Dräger

Quarterly Report
January 1 to March 31, 2013
Dräger Group

Dräger. Technology for Life®

THE DRÄGER GROUP OVER THE PAST FIVE YEARS

		Three months 2009	Three months 2010	Three months 2011	Three months 2012	Three months 2013
Order intake	€ million	448.6	488.2	553.6	550.9	571.3
Orders on hand [1]	€ million	424.5	472.9	462.7	479.9	524.0
Net sales	€ million	425.2	465.9	500.3	529.3	533.8
EBITDA [2,3]	€ million	21.0	50.0	55.4	61.8	56.5
EBIT [4]	€ million	6.5	36.8	42.6	46.8	39.8
in % of net sales (EBIT margin)	%	1.5	7.9	8.5	8.8	7.5
Interest result [5]	€ million	(6.7)	(7.7)	(7.1)	(9.8)	(6.5)
Income taxes [5]	€ million	0.1	(10.3)	(12.3)	(11.5)	(10.7)
Earnings after income taxes [5]	€ million	(0.1)	18.7	23.2	25.5	22.6
of which attributable to shareholders	€ million	(1.4)	17.4	20.0	24.1	21.1
Earnings per share [6]						
per preferred share	€	(0.10)	1.38	1.22	1.47	1.29
per common share	€	(0.12)	1.36	1.20	1.45	1.27
Earnings per share on full distribution [7]						
per preferred share	€	(0.03)	0.84	0.87	1.12	0.99
per common share	€	(0.05)	0.82	0.85	1.10	0.97
Equity [1,5]	€ million	560.8	429.9	647.8	668.7	765.2
Equity ratio [1,5]	%	34.6	21.8	33.1	33.0	36.3
Capital employed [1,5,8,11]	€ million	969.9	715.6	875.9	882.4	954.1
EBIT [4,7] / capital Employed [1,5,8,9] (ROCE)	%	10.5	15.4	22.7	24.7	23.4
Net financial debt [1,11]	€ million	265.0	353.7	117.6	138.9	78.2
DVA [5,8,12]	€ million	16.0	32.4	118.0	138.9	142.1
Headcount [1]		11,006	11,133	11,453	12,114	12,707

1 Value as of March 31
2 EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
3 Equipment leased out is recognized in property, plant and equipment since 2012. The figures for 2011 were adjusted accordingly.
4 EBIT = Earnings before net interest result and income taxes
5 The prior-year values were adjusted in compliance with IAS 8 due to the first-time application of IAS 19 (2011).
6 On the basis of the proposed dividend
7 Based on an imputed actual full distribution of earnings attributable to shareholders
8 The prior-year figures were adjusted due to restatements in fiscal year 2012 (see also Note 3 in the 2012 annual report of the Dräger Group).
9 Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
10 Value of the last twelve months
11 Since the end of fiscal year 2009, finance lease liabilities are recognized in net financial debt. The prior-period figures were adjusted accordingly.
12 Dräger Value Added = EBIT less cost of capital

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

LETTER FROM THE CHAIRMAN OF THE EXECUTIVE BOARD

Dear Shareholders, dear Employees,

After three record years in a row, we have gotten off to a good start to fiscal year 2013. Net of currency effects, order intake increased in the first quarter by 4.5 percent, and net sales went up by 1.7 percent. We did not necessarily expect this, as order intake had barely grown in the last few quarters and our orders on hand had even decreased recently. This is because the economic environment continues to be influenced by uncertainty. In the USA, the ongoing budget battle is negatively impacting the outlook. A recession is raging in a number of South European countries. And even Germany is barely growing at the present time. Even though the Kiel Institute for the World Economy points to signs that the global economy will pick up steam over the rest of the year, the situation is tense, especially in Europe, and numerous risks, such as the excessive debts of some countries in particular, will remain with us for the time being.

Earnings in the first quarter did not quite keep up with net sales development. They were impacted by higher functional costs, which were related to investments in research and development as well as the development of the new marketing organization in particular. This means additional expenses at first. However, we are consciously accepting these. I am optimistic that we will have made the right decisions in the long term with the new organization and by promoting R&D activities. We are currently investing in additional employees in this area to secure both the growth and competitiveness of our company in the future.

With their diverse ideas and their passion, our employees are laying the foundation for our success. We would like to give them an even greater stake in this success. The company founder introduced a first participation model back in 1904. The fourth generation saw the introduction of participation certificates for employees. We have now launched a program based on our preferred shares. We are starting in Germany and plan to reach as many employees worldwide as possible in the coming years to the extent permitted by law. The participation in the current program has been particularly encouraging, especially considering the current record price of Dräger shares: In April, a total of 1,154 employees purchased an average of almost 18 shares each. Dräger is now contributing additional bonus shares to the participating employees. The goal of the program is to increase employee identification with the company and employee loyalty even further. And we want to continue to encourage a sense of responsibility for the success of the company as well as their interest in the company's development. All with the aim of working together: for the benefit of the customers and for you, dear shareholders and employees.

Best regards,

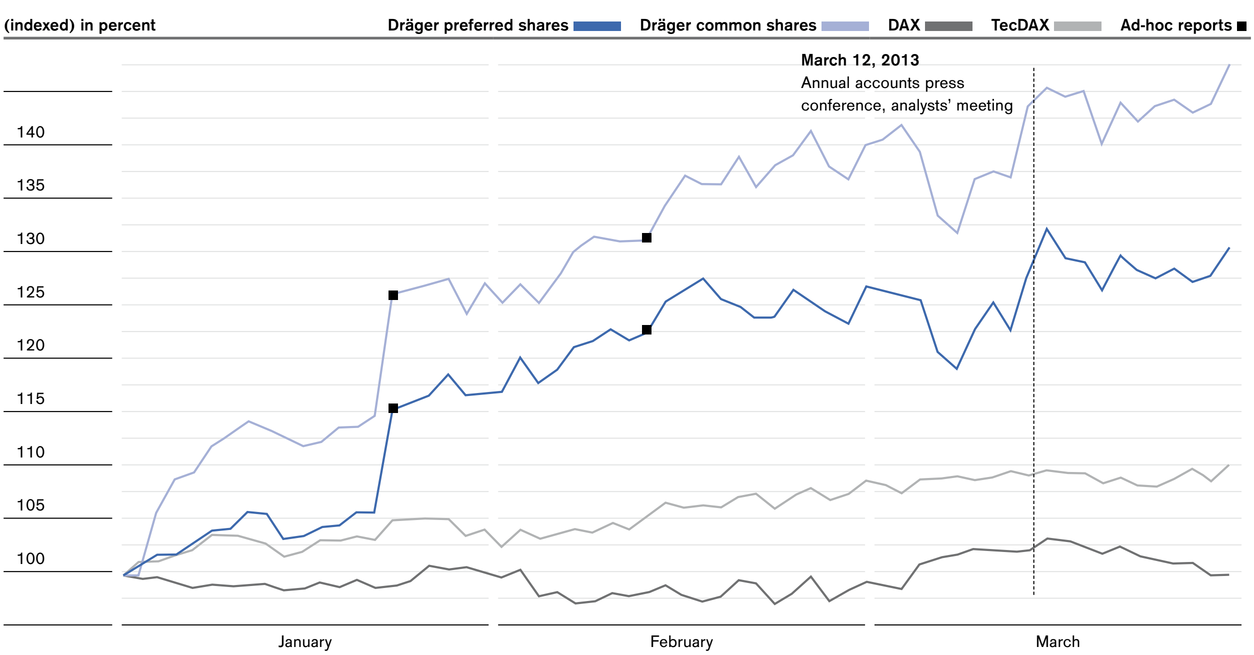
Stefan Dräger

The Dräger Shares

SHARE PRICE DEVELOPMENTS

Dräger shares started into the year with significant gains. Dräger common shares increased in price by 48 percent in the first three months of the year and Dräger preferred shares by 31 percent. The Dräger shares rose particularly steeply in the days following the publication of the preliminary results on January 22, 2013, which were better than originally anticipated. At the end of the first quarter, the DAX share index was almost unchanged and still stood almost exactly at its opening level for the year. The TecDAX share index rose by 11 percent under-proportionally compared to the Dräger shares.

DYNAMIC PERFORMANCE OF THE DRÄGER SHARES



DRÄGER SHARES – BASIC FIGURES

	Common share	Preferred share
Securities identification number (WKN)	555060	555063
ISIN [1]	DE0005550602	DE0005550636
Ticker symbol	DRW	DRW3
Reuters symbol	DRWG.DE	DRWG_p.DE
Bloomberg symbol	DRW8	DRW3
Main stock exchange	Frankfurt / Xetra	Frankfurt / Xetra

[1] International Stock Identification Number

DRÄGER SHARES – KEY FIGURES

	Three months 2013	Three months 2012
Common share		
No. of shares on the reporting date	10,160,000	10,160,000
High (in €)	84.50	71.89
Low (in €)	57.00	48.41
Share price on the reporting date (in €)	84.50	71.50
Average daily trading volume [1]	11,166	5,268
Earnings per common share (in €)		
Undiluted (in €)	1.27	1.45
Diluted (in €)	1.23	1.44
Earnings per common share on full distribution (in €) [2]		
Undiluted (in €)	0.97	1.10
Diluted (in €)	0.95	1.10
Preferred share		
No. of shares on the reporting date	6,350,000	6,350,000
High (in €)	102.10	85.95
Low (in €)	76.90	63.14
Share price on the reporting date (in €)	100.75	84.00
Average daily trading volume [1]	39,801	40,949
Earnings per preferred share (in €)		
Undiluted (in €)	1.29	1.47
Diluted (in €)	1.25	1.46
Earnings per preferred share on full distribution (in €) [2]		
Undiluted (in €)	0.99	1.12
Diluted (in €)	0.97	1.12
Market capitalization	1,498,282,500	1,259,840,000

[1] All German stock exchanges (Source: designated Sponsor)
[2] Based on an assumed actual full distribution of earnings attributable to shareholders

Management report of the Dräger Group for the first quarter of 2013

General economic conditions

EARLY INDICATORS HINT AT RECOVERY

The global economy lost considerable momentum during 2012, remaining below the prior year's growth figures. Apart from the industrialized nations, the emerging markets were particularly affected by this development. In the meantime, however, the signs hinting at a recovery of production increased even in the developed markets in the view of the Kiel Institute for the World Economy (ifw). The ifw stated that the sentiment indicators around the world had been rising significantly since last fall and are signaling an improved global economic outlook. As the ECB remarked, however, the weak economic developments continued in the eurozone at the beginning of the year. In its latest monthly report, the Bundesbank talks about a hesitant start to the year for the German economy, even though the ifo Business Climate Index rose consecutively from November to February.

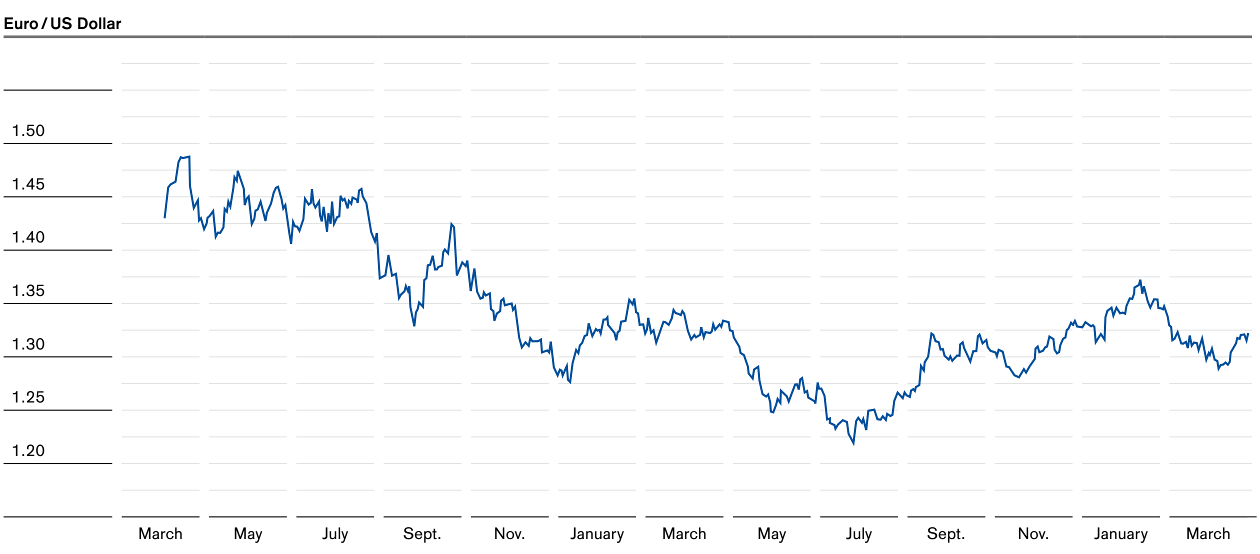
CENTRAL BANKS STICK WITH THEIR EXPANSIVE MONETARY POLICIES

Central banks around the globe continue their efforts to support economic growth with expansive monetary policies. Key interest rates in important emerging markets such as China and Brazil were lowered repeatedly in 2012. The US Federal Reserve (Fed) and the Japanese central bank declared that they will continue their expansive monetary policies until certain targets have been met. The Fed aims for an unemployment rate of below 6.5 percent. In March, the unemployment rate was 7.6 percent. The Japanese central bank aims for a rate of inflation of at least 2 percent; in February, it was –0.7 percent. The European Central Bank (ECB) kept its key interest rate at a record low of 0.75 percent. In addition, the ECB's announcements that it will buy one- to three-year government bonds from member states if they ask for help from the European Stabilization Mechanism (ESM) is still a point to be considered. The ifw believes that the central banks have broken new territory with their monetary policies. It sees the main risks in changed expectations of inflation and misallocation of capital. The issue of exiting current monetary policies also remains unsolved.

UNCERTAINTY HAS RETURNED

New uncertainty hit Europe at the end of February when the political reforms of the Monti government in Italy were penalized and the re-elections in this country ended in a stalemate. The Cyprus aid package, which was approved at the end of March after long negotiations, caused more unrest. The euro crisis is therefore back, after an assumed period of quiet. After appreciating against the US dollar for several months, the euro started weakening again considerably. Measured by the currencies of 20 of the most important trading partners in the eurozone, the nominal effective exchange rate of the euro was 0.8 percent down on the level at the beginning of March and 0.8 percent below its value in the prior year at the beginning of April 2013. The rate of inflation remains moderate. According to the ECB, the rate of inflation has been dropping in recent months in the industrialized nations. In March, it came to 1.7 percent in the eurozone (full year 2012: 2.5 percent). In Germany, consumer prices rose by 1.4 percent year on year (full year 2012: 2.0 percent).

EXCHANGE RATE DEVELOPMENTS



Source: VWD (Vereinigte Wirtschaftsdienste)

MARKET AND INDUSTRY PERFORMANCE

Led by China, the emerging markets showed moderate growth in the medical technology sector. Growth in the US is currently being positively influenced by private sector spending, despite fiscal consolidation. Spending on medical technology is also increasing on account of the health reform. In contrast, market developments are somewhat slow in Germany and South Europe. In South Europe, in particular, the financial crisis and the public consolidation efforts continued to negatively impact investment activities in the first quarter.

Demand for safety technology products was largely stable in the first quarter. Despite an overall rather weak global economy, demand increased slightly. Demand dropped in South Europe in line with this region's economy. The general recovery in the US and continued aim for greater independence regarding oil imports supports the exploitation of additional oil and gas resources, which is having a positive effect on the safety technology sector. The increased number of planned turnarounds of petrochemical plants had a particularly positive effect on demand for safety technology in the first quarter. This trend is expected to continue.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

				Three months
		2013	2012	Change in %
Order intake	**€ million**	**571.3**	**550.9**	**+3.7**
Orders on hand [1]	**€ million**	**524.0**	**479.9**	**+9.2**
Net sales	**€ million**	**533.8**	**529.3**	**+0.9**
EBITDA [2]	**€ million**	**56.5**	**61.8**	**(8.6)**
Depreciation / amortization	€ million	(16.7)	(15.0)	+11.0
EBIT [3]	**€ million**	**39.8**	**46.8**	**(14.9)**
Interest result [4]	€ million	(6.5)	(9.8)	(34.t2)
Income taxes [4]	€ million	(10.7)	(11.5)	(6.8)
Net profit [4]	**€ million**	**22.6**	**25.5**	**(11.1)**
Earnings per share [5]				
per preferred share	€	1.29	1.47	(12.2)
per common share	€	1.27	1.45	(12.4)
Earnings per share on full distribution [6]				
per preferred share	€	0.99	1.12	(11.6)
per common share	€	0.97	1.10	(11.8)
R&D costs	€ million	48.4	46.2	+4.8
Equity ratio [1,4]	%	36.3	33.0	
Cash flow from operating activities	€ million	(8.3)	35.9	(123.0)
Net financial debt [1]	€ million	78.2	138.9	(43.7)
Investments	€ million	19.0	13.0	+45.6
Capital employed [1,4,7,8]	€ million	954.1	882.4	+8.1
Net working capital [1,4,7,9]	€ million	462.4	365.5	+26.5
EBIT [3] / net sales	%	7.5	8.8	
EBIT [3,10] / capital employed [1,4,7,8] (ROCE)	%	23.4	24.7	
Net financial debt [1] / EBITDA [2,10]	Factor	0.27	0.50	
Gearing [4,11]	Factor	0.10	0.21	
DVA [4,7,12]	€ million	142.1	138.9	+2.3
Total headcount [1]		12,707	12,114	+4.9

Business performance of the Dräger Group

ORDER INTAKE

				Three months
€ million	2013	2012	Change in %	Net of currency effects in %
Germany	118.5	116.6	+ 1.6	+ 1.6
Rest of Europe	196.3	193.1	+ 1.6	+ 2.0
Americas	114.4	95.5	+ 19.7	+ 20.0
Asia / Pacific	97.4	101.3	(3.8)	(2.0)
Other	44.8	44.4	+ 0.8	+ 3.9
Total order intake	**571.3**	**550.9**	**+ 3.7**	**+ 4.5**

Order intake rose by 4.5 percent (net of currency effects) in the first quarter. Demand in the medical division went up by 5.1 percent (net of currency effects) and by 3.4 percent (net of currency effects) in the safety division.

We generated the strongest growth from medical technology applications in the hospital accessories business, patient monitoring and clinical data management, as well as anesthesia products. Order intake for safety technology applications grew in the areas of occupational health and safety as well as plant safety equipment. Orders for hospital infrastructure systems as well as engineered safety technology system solutions declined.

Footnotes for page 10

1 Value as of March 31
2 EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
3 EBIT = Earnings before net interest result and income taxes
4 The prior-year values were adjusted in compliance with IAS 8 due to the first-time application of IAS 19 (2011).
5 On the basis of the expected dividend
6 Based on an imputed actual full distribution of earnings attributable to shareholders
7 The prior-year figures were adjusted due to restatements in fiscal year 2012 (see also Note 3 in the 2012 annual report of the Dräger Group).
8 Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
9 Net working capital = current, non-interest-bearing assets less current, non-interest-bearing debt
10 Value of the last twelve months
11 Gearing = Net financial debt / equity
12 Dräger Value Added = EBIT less cost of capital

Order intake increased in almost all regions in the first quarter. In the Americas region, order intake increased by as much as 20.0 percent (net of currency effects). This development was based on strong demand for medical technology products in the US as well as a rise in order intake for safety technology, particularly in South and Central America. In the Asia / Pacific region, on the other hand, we recorded a decline in orders. A rise in demand for medical technology products in this region was unable to offset the steep drop in demand for safety technology.

ORDERS ON HAND

€ million	March 31, 2013	March 31, 2012	Change in %	Net of currency effects in %
Germany	133.3	82.4	+61.8	+61.8
Rest of Europe	149.3	158.5	(5.8)	(5.6)
Americas	105.9	89.7	+18.1	+15.2
Asia / Pacific	88.9	89.2	(0.3)	(3.8)
Other	46.6	60.1	(22.5)	(21.9)
Total orders on hand	**524.0**	**479.9**	**+9.2**	**+8.1**

On March 31, 2013, orders on hand were EUR 524.0 million, up 8.1 percent (net of currency effects) on the prior-year figure of EUR 479.9 million. Without the large order from Deutsche Bahn, orders on hand would have decreased by 2.0 percent.

Equipment orders on hand, excluding the contract with Deutsche Bahn that extends to 2016, covered a 2.4 month period (March 31, 2012: 2.6 months). This key figure is based on the average net sales over the past twelve months.

NET SALES

				Three months
€ million	2013	2012	Change in %	Net of currency effects in %
Germany	99.3	101.4	(2.2)	(2.2)
Rest of Europe	187.8	188.7	(0.5)	(0.1)
Americas	102.8	102.6	+0.2	+0.6
Asia / Pacific	101.7	100.0	+1.8	+4.3
Other	42.3	36.6	+15.5	+18.2
Total net sales	**533.8**	**529.3**	**+0.9**	**+1.7**

Net sales increased by 1.7 percent (net of currency effects) in the first quarter. The medical division contributed to this with a rise of 2.0 percent (net of currency effects). Net sales in the safety division went up by a mere 1.3 percent.

In the medical division, the business with hospital accessories and anesthesia products went up significantly, and in the safety division, mobile gas detection technology did the same. Patient monitoring and clinical data management net sales declined.

Net sales in Germany and the Rest of Europe region went down slightly. Net sales increased outside of Europe, with the Other Countries region generating particularly strong growth of 18.2 percent (net of currency effects). The medical division, in particular, contributed to this development.

EARNINGS

Gross profit in the first quarter of 2013 went up by EUR 5.9 million to EUR 270.7 million, thanks to the increase in net sales as well as the gross margin, which rose by 0.7 percentage points to 50.7 percent. Overall, the reasons for this development were the improved margin in the medical division due to the discontinuation of low-margin large projects, reduced guarantee expenses and a slight change in the product and country mix. In the safety division, the margin dropped, primarily on account of a reduced margin in the business with government agencies. Exchange rate developments had a slightly negative effect on gross profit.

Functional costs rose by 7.0 percent year on year in the first quarter of 2013, the main reason being increased expenses for additional sales activities and the planned rise in expenses for improving our IT infrastructure. Personnel expenses went up considerably by 6.4 percent not only for growth-related headcount increases, but also due to pay rises in accordance with wage agreements. The Group increased its research and development (R&D) expenses by 4.8 percent with the aim of further expanding the percentage of new, high-margin products in total net sales. The research and development ratio therefore went up to 9.1 percent of net sales year on year (3 months 2012: 8.7 percent). The changes in exchange rates compared to the euro also had a positive effect on functional costs.

At EUR 1.1 million, the other financial result was considerably up year on year, due to positive currency effects (3 months 2012: EUR –1.3 million).

Overall, the Group generated Group earnings before interest and taxes (EBIT) of EUR 39.8 million (3 months 2012: EUR 46.8 million). The EBIT margin fell from 8.8 percent in the prior-year period to 7.5 percent. The main driver behind this development was a disproportionate rise in functional costs compared to net sales growth.

The interest result increased by EUR 3.3 million to EUR –6.5 million year on year. In the prior year, fees for the buyback of the participation certificates had a particularly negative impact on the interest result. The tax rate went up slightly to 32.1 percent (3 months 2012: 31.0 percent).

Earnings after income taxes amounted to EUR 22.6 million, down 11.1 percent on the prior year (3 months 2012: EUR 25.5 million).

INVESTMENTS

In the first quarter of 2013, Dräger invested EUR 1.1 million (3 months 2012: EUR 1.4 million) in intangible assets and EUR 16.8 million in property, plant and equipment (3 months 2012: EUR 11.6 million). The majority of these investments are for modernizing production and administration as well as replacements. Depreciation and amortization came to EUR 16.7 million in the first quarter of 2013 (3 months 2012: EUR 15.0 million). Investments covered 114 percent of depreciation, meaning that non-current assets rose by EUR 2.3 million net.

CASH FLOW STATEMENT

Due to the elimination of exchange rate effects, the underlying changes recognized in the cash flow statement cannot be directly reconciled with the items of the published balance sheet.

In the first three months of 2013, our cash outflow from operating activities amounted to EUR 8.3 million compared to cash inflow of EUR 35.9 million in the prior year. The smaller decrease in trade receivables of EUR 25.5 million (3 months 2012: EUR 69.3 million) was the main contributor to this development. The steeper rise of inventories to the amount of EUR 36.8 million (3 months 2012: EUR 27.8 million) had a negative effect. In addition, earnings after income taxes, adjusted for write-downs, changes to cash neutral provisions as well as other non-cash earnings / expenses, decreased by EUR 11.6 million to EUR 25.0 million. The steeper rise in other liabilities of EUR 36.5 million compared to EUR 27.2 million in the prior year had a contrary effect and the lesser rise in other assets of EUR 32.1 million (3 months 2012: 38.9 million) a positive effect.

The cash inflow from operating activities includes EUR 10.4 million in income taxes paid (3 months 2012: EUR 6.9 million), EUR 0.8 million in interest received (3 months 2012: EUR 1.8 million) and EUR 6.0 million in interest paid (3 months 2012: EUR 6.6 million).

Cash outflow from investing activities went up to EUR 15.4 million (3 months 2012: EUR 12.8 million) due to modernizing measures and building modifications at the Lübeck site.

Cash outflow from financing activities of EUR 21.8 million was primarily impacted by the repayment of a note loan in the amount of EUR 25.0 million. In the prior year, the buyback of the 581,474 participation certificates led to cash outflow of EUR 122.1 million (EUR 122.5 million including incidental purchase costs) and therefore had a material impact on cash outflow from financing activities of EUR 120.9 million.

Cash and cash equivalents as of March 31, 2013 exclusively comprised cash, of which EUR 13.6 million (March 31, 2012: EUR 15.2 million) was subject to restrictions.

Financial management

BORROWING

The number of note loans has been reduced compared with the financing activities described in the Annual Report 2012 on pages 81 onward. In the first quarter of 2013, we redeemed a mature note loan in the amount of EUR 25.0 million. Total note loans amounted to EUR 286.0 million on March 31, 2013 (December 31, 2012: EUR 311.0 million).

NET ASSETS

Equity rose by EUR 35.6 million to EUR 765.2 million in the first three months of 2013. The equity ratio went up to 36.3 percent as of March 31, 2013 (December 31, 2012: 34.7 percent).

Total assets increased by EUR 5.6 million to EUR 2,105.7 million in the first three months of 2013. Increased inventories (up EUR 38.2 million) and other current assets (up EUR 27.4 million) were only partially offset by decreased cash and cash equivalents (down EUR 43.5 million) and trade receivables (down EUR 21.1 million). On the liabilities side, equity, in particular, went up by EUR 35.6 million, whereas trade payables dropped by EUR 25.9 million.

As of March 31, 2013, Dräger Value Added (DVA, on a twelve-months rolling basis) came to EUR 142.1 million (March 31, 2012: EUR 138.9 million), corresponding to a rise of 2.3 percent year on year. Cost of capital increased by 2.7 percent year on year as the average capital invested rose to EUR 902.8 million. The main impulse for the rise in DVA was the improved EBIT in the fourth quarter of 2012.

BUSINESS PERFORMANCE OF THE MEDICAL DIVISION

				Three months
		2013	2012	Change in %
Order intake	**€ million**	**363.9**	**348.6**	**+4.4**
Orders on hand [1]	**€ million**	**336.4**	**328.8**	**+2.3**
Net sales	**€ million**	**341.0**	**337.6**	**+1.0**
EBITDA [2]	**€ million**	**34.0**	**34.5**	**(1.4)**
Depreciation / amortization	€ million	(6.3)	(6.4)	(0.4)
EBIT [3]	**€ million**	**27.7**	**28.2**	**(1.6)**
R&D costs	€ million	33.7	31.7	+6.5
Cash flow from operating activities	€ million	(6.7)	27.3	(124.6)
Investments	€ million	6.3	4.4	+43.2
Capital employed [1,4,5,6]	€ million	620.4	543.7	+14.1
Net working capital [1,7]	€ million	366.2	274.3	+33.5
EBIT [3]/net sales	%	8.1	8.3	
EBIT [3,8]/capital employed [1,4,5,6] (ROCE)	%	29.8	34.8	
DVA [4,5,9]	€ million	133.7	141.3	(5.4)
Total headcount [1]		7,051	6,790	+3.8

[1] Value as of March 31
[2] EBITDA = earnings before net interest result, income taxes, depreciation and amortization
[3] EBIT = Earnings before net interest result and income taxes
[4] The prior-year values were adjusted in compliance with IAS 8 due to the first-time application of IAS 19 (2011).
[5] The prior-year figures were adjusted due to restatements in fiscal year 2012
(see also Note 3 in the 2012 annual report of the Dräger Group).
[6] Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
[7] Net working capital = current, non-interest-bearing assets less current, non-interest-bearing debt
[8] Value of the last twelve months
[9] Dräger Value Added = EBIT less cost of capital

Business performance of the medical division

ORDER INTAKE

				Three months
€ million	**2013**	**2012**	**Change in %**	**Net of currency effects in %**
Germany	77.8	81.0	(3.9)	(3.9)
Rest of Europe	107.2	109.2	(1.8)	(1.4)
Americas	81.1	64.9	+24.8	+25.0
Asia / Pacific	66.3	58.4	+13.5	+16.4
Other	31.5	35.1	(10.3)	(9.3)
Total order intake	**363.9**	**348.6**	**+4.4**	**+5.1**

Order intake in the medical division increased by 5.1 percent (net of currency effects) in the first quarter.

We recorded the strongest growth in demand for hospital accessories. The patient monitoring and clinical data management orders also went up steeply, particularly in the Americas region. Our anesthesia devices were also in great demand; demand grew in all regions, except Europe, which, however, had recorded very strong demand in Russia in the prior year. The orders in the service business rose slightly, although this increase was also recorded outside of Europe. Order intake for ventilation and warming therapy products remained almost unchanged. Orders in the hospital infrastructure systems business, on the other hand, decreased.

Order intake in Germany declined by 3.9 percent, primarily due to weaker demand in the areas of patient monitoring and in the rather cyclical project business of hospital infrastructure systems.

Order intake in the Rest of Europe region went down slightly. Stronger demand from the Netherlands, Poland, and Austria was unable to fully offset the decrease in France and Spain. In Russia, order volume decreased compared to the very strong prior-year quarter.

In the Americas region, order intake soared by 25.0 percent (net of currency effects) in the first quarter. Demand in the US was particularly strong and grew by almost 40 percent. Demand was especially high for anesthesia and ventilation devices. We received a large order for ventilators, warming therapy devices, and patient monitoring devices from Venezuela.

In the Asia / Pacific region, we again recorded double-digit order growth of 16.4 percent. Order intake in China grew by 13.2 percent, with anesthesia devices being in particular demand. Demand also increased in Australia and Vietnam.

In the first quarter, the other countries region, particularly Saudi Arabia, was unable to pick up on the strong growth in the prior year. Order intake decreased by 9.3 percent (net of currency effects) in this region, even though we recorded positive demand from Egypt and Libya.

ORDERS ON HAND

€ million	March 31, 2013	March 31, 2012	Change in %	Net of currency effects in %
Germany	51.1	53.4	(4.3)	(4.3)
Rest of Europe	90.3	99.3	(9.1)	(8.9)
Americas	91.9	73.8	+24.5	+21.3
Asia / Pacific	70.2	56.5	+24.2	+20.3
Other	32.9	45.7	(28.1)	(28.5)
Total orders on hand	**336.4**	**328.8**	**+2.3**	**+0.9**

On March 31, 2013, orders on hand in the medical division were EUR 336.4 million, up 0.9 percent (net of currency effects) on the prior year's figure (March 31, 2012: EUR 328.8 million). Orders on hand decreased in Germany and Europe, whereas it increased significantly in the Asia / Pacific and Americas regions.

Equipment orders on hand covered a 2.8 month period (March 31, 2012: 2.8 months). This key figure is based on the average net sales over the past twelve months.

NET SALES

	Three months			
€ million	2013	2012	Change in %	Net of currency effects in %
Germany	64.1	69.0	(7.1)	(7.1)
Rest of Europe	108.5	106.8	+ 1.6	+ 2.1
Americas	68.3	71.8	(4.9)	(4.5)
Asia / Pacific	67.9	63.6	+ 6.8	+ 10.1
Other	32.2	26.4	+ 21.8	+ 23.4
Total net sales	**341.0**	**337.6**	**+ 1.0**	**+ 2.0**

Net sales in the medical division increased by 2.0 percent (net of currency effects) in the first quarter of 2013.

The hospital accessories and anesthesia devices business rose significantly, and we were also able to increase net sales of hospital infrastructure systems. Net sales from service business, ventilation and warming therapy remained almost unchanged. Only the patient monitoring and clinical data management business declined. In the prior year, however, we recorded significant gains in this business due to a large order in the Americas region.

In Germany, net sales fell by 7.1 percent. A rise in the accessories business was unable to offset the decline in the equipment business, especially for anesthesia products as well as patient monitoring and clinical data management.

Net sales increased slightly in the Rest of Europe region, primarily due to the delivery of orders from the prior quarter to Russia and Poland. In South Europe, we recorded a decrease in net sales.

Net sales in the Americas region fell by 4.5 percent (net of currency effects). The rise in net sales in the US and Argentina was unable to offset the decline of deliveries to Mexico, Canada, and Chile.

We once again achieved double-digit growth in the Asia / Pacific region with net sales increasing by 10.1 percent (net of currency effects) in the first quarter. Deliveries to Japan and China, in particular, increased significantly.

Net sales in the other countries region grew by 23.4 percent (net of currency effects). This was primarily due to the deliveries in connection with the program launched by the Saudi Arabian Ministry of Health. Net sales also increased in Egypt, the United Arab Emirates, and Kuwait.

EARNINGS

In the first quarter of 2013, the gross margin of the medical division was up on the prior year. A favorable country and product mix, lower warranty expenses, as well as low-margin large projects in the prior-year quarter resulted in a comparatively higher margin. Increased net sales also boosted gross profit, while currency effects narrowed the margin.

Due to increased functional costs, however, the result was down year on year. Further strengthening of the sales organization as well as a volume-related rise in freight costs pushed up selling expenses. As planned, we invested in research and development and increased the corresponding expenses by 6.5 percent (net of currency effects: 6.0 percent).

In view of these developments, EBIT of the medical division went down by 1.6 percent to EUR 27.7 million in total (3 months 2012: EUR 28.2 million). Therefore the EBIT margin was 8.1 percent (3 months 2012: 8.3 percent).

INVESTMENTS

In the first quarter of 2013, we invested EUR 0.2 million (3 months 2012: EUR 0.1 million) in intangible assets and EUR 6.1 million in property, plant and equipment (3 months 2012: EUR 4.3 million) in the medical division. These mainly related to replacements. We also invested a further EUR 0.4 million into projects such as the start-up phase of the construction of a new production and administration building in China and EUR 0.2 million in the new sales company in Panama. In the first quarter of 2013, depreciation and amortization came to EUR 6.3 million and covered almost 100 percent of the investments so that non-current net assets changed only minimally.

NET ASSETS

As of March 31, 2013, capital employed increased by EUR 76.7 million to EUR 620.4 million (March 31, 2012: EUR 543.7 million). The main reason is a partially volume-related rise in receivables and inventories. Inventories and receivables were also up year on year in relation to net sales, meaning that the days working capital (coverage of current assets) rose by 2.8 days to 119.1 days. In the first quarter of 2013, cash flow resulting from operating activities dropped to EUR –6.7 million (3 months 2012: EUR 27.3 million), the main reason being a lower reduction in receivables compared with the prior-year period.

DVA in the medical division fell by EUR 7.6 million to EUR 133.7 million year on year as of March 31, 2013 (year on year as of March 31, 2012: EUR 141.3 million). This drop in DVA was mainly driven by EBIT, which fell by almost EUR 5 million (on a twelve-months rolling basis). Capital employed, which was higher on average, also had a negative impact on DVA (around EUR 3 million).

BUSINESS PERFORMANCE OF THE SAFETY DIVISION

				Three months
		2013	2012	Change in %
Order intake	**€ million**	**215.5**	**209.9**	**+2.7**
Orders on hand [1]	**€ million**	**189.0**	**152.2**	**+24.1**
Net sales	**€ million**	**200.8**	**199.5**	**+0.6**
EBITDA [2]	**€ million**	**24.8**	**33.2**	**(25.5)**
Depreciation / amortization	€ million	(6.3)	(5.8)	+9.1
EBIT [3]	**€ million**	**18.4**	**27.4**	**(32.8)**
R&D costs	€ million	14.0	13.8	+1.5
Cash flow from operating activities	€ million	7.1	25.4	(72.2)
Investments	€ million	8.5	6.5	+29.6
Capital employed [1,4,5,6]	€ million	214.7	193.0	+11.3
Net working capital [1,7]	€ million	139.7	119.6	+16.8
EBIT [3] / net sales	%	9.2	13.7	
EBIT [3,8] / capital employed [1,4,5,6] (ROCE)	%	41.1	42.4	
DVA [4,5,9]	€ million	69.7	63.5	+9.7
Total headcount [1]		4,851	4,642	+4.5

[1] Value as of March 31
[2] EBITDA = earnings before net interest result, income taxes, depreciation and amortization
[3] EBIT = Earnings before net interest result and income taxes
[4] The prior-year values were adjusted in compliance with IAS 8 due to the first-time application of IAS 19 (2011).
[5] The prior-year figures were adjusted due to restatements in fiscal year 2012 (see also Note 3 in the 2012 annual report of the Dräger Group).
[6] Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
[7] Net working capital = current, non-interest-bearing assets less current, non-interest-bearing debt
[8] Value of the last twelve months
[9] Dräger Value Added = EBIT less cost of capital

Business performance of the safety division

ORDER INTAKE

	Three months			
€ million	2013	2012	Change in %	Net of currency effects in %
Germany	48.1	42.6	+12.9	+12.9
Rest of Europe	89.6	84.2	+6.4	+6.8
Americas	33.3	30.9	+7.8	+8.4
Asia / Pacific	31.2	42.9	(27.3)	(27.0)
Other	13.3	9.3	+43.0	+53.8
Total order intake	**215.5**	**209.9**	**+2.7**	**+3.4**

In the first quarter, order intake in the safety division increased by 3.4 percent (net of currency effects).

Demand for occupational health and safety products grew strongly, particularly for mobile gas detectors. We also recorded a rise in order intake for plant safety equipment. Increased demand for shutdown management was contrasted by lower demand for stationary gas detection products. Orders also increased in the service business. Order intake for Engineered Solutions was down year on year despite a large order from Switzerland, as the prior-year figure included two large orders from Vietnam and Australia. In the business with government agencies, a rise in demand for alcohol testing devices offset the decrease in the firefighting sector.

In Germany, order intake increased significantly by 12.9 percent in the first quarter, mainly as a result of various large orders in the oil and gas sector as well as the chemical industry, such as mobile gas detection products. Demand for firefighting products also developed positively, particularly those sold through fire protection specialists.

We recorded solid growth of 6.8 percent (net of currency effects) in the Rest of Europe region. A large order from Switzerland for tunnel rescue trains was one of the main contributors. Order intake also went up in Finland, Belgium, and the Netherlands. In the South European countries as well as France, considerable reluctance to invest in safety technology systems and devices continued to show.

In the Americas region, order intake increased by 8.4 percent (net of currency effects). Demand rose in South and Central America, particulary in Columbia, Brazil, and Mexico. We also received an increased number of orders from the US, whereas order intake from Canada decreased compared with the strong prior-year quarter.

Order intake in the Asia / Pacific region developed very weakly, dropping by 27.0 percent (net of currency effects). In the prior-year quarter, we received project orders from Vietnam and Australia that could not be compensated. In Australia, we also recorded a decline in demand for firefighting products. In China, an increase in demand for stationary gas detection products was unable to offset a decrease in firefighting products. Orders also declined in Indonesia and Japan.

Order intake in the Other Countries region went up steeply in the first quarter, with orders rising by 53.8 percent (net of currency effects). This was mainly due to strong growth in South Africa and the United Arab Emirates as well as a large order from Zambia.

ORDERS ON HAND

€ million	March 31, 2013	March 31, 2012	Change in %	Net of currency effects in %
Germany	83.1	29.7	+179.8	+179.8
Rest of Europe	59.1	59.2	(0.2)	+0.0
Americas	14.3	16.2	(11.7)	(13.0)
Asia / Pacific	18.8	32.7	(42.5)	(45.3)
Other	13.7	14.4	(4.9)	(0.7)
Total orders on hand	**189.0**	**152.2**	**+24.2**	**+23.9**

On March 31, 2013, orders on hand were EUR 189.0 million, up 23.9 percent (net of currency effects) on the prior year's figure of EUR 152.2 million. Excluding the impact from large projects, such as the tunnel rescue trains, orders on hand declined by 8.0 percent.

Equipment orders on hand, adjusted for large projects and currency effects, covered 2.1 months (March 31, 2012: 2.3 months). This key figure is based on the average net sales over the past twelve months.

NET SALES

				Three months
€ million	**2013**	**2012**	**Change in %**	**Net of currency effects in %**
Germany	42.5	39.5	+7.6	+7.6
Rest of Europe	79.8	82.6	(3.4)	(3.1)
Americas	34.5	30.8	+12.0	+12.7
Asia / Pacific	33.9	36.4	(6.9)	(5.8)
Other	10.1	10.2	(1.0)	+4.9
Total net sales	**200.8**	**199.5**	**+0.6**	**+1.3**

In the first quarter, net sales in the safety division increased by 1.3 percent (net of currency effects).

The growth in the equipment business offset the drop in the Engineered Solutions project business. In the equipment business, demand for mobile gas detectors developed positively, in particular, while demand for stationary gas detection systems declined slightly. Net sales increased in the service business.

In Germany, net sales grew by 7.6 percent. Especially the business with firefighting products as well as the Engineered Solutions project business developed positively. We generated higher net sales from orders for mobile gas detectors placed by customers in the chemical industry.

Net sales in the Rest of Europe region decreased by 3.1 percent (net of currency effects). We were unable to match the strong prior-year net sales figures in Russia. Net sales also declined in Belgium, while we recorded growth from the sales of mobile gas detection products in Poland and Bulgaria. Net sales decreased in the South European countries in the past quarter, primarily in France, Italy and Spain.

Net sales rose by a considerable 12.7 percent (net of currency effects) in the Americas region. The main contributors to this development were deliveries of firefighting products and alcohol testing devices in the US. In Brazil, firefighting products net sales also increased.

Net sales in the Asia/Pacific region went down by 5.8 percent (net of currency effects) in the first quarter. In the prior-year quarter, we generated high net sales from firefighting products, which could not be compensated. Orders also dropped in Malaysia and Japan. In China, on the other hand, net sales increased, particularly from mobile gas detection products as well as engineered solutions.

Net sales in the Other Countries region grew by 4.9 percent (net of currency effects). We recorded growth in Saudi Arabia and the United Arab Emirates.

EARNINGS

In the safety division, we attained the prior-year gross margin level in the occupational health and safety as well as plant safety equipment business. Due to negative currency effects as well as a shift in net sales in the business with government agencies toward low-margin large projects, the total gross margin in the safety division dropped by 2.8 percentage points.

Earnings were also negatively impacted by increased functional costs in sales and administration. On top of additional sales activities, expenses to improve our IT infrastructure increased as planned.

In view of these developments, EBIT of the safety division decreased to EUR 18.4 million in total (3 months 2012: EUR 27.4 million). The EBIT margin dropped to 9.2 percent in the first quarter of 2013 (3 months 2012: 13.7 percent).

INVESTMENTS

We invested EUR 0.1 million (3 months 2012: EUR 0.3 million) in intangible assets and EUR 8.3 million in property, plant and equipment (3 months 2012: EUR 6.3 million) in the safety division. This rise is mainly due to a larger equipment rental business volume as well as modernization investments at the Lübeck site. Investments therefore covered 133.5 percent of depreciation and amortization (3 months 2012: 112.4 percent) and non-current assets rose by EUR 2.1 million net.

FINANCIAL POSITION AND NET ASSETS

Capital employed in the safety division increased year on year by 11.3 percent to EUR 214.7 million (3 months 2012: EUR 193.0 million). This rise is equally due to an increase in inventories and a rise in trade receivables. Days working capital (coverage of net current assets) was 99.2 days in the safety division, 0.5 days up on the prior-year figure. In line with the increase in working capital and decrease in earnings, cash flow from operating activities fell to EUR 7.1 million (3 months 2012: EUR 25.4 million).

DVA in the safety division rose by EUR 6.2 million to EUR 69.7 million (3 months 2012: EUR 63.5 million), the main driver being the improved EBIT in the second half of 2012 (on a twelve-months rolling basis), due to the relatively strong EBIT in the second half of 2012.

BUSINESS PERFORMANCE OF DRÄGERWERK AG & CO. KGAA / OTHER COMPANIES

				Three months
		2013	2012	Change in %
Order intake	**€ million**	**3.6**	**3.7**	**(2.8)**
Orders on hand [1]	**€ million**	**0.0**	**0.0**	**0.0**
Net sales	**€ million**	**3.6**	**3.7**	**(2.8)**
EBITDA [2]	**€ million**	**28.4**	**29.0**	**(1.9)**
Depreciation / amortization	€ million	(4.0)	(2.9)	+40.1
EBIT [3]	**€ million**	**24.4**	**26.1**	**(6.5)**
R&D costs	€ million	0.7	0.7	(5.2)
Cash flow from operating activities	€ million	12.4	5.3	+137.0
Investments	€ million	4.2	2.1	+100.5
Capital employed [1,4]	€ million	736.1	760.2	(3.2)
Net working capital [1,5]	€ million	(37.3)	(23.7)	(57.4)
Total headcount [1]		805	682	+18.0

[1] Value as of March 31
[2] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[3] EBIT = Earnings before net interest result and income taxes
[4] Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
[5] Net working capital = current, non-interest-bearing assets less current, non-interest-bearing debt

BUSINESS PERFORMANCE OF DRÄGERWERK AG & CO. KGAA / OTHER COMPANIES

EARNINGS

Drägerwerk AG & Co. KGaA is the parent company of the Dräger Group. Together with the other companies, it provides services to the medical and safety divisions and their companies.

EBIT of Drägerwerk AG & Co. KGaA / Other companies declined in the first three months of 2013 to EUR 24.4 million (3 months 2012: EUR 26,1 million). The decrease resulted from lower profit transfers in the first three months of 2013 to the amount of EUR 30.7 million (3 months 2012: EUR 34.9 million), which were primarily attributable to Dräger Medical GmbH and Dräger Safety AG & Co. KGaA.

INVESTMENTS

In the first three months of 2013, investments in intangible assets and property, plant and equipment came to EUR 4.2 million (3 months 2012: EUR 2.1 million). These investments were primarily made by Group Real Estate for improving and modernizing buildings and for purchasing software licenses.

Research and development

Our research and development (R&D) activities are of great importance to us and are consistently expanding. And therefore work hard to expand these. We aim to increase the percentage of new products in total net sales further and to benefit from the resulting rise in profitability. In the first quarter of 2013, we invested EUR 48.4 million more than in the prior-year period (EUR 46.2 million). The research and development expenses came to 9.1 percent of net sales (3 months 2012: 8.7 percent).

We increased research and development expenditure in the medical division to EUR 33.7 million (3 months 2012: EUR 31.7 million). In the first quarter, we invested 9.9 percent of net sales, more than in the prior-year period (3 months 2012: 9.4 percent). The focus remains on expanding our intensive care product portfolio, and especially developing customer solutions within the Infinity Acute Care systems. We also aim our investments at updating several products so as to meet the RoHS II[1] guidelines. We launched a new intensive care ventilator, the "Evita V 300". It provides sophisticated ventilation options and can be expanded with many Dräger modes and applications. It can be integrated into an intensive care supply unit or carried during intensive care transports. We further

[1] EU guideline "Restriction of the use of certain hazardous substances in electrical and electronic equipment"

improved our “V 500 / VN 500” ventilators. The quality of the device has been optimized in the 2.30 release by improving its software, for instance, and transferring device components to strategically important suppliers. Our new transport incubator “GT 5400” is an all-in-one solution for the intensive care transport of premature babies. The device has excellent ergonomics and is approved for both ground and air transport. Our “Dräger Mini Modules” measure all types of anesthesia gases. The new modules have been considerably improved compared to their predecessor. They are smaller and can measure more quickly.

In the first quarter of 2013, we spent EUR 14.0 million (3 months 2012: EUR 13.8 million) on research and development in the safety division, corresponding to 7.0 percent of net sales (9 months 2012: 6.9 percent). We launched the first firefighter helmet developed by Dräger, the “Dräger HPS 7000” in the past quarter. It was developed in close cooperation with users and provides individual comfort and ease of operation as well as optimal system integration for respiratory protection devices, lamps and communication systems. The “HPS 7000” received the “red dot award 2013” in the first quarter for its product design. Our newly launched modular “Dräger X-dock” test system for mobile gas detection devices provides automatic gas level tests and adjustments at reduced consumption of the test gases as well as reduced test times. Together with the software tool “X-dock Manager”, the collected data of the calibration system and the gas detection devices can be analyzed and graphically displayed. The multi-gas detector “Dräger X-am 2500” for one to four gases reliably measures oxygen, flammable gases and vapors as well as other toxic gases. Fast and reliable sensors and easy operation provide for a high degree of safety for users at low operating costs. We have renewed and expanded our product portfolio in this segment with two new alcohol testing devices, the “Dräger Alcotest 5510” and “Dräger Alcotest 6820”. The “Alcotest 5510” is a basic breathalyzer for use by the police, whereas the “Dräger Alcotest 6820”, with its faster measuring times and extended data memory, can also be used in the workplace by industrial companies. Our “Dräger Drug Test 5000 STK 8” can now be used for testing up to eight substances in a single analysis procedure.

Personnel

In the first quarter of 2013, Group personnel expenses went up by 6.4 percent to EUR 211 million year on year. This increase was due, in particular, to growth-related recruitment and increases in wages and salaries. Another contributing factor was the pay rise in 2012 for the metal and electrical industries in Germany. The personnel cost ratio came to 39.5 percent in the first quarter of 2013 (first quarter of 2012: 37.5 percent).

PERSONNEL EXPENSES[1]

€ thousand	Three months 2013	Three months 2012
Wages and salaries	**175.235**	**164.486**
Social security contributions and related employee benefits	30.458	29.777
Pension expenses	5.293	4.005
	210.986	**198.268**

[1] Personnel expenses include the remuneration of the members of the Executive Board of the general partner Drägerwerk Verwaltungs AG, Lübeck.

As of March 31, 2013, we employed a total of 12,707 people around the world, an increase of 593 on the previous year (March 31, 2012: 12,114). This corresponds to a rise of 4.9 percent. In Germany, we employed 334 more people, while headcount grew by 259 abroad. Strong increases in headcount were seen in Research and Development (+141), Production (+126; primarily due to the takeover of temporary employees), Sales (+99), and Service (+71). As of March 31, 2013, a total of 53.5 percent (March 31, 2012: 53.7 percent) of employees were working outside of Germany.

WORKFORCE TREND

	March 31, 2013	December 31, 2012	March 31, 2012
Medical division	7.051	6.948	6.790
Safety division	4.851	4.771	4.642
Drägerwerk AG & Co. KGaA and other companies	805	797	682
Dräger Group total	**12.707**	**12.516**	**12.114**
Germany	5.937	5.821	5.603
Other	6.770	6.695	6.511
Turnover in % of employees (Basis: average of the past twelve months)	4,0	4,3	4,7
Sick days in % of work days (Basis: average of the past twelve months)	3,4	3,5	3,1
Temporary staff in Germany	256	272	274

RISK TO FUTURE DEVELOPMENT

The structure of our risk management system and material risks to our net assets, financial position and results of operations are outlined in the annual report for fiscal year 2012 on pages 67 et seq. and 113 et seq. respectively. The annual report may be downloaded on the internet at **www.draeger.com**

There were no material changes compared to the 2012 annual report. In addition, we cannot currently identify any individual or aggregated risks that could have a material impact on the Company's continued existence as a going concern.

CHANGED CONDITIONS AFTER THE CLOSING OF THE INTERIM REPORTING PERIOD

The Dräger employee share program participation period, during which employees were able to acquire share parcels, ended on April 19, 2013. 6,847 bonus shares result from the shares acquired by employees. These bonus shares will be acquired as from May 2013.

Outlook

FUTURE MARKET ENVIRONMENT

The global economy is slowly recovering. While growth is expected to increase again in the emerging markets, the situation in the industrialized nations remains ambivalent. US economic data indicates a slight recovery, but its sustainability remains questionable in view of the ongoing budget dispute in Washington. Serious public spending cuts would have a negative impact on US growth. The economic outlook in Europe remains subdued. Many South European countries remain in recession and the International Monetary Fund (IMF) believes that this economic weakness has also spread to core countries such as France. The situation is only expected to improve slightly in the second half of the year. Furthermore, the Italian elections and discussions about the Cyprus bailout have pushed the euro crisis back to the forefront. Germany recorded only little growth at the beginning of the year and will grow much less strongly in 2013 than in the prior year.

The IMF has slightly lowered its global economic growth forecast and now expects 3.3 percent growth in 2013. Overall, the economy will recover at three different paces in the opinion of the IMF. The emerging and developing markets are growing more strongly again. Developments within the industrialized nations are starting to show increasing divergences. In the US, the increase in private spending is improving the economic outlook. The IMF has reduced its growth forecast for the eurozone further. The economy will shrink again in this region in 2013, although not as strongly as in the previous year.

IWF – APRIL 16, 2013 GROSS DOMESTIC PRODUCT (GDP) GROWTH FORECAST

in %	2013	2014
Global economy	3.3	4.0
USA	1.9	3.0
Eurozone	(0.3)	1.1
Germany	0.6	1.5
China	8.0	8.2

Source: International Monetary Fund (IMF)

FUTURE MARKET AND INDUSTRY PERFORMANCE

Demand in the medical technology markets will be less affected by short-term economic fluctuations and we expect its stable development to continue. The US health reforms will even require additional spending in the healthcare sector. At around 10 percent, the Asian medical technology market will continue to be more than twice that of the growth rate for the Western countries in 2013. This is caused by continuing growth in this region, the high percentage of this region in the global population and its rapidly aging population.

We believe that the overall still relatively weak global industrial growth will slightly weaken demand for work and plant safety equipment, which will be compensated by ever-tightening health and safety regulations. We still expect very positive stimulus from our relevant safety technology markets, the oil and gas, chemical and mining industries, as new energy sources are being tapped around the world to cover the additional energy required by the emerging markets and to become more independent from sources in the Middle East. Momentum in the chemical industry will remain slow in the first half of the year, then pick up in the second half, particularly in Germany. We also expect investment backlogs in the firefighting sector to be slowly reduced.

FUTURE SITUATION OF THE COMPANY

The following section should be read in conjunction with the “Future situation of the company” section in the management report of the Annual Report 2012 (pages 124 et seq.), which describes our expectations for 2013 and 2014 in detail.

DRÄGER FORECAST FOR FISCAL YEAR 2013

	Results achieved in 2012	Forecast 2013 according to the annual report	Current forecast
Net sales	+2.5 percent, net of currency effects	Growth between 2 percent and 4 percent	Confirmed
EBIT margin	9,7 percent	Between 8.0 percent and 10 percent	Confirmed
Other forecast figures			
Gross margin	49.2 percent	48.5 percent to 49.5 percent	Confirmed
Research and development costs	EUR 197.3 million	EUR 207 million	Confirmed
Interest result	EUR (33.2) million	Slight improvement	Confirmed
Effective tax rate	31.2 percent	29 percent to 33 percent	Confirmed
Operating cash flow	77 percent	70 percent to 85 percent of EBIT	Confirmed
Investment volume	EUR 78.2 million	EUR 85 million to EUR 105 million	Confirmed
Equity ratio	34.6 percent	35 percent to 38 percent	Confirmed
Net debt	EUR 56.8 million	Improvement	Confirmed

DRÄGER MANAGEMENT ESTIMATES

Economic growth weakened considerably during the course of the prior year on account of a global slowdown. The economic recovery is slow but should pick up speed during the further course of the year. The eurozone is expected to record some growth again in the second half of the year, even though the full year will remain in the minus range.

In 2013, we therefore expect to continue the growth trend of recent years and achieve the forecast values described in detail in the previous section. For 2014, we continue to forecast that net sales growth will outperform market growth in both divisions and the EBIT margin will increase compared to 2013, providing our relevant markets continue their positive performance.

FORWARD-LOOKING STATEMENTS

This management report 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 warranty for 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 which could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements made in this report.

Lübeck, Germany, April 30, 2013

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Herbert Fehrecke
Gert-Hartwig Lescow
Anton Schrofner

Interim financial statements of the Dräger Group as of March 31, 2013

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

€ thousand	Notes	Three months 2013	Three months 2012 (figures adjusted)
Net sales		533,846	529,280
Cost of sales		(263,191)	(264,550)
Gross profit		**270,655**	**264,730**
Research and development costs		(48,436)	(46,227)
Marketing and selling expenses		(149,602)	(141,651)
General administrative costs		(34,118)	(30,341)
Other operating income		1,497	1,535
Other operating expenses		(1,284)	(173)
		(231,943)	**(216,857)**
		38,712	**47,873**
Profit from investments in associates		0	186
Other financial result		1,089	(1,294)
Financial result (before interest result)	**7**	**1,089**	**(1,108)**
EBIT		**39,801**	**46,765**
Interest result [1]	7	(6,450)	(9,799)
Earnings before income taxes [1]		**33,351**	**36,966**
Income taxes [1]	8	(10,701)	(11,478)
Earnings after income taxes [1]		**22,650**	**25,488**
Earnings after income taxes [1]		**22,650**	**25,488**
Earnings attributable to non-controlling investments		601	318
Earnings attributable to participation certificates (excluding minimum dividend, after taxes) [2]		907	1,028
Earnings attributable to shareholders		21,142	24,142
Undiluted earnings per share [3]			
per preferred share (in €)		1.29	1.47
per common share (in €)		1.27	1.45
Diluted earnings per share [3]			
per preferred share (in €)		1.25	1.46
per common share (in €)		1.23	1.44
Undiluted earnings per share on full distribution [3]			
per preferred share (in €)		0.99	1.12
per common share (in €)		0.97	1.10
Diluted earnings per share on full distribution [3]			
per preferred share (in €)		0.97	1.12
per common share (in €)		0.95	1.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE DRÄGER GROUP

€ thousand	Three months 2013	Three months 2012 (figures adjusted)
Earnings after income taxes	**22,650**	**25,488**
Items that cannot be reclassified into the income statement		
Restated defined benefit pension plans [1]	11,084	277
Deferred taxes on restated defined benefit pension plans [1]	(3,275)	0
Items that could subsequently be reclassified into the income statement		
Currency translation adjustment for foreign subsidiaries	4,586	(2,610)
Change from financial assets available for sale recognized directly in equity	205	(161)
Change from derivative financial instruments recognized directly in equity		(4)
Other comprehensive income (after taxes)	**12,600**	**(2,498)**
Total comprehensive income [1]	35,250	22,990
of which earnings attributable to non-controlling investments	816	235
of which earnings attributable to participation certificates (excluding minimum dividend, after taxes) [1, 2]	907	1,028
of which earnings attributable to shareholders [1]	33,527	21,727

[1] Previous year's figures were adjusted due to first-time adoption of IAS 19 (2011) in accordance with IAS 8.
[2] Figures were calculated by apportioning a dividend for participation certificates of EUR 1.60 (March 31, 2012: EUR 1.80) based on earnings of the first three months of 2013 and following Dräger's current policy on dividends which states that approximately 15 percent (March 31, 2012: approximately 15 percent) of Group net profit (less the shares for non-controlling interests) should be distributed.

Footnotes for page 38

[1] Previous year's figures were adjusted due to first-time adoption of IAS 19 (2011) in accordance with IAS 8.
[2] Figures were calculated by apportioning a dividend for participation certificates of EUR 1.60 (March 31, 2012: EUR 1.80) based on earnings of the first three months of 2013 and following Dräger's current policy on dividends which states that approximately 15 percent (March 31, 2012: approximately 15 percent) of Group net profit (less the shares for non-controlling interests) should be distributed.
[3] The preferred share's dividend advantage of EUR 0.06 is deferred proportionately on a quarterly basis.

BALANCE SHEET OF THE DRÄGER GROUP

€ thousand	Notes	March 31, 2013	December 31, 2012 (figures adjusted)	January 1, 2012 (figures adjusted)
Assets				
Intangible assets	9	282,176	282,554	280,309
Property, plant and equipment [1]	9	282,076	278,370	273,421
Investments in associates		280	280	306
Other non-current financial assets		9,657	9,462	9,766
Deferred tax assets [2]		130,691	135,558	103,573
Other non-current assets [1]		4,062	4,129	21,955
Total non-current assets [2]		**708,942**	**710,353**	**689,330**
Inventories	10	401,064	362,872	340,292
Trade receivables and receivables from construction contracts		579,121	600,269	586,488
Other current financial assets		27,172	21,974	19,883
Cash and cash equivalents		288,937	332,390	412,309
Current income refund claims		14,715	13,884	7,531
Other current assets	11	85,753	58,361	58,475
Total current assets		**1,396,762**	**1,389,750**	**1,424,978**
Total assets [2]		**2,105,704**	**2,100,103**	**2,114,308**

[1] Previous year's figures were adjusted due to a restatement conducted in fiscal year 2012; see Annual Report 2012 of the Dräger Group.
[2] Previous year's figures were adjusted due to first-time adoption of IAS 19 (2011) in accordance with IAS 8.

€ thousand	Notes	March 31, 2013	December 31, 2012 (figures adjusted)	January 1, 2012 (figures adjusted)
Equity and liabilities				
Capital stock		42,266	42,266	42,266
Capital reserves		158,098	158,098	158,098
Reserves retained from earnings, incl. Group result [1]		522,087	491,890	471,732
Participation capital		29,497	29,497	50,405
Other comprehensive income		5,750	1,174	2,549
Non-controlling interests		7,552	6,736	6,535
Equity [1]	**12**	**765,250**	**729,661**	**731,585**
Liabilities from participation certificates		19,398	19,208	31,164
Provisions for pensions and similar obligations	13	220,004	229,844	179,418
Other non-current liabilities [1]	14	70,276	69,299	59,899
Non-current interest-bearing loans	15	232,730	282,911	365,266
Other non-current liabilities		5,910	6,133	8,849
Non-current income tax liabilities [2]		10,982	2,317	562
Deferred tax liabilities		1,928	1,957	1,629
Other non-current liabilities		514	486	782
Non-current liabilities [1]		**561,742**	**612,155**	**647,569**
Other current provisions	14	212,297	224,553	228,199
Current loans and liabilities to banks	15	132,564	104,256	84,519
Trade payables		143,308	169,225	172,073
Other current financial liabilities [2]		56,565	31,962	38,848
Current income tax liabilities [2]		51,006	53,099	51,144
Other current liabilities [2]		182,972	175,192	160,371
Current liabilities		**778,712**	**758,287**	**735,154**
Total equity and liabilities [1]		**2,105,704**	**2,100,103**	**2,114,308**

[1] Previous year's figures were adjusted due to first-time adoption of IAS 19 (2011) in accordance with IAS 8.
[2] Previous year's figures were adjusted due to a restatement conducted in fiscal year 2012; see Annual Report 2012 of the Dräger Group.

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

€ thousand		Three months 2013	Three months 2012 (figures adjusted)
Operating activities			
	Earnings after income taxes [1]	22,650	25,488
+	Write-down / write-up of non-current assets [1]	16,733	15,000
–	Decrease in provisions [1, 2]	(11,712)	(8,779)
+ / –	Other non-cash expenses / income	(2,713)	4,805
–	Gains on the disposal of non-current assets	(113)	(188)
–	Increase in inventories	(36,831)	(27,782)
+	Decrease in trade receivables	25,518	69,260
–	Increase in other assets [1]	(32,080)	(38,943)
–	Decrease in trade payables	(26,196)	(30,181)
+	Increase in other liabilities [2]	36,480	27,196
	Cash outflow / inflow from operating activities	**(8,264)**	**35,876**
Investing activities			
–	Cash outflow for investments in intangible assets	(1,115)	(1,561)
+	Cash inflow from the disposal of intangible assets	136	12
–	Cash outflow for investments in property, plant and equipment [1]	(14,949)	(11,364)
+	Cash inflow from disposals of property, plant and equipment	398	835
–	Cash outflow for investments in non-current financial assets	(62)	(1,038)
+	Cash inflow from the disposal of non-current financial assets	201	356
	Cash outflow from investing activities	**(15,391)**	**(12,760)**
Financing activities			
–	Payment of cash compensation for the participation certificates	0	(122,536)
–	Cash used to redeem loans	(25,178)	(1,313)
+	Net balance of other liabilities to banks	3,583	3,755
–	Net balance of finance lease liabilities repaid / incurred	(218)	(105)
–	Cash outflow from the change in shareholdings in subsidiaries	0	(700)
	Cash outflow from financing activities	**(21,812)**	**(120,899)**
Change in cash and cash equivalents in the fiscal year		**(45,467)**	**(97,783)**
+ / –	Effect of exchange rates on cash and cash equivalents	2,014	(437)
+	Cash and cash equivalents at the beginning of the reporting period	332,390	412,309
	Cash and cash equivalents as of the reporting date	288,937	314,089

Notes to the cash flow statement on page 14.

[1] Previous year's figures were adjusted due to first-time adoption of IAS 19 (2011) in accordance with IAS 8.

[2] Previous year's figures were adjusted due to a restatement conducted in fiscal year 2012; see Annual Report 2012 of the Dräger Group.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE DRÄGER GROUP

€ thousand					**Other comprehensive income**						
	Capital stock	Capital reserves	Reserves retained from earnings incl. Group result	Participation capital	Currency translation differences	Derivative financial instruments	Financial assets available for sale	Total other comprehensive income	Total equity of shareholder Drägerwerk AG & Co. KGaA	Non-controlling interests	Equity
January 1, 2012 (prior to adjustments)	**42,266**	**158,098**	**469,763**	**50,405**	**4,090**	**(1,520)**	**(21)**	**2,549**	**723,081**	**6,535**	**729,616**
Adjustments			1,968					0	1,968		1,968
January 1 (after adjustments)	**42,266**	**158,098**	**471,732**	**50,405**	**4,090**	**(1,520)**	**(21)**	**2,549**	**725,050**	**6,535**	**731,585**
Earnings after income taxes			25,170					0	25,170	318	25,488
Other comprehensive income			277		(2,527)	(161)	(4)	(2,692)	(2,415)	(83)	(2,498)
Total comprehensive income			**25,447**		**(2,527)**	**(161)**	**(4)**	**(2,692)**	**22,755**	**235**	**22,990**
Buyback of participation certificates (equity component)			(64,269)	(20,908)				0	(85,177)	0	(85,177)
Change in the shares in subsidiaries, excluding loss of control			(684)					0	(684)	(21)	(705)
Changes in the scope of consolidation / other			9					0	9		9
March 31, 2012	**42,266**	**158,098**	**432,235**	**29,497**	**1,563**	**(1,681)**	**(25)**	**(143)**	**661,953**	**6,749**	**668,702**
January 1, 2013	**42,266**	**158,098**	**489,429**	**29,497**	**3,390**	**(2,228)**	**12**	**1,174**	**720,464**	**6,736**	**727,200**
Adjustments			2,460					0	2,460		2,460
January 1 (after adjustments)	**42,266**	**158,098**	**491,890**	**29,497**	**3,390**	**(2,228)**	**12**	**1,174**	**722,925**	**6,736**	**729,661**
Earnings after income taxes			22,049					0	22,049	601	22,650
Other comprehensive income			7,810		4,371	205	0	4,576	12,386	215	12,601
Total comprehensive income			**29,859**		**4,371**	**205**	**0**	**4,576**	**34,435**	**816**	**35,251**
Changes in the scope of consolidation / other			338					0	338		338
March 31, 2013	**42,266**	**158,098**	**522,087**	**29,497**	**7,761**	**(2,023)**	**12**	**5,750**	**757,698**	**7,552**	**765,250**

Notes of the Dräger Group as of March 31, 2013 (condensed)

1 BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

Drägerwerk AG & Co. KGaA, Lübeck, Germany, prepared its group financial statements for fiscal year 2012 in accordance with the International Financial Reporting Standards (IFRS) as defined by the International Accounting Standards Boards (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In financial year 2013, the interim financial statements of the Dräger Group have therefore also been prepared in accordance with IFRS and the interim reports in compliance with IAS 34 as well as German Accounting Standard No. 16 (GAS 16 – Interim Financial Reporting) of the German Accounting Standards Committee (GASC).

The interim report should be read in connection with the disclosures in the Dräger IFRS annual report as of December 31, 2012. It was not audited or reviewed by an auditor.

The interim report was prepared in euros. Unless otherwise stated, all figures are disclosed in thousands of euros (EUR thousand); as a result, differences may occur due to rounding.

2 ACCOUNTING POLICIES

In principal the same accounting principles as in the group financial statements for 2012 were applied in preparing the interim financial statements and calculating the comparative figures. A detailed description of these methods is published in the notes to the group financial statements in the 2012 annual report on pages 145 et seq.

A discount rate of 3.5 percent (December 31, 2012: 3.25 percent) was used as a basis for the German pension provisions reported in these interim financial statements on account of the change in interest rates. Actuarial gains and losses, and therefore provisions for pensions and similar obligations decreased as a result.

The report is available for download online at www.draeger.com.

In preparing the interim financial statements, the group opted to present condensed financial statements with selected explanatory notes. Overall, greater use was made of estimates in determining carrying amounts than at financial year-end.

Accruals and deferrals were recognized where claims or obligations partially arose in the period under review.

The following amendments to existing standards published by the IASB, which have already been adopted in EU law, will be applied for the first time in fiscal year 2013:

- As part of the amendments to IAS 1 "Presentation of Items of Other Comprehensive Income (issued June 2011)", the individual other comprehensive income items are divided into amounts that can be reclassified to the income statement and those that do not require reclassification. Income taxes pertaining to these items are also to be divided correspondingly.
- Due to the amendments to IAS 19 "Employee Benefits (issued June 2011)", the expected return on plan assets and the interest expense on pension obligations are replaced by a standardized net interest component. The interest rate of the defined benefit obli-

gations (DBO) is applied to net debt when calculating the net interest component. In addition, total past service costs are recognized in the period of the related plan amendment. Furthermore, the requirements for termination benefits are being amended with regard to the definition as well as the date on which the associated liability is recognized, and the obligations to disclose information and explanations are being amended and increased. Detailed amendments are stated in Note 4 of the notes.
- The disclosures in the notes to the financial statements regarding the netting of financial assets and liabilities are expanded by the amendments to IFRS 7 “Financial Instruments – Disclosures (issued December 2011)”.
- In compliance with the requirements of IFRS 13 “Fair Value Measurement (issued May 2011)”, the notes describe how to define fair value and which disclosures are to be made. It is therefore explained how to measure fair value, but the scope of application of measurement at fair value is not expanded.
- Improvements to and clarifications on accounting questions relating to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 were published in line with the “Improvements to IFRS 2009–2011 (issued May 2012)”.

The following amendments to existing standards published by the IASB, which have already been adopted into European law by the EU, are of no relevance to Dräger:
- The amendments to IFRS 1 “First-time Adoption of IFRS (issued December 2010)” include two adaptations. The removal of fixed application dates for first-time adopters and also regulations for preparing IFRS financial statements after reporting periods during which it was impossible to prepare fully IFRS-compliant financial statements due to hyperinflation.
- The amendment to IFRS 1 “Government Loans (issued March 2012)” stipulates how IFRS first-time adopters must recognize a public loan, which is issued with an interest rate below the market rate, at the time of transitioning to IFRS. This amendment provides IFRS 1 with the same relief for first-time adopters as IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”.
- The amendments to IAS 12 “Income Taxes (issued December 2010)” include an exception for the recognition of deferred tax on investment properties.
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine (issued October 2012)” clarifies when production stripping cost have to be initially reported as an asset and how this asset has to be recognized at first-time application and thereafter.

Further new mandatory standards or amendments of standards to apply only to fiscal years beginning on or after January 1, 2014 and/or that have not yet been endorsed can be found in the Dräger IFRS annual report as of December 31, 2012.

The first-time application of the remaining amended standards did not have any significant effects on the net assets, financial position and results of operations of the Dräger Group.

3 SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

There were no significant changes to the scope of consolidation compared to December 31, 2012 and March 31, 2012. The same consolidation principles were applied as in the 2012 group financial statements.

4 APPLICATON OF IAS 19 (2011)

Dräger must apply the amendments of IAS 19 (2011) in fiscal year 2013. The amendments affect the recognition of defined benefit plans as well as the requirements for termination benefits. The disclosures in the notes to the financial statements also have to be expanded.

Dräger's recognition of defined benefit plans is affected in that the interest expenses for the defined benefit obligations (DBO) are combined with the expected return on plan assets to form one net interest component. The DBO interest rate is applied to the net amount from DBO and plan assets when calculating the net interest component. Another amendment, which currently has no effect on Dräger's balance sheet, is the duty to immediately recognize unvested past service costs in profit or loss. It is therefore no longer possible to recognize these costs over the vesting period. The abolition of the corridor method also does not have any impact on Dräger's balance sheet.

The amendments regarding the requirements for termination benefits pertain to the definition of these requirements, on the one hand. Accordingly, termination benefits do not have to be paid for future employee performance, but exclusively in the case of termination of employment contract. This results, in particular, in the changed recognition of top-up amounts for partial retirement plans. They are now classified as other long-term employee benefits and are therefore no longer fully recognized at the time of the offer, but instead are recognized gradually over the remaining service period. On the other hand, the amendments include a clearer definition of the recognition date of the obligation. The date from which a company must pay termination benefits is defined in more detail.

Dräger applied the amendments to IAS 19 (2011) retrospectively and in compliance with IAS 8, resulting in the following adjustment of the opening balance sheet as of January 1, 2012 as well as the comparable period as of March 31, 2012 and December 31, 2012:

ADJUSTMENT OF PREVIOUS YEAR'S FIGURES (BALANCE SHEET)

€ thousand	January 1, 2012 after adjustment	Adjustment	January 1, 2012 prior to adjustment	December 31, 2012 after adjustment	Adjustment	December 31, 2012 prior to adjustment
Deferred tax assets	103,573	(881)	104,454	135,558	(1,101)	136,659
Non-current assets	**689,330**	**(881)**	**690,211**	**710,353**	**(1,101)**	**711,454**
Total assets	**2,114,308**	**(881)**	**2,115,189**	**2,100,103**	**(1,101)**	**2,101,205**
Reserves retained from earnings incl. Group result	471,732	1,968	469,763	491,890	2,460	489,429
Equity	**731,585**	**1,968**	**729,616**	**729,661**	**2,460**	**727,201**
Other non-current provisions	59,899	(2,849)	62,749	69,299	(3,561)	72,860
Non-current liabilities	**647,569**	**(2,849)**	**650,419**	**612,155**	**(3,561)**	**615,717**
Total equity and liabilities	**2,114,308**	**(881)**	**2,115,189**	**2,100,103**	**(1,101)**	**2,101,205**

ADJUSTMENT OF PREVIOUS YEAR'S FIGURES (INCOME STATEMENT)

€ thousand	March 31, 2012 after adjustment	Adjustment	March 31, 2012 prior to adjustment
EBIT	**46,765**	**0**	**46,765**
Interest result	(9,799)	80	(9,879)
Earnings before income taxes	**36,966**	**80**	**36,886**
Income taxes	(11,478)	(25)	(11,453)
Earnings after income taxes	25,488	55	25,433
Earnings after income taxes	**25,488**	**55**	**25,433**
Earnings attributable to non-controlling interests	318		318
Earnings attributable to participation certificates (excluding minimum dividend, after taxes)	1,028		1,028
Earnings attributable to shareholders	24,142	55	24,087
Undiluted earnings per share			
per preferred share (in €)	1.47		1.47
per common share (in €)	1.45		1.45
Diluted earnings per share			
per preferred share (in €)	1.46		1.46
per common share (in €)	1.44		1.44
Undiluted earnings per share on full distribution			
per preferred share (in €)	1.12		1.12
per common share (in €)	1.10		1.10
Diluted earnings per share on full distribution			
per preferred share (in €)	1.12		1.12
per common share (in €)	1.10		1.10

ADJUSTMENT OF PREVIOUS YEAR'S FIGURES (COMPREHENSIVE INCOME STATEMENT)

€ thousand	March 31, 2012 after adjustment	Adjustment	March 31, 2012 prior to adjustment
Earnings after income taxes	**25,488**	**55**	**25,433**
Items that cannot be reclassified into the income statement			
Actuarial gains / losses from defined benefit pension plans	277	(80)	357
Other comprehensive income (after taxes)	**(2,498)**	**(80)**	**(2,418)**
Total comprehensive income	**22,990**	**(25)**	**23,015**
of which earnings attributable to non-controlling interests	235		235
of which earnings attributable to participation certificates (excluding minimum dividend, after taxes)	1,028		1,028
of which earnings attributable to shareholders	21,727	(25)	21,752

If Dräger had not applied the amendments to IAS 19 (2011) as of March 31, 2013, the interest result recognized in the income statement would have been up by some EUR 300 thousand as of March 31, 2013.

5 EMPLOYEE SHARE PROGRAM

In February, the Executive Board resolved to enable Dräger employees in Germany to participate in the Company through an employee share program. This is designed to increase employees' identification with the Company and Dräger's attractiveness as an employer. One bonus share is issued for three employee shares. The shares have a two-year holding period. Employees do not have to continue their employment in the Group during the holding period. The preferred shares for the program are acquired on the capital market.

The participation period, during which employees can acquire the share parcels, starts on April 2, 2013 and ends on April 19, 2013. Employees therefore have not yet accepted the offer at the end of the first quarter.

6 SEGMENT REPORT

BUSINESS PERFORMANCE OF THE SEGMENTS

		Medical division	
		Three months 2013	Three months 2012
Order intake	**€ million**	**363.9**	**348.6**
Orders on hand [1]	**€ million**	**336.4**	**328.8**
Net sales	**€ million**	**341.0**	**337.6**
thereof intersegment net sales	€ million	0.2	0.6
thereof third party net sales	€ million	340.8	337.0
EBITDA [2]	**€ million**	**34.0**	**34.5**
Depreciation / amortization	€ million	(6.3)	(6.4)
EBIT [3]	**€ million**	**27.7**	**28.2**
Interest result [4]	€ million		
Income taxes [4]	€ million		
Earnings after income taxes [4]	**€ million**		
thereof profit / loss from investments in associates	€ million		
Research and development expenses	**€ million**	**33.7**	**31.7**
Cash flow from operating activities	**€ million**	**(6.7)**	**27.3**
Capital employed [1,4,5,6]	**€ million**	**620.4**	**543.7**
Assets [1,4,5]	**€ million**	**1,055.4**	**972.3**
thereof investments in associates	€ million	**–**	**–**
Liabilities [1,4,5]	**€ million**	**418.0**	**393.6**
Net financial debt [1]	**€ million**		
Investments	**€ million**	**6.3**	**4.4**
Non-cash expenses	€ million	38.0	38.4
EBIT [3] **/ Net sales**	**%**	**8.1**	**8.3**
EBIT [3,7] **/ Capital employed** [1,4,5,6] **(ROCE)**	**%**	**29.8**	**34.8**
Net financial debt [1] **/ EBITDA** [2,7]	**Factor**		
Gearing	**Factor**		
DVA [4,5,8]	**€ million**	**133.7**	**141.3**
Headcount [1]		**7,051**	**6,790**

[1] Value as of March 31
[2] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[3] EBIT = Earnings before interest and taxes
[4] Previous year's figures were adjusted due to first-time adoption of IAS 19 (2011) in accordance with IAS 8.
[5] Previous year's figures were adjusted due to a restatement conducted in fiscal year 2012; see note 3 in the Annual Report 2012 of the Dräger Group.
[6] Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
[7] Value of the last twelve months
[8] Dräger Value Added = EBIT less "cost of capital"

	Safety division	Drägerwerk AG & Co. KGaA / Other companies		Consolidations		Dräger Group	
Three months 2013	Three months 2012	Three months 2013	Three months 2012	Three months 2013	Three months 2012	Three months 2013	Three months 2012
215.5	209.9	3.6	3.7	(11.7)	(11.4)	571.3	550.9
189.0	152.2	0.0	0.0	(1.4)	(1.1)	524.0	479.9
200.8	199.5	3.6	3.7	(11.5)	(11.6)	533.8	529.3
8.3	7.9	3.0	3.1	(11.5)	(11.6)	–	–
192.5	191.7	0.6	0.6	–	–	533.8	529.3
24.8	33.2	28.4	29.0	(30.7)	(34.9)	56.5	61.8
(6.3)	(5.8)	(4.0)	(2.9)	–	–	(16.7)	(15.0)
18.4	27.4	24.4	26.1	–30.7	–34.9	39.8	46.8
						(6.5)	(9.8)
						(10.7)	(11.5)
						22.6	25.5
						0.0	0.2
14.0	13.8	0.7	0.7	–	–	48.4	46.2
7.1	25.4	12.6	5.3	(21.2)	(22.2)	(8.3)	35.9
214.7	193.0	736.1	760.2	(617.0)	(614.4)	954.1	882.4
396.3	371.5	831.4	829.5	(640.7)	(632.3)	1,642.3	1,540.9
–	0.0	0.3	0.2	0.0	0.0	0.3	0.2
163.1	160.4	83.4	67.0	(39.6)	(31.9)	624.9	589.1
						78.2	138.9
8.5	6.5	4.2	2.1	–	–	19.0	13.0
20.6	22.9	13.6	9.0	0.0	4.4	72.2	74.7
9.2	13.7					7.5	8.8
41.1	42.4					23.4	24.7
						0.27	0.50
						0.10	0.21
69.7	63.5					142.1	138.9
4,851	4,642	805	682	–	–	12,707	12,114

The key figures from the segment report are as follows:

EBIT / EBITDA

€ thousand	Three months 2013	Three months 2012
Earnings after income taxes	22,650	25,488
+ Interest result	6,450	9,799
+ Income taxes	10,701	11,478
EBIT	**39,801**	**46,765**
+ Depreciation / amortization	16,685	15,038
EBITDA	**56,486**	**61,803**

CAPITAL EMPLOYED

€ thousand	March 31, 2013	March 31, 2012
Total assets	2,105,704	2,025,136
– Deferred tax assets	(130,691)	(124,540)
– Cash and cash equivalents	(288,937)	(314,089)
– Non-interest bearing liabilities	(731,947)	(704,086)
Capital employed	**954,129**	**882,421**

ASSETS

€ thousand	March 31, 2013	March 31, 2012
Total assets	2,105,704	2,025,136
– All other financial assets	(3,805)	(3,215)
– Deferred tax assets	(130,691)	(124,540)
– Tax refund claims (current and non-current)	(39,947)	(42,376)
– Cash and Cash equivalents	(288,937)	(314,089)
Assets	**1,642,324**	**1,540,916**

LIABILITIES

€ thousand	March 31, 2013	March 31, 2012
Liabilities recognized in the balance sheet	1,340,454	1,356,433
– provisions for pensions and similar obligations	(220,004)	(179,103)
– Tax liabilities, tax provisions, tax accruals and deferred tax liabilities	(108,964)	(116,588)
– Interest-bearing liabilities	(386,575)	(471,618)
Liabilities	**624,911**	**589,124**

NET FINANCIAL DEBT

€ thousand	March 31, 2013	March 31, 2012
Non-current interest-bearing loans	232,730	363,907
+ Current loans and liabilities to banks	132,564	86,716
+ Non-current and current finance lease liabilities	1,883	2,358
– Cash and cash equivalents	(288,937)	(314,089)
Net financial debt	**78,240**	**138,892**

NON-CASH EXPENSES

€ thousand	Three months 2013	Three months 2012
Write-downs on inventories	5,494	5,895
+ Losses from bad debt allowances	1,108	(12)
+ Allocations to provisions	65,648	68,771
Non-cash expenses	**72,250**	**74,654**

DVA

€ thousand	March 31, 2013	March 31, 2012
EBIT (of the last twelve months)	223,305	217,949
– Cost of capital (based on the average of capital employed in the last twelve months)	(81,251)	(79,078)
DVA	**142,054**	**138,871**

Gearing is the ratio of net financial debt to equity.

Tax accruals and deferrals during the year are taken into account in the “capital employed”, “assets” and “liabilities” items of the segment report.

The business performance of the individual segments is detailed in the management report accompanying these interim financial statements. Services rendered between the divisions are accounted for using the arm’s length principle.

7 FINANCIAL RESULT

FINANCIAL RESULT

€ thousand	Three months 2013	Three months 2012
Financial result (before interest result)	**1,089**	**(1,108)**
Interest and similar income	909	1,739
Interest and similar expenses	(7,359)	(11,538)
Interest result	**(6,450)**	**(9,799)**

The change in interest result was primarily due to the buyback of participation certifications in the prior year and the resulting interest expense in the prior year totaling EUR 2,650 thousand.

8 INCOME TAXES

Income taxes for the first quarter of 2013 were calculated on the basis of an anticipated group tax rate of 31.5 percent (3 months 2012: 31.5 percent).

9 INTANGIBLE ASSETS / PROPERTY, PLANT AND EQUIPMENT

INTANGIBLE ASSETS / PROPERTY, PLANT AND EQUIPMENT

€ thousand	Carrying value January 1, 2013	Additions	Disposals / other changes	Amortization	Carrying value March 31, 2013
Intangible assets	282,554	1,107	306	1,791	282,176
Property, plant and equipment	278,370	17,883	717	14,894	282,076

10 INVENTORIES

INVENTORIES

€ thousand	March 31, 2013	December 31, 2012
Finished goods and merchandise	215,109	194,956
Work in progress	69,250	57,585
Raw materials, consumables and supplies	114,667	109,272
Payments made	2,038	1,059
	401,064	**362,872**

11 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS

€ thousand	March 31, 2013	December 31, 2012
Prepaid expenses	34,734	19,802
Other tax refund claims	25,215	18,884
All other current assets	25,804	19,675
	85,753	**58,361**

The increase in prepaid expenses is largely attributable to deferred expenses in the current year. Other tax refund claims primarily included VAT claims. All other current assets increased as at the balance sheet date.

12 EQUITY

Retained earnings

Actuarial gains and losses for provisions for pensions and similar obligations have risen due to the increase in interest rates to 3.5 percent (December 31, 2012: 3.25 percent). The net amount of this increase of EUR 7,359 thousand is recognized directly in equity under other comprehensive income and retained earnings.

13 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations decreased by EUR 9,840 thousand in the first three months of fiscal year 2013. The underlying interest rate was increased from 3.25 percent to 3.5 percent for German pension entitlements. Once offset with plan assets, this resulted in an actuarial gain of EUR 10,562 thousand. The net amount of EUR 7,359 thousand was recognized directly in equity under other comprehensive income.

14 OTHER NON-CURRENT AND CURRENT PROVISIONS

Other non-current provisions as of March 31, 2013 mainly comprised provisions for personnel obligations of EUR 35,873 thousand (December 31, 2012: EUR 36,067 thousand).

Other current provisions as of March 31, 2013 also included monthly accruals and chiefly consisted of provisions for personnel obligations of EUR 77,939 thousand (December 31, 2012: EUR 93,266 thousand), and warranty provisions of EUR 24,986 thousand (December 31, 2012: EUR 26,097 thousand).

15 NON-CURRENT INTEREST-BEARING LOANS / CURRENT LOANS AND LIABILITIES TO BANKS

A note loan of EUR 50,000 thousand has been reclassified from non-current interest-bearing loans to current loans and liabilities to banks.

A note loan of EUR 25,000 thousand recognized in current loans and liabilities to banks was repaid in February 2013.

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments recognized at fair value were allocated to the following levels of the fair value hierarchy:

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

€ thousand	Level	March 31, 2013	December 31, 2012
Assets measured at fair value			
Derivatives with positive fair value (non-current)	Level 2	3	14
Derivatives with positive fair value (current)	Level 2	3,744	939
Securities (non-current)	Level 1	623	623
Liabilities measured at fair value			
Derivatives with negative faire value (non-current)	Level 2	3,225	3,438
Derivatives with negative faire value (current)	Level 2	7,411	499

Level 1:

Prices in the active markets are assumed for identical financial assets or liabilities.

Level 2:

Uses input factors that do not include any listed prices taken into consideration in level 1, but which can be directly (i. e. price) or indirectly (i. e. derived from prices) observed for financial assets or financial liabilities.

The majority of Dräger's derivatives are currency forwards and futures. They are measured using the cash method, based on market prices and interest rates prevailing on the balance sheet date and obtained from external renowned sources.

Interest derivatives are measured by discounting expected future cash flows over the remaining term of the contract, using current market interest rates and yield curves.

Level 3:

Uses factors not based on observable market data for the measurement of financial assets and liabilities (unobservable input factors). Dräger Group does not hold any level 3 financial instruments.

There was no material interchange between levels 1 and 2.

The fair value of the note loans is approximately EUR 16 million up on the corresponding carrying value. The fair value of the remaining financial instruments largely corresponds with their carrying value.

17 RELATED PARTY TRANSACTIONS

Services were rendered for companies related to Stefan Dräger and for the Dräger Foundation totaling EUR 5 thousand in the first three months of fiscal year 2013 (3 months 2012: EUR 10 thousand). Receivables in this respect amounted to EUR 1 thousand on March 31, 2013 (December 31, 2012: EUR 1 thousand).

Claudia Dräger, Stefan Dräger's wife, is an employee of Drägerwerk AG & Co. KGaA.

Dräger Verwaltungs AG is the general partner of Drägerwerk AG & Co. KGaA and holds 0 percent of the capital. Only a few transactions are conducted with the general partner as it only exercises administrative functions. The general partner is entitled to compensation for all expenses incurred regarding the management of Drägerwerk AG & Co. KGaA, including in particular, the contractually agreed remuneration for its executive bodies. These expenses comprise the remuneration of the Executive Board, the remuneration of its Supervisory Board, liability remuneration, as well as other expenses. Liabilities to Drägerwerk Verwaltungs AG amounted to EUR 8.1 million on March 31, 2013.

All transactions with related parties were conducted at arm's length terms and conditions.

18 SUBSEQUENT EVENTS

The Dräger employee share program participation period, during which employees were able to acquire share parcels, ended on April 19, 2013. Based on the number of shares acquired by employees, 6,847 bonus shares will be acquired as from May 2013.

Lübeck, Germany, April 30, 2013

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Herbert Fehrecke
Gert-Hartwig Lescow
Anton Schrofner

FINANCIAL CALENDAR

Report as of March 31, 2013, conference call, Lübeck, Germany	May 2, 2013
Annual shareholders' meeting, Lübeck, Germany	May 3, 2013
Report as of June 30, 2013, conference call, Lübeck, Germany	August 1, 2013
Report as of September 30, 2013, conference call, Lübeck, Germany	October 31, 2013

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