Quarterly Statement
January 1 to March 31, 2017
Dräger Group

Dräger. Technology for Life®

THE DRÄGER GROUP OVER THE PAST FIVE YEARS

		Three months 2013	Three months 2014	Three months 2015	Three months 2016	Three months 2017
Order intake	€ million	571.3	544.6	615.3	599.6	639.4
Net sales	€ million	533.8	513.2	545.5	532.4	535.0
Gross profit	€ million	270.7	240.0	257.8	223.4	240.4
in % of net sales (gross margin)	%	50.7	46.8	47.3	42.0	44.9
EBITDA [1]	€ million	56.5	36.1	20.7	4.1	22.8
EBIT [2]	€ million	39.8	19.0	1.1	–15.7	2.3
in % of net sales (EBIT margin)	%	7.5	3.7	0.2	–2.9	0.4
Interest result	€ million	–6.5	–6.2	–5.6	–4.4	–3.2
Income taxes	€ million	–10.7	–4.3	1.4	6.4	0.2
Net profit	€ million	22.6	8.5	–3.1	–13.6	–0.7
Earnings per share on full distribution [3]						
per preferred share	€	0.99	0.39	–0.18	–0.76	–0.04
per common share	€	0.97	0.37	–0.20	–0.78	–0.06
Equity [4]	€ million	765.2	826.3	899.7	907.8	1,013.5
Equity ratio [4]	%	36.3	40.6	39.0	40.3	44.7
Capital employed [4,5]	€ million	954.1	1,045.4	1,269.7	1,248.2	1,218.6
Rolling EBIT [2,6]/Capital employed [4,5] (ROCE)	%	23.4	17.2	12.7	4.0	12.7
Net financial debt [4]	€ million	78.2	93.2	150.4	153.3	18.0
DVA [6,7]	€ million	142.1	90.3	60.2	–39.5	68.4
Headcount as of March 31		12,707	13,426	13,698	13,679	13,352

1 EBITDA = earnings before net interest result, income taxes, depreciation and amortization
2 EBIT = earnings before net interest result and income taxes
3 Based on an imputed actual full distribution of earnings attributable to shareholders
4 Value as of reporting date
5 Capital Employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
6 Value of the last twelve months
7 Dräger Value Added = EBIT less cost of capital (through 2015: 9 %, from 2016: 7 %) of average invested capital

Dräger Group in the first quarter of 2017

DRÄGER OFF TO A SOLID START FOR FISCAL YEAR 2017

- 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
- Forecasts for fiscal year 2017 confirmed

"Dräger enjoyed a good start to the new fiscal year in Europe and North America. Order intake continued to develop positively, even if this trend is not reflected yet in net sales. Margins and earnings have seen pleasing development, although positive currency effects have made 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.

Possible rounding differences in this quarterly statement may lead to slight discrepancies.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

				Three months
		2017	2016	Changes in %
Order intake	**€ million**	**639.4**	**599.6**	**+6.6**
Net sales	**€ million**	**535.0**	**532.4**	**+0.5**
Gross profit	**€ million**	**240.4**	**223.4**	**+7.6**
EBITDA [1]	**€ million**	**22.8**	**4.1**	**> +100.0**
EBIT [2]	**€ million**	**2.3**	**–15.7**	**> +100.0**
Net profit	**€ million**	**–0.7**	**–13.6**	**+95.2**
Earnings per share on full distribution [3]				
per preferred share	€	–0.04	–0.76	+94.7
per common share	€	–0.06	–0.78	+92.3
Research and development costs	€ million	56.0	54.2	+3.3
Equity ratio [4]	%	44.7	40.3	
Cash flow from operating activities	€ million	27.8	10.4	> +100.0
Net financial debt [4]	€ million	18.0	153.3	–88.3
Investments	€ million	18.0	24.2	–25.9
Capital employed [4, 5]	€ million	1,218.6	1,248.2	–2.4
Net working capital [4, 6]	€ million	538.4	562.5	–4.3
Gross profit/net sales	%	44.9	42.0	
EBIT [2]/net sales	%	0.4	–2.9	
Rolling EBIT [2, 7]/Capital employed [4, 5] (ROCE)	%	12.7	4.0	
Net financial debt [4]/EBITDA [1, 7]	Factor	0.07	1.14	
Gearing [8]	Factor	0.02	0.17	
DVA [7, 9]	€ million	68.4	–39.5	> +100.0
Headcount as of March 31		13,352	13,679	–2.4

Business Performance of the Dräger Group

ORDER INTAKE

in € million	2017	2016	Changes in %	Three months Net of currency effects in %
Europe	347.6	324.0	+7.3	+8.3
Americas	124.7	115.8	+7.7	+2.6
Africa, Asia, Australia	167.1	159.9	+4.5	+1.5
Total	**639.4**	**599.6**	**+6.6**	**+5.4**
thereof medical business	405.2	383.5	+5.7	+4.2
thereof safety business	234.1	216.2	+8.3	+7.4

ORDER INTAKE

Order intake (net of currency effects) rose by 5.4 percent in the first quarter. We recorded the highest increase in demand in the Europe segment in the first quarter, with growth of 8.3 percent (net of currency effects). Customers sought after medical as well as safety products. Order intake in Germany developed positively as well. In the Americas segment, orders increased by 2.6 percent (net of currency effects). In particular, the strong rise in order intake (net of currency effects) for medical products contributed to this development, while demand for safety products stagnated. Within the region, demand in North America developed significantly better than in Central and South America. In the Africa, Asia, and Australia segment, order intake grew by only 1.5 percent (net of currency effects) in the first quarter. Demand was greater in particular for safety products in this segment, while orders for medical products increased only slightly.

Footnotes for page 2

1 EBITDA = earnings before net interest result, income taxes, depreciation and amortization
2 EBIT = earnings before net interest result and income taxes
3 Based on an imputed actual full distribution of earnings attributable to shareholders
4 Value as of reporting date
5 Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
6 Net working capital = current, non-interest-bearing assets plus non-current trade receivables less current, non-interest-bearing debt
7 Value of the last twelve months
8 Gearing = Net financial debt/equity
9 Dräger Value Added = EBIT less cost of capital of average invested capital

In terms of medical products, demand increased significantly in the first quarter in the business with hospital consumables, hospital infrastructure systems, and thermoregulation equipment. We generated slight gains in incoming orders for ventilators and anesthesia devices. Demand in our service business was stable. However, we recorded a slight decrease in orders pertaining to the patient monitoring and clinical data management business.

With regard to safety products, demand for safety accessories, as well as respiratory and personal protection products rose considerably. We significantly increased the number of orders in the service business for safety products as well. Demand for gas and alcohol detection devices also increased. However, orders for engineered solutions decreased significantly; we had received a larger order for engineered solutions in the first quarter of the prior year.

NET SALES

				Three months
in € million	2017	2016	Changes in %	Net of currency effects in %
Europe	298.9	299.7	–0.3	+0.3
Americas	107.5	103.9	+3.4	–1.8
Africa, Asia, Australia	128.6	128.8	–0.1	–4.0
Total	**535.0**	**532.4**	**+0.5**	**–1.1**
thereof medical business	336.4	338.2	–0.5	–2.3
thereof safety business	198.6	194.2	+2.2	+0.9

NET SALES

Net sales (net of currency effects) were down slightly in the first quarter at 1.1 percent. A small increase in Europe was offset by a decline in the two other segments.

EARNINGS

In the first quarter of 2017, gross profit rose by EUR 17.1 million to EUR 240.4 million against the backdrop of somewhat lower net sales (net of currency effects). At 44.9 percent, our gross margin was higher than the weak figure in the prior year (3 months 2016: 42.0%). While currency valuation effects had a strong negative impact on the margin in 2016, the situation was the opposite in the first quarter of 2017. In particular, currencies that performed stronger against the euro, such as the South African rand, the Brazilian real, the Japanese yen, and the Russian ruble, had a positive impact on net sales and the margin. All three segments, particularly the Americas, saw better gross margins as well as improved gross profit in absolute terms.

Our functional costs in the first quarter of 2017 were down slightly year on year (–0.7 percent in nominal terms). Savings from our “Fit for Growth” efficiency program were offset in part by currency effects and collective pay rate increases. Furthermore, unlike in the first quarter of 2016, there were no one-off expenditures for restructuring purposes. Net of currency effects and restructuring costs in the prior year, functional costs declined by 0.8 percent.

Net of negative currency effects, sales and marketing costs were on par with the prior year (+0.1 percent). Whereas these costs continued to fall in the Africa, Asia, and Australia region and in Europe, they increased in the Americas, following particularly strong savings measures in the first quarter of 2016. Net of the change in exchange rates, research and development (R&D) costs rose by 2.8 percent (+3.3 percent in nominal terms). The ratio of R&D costs to net sales (R&D ratio) therefore stood at 10.5 percent (3 months 2016: 10.2 percent). Net of currency effects and one-off expenses for our efficiency program in the prior year, our administrative costs fell by 5.7 percent. Personnel expenses within the Group (net of currency effects) decreased year on year by 1.0 percent (0.0 percent in nominal terms)

At EUR –0.7 million, the other financial result was down year on year (3 months 2016: EUR +0.1 million). The change is due primarily to the fact that, in total, currency-related valuation losses occurred.

Due in particular to the improvement in gross margin, Group earnings before interest and taxes (EBIT) rose to EUR 2.3 million (3 months 2016: EUR –15.7 million). The EBIT margin increased from –2.9 percent to 0.4 percent.

The interest result improved to EUR –3.2 million (3 months 2016: EUR –4.4 million). Net of effects from the prior year, the tax rate in the first quarter of 2017 stood at 32.5 percent, putting it on par with 2016. Due to effects from other periods, the actual tax rate was 27.5 percent (3 months 2016: 32.1 percent). Earnings after income taxes amounted to EUR –0.7 million (3 months 2016: EUR –13.6 million).

INVESTMENTS

In the first quarter of 2017, we invested EUR 16.8 million in property, plant, and equipment (3 months 2016: EUR 22.2 million) and EUR 1.1 million in intangible assets (3 months 2016: EUR 2.1 million). They mainly relate to replacement investments. In addition, a sum of EUR 2.3 million was invested for the construction project in Krefeld for sales and service activities relating to safety products. The investment volume of this project amounts to some EUR 14.0 million altogether.

Depreciation and amortization came to EUR 20.4 million in the first quarter of 2017 (3 months 2016: EUR 19.7 million). Investments covered 87.8 percent of depreciation, meaning that non-current assets saw a net decrease of EUR 2.5 million.

EQUITY

Equity rose by EUR 10.0 million to EUR 1,013.5 million in the first three months of 2017. The equity ratio stood at 44.7 percent as of March 31, 2017, higher than the figure from December 31, 2016 (43.4 percent). Equity increased mainly as a result of a decrease in provisions for pensions and similar obligations. The adjustment of the calculation parameters for German pension provisions, particularly the increase of the underlying interest rate from 1.75 percent to 2.00 percent, decreased pension provisions by EUR 16.7 million; the net amount of this adjustment of EUR 11.5 million after deferred tax liabilities increased reserves from retained earnings recognized directly in equity.

DRÄGER VALUE ADDED

Dräger Value Added (DVA) climbed by EUR 107.9 million to EUR 68.4 million year on year in the twelve months to March 31, 2017 (12 months to March 31, 2016: EUR −39.5 million). Rolling EBIT rose year on year by EUR 104.9 million. Capital costs fell by EUR 3.0 million, since average capital employed decreased by 3.3 percent to EUR 1,236.3 million. Average current assets saw a greater decrease than net sales. As a result, days working capital (coverage of current assets) improved by 2.9 days to 119.5 days.

BUSINESS PERFORMANCE OF EUROPE SEGMENT

		Three months			
		2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**347.6**	**324.0**	**+7.3**	**+8.3**
thereof Germany	€ million	132.1	125.4	+5.4	+5.4
Net sales with third parties	**€ million**	**298.9**	**299.7**	**–0.3**	**+0.3**
thereof Germany	€ million	116.1	114.4	+1.5	+1.5
EBITDA [1]	**€ million**	**14.9**	**4.2**	**> +100.0**	
EBIT [2]	**€ million**	**5.1**	**–5.3**	**> +100.0**	
Capital employed [3,4]	€ million	548.1	575.1	–4.7	
EBIT [2]/Net sales	%	1.7	–1.8		
Rolling EBIT [2,5]/Capital employed [3,4] (ROCE)	%	17.3	9.1		
DVA [5,6]	€ million	55.3	10.5	> +100.0	

[1] EBITDA = earnings before net interest result, income taxes, depreciation and amortization
[2] EBIT = earnings before net interest result and income taxes
[3] Capital Employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
[4] Value as of reporting date
[5] Value of the last twelve months
[6] Dräger Value Added = EBIT less cost of capital of average invested capital

Business Performance of Europe Segment

ORDER INTAKE

In Europe, we increased order intake (net of currency effects) by 8.3 percent. The significant increase in demand in the United Kingdom, the Czech Republic, Russia, and Austria played a major role in this rise. However, orders declined during the first quarter in Switzerland, Italy, France, and Hungary, although it should be noted that we had received a larger order for a rescue train in Switzerland in the prior year. In terms of products, demand increased in particular in the hospital infrastructure business, for safety accessories, for respiratory and personal protection products, as well as in the service business for safety products, while demand fell for engineered solutions and in the service business for medical products.

We increased order intake in Germany by 5.4 percent, however. An increase in demand in the hospital infrastructure business and in the safety and medical accessories business was offset by a drop in demand for anesthesia devices and in the patient monitoring and clinical data management business.

EARNINGS

Gross profit rose in the first quarter of 2017 by 7.2 percent with net sales increasing slightly net of currency effects (–0.3 percent in nominal terms). The gross margin improved by 2.8 percentage points.

Functional costs fell by 2.2 percent net of currency effects (–2.3 percent in nominal terms) due mainly to a decline in sales and marketing costs, as well as lower administrative expenses.

EBIT for the Europe segment stood at EUR 5.1 million in the first quarter of 2017, improving significantly year on year (3 months 2016: EUR –5.3 million). The EBIT margin rose from –1.8 percent to 1.7 percent.

Dräger Value Added (DVA) climbed by EUR 44.7 million in the Europe segment to EUR 55.3 million year on year in the twelve months to March 31, 2017 (12 months to March 31, 2016: EUR 10.5 million). Rolling EBIT rose year on year by EUR 42.7 million, whereas capital costs declined by EUR 2.1 million to EUR 39.6 million due to lower capital employed.

BUSINESS PERFORMANCE OF AMERICAS SEGMENT

					Three months
		2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**124.7**	**115.8**	**+7.7**	**+2.6**
Net sales with third parties	**€ million**	**107.5**	**103.9**	**+3.4**	**–1.8**
EBITDA [1]	**€ million**	**0.6**	**–3.5**	**> +100.0**	
EBIT [2]	**€ million**	**–4.7**	**–8.8**	**+46.4**	
Capital employed [3,4]	€ million	302.6	287.4	+5.3	
EBIT [2]/Net sales	%	–4.4	–8.4		
Rolling EBIT [2,5]/Capital employed [3,4] (ROCE)	%	4.7	–7.9		
DVA [5,6]	€ million	–6.6	–42.7	+84.4	

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4 Value as of reporting date
5 Value of the last twelve months
6 Dräger Value Added = EBIT less cost of capital of average invested capital

Business Performance of Americas Segment

ORDER INTAKE

Demand in the Americas region increased by 2.6 percent (net of currency effects). In particular, the United States, Mexico, Panama, Chile, and Brazil contributed to this rise. Order intake decreased in Cuba, Canada, and Colombia.

We recorded significant growth in order intake in particular for the hospital infrastructure business, anesthesia devices, respiratory and personal protection products, and alcohol detection devices. Orders decreased for engineered solutions and gas detection devices, however.

EARNINGS

Gross profit rose in the first quarter of 2017 by 13.2 percent against the backdrop of net sales that were down net of currency effects (+3.4 percent in nominal terms). The gross margin improved by 4.4 percentage points.

Functional costs rose slightly by 0.8 percent net of currency effects (+3.8 percent in nominal terms). The rise in functional costs (net of currency effects) was due to higher sales and marketing costs in North America. Particularly strong savings measures were implemented in the first quarter of 2016, which were not repeated this year. Lower cross-segment functional costs offset only a part of this increase in costs.

The shortfall in earnings before interest and taxes (EBIT) after three months decreased to EUR −4.7 million (3 months 2016: EUR −8.8 million). The EBIT margin improved to −4.4 percent (3 months 2016: −8.4 percent).

Dräger Value Added (DVA) increased by EUR 36.1 million in the Americas segment to EUR −6.6 million year on year in the twelve months to March 31, 2017 (12 months to March 31, 2016: EUR −42.7 million). Rolling EBIT rose year on year by EUR 37.0 million, while capital costs increased by EUR 1.0 million to EUR 21.0 million due to higher capital employed.

BUSINESS PERFORMANCE OF AFRICA, ASIA, AND AUSTRALIA SEGMENT (AAA)

					Three months
		2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**167.1**	**159.9**	**+4.5**	**+1.5**
Net sales with third parties	**€ million**	**128.6**	**128.8**	**–0.1**	**–4.0**
EBITDA [1]	**€ million**	**7.3**	**3.3**	**> +100.0**	
EBIT [2]	**€ million**	**2.0**	**–1.6**	**> +100.0**	
Capital employed [3,4]	€ million	367.9	385.7	–4.6	
EBIT [2]/Net sales	%	1.5	–1.2		
Rolling EBIT [2,5]/Capital employed [3,4] (ROCE)	%	12.4	5.3		
DVA [5,6]	€ million	19.7	–7.4	> +100.0	

[1] EBITDA = earnings before net interest result, income taxes, depreciation and amortization
[2] EBIT = earnings before net interest result and income taxes
[3] Capital Employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
[4] Value as of reporting date
[5] Value of the last twelve months
[6] Dräger Value Added = EBIT less cost of capital of average invested capital

Business Performance of Africa, Asia, and Australia Segment

ORDER INTAKE

In the Africa, Asia, and Australia region, order intake increased by 1.5 percent (net of currency effects). Healthy demand in Pakistan, Saudi Arabia, China, and South Africa in particular was a key factor in this trend, whereas the number of orders in Iran, Japan, Indonesia, and Vietnam decreased.

In terms of products, we saw the strongest growth for thermoregulation products, hospital consumables, and the service business for medical products, while demand in the hospital infrastructure business, for ventilators, and for engineered solutions declined.

EARNINGS

Gross profit rose in the first quarter of 2017 by 4.0 percent against the backdrop of net sales that were down net of currency effects (in nominal terms −0.1 percent). The gross margin improved by 2.0 percentage points.

Functional costs fell by 3.7 percent net of currency effects (−2.0 percent in nominal terms) due primarily to the lower sales and administrative costs, as well as the reduced cross-segment functional costs.

EBIT in the Africa, Asia, and Australia segment stood at EUR 2.0 million in the first quarter of 2017 (3 months 2016: EUR −1.6 million). The EBIT margin rose from −1.2 to 1.5 percent.

Dräger Value Added (DVA) climbed by EUR 27.1 million in the Africa, Asia, and Australia segment to EUR 19.7 million year on year in the twelve months to March 31, 2017 (12 months to March 31, 2016: EUR −7.4 million). Rolling EBIT rose year on year by EUR 25.2 million. Capital costs fell by EUR 1.9 million, since average capital employed decreased by 6.8 percent to EUR 370.6 million.

Additional information on the medical and safety business

INFORMATION ON THE MEDICAL BUSINESS

		Three months			
		2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**405.2**	**383.5**	**+5.7**	**+4.2**
Europe	€ million	197.9	186.7	+6.0	+6.6
Americas	€ million	83.7	76.8	+9.1	+4.1
Africa, Asia, Australia	€ million	123.6	120.0	+3.0	+0.7
Net sales with third parties	**€ million**	**336.4**	**338.2**	**–0.5**	**–2.3**
Europe	€ million	174.7	172.9	+1.0	+1.5
Americas	€ million	68.9	69.2	–0.5	–5.4
Africa, Asia, Australia	€ million	92.8	96.1	–3.4	–6.9
EBIT [1, 2]	**€ million**	**–7.1**	**–17.0**	**+57.9**	
Research and development costs	€ million	39.5	38.6	+2.4	
EBIT [1]/Net sales	%	–2.1	–5.0		

[1] EBIT = earnings before net interest result and income taxes

[2] Business figures are determined on the basis of products' allocation to the medical business. Non-product-related costs, including costs for the headquarters, are distributed using a plan-based net sales formula.

INFORMATION ON THE SAFETY BUSINESS

		Three months			
		2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**234.1**	**216.2**	**+8.3**	**+7.4**
Europe	€ million	149.7	137.3	+9.1	+10.5
Americas	€ million	40.9	39.0	+5.0	–0.3
Africa, Asia, Australia	€ million	43.5	39.9	+8.9	+4.2
Net sales with third parties	**€ million**	**198.6**	**194.2**	**+2.2**	**+0.9**
Europe	€ million	124.1	126.8	–2.1	–1.2
Americas	€ million	38.6	34.7	+11.2	+5.5
Africa, Asia, Australia	€ million	35.8	32.7	+9.4	+4.3
EBIT [1, 2]	**€ million**	**9.5**	**1.3**	**> +100.0**	
Research and development costs	€ million	16.5	15.7	+5.6	
EBIT [1]/Net sales	%	4.8	0.7		

[1] EBIT = earnings before net interest result and income taxes

[2] Business figures are determined on the basis of products' allocation to the safety business. Non-product-related costs, including costs for the headquarters, are distributed using a plan-based net sales formula.

Outlook

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 2016 annual report (pages 109 et seq.), which describes expectations for 2017 in detail. The following table provides an overview of the expectations regarding the development of various forecast figures. The forecast horizon is the fiscal year.

EXPECTATIONS FOR FISCAL YEAR 2017

	Results achieved in 2016	Forecast 2017	Current forecast
Net sales	−1.5 % (net of currency effects)	0.0–3.0 % (net of currency effects)	Confirmed
EBIT margin	5.4 %	5.0–7.0 % [1]	Confirmed
DVA	EUR 49.8 million	EUR 40–90 million	Confirmed
Other forecast figures:			
Gross margin	45.0%	44.0–46.0%	Confirmed
Research and development costs	EUR 219.0 million	EUR 230–245 million	Confirmed
Net interest result	EUR −15.5 million	EUR −13 – −17 million	Confirmed
Days working capital (DWC)	121.7 days	Slight improvement	Confirmed
Investment volume [2]	EUR 99.9 million	EUR 90–105 million	Confirmed
Net financial debt	EUR 34.7 million	Improvement	Confirmed

[1] Based on exchange rates at the start of fiscal year 2017

[2] Excluding company acquisitions

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board of Drägerwerk Verwaltungs AG as well as the information available to it to date. The forward-looking statements do not provide any 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 that could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements made in this report.

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

Lübeck, Germany, May 3, 2017

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

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

Further financial information

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

in € thousand	Three months 2017	Three months 2016
Net sales	534,962	532,405
Cost of sales	–294,548	–309,046
Gross profit	**240,414**	**223,360**
Research and development expenses	–56,009	–54,214
Marketing and selling expenses	–136,994	–134,652
General administrative expenses	–45,904	–50,701
Other operating income	3,057	1,818
Other operating expenses	–1,487	–1,381
	–237,337	**–239,129**
	3,077	**–15,770**
Profit from other investments	0	34
Other financial result	–748	67
Financial result (before interest result)	**–748**	**101**
EBIT	**2,330**	**–15,669**
Interest result	–3,227	–4,369
Earnings before income taxes	**–897**	**–20,038**
Income taxes	247	6,422
Earnings after income taxes	**–650**	**–13,615**
Earnings after income taxes	**–650**	**–13,615**
Non-controlling interests in net profit	272	25
Earnings attributable to participation certificates (excluding minimum dividend, after taxes) [1]	–	–
Earnings attributable to shareholders	–922	–13,640
Undiluted/diluted earnings per share on full distribution [2]		
per preferred share (in €)	–0.04	–0.76
per common share (in €)	–0.06	–0.78

[1] The figure is calculated by accruing a dividend for participation certificates of EUR 0.00 (March 31, 2016: EUR 0.00) based on earnings in the first three months of 2017.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE DRÄGER GROUP

in € thousand	Three months 2017	Three months 2016
Earnings after income taxes	**–650**	**–13,615**
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	16,737	–17,648
Deferred taxes on remeasurements of defined benefit pension plans	–5,260	5,472
Items that may be reclassified into the income statement in the future		
Currency translation adjustment for foreign subsidiaries	1,494	–12,130
Change in the fair value of derivative financial instruments recognized directly in equity	–3,358	–238
Deferred taxes on changes in the fair value of derivative financial instruments recognized directly in equity	1,058	75
Other comprehensive income (after taxes)	**10,671**	**–24,470**
Total comprehensive income	**10,021**	**–38,085**
thereof earnings attributable to non-controlling interests	260	37
thereof earnings attributable to participation certificates (excluding minimum dividend, after taxes) [1]	–	–
thereof earnings attributable to shareholders	9,760	–38,122

[1] The figure is calculated by accruing a dividend for participation certificates of EUR 0.00 (March 31, 2016: EUR 0.00) based on earnings in the first three months of 2017.

CONSOLIDATED BALANCE SHEET OF THE DRÄGER GROUP

in € thousand	March 31, 2017	December 31, 2016
Assets		
Intangible assets	345,473	347,579
Property, plant and equipment	419,966	420,851
Investments in associates	373	373
Other non-current financial assets	11,130	13,937
Deferred tax assets	140,775	133,702
Other non-current assets	2,475	2,126
Non-current assets	**920,192**	**918,568**
Inventories	430,755	386,759
Trade receivables and receivables from construction contracts	571,777	681,743
Other current financial assets	37,295	37,236
Cash and cash equivalents	207,161	221,481
Current income tax refund claims	17,021	15,111
Other current assets	81,338	51,427
Current assets	**1,345,347**	**1,393,757**
Total assets	**2,265,539**	**2,312,325**

in € thousand	March 31, 2017	December 31, 2016
Equity and liabilities		
Capital stock	45,466	45,466
Capital reserves	234,028	234,028
Reserves retained from earnings, incl. group result	693,358	682,803
Participation capital	29,497	29,497
Other comprehensive income	8,889	9,683
Non-controlling interests	2,300	2,039
Equity	**1,013,537**	**1,003,516**
Liabilities from participation certificates	22,996	22,687
Provisions for pensions and similar obligations	303,623	318,325
Other non-current provisions	57,316	57,824
Non-current interest-bearing loans	186,006	188,635
Other non-current financial liabilities	27,559	27,994
Non-current income tax liabilities	5,611	5,578
Deferred tax liabilities	1,220	1,471
Other non-current liabilities	15,293	15,726
Non-current liabilities	**619,624**	**638,240**
Other current provisions	186,870	211,203
Current interest-bearing loans and liabilities to banks	28,927	57,025
Trade payables	162,711	179,773
Other current financial liabilities	29,461	25,336
Current income tax liabilities	39,076	31,996
Other current liabilities	185,333	165,236
Current liabilities	**632,378**	**670,569**
Total equity and liabilities	**2,265,539**	**2,312,325**

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

	in € thousand	Three months 2017	Three months 2016
	Operating activities		
	Earnings after income taxes	–650	–13,615
+	Write-down/write-up of non-current assets	20,445	19,734
+	Interest result	3,227	4,369
–	Income taxes	–247	–6,422
–	Decrease in provisions	–24,551	–14,884
+/–	Other non-cash expenses/income	–2,689	4,312
–	Gains from the disposal of non-current assets	–1,117	–31
–	Increase in inventories	–43,826	–19,141
–	Increase in leased equipment	–2,194	–4,147
+	Decrease in trade receivables	113,729	102,383
–	Increase in other assets	–27,738	–24,996
–	Decrease in trade payables	–19,148	–46,801
+	Increase in other liabilities	23,496	21,479
–	Cash outflow for income taxes	–9,390	–10,189
–	Cash outflow for interests	–2,274	–1,970
+	Cash inflow from interests	737	337
	Cash inflow from operating activities	**27,808**	**10,418**
	Investing activities		
–	Cash outflow for investments in intangible assets	–363	–2,037
+	Cash inflow from the disposal of intangible assets	1	–
–	Cash outflow for investments in property, plant and equipment	–13,068	–15,845
+	Cash inflow from disposals of property, plant and equipment	1,263	530
–	Cash outflow for investments in non-current financial assets	–19	–11
+	Cash inflow from the disposal of non-current financial assets	4	–
	Cash outflow from investing activities	**–12,182**	**–17,363**
	Financing activities		
+	Cash provided by raising loans	2	59,949
–	Cash used to redeem loans	–1,559	–1,910
–	Net balance of other liabilities to banks	–29,443	–44,455
–	Net balance of finance lease liabilities repaid/incurred	–343	–273
–	Profit distributed to non-controlling interests	–	0
	Cash outflow/inflow from financing activities	**–31,344**	**13,310**
	Change in cash and cash equivalents in the reporting period	**–15,717**	**6,365**
+/–	Effect of exchange rates on cash and cash equivalents	1,398	–2,256
+	Cash and cash equivalents at the beginning of the reporting period	221,481	172,767
	Cash and cash equivalents on reporting date	**207,161**	**176,875**

BUSINESS PERFORMANCE OF THE SEGMENTS

		Three months							
		Europe		Americas		Africa, Asia, Australia		Dräger Group	
		2017	2016	2017	2016	2017	2016	2017	2016
Order intake with third parties	**€ million**	**347.6**	**324.0**	**124.7**	**115.8**	**167.1**	**159.9**	**639.4**	**599.6**
Net sales with third parties	**€ million**	**298.9**	**299.7**	**107.5**	**103.9**	**128.6**	**128.8**	**535.0**	**532.4**
EBITDA[1]	**€ million**	**14.9**	**4.2**	**0.6**	**–3.5**	**7.3**	**3.3**	**22.8**	**4.1**
Depreciation/Amortization	€ million	–9.8	–9.6	–5.3	–5.2	–5.3	–4.9	–20.4	–19.7
EBIT[2]	**€ million**	**5.1**	**–5.3**	**–4.7**	**–8.8**	**2.0**	**–1.6**	**2.3**	**–15.7**
Capital employed[3,4]	€ million	548.1	575.1	302.6	287.4	367.9	385.7	1,218.6	1,248.2
EBIT[2]/Net sales	%	1.7	–1.8	–4.4	–8.4	1.5	–1.2	0.4	–2.9
EBIT[2,5]/Capital employed[3,4] (ROCE)	%	17.3	9.1	4.7	–7.9	12.4	5.3	12.7	4.0
DVA[5,6]	€ million	55.3	10.5	–6.6	–42.7	19.7	–7.4	68.4	–39.5

[1] EBITDA = Earnings before net interest result and income taxes and amortization

[2] EBIT = Earnings before net interest result and income taxes

[3] Capital employed in segments = Trade receivables, inventories incl. prepayments received; Capital employed Group = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities

[4] Value as of reporting date

[5] Value of the last twelve months

[6] Dräger Value Added = EBIT less ›cost of capital‹ of average invested capital

FINANCIAL CALENDAR

Report as of March 31, 2017, Conference call	May 4, 2017
Annual shareholders' meeting, Lübeck, Germany	May 10, 2017
Report as of June 30, 2017, Conference call	July 27, 2017
Report as of September 30, 2017, Conference call	November 2, 2017

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