

Press release

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Dräger expects return to profitable growth in 2023

- **Order intake up in fiscal year 2022 despite difficult conditions**
- **Net sales and earnings significantly below prior year, in particular due to disrupted supply chains**
- **Significant increase in net sales and earnings as well as partial improvement in delivery capability in the fourth quarter of 2022**

Lübeck—Drägerwerk AG & Co. KGaA has increased its order intake in fiscal year 2022 by around three percent (net of currency effects) to EUR 3,284.7 million (12 months 2021: EUR 3,087.8 million). However, net sales and earnings declined significantly. Net sales fell by 11.5 percent (net of currency effects) to EUR 3,045.2 million (12 months 2021: EUR 3,328.4 million). Earnings before interest and taxes (EBIT) amounted to EUR -88.6 million (12 months 2021: EUR 271.7 million). The EBIT margin was -2.9 percent (12 months 2021: 8.2 percent). For 2023, Dräger expects a recovery in business development.

“2022 was a very challenging year. Demand for our ›Technology for Life‹ increased despite the normalization of the corona-related business, but our net sales and earnings development disappointed. In 2023, we want to return to profitable growth,” says Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG.

Increased order intake, but delayed sales recognition

Net of currency effects, order intake increased by almost three percent in 2022. The largest growth driver was the Africa, Asia, and Australia region with a significant increase in orders. Demand also rose in the Europe region. The Americas region recorded a slight decline. In nominal terms, order intake increased by more than six percent.

However, the potential sales revenue from the high order backlog could not be realized to the usual extent due to significant disruptions in global supply chains and the limited availability of certain electronic components required for the final assembly and delivery of some products. Net sales therefore

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declined by 11.5 percent net of currency effects and by 8.5 percent in nominal terms.

Good demand in both divisions

In the medical division, order intake in 2022 remained almost at the previous year's level, net of currency effects. Demand for ventilators, which had still been very high in the previous year due to corona, decreased significantly, but was largely offset by a significant increase in orders in other areas. Growth was driven in particular by workplace infrastructure products and the service business. In nominal terms, the medical business recorded an increase in order intake of more than three percent.

In the safety division, order intake in 2022 increased by more than eight percent net of currency effects. Growth was driven in particular by gas detection technology, respiratory and personal protection products as well as occupational health and safety equipment, but business with engineered solutions and with services also saw a significant increase. In nominal terms, order intake in the safety business increased by almost twelve percent.

Net sales declined significantly in both divisions in 2022. Net of currency effects, the medical business decreased by 15 percent and the safety business by around six percent.

Earnings under pressure

The earnings development in 2022 was impacted in particular by the lower sales volume and the lower gross margin which was significantly below the prior-year figure at 40.7 percent (12 months 2021: 46.3 percent). The decline in gross margin was due to the normalization of the corona-related business, which changed the product mix, and higher procurement costs for electronic components that are difficult to obtain. Earnings after taxes amounted to EUR -63.6 million (12 months 2021: EUR 154.3 million).

Net sales and earnings improvement in the fourth quarter

In the fourth quarter of 2022, order intake of EUR 860.6 million was down 1.0 percent (net of currency effects) compared to the prior-year period (Q4 2021: EUR 850.8 million). The decline in Europe and the Americas was largely

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offset by a significant increase in Africa, Asia, and Australia. Net of currency effects, the medical business recorded a decline of 2.4 percent to EUR 517.2 million (Q4 2021: EUR 516.8 million) while the safety business grew by 1.3 percent to EUR 343.4 million (Q4 2021: EUR 333.9 million).

Dräger's net sales increased by 7.3 percent (net of currency effects) in the fourth quarter to EUR 1,018.2 million (Q4 2021: EUR 925.5 million). This was due to an improvement in delivery capability as a result of better availability of the required components in some cases. Gross margin was just above the prior-year figure at 41.0 percent (Q4 2021: 40.8 percent). EBIT amounted to EUR 59.7 million, more than quadrupling compared to the prior-year quarter (Q4 2021: EUR 14.7 million). This was due in particular to the higher sales volume and lower procurement costs as a result of improved material availability. In addition, the price increases implemented earlier in the year had a positive impact on earnings. At 5.9 percent, EBIT margin was also significantly higher than the prior-year figure (Q4 2021: 1.6 percent).

Return to growth and profitability expected for 2023

For 2023, Dräger expects an increase in net sales of between 7.0 and 11.0 percent (net of currency effects) and an EBIT margin of 0.0 to 3.0 percent.

“In 2023, we expect a further gradual improvement in delivery performance,” says Stefan Dräger. “Even though we will continue to have higher costs for hard-to-find parts for the time being, this will allow us to realize sales from our high order backlog much faster than last year. In addition, further price increases will help us return to profitability.”

Further information is available in the financial report at www.draeger.com.

Disclaimer

This press release contains statements on the future development of 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 date. They were compiled to the best of the company's knowledge. Dräger does not provide any warranty nor assume any responsibility for the future developments and results described above. These are dependent on a number of factors. They entail various risks and contingencies outside of the company's influence and are based on assumptions which could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements contained in this report. This does not infringe any legal stipulations on the adjustment of forecasts. Please

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go to Investor Relations / Definitions of financial indicators at www.draeger.com for information on alternative performance measures used.

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Key figures for the fiscal year (€ million)	2022	2021	Change	Net of currency effects
Order intake	3,284.7	3,087.8	+6.4	+2.9
Europe	1,737.9	1,700.3	+2.2	+1.9
Americas	666.4	609.8	+9.3	-1.6
Africa, Asia, and Australia	880.4	777.7	+13.2	+8.6
<i>Order intake, medical division</i>	<i>1,979.3</i>	<i>1,916.9</i>	<i>+3.3</i>	<i>-0.5</i>
<i>Order intake, safety division</i>	<i>1,305.4</i>	<i>1,170.9</i>	<i>+11.5</i>	<i>+8.4</i>
Net sales	3,045.2	3,328.4	-8.5	-11.5
Europe	1,651.6	1,892.3	-12.7	-13.1
Americas	619.7	629.1	-1.5	-11.4
Africa, Asia, and Australia	774.0	807.1	-4.1	-7.9
<i>Net sales, medical division</i>	<i>1,821.5</i>	<i>2,064.2</i>	<i>-11.8</i>	<i>-15.0</i>
<i>Net sales, safety division</i>	<i>1,223.7</i>	<i>1,264.2</i>	<i>-3.2</i>	<i>-5.8</i>
EBIT	-88.6	271.7		
EBIT margin	-2.9 %	8.2 %		
Earnings after income taxes	-63.6	154.3		
<i>EBIT margin, medical division</i>	<i>-5.0 %</i>	<i>9.3 %</i>		
<i>EBIT margin, safety division</i>	<i>0.1 %</i>	<i>6.3 %</i>		
Employees	16,219	15,900		

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Key figures for the fourth quarter (€ million)	Q4 2022	Q4 2021	Change	Net of currency effects
Order intake	860.6	850.8	+1.2	-1.0
Europe	448.2	477.6	-6.2	-6.2
Americas	186.0	170.9	+8.9	-0.9
Africa, Asia, and Australia	226.3	202.3	+11.9	+11.4
<i>Order intake, medical division</i>	<i>517.2</i>	<i>516.8</i>	<i>+0.1</i>	<i>-2.4</i>
<i>Order intake, safety division</i>	<i>343.4</i>	<i>333.9</i>	<i>+2.8</i>	<i>+1.3</i>
Net sales	1,018.2	925.5	+10.0	+7.3
Europe	545.5	532.4	+2.5	+2.2
Americas	196.7	167.0	+17.8	+7.1
Africa, Asia, and Australia	276.0	226.1	+22.1	+19.5
<i>Net sales, medical division</i>	<i>613.2</i>	<i>558.7</i>	<i>+9.8</i>	<i>+6.6</i>
<i>Net sales, safety division</i>	<i>405.0</i>	<i>366.8</i>	<i>+10.4</i>	<i>+8.5</i>
EBIT	59.7	14.7		
EBIT margin	5.9 %	1.6 %		
Earnings after income taxes	49.0	-16.3		
<i>EBIT margin, medical division</i>	<i>4.3 %</i>	<i>3.7 %</i>		
<i>EBIT margin, safety division</i>	<i>8.2 %</i>	<i>-1.6 %</i>		
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