

## Press release

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# Fiscal year 2020: Dräger generates extraordinary growth and earnings

- Order intake and net sales increase significantly year on year
- Strong rise in earnings
- Free cash flow up by a considerable margin

Lübeck—Drägerwerk AG & Co. KGaA has concluded fiscal year 2020 with record-breaking earnings. Demand for products used in the treatment of COVID-19 and for protection from infection was extremely high in particular. Order intake, net sales, and earnings were up significantly year on year. Dräger paid all of its employees worldwide thank you bonuses totaling approximately EUR 23 million in acknowledgment of their commitment and dedication during the crisis.

Order intake climbed by 35.4 % to EUR 3,786,2million (2019: EUR 2,796.1 million) in nominal terms, and by 38.9 % net of currency effects. Orders increased in all regions, with the strongest growth recorded in Europe.

Dräger increased net sales by 22.5 % year on year to EUR 3,406.3 million (2019: EUR 2,780.8 million), or by 25.7 % net of currency effects. All regions contributed to net sales growth, with Europe accounting for the sharpest rise in net sales.

### Division performance

Orders in the medical division rose by 48.6 % (net of currency effects), driven primarily by demand for ventilators, patient monitoring, and hospital consumables. In the safety division, order intake increased by 23.3 % (net of currency effects), with light respiratory protection products (FFP masks) in particularly high demand.

Dräger recorded particularly strong growth in the medical division, where net sales rose by 36.0 % (net of currency effects). However, deliveries in the safety division were also up considerably, climbing by 8.5 % (net of currency effects).

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“The coronavirus pandemic has shaped the fiscal year like no other event in decades,” says Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. “While others went into lockdown, one thing was immediately clear to us: Dräger has a social responsibility to provide for society, and it is our duty to fulfill it. Never before have we sensed the actual meaning of our work so immediately, and that our “Technology for Life” is so necessary. That is precisely why our motto throughout this whole time was: all hands on deck! In doing so, we were able to seize the opportunities that presented themselves during the crisis and put them to good use.”

### Earnings

Earnings before interest and taxes (EBIT) rose significantly to EUR 396.6 million (2019: EUR 66.6 million). The EBIT margin improved markedly as a result, to 11.6 % (2019: 2.4 %). Net profit for the year came to EUR 249.9 million (2019: EUR 33.8 million). Dräger was also able to increase its free cash flow significantly to EUR 196.9 million (2019: EUR 102.4 million). Dräger Value Added (DVA) for the Group rose to EUR 296.9 million (2019: EUR - 32.7 million).

### Extremely robust fourth-quarter net sales

Order intake increased by 0.8 % to EUR 747.0 million (2019: EUR 780.1 million) in the fourth quarter. Dräger increased net sales net of currency effects by 31.5 % year on year to EUR 1,115.3 million (2019: EUR 882.0 million). EBIT in the fourth quarter amounted to EUR 168.3 million (2019: EUR 69.5 million). The EBIT margin stood at 15.1 % (2019: 7.9 %) in the fourth quarter.

### Dividends

Dräger took an important step toward cleaning up its capital structure in 2020 by terminating all participation certificates. However, this decision also resulted in a sharp rise in net financial debt. Dräger will maintain the dividend at the prior-year level until the equity ratio returns to above 40 %. As a result, the Executive Board of the general partner and the Supervisory Board will propose a dividend of EUR 0.19 per preferred share (2019: EUR 0.19) and EUR 0.13 per common share (2019: EUR 0.13) to the annual shareholders' meeting on May 7, 2021.

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### **Dräger continues to clean up its capital structure and launches tender offer\* for participation certificates**

Dräger plans to allocate EUR 100 million to its buyback of participation certificates, with the option of increasing this amount at its own discretion. Dräger will finance the amount using existing liquidity. Holders of series D participation certificates can offer their certificates to Dräger for purchase at a price of EUR 542.00 in accordance with the terms and conditions of the offer. This gives participation certificate holders the opportunity to sell their certificates to Dräger at a higher price than the last market price prior to the program's announcement (closing price on the Frankfurt Stock Exchange on February 24: EUR 533.20). The purchased participation certificates will be redeemed by Dräger to optimize the capital structure ahead of schedule. The offer period runs until March 19, 2021 at 5:00 p.m. (CET). Holders of participation certificates will be notified about the details of the sale offer by their banks.

"We would like to use the strong operating free cash flow in fiscal year 2020 to optimize the capital structure, in the interests of the company and the shareholders," said Gert-Hartwig Lescow, CFO of Drägerwerk Verwaltungs AG. "The equity ratio will increase, as will the profits attributable to shareholders, depending on the buyback volume."

### **Employee share program**

The employee share program took place once again in the fourth quarter of 2020, this time accompanied by a pandemic bonus that was paid to all employees in Germany, in some cases in the form of shares. As a result, just under 85 % of employees in Germany are shareholders in the Company, taking over a total of 3.9 % of preferred shares in the course of the employee share programs.

### **Outlook**

The extremely strong business performance in fiscal year 2020 will not be repeated in the same manner in the current fiscal year as the one-off effects from the coronavirus pandemic decline. As a result, Dräger anticipates a decline in net sales (net of currency effects) of between -7.0 % and -11.0 % in fiscal year 2021. Weaker net sales development will also have an impact on earnings. Dräger expects to generate an EBIT margin of between 5.0 % and 8.0 % in 2021.

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“The developments triggered by the coronavirus pandemic will require our attention for some time to come,” said Stefan Dräger. “This is a marathon, not a sprint, and there are plenty of challenges as well as new opportunities on the road ahead. It is up to us to seize them.”

\* This offer is not available to U.S. citizens (as defined in Regulation S of the United States Securities Act of 1933, as amended) or to persons residing in the U.S. or domiciled there. The request is made in accordance with the terms and conditions of the Tender Offer Memorandum of March 1, 2021 and is subject to the limitations, terms and conditions therein.

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<b>Key figures for the fiscal year (€ million)</b>	2020	2019	Change	Net of currency effects
Order intake	3,786.2	2,796.1	+35.4 %	+38.9 %
Europe	2,271.1	1,528.9	+48.5 %	+50.1 %
Americas	662.2	553.1	+19.7 %	+28.0 %
Africa, Asia, and Australia	852.9	714.2	+19.4 %	+23.4 %
Order intake, medical division	2,498.7	1,728.6	+44.6 %	+48.6 %
Order intake, safety division	1,287.5	1,067.6	+20.6 %	+23.3 %
Net sales	3,406.3	2,780.8	+22.5 %	+25.7 %
Europe	1,985.8	1,503.3	+32.1 %	+33.5 %
Americas	611.2	547.7	+11.6 %	+19.3 %
Africa, Asia, and Australia	809.3	729.8	+10.9 %	+14.5 %
<i>Net sales, medical division</i>	<i>2,302.2</i>	<i>1,741.8</i>	<i>+32.2 %</i>	<i>+36.0 %</i>
<i>Net sales, safety division</i>	<i>1,104.1</i>	<i>1,039.1</i>	<i>+6.3 %</i>	<i>+8.5 %</i>
EBIT	396.6	66.6		
EBIT margin	11.6 %	2.4 %		
Earnings after income taxes	249.9	33.8		
<i>EBIT margin, medical division</i>	<i>14.3 %</i>	<i>0.8 %</i>		
<i>EBIT margin, safety division</i>	<i>6.1 %</i>	<i>5.1 %</i>		
Employees	15,657	14,845		

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Key figures for the fourth quarter (€ million)	Q4 2020	Q4 2019	Change	Net of currency effects
Order intake	747.0	780.1	-4.2 %	+0.8 %
Order intake, medical division	458.9	483.9	-5.2 %	+0.5 %
Order intake, safety division	288.1	296.1	-2.7 %	+1.3 %
Net sales	1,115.3	882.0	+26.5 %	+31.5 %
Net sales, medical division	770.7	572.9	+34.5 %	+40.3 %
Net sales, safety division	344.7	309.1	+11.5 %	+15.2 %
EBIT	168.3	69.5		
EBIT margin	15.1 %	7.9 %		
Earnings after income taxes	108.6	44.7		
<i>EBIT margin, medical division</i>	<i>17.6 %</i>	<i>8.0 %</i>		
<i>EBIT margin, safety division</i>	<i>9.4 %</i>	<i>7.7 %</i>		
Employees	15,657	14,845		

### Disclaimer

Diese Pressemitteilung enthält Aussagen über die zukünftige Entwicklung des Dräger-Konzerns. Diese zukunftsbezogenen Aussagen basieren auf den gegenwärtigen Erwartungen, Vermutungen und Prognosen des Vorstands sowie den ihm derzeit verfügbaren Informationen und sind nach bestem Wissen und Gewissen zusammengestellt worden. Hinsichtlich solcher zukunftsbezogenen Aussagen kann keine Garantie und keine Haftung für den Eintritt der genannten zukünftigen Entwicklungen und Ergebnisse übernommen werden. Die zukünftigen Entwicklungen und Ergebnisse sind vielmehr abhängig von einer Vielzahl von Faktoren. Sie beinhalten Risiken und Unwägbarkeiten, die sich dem Einfluss des Unternehmens entziehen und beruhen auf Annahmen, die sich möglicherweise als nicht zutreffend erweisen. Unbeschadet rechtlicher Bestimmungen zur Korrektur von Prognosen übernehmen wir keine Verpflichtung, die in dieser Meldung gemachten zukunftsbezogenen Aussagen zu aktualisieren. Erläuterungen zu den verwendeten Kennzahlen (inkl. alternative Leistungskennzahlen) finden Sie auf unserer Unternehmenswebseite [www.draeger.com](http://www.draeger.com) unter Investoren /Kennzahlendefinitionen.

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