Dräger

Dräger Group
Q1/2009
(amended version)

Q1

Dräger. Technology for Life®

THE DRÄGER GROUP AT A GLANCE

		Q1/2006	Q1/2007	Q1/2008	Q1/2009	Change on 2008 in %
Order intake	€ million	452.2	444.9	493.8	448.6	(9.2)
Orders on hand	€ million	327.2	356.3	467.3	424.5	(9.2)
Net sales	€ million	385.3	392.5	405.7	425.2	4.8
EBITDA [1]	€ million	32.7	30.3	30.9	21.0	(32.0)
EBIT before non-recurring expenses [2]	€ million	20.5	17.4	17.5	6.5	(62.9)
in % of net sales (EBIT margin)	%	5.3	4.4	4.3	1.5	
Non-recurring expenses	€ million	0.0	0.0	7.1	0.0	
EBIT [2]	€ million	20.5	17.4	10.4	6.5	(37.5)
Earnings from discontinued operations	€ million					0.0
Net profit/loss	€ million	8.3	7.5	4.1	(0.1)	(102.4)
Minority interests in net profit/loss	€ million	2.8	1.6	2.0	0.7	(65.0)
Earnings per share after minority interests						
per preferred share [3]	€	0.36	0.39	0.03	(0.10)	
per common share [3]	€	0.34	0.37	0.01	(0.12)	
Equity	€ million	543.8	513.6	537.4	560.8	4.2
Equity ratio	%	35.9	31.0	33.6	34.6	
Capital employed [4]	€ million	897.7	953.6	939.6	969.9	3.2
EBIT before non-recurring expenses/capital employed (ROCE)	%	2.3	1.8	1.9	0.7	
Net financial debt	€ million	206.2	306.1	279.3	289.7	3.7
Headcount as of March 31		9,761	10,069	10,532	11,006	4.5

[1] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[2] EBIT = Earnings before net interest result and income taxes
[3] Conversion to a partnership limited by shares on December 14, 2007
[4] Capital Employed = Total assets less deferred tax assets, cash and cash equivalents and non-interest-bearing liabilities

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Letter from the Executive Board Chairman

Dear Shareholders,
The first quarter has already shown that 2009, as expected, will be a difficult year for Dräger. While net sales rose by almost 5 percent, order intake and orders on hand – with strong regional and product-specific differences – are down by more than 9 percent year on year. As an indicator of our future revenues, orders on hand show that our forecast of a 5 percent decline in net sales for the current fiscal year is not exaggerated in view of the situation at hand.

The operating result in the first quarter has yet to show an improvement in our performance. However, behind the scenes, we have used this phase to develop a program to optimize revenues, increase efficiency and cut costs. We will outline the foundations of our action plan designed to improve efficiency and cut costs in the first quarter report of 2009 and provide more detailed information over the course of the second quarter of 2009. Managers throughout the entire Company are working extremely well on this program, which consists of a number of modules with hundreds of very promising individual measures. It would be irresponsible to simply rely on hope. We have to face up to the reality of a deep financial and economic crisis. In addition, we chose to use the first quarter to continue driving forward our research and development projects and invest 8.7 percent of net sales in our future – 1.4 percentage points more than in the prior-year period. In order to turn the economic crisis into an opportunity for our Company, it is crucial to think ahead. For this reason we are also assessing, with our partner Siemens, the options we have to enhance our relationship both in terms of operations and capital. We will inform you when we have something to report.

The crisis is no reason to panic. On the contrary, we need to act in a calm and collected manner. As before, we will focus during this phase on creating long-term value and not just on quarterly results. And we will continue to demonstrate the necessary decisiveness in doing so.

Sincerely,

Stefan Dräger

Stefan Dräger

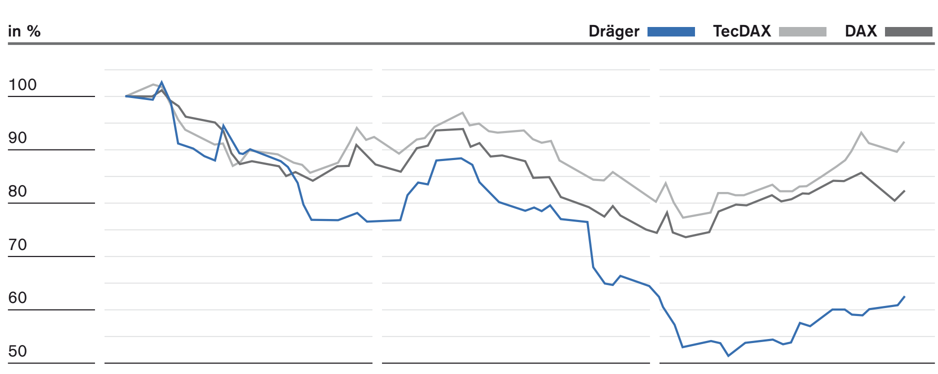
The Dräger share

SHARE PRICE

In an ongoing difficult market environment, the performance of the Dräger share remained unsatisfactory in the first quarter of 2009. The closing price of EUR 16.19 (March 31, 2009) represents a drop of approximately 38 percent since the beginning of the year. Thus the Dräger share's performance was substantially weaker than the DAX (down 18 percent) and the TecDax (down 9 percent).

On the first trading day of 2009, the Dräger share opened at EUR 26.08 and achieved its annual high to date (EUR 26.78) on January 6. In line with the downward market development, the share price had initially dropped to EUR 19.90 by the end of January. Following a brief market recovery at the beginning of February, on the day the ad-hoc report on the potential buyback of the 25 percent share in Dräger Medical AG & Co. KG from Siemens was published (February 19, 2009) the share price was EUR 20.69. In connection with the report on Dräger's preliminary figures for 2008 on February 24, the share price fell to EUR 17.54. Despite the fact that the stock markets recovered again somewhat in March, the Dräger share did not fully benefit from this development and bottomed out in the first quarter of 2009 at EUR 13.28 on March 11. On March 19, the day the final figures for 2008 were published, the share price stood at EUR 14.86. Despite a positive trend, it closed the first quarter of 2009 on March 31 at a rather disappointing EUR 16.19.

DRÄGER GROUP SHARE PRICE PERFORMANCE 2009 (VERSUS TECDAX + DAX)



MARKET CAPITALIZATION AND TRADING VOLUME

The Dräger share price has more than halved compared with March 31, 2008, due to a weak market environment as well as other factors. As a result, the market capitalization of common and preferred shares decreased from around EUR 474 million to approximately EUR 206 million at present. The average daily trading volume fell in the first quarter from 32,596 shares in 2008 to 25,580 in 2009.

EARNINGS PER SHARE

Earnings per Dräger preferred share amounted to –EUR 0.10 for the first quarter of 2009 (Q1 2008: EUR 0.03). Because the dividend entitlement is lower than that attaching to preferred shares, earnings per common share amounted to –EUR 0.12 (Q1 2008: EUR 0.01). Minority interests in net profit amounted to EUR 0.6 million in the first quarter (Q1 2008: EUR 2.0 million).

COMMUNICATION WITH THE CAPITAL MARKET

Dräger continued its policy of providing transparent information to capital market players in the first three months of 2009, reporting on its current business performance as well as on strategic goals and measures. Roadshows held in Germany, England and France formed one element of this. To provide a direct insight into operations and facilitate personal contact with management and employees, Dräger also held conference calls and hosted investor meetings at its headquarters in Lübeck.

ANALYSTS

The Company's business performance is currently being monitored and assessed regularly by 12 analysts at the following institutions: Bankhaus Lampe, Berenberg Bank, CA Cheuvreux, Deutsche Bank, DZ Bank, equinet, fairesearch under the label CBS Research, HSBC, LBBW, Nord/LB, Sal. Oppenheim and UniCredit.

DRÄGER SHARE INDICATORS

		Q1/2006	Q1/2007	Q1/2008	Q1/2009
Share figures					
No. of shares	No.	12,700,000	12,700,000	12,700,000	12,700,000
thereof common shares	No.	6,350,000	6,350,000	6,350,000	6,350,000
thereof preferred shares	No.	6,350,000	6,350,000	6,350,000	6,350,000
Free-floating preferred shares	%	100	100	100	100
Trading figures					
Average daily trading volume	No.	36,869	45,528	32,596	25,580
High	€	58.00	69.70	50.63	26.78
Low	€	44.25	54.10	34.97	13.28
Share price as of March 31	€	54.15	69.70	37.30	16.19
Market capitalization	€	687,705,000	885,190,000	473,710,000	205,613,000
Earnings figures as of the reporting date					
Earnings per preferred share	€	0.36	0.39	0.03	(0.10)
Earnings per common share	€	0.34	0.37	0.01	(0.12)
Cash flow (from operating activities) per share	€	0.09	2.23	1.46	0.47
Equity per share	€	42.82	40.44	42.31	44.15
Price-to-book ratio		1.3	1.7	0.9	0.4

Management report of the Dräger Group for the first quarter of 2009 (amended version)

General economic conditions

According to the European Central Bank's (ECB) monthly bulletin for April, the world economy is currently experiencing a "severe downturn" which, based on the first set of data available for the first quarter, would appear to have worsened significantly despite extensive packages to boost the economy introduced by governments. ECB information confirms the belief that global inflation rates will continue to fall rapidly due to base effects in connection with lower commodities prices, a weaker labor market situation and declining economic activity worldwide. The development in the US remains dramatic: year on year, production in March was down 12.8 percent. At 97.4 points, the production index hit its lowest mark since December 1998, while capacity utilization dropped to 69.3 percent – the lowest level since records began in 1967.

An end to the financial market crisis is not yet in sight and the extent of write-downs banks are having to make looks set to rise further. In a recent study, the International Monetary Fund (IMF) suggested that banks and insurance companies worldwide are exposed to a write-down risk of four trillion dollars. In mid-March, the US Federal Reserve intervened by injecting one trillion dollars of cash into the financial market. The Federal Reserve announced that it would purchase mortgage-backed securities and government bonds valued at over one trillion dollars to foster improved conditions on financial markets.

The ECB also took steps to make refinancing easier by lowering interest rates. Effective April 8, 2009, the interest rate of the Eurosystem's main financing operation was cut to 1.25 percent, and the interest rate for the marginal lending facility reduced to 2.25 percent – the lowest level in the post-war era. The ECB did not rule out additional rate cuts.

COMMODITIES MARKETS

The price of oil in March was around USD 45 and picked up towards month-end. On April 1, 2009 a barrel of Brent crude cost USD 48.9, a 24 percent increase on the start of the year (translated into euros, an increase of around 31 percent). In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was up at the end of March by roughly 3 percent against the start of the year.

INFLATION

Eurostat estimates that the euro area's annual rate of inflation calculated in accordance with the harmonized index of consumer prices (HICP) has fallen further: from 1.2 percent in February 2009 to 0.6 percent in March. This decline since the summer of last year is primarily attributable to the fact that global commodities prices declined significantly during this period. The ECB believes that supply chain price pressures have subsided in recent months from the very elevated levels reached in the summer of 2008. The annual rate of change in industrial producer prices (excluding construction) fell to –0.6 percent in January 2009, from 1.2 percent in December 2008.

EXCHANGE RATE

On April 1, 2009, the euro's nominal effective exchange rate – measured against the currencies of 21 of the euro area's important trading partners – was down by around 1.5 percent against the end of 2008 and up approximately 1.0 percent on the prior-year average. The euro's moderate depreciation since the beginning of 2009 was mainly caused by declines against the US dollar and pound sterling. However, this was partly offset by increases in particular against the Swiss franc, Japanese yen, Polish zloty and Hungarian forint.

EFFECTS OF THE ECONOMY ON THE DRÄGER GROUP

In contrast to periods of economic downturn in the past, the markets for medical and safety technology have also been affected by the current, wide-reaching economic and financial crisis. State-initiated economic programs cannot fully compensate for the caution shown by the private sector with respect to investment. Although the strong US dollar is having a negative effect on the cost basis in the US, it is cushioning the impact of the country's weaker order situation.

SITUATION OF THE MEDICAL TECHNOLOGY INDUSTRY

The cautious forecast regarding the development of the medical technology market has been confirmed since the 2008 annual report was published. This market has seen slumps in demand, particularly in the US, which cannot be offset by some positive developments in other regions, such as in Germany at present. Given the current climate, the Executive Board expects the negative demand prevailing on the medical technology market, which is key for Dräger, to continue in fiscal year 2009.

SITUATION OF THE SAFETY TECHNOLOGY INDUSTRY

Due to the current economic and financial crisis, it remains difficult to deliver a market forecast. The crisis is expected to directly influence customers' purchase decisions. The risk of growing caution in the industry as regards investment is contrasted by potentially positive effects from government investment programs. In light of the current situation, the Executive Board does not expect the safety technology market, Dräger's other key market, to resume its growth path in fiscal year 2009.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

		Q1/2009	Q1/2008	Change in %
Order intake	**€ million**	**448.6**	**493.8**	**(9.2)**
Orders on hand [1]	**€ million**	**424.5**	**467.3**	**(9.2)**
Net sales	**€ million**	**425.2**	**405.7**	**4.8**
EBITDA [2]	**€ million**	**21.0**	**30.9**	**(32.0)**
Depreciation/amortization [3]	€ million	14.5	13.4	8.2
EBIT [4] **before non-recurring expenses**	**€ million**	**6.5**	**17.5**	**(62.9)**
Non-recurring expenses	€ million	0.0	7.1	
EBIT [4]	**€ million**	**6.5**	**10.4**	**(37.5)**
Net profit	**€ million**	**(0.1)**	**4.1**	**(102.4)**
Earnings per share				
per preferred share	€	(0.10)	0.03	
per common share	€	(0.12)	0.01	
R&D costs	**€ million**	**37.2**	**29.7**	**25.3**
Equity ratio [1]	**%**	**34.6**	**33.6**	
Cash flow from operating activities	**€ million**	**5.9**	**18.5**	**(68.1)**
Net financial debt [1]	**€ million**	**289.7**	**279.2**	**3.7**
Investments	**€ million**	**10.9**	**20.8**	**(47.6)**
Capital employed [1, 5]	**€ million**	**969.9**	**939.6**	**3.2**
Net working capital [1, 6]	**€ million**	**502.8**	**477.0**	**5.4**
EBIT before non-recurring expenses/net sales	**%**	**1.5**	**4.3**	
EBIT before non-recurring expenses/capital employed	**%**	**0.7**	**1.9**	
Gearing [7]	**Factor**	**0.5**	**0.5**	
Total headcount [1]		**11,006**	**10,532**	**4.5**

[1] Value as of March 31
[2] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[3] Depreciation, amortization and write-downs excluding those which are non-recurring expenses
[4] EBIT = Earnings before net interest result and income taxes
[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 less current, non-interest-bearing debt
[7] Gearing = Net financial debt/equity

The Dräger Group's business performance in the first quarter of 2009

ORDER INTAKE

in € million	Q1/2009	Q1/2008	Change in %
Germany	99.3	98.9	0.4
Rest of Europe	172.8	193.8	(10.8)
Americas	78.1	112.3	(30.5)
Asia/Pacific	65.4	50.6	29.2
Other	33.0	38.2	(13.6)
Total	**448.6**	**493.8**	**(9.2)**

In the first three months of fiscal year 2009, order intake decreased by 9.2 percent (net of currency effects: 9.8 percent) to EUR 448.6 million (Q1 2008: EUR 493.8 million). This was because both divisions had a higher level of project business in the first three months of the prior year. In the medical division, order intake was down 7.8 percent on the prior-year level (net of currency effects: 8.8 percent), while the safety division's order intake fell by 10.7 percent (net of currency effects: 10.6 percent).

ORDERS ON HAND

in € million	March 31, 2009	March 31, 2008	Change in %
Germany	71.5	85.9	(16.8)
Rest of Europe	200.2	236.2	(15.2)
Americas	68.4	79.9	(14.4)
Asia/Pacific	52.2	38.9	34.2
Other	32.2	26.4	22.0
Total	**424.5**	**467.3**	**(9.2)**

At EUR 424.5 million, orders on hand as of March 31, 2009 were 9.2 percent below the prior-year level (March 31, 2008: EUR 467.3 million). Orders on hand as of December 31, 2008 amounted to EUR 399.9 million.

The equipment orders on hand covered a 2.3-month period, a deterioration compared to a year earlier (March 31, 2008: 2.6 months).

NET SALES

in € million	Q1/2009	Q1/2008	Change in %
Germany	89.0	80.9	10.0
Rest of Europe	165.4	169.9	(2.6)
Americas	80.3	75.1	6.9
Asia/Pacific	57.7	51.8	11.4
Other	32.8	28.0	17.1
Total	**425.2**	**405.7**	**4.8**

Net sales rose by 4.8 percent (net of currency effects: 3.8 percent) to EUR 425.2 million in the first three months of 2009 (Q1 2008: EUR 405.7 million). Both divisions contributed to this rise. While the medical division's net sales increased by 1.6 percent (net of currency effects: 0.0 percent) in the first three months, the safety division generated net sales growth of 10.4 percent against the prior-year period (net of currency effects: 10.5 percent).

Net sales in the rest of Europe declined by 2.6 percent due to the fact that the medical division generated a lower volume of tender contracts in southeastern Europe.

EARNINGS

Due to changes in the product mix and stiffer competition in individual market segments, the gross margin decreased from 47.3 percent in the first three months of 2008 to 45.4 percent a year later. The higher volume of net sales led to an increase in gross profit, from EUR 191.8 million to EUR 193.0 million.

A 4.5 percent increase in functional costs (research and development costs, marketing and selling expenses, general administrative expenses and other operating income/expenses) impacted earnings. Currency effects (mainly the relatively strong US dollar) accounted for EUR 4.2 million of this rise.

Research and development costs (R&D) amounted to 8.7 percent of net sales (March 31, 2008: 7.3 percent). The strength of the US dollar caused R&D costs to increase by EUR 1.6 million, since considerable R&D work for the medical division is performed in the US. The increase (net of currency effects) is due to the scheduled continuation of projects. The expansion of sales in the medical division's growth markets and increased commission expenses resulted in higher selling expenses in the first quarter of 2009 as against the prior-year period.

General administrative expenses in the prior year contained non-recurring expenses of EUR 7.1 million.

Income from the valuation of derivatives for hedging financial transactions against exchange rate fluctuations improved the financial result by EUR 2.0 million compared with the same quarter a year earlier.

The Dräger Group's EBIT before non-recurring expenses decreased by 62.9 percent to EUR 6.5 million year on year (Q1 2008: EUR 17.5 million).

INVESTMENTS

In the first three months of 2009, investments in intangible assets amounted to EUR 1.6 million (Q1 2008: EUR 1.0 million). During the same period, Dräger invested EUR 9.4 million in property, plant and equipment (Q1 2008: EUR 19.8 million). In the prior-year quarter, EUR 9.8 million was attributable to the medical division's new administration building in Lübeck.

Depreciation and amortization amounted to EUR 14.5 million and covered the investments in full.

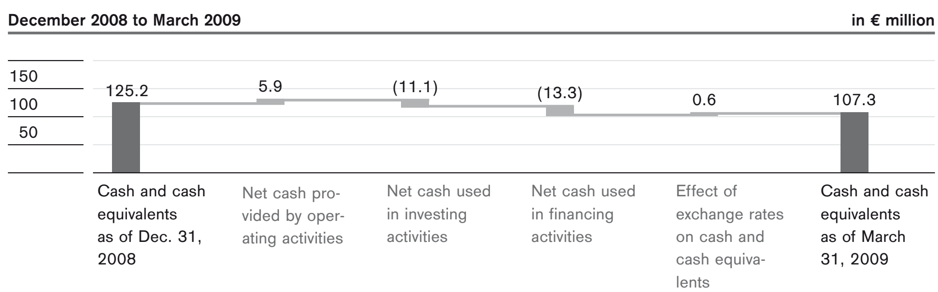
CASH FLOW STATEMENT

The net cash provided by operating activities was weaker in the first three months of 2009 than in the same prior-year period, falling from EUR 18.5 million to EUR 5.9 million.

The main reasons for this development are a decline in provisions (Q1 2008: increase), a higher level of negative effects from other non-cash expenses, a sharper decrease in trade payables and a further increase in inventories. The positive effect compared with the prior year from the lower increase in trade receivables and other assets was more than offset.

Net cash used in investing activities decreased from EUR 20.4 million to EUR 11.1 million compared with the prior-year period.

CASH FLOW RECONCILIATION



Financial management

In the course of the financial market crisis, the Company is continuously monitoring the credit ratings of the main banks it works with to identify potential financing risks as soon as possible and take appropriate action. The credit facilities available to Dräger remained unchanged in the period under review. Alternative forms of financing are also being assessed.

In the first quarter of 2009, Dräger began marketing a note loan to secure its medium-term financing.

NET ASSETS

The Dräger Group's equity rose by EUR 7.0 million to EUR 560.8 million in the first three months. This includes an increase of EUR 6.3 million from expenses and income recognized directly in equity. The equity ratio increased to 34.6 percent (December 31, 2008: 33.5 percent).

Total assets fell by EUR 34.4 million to EUR 1,620.3 million in the first three months of 2009. Increased inventories, deferred tax assets and prepaid expenses were contrasted by a lower level of trade receivables. On the liabilities side, current loans and trade payables also declined. Current loans and liabilities to banks changed due to the repayment of a note loan of EUR 25 million in January 2009 on the one hand, and due to the increase in current liabilities to banks on the other.

Non-current assets of EUR 576.5 million are fully funded by total non-current capital.

BUSINESS PERFORMANCE OF THE MEDICAL DIVISION

		Q1/2009	Q1/2008	Change in %
Order intake	**€ million**	**295.2**	**320.0**	**(7.8)**
Orders on hand [1]	**€ million**	**248.7**	**239.6**	**3.8**
Net sales	**€ million**	**268.3**	**264.1**	**1.6**
EBITDA [2]	**€ million**	**9.4**	**18.1**	**(48.1)**
Depreciation/amortization [3]	€ million	6.7	6.0	11.7
EBIT [4] **before non-recurring expenses**	**€ million**	**2.7**	**12.1**	**(77.7)**
Non-recurring expenses	€ million	0.0	0.4	
EBIT [4]	**€ million**	**2.7**	**11.7**	**(76.9)**
Net profit	**€ million**	**1.7**	**8.3**	**(79.5)**
R&D costs	**€ million**	**27.6**	**21.9**	**26.0**
Cash flow from operating activities	**€ million**	**24.2**	**24.0**	**0.8**
Net financial debt [1]	**€ million**	**(152.9)**	**(140.1)**	**9.1**
Investments	**€ million**	**5.5**	**5.0**	**10.0**
Capital employed [1, 5]	**€ million**	**674.9**	**631.1**	**6.9**
Net working capital [1, 6]	**€ million**	**346.5**	**363.9**	**(4.8)**
EBIT before non-recurring expenses/net sales	**%**	**1.0**	**4.6**	
EBIT before non-recurring expenses/capital employed	**%**	**0.4**	**1.9**	
Gearing [7]	**Factor**	**(0.2)**	**(0.2)**	
Total headcount [1]		**6,340**	**6,184**	**2.5**

[1] Value as of March 31
[2] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[3] Depreciation, amortization and write-downs excluding those which are non-recurring expenses
[4] EBIT = Earnings before net interest result and income taxes
[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 less current, non-interest-bearing debt
[7] Gearing = Net financial debt/equity

Business performance of the medical division

PRODUCTS LAUNCHED/NEW MARKETS TAPPED

In the first quarter, the medical division launched the "Infinity Omega-S" monitor. By doing so, Dräger has continued the successful Omega strategy, which combines patient monitoring and IT, and expanded the "Infinity Acute Care System".

On its large "C700" touch screen cockpit, "Omega-S" integrates patient data taken from a wide range of sources, such as radiology, laboratory data, real-time vital monitoring data and data from the patient data management system. This integration facilitates a rapid diagnosis and treatment planning, makes relevant information available immediately and can help to avoid potential errors.

The "C700" cockpit and "Ponta" ceiling supply unit won the iF award 2009 of the International Forum Design for outstanding product design.

Dräger is continuing its strategy in the medical division of using its own subsidiaries to penetrate attractive markets that offer plenty of potential. The subsidiary established in Colombia in 2008 and the enlarged subsidiary in India have substantially boosted order intake in both countries.

ORDER INTAKE

in € million	Q1/2009	Q1/2008	Change in %
Germany	70.3	61.4	14.5
Rest of Europe	104.9	118.4	(11.4)
Americas	53.7	82.8	(35.1)
Asia/Pacific	41.7	30.0	39.0
Other	24.6	27.4	(10.2)
Total	**295.2**	**320.0**	**(7.8)**

At EUR 295.2 million, order intake was 7.8 percent (net of currency effects: 8.8 percent) below the prior-year period (Q1 2008: EUR 320.0 million). This was because the extremely strong order intake in the first quarter of 2008 contained a major order from South America. Excluding this major order, order intake was down 1.3 percent.

In terms of products, equipment orders decreased in particular.

At EUR 70.3 million, order intake in Germany was up 14.5 percent on the prior-year figure (Q1 2008: EUR 61.4 million). Among other things, this was due to a major monitoring order for the new “Infinity Acute Care System”.

At EUR 104.9 million, order volume in the rest of Europe was down 11.4 percent (net of currency effects: 7.7 percent) on the prior year (Q1 2008: EUR 118.4 million). A significant factor in this context was the high prior-year level resulting from a tender contract in southeastern Europe. Order volume in the UK was also lower due to the poor economic situation and the weak pound.

Order intake in the Americas was very weak: at EUR 53.7 million, orders received were 35.1 percent (net of currency effects: 38.4 percent) below the prior-year level (Q1 2008: EUR 82.8 million). In addition to the aforementioned major order from South America in the prior year, this is essentially attributable to a sharp 25.6 percent decline in orders in the US triggered by the economic crisis (net of currency effects: 37.1 percent). This is because, among other things, many hospitals only have limited access to investment funds. These effects were partly offset by growth in the region’s other countries, including Canada, Mexico and Colombia. The first orders have also been received in connection with the framework agreement concluded with the US Department of Defense (DoD) in 2008 to supply all DoD hospitals worldwide with the “Innovian” patient data management system.

The Asia/Pacific region surpassed the prior-year figure with a considerable jump in order intake of 39.0 percent to EUR 41.7 million (Q1 2008: EUR 30.0 million). Net of currency effects, orders received rose 22.4 percent, since with the exception of the Korean and Australian currencies, the strong Asian/Pacific currencies had a positive impact on order intake. However, order intake also grew net of currency effects in a number of countries in the region, especially in India and Singapore.

At EUR 24.6 million, order intake in the other countries region was down 10.2 percent on the prior year (Q1 2008: EUR 27.4 million). Here it should be noted that Dräger recorded strong project business in Arab countries in the first quarter of 2008.

ORDERS ON HAND

in € million	March 31, 2009	March 31, 2008	Change in %
Germany	52.0	48.8	6.6
Rest of Europe	90.8	92.2	(1.5)
Americas	48.8	61.6	(20.8)
Asia/Pacific	31.3	17.9	74.9
Other	25.8	19.1	35.1
Total	**248.7**	**239.6**	**3.8**

As of March 31, 2009, orders on hand rose by 3.8 percent to EUR 248.7 million (March 31, 2008: EUR 239.6 million). Net of currency effects, growth amounted to 2.3 percent. Orders on hand as of December 31, 2008 came to EUR 219.8 million.

The equipment orders on hand covered a 2.4-month period (March 31, 2008: 2.2 months). Orders on hand were particularly strong in the Asia/Pacific region, even net of currency effects, while weak business in the Americas continued to have a very negative effect on orders on hand in the first quarter of 2009.

NET SALES

in € million	Q1/2009	Q1/2008	Change in %
Germany	58.7	53.2	10.3
Rest of Europe	94.9	103.9	(8.7)
Americas	54.7	54.6	0.2
Asia/Pacific	36.6	31.9	14.7
Other	23.4	20.5	14.1
Total	**268.3**	**264.1**	**1.6**

In the first three months of 2009, net sales rose by 1.6 percent (net of currency effects: 0.0 percent) to EUR 268.3 million (Q1 2008: EUR 264.1 million).

The strong growth generated by the service, accessories, consumables and architectural systems product divisions was the driving force behind this development. By contrast, net sales of equipment declined.

Growth in the accessories and equipment and architectural systems product divisions caused net sales in the Germany region to increase by roughly 10 percent, to EUR 58.7 million (Q1 2008: EUR 53.2 million).

Net sales in the rest of Europe region (excluding Germany) fell by 8.7 percent (net of currency effects: 5.1 percent) to EUR 94.9 million year on year (Q1 2008: EUR 103.9 million). Here, too, the absence of tender contracts in southeastern Europe compared with the prior year, as well as the weak pound sterling and the difficult economic situation in the UK had a negative effect.

Due to the relatively strong US dollar and the net sales achieved on the back of the major order in South America already mentioned, net sales in the Americas region were on a par with the prior year at EUR 54.7 million (Q1 2008: EUR 54.6 million). Net of currency effects, net sales in the Americas region declined by 5.1 percent overall. Demand in the US is muted at present due to the economic crisis. As a result, net sales in local currency dropped by some 20 percent year on year. The extremely good level of net sales in Brazil in the first quarter of 2008 – generated among other things with the “Oxylog 300” emergency ventilator – could not be matched in 2009 and the drop was only partly offset by growth in Mexico and Colombia.

Net sales in the Asia/Pacific region grew by 14.7 percent (net of currency effects: 0.6 percent) to EUR 36.6 million (Q1 2008: EUR 31.9 million). This increase was due almost exclusively to the appreciation of the Asian currencies against the euro.

As a result of stronger project business in Arab countries compared with the prior year, net sales of EUR 23.4 million in the other countries region exceeded the prior-year figure by 14.1 percent (Q1 2008: EUR 20.5 million).

EARNINGS

The gross margin in the first quarter of 2009 was below the prior-year figure. This was largely attributable to changes in the product mix and increased net sales in the service and architectural systems product divisions, lower net sales of high-margin equipment and the persistently stiff competition in individual market segments.

Increased functional costs also impacted earnings. The main drivers were currency effects (chiefly due to the relatively strong US dollar), higher costs for research and development to accelerate the innovation process and the expansion of sales operations in growth markets.

R&D expenditure rose by 26.0 percent (net of currency effects: 18.7 percent) compared with the first quarter of 2008. The currency effect is due to the strong US dollar, since approximately 35 percent of research and development costs are attributable to the US. The increase net of currency effects reflects the continuation of projects as scheduled and is in line with the budget.

Compared with March 31, 2008, the division has hired additional employees for the development and sales departments in Lübeck and to enable the subsidiaries in Colombia, India and the Arab countries to grow further.

The medical division's EBIT before non-recurring expenses decreased by 77.7 percent to EUR 2.7 million (Q1 2008: EUR 12.1 million). The EBIT margin before non-recurring expenses in the first three months of 2009 was therefore significantly down on the prior year at 1.0 percent (Q1 2008: 4.6 percent). Non-recurring expenses amounted to EUR 0.4 million in the prior year.

INVESTMENTS

The medical division invested EUR 5.5 million in intangible assets and property, plant and equipment in the first quarter of 2009 (Q1 2008: EUR 5.0 million). For the most part, these were replacement investments. An investment of EUR 0.7 million relates to the acquisition of a company which produces and sells medical care units and gas management systems in the Czech Republic. Depreciation and amortization amounted to EUR 6.7 million in the first quarter of 2009 and covered the investments in full, as it did in the comparable prior-year period.

NET ASSETS

As of March 31, 2009, capital employed rose by EUR 43.8 million to EUR 674.9 million (March 31, 2008: EUR 631.1 million). This development is mainly due to the increase in property, plant and equipment resulting from the new building constructed for the medical division in fiscal year 2008. In contrast, the rise in other current liabilities (containing prepayments and deferred income) reduced this figure.

BUSINESS PERFORMANCE OF THE SAFETY DIVISION

		Q1/2009	Q1/2008	Change in %
Order intake	€ million	160.1	179.3	(10.7)
Orders on hand [1]	€ million	177.5	228.4	(22.3)
Net sales	€ million	163.0	147.6	10.4
EBITDA [2]	€ million	16.0	14.9	7.4
Depreciation/amortization [3]	€ million	5.5	5.4	1.9
EBIT [4] before non-recurring expenses	€ million	10.5	9.5	10.5
Non-recurring expenses	€ million	0.0	5.2	
EBIT [4]	€ million	10.5	4.3	144.2
Net profit (before profit/loss transfer)	€ million	6.7	2.4	179.2
R&D costs	€ million	8.8	7.3	20.5
Cash flow from operating activities	€ million	(2.8)	22.6	(112.4)
Net financial debt [1]	€ million	68.1	30.3	124.8
Investments	€ million	4.5	5.4	(16.7)
Capital employed [1, 5]	€ million	240.6	199.6	20.5
Net working capital [1, 6]	€ million	162.3	121.7	33.4
EBIT before non-recurring expenses/net sales	%	6.4	6.4	
EBIT before non-recurring expenses/capital employed	%	4.4	4.8	
Gearing [7]	Factor	0.4	0.2	
Total headcount [1]		4,249	4,004	6.1

[1] Value as of March 31
[2] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[3] Depreciation, amortization and write-downs excluding those which are non-recurring expenses
[4] EBIT = Earnings before net interest result and income taxes
[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 less current, non-interest-bearing debt
[7] Gearing = Net financial debt/equity

Business performance of the safety division

PRODUCTS LAUNCHED/NEW MARKETS TAPPED

The safety division added a new version of the “Dräger Alcotest 7510” to its portfolio in the first three months of 2009. The new version now available is splash-proof. Dräger has therefore responded to customers wanting to be able to use the device even in poor conditions, for example in the rain. With this enhancement, Dräger is offering the world’s first screening device featuring protection rating IP 54.

Additional optional power units (using alkaline or NiMH batteries) for use in the “Dräger Alcotest 7510” offer greater flexibility. This allows Dräger to meet further criteria such as those required in a number of public tenders.

ORDER INTAKE

in € million	Q1/2009	Q1/2008	Change in %
Germany	35.7	43.0	(17.0)
Rest of Europe	67.9	75.4	(9.9)
Americas	24.4	29.5	(17.3)
Asia/Pacific	23.7	20.6	15.0
Other	8.4	10.8	(22.2)
Total	**160.1**	**179.3**	**(10.7)**

The safety division’s order intake fell by 10.7 percent (net of currency effects: 10.6 percent) to EUR 160.1 million in the first three months of 2009 (Q1 2008: EUR 179.3 million). The division’s major project orders were lower than in the prior year. Last year, orders for the new respiratory protection mask from the German armed forces and the French army, breathing apparatus for an oil group in Mexico and for the “Dräger PSS 100” breathing apparatus from the Canadian navy led to an extraordinarily high order volume. Core business performance is down slightly year on year, which is primarily attributable to the strained global economy.

The 17.0 percent decline in Germany to EUR 35.7 million (Q1 2008: EUR 43.0 million) is due to a base effect stemming from the aforementioned order from the German armed forces in the prior year and a lack of orders received from industries such as the chemical, steel production and automotive industries, which have been hit hard by the economic crisis. Positive order intake from fire services did not fully offset the slump in these industry segments. In addition to orders to supply the fire service and mining industry with respiratory protection equipment and orders of gas detection devices for industry, the safety division received an order for a breathing air system for the "North Sea" salvage tug.

Order intake in the rest of Europe region decreased by 9.9 percent in the first quarter of 2009 to EUR 67.9 million (Q1 2008: EUR 75.4 million). The aforementioned order from the French army was the main reason for the high prior-year figure. In the UK, the Lancashire fire department placed an order for breathing and telemetry apparatus. In Sweden, Dräger received an additional order for interlock devices – an electronic immobilizer which does not allow the vehicle engine to be started until the driver's breath alcohol has been tested.

Order intake was weaker in the Americas region. The order volume fell by 17.3 percent to EUR 24.4 million (Q1 2008: EUR 29.5 million; net of currency effects: down 24.4 percent). It should be noted, however, that major orders placed by the Canadian navy and a Mexican oil group are included in the prior-year figure. Order intake in the US developed positively. In both interlock and other core business, the division achieved growth (net of currency effects) of around 4.0 percent. In particular, this was due to orders for the new "Dräger PSS 7000" self-contained breathing apparatus and the "Dräger Sentinel 7000" electronic module.

In the Asia/Pacific region, order intake increased by 15.0 percent to EUR 23.7 million (Q1 2008: EUR 20.6 million, net of currency effects: 11.2 percent). In Australia, Dräger received an order from the Royal Australian Navy to supply two fire training systems. The coal mining industry in Queensland, Australia, ordered a respiratory protection system and breathing apparatus. In China, major orders came from the chemical industry for the "Dräger PIR 7000" infrared gas detector and from the coal mining industry for the "Dräger BG4" breathing apparatus.

Order intake in the other countries region decreased by 22.2 percent to EUR 8.4 million (Q1 2008: EUR 10.8 million), in particular because the South African subsidiary was unable to reproduce the outstanding business performance recorded in the first quarter of the prior year.

ORDERS ON HAND

in € million	March 31, 2009	March 31, 2008	Change in %
Germany	21.2	37.8	(43.9)
Rest of Europe	109.4	144.0	(24.0)
Americas	19.6	18.3	7.1
Asia/Pacific	20.9	21.0	(0.5)
Other	6.4	7.3	(12.3)
Total	**177.5**	**228.4**	**(22.3)**

As of March 31, 2009, orders on hand amounted to EUR 177.5 million (March 31, 2008: EUR 228.4 million), down 22.3 percent year on year (net of currency effects: 22.7 percent). Orders on hand as of December 31, 2008 amounted to EUR 181.2 million.

The figure for the rest of Europe includes orders of approximately EUR 65 million (prior year: EUR 79 million) for deep-sea diving systems. The considerable decline in Germany is the result of net sales growth in the first quarter parallel to a 17 percent drop in orders received.

The equipment orders on hand covered a 2.1-month period (March 31, 2008: 3.2 months). This range means the division is just slightly below the year-end figure for 2008 (2.2 months). For the most part, the year-on-year decline relates to the larger projects mentioned above which were recognized as orders on hand as of March 31, 2008, but have since been invoiced.

NET SALES

in € million	Q1/2009	Q1/2008	Change in %
Germany	36.4	33.7	8.0
Rest of Europe	70.5	66.0	6.8
Americas	25.6	20.5	24.9
Asia/Pacific	21.1	19.9	6.0
Other	9.4	7.5	25.3
Total	**163.0**	**147.6**	**10.4**

The safety division’s net sales increased by 10.4 percent (net of currency effects: 10.5 percent) to EUR 163.0 million (Q1 2008: EUR 147.6 million). Core business and a successful performance in all regions again forged this positive trend.

Despite the ongoing strained situation as regards public finances and increased competition, net sales in Germany rose by 8.0 percent to EUR 36.4 million (Q1 2008: EUR 33.7 million). Breathing apparatus for fire services, portable single and multi-gas detection devices and stationary gas monitoring systems were key drivers for net sales. The safety division completely modernized an existing fire simulation facility for the state fire service in Bruchsal, equipping it with Dräger technology.

Net sales rose 6.8 percent (net of currency effects: 11.2 percent) to EUR 70.5 million in the rest of Europe region. In Denmark, Dräger supplied the fire services with the "Dräger PSS 90" self-contained breathing apparatus and "Dräger FPS 7000" full face mask. Further "Dräger Interlock XT" immobilizers were delivered in Sweden. Dräger was also successful in Italy, delivering a large number of multi-gas detectors and the tried-and-tested Dräger tubes.

At EUR 25.6 million (Q1 2008: EUR 20.5 million), net sales in the Americas region were up 24.9 percent on the prior year (net of currency effects: up 15.1 percent). Dräger delivered significant volumes of the new "Dräger PSS 7000" self-contained breathing apparatus and "Sentinel 7000" electronic module to the fire services in Phoenix and others. The North American market for the "Dräger Interlock XT" electronic immobilizer continued its successful development. Breathalyzers, Dräger tubes and single and multi-gas detectors ensured a sustained positive performance.

The safety division expanded its market position in the Asia/Pacific region thanks to good core and project business, generating growth of 6.0 percent (net of currency effects: 1.5 percent), to EUR 21.1 million. Dräger supplied gas detection systems to the petrochemicals industry and the semi-conductor industry. In Australia, breathalyzers, Dräger breathing apparatus and the single and multi-gas detectors were significant drivers behind net sales.

Net sales in the other countries region grew by 25.3 percent to EUR 9.4 million. Dräger supplied the oil and gas industry in Oman and the United Arab Emirates with stationary gas detection products and systems. The division also supplied a large quantity of diving technology and diving apparatus to Saudi Arabia.

EARNINGS

Shifts in the product mix and effects stemming from increased competition led to a lower gross margin. Measures taken to ensure that functional costs increased at a lower rate than net sales (prior year: excluding non-recurring expenses) helped to offset the effect from the lower margin.

In the first quarter of 2009, the safety division was thus able to increase EBIT before non-recurring expenses by 10.5 percent year on year, achieving a figure of EUR 10.5 million in the first three months of 2009 (Q1 2008: EUR 9.5 million). At 6.4 percent, the EBIT margin before non-recurring expenses was on a par with the prior year (Q1 2008: 6.4 percent). Non-recurring expenses in the prior year for IT restructuring and personnel measures amounted to EUR 5.2 million.

INVESTMENTS

The safety division continued to invest in manufacturing technologies of the future, with investments in intangible assets and property, plant and equipment totaling EUR 4.5 million (Q1 2008: EUR 5.4 million). Depreciation and amortization of EUR 5.5 million fully covered the investments (2008: 100 percent).

NET ASSETS

The division's assets, equity and liabilities changed in line with business performance. As of March 31, 2009, capital employed increased to EUR 240.6 million (March 31, 2008: EUR 199.6 million) due to the increase in inventories, trade receivables and a reduction in prepayments received from projects compared with the prior year.

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

		Q1/2009	Q1/2008	Change in %
Order intake Germany	**€ million**	**4.0**	**3.6**	**11.1**
Orders on hand Germany [1]	**€ million**	**0.0**	**0.0**	
Net sales Germany	**€ million**	**4.0**	**3.6**	**11.1**
EBITDA [2]	**€ million**	**(1.4)**	**(3.7)**	**(62.2)**
Depreciation/amortization [3]	€ million	2.3	2.0	15.0
EBIT [4] **before non-recurring expenses**	**€ million**	**(3.7)**	**(5.7)**	**(35.1)**
Non-recurring expenses	€ million	0.0	1.5	
EBIT [4]	**€ million**	**(3.7)**	**(7.2)**	**(48.6)**
Net profit	**€ million**	**(8.5)**	**(11.8)**	**(28.0)**
R&D costs	**€ million**	**0.8**	**0.5**	**60.0**
Cash flow from operating activities	**€ million**	**(45.4)**	**(32.0)**	**41.9**
Net financial debt [1]	**€ million**	**374.5**	**389.0**	**(3.7)**
Investments	**€ million**	**1.2**	**10.4**	**(88.5)**
Capital employed [1, 5]	**€ million**	**685.5**	**693.0**	**(1.1)**
Net working capital [1, 6]	**€ million**	**(7.6)**	**(16.9)**	**(55.0)**
Total headcount [1]		**417**	**344**	**21.2**

[1] Value as of March 31
[2] EBITDA = Earnings before net interest result, income taxes, depreciation, amortization and non-recurring expenses
[3] Depreciation, amortization and write-downs excluding those which are non-recurring expenses
[4] EBIT = Earnings before net interest result and income taxes
[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 less current, non-interest-bearing debt

Business performance of Drägerwerk AG & Co. KGaA/ other companies

EARNINGS OF DRÄGERWERK AG & CO. KGAA/OTHER COMPANIES

Drägerwerk AG & Co. KGaA provides services to the divisions and their subsidiaries. This includes services provided by Corporate IT, corporate marketing, group real estate management and the basic research department. Costs for services provided by the HR, legal, tax, treasury, Corporate Communications, group accounting, internal audit and insurance departments are also reallocated. Services to the divisions are closely coordinated with them and invoiced in accordance with arm's length principles, as between unrelated parties.

EBIT before non-recurring expenses of –EUR 3.7 million (Q1 2008: –EUR 5.7 million) is the product of the operating results of the companies grouped here and the investment result of EUR 2.7 million (Q1 2008: –EUR 3.7 million). The result excluding investment income is negative, as Drägerwerk AG & Co. KGaA in particular performs group functions.

INVESTMENTS

In the first quarter of 2009, investments in intangible assets and property, plant and equipment totaled EUR 1.2 million (Q1 2008: EUR 10.4 million); in the prior year, EUR 9.8 million was attributable to the medical division's new administration building in Lübeck.

Reconciliation of figures at group level

To reconcile figures at group level, consolidations between the medical division, the safety divison and Drägerwerk AG & Co. KGaA and other companies have to be accounted for. These are detailed in the segment report of the notes to this report.

Research and development

In addition to the intensive development work for numerous medical and safety division products, research and development (R&D) in the first quarter of 2009 focused on improving organizational project management structures and systematically developing portfolio management in basic research and the medical division. The Dräger Group's total expenditure amounted to EUR 37.2 million (Q1 2008: EUR 29.7 million), representing 8.7 percent of net sales (Q1 2008: 7.3 percent). Dräger recorded the most significant increase in R&D costs in the medical division: at EUR 27.6 million (Q1 2008: EUR 21.9 million), the rate increased to 10.3 percent of net sales (Q1 2008: 8.3 percent). In addition to the planned increase in R&D costs, the relatively strong US dollar was responsible for the higher expenditure. The safety division incurred expenditure amounting to EUR 8.8 million, which corresponds to 5.4 percent of net sales (Q1 2008: EUR 7.3 million, 4.9 percent of net sales).

R&D IN THE MEDICAL DIVISION

Work on completing "Infinity Acute Care System" components is progressing extremely well. As a result, we will be able to have a number of products from this innovative treatment and patient monitoring system approved and launched on the market in the course of the year.

R&D IN THE SAFETY DIVISION

The safety division's research and development department is also working at full steam to produce new products and round off the portfolio in the areas of personal protection equipment, gas detection systems, and breath alcohol and drug measuring instruments.

PATENTS

The Dräger Group filed a total of 13 new patent applications to German and European patent offices in the first quarter of 2009.

Personnel

PERSONNEL EXPENSES

in € thousand	Q1/2009	Q1/2008
Wages and salaries	134,471	133,417
Social security taxes and related employee benefits	23,808	21,066
Pension expenses	3,251	2,914
	161,530	**157,397**

Personnel expenses include the remuneration of the Executive Board members of the general partner, Drägerwerk Verwaltungs AG, Lübeck. The prior-year figure contained non-recurring expenses of around EUR 6.2 million.

HEADCOUNT

	March 31, 2009	December 31, 2008	March 31, 2008
Medical division	6,340	6,326	6,184
Safety division	4,249	4,194	4,004
Drägerwerk AG & Co. KGaA and other companies	417	389	344
Dräger Group total	**11,006**	**10,909**	**10,532**
Germany	4,869	4,817	4,663
Other countries	6,137	6,092	5,869
Turnover in % of employees (average over the past 12 months)	6.9	6.8	6.7
Sick days in % of work days (average over the past 12 months)	3.0	3.0	3.1

EMPLOYEES (FULL-TIME EQUIVALENTS)

(Full-time equivalents – FTEs)	FTEs as of the balance sheet date		
	March 31, 2009	December 31, 2008	March 31, 2008
Medical division	6,124	6,119	5,967
Safety division	4,026	3,975	3,798
Drägerwerk AG & Co. KGaA and other companies	377	356	315
Dräger Group total (excluding trainees and apprentices)	**10,527**	**10,450**	**10,080**
Germany	4,481	4,422	4,286
Other countries	6,046	6,028	5,794

Full-time equivalent (basis in Germany: 40 hours) is a relative measurement used to determine resource capacity. It is a metric used to calculate the notional number of full-time employees, involving the conversion of part-time staff to full-time terms.

In the first quarter of 2009, headcount expressed in terms of full-time equivalents (FTEs) rose by 97 (March 31, 2009: 10,547) compared with December 31, 2008 (10,450). The higher numbers of employees in the safety division (up 51) and at Drägerwerk AG & Co. KGaA (up 21) were the main factors behind this development.

In the first quarter of 2009, the safety division hired 11 employees for the production, marketing and sales departments at Dräger Safety AG & Co. KGaA, Lübeck. At this division's foreign subsidiaries an additional 13 employees were hired for expansion in the US and for the production company in Brazil. In addition, the start of production of safety helmets in the Czech Republic added a further 12 employees.

Drägerwerk AG & Co. KGaA hired 10 employees for group IT projects and, due to additional international work, 8 in the area of marketing communications.

The number of temporary employees in Germany dropped by 95 to 371 as of March 31, 2009 (December 31, 2008: 466).

Production, procurement and quality

PRODUCTION AND LOGISTICS

As planned, activities within the scope of the PRIME (Production Improvement for Excellence) program were continued at all sites, particularly intensively in Lübeck.

Despite the current economic environment, Dräger is retaining its logistics service providers and is further expanding its strategic partnerships.

Tariffs were reduced to reflect the change in fuel costs and service providers' capacities.

PROCUREMENT

Together, the medical and safety divisions' procurement departments will reduce the number of suppliers and bundle strategic supply agreements for identical technologies. In order to achieve further savings in procurement, the procurement organization in China was expanded. Dräger also expects price decreases resulting from significantly lower commodities prices, freight costs and energy prices, as well as lower prices in the service segment.

QUALITY

The quality management systems were again audited by both customers and licensing agencies in the first quarter of the year. Positive audit results across the board demonstrate the effectiveness of the systems in place.

IT

The introduction of a new customer relationship management (CRM) system at four subsidiaries is currently being prepared (medical division: UK and US; safety division: US and Denmark). The CRM systems will be up and running from the second and third quarters of 2009.

The integration of the international enterprise resource planning (ERP) systems was abandoned for cost reasons. Alternative measures to ensure the ERP landscape's technical stability are currently being analyzed. We have documented the results of the requirement analysis to date, meaning that potential for improvement can be leveraged at short notice. It will thus be possible to resume the ERP initiative at a later date.

Risks to future development

The development of our risk management system and significant risks to our net assets, financial position and results of operations are outlined in the annual report for fiscal year 2008.

For significant developments in relation to the effects of the slowing global economy and of the ailing financial markets on net sales, earnings and cash flows, as well as legal and regulatory risks, please also refer to the sections "General economic conditions", "Business performance of the Dräger Group and divisions" and "Outlook" in these interim financial statements.

In addition, we would also like to outline in particular the following potential effects of the current financial crisis:

ECONOMIC AND STRATEGIC RISKS

The financial crisis could also continue to have an effect on individual customer groups. Although the divisions have only been marginally dependent on economic cycles in the past, the financial crisis could have an indirect impact on key customer groups. The financial crisis may mean that public finances will be subject to more restrictive investment policies than in the past, which could affect our customer groups such as public hospitals and fire services. For this reason, we cannot rule out that future order intake and net sales may continue to be impacted in both divisions.

RISKS FROM FINANCING

The Dräger Group has secured its financing arrangements for the long term; the liquidity situation remains solid and the equity ratio is around 32 percent. However, there can be no guarantee that interest rate, currency and credit risk will not increase in the coming months.

As banks are operating a more restrictive lending policy, it cannot be completely ruled out that credit conditions may become less favorable. On March 31, 2009, the Dräger Group had current floating-rate loans and liabilities to banks of EUR 78.1 million and non-current floating-rate loans of EUR 159.6 million, which entail an interest rate risk. Interest rate hedges amounting to EUR 140.6 million were concluded to hedge this volume. Current liabilities to banks totaling EUR 78.1 million can be refinanced at any time using credit facilities available at a number of German banks.

RISKS FROM FOREIGN CURRENCIES

Existing foreign currency risks are largely hedged and are based on receivables and liabilities denominated in a foreign currency. The current financial market situation bears the risk that certain exchange rates could become more volatile. It may not be possible or economically viable to hedge individual currencies and this could lead to high hedging costs. The sustained strength of the euro against other currencies (with the exception of the US dollar) is weakening Dräger's competitive position. While the continued strength of the US dollar against the euro is improving the Company's position compared with its American competitors, it is causing costs to rise due to production and development in the US.

RISKS FROM CUSTOMER RECEIVABLES

The risk of extended payment terms, bad debt allowances on receivables through to losses on receivables could increase, at least within the next 12 months. This risk exists despite the fact that a large proportion of our customers are directly or indirectly financed using public funds or are customers with which Dräger has a long-standing relationship. This is due both to the overall downward economic trend and to more restrictive lending policies imposed by banks, which could also affect customers' working capital facilities. Bearing this in mind, sales and the administrative departments will monitor and review customers' credit ratings even more closely and implement appropriate measures to hedge receivables (for example, through prepayments, letters of credit and guarantees, et cetera), which can incur additional costs.

Changed conditions after the close of the interim reporting period

On April 14, 2009, Drägerwerk AG & Co. KGaA raised a note loan worth EUR 140 million in total.

Outlook

FUTURE MARKET ENVIRONMENT

In mid-April, it became clear that the forecast made by the International Monetary Fund (IMF) on January 28, 2009 and cited in the annual report for 2008 will not be achieved. In January, the IMF still expected global economic growth of 0.5 percent and a 2 percent decrease in economic output for the industrialized nations. Economic output looks set to deteriorate worldwide in 2009 according to Olivier Blanchard, chief economist at the IMF, with a recovery not expected until the end of the year. Nonetheless, 2010 is expected to be another difficult year.

This year, according to the Organisation for Economic Co-operation and Development (OECD), the global economy will experience its strongest contraction for decades. On March 31, 2009, the OECD forecast a fall in economic output of 2.75 percent. The World Bank is also expecting a fall, but is not quite as pessimistic: its most recent forecast sees the global economy shrinking by 1.7 percent.

The OECD expects industrialized nations to feel the full blow of the crisis. It predicts that economic output in those countries will contract by 4.3 percent in 2009, with Germany facing a slump of as much as 5.3 percent. The collapse of global trade will hit German growth particularly hard. Banks and research institutes are now expecting the economy to shrink more quickly than they forecast at the start of the year. Deutsche Bank is predicting that economic output will be down 5 percent in 2009, while Commerzbank expects a decline of as much as 7 percent. Most research institutes are estimating a decrease of 4 to 5 percent.

For 2010, the OECD forecasts marginal growth of 0.2 percent in Germany. Zero growth is forecast for the US economy and growth in the OECD countries is predicted to fall by 0.1 percent overall.

According to the World Bank, the global economic crisis will also hit emerging and developing countries hard. The World Bank expects these nations to post significantly lower growth of 2.1 percent. 2010, however, should see that growth double to 4.4 percent, according to its study.

According to the ECB, the euro area economies will also not begin to show signs of a slow recovery until 2010. Sharp reductions in commodities prices have been propping up real disposable income and thus consumer spending since summer 2008. Furthermore, the recent extensive stimulus packages and the measures to restore the integrity of the banking system, both inside and outside the euro area, should increasingly stimulate foreign and domestic demand. This year, however, global demand is likely to remain very weak, as the world economy as well as the euro area are undergoing “a severe downturn”, according to the ECB’s monthly bulletin for April.

Base effects stemming from past energy price effects will play a significant role in the shorter-term dynamics of the harmonized index of consumer prices (HICP). Accordingly, headline annual inflation rates are expected to decline further in the coming months, temporarily reaching negative levels around mid-year. Thereafter, annual inflation rates should increase again. Looking further ahead, annual inflation is expected to remain below 2 percent in 2010, reflecting mainly ongoing sluggish demand in the euro area and elsewhere.

FUTURE SITUATION OF THE COMPANY

The current financial crisis and economic developments are impacting on the industrial environments of both divisions and are making it very difficult to predict just how those industries will develop.

In healthcare, short-term demand will be considerably more sluggish than in the past because customers, especially in the US, will continue to have restricted access to financing, and demand for additional private treatment will be lower. Furthermore, services in connection with the maintenance and operation of life-saving systems will continue to be in demand in the future, with that demand probably even growing in 2009. In addition, government healthcare investment programs might revive demand in some countries, even if new investments may tend to be postponed overall. For 2009, the risks due to the spill-over of the financial crisis into the real economy should be taken very seriously. Bearing this in mind, a decline is already being seen in the overall market in 2009.

Despite the economic crisis, Dräger expects the medical technology market to grow in the medium term. The consolidation trend among both providers and customers will continue in the future. Demand for products which improve clinical workflows and the efficiency of medical care will increase.

The impact of the crisis on the investment decisions of the safety division's customers is evident from the development of orders on hand, which were down 10.7 percent in the first quarter of 2009 compared to a year earlier. A lack of orders from the branches of industry most affected by the economic crisis, such as the chemical, steel production and automotive industries, is being offset by positive impetus from government investment programs, for example for fire services. This will not, however, be able to fully cushion the negative effects in 2009.

Medium term, demand in the safety technology market is likely to develop in line with the global economy.

Again in 2009, Dräger will not be immune to market developments and expects net sales to decline by approximately 5 percent overall, particularly as a result of the weak US market.

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 Dräger 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. We are under no obligation to update the forward-looking statements contained in this report.

Interim financial statements of the Dräger Group as of March 31, 2009 (amended version)

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

	Note	Q1/2009	Q1/2008
		€ thousand	€ thousand
Net sales	6	425,224	405,733
Cost of sales		(232,181)	(213,960)
Gross profit		**193,043**	**191,773**
Research and development costs		(37,169)	(29,676)
Marketing and selling expenses		(124,392)	(116,948)
General administrative expenses		(26,601)	(33,252)
Other operating income		1,669	1,153
Other operating expenses		(1,333)	(929)
		(187,826)	**(179,652)**
		5,217	**12,121**
Profit from investments in associates		279	248
Profit from other investments		0	0
Other financial result		999	(1,991)
Financial result (before interest result)	**7**	**1,278**	**(1,743)**
EBIT		**6,495**	**10,378**
Interest result [2]	7	(6,681)	(6,337)
Earnings before income taxes [2]		**(186)**	**4,041**
Income taxes [2]	8	71	18
Net profit [2]		**(115)**	**4,059**
Net profit [2]		**(115)**	**4,059**
minority interests in net profit		627	1,988
share in net profit for participation certificates (without minimum dividend) [2]		682	1,807
net profit to be allotted to shareholders [2]		(1,424)	264
Earnings per share [1]			
per preferred share (in €) [2]		(0.10)	0.03
per common share (in €) [2]		(0.12)	0.01

[1] The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.
[2] The values were adjusted. See Note 4.

CONSOLIDATED BALANCE SHEET OF THE DRÄGER GROUP

	Note	March 31, 2009	December 31, 2008
		€ thousand	€ thousand
Assets			
Intangible assets	9	210,062	211,561
Property, plant and equipment	9	260,865	260,499
Investments in associates		702	702
Other non-current financial assets	10	12,971	13,774
Non-current tax refund claims		1,366	1,302
Deferred tax assets		71,385	70,621
Other non-current assets	11	19,150	18,912
Non-current assets		**576,501**	**577,371**
Inventories	12	368,083	329,022
Trade receivables and receivables from construction contracts		479,060	542,811
Other current financial assets	13	20,279	25,865
Cash and cash equivalents		107,294	125,168
Current tax refund claims		21,892	26,187
Other current assets	14	47,237	28,353
Current assets		**1,043,845**	**1,077,406**
Total assets		**1,620,346**	**1,654,777**

	Note	March 31, 2009	December 31, 2008
		€ thousand	€ thousand
Equity and liabilities			
Capital stock		32,512	32,512
Capital reserves		38,867	38,867
Retained earnings [1]	15	290,575	290,913
Participation capital [1]		56,086	56,086
Other comprehensive income		(38,557)	(43,717)
Minority interests		181,272	179,142
Equity [1]		**560,755**	**553,803**
Obligations from participation certificates [1]		27,906	27,628
Provisions for pensions and similar obligations		167,302	167,621
Other non-current provisions	16	32,845	32,676
Non-current interest-bearing loans	17	291,055	292,135
Other non-current financial liabilities	18	6,773	6,764
Deferred tax liabilities [1]		20,354	20,359
Other non-current liabilities		298	243
Non-current liabilities [1]		**546,533**	**547,426**
Other current provisions [1]	16	157,119	159,919
Current loans and liabilities to banks	17	78,063	87,999
Trade payables		105,345	134,173
Other current financial liabilities [1]	19	58,088	57,676
Current tax liabilities		35,172	35,867
Other current liabilities	20	79,271	77,914
Current liabilities [1]		**513,058**	**553,548**
Total equity and liabilities		**1,620,346**	**1,654,777**

[1] The values were adjusted. See Note 4.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE OF THE DRÄGER GROUP

	Q1/2009	Q1/2008
	€ thousand	€ thousand
Net profit [1]	**(115)**	**4,059**
Currency translation adjustment for foreign subsidiaries	6,670	(10,866)
Change in the fair value of financial instruments recognized directly in equity	(289)	(564)
Actuarial gains/losses from defined benefit pension plans	(82)	0
Deferred taxes on changes in value recognized directly in equity	78	30
Total income and expense recognized directly in equity after taxes	**6,377**	**(11,400)**
Net profit and total income and expense recognized directly in equity after taxes [1]	**6,262**	**(7,341)**
net profit to be allotted to shareholders [1]	3,737	(8,546)
minority interests	1,843	(602)
share in net profit for participation certificates (without minimum dividend, after taxes) [1]	682	1,807

The deferred taxes relate to changes in the fair value of financial instruments recognized directly in equity.
No amounts were reclassified from equity to profit or loss in the first quarter of 2009.

[1] The values were adjusted. See Note 4.

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

		Q1/2009	Q1/2008
		€ thousand	€ thousand
Operating activities			
	Group net profit [1]	(115)	4,059
+	Depreciation/amortization of non-current assets	14,466	13,441
–/+	Decrease/increase in provisions [1]	(4,471)	8,631
–/+	Other non-cash income (expenses) [1]	(518)	12,364
+/–	Loss/gain on the disposal of non-current assets	(53)	26
–	Increase in inventories	(34,387)	(17,153)
+	Decrease in trade receivables	71,740	61,754
–	Increase in other assets	(8,859)	(42,277)
–	Decrease in trade payables	(30,579)	(12,542)
–	Decrease in other liabilities [1]	(1,304)	(9,813)
	Net cash provided by operating activities	**5,920**	**18,490**
Investing activities			
–	Cash outflow for investments in intangible assets	(1,092)	(1,062)
+	Cash inflow from the disposal of intangible assets	48	32
–	Cash outflow for investments in property, plant and equipment	(9,302)	(19,870)
+	Cash inflow from disposals of property, plant and equipment	411	173
–	Cash outflow for investments in non-current financial assets	(192)	(26)
+	Cash inflow from the disposal of non-current financial assets	0	335
–	Cash outflow from the acquisition of subsidiaries	(930)	0
+	Cash inflow from the sale of subsidiaries	0	0
	Net cash used in investing activities	**(11,057)**	**(20,418)**
Financing activities			
–	Distribution of dividends	0	0
+	Cash provided by raising loans	0	10,185
–	Cash used to redeem loans	(27,120)	(30,279)
+	Increase in the net balance of other bank liabilities	13,960	8,986
–	Net balance of finance lease liabilities repaid/incurred	(98)	(99)
+/–	Cash inflows from capital increases/outflows from capital decreases	0	0
–	Profit distributed to minority interests	(38)	(504)
	Net cash used in financing activities	**(13,296)**	**(11,711)**
	Change in cash and cash equivalents in the fiscal year	**(18,433)**	**(13,639)**
+/–	Effect of exchange rates on cash and cash equivalents	559	(4,404)
+	Cash and cash equivalents at the beginning of the fiscal year	125,168	160,747
	Cash and cash equivalents as of March 31 of the fiscal year	**107,294**	**142,704**

For further notes to the cash flow statement, please see Note 21.

[1] The values were adjusted. See Note 4.

STATEMENT OF CHANGES IN EQUITY OF THE DRÄGER GROUP

	Capital stock	Capital reserves	Partici-pation capital [1]	Retained earnings	Other comprehensive income: Actuarial gains and losses recognized directly in equity	Other comprehensive income: Currency translation differences	Other comprehensive income: Derivative financial instru-ments	Other comprehensive income: Total other compre-hensive income	Total equity interest held by share-holders of Drägerwerk AG & Co. KGaA	Minority interests	Equity
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Jan. 1, 2008 [1]	**32,512**	**38,867**	**56,086**	**268,645**	**(7,024)**	**(23,780)**	**809**	**(29,995)**	**366,115**	**179,085**	**545,200**
Total income and expense recognized directly in equity [1]				2,071		(8,391)	(419)	(8,810)	(6,739)	(602)	(7,341)
Distributions										(504)	(504)
Change in scope of consolidation/ /other				11					11	11	22
Mar. 31, 2008 [1]	**32,512**	**38,867**	**56,086**	**270,727**	**(7,024)**	**(32,171)**	**390**	**(38,805)**	**359,387**	**177,990**	**537,377**
Jan. 1, 2009 [1]	**32,512**	**38,867**	**56,086**	**290,914**	**(6,335)**	**(37,034)**	**(349)**	**(43,718)**	**374,661**	**179,142**	**553,803**
Total income and expense recognized directly in equity [1]				(742)		5,316	(155)	5,161	4,419	1,843	6,262
Distributions										(38)	(38)
Change in scope of consolidation/ /other [1]				403					403	325	728
Mar. 31, 2009 [1]	**32,512**	**38,867**	**56,086**	**290,575**	**(6,335)**	**(31,718)**	**(504)**	**(38,557)**	**379,483**	**181,272**	**560,755**

[1] The values were adjusted. See Note 4.

Notes of the Dräger Group as of March 31, 2009 (amended version)

1 BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

As in 2007, Drägerwerk AG & Co. KGaA, Lübeck, prepared its group financial statements for fiscal year 2008 in accordance with the International Financial Reporting Standards (IFRSs) promulgated by the International Accounting Standards Boards (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, in fiscal year 2009, the interim financial statements of the Dräger Group will also be prepared in accordance with IFRSs 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 was not audited or reviewed by an auditor.

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

2 ACCOUNTING POLICIES

The same accounting principles as in the group financial statements for 2008 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 annual report for 2008. The report may be downloaded on the internet at www.draeger.com.

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

Items of accrual and deferral were recognized where claims or obligations partially arose in the period under review.

3 SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

There were no changes to the scope of consolidation compared to December 31, 2008 and the changes compared to March 31, 2008 were insignificant. The same consolidation principles as in the group financial statements for 2008 were applied.

4 CHANGES TO REPORTING METHODS FOR PARTICIPATION CERTIFICATES

In order to comply with the new statutory provisions of IAS 32 on the classifications of equity and debt, Dräger evaluated its reporting methods for participation capital and decided they should be amended. To allow for an easier comparison, previous years' figures were adjusted accordingly. Earnings after income taxes for the first quarter of 2009 decreased, going down to a net loss of EUR 0.1 million (Q1/2008: net profit of EUR 4.1 million) due to the interest result decreasing by EUR 0.3 million (Q1/2008: increasing by EUR 1.6 million) and the income taxes increasing by EUR 0.1 million (Q1/2008: unchanged income taxes). The increase in equity attributable to participation certificates came to EUR 36,5 million as of March 31, 2009 (December 31, 2008: EUR 36.2 million).

Please refer to Note 3 in the notes to the 2008 annual report (page 136) for more information.

5 SEGMENT REPORT

BUSINESS PERFORMANCE OF THE SEGMENTS

		Medical division	
		Q1/2009	Q1/2008
Order intake	**€ million**	**295.2**	**320.0**
Orders on hand	**€ million**	**248.7**	**239.6**
Net sales	**€ million**	**268.3**	**264.1**
thereof intersegment net sales	€ million	0.6	0.2
thereof third-party net sales	€ million	267.7	263.9
EBITDA	**€ million**	**9.4**	**18.1**
Depreciation/amortization	€ million	6.7	6.0
EBIT before non-recurring expenses	**€ million**	**2.7**	**12.1**
Non-recurring expenses	€ million	0.0	0.4
EBIT	**€ million**	**2.7**	**11.7**
Net profit (Safety division: before profit/loss transfer)	**€ million**	**1.7**	**8.3**
thereof profit/loss from investments in associates	€ million	–	–
Net profit after minority interests	€ million	–	–
Earnings per share			
per preferred share	€	–	–
per common share	€	–	–
R&D costs	**€ million**	**27.6**	**21.9**
Cash flow from operating activities	**€ million**	**24.2**	**24.0**
Capital employed	**€ million**	**674.9**	**631.1**
Assets	**€ million**	**955.7**	**884.2**
thereof investments in associates	€ million	–	–
Liabilities	**€ million**	**260.5**	**233.6**
Net financial debt	**€ million**	**(152.9)**	**(140.1)**
Investments	**€ million**	**5.5**	**5.0**
Non-cash expenses [1]	€ million	28.2	31.9
EBIT before non-recurring expenses/net sales	**%**	**1.0**	**4.6**
EBIT before non-recurring expenses/capital employed	**%**	**0.4**	**1.9**
Gearing	**Factor**	**(0.2)**	**(0.2)**
Total headcount		**6,340**	**6,184**

[1] As of fiscal year 2009 including allocation during the year to current tax accruals (prior-year figures were adjusted).

Consolidation amounts essentially relate to the elimination of order intake and net sales between segments, the elimination of income from investments and, in the case of assets, the effects of accounting for acquisitions.

	Safety division		Drägerwerk AG & Co. KGaA Other companies		Consolidation		Dräger Group	
	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008	Q1/2009	Q1/2008
	160.1	**179.3**	**4.0**	**3.6**	**(10.7)**	**(9.1)**	**448.6**	**493.8**
	177.5	**228.4**	**0.0**	**0.0**	**(1.7)**	**(0.7)**	**424.5**	**467.3**
	163.0	**147.6**	**4.0**	**3.6**	**(10.1)**	**(9.6)**	**425.2**	**405.7**
	6.4	6.8	3.1	2.6	(10.1)	(9.6)	–	–
	156.6	140.8	0.9	1.0	0.0	0.0	425.2	405.7
	16.0	**14.9**	**(1.4)**	**(3.7)**	**(3.0)**	**1.6**	**21.0**	**30.9**
	5.5	5.4	2.3	2.0	0.0	0.0	14.5	13.4
	10.5	**9.5**	**(3.7)**	**(5.7)**	**(3.0)**	**1.6**	**6.5**	**17.5**
	0.0	5.2	0.0	1.5	0.0	0.0	0.0	7.1
	10.5	**4.3**	**(3.7)**	**(7.2)**	**(3.0)**	**1.6**	**6.5**	**10.4**
	6.7	**2.4**	**(8.5)**	**(11.8)**	**0.0**	**5.2**	**(0.1)**	**4.1**
	–	–	0.3	0.3	0.0	–	0.3	0.3
	–	–	–	–	–	–	(0.7)	2.1
	–	–	–	–	–	–	(0.10)	0.03
	–	–	–	–	–	–	(0.12)	0.01
	8.8	**7.3**	**0.8**	**0.5**	**0.0**	**0.0**	**37.2**	**29.7**
	(2.8)	**22.6**	**(45.4)**	**(32.0)**	**29.9**	**3.9**	**5.9**	**18.5**
	240.6	**199.6**	**685.5**	**693.0**	**(631.1)**	**(584.1)**	**969.9**	**939.6**
	376.3	**345.1**	**727.3**	**739.4**	**(646.7)**	**(612.2)**	**1.412.6**	**1.356.5**
	0.4	0.5	0.3	0.2	0.0	0.0	0.7	0.7
	127.7	**135.9**	**38.4**	**40.8**	**(16.6)**	**(26.9)**	**410.0**	**383.4**
	68.1	**30.3**	**374.5**	**389.0**	**0.0**	**0.0**	**289.7**	**279.2**
	4.5	**5.4**	**1.2**	**10.4**	**(0.3)**	**0.0**	**10.9**	**20.8**
	18.4	13.8	3.2	9.6	0.4	0.8	50.2	56.1
	6.4	**6.4**	**–**	**–**	**–**	**–**	**1.5**	**4.3**
	4.4	**4.8**	**–**	**–**	**–**	**–**	**0.7**	**1.9**
	0.4	**0.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.5**	**0.5**
	4,249	**4,004**	**417**	**344**	**0**	**0**	**11,006**	**10,532**

The key figures from the segment report are as follows:

EBIT/EBITDA

in € thousand	Q1/2009	Q1/2008
Net profit	(115)	4,059
+ Interest result	6,681	6,337
+ Income taxes	(71)	(18)
EBIT	**6,495**	**10,378**
+ Non-recurring expenses	0	7,118
EBIT before non-recurring expenses	**6,495**	**17,496**
+ Depreciation/amortization	14,466	13,441
EBITDA before non-recurring expenses	**20,961**	**30,937**

CAPITAL EMPLOYED

in € thousand	March 31, 2009	March 31, 2008
Total assets	1,620,346	1,597,664
– Deferred tax assets	(71,385)	(69,391)
– Cash and cash equivalents	(107,294)	(142,704)
– Non-interest-bearing liabilities	(471,784)	(445,973)
Capital employed	**969,883**	**939,596**

ASSETS

in € thousand	March 31, 2009	March 31, 2008
Total assets	1,620,346	1,597,664
– All other financial assets	(5,819)	(3,288)
– Deferred tax assets	(71,385)	(69,391)
– Tax refund claims (current and non-current)	(23,258)	(25,704)
– Cash and cash equivalents	(107,294)	(142,704)
Assets	**1,412,590**	**1,356,471**

LIABILITIES

in € thousand	March 31, 2009	March 31, 2008
Liabilities recognized in the balance sheet	1,059,591	1,060,287
– Provisions for pensions and similar obligations	(167,302)	(169,745)
– Tax liabilities, tax provisions, tax accruals and deferred tax liabilities	(82,104)	(81,264)
– Interest-bearing liabilities	(400,151)	(425,880)
Liabilities	**410,034**	**383,398**

NET FINANCIAL DEBT

in € thousand	March 31, 2009	March 31, 2008
Participation capital	27,906	26,842
+ Non-current interest-bearing loans	291,055	275,897
+ Current loans and liabilities to banks	78,063	119,214
– Cash and cash equivalents	(107,294)	(142,704)
Net financial debt	**289,730**	**279,249**

NON-CASH EXPENSES

in € thousand	Q1/2009	Q1/2008
Write-downs on inventories	5,186	4,338
+ Losses from bad debt allowances	1,054	397
+ Allocations to provisions	43,920	51,322
Non-cash expenses	**50,160**	**56,057**

Gearing is the ratio of net financial debt to equity.

GEARING

in € thousand	March 31, 2009	March 31, 2008
Participation capital	27,906	26,842
+ Non-current interest-bearing loans	291,055	275,897
+ Current loans and liabilities to banks	78,063	119,214
– Cash and cash equivalents	(107,294)	(142,704)
Net financial debt	**289,730**	**279,249**
Equity	560,755	537,377
Gearing (net financial debt/equity)	**0.5**	**0.5**

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 follow the arm's length principle.

6 NET SALES

NET SALES – DIVISIONS

in € thousand	Q1/2009	Q1/2008
Medical division	268,310	264,127
Safety division	162,961	147,585
Drägerwerk AG & Co. KGaA/other companies	4,010	3,583
Segment net sales	**435,281**	**415,295**
Intersegment net sales	(10,057)	(9,562)
Net sales	**425,224**	**405,733**

A breakdown of net sales by region is shown in the sections covering the performance of the Group and the medical and safety divisions.

7 FINANCIAL RESULT

FINANCIAL RESULT

in € thousand	Q1/2009	Q1/2008
Financial result (before interest result)	**1,278**	**(1,743)**
Interest and similar income	974	1,614
Interest and similar expenses	(7,655)	(7,951)
Interest result	**(6,681)**	**(6,337)**

Income from the valuation of derivatives from hedging financial transactions improved the financial result.

8 INCOME TAXES

The income taxes for the first quarter of 2009 were calculated on the basis of an anticipated group tax rate of 38 percent.

9 NON-CURRENT ASSETS (SELECTED ITEMS)

NON-CURRENT ASSETS (SELECTED ITEMS)

in € thousand	Carrying value January 1, 2009	Additions	Disposals/ other changes	Depreciation/ amortization	Carrying value March 31, 2009
Intangible assets	211,561	1,550	441	3,490	210,062
Property, plant and equipment	260,499	9,380	1,962	10,976	260,865

10 OTHER NON-CURRENT FINANCIAL ASSETS

OTHER NON-CURRENT FINANCIAL ASSETS

in € thousand	March 31, 2009	December 31, 2008
Trade receivables	3,199	3,874
Finance lease receivables (lessor)	2,190	2,209
Other loans	4,781	4,589
Positive fair values of derivatives	144	331
All other non-current financial assets	2,657	2,771
	12,971	**13,774**

11 OTHER NON-CURRENT ASSETS

OTHER NON-CURRENT ASSETS

in € thousand	March 31, 2009	December 31, 2008
Equipment leased out	7,337	6,125
All other non-current assets	11,813	12,787
	19,150	**18,912**

12 INVENTORIES

INVENTORIES

in € thousand	March 31, 2009	December 31, 2008
Finished products and merchandise	173,849	158,374
Work in process	60,193	53,632
Raw materials, consumables and supplies	113,147	102,112
Prepayments made	20,894	14,904
	368,083	**329,022**

The Dräger Group's inventories rose by approximately EUR 33.1 million in the first quarter of 2009. The strong increase against the same prior-year period ensures that a high level of materials is available at all times to safeguard the Group's supply capability. It also serves to mitigate the risk of supplier default, which has risen. More stringent criteria for customers as regards payment guarantees lead to delays in the supply of finished products.

13 OTHER CURRENT FINANCIAL ASSETS

OTHER CURRENT FINANCIAL ASSETS

in € thousand	March 31, 2009	December 31, 2008
Positive fair values of derivatives	3,742	9,359
Notes receivable	9,083	9,081
Receivables from employees	2,556	2,489
Finance lease receivables (lessor)	1,415	1,684
Receivables from associates	799	683
All current financial assets	2,684	2,569
	20,279	**25,865**

The change in the fair value of derivative financial instruments is largely due to a reduction in the hedging volume by around 25 percent as trade receivables and payables as of March 31, 2009 were lower than as of December 31, 2008.

As of March 31, 2009, notes receivable mainly related to subsidiaries in Japan and Spain.

14 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS

in € thousand	March 31, 2009	December 31, 2008
Prepaid expenses	22,586	17,501
All other current assets	24,651	10,852
	47,237	**28,353**

The increase in prepaid expenses and tax accruals is largely attributable to interim cut-offs.

15 RETAINED EARNINGS

As of fiscal year 2009, group net profit is disclosed under retained earnings. Thus group net earnings are not disclosed separately in equity. The prior-year figure was adjusted accordingly.

16 OTHER NON-CURRENT AND CURRENT PROVISIONS

Other non-current provisions as of March 31, 2009 mainly comprise provisions for personnel obligations of EUR 17,249 thousand (December 31, 2008: EUR 17,062 thousand).

Other current provisions as of March 31, 2009 also include monthly cut-offs and chiefly consist of tax provisions of EUR 23,869 thousand (December 31, 2008: EUR 25,011 thousand), provisions for personnel obligations of EUR 43,159 thousand (December 31, 2008: EUR 52,958 thousand) and warranty provisions of EUR 25,362 thousand (December 31, 2008: EUR 25,519 thousand).

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

Current loans and liabilities to banks changed due to the repayment of a note loan of EUR 25 million in January 2009 on the one hand, and due to the increase in current liabilities to banks on the other.

18 OTHER NON-CURRENT FINANCIAL LIABILITIES

OTHER NON-CURRENT FINANCIAL LIABILITIES

in € thousand	March 31, 2009	December 31, 2008
Finance lease liabilities (lessee)	1,835	1,900
Other liabilities to employees	3,050	3,115
All other non-current financial liabilities	1,888	1,749
	6,773	**6,764**

19 OTHER CURRENT FINANCIAL LIABILITIES

OTHER CURRENT FINANCIAL LIABILITIES

in € thousand	March 31, 2009	December 31, 2008
Other liabilities to employees and for social security	33,902	32,811
Finance lease liabilities (lessee)	1,291	1,147
Negative fair values of derivatives	3,811	2,865
Other financial liabilities	19,084	20,853
	58,088	**57,676**

20 OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES

in € thousand	March 31, 2009	December 31, 2008
Prepayments received	47,556	53,710
Deferred income	30,894	23,746
All other current liabilities	821	458
	79,271	**77,914**

21 NOTES TO THE CASH FLOW STATEMENT

The cash flows are broken down according to net cash provided by/used in operating activities (using the indirect method), investing activities and financing activities. Changes in the balance sheet items recognized in the cash flow statement are translated into euros net of currency effects and cannot, therefore, be reconciled with the published balance sheet values.

Net cash provided by operating activities includes EUR 745 thousand in income taxes received (Q1 2008 income taxes paid: EUR 1,741 thousand), EUR 889 thousand (Q1 2008: EUR 1,594 thousand) in interest received, and EUR 8,328 thousand (Q1 2008: EUR 9,236 thousand) in interest paid.

Cash and cash equivalents as of March 31, 2009 exclusively comprise cash, of which EUR 7,437 thousand (March 31, 2008: EUR 5,960 thousand) is subject to restrictions.

The changes in the cash flow statement are explained in the management report accompanying this interim report.

22 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There were no significant changes in contingent liabilities and other financial obligations as of March 31, 2009 compared to those disclosed in the annual report for 2008.

23 RELATED PARTY TRANSACTIONS

Business was transacted in 2009 with the following related companies that are part of the widespread share portfolio of the Dräger family, including Executive Board member Stefan Dräger: Dräger GmbH, Dräger Objekt Finkenstraße GmbH & Co. KG and Dräger Objekt Lachswehrallee GmbH & Co. KG have leased various real properties to Drägerwerk AG & Co. KGaA which are located close to the latter's Moislinger Allee head office. Rental payments came to EUR 429 thousand in the first three months of 2009 (Q1 2008: EUR 420 thousand).

No services were rendered for companies and foundations related to the Dräger family in the first quarter of 2009 (Q1 2008: EUR 12 thousand). Mrs. Claudia Dräger is an employee of Drägerwerk AG & Co. KGaA.

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

Lübeck, Germany, April 28, 2010

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Herbert Fehrecke
Gert-Hartwig Lescow
Dieter Pruss
Ulrich Thibaut

Forward-looking statements

This report contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board 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. We are under no obligation to update the forward-looking statements contained in this report.

FINANCIAL CALENDAR

Report as of March 31, 2009, conference call Lübeck	May 6, 2009
Annual general meeting, Lübeck	May 8, 2009
Report as of June 30, 2009, conference call Lübeck	August 6, 2009
Report as of September 30, 2009, conference call Lübeck	November 5, 2009

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