

Capital Market Information

April 29, 2015

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First quarter of 2015: Rising costs impact Dräger

- Order intake rises considerably
- Net sales stagnate net of currency effects
- Gross margin climbs, EBIT margin declines
- Functional costs impacted by currency and restructuring

Lübeck – Drägerwerk AG & Co. KGaA recorded a nominal increase in order intake and net sales in the first quarter of 2015. Order intake also rose net of currency effects, while net sales remained slightly down year on year.

In nominal terms, order intake in the first three months climbed by 13.0 percent. Net of currency effects, order intake increased by 6.1 percent to EUR 615.3 million (3 months 2014: EUR 544.6 million). Order intake in Europe and in Germany rose in particular. Orders increased by 7.7 percent (net of currency effects) in the medical division and by 3.4 percent in the safety division (net of currency effects). In the first quarter of 2015, net sales declined by 0.3 percent (net of currency effects) to EUR 545.5 million (3 months 2014: EUR 513.2 million). In nominal terms, Dräger's net sales increased by 6.3 percent. Net sales increased by 0.3 percent (net of currency effects) in the medical division, but fell by 1.3 percent in the safety division (net of currency effects).

“Business development in the first quarter of fiscal year 2015 was disappointing overall after the record-breaking figures in the preceding quarter,” said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. “The promising order intake trend indicates that growth could rise in the course of the second quarter.”

Decline in profit

Gross profit rose disproportionately to net sales by EUR 17.8 million to EUR 257.8 million (3 months 2014: EUR 240.0 million) in the first quarter of 2015 and benefited from the devaluation of the euro. At 47.3 percent, the gross margin was 0.5 percent up year on year.

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Functional costs increased by 14.7 percent in the first quarter. On the one hand, this rise was caused both by higher sales and marketing costs and by increased research and development (R&D) expenditure. The R&D ratio amounted to 10.3 percent of net sales in the first quarter of 2015 (3 months 2014: 9.8 percent). On the other hand, administrative costs rose considerably year on year. Together with increases in costs due to exchange rates, this also reflects the provisions formed for the planned closure of the site in Pittsburgh, USA.

Overall, Dräger generated Group earnings before interest and taxes (EBIT) of EUR 1.1 million (3 months 2014: EUR 19.0 million). The EBIT margin fell from 3.7 percent to 0.2 percent. Earnings after income taxes stood at EUR -3.1 million in the first quarter (3 months 2014: EUR 8.5 million).

Greater transparency thanks to new segment reporting

From the first quarter of 2015, the results of the medical and safety divisions will be determined on the basis of product attribution to the medical or safety division rather than on the basis of the legal entities as had been the case previously. Net sales in the medical and safety divisions are no longer reported including intercompany sales; reporting will instead be based on third-party net sales only. This removes the requirement to consolidate at Group level as well as the need for the Drägerwerk AG & Co. KGaA / Other Companies segment.

Outlook unchanged

For fiscal year 2015, Dräger continues to expect net sales growth of between 2 and 5 percent (net of currency effects) and a Group EBIT margin of between 6.0 and 8.0 percent. This is based on the assumption of a stabilizing economy in Europe – particularly in South Europe – and North America, sustained market growth in developing countries and stable exchange rates.

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Key figures for the first three months of 2015 (in EUR million)

	Q1 2015	Q1 2014	Change	Net of currency effects
Order intake	615.3	544.6	+ 13.0 %	+ 6.1 %
<i>Medical division</i>	402.5	349.3	+ 15.2 %	+ 7.7 %
<i>Safety division</i>	212.8	195.3	+ 9.0 %	+ 3.4 %
Net sales	545.5	513.2	+ 6.3 %	- 0.3 %
<i>Medical division</i>	354.3	330.0	+ 7.4 %	+ 0.3 %
<i>Safety division</i>	191.2	183.2	+ 4.4 %	- 1.3 %
EBIT	1.1	19.0	- 94.4 %	
<i>Medical division</i>	3.8	3.6	+ 4.8 %	
<i>Safety division</i>	-2.7	15.4	-117.7 %	
EBIT margin	0.2 %	3.7 %		
Earnings after income taxes	- 3.1	8.5	-136.8 %	
EPS per preferred share ¹ in EUR	- 0.18	0.49	-135.7 %	
EPS per common share ¹ in EUR	- 0.20	0.47	-141.5 %	
EPS per preferred share ² on full distribution in EUR	- 0.18	0.39	-144.9 %	
EPS per common share ² on full distribution in EUR	- 0.20	0.37	-152.7 %	

¹ On the basis of the expected dividend

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

Disclaimer

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

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