

**Ad hoc report in accordance with Sec. 15 of the German Securities  
Trading Act**

**Drägerwerk AG & Co. KGaA: Dräger reports negative earnings in first quarter**

Based on preliminary figures, Drägerwerk AG & Co. KGaA concluded the first quarter of 2016 with a negative result. Earnings performance had been expected to be sluggish at the start of the year due to low order intake in the fourth quarter 2015. There is no change to the previous full-year forecast.

Order intake declined by 2.5 percent year on year in the first quarter. In terms of net sales, Dräger recorded a decline of 2.4 percent to EUR 532.4 million (Q1 2015: EUR 545.5 million). Net of currency effects, order intake and net sales both rose marginally by 0.2 percent.

Business development according to the new regional segments was as follows:

Performance in the Europe region was positive, particularly as a result of solid net sales development in Germany. Compared to the same quarter in the prior year, net sales in Europe rose by 2.6 percent (net of currency effects). By contrast, net sales fell in the two other regions. In the Americas region, net sales decreased by 3.6 percent net of currency effects, particularly due to the decline in Mexico and USA. Net sales in the Africa, Asia and Australia region fell by 2.0 percent net of currency effects, although business in China experienced positive development.

The gross margin for the first three months of the year came to 42.0 percent (Q1 2015: 47.3 percent). The significant decline in the gross margin was particularly due to negative currency effects. Negative mix and price effects also impacted the gross margin.

Functional costs declined by 5.6 percent year on year in the first three months of 2016; this equates to a decline of 4.2 percent net of currency effects. Restructuring expenses in the amount of EUR 2.6 million are included in the functional cost (Q1 2015 EUR 3.7 million).

Group EBIT came to approximately EUR -16 million (Q1 2015: EUR 1.1 million), which corresponds to an EBIT margin of -2.9 percent (Q1 2015: 0.2 percent).

Dräger continues to expect full-year net sales growth of between 0.0 and 3.0 percent (net of currency effects) along with an EBIT margin of between 3.5 and 5.5 percent. For 2016 we expect a lower full-year gross margin compared to 2015. On the other hand functional costs are expected to fall due to the positive effects of the efficiency program.

Dräger will publish its full results for the first three months of the fiscal year on April 26, 2016.

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