

Information for the capital market

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Fiscal year 2010:

Dräger's net sales and earnings grow steeply

- Record net sales of around EUR 2.18 billion
- Net profit more than tripled
- Dividend to rise by EUR 0.79 per share

Lübeck – 2010 was an outstanding year for Drägerwerk AG & Co. KGaA. Order intake rose by 4.1 percent (net of currency effects) to EUR 2,145.4 million (2009: EUR 1,978.3 million). Net sales went up by 9.5 percent (net of currency effects) to a record EUR 2,177.3 million (2009: EUR 1,911.1 million), and EBIT by 140.6 percent to EUR 192.8 million (2009: EUR 80.1 million). The EBIT margin increased from 4.2 percent to 8.9 percent, coming in at the upper limit of the bandwidth of 8 percent to 9 percent the Company had forecast in October 2010. Net profit rose disproportionately, tripling to EUR 104.8 million (2009: EUR 32.5 million).

Turnaround target met one year earlier than planned

“Net sales and earnings developed very positively thanks to an unexpectedly high order intake in the fourth quarter of 2010, the continuing positive development in the Americas and Asia/Pacific regions, the launch of our new products and favorable currency effects. And the turnaround program also had an extremely positive impact,” explained Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. The program aimed at saving costs and increasing efficiency contributed an additional EUR 41.0 million to earnings compared to the previous year. Dräger therefore increased its profitability before implementation costs by a total of EUR 107.3 million in 2010 compared to the year 2008. The original plan was to achieve sustainable savings of EUR 100 million as from 2011.

Medical division

In fiscal year 2010, order intake in the medical division went up by 3.5 percent (net of currency effects) to EUR 1,441.9 million (2009: EUR 1,339.6 million). Net sales rose by 12.4 percent (net of currency effects) to EUR 1,472.0 million (2009: EUR 1,260.9 million). EBIT soared by 143.3 percent

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to EUR 186.6 million (2009: EUR 76.7 million), and the EBIT margin of 12.7 percent was significantly up on the previous year's value of 6.1 percent.

Safety division

Order intake in the safety division totaled EUR 731.7 million, 5.1 percent (net of currency effects) higher than in the previous year (2009: EUR 665.9 million). The division's net sales rose by 3.8 percent (net of currency effects) to EUR 733.8 million year on year (2009: EUR 676.9 million). EBIT in the safety division doubled to EUR 61.0 million (2009: EUR 30.2 million) as a result of a higher business volume and gross margin and lower expenses from the business in deep sea diving systems. The EBIT margin went up to 8.3 percent (2009: 4.5 percent). In the previous year, impairment losses of EUR 30.0 million were recognized on deep sea diving systems.

Equity ratio rises to 32.2 percent

The equity base of the Company improved significantly after it had dropped to 20.9 percent on account of the buyback of the 25 percent Siemens share in the previous Dräger Medical AG & Co. KGaA as of December 31, 2009. In 2010, equity grew by EUR 242.8 million to EUR 636.6 million while other non-current and current financial liabilities dropped significantly by EUR 239.6 million. This increased Dräger Group's equity ratio to 32.2 percent. The capital increase carried out in June 2010, net profit of EUR 104.8 million and the option component, which was converted into an equity instrument in August 2010, particularly contributed to this development.

Dividend to rise by EUR 0.79 per share

In view of the positive earnings development and the equity ratio rising to 32.2 percent, the Executive Board and Supervisory Board will propose to the annual shareholders' meeting on May 6, 2011, to increase the dividend by EUR 0.79 per share compared to the previous year. EUR 1.13 are to be distributed per common share (2009: EUR 0.34) and EUR 1.19 per preferred share (EUR 0.40). This corresponds to the distribution rate of 30 percent to shareholders and participation certificate holders that had been announced in the previous year.

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Outlook: Order intake and net sales increase

Dräger anticipates that order intake will grow at least as fast as the entire global economy (World Bank forecast: +3.3 percent) in fiscal year 2011. This expectation is based on the assumptions that the economy in Europe will stabilize, that the economy in the US will continue to recover, that the market will continue to grow in the emerging countries and that exchange rates will remain the same. Net sales growth in 2011 is likely to fall one to two percentage points short of order intake growth, as net sales in 2010 profited from above-average order intake in the fourth quarter of 2009. Dräger expects a Group EBIT margin between 7.5 percent and 8.5 percent (2010: 8.9 percent) in fiscal year 2011 on account of larger investments in product development as well as the improved sales organization and Group-wide IT structure. In the medium term, the Company aims at growing stronger than the market and achieving an EBIT margin of at least 10 percent.

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Key figures (in €million)

	2010	2009	Change
Group			
Order intake	2,145.5	1,978.3	+8.5 %
Net sales	2,177.3	1,911.1	+13.9 %
EBIT	192.8	80.1	+140.6 %
EBIT margin	8.9 %	4.2 %	
Net profit	104.8	32.5	+222.8 %
Earnings per preferred share (€)	6.25	1.20	+420.8 %
Earnings per common share (€)	6.19	1.14	+443.0 %
Research and development costs	148.4	149.4	-0.7 %
Cash flow from operating activities	219.1	193.5	+13.3 %
Net financial debt	90.3	374.4	-75.9 %
Investments	55.8	128.3	-56.5 %
Capital employed	833.4	709.1	+17.5 %
ROCE	23.1 %	11.3 %	
Dividend per preferred share (€)	1.19	0.40	
Dividend per common share (€)	1.13	0.34	
DVA	114.5	-1.8	
Employees	11,291	11,071	+2.0 %
Medical division			
Order intake	1,441.9	1,339.6	+7.6 %
Net sales	1,472.0	1,260.9	+16.7 %
EBIT	186.6	76.7	+143.3 %
EBIT margin	12.7 %	6.1 %	
Research and development costs	101.1	107.8	-6.2 %
Cash flow from operating activities	178.4	153.1	+16.5 %
Capital employed	514.7	546.6	-5.8 %
ROCE	36.3 %	14.0 %	

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	2010	2009	Change
DVA	136.5	23.6	
Employees	6,386	6,305	+1.3 %
Safety division			
Order intake	731.7	665.9	+9.9 %
Net sales	733.8	676.9	+8.4 %
EBIT	61.0	30.2	+102.3 %
EBIT margin	8.3 %	4.5 %	
Research and development costs	43.9	39.3	+11.9 %
Cash flow from operating activities	74.3	73.8	+0.6 %
Capital employed	181.6	190.1	-4.4 %
ROCE	33.6 %	15.9 %	
DVA	43.1	9.6	
Employees	4,409	4,336	+1.7 %

Disclaimer

This information for the capital market contains forward-looking statements regarding the future development of the Dräger Group. These forward-looking statements are based on the current expectations, presumptions, and forecasts of the Executive Board as well as the information available to it to date and have been prepared to the best of its knowledge and belief. No guarantee or liability for the occurrence of the future developments and results specified can be assumed in respect of such forward-looking statements. Rather, the future developments and results are dependent on a number of factors. They entail risks and uncertainties beyond the Company's control and are based on assumptions which could prove to be incorrect. Notwithstanding any legal requirements to adjust forecasts, we assume no obligation to update the forward-looking statements contained in this report. You will find all other financial dates on our website at www.draeger.com under Investor Center/Financial Calendar.

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