

Quarterly Statement
January 1 to September 30, 2023
Dräger Group



The Dräger Group over the past five years

		2023	2022	2021	2020	Nine months 2019
Order intake	€ million	2,403.3	2,424.2	2,237.0	3,039.2	2,016.1
Net sales	€ million	2,320.9	2,027.0	2,402.9	2,290.9	1,898.8
Gross profit	€ million	1,021.7	820.8	1,163.0	1,087.2	808.8
Gross profit / net sales	%	44.0	40.5	48.4	47.5	42.6
EBITDA ^{1,2}	€ million	182.7	-43.1	354.3	319.1	87.5
EBIT ^{2,3}	€ million	76.9	-148.3	257.0	228.3	-2.9
EBIT ^{2,3} / net sales	%	3.3	-7.3	10.7	10.0	-0.2
Interest result	€ million	-16.0	-13.4	-16.6	-26.1	-13.5
Income taxes	€ million	-13.8	49.0	-69.8	-67.0	5.5
Net profit	€ million	47.1	-112.7	170.6	135.2	-10.9
Earnings per share on full distribution ⁴						
per preferred share	€	2.45	-5.99	7.96	5.58	-0.60
per common share	€	2.40	-6.04	7.91	5.53	-0.65
DVA ^{5,6}	€ million	24.2	-238.1	325.0	197.7	3.2
Equity ⁷	€ million	1,382.1	1,320.5	1,254.6	938.0	1,010.7
Equity ratio ⁷	%	46.0	44.4	39.7	31.0	39.8
Capital employed ^{2,7,8,9}	€ million	1,619.9	1,669.7	1,441.6	1,525.8	1,431.7
EBIT ^{3,5} / capital employed ^{2,7,8,9} (ROCE)	%	8.4	-8.0	29.5	19.5	7.0
Net financial debt ^{2,7,10}	€ million	301.7	354.3	95.2	491.7	150.8
Headcount as at September 30		16,260	16,252	15,883	15,441	14,790

¹ EBITDA = Earnings before net interest result, income taxes, depreciation and amortization

² For effects of the first-time application of IFRS 16 on the figures as at December 31, 2019, see table on page 37 of our annual report 2019.

³ EBIT = Earnings before net interest result and income taxes

⁴ Based on an imputed actual full distribution of earnings attributable to shareholders

⁵ Value of the last twelve months

⁶ Dräger Value Added = EBIT less cost of capital of average invested capital

⁷ Value as at reporting date

⁸ Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items

⁹ Due to the redefinition of capital employed in December 2019, the figures for 2019 have been adjusted.

¹⁰ Including the remaining payment obligations from the termination of the series D participation certificates of EUR 207.6 million as at September 30, 2022 and EUR 202.6 million as at September 30, 2021, and from the termination of all participation certificate series of EUR 451.2 million as at September 30, 2020. The final payment was executed on January 2, 2023.

The first nine months of 2023 at a glance

Dräger significantly increases net sales and earnings in the first nine months of 2023

- Order intake (net of currency effects) slightly above the high prior-year level
- Net sales increase by around 17% (net of currency effects) compared to the prior-year period
- Both divisions and all regions contribute to net sales growth
- Noticeable improvement in delivery capability
- EBIT well up at around EUR 77 million
- Annual forecast raised

“During the first nine months of the current fiscal year, we significantly increased our net sales and earnings. We are thus well on track to return to growth and profitability in the full year 2023,” says Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG.

“Our delivery capability has significantly improved. This enabled us to realize the potential net sales from our high order backlog, with which we started the fiscal year, more quickly. In addition, we benefited from exceptionally high demand for ventilators in China in early 2023. Overall, demand for our products and services remained high during the first nine months. Successful cost management also paid off and, in conjunction with good net sales growth, led to a very positive result.”

“Thanks to the positive business development during the third quarter, our expectations for the full year are now more optimistic than before: In terms of net sales growth, we are likely to reach the upper end of the forecast, and we also expect a higher EBIT margin,” says Stefan Dräger.

Possible rounding differences in this financial report may lead to slight discrepancies.

This financial report has been set up in German and English language. In case of any discrepancy between the German and English version, the German version shall prevail.

Business performance of the Dräger Group

Business performance of the Dräger Group

		Third quarter			Nine months		
		2023	2022	Change in %	2023	2022	Change in %
Order intake	€ million	806.7	776.6	+3.9	2,403.3	2,424.2	-0.9
Net sales	€ million	788.5	724.6	+8.8	2,320.9	2,027.0	+14.5
Gross profit	€ million	346.8	294.5	+17.8	1,021.7	820.8	+24.5
Gross profit / net sales ¹	%	44.0	40.6	+3.3 pp	44.0	40.5	+3.5 pp
EBITDA ²	€ million	64.3	-1.3	> +100	182.7	-43.1	> +100
EBIT ³	€ million	29.2	-36.6	> +100	76.9	-148.3	> +100
EBIT ³ / net sales ¹	%	3.7	-5.0	+8.8 pp	3.3	-7.3	+10.6 pp
Net profit	€ million	18.6	-34.8	> +100	47.1	-112.7	> +100
Earnings per share on full distribution ⁴							
per preferred share	€	0.95	-1.86	> +100	2.45	-5.99	> +100
per common share	€	0.93	-1.88	> +100	2.40	-6.04	> +100
DVA ^{5,6}	€ million	24.2	-238.1	> +100	24.2	-238.1	> +100
Research and development costs	€ million	81.4	85.0	-4.2	247.5	252.1	-1.8
Equity ratio ^{1,7}	%	46.0	44.4	+1.7 pp	46.0	44.4	+1.7 pp
Cash flow from operating activities	€ million	54.1	-64.2	> +100	46.8	-279.0	> +100
Net financial debt ^{7,8}	€ million	301.7	354.3	-14.8	301.7	354.3	-14.8
Investments	€ million	33.8	33.8	+0.1	95.9	89.8	+6.7
Capital employed ^{7,9}	€ million	1,619.9	1,669.7	-3.0	1,619.9	1,669.7	-3.0
Net working capital ^{7,10}	€ million	743.7	780.9	-4.8	743.7	780.9	-4.8
EBIT ^{3,5} / capital employed ^{7,9} (ROCE) ¹	%	8.4	-8.0	+16.4 pp	8.4	-8.0	+16.4 pp
Net financial debt ^{7,8} / EBITDA ^{2,5}	Factor	1.07	15.04		1.07	15.04	
Gearing ^{8,11}	Factor	0.22	0.27		0.22	0.27	
Headcount as at September 30		16,260	16,252	+0.0	16,260	16,252	+0.0

¹ pp = percentage points

² EBITDA = Earnings before net interest result, income taxes, depreciation and amortization

³ EBIT = Earnings before net interest result and income taxes

⁴ Based on an imputed actual full distribution of earnings attributable to shareholders

⁵ Value of the last twelve months

⁶ Dräger Value Added = EBIT less cost of capital of average invested capital

⁷ Value as at reporting date

⁸ Including the remaining payment obligation from the termination of the series D participation certificates of EUR 207.6 million as at September 30, 2022. The payment was made on January 2, 2023.

⁹ Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items

¹⁰ Net working capital = Trade receivables and inventories less trade payables, customer prepayments, short-term operating provisions and other short-term operating items

¹¹ Gearing = Net financial debt / equity

Order intake

Order intake

in € million	Third quarter				Nine months			
	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Medical division	493.1	465.3	+6.0	+8.6	1,410.7	1,462.1	-3.5	-1.7
Safety division	313.5	311.3	+0.7	+4.0	992.7	962.0	+3.2	+5.5
Total	806.7	776.6	+3.9	+6.8	2,403.3	2,424.2	-0.9	+1.2
thereof Europe	413.0	420.7	-1.8	-1.6	1,311.8	1,289.8	+1.7	+2.0
thereof Germany	173.8	177.6	-2.1	-2.1	547.2	537.9	+1.7	+1.7
thereof Americas	212.2	164.4	+29.1	+30.9	517.2	480.4	+7.7	+8.2
thereof Africa, Asia, and Australia	181.5	191.5	-5.3	+4.6	574.4	654.1	-12.2	-5.7

Our order intake increased by 1.2% (net of currency effects) in the first nine months of 2023, due in particular to significant growth in the Americas region. Demand also increased in the Europe region. The Africa, Asia, and Australia region recorded a decline. In the third quarter, order intake (net of currency effects) increased by 6.8%. The growth drivers were the Americas, with an increase (net of currency effects) of more than 30%, as well as Africa, Asia, and Australia. In Europe, demand declined slightly.

In the medical division, order intake decreased by 1.7% during the first nine months (net of currency effects). This was due to a significant decline in the Africa, Asia, and Australia region. Demand in the Europe region remained slightly below the prior-year level, while the Americas region recorded a significant increase. In the third quarter, order intake increased by 8.6% (net of currency effects), mainly due to significant growth of around 45% (net of currency effects) in the Americas region, due in particular to a major order from Mexico for hospital infrastructure. Demand also increased in Africa, Asia, and Australia. The Europe region recorded a decline.

In the safety division, order intake increased by 5.5% during the first nine months (net of currency effects). During the third quarter, it increased by 4.0% (net of currency effects). In both reporting periods, growth was driven by all regions.

Net sales

Net sales

in € million	Third quarter				Nine months			
	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Medical division	448.4	431.1	+4.0	+7.9	1,359.2	1,208.3	+12.5	+15.2
Safety division	340.1	293.5	+15.9	+19.6	961.7	818.7	+17.5	+19.9
Total	788.5	724.6	+8.8	+12.6	2,320.9	2,027.0	+14.5	+17.1
thereof Europe	440.3	387.2	+13.7	+14.0	1,275.2	1,106.1	+15.3	+15.7
thereof Germany	172.8	164.4	+5.1	+5.1	515.7	444.1	+16.1	+16.1
thereof Americas	166.2	159.4	+4.3	+9.2	484.4	423.0	+14.5	+16.3
thereof Africa, Asia, and Australia	181.9	178.0	+2.2	+12.7	561.3	498.0	+12.7	+20.8

Our net sales increased by 17.1% (net of currency effects) in the first nine months of 2023. Both divisions recorded significant growth in all regions. In the third quarter, our net sales increased by 12.6% (net of currency effects).

The reason for the positive net sales development during the first nine months was in particular the noticeably improved delivery capability as a result of the decreasing global supply chain problems. This enabled Dräger to generate strong net sales growth from the high order backlog of the prior year and from the continued high demand for Dräger products and services. In the prior year, the high order intake could not be realized to the usual extent due to global supply chain disruptions, meaning that some of the orders had to be postponed to 2023. In addition, the significant increase in demand for ventilators in China, due in particular to the relaxation of the zero-

Covid policy and the rise in infection figures in the People's Republic, had a positive impact on our net sales development – especially in the first quarter.

Earnings

During the first nine months of 2023, our gross profit increased by 24.5% to EUR 1,021.7 million (9 months 2022: EUR 820.8 million). This was due to high net sales growth and improved gross margin, which rose to 44.0% as a result of higher production and service utilization and more effective price enforcement (9 months 2022: 40.5%). Both divisions contributed to this significant improvement in gross profit and gross margin, with the margin improvement in safety being stronger than in medical.

In the third quarter, gross profit of EUR 346.8 million was also significantly higher than in the prior year (Q3 2022: EUR 294.5 million). The gross margin increased significantly by 3.3 percentage points to 44.0% as a result of the reasons mentioned above (Q3 2022: 40.6%) Both divisions contributed to the improvement in gross profit, with the increase in medical being disproportionately high.

Our functional expenses decreased slightly by 0.7% (net of currency effects; -2.1% in nominal terms) in the first nine months of 2023, in particular due to reduced expenses in administration. The decline mainly related to medical business, while functional expenses in safety business were roughly on a par with the prior year. During the third quarter, functional expenses decreased at a slightly weaker rate than in the second quarter, falling by 0.8% (net of currency effects; -3.4% in nominal terms). Medical business recorded a decline and safety business an increase. It was possible to compensate for the increase in wage costs resulting from the collective agreement pay rises.

Net of currency effects, research and development (R&D) spending declined by 1.1% in the first nine months of 2023 (-1.8% in nominal terms). Due to this decline and as a result of the significant increase in net sales, the ratio of R&D costs to net sales (R&D ratio) was below the prior-year level at 10.7% (9 months 2022: 12.4%).

The financial result (before interest result) amounted to EUR 1.5 million (9 months 2022: EUR -2.0 million).

At EUR 76.9 million, our Group earnings before interest and taxes (EBIT) in the first nine months of 2023 were significantly above the prior-year figure (9 months 2022: EUR -148.3 million). The EBIT margin thus increased by 10.6 percentage points to 3.3% (9 months 2022: -7.3%). In the third quarter, EBIT of EUR 29.2 million was also significantly higher than in the prior year (Q3 2022: EUR -36.6 million). The EBIT margin was 3.7% (Q3 2022: -5.0%).

Net interest expense decreased by EUR 2.6 million to EUR -16.0 million in the first nine months of 2023 due to higher interest expenses (9 months 2022: EUR -13.4 million).

Investments

In the first nine months of 2023, the investment volume stood at EUR 95.9 million or 6.7% higher than in the prior year (9 months 2022: EUR 89.8 million). We invested EUR 58.2 million in property, plant and equipment (9 months 2022: EUR 61.6 million), EUR 1.9 million in intangible assets (9 months 2022: EUR 5.6 million), and EUR 35.7 million in capitalized right-of-use assets pursuant to IFRS 16 (9 months 2022: EUR 22.7 million). Depreciation and amortization amounted to EUR 105.8 million in the first nine months of 2023 (9 months 2022: EUR 105.2 million). Total investment amounted to 90.6% of depreciation and amortization, resulting in a decrease in fixed assets of EUR 9.9 million.

Equity

The Dräger Group's equity increased by EUR 62.7 million to EUR 1,382.1 million in the first nine months of 2023. The equity ratio came to 46.0% as at September 30, 2023, which was higher than the figure of 42.5% as at December 31, 2022. The increase in equity in the first nine months is mainly attributable to the positive net result. Another reason was the income from the reassessment of pension obligations recognized directly in equity as a result of the change in the discount rate. In addition to the increase in equity, the decline in total assets from EUR 3,106.6 million to EUR 3,001.6 million also had a positive impact on the equity ratio.

Dräger Value Added

Dräger's value-based management figure, Dräger Value Added (DVA), increased by EUR 262.3 million to EUR 24.2 million year on year in the 12 months to September 30, 2023 (12 months to September 30, 2022: EUR - 238.1 million). Rolling EBIT increased year on year by EUR 270.3 million. Capital costs were EUR 8.0 million higher than in the prior year due to an increase in the average capital employed (+7.7%).

Average current assets rose more slowly than net sales. As a result, days working capital (coverage of current assets) reduced year on year by 3.2 days to 109.9 days.

Business performance of the medical division

Business performance of the medical division

		Third quarter				Nine months			
		2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Order intake	€ million	493.1	465.3	+6.0	+8.6	1,410.7	1,462.1	-3.5	-1.7
thereof Germany	€ million	102.8	102.4	+0.4	+0.4	305.2	300.1	+1.7	+1.7
Net sales	€ million	448.4	431.1	+4.0	+7.9	1,359.2	1,208.3	+12.5	+15.2
thereof Germany	€ million	95.1	87.1	+9.1	+9.2	288.2	249.9	+15.3	+15.3
EBITDA¹	€ million	16.5	-19.7	> +100		46.0	-66.4	> +100	
EBIT²	€ million	0.3	-36.5	> +100		-2.3	-116.8	+98.0	
EBIT ² / net sales ³	%	0.1	-8.5	+8.5 pp		-0.2	-9.7	+9.5 pp	
Capital employed ^{4,5}	€ million	932.4	978.1	-4.7		932.4	978.1	-4.7	
EBIT ^{2,6} / capital employed ^{4,5} (ROCE) ³	%	2.6	-9.8	+12.4 pp		2.6	-9.8	+12.4 pp	
DVA ^{6,7}	€ million	-41.6	-157.2	+73.5		-41.6	-157.2	+73.5	

¹ EBITDA = Earnings before net interest result, income taxes, depreciation and amortization

² EBIT = Earnings before net interest result and income taxes

³ pp = percentage points

⁴ Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items

⁵ Value as at reporting date

⁶ Value of the last twelve months

⁷ Dräger Value Added = EBIT less cost of capital of average invested capital

Order intake

Order intake

in € million	Third quarter				Nine months			
	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Europe	226.6	238.9	-5.1	-4.9	698.8	710.6	-1.7	-1.5
thereof Germany	102.8	102.4	+0.4	+0.4	305.2	300.1	+1.7	+1.7
Americas	155.5	106.9	+45.5	+45.3	342.6	315.9	+8.4	+8.3
Africa, Asia, and Australia	111.0	119.6	-7.1	+2.9	369.3	435.6	-15.2	-9.2
Total	493.1	465.3	+6.0	+8.6	1,410.7	1,462.1	-3.5	-1.7

Our order intake in the medical division during the first nine months of 2023 was 1.7% lower year on year (net of currency effects). This was due in particular to demand for patient monitoring and anesthesia devices, both of which declined significantly following the sharp increase in the prior-year period. This decline was offset by noticeable growth in the service business.

In the Africa, Asia, and Australia region, order intake declined significantly, while in the Europe region it was slightly below the prior-year level. The Americas region recorded a significant increase. During the third quarter, order intake increased by 8.6% (net of currency effects), due in particular to very strong growth in the Americas. Demand also increased in Africa, Asia, and Australia (net of currency effects). The Europe region recorded a decline.

Based on absolute figures, the increase in orders during the first nine months was particularly strong in Mexico, Croatia, Canada and Germany. The highest declines were recorded in Kuwait, Switzerland, Peru, France and Thailand.

Net sales

Net sales

in € million	Third quarter				Nine months			
	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Europe	234.0	206.5	+13.3	+13.6	680.4	600.4	+13.3	+13.6
thereof Germany	95.1	87.1	+9.1	+9.2	288.2	249.9	+15.3	+15.3
Americas	107.0	108.4	-1.3	+2.9	308.8	279.0	+10.7	+12.3
Africa, Asia, and Australia	107.4	116.2	-7.6	+2.4	369.9	328.9	+12.5	+20.5
Total	448.4	431.1	+4.0	+7.9	1,359.2	1,208.3	+12.5	+15.2

Our net sales in the medical division increased by 15.2% (net of currency effects) in the first nine months of 2023. Growth was driven by all regions, but particularly by Europe as well as Africa, Asia, and Australia, where net sales in the first quarter increased very strongly, mainly due to the significant increase in demand for ventilators in China at the beginning of the year. Another reason for the positive development in the first nine months was the noticeable improvement in delivery capability, which enabled strong net sales growth from the high order backlog of the prior year and the continued high demand for Dräger products and services.

In the third quarter, demand for ventilators in China has further normalized. Nevertheless, net sales in the Africa, Asia, and Australia region – as well as in Europe and the Americas – remained at a high level. As a result, net sales in the third quarter increased significantly by 7.9% (net of currency effects).

Earnings

Our gross profit in the medical division increased significantly by 20.4% during the first nine months of 2023. The main factors here were strong net sales growth in all regions and the improvement in gross margin. This increased by 2.8 percentage points, in particular as a result of improved production and service utilization. Gross profit increased by 13.5% during the third quarter. The gross margin increased by 3.6 percentage points. Here, too, improved profitability had a positive effect for the reasons mentioned above.

Functional expenses during the first nine months of 2023 were significantly below the prior-year level, declining by 1.2% (net of currency effects; -2.7% in nominal terms). All functional areas of the division contributed to this decline. In the third quarter, functional expenses decreased by 3.7% (net of currency effects; -6.6% in nominal terms).

EBIT in the medical division stood at EUR -2.3 million in the first nine months of 2023 (9 months 2022: EUR -116.8 million). The EBIT margin improved from -9.7% to -0.2%. In the third quarter, EBIT came to EUR 0.3 million (Q3 2022: EUR -36.5 million). The EBIT margin was 0.1% (Q3 2022: -8.5%).

Dräger Value Added increased by EUR 115.6 million to EUR -41.6 million year on year as at September 30, 2023 (12 months to September 30, 2022: EUR -157.2 million). Rolling EBIT rose year on year by EUR 120.4 million. The cost of capital increased by EUR 4.7 million due to a rise in capital employed.

Business performance of the safety division

Business performance of the safety division

		Third quarter				Nine months			
		2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Order intake	€ million	313.5	311.3	+0.7	+4.0	992.7	962.0	+3.2	+5.5
thereof Germany	€ million	71.0	75.2	-5.5	-5.5	241.9	237.7	+1.8	+1.8
Net sales	€ million	340.1	293.5	+15.9	+19.6	961.7	818.7	+17.5	+19.9
thereof Germany	€ million	77.7	77.3	+0.6	+0.6	227.5	194.1	+17.2	+17.2
EBITDA ¹	€ million	47.8	18.4	> +100		136.7	23.3	> +100	
EBIT ²	€ million	28.9	-0.1	> +100		79.3	-31.5	> +100	
EBIT ² / net sales ³	%	8.5	-0.0	+8.5 pp		8.2	-3.9	+12.1 pp	
Capital employed ^{4,5}	€ million	687.6	691.6	-0.6		687.6	691.6	-0.6	
EBIT ^{2,6} / capital employed ^{4,5} (ROCE) ³	%	16.4	-5.4	+21.8 pp		16.4	-5.4	+21.8 pp	
DVA ^{6,7}	€ million	65.8	-80.8	> +100		65.8	-80.8	> +100	

¹ EBITDA = Earnings before net interest result, income taxes, depreciation and amortization

² EBIT = Earnings before net interest result and income taxes

³ pp = percentage points

⁴ Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items

⁵ Value as at reporting date

⁶ Value of the last twelve months

⁷ Dräger Value Added = EBIT less cost of capital of average invested capital

Order intake

Order intake

in € million	Third quarter				Nine months			
	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Europe	186.4	181.8	+2.5	+2.7	613.0	579.1	+5.8	+6.3
thereof Germany	71.0	75.2	-5.5	-5.5	241.9	237.7	+1.8	+1.8
Americas	56.7	57.5	-1.4	+4.1	174.6	164.5	+6.2	+8.2
Africa, Asia, and Australia	70.4	72.0	-2.1	+7.4	205.1	218.4	-6.1	+1.2
Total	313.5	311.3	+0.7	+4.0	992.7	962.0	+3.2	+5.5

Our order intake in the safety division increased by 5.5% in the first nine months of 2023 (net of currency effects). Growth was driven in particular by our gas detection devices and our service business.

Demand increased noticeably in the Europe and Americas regions. The Africa, Asia, and Australia region also recorded an increase (net of currency effects). During the third quarter, order intake increased by 4.0% (net of currency effects), due in particular to growth in Europe. The Americas as well as Africa, Asia, and Australia regions also recorded higher demand (net of currency effects).

Based on absolute figures, the increase in orders in the first nine months was strongest in South Africa, the UK, the U.S., Germany and Canada. The highest declines were recorded by Mexico, China, Qatar, Türkiye and Ukraine.

Net sales

Net sales

in € million	Third quarter				Nine months			
	2023	2022	Change in %	Net of currency effects in %	2023	2022	Change in %	Net of currency effects in %
Europe	206.3	180.7	+14.1	+14.6	594.8	505.6	+17.6	+18.2
thereof Germany	77.7	77.3	+0.6	+0.6	227.5	194.1	+17.2	+17.2
Americas	59.3	51.0	+16.2	+22.6	175.6	144.0	+21.9	+24.1
Africa, Asia, and Australia	74.5	61.7	+20.7	+32.0	191.3	169.0	+13.2	+21.2
Total	340.1	293.5	+15.9	+19.6	961.7	818.7	+17.5	+19.9

Our net sales in the safety division increased by just under 20% in the first nine months of 2023 (net of currency effects). During the third quarter, growth was 19.6% (net of currency effects). In both reporting periods, the increase was driven by significant growth in all regions. In addition to the noticeable improvement in delivery capability, this was also due to the positive order trend.

Earnings

In the safety division, net sales increased significantly in the first nine months of 2023. At the same time, the gross margin increased by 4.5 percentage points. As a result of these two effects, gross profit increased by 30.3%. The gross margin was supported by higher production and service utilization as well as an effective price enforcement. Gross profit increased by 23.6% during the third quarter. The gross margin increased by 2.8 percentage points.

Functional expenses in the first nine months of 2023 were roughly on a par with the prior-year level, with an increase of 0.1% (net of currency effects; -1.3% in nominal terms). This was mainly due to lower administrative costs and reduced logistics expenses. In the third quarter, functional expenses increased by 4.1% (net of currency effects; 1.9% in nominal terms).

EBIT in the safety division amounted to EUR 79.3 million in the first nine months of 2023 (9 months 2022: EUR -31.5 million). The EBIT margin came to 8.2% (9 months 2022: -3.9%). In the third quarter, EBIT stood at EUR 28.9 million (Q3 2022: EUR -0.1 million). The EBIT margin was 8.5% (Q3 2022: -0.0%).

Dräger Value Added increased by EUR 146.6 million to EUR 65.8 million year on year as at September 30, 2023 (12 months to September 30, 2022: EUR -80.8 million). Rolling EBIT increased year on year by EUR 149.9 million. Capital costs climbed by EUR 3.3 million on account of the higher capital employed.

Outlook

Future situation of the Company

The following section should be read in conjunction with the “Outlook” section in the management report of the 2022 annual report (pages 68 et seq.), which describes our expectations for 2023 in detail. The following table provides an overview of the current expectations regarding the development of various forecast figures. The forecast horizon comprises one fiscal year.

Expectations for fiscal year 2023

	Results achieved for fiscal year 2022	Forecast for fiscal year 2023 (last published)	Current forecast
Net sales (net of currency effects)	-11.5%	7.0 to 11.0%	Upper end
Gross margin	40.7%	43.0 to 45.0%	Confirmed
EBIT margin	-2.9%	0.0 to 3.0%	2.0 to 4.0%
DVA	EUR -196.2 million	EUR -110 to 0 million	EUR -60 to 30 million
Research and development costs	EUR 343.5 million	EUR 335 to 350 million	Confirmed
Net financial debt	EUR 259.2 million	Improvement	Confirmed
Investment volume ¹	EUR 93.4 million	EUR 80 to 100 million	Confirmed
Net interest result	EUR -13.8 million	EUR -20 to -26 million	Confirmed
Days working capital (DWC)	112.5 days	103 to 108 days	Confirmed

¹ Excluding company acquisitions and the capitalization of right-of-use assets pursuant to IFRS 16

Based on the business development in the first nine months, we raise our outlook for the fiscal year 2023. As we already announced in our ad hoc release on October 16, 2023, we now expect to reach the upper end of our net sales forecast and achieve an EBIT margin of 2.0 to 4.0 percent. We are also raising our forecast for Dräger Value Added (DVA): Accordingly, we now expect a DVA of EUR -60 to 30 million instead of EUR -110 to 0 million. All other forecast figures listed above are confirmed.

Forward-looking statements

This document contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board of Drägerwerk Verwaltungs AG, as well as the information available to it to date. The forward-looking statements do not provide any guarantee of the future developments and results contained therein. Rather, the future developments and results are dependent on a number of factors; they entail various risks and uncertainties and are based on assumptions that could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements made in this report.

This document constitutes a quarterly statement pursuant to Section 51a of the exchange rules for the Frankfurt Stock Exchange.

Lübeck, November 1, 2023

The general partner
Drägerwerk Verwaltungs AG,
represented by its Executive Board

Stefan Dräger
Rainer Klug
Gert-Hartwig Lescow
Dr. Reiner Piske
Anton Schrofner

Further financial information

Consolidated income statement of the Dräger Group

in € thousand	Third quarter 2023	Third quarter 2022	Nine months 2023	Nine months 2022
Net sales	788,502	724,619	2,320,887	2,027,020
Cost of sales	-441,657	-430,117	-1,299,177	-1,206,257
Gross profit	346,846	294,502	1,021,710	820,763
Research and development costs	-81,411	-85,014	-247,548	-252,080
Marketing and selling expenses	-180,476	-182,356	-528,976	-527,556
General administrative costs	-55,473	-61,639	-171,325	-189,076
Impairment losses on financial assets and contract assets	-1,948	-1,838	-3,577	-2,365
Other operating income	1,128	1,227	6,337	4,948
Other operating expenses	-755	-664	-1,228	-956
Functional expenses	-318,935	-330,284	-946,317	-967,085
Result from net exposure from monetary items	1,341	-1,022	1,373	-2,007
Result from investments in associates	258	406	258	406
Result from other investments	55	30	632	88
Other financial result	-358	-219	-715	-480
Financial result (before interest result)	1,296	-804	1,547	-1,993
EBIT¹	29,207	-36,586	76,940	-148,316
Interest result	-5,813	-5,142	-16,036	-13,388
Earnings before income taxes	23,394	-41,728	60,904	-161,704
Income taxes	-4,803	6,915	-13,756	49,040
Earnings after income taxes	18,592	-34,813	47,148	-112,664
Earnings after income taxes	18,592	-34,813	47,148	-112,664
Earnings to non-controlling interests	968	258	1,773	240
Earnings attributable to shareholders and holders of participation certificates	17,623	-35,071	45,375	-112,904
Undiluted/diluted earnings per share on full distribution²				
per preferred share (in €)	0.95	-1.86	2.45	-5.99
per common share (in €)	0.93	-1.88	2.40	-6.04

¹ EBIT = Earnings before net interest result and income taxes

² The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.

Consolidated statement of comprehensive income of the Dräger Group

in € thousand	Nine months 2023	Nine months 2022
Earnings after income taxes	47,148	-112,664
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	24,062	208,899
Deferred taxes on remeasurements of defined benefit pension plans	-7,569	-65,693
Items that may be reclassified into the income statement in the future		
Currency translation adjustment for foreign subsidiaries	470	33,559
Changes in the fair value of the cash flow hedge reserve recognized directly in equity	3,550	-284
Deferred taxes on changes in the fair value of the cash flow hedge reserve recognized directly in equity	-1,063	89
Other comprehensive income (after taxes)	19,451	176,570
Total comprehensive income	66,599	63,906
thereof attributable to non-controlling interests	1,491	332
thereof earnings attributable to shareholders and holders of participation certificates	65,108	63,574

Consolidated balance sheet of the Dräger Group

in € thousand	September 30, 2023	December 31, 2022
Assets		
Intangible assets	347,224	350,641
Property, plant and equipment	466,455	478,376
Right-of-use assets	111,410	109,517
Investments in associates	16,027	16,036
Non-current trade receivables	2,910	2,214
Other non-current financial assets	24,526	24,224
Deferred tax assets	206,973	215,900
Other non-current assets	18,815	7,036
Non-current assets	1,194,339	1,203,945
Inventories	781,244	696,983
Trade receivables	600,787	678,608
Contract assets	80,343	56,328
Other current financial assets	28,217	41,045
Cash and cash equivalents	181,289	311,554
Current income tax refund claims	47,922	41,794
Other current assets	87,430	76,318
Current assets	1,807,232	1,902,631
Total assets	3,001,571	3,106,576

Consolidated balance sheet of the Dräger Group

in € thousand	September 30, 2023	December 31, 2022
Equity and liabilities		
Capital stock	48,026	48,026
Capital reserves	307,035	307,035
Reserves retained from earnings, including group result	1,027,453	969,303
Other comprehensive income	-3,141	-6,317
Non-controlling interests	2,734	1,384
Equity	1,382,106	1,319,430
Provisions for pensions and similar obligations	173,674	202,886
Non-current personnel provisions	34,757	34,721
Other non-current provisions	22,290	22,362
Non-current note loans	100,000	100,000
Non-current liabilities to banks	158,101	62,212
Other non-current financial liabilities	92,328	93,702
Non-current income tax liabilities	5,528	5,526
Deferred tax liabilities	2,308	2,452
Other non-current liabilities	45,156	44,763
Non-current liabilities	634,143	568,625
Current personnel provisions	104,677	105,076
Other current provisions	145,897	144,131
Current liabilities to banks	107,405	83,575
Trade payables	199,864	285,608
Other current financial liabilities	110,967	324,466
Current income tax liabilities	43,847	48,024
Other current liabilities	272,665	227,641
Current liabilities	985,322	1,218,521
Total equity and liabilities	3,001,571	3,106,576

Consolidated cash flow statement of the Dräger Group

in € thousand	Third quarter 2023	Third quarter 2022	Nine months 2023	Nine months 2022
Operating activities				
Earnings after income taxes	18,592	-34,813	47,148	-112,664
+ Write-down/write-up of non-current assets	35,141	34,589	105,939	104,605
+ Interest result	5,813	5,142	16,036	13,388
+/- Income taxes	4,803	-6,915	13,756	-49,040
+/- Increase/decrease in provisions	7,531	13,562	-16,544	-57,795
+/- Other non-cash expenses/income	2,909	-3,055	16,767	-12,249
+ Loss from the disposal of non-current assets	446	287	347	153
- Increase in inventories	-10,234	-53,297	-99,330	-156,026
- Increase in leased equipment	-2,458	-2,264	-8,943	-6,804
+/- Decrease/increase in trade receivables	-29,657	-23,027	45,889	73,414
+/- Decrease/increase in other assets	15,698	13,758	6,592	-18,489
+/- Increase/decrease in trade payables	-5,052	8,188	-81,324	-24,879
+/- Increase/decrease in other liabilities	20,797	-4,169	40,615	23,240
+ Dividends received	329	405	346	463
- Cash outflow for income taxes	-7,547	-8,775	-30,320	-44,994
- Cash outflow for interest	-4,025	-4,438	-13,661	-13,459
+ Cash inflow from interest	1,019	670	3,469	2,152
Cash inflow/outflow from operating activities	54,105	-64,152	46,781	-278,986
Investing activities				
- Cash outflow for investments in intangible assets	-704	-1,442	-2,300	-6,134
+ Cash inflow from the disposal of intangible assets	6	-	75	-
- Cash outflow for investments in property, plant and equipment	-11,848	-19,559	-47,274	-59,000
+ Cash inflow from disposals of property, plant and equipment	330	493	753	1,547
- Cash outflow for investments in financial assets ¹	-352	-430	-713	-56,891
+ Cash inflow from the disposal of financial assets ¹	0	40,377	14	179,338
+ Cash inflow from the disposal of subsidiaries	-	-	561	-
Cash inflow/outflow from investing activities	-12,568	19,438	-48,884	58,861
Financing activities				
- Distribution of dividends (including payments to participation capital holders)	-	-	-3,681	-3,681
- Cash outflow from the repurchase of participation certificates	-	-	-208,806	-
+ Cash provided by raising loans	11,640	-	116,651	-
- Cash used to redeem loans	-13,365	-8,572	-37,436	-13,675
+/- Net balance of other liabilities to banks	-32,387	12,235	42,658	6,060
- Repayment of lease liabilities	-11,435	-11,067	-33,267	-32,873
- Profit distributed to non-controlling interests	-	-	-140	-180
Cash outflow from financing activities	-45,547	-7,404	-124,022	-44,350
Change in cash and cash equivalents in the fiscal year	-4,011	-52,117	-126,125	-264,475
+/- Effect of exchange rates on cash and cash equivalents	-113	537	-4,140	9,082
+ Cash and cash equivalents at the beginning of the reporting period	185,413	241,933	311,554	445,746
Cash and cash equivalents on reporting date	181,289	190,353	181,289	190,353

¹ In the prior year, these items included the purchase and sale of money market funds in which Dräger had a current investment.

Business performance of the segments

		Medical division		Safety division		Nine months Dräger Group	
		2023	2022	2023	2022	2023	2022
Order intake	€ million	1,410.7	1,462.1	992.7	962.0	2,403.3	2,424.2
Europe	€ million	698.8	710.6	613.0	579.1	1,311.8	1,289.8
thereof Germany	€ million	305.2	300.1	241.9	237.7	547.2	537.9
Americas	€ million	342.6	315.9	174.6	164.5	517.2	480.4
Africa, Asia, and Australia	€ million	369.3	435.6	205.1	218.4	574.4	654.1
Net Sales	€ million	1,359.2	1,208.3	961.7	818.7	2,320.9	2,027.0
Europe	€ million	680.4	600.4	594.8	505.6	1,275.2	1,106.1
thereof Germany	€ million	288.2	249.9	227.5	194.1	515.7	444.1
Americas	€ million	308.8	279.0	175.6	144.0	484.4	423.0
Africa, Asia, and Australia	€ million	369.9	328.9	191.3	169.0	561.3	498.0
EBITDA¹	€ million	46.0	-66.4	136.7	23.3	182.7	-43.1
Depreciation/amortization	€ million	-48.3	-50.4	-57.4	-54.8	-105.8	-105.2
EBIT²	€ million	-2.3	-116.8	79.3	-31.5	76.9	-148.3
Capital employed ^{3,4}	€ million	932.4	978.1	687.6	691.6	1,619.9	1,669.7
EBIT ² / net sales	%	-0.2	-9.7	8.2	-3.9	3.3	-7.3
EBIT ^{2,5} / capital employed ^{3,4} (ROCE)	%	2.6	-9.8	16.4	-5.4	8.4	-8.0
DVA ^{5,6}	€ million	-41.6	-157.2	65.8	-80.8	24.2	-238.1

¹ EBITDA = Earnings before net interest result, income taxes, depreciation and amortization

² EBIT = Earnings before net interest result and income taxes

³ Capital employed = Total assets less deferred tax assets, securities, cash and cash equivalents, non-interest bearing liabilities and other non-operating items

⁴ Value as at reporting date

⁵ Value of the last twelve months

⁶ Dräger Value Added = EBIT less cost of capital of average invested capital

Financial calendar

Report as of September 30, 2023, conference call	November 2, 2023
Publication of 2023 fiscal year figures, Analysts' conference	March 7, 2024
Report as of March 31, 2024, conference call	April 25, 2024
Annual shareholders' meeting, Lübeck, Germany	May 8, 2024
Report as of June 30, 2024, conference call	July 25, 2024
Report as of September 30, 2024, conference call	October 29, 2024

Imprint

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