

## Capital Market Information

November 3, 2016

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### Nine months 2016: Dräger sees improvement in earnings

- **Order intake roughly stable (net of currency effects)**
- **Net sales down 2.6 percent year on year (net of currency effects)**
- **Net sales forecast at lower end of the range**
- **Functional costs down further**
- **Earnings significantly improved**

Lübeck – Drägerwerk AG & Co. KGaA recorded a decline in order intake and net sales (net of currency effects) in the first nine months of 2016. Earnings were up significantly year on year.

Order intake fell by 0.3 percent (net of currency effects) to EUR 1,849.1 million in the first nine months of the year (9 months 2015: EUR 1,895.1 million). In nominal terms, the decline in order intake amounted to 2.4 percent. Net of currency effects, orders increased in the Americas, whereas they fell in the Africa, Asia, and Australia region. Dräger's net sales declined by 2.6 percent (net of currency effects) to EUR 1,704.3 million in the first nine months of 2016 (9 months 2015: EUR 1,783.6 million). In nominal terms, net sales fell by 4.4 percent. Net sales fell in all regions, with the sharpest declines in Africa, Asia, and Australia.

“Business performance in the first nine months of 2016 was solid in spite of sluggish net sales development. Our efficiency program and strict cost management are having an effect, particularly on functional costs,” said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. “Our earnings are set to improve further looking ahead to the traditionally strong final quarter.”

#### Third quarter of 2016

Dräger's order intake fell by 1.7 percent (net of currency effects) in the third quarter of 2016. While orders increased net of currency effects in the Americas, they fell slightly in Europe. However, the decline in Africa, Asia, and Australia was sharper. Net sales were down 1.1 percent year on year

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(net of currency effects) in the third quarter. While net sales saw a substantial increase in the Americas region, they fell in both the other regions. Despite the lower net sales volume, EBIT rose significantly year on year in the third quarter due to savings resulting from efficiency measures, lower one-off expenses for selling expenses and production costs, and positive currency effects, among other things. Earnings before interest and taxes (EBIT) stood at EUR 22.5 million (Q3 2015: EUR -22.6 million) in the third quarter, with an EBIT margin of 3.8 percent (Q3 2015: -3.7 percent).

### Earnings after nine months

In the first nine months of the year, gross profit fell to EUR 747.6 million (9 months 2015: EUR 793.5 million). At 43.9 percent, the gross margin was 0.6 percentage points lower than in the prior year. Functional costs declined by 7.5 percent (net of currency effects) in the first half of the year. Selling and marketing costs were down 7.9 percent year on year (net of currency effects). Expenditure on research and development (R&D) fell by 6.2 percent. At 9.6 percent of net sales, the R&D ratio was down slightly year on year (9 months 2015: 9.8 percent). Net of currency effects, administrative expenses were down 8.0 percent year on year. The cost-saving measures for functional costs, in part the result of the “Fit for Growth” efficiency program, had an impact in all three segments.

Overall, Dräger generated Group earnings before interest and taxes (EBIT) of EUR 28.1 million (9 months 2015: EUR 0.2 million) in the first nine months of 2016. The EBIT margin stood at 1.6 percent (9 months 2015: 0.0 percent). Earnings after income taxes amounted to EUR 12.5 million (9 months 2015: EUR -11.1 million).

### Outlook

For fiscal year 2016, Dräger expects net sales growth (net of currency effects) at the lower end of the previously forecast range of 0.0 to 3.0 percent. Dräger continues to anticipate an EBIT margin of between 3.5 and 5.5 percent.

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### Key figures for the first nine months of 2016 (€ million)

	Q3 2016	Q3 2015	9M 2016	9M 2015	Change	Net of currency effects
Order intake	628.0	645.7	1,849.1	1,895.1	- 2.4%	- 0.3%
Net sales	592.9	604.0	1,704.3	1,783.6	- 4.4%	- 2.6%
Europe segment	325.0	339.3	949.2	985.6	- 3.7%	- 2.3%
Americas segment	119.7	115.8	335.9	348.5	- 3.6%	- 0.3%
Africa, Asia & Australia segment	148.2	149.0	419.3	449.4	- 6.7%	- 4.9%
<i>Additional information on net sales</i>						
Medical division	389.8	388.1	1,093.9	1,148.2	- 4.7%	- 2.9%
Safety division	203.1	216.0	610.4	635.3	- 3.9%	- 2.0%
EBIT	22.5	- 22.6	28.1	0.2		
EBIT margin	3.8%	- 3.7%	1.6%	0.0%		
<i>Additional information on EBIT</i>						
Medical division	16.8	- 24.1	7.7	- 9.1		
Safety division	5.7	1.5	20.4	9.3		
Earnings after income taxes	13.5	- 18.9	12.5	- 11.1		
EPS preferred share <sup>1</sup> in €						
Full distribution	0.77	- 0.93	0.54	- 0.58		
EPS common share <sup>1</sup> in €						
Full distribution	0.75	- 0.95	0.49	- 0.63		

<sup>1</sup> Based on an imputed actual full distribution on earnings attributable to shareholders

#### 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](http://www.draeger.com) under Investor Center/Financial Calendar.

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