

Press release

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Fiscal year 2017:

Dräger continues to grow and improve earnings

- Order intake up by 4.4 percent (net of currency effects)
- Net sales increases by 3.3 percent (net of currency effects)
- EBIT margin climbs to 6.1 percent
- Efficiency program concluded

Lübeck – Drägerwerk AG & Co. KGaA recorded growth in order intake and net sales in fiscal year 2017 and saw a continued improvement in earnings.

Order intake increased by 3.0 percent in nominal terms to EUR 2,614.7 million (2016: EUR 2,538.7 million). Dräger saw a 1.9 percent rise in net sales year on year to EUR 2,572.3 million (2016: EUR 2,523.8 million). Net of currency effects, order intake grew 4.4 percent while net sales increased by 3.3 percent.

Order intake net of currency effects improved in all regions; the increase was highest in the Europe region and lowest in the Americas region. Net sales grew roughly at a similar rate in all regions at around 3 percent net of currency effects. Both medical and safety products were in demand, with safety products showing higher growth in percentage terms.

“Dräger continued to grow in 2017. We recorded the highest growth in order intake seen in the last few years. We were also able to significantly improve net sales once again after the dip in growth in the prior year. Earnings also benefited from the positive development in net sales,” said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG.

Earnings before interest and taxes (EBIT) continued to rise to EUR 155.7 million (2016: EUR 136.9 million). The EBIT margin accordingly improved to 6.1 percent (2016: 5.4 percent). Net profit amounted to EUR 98.5 million (2016: EUR 81.7 million). Dräger Value Added (DVA) for the Group rose to EUR 70.7 million (2016: EUR 49.8 million).

Kontakt

Corporate Communications:
Melanie Kamann
Tel. +49 451 882-3998
melanie.kamann@draeger.com

Investor Relations:
Thomas Fischler
Tel. +49 451 882-2685
thomas.fischler@draeger.com

Drägerwerk AG & Co. KGaA
Moislinger Allee 53–55
23558 Lübeck, Deutschland
www.draeger.com

www.twitter.com/DraegerNews
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Strong fourth quarter

In the fourth quarter, order intake increased by 3.3 percent (net of currency effects) to EUR 686.4 million (2016: EUR 689.6 million). Dräger saw a 5.0 percent rise in net sales (net of currency effects) to EUR 835.3 million (2016: EUR 819.5 million). In the fourth quarter, EBIT increased to EUR 112.3 million (2016: EUR 108.9 million) and the EBIT margin stood at 13.4 percent (2016: 13.3 percent).

Stable gross margin and stable functional costs

Fiscal year 2017 saw gross profit increase by EUR 16.7 million to EUR 1,152.2 million (2016: EUR 1,135.4 million), primarily on the back of the higher net sales volume. Negative currency effects were largely offset by favorable mix and other margin effects. The gross margin was just below the prior year's level at 44.8 percent (2016: 45.0 percent).

Functional costs in the fiscal year were 0.2 percent higher (net of currency effects) year on year. Expenditure on research and development (R&D) increased by 8.1 percent (net of currency effects). The R&D ratio therefore amounted to 9.1 percent of net sales (2016: 8.7 percent). Net of currency effects, selling and marketing costs were up by 3.3 percent year on year. Administration costs increased by 1.0 percent net of currency effects and restructuring expenses compared to the prior year. The selling, general, and administrative (SG&A) cost ratio declined to 29.7 percent (2016: 30.2 percent).

Higher dividend

The efficiency program underway since 2015 was successfully completed and the cost-cutting targets were achieved. Dräger is therefore increasing the dividend again. The Executive Board and the Supervisory Board will propose a dividend of EUR 0.46 per preferred share (2016: EUR 0.19) and EUR 0.40 per common share (2016: EUR 0.13) to the annual shareholders' meeting on May 4, 2018. At least 10 percent of Group net profit less earnings attributable to non-controlling interests is to be distributed in the following years.

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melanie.kamann@draeger.com

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thomas.fischler@draeger.com

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Outlook

Dräger forecasts a positive sales development for 2018 against the backdrop of an improved global economic environment and the ongoing strengthening of the sales and service network. The company plans to achieve net sales growth of between 2 percent and 5 percent (net of currency effects) for fiscal year 2018. In order to improve its medium-term growth prospects, the company will invest more in research and development and sales in 2018 and 2019. As a result, profitability will decline slightly on a temporary basis. Dräger anticipates an EBIT margin of between 4.0 and 6.0 percent for the year as a whole.

Disclaimer

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

Kontakt

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Melanie Kamann
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Key figures for fiscal year 2017 (€ million)

	2017	2016	Change	Net of currency effects
Order intake	2,614.7	2,538.7	+ 3.0 %	+ 4.4 %
Net sales	2,572.3	2,523.8	+ 1.9 %	+ 3.3 %
Europe segment	1,415.5	1,384.3	+ 2.3 %	+ 3.1 %
Americas segment	510.4	503.7	+ 1.3 %	+ 3.5 %
Africa, Asia & Australia segment	646.4	635.8	+ 1.7 %	+ 3.5 %
<i>Additional information on net sales</i>				
<i>Medical</i>	1,668.0	1,647.4	+ 1.3 %	+ 2.6 %
<i>Safety</i>	904.3	876.5	+3.2 %	+ 4.6 %
EBIT	155.7	136.9		
EBIT margin	6.1 %	5.4 %		
EBIT margin Europe segment	7.6 %	6.1 %		
EBIT margin Americas segment	0.8 %	2.0 %		
EBIT margin Africa, Asia & Australia segment	6.8 %	6.6 %		
<i>Additional information on EBIT margin</i>				
<i>Medical</i>	5.6 %	5.2 %		
<i>Safety</i>	6.9 %	5.9 %		
Net profit	98.5	81.7		
Dräger Value Added (DVA)	70.7	49.8		
Employees	13,739	13,263		
EPS preferred share ¹ in €	4.18	3.46		
EPS common share ¹ in €	4.12	3.40		

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¹ Based on assumed full distribution