

Capital Market Information

October 30, 2014

Page 1 / 4

Nine months 2014:

Dräger improves over the course of the year

- Net sales up 3 percent (net of currency effects)
- EBIT margin at 4.9 percent after nine months
- Good third quarter

Lübeck – Drägerwerk AG & Co. KGaA increased order intake and net sales (net of currency effects) in the first nine months and in the third quarter of 2014 in particular.

Dräger's order intake rose by 4.7 percent (net of currency effects) in the third quarter of 2014. While orders in the medical division climbed by 6.3 percent (net of currency effects), growth in the safety division only increased by 2.4 percent (net of currency effects). Dräger increased net sales by 6.7 percent (net of currency effects) in the third quarter. Net sales in the medical division rose by 6.4 percent (net of currency effects), while even climbing by 7.8 percent (net of currency effects) in the safety division. Dräger generated Group earnings before interest and taxes (EBIT) of EUR 47.2 million (Q3 2013: EUR 32.0 million). The Group EBIT margin amounted to 8.0 percent (Q3 2013: 5.8 percent). Earnings benefited greatly from changes in exchange rates.

“The outlook has improved in recent months for eurozone companies that export goods and services,” says Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. “A continuation and broadening of this trend to include additional currencies beside the US dollar that are important for Dräger would improve our starting position for the coming year.”

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Capital Market Information

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Page 2 / 4

Nine months 2014

Order intake increased by 1.9 percent (net of currency effects) in the first nine months to EUR 1,743.4 million (9 months 2013: EUR 1,756.7 million); order intake fell by a slight 0.8 percent in nominal terms. Orders in the medical division rose by 2.3 percent (net of currency effects), while climbing by 2.0 percent (net of currency effects) in the safety division. Dräger increased net sales by 3.0 percent (net of currency effects) in the first nine months of 2014 to EUR 1,664.9 million (9 months 2013: EUR 1,656.0 million); net sales rose by 0.5 percent in nominal terms. Dräger recorded net sales growth of 2.9 percent (net of currency effects) in the medical division and of 3.8 percent in the safety division.

Earnings after nine months

In the first nine months of 2014, gross profit developed slightly disproportionately in relation to net sales, with a decrease of EUR 38.3 million to EUR 773.4 million. At 46.5 percent, the gross margin was 2.5 percentage points lower than in the prior year. The decrease was due to lower pricing in several large projects, combined with an unfavorable product and country mix. The year-on-year change in exchange rates, with a stronger-than-average euro, continued to have a negative impact in the first nine months. Overall, Dräger generated Group earnings before interest and taxes (EBIT) of EUR 81.2 million (9 months 2013: EUR 111.3 million) in the first nine months of 2014. The EBIT margin was 4.9 percent (9 months 2013: 6.7 percent).

Earnings after income taxes amounted to EUR 42.5 million, down 32.4 percent on the prior year (9 months 2013: EUR 62.9 million). Based on the report for the first nine months of 2014, earnings per share as well as earnings per share in the case of a full dividend distribution have fallen significantly year on year.

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Page 3 / 4

Efficiency program

Dräger passed a series of measures as part of the “Fit for Growth” program which aims to further strengthen the Company’s competitiveness and efficiency. The optimization of the global footprint is one of the main components of this program. Here Dräger will review the wide range of legacy locations with the goal of ensuring a more efficient setup. Also, investments in Lübeck are made to improve all production and logistic processes. In addition, a strict expense control and working capital management have been set up as part of the overall program.

“It is crucial to make sure that our profitability starts to rise significantly once again in the medium term. To achieve that measures aimed at improving competitiveness and efficiency are part of the “Fit for Growth” program,” says Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG.

Outlook

For fiscal year 2014, Dräger continues to anticipate net sales growth (net of currency effects) of between 2.0 percent and 4.0 percent. Dräger expects an EBIT margin including currency effects of between 4.5 percent and 6.5 percent for the full fiscal year.

Disclaimer

This press release contains statements on the future development of Dräger Group. These forward-looking statements are based on the current expectations, presumptions, and forecasts of the Executive Board as well as the information available to it to date and have been prepared to the best of its knowledge and belief. No guarantee or liability for the occurrence of the future developments and results specified can be assumed in respect of such forward-looking statements. Rather, the future developments and results are dependent on a number of factors. They entail risks and uncertainties beyond the Company’s control and are based on assumptions which could prove to be incorrect. Notwithstanding any legal requirements to adjust forecasts, Dräger does not assume any obligation to update the forward-looking statements contained in this report. You will find all important financial dates on our Company website at www.draeger.com under Investor Center/Financial Calendar.

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Page 4 / 4

Key financial figures for the first nine months of 2014 (in EUR million)

	Q3 2014	Q3 2013	Q1 – Q3 2014	Q1 – Q3 2013	Change	Net of currency effects
Order intake	624.0	597.0	1,743.4	1,756.7	- 0.8 %	+ 1.9 %
<i>Medical division</i>	415.3	392.1	1,136.4	1,141.3	- 0.4 %	+ 2.3 %
<i>Safety division</i>	219.3	213.4	637.6	639.6	- 0.3 %	+ 2.0 %
Net sales	591.8	555.4	1,664.9	1,656.0	+ 0.5 %	+ 3.0 %
<i>Medical division</i>	381.1	359.7	1,067.3	1,064.1	+ 0.3 %	+ 2.9 %
<i>Safety division</i>	220.9	204.4	626.3	616.4	+ 1.6 %	+ 3.8 %
EBIT	47.2	32.0	81.2	111.3		
<i>Medical division</i>	28.9	23.9	45.9	77.2		
<i>Safety division</i>	20.7	16.8	53.6	57.0		
EBIT margin	8.0 %	5.8 %	4.9 %	6.7 %		
Earnings after income taxes	27.7	17.3	42.5	62.9		
EPS preferred share ¹ in EUR	1.55	1.01	2.38	3.65		
EPS common share ¹ in EUR	1.53	0.99	2.33	3.60		
EPS preferred share ² in EUR on full distribution	1.52	0.77	1.90	2.79		
EPS common share ² in EUR on full distribution	1.50	0.75	1.85	2.74		

¹ On the basis of the proposed dividend

² Based on an imputed actual full distribution of earnings attributable to shareholders

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