

Capital Market Information

May 4, 2017

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First quarter of 2017: Dräger off to a solid start for new fiscal year

- Considerable rise in order intake
- Net sales (net of currency effects) down slightly on the year
- Margins up on the year supported by positive currency effects
- Earnings significantly higher than the weak Q1 2016 figure

Lübeck – Drägerwerk AG & Co. KGaA significantly increased order intake in the first quarter of 2017. Net sales were slightly up on the year in nominal terms, whereas they were just below the figure from the prior year net of currency effects.

Order intake increased in the first three months by 6.6 percent in nominal terms to EUR 639.4 million (3 months 2016: EUR 599.6 million), while rising 5.4 percent net of currency effects. Dräger expanded orders in all regions, although the largest increase was achieved in Europe. In terms of medical products, the business with hospital consumables, hospital infrastructure, and thermoregulation products experienced positive development in particular. With regard to safety products, the accessories business grew, as did demand for respiratory and personal protection products, as well as the service business. Dräger's net sales in the first quarter of 2017 increased by 0.5 percent in nominal terms to EUR 535.0 million (3 months 2016: EUR 532.4 million). Net of currency effects, net sales decreased slightly by 1.1 percent.

“Dräger enjoyed a good start to the new fiscal year in Europe and North America. Order intake continued to develop favorably, even if this trend is not reflected yet in net sales. Margins and earnings have seen pleasing development, although positive currency effects have had the primary impact here in the first quarter, in addition to cost savings,” said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG.

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Significant improvement in margins and earnings

At 44.9 percent, the gross margin in the first quarter of 2017 was up by 3.0 percentage points on the prior year. Currency effects had a positive impact, unlike in 2016. The gross margin and gross profit improved in all three regional segments.

Functional costs decreased in the first quarter (net of currency effects and restructuring costs in Q1 2016) by 0.8 percent. Sales and marketing costs were approximately on par with the prior year. The R&D ratio increased slightly and amounted to 10.5 percent of net sales in the first quarter of 2017 (3 months 2016: 10.3 percent). Net of currency effects and one-off expenses for the efficiency program in 2016, administrative expenses were down 5.7 percent year on year.

Overall, Dräger generated Group earnings before interest and taxes (EBIT) of EUR 2.3 million (3 months 2016: EUR –15.7 million). The EBIT margin rose from –2.9 percent in the prior-year period to +0.4 percent. Earnings after income taxes stood at EUR –0.7 million in the first quarter of 2017 (3 months 2016: EUR –13.6 million).

Outlook unchanged

For fiscal year 2017, Dräger continues to expect net sales growth of between 0.0 and 3.0 percent (net of currency effects) and a Group EBIT margin of between 5.0 and 7.0 percent.

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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Key figures for the first three months of 2017 (€ million)

	Q1 2017	Q1 2016	Change	Net of currency effects
Order intake	639.4	599.6	+6.6%	+5.4%
Net sales	535.0	532.4	+0.5%	-1.1%
Europe segment	298.9	299.7	-0.3%	+0.3%
Americas segment	107.5	103.9	+3.4%	-1.8%
Africa, Asia, and Australia segment	128.6	128.8	-0.1%	-4.0%
<i>Additional information on net sales</i>				
Medical products	336.4	338.2	-0.5%	-2.3%
Safety products	198.6	194.2	+2.2%	+0.9%
EBIT	2.3	-15.7		
EBIT margin	0.4%	-2.9%		
EBIT margin for Europe segment	1.7%	-1.8%		
EBIT margin for Americas segment	-4.4%	-8.4%		
EBIT margin for Africa, Asia, and Australia segment	1.5%	-1.2%		
<i>Additional information on EBIT margin</i>				
Medical products	-2.1%	-5.0%		
Safety products	4.8%	0.7%		
Earnings after income taxes	-0.7	-13.6		
Employees	13,352	13,679		
EPS preferred share ^{1,2} in €	-0.04	-0.76		
EPS common share ^{1,2} in €	-0.06	-0.78		

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¹ Based on the expected dividend

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