 2019, Fresenius SE & Co. KGaA issued bonds with an aggregate volume of €1.0 billion. The bonds consist of 2 tranches with maturities of 6 and 10 years. The coupon of the 6-year tranche of €500 million is 1.875% and was issued at a price of 99.257%. The €500 million tranche with a 10-year maturity has a coupon of 2.875% and was issued at a price of 99.164%. The proceeds were used for general corporate purposes including refinancing of the bonds issued by Fresenius SE & Co. KGaA in the amount of €300 million due on February 1, 2019 and €500 million due on April 15, 2019. These were redeemed at maturity. The

bonds issued by Fresenius SE & Co. KGaA in the amount of €500 million due on April 15, 2019 are shown as current portion of bonds in the consolidated statement of financial position.

As of March 31, 2019, the bonds issued by FMC Finance VIII S.A. in the amount of €250 million and the bonds issued by Fresenius Medical Care US Finance II, Inc. in the amount of US\$800, due on July 31, 2019, are shown as current portion of bonds in the consolidated statement of financial position.

As of March 31, 2019, the Fresenius Group was in compliance with all of its covenants under the bonds.

15. CONVERTIBLE BONDS

As of March 31, 2019 and December 31, 2018, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions	
					March 31, 2019	Dec. 31, 2018
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.0848	495	493
Fresenius SE & Co. KGaA 2017/2024	€500 million	Jan. 31, 2024	0.000%	€106.8947	459	457
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.1980	395	393
Convertible bonds					1,349	1,343

The fair value of the derivatives embedded in the convertible bonds of Fresenius SE & Co. KGaA was €41 million at March 31, 2019. The derivative embedded in the convertible bonds of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was recognized with a fair value of €27 million at March 31, 2019. Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA have purchased stock options (call options) to hedge future fair value fluctuations of these derivatives. As of March 31, 2019, the call options had a corresponding aggregate fair value of €41 million and €27 million, respectively.

The conversions will be cash-settled. Any increase of Fresenius' share price and of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivatives embedded in the convertible bonds and the call options are recognized in other current and other non-current liabilities/assets in the consolidated statement of financial position.

The convertible bonds issued by Fresenius SE & Co. KGaA in the amount of €500 million due on September 24, 2019 as well as the convertible bonds issued by FMC-AG & Co. KGaA in the amount of €400 million due on January 31, 2020, are shown as current portion of convertible bonds in the consolidated statement of financial position.

16. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At March 31, 2019, the pension liability of the Fresenius Group was €1,277 million. The current portion of the pension liability of €22 million is recognized in the consolidated statement of financial position within short-term provisions and other short-term liabilities. The non-current portion of €1,255 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €3 million in the first quarter of 2019. The Fresenius Group expects approximately €15 million contributions to the pension fund during 2019.

Defined benefit pension plans' net periodic benefit costs of €23 million (Q1/2018: €22 million) were comprised of the following components:

€ in millions	Q1/2019	Q1/2018
Service cost	16	15
Net interest cost	7	7
Net periodic benefit cost	23	22

17. NONCONTROLLING INTEREST

As of March 31, 2019 and December 31, 2018, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	March 31, 2019	Dec. 31, 2018
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	8,324	8,143
Noncontrolling interest in VAMED AG	83	83
Noncontrolling interest in the business segments		
Fresenius Medical Care	1,176	1,144
Fresenius Kabi	117	102
Fresenius Helios	115	113
Fresenius Vamed	13	12
Total noncontrolling interest	9,828	9,597

Noncontrolling interest changed as follows:

€ in millions	Q1/2019
Noncontrolling interest as of December 31, 2018	9,597
Adjustment due to the initial application of IFRS 16	-95
As of January 1, 2019, adjusted	9,502
Noncontrolling interest in profit	261
Purchase of noncontrolling interest	3
Stock options	1
Dividend payments	-43
Currency effects and other changes	-104
Noncontrolling interest as of March 31, 2019	9,828

18. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As of January 1, 2019, the subscribed capital of Fresenius SE & Co. KGaA consisted of 556,225,154 bearer ordinary shares.

During the first quarter of 2019, 97,637 stock options were exercised. Consequently, as of March 31, 2019, the subscribed capital of Fresenius SE & Co. KGaA consisted of 556,322,791 bearer ordinary shares. The shares are issued

as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

CONDITIONAL CAPITAL

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 25, Share-based compensation plans). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008	4,296,814
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	24,257,969
Total Conditional Capital as of January 1, 2019	82,261,068
Fresenius SE Stock Option Plan 2008 – options exercised	-77,012
Fresenius SE & Co. KGaA Stock Option Plan 2013 – options exercised	-20,625
Total Conditional Capital as of March 31, 2019	82,163,431

As of March 31, 2019, the Conditional Capital was composed as follows:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	4,735,083
Conditional Capital II Fresenius SE Stock Option Plan 2008	4,219,802
Conditional Capital III option bearer bonds and/or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	24,237,344
Total Conditional Capital as of March 31, 2019	82,163,431

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2019, the general partner and the Supervisory Board of Fresenius SE & Co. KGaA's will propose a dividend of €0.80 per bearer ordinary share to the Annual General Meeting, i.e. a total dividend payment of €445 million.

TREASURY STOCK OF FRESENIUS MEDICAL CARE

In March 2019, Fresenius Medical Care repurchased 1,629,240 ordinary shares for an amount of €114 million.

OTHER NOTES

19. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS. In the following, only changes as far as content or wording are concerned during the first quarter ended March 31, 2019 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS; defined terms or abbreviations having the same meaning as in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS.

TERMINATION OF THE MERGER AGREEMENT WITH AKORN, INC.

Fresenius has sued Akorn for damages suffered as a result of lost acquisition expenses.

INTERNAL REVIEW

On March 29, 2019, FMC-AG & Co. KGaA entered into a non-prosecution agreement with the U.S. Department of Justice and a separate agreement with the Securities and Exchange Commission intended to resolve fully and finally the government's claims against FMC-AG & Co. KGaA arising from the investigations. FMC-AG & Co. KGaA agreed to pay a combined total in penalties and disgorgement of approximately US\$232 million to the government in connection with these agreements. As part of the settlement, FMC-AG & Co. KGaA further agreed to retain an independent compliance monitor for a period of two years and to an additional year of self-reporting. FMC-AG & Co. KGaA continues to cooperate with government authorities in Germany in their review of the issues resolved in the U.S. settlement.

PRODUCT LIABILITY LITIGATION

On February 12, 2019, agreement was reached to settle and resolve Kentucky's claims in Beshear in exchange for Fresenius Medical Care Holdings, Inc. (FMCH)'s payment of US\$10 million and the case has been dismissed. On April 1, 2019, agreement was reached to settle and resolve Mississippi's claims in Hood for US\$16 million and activity has ceased in that case pending the court's expected approval. The Caldwell and Blue Cross Louisiana cases remain unresolved and are proceeding together in federal court in Boston but are subject to undecided motions for severance and remand. There is no trial date in either case. FMC-AG & Co. KGaA has additionally increased its litigation reserves to account for anticipated settlement of some, but not all, of the remaining payor cases. However, at the present time there are no agreements in principle for resolving the remaining cases and litigation through final adjudication may be required in all of them.

On September 6, 2018, a special-purpose entity organized under Delaware law for the purpose of pursuing litigation filed a Pure Bill of Discovery in a Florida county court seeking discovery from FMCH related to the personal injury settlement, but no other relief. MSP Recovery Claims Series LLC v. Fresenius Medical Care Holdings, No. 2018-030366-CA-01 (11th Judicial Circuit, Dade County, Florida). The Pure Bill was thereafter removed to federal court and transferred into the multidistrict Fresenius Granuflo®/Naturallyte® Dialysate Products Liability Litigation in Boston. No. 1:13-MD-02428-DPW (D. Mass. 2013).

On March 12, 2019, plaintiff amended its Pure Bill by filing a complaint claiming rights to recover monetary damages on behalf of various persons and entities who are alleged to have assigned to plaintiff their rights to recover monetary damages arising from their having provided or paid for medical services for dialysis patients receiving treatments using FMCH's acid concentrate product. FMCH is responding to the amended complaint.

CIVIL COMPLAINT "HAWAII"

Trial in the civil litigation is scheduled for April 2020.

SUBPOENA "FRESENIUS VASCULAR CARE"

The relator subsequently dismissed with prejudice the defendants related to FMCH.

SUBPOENA "AMERICAN KIDNEY FUND" / CMS LITIGATION

On April 8, 2019, United Healthcare served a demand for arbitration against FMCH. The demand asserts that FMCH unlawfully "steered" patients by waiving co-payments and other means away from coverage under government-funded insurance plans including Medicare into United's commercial plans, including Affordable Care Act exchange plans. FMCH is contesting United's claims and demands.

20. LEASES

Upon the initial application of IFRS 16 as of January 1, 2019, the Fresenius Group recognized right-of-use assets of €5,698 million and lease liabilities of €5,985 million. The cumulative effect from the first-time application is recognized in the opening balance of retained earnings (-€44 million) as well as in non-controlling interests (-€95 million) as of January 1, 2019.

The following table shows a reconciliation of the future minimum rental payments as of December 31, 2018 to the lease liabilities as of January 1, 2019:

€ in millions	2019
Future minimum rental payments as of December 31, 2018 (IAS 17)	7,389
less short-term leases	35
less leases of low-value assets	54
less other	10
Lease liabilities as of January 1, 2019, gross	7,290
Discounting	1,305
Lease liabilities as a result of the initial application of IFRS 16 as of January 1, 2019¹	5,985
Capital lease obligations as of December 31, 2018 (IAS 17)	219
Lease liabilities as of January 1, 2019	6,204

¹ As of December 31, 2018, €195 million were already included in other liabilities.

The lease liabilities were discounted using the borrowing rate as of January 1, 2019. The weighted-average discount rate was 3.33%.

LEASES IN THE CONSOLIDATED STATEMENT OF INCOME

The Fresenius Group decided not to apply the guidance within IFRS 16 to short-term leases as well as leases for underlying assets of low value. These lease payments will be recognized as an expense over the lease term.

The following table shows the effects on the consolidated statement of income for the first quarter of 2019:

€ in millions	Q1/2019
Depreciation on right-of-use assets	206
Expenses relating to short-term leases	19
Expenses relating to leases of low-value assets	9
Expenses relating to variable lease payments	9
Other expenses from lease agreements	5
Interest expenses from lease liabilities	52

LEASES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2019, the carrying amounts of right-of-use assets consisted of the following:

€ in millions	March 31, 2019
Right-of-use assets: Land	85
Right-of-use assets: Buildings and improvements	5,281
Right-of-use assets: Machinery and equipment	491
Right-of-use assets: Advanced Payments	2
Right-of-use assets	5,859

In the first quarter of 2019, additions to right-of-use assets were €146 million.

21. FINANCIAL INSTRUMENTS

MEASUREMENT OF FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments

As of March 31, 2019 and December 31, 2018, the carrying amounts of financial instruments by item of the statement of financial position and structured according to categories were as follows:

€ in millions	March 31, 2019						
	Carrying amount	Amortized cost	Fair value through profit and loss ¹	Fair value through other comprehensive income ²	Relating to no category		Valuation according to IFRS 16 for leasing receivables and liabilities
					Derivatives designated as cash flow hedging instruments at fair value	Noncontrolling interest subject to put provisions measured at fair value	
Financial assets							
Cash and cash equivalents	1,543	1,185	358				
Trade accounts and other receivables, less allowance for doubtful accounts	7,415	7,312	1	47			55
Accounts receivable from and loans to related parties	30	30					
Other financial assets ³	1,546	727	316	381	17		105
Financial assets	10,534	9,254	675	428	17	0	160
Financial liabilities							
Trade accounts payable	1,760	1,760					
Short-term accounts payable to related parties	122	122					
Short-term debt	1,945	1,945					
Short-term debt from related parties	6	6					
Long-term debt	7,085	7,085					
Long-term lease liabilities	6,250						6,250
Bonds	9,743	9,743					
Convertible bonds	1,349	1,349					
Other financial liabilities ⁴	4,467	2,836	753		26	852	
Financial liabilities	32,727	24,846	753	0	26	852	6,250

¹ All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.

² The option to measure equity instruments at fair value through other comprehensive income upon implementation of IFRS 9 has been exercised. The option has been used for €124 million other investments (included in other financial assets).

³ Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.

⁴ Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

December 31, 2018

€ in millions	Carrying amount	Amortized cost	Fair value through profit and loss ¹	Fair value through other comprehensive income ²	Relating to no category		
					Derivatives designated as cash flow hedging instruments at fair value	Noncontrolling interest subject to put provisions measured at fair value	Valuation according to IAS 17 for leasing receivables and liabilities
Financial assets							
Cash and cash equivalents	2,709	1,291	1,418				
Trade accounts and other receivables, less allowance for doubtful accounts	6,540	6,445	4	41			50
Accounts receivable from and loans to related parties	29	29					
Other financial assets ³	1,490	726	262	375	19		108
Financial assets	10,768	8,491	1,684	416	19	0	158
Financial liabilities							
Trade accounts payable	1,823	1,823					
Short-term accounts payable to related parties	67	67					
Short-term debt	2,354	2,354					
Short-term debt from related parties	–	–					
Long-term debt and capital lease obligations	6,297	6,078					219
Bonds	8,990	8,990					
Convertible bonds	1,343	1,343					
Other financial liabilities ⁴	4,685	3,041	793		12	839	
Financial liabilities	25,559	23,696	793	0	12	839	219

¹ All included financial assets and liabilities are mandatorily measured at fair value through profit and loss according to IFRS 9.

² The option to measure equity instruments at fair value through other comprehensive income upon implementation of IFRS 9 has been exercised. The option has been used for €124 million (included in other financial assets).

³ Other financial assets are included in the item other current and non-current assets in the consolidated statement of financial position.

⁴ Other financial liabilities are included in the items short-term provisions and other short-term liabilities and long-term provisions and other long-term liabilities in the consolidated statement of financial position.

Fair value of financial instruments

The following table shows the carrying amounts and the fair value hierarchy levels as of March 31, 2019 and December 31, 2018:

€ in millions	March 31, 2019				December 31, 2018			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents ¹	358	358			1,418	1,418		
Trade accounts and other receivables, less allowance for doubtful accounts ¹	48		48		45		45	
Other financial assets ¹								
Debt instruments	353	349	4		334	330	4	
Equity investments	263	13	250		245	14	231	
Derivatives designated as cash flow hedging instruments	17		17		19		19	
Derivatives not designated as hedging instruments	81		81		58		58	
Financial liabilities								
Long-term debt	7,085		7,125		6,297		6,294	
Bonds	9,743	10,224			8,990	9,245		
Convertible bonds	1,349	1,452			1,343	1,416		
Other financial liabilities ¹								
Noncontrolling interest subject to put provisions	852		852		839			839
Accrued contingent payments outstanding for acquisitions	672		672		731			731
Derivatives designated as cash flow hedging instruments	26		26		12		12	
Derivatives not designated as hedging instruments	81		81		62		62	

¹ Fair value information is not provided for financial instruments, if the carrying amount is a reasonable estimate of the fair value due to the relatively short period of maturity of these instruments.

Explanations regarding the significant methods and assumptions used to estimate the fair values of financial instruments and classification of fair value measurements according to the three-tier fair value hierarchy as well as explanations

with regard to existing and expected risks from financial instruments and hedging can be found in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS.

The following table shows the changes of the fair values of financial instruments classified as level 3 in the first quarter of 2019:

€ in millions	Accrued contingent payments outstanding for acquisitions	Noncontrolling interest subject to put provisions
As of January 1, 2019	731	839
Additions	1	16
Disposals	-23	-1
Gain/loss recognized in profit or loss	-38	33
Gain/loss recognized in equity	0	-27
Dividend payments	0	-28
Currency effects and other changes	1	20
As of March 31, 2019	672	852

22. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2019, the equity ratio was 39.7% and the debt ratio (debt/total assets) was 40.6%. As of March 31, 2019, the leverage ratio (before special items) on the basis of net debt/EBITDA was 3.6, including IFRS 16; excluding IFRS 16: 3.1.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS.

The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	March 31, 2019	Dec. 31, 2018
Standard & Poor's		
Corporate Credit Rating	BBB-	BBB-
Outlook	positive	positive
Moody's		
Corporate Credit Rating	Baa3	Baa3
Outlook	stable	stable
Fitch		
Corporate Credit Rating	BBB-	BBB-
Outlook	stable	stable

23. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	Q1/2019	Q1/2018
Assets acquired	2,177	44
Liabilities assumed	-195	-3
Noncontrolling interest	-23	0
Notes assumed in connection with acquisitions	-13	-3
Cash paid	1,946	38
Cash acquired	-44	0
Cash paid for acquisitions, net	1,902	38
Cash paid for investments, net of cash acquired	-	147
Cash paid for intangible assets, net	9	4
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	1,911	189

24. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on pages 27 and 28 of this interim report is an integral part of the notes. For the first quarter of 2019, the information given both includes and excludes IFRS 16. Prior year figures have not been adjusted.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at March 31, 2019.

The business segments were identified in accordance with IFRS 8, Operating Segments, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. Further explanations with regard to the business segments can be found in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS.

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements as of December 31, 2018 applying Section 315e HGB in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	Q1/2019	Q1/2018
Total EBIT of reporting segments	1,141	1,062
Special items	-15	-18
General corporate expenses Corporate/Other (EBIT)	-11	-8
Group EBIT	1,115	1,036
Net interest	-184	-152
Income before income taxes	931	884

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	March 31, 2019	Dec. 31, 2018
Short-term debt	1,945	2,354
Short-term debt from related parties	6	–
Current portion of long-term debt	342	353
Current portion of long-term lease liabilities	779	0
Current portion of Bonds	1,458	1,744
Current portion of convertible bonds	890	493
Long-term debt, less current portion	6,743	5,944
Long-term lease liabilities, less current portion	5,471	0
Bonds, less current portion	8,285	7,246
Convertible bonds, less current portion	459	850
Debt	26,378	18,984
less cash and cash equivalents	1,543	2,709
Net debt	24,835	16,275
Net debt excluding lease liabilities	18,585	16,275

25. SHARE-BASED COMPENSATION PLANS

SHARE-BASED COMPENSATION PLANS OF FRESENIUS SE & CO. KGAA

As of March 31, 2019, Fresenius SE & Co. KGaA had three share-based compensation plans in place: the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan), the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks and the Long Term Incentive Plan 2018 (LTIP 2018) which is solely based on performance shares. Currently, solely LTIP 2018 can be used to grant performance shares.

Transactions during the first quarter of 2019

During the first quarter of 2019, Fresenius SE & Co. KGaA received cash of €3 million from the exercise of 97,637 stock options.

At March 31, 2019, out of 771,540 outstanding and exercisable stock options issued under the 2008 Plan, 85,140 were held by the members of the Fresenius Management SE Management Board. Out of 8,969,591 outstanding stock options issued under the 2013 LTIP 2,665,229 were exercisable at March 31, 2019. The members of the Fresenius Management SE Management Board held 1,434,375 stock options. 654,519 phantom stocks issued under the 2013 LTIP were outstanding at March 31, 2019. The members of the Fresenius Management SE Management Board held 114,762 phantom stocks. At March 31, 2019, the Management Board members of Fresenius Management SE held 133,434 performance shares and employees of Fresenius SE & Co. KGaA held 415,519 performance shares under the LTIP 2018. As of March 31, 2019, 3,436,769 options for ordinary shares were outstanding and exercisable.

On March 31, 2019, total unrecognized compensation cost related to non-vested options granted under the 2013 LTIP was €29 million. This cost is expected to be recognized over a weighted-average period of 1.8 years.

SHARE-BASED COMPENSATION PLANS OF FRESENIUS MEDICAL CARE AG & CO. KGAA

During the first quarter of 2019, 28,641 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €1.5 million upon exercise of these stock options.

26. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first quarter of 2019. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first quarter of 2019.

27. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com/corporate-governance), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

FINANCIAL CALENDAR

Annual General Meeting, Frankfurt am Main	
Live webcast of the speech of the Chairman of the Management Board	May 17, 2019
Payment of dividend ¹	May 22, 2019
Report on 1 st half 2019	
Conference call, Live webcast	July 30, 2019
Report on 1 st –3 rd quarter 2019	
Conference call, Live webcast	October 29, 2019

¹ Subject to prior approval by the Annual General Meeting

Subject to change

FRESENIUS SHARE / ADR

	Ordinary share		ADR
Securities identification no.	578 560	CUSIP	35804M105
Ticker symbol	FRE	Ticker symbol	FSNUY
ISIN	DE0005785604	ISIN	US35804M1053
Bloomberg symbol	FRE GR	Structure	Sponsored Level 1 ADR
Reuters symbol	FREG.de	Ratio	4 ADR = 1 Share
Main trading location	Frankfurt/Xetra	Trading platform	OTCQX

Corporate Headquarters

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Commercial Register: Bad Homburg v. d. H.; HRB 11852
Chairman of the Supervisory Board: Dr. Gerd Krick

General Partner: Fresenius Management SE

Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673

Management Board: Stephan Sturm (President and CEO), Dr. Francesco De Meo, Rachel Empey, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick

For additional information on the performance indicators used please refer to our website <https://www.fresenius.com/alternative-performance-measures>.

Forward-looking statements:

This Quarterly Financial Report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based on not occur, or if risks should arise – as mentioned in the consolidated financial statements and the management report as of December 31, 2018 applying Section 315e HGB in accordance with IFRS and the SEC filings of Fresenius Medical Care AG & Co. KGaA – the actual results could differ materially from the results currently expected.