

Press release

No. 17 / March 7, 2019

Page 1 / 4

Fiscal year 2018:

Dräger growing, earnings decline

- Order intake up by 6.0 percent (net of currency effects)
- Net sales increase by 3.9 percent (net of currency effects)
- Strong final quarter
- Negative currency effects and unplanned costs impact result
- EBIT margin declines to 2.4 percent

Lübeck – Drägerwerk AG & Co. KGaA achieved growth in order intake and net sales in fiscal year 2018. Earnings, on the other hand, were down.

Order intake climbed by 2.7 percent to EUR 2,686.5 million (2017: EUR 2,614.7 million) in nominal terms. Dräger increased net sales by 0.9 percent year on year to EUR 2,595.0 million (2017: EUR 2,572.3 million). Order intake net of currency effects rose by 6.0 percent, whereas net sales net of currency effects were up by 3.9 percent.

Order intake net of currency effects increased in all regions, with the Africa, Asia and Australia region recording the highest growth and the Europe region the lowest. Net sales net of currency effects also rose in all regions. Both medical and safety products were in demand, with safety products showing higher growth in percentage terms.

Earnings before interest and taxes (EBIT) declined to EUR 62.6 million (2017: EUR 155.7 million). Dräger strengthens its prospects for the future by making targeted investments in innovation and sales. Negative currency effects as well as unplanned expenses for logistics and quality measures had an additional impact on earnings. The EBIT margin fell to 2.4 percent (2017: 6.1 percent). Net profit for the year came to EUR 34.9 million (2017: EUR 98.5 million). Dräger Value Added for the Group was negative at EUR -26.5 million (2017: EUR 70.7 million).

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Page 2 / 4

“We will work on our competitiveness in the years ahead, especially in the medical business,” said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. “We will restructure this division in order to increase efficiency as well as processes and in this context also adapt our organisation. We will allocate responsibility more clearly to ensure that our customers’ interests are also better represented at headquarters. Thereby we will become considerably more profitable again in the medium term.”

Strong fourth quarter

Order intake increased by 11.9 percent to EUR 755.3 million (2017: EUR 686.4 million) in the fourth quarter. Dräger increased net sales net of currency effects by 5.8 percent year on year to EUR 865.9 million (2017: EUR 835.3 million). EBIT in the fourth quarter amounted to EUR 103.7 million (2017: EUR 112.3 million). The EBIT margin stood at 12.0 percent in the fourth quarter (2017: 13.4 percent).

Dividends

Under the dividend policy of Dräger, at least 10 percent of Group net profit is to be distributed as dividends. The Executive Board and the Supervisory Board will therefore propose a dividend of EUR 0.19 per preferred share (2017: EUR 0.46) and EUR 0.13 per common share (2017: EUR 0.40) at the annual shareholders’ meeting on May 10, 2019.

Acquisition of 100 percent stake in bentekk GmbH

Dräger Safety AG & Co. KGaA increased its stake in bentekk GmbH to 75 percent in October 2018 and to 100 percent in February 2019. The acquisition was linked to milestones agreed upon within the scope of the initial acquisition of 51 percent of shares in March 2017. The X-pid, a portable gas-phase chromatograph to detect benzene and other carcinogenic substances, was developed by bentekk and is produced and sold by Dräger. The device offers a high level of protection against health risks in the workplace and is already successfully used by companies in the oil, gas, and chemicals industries in many different countries.

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No. 17 / March 7, 2019

Page 3 / 4

Outlook

Dräger expects to achieve net sales growth net of currency effects of between 1.0 percent and 4.0 percent in fiscal year 2019. Dräger is experiencing tailwind from its high number of orders on hand at the start of the new fiscal year.

Increasing macroeconomic risks are limiting growth potential. In 2019, Dräger is continuing the investment program it began in the prior year. Dräger anticipates an EBIT margin of between 1.0 percent and 3.0 percent. These assessments are based on exchange rates at the beginning of 2019 and do not include any restructuring expenses.

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 date. They were compiled to the best of the company's knowledge. Dräger does not provide any warranty nor assume any responsibility for the future developments and results described above. These are dependent on a number of factors. They entail various risks and contingencies outside of the company's influence and are based on assumptions which could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements contained in this report. This does not infringe any legal stipulations on the adjustment of forecasts. Please go to Investor Relations / Definitions of financial indicators at www.draeger.com for information on alternative performance measures used.

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Page 4 / 4

Key figures for fiscal year 2018 (€ million)	2018	2017	Change	Net of currency effects
Order intake	2,686.5	2,614.7	+ 2.7 %	+ 6.0 %
Net sales	2,595.0	2,572.3	+ 0.9 %	+ 3.9 %
Europe segment	1,431.9	1,415.5	+ 1.2 %	+ 2.8 %
Americas segment	499.3	510.4	- 2.2 %	+ 4.4 %
Africa, Asia & Australia segment	663.8	646.4	+ 2.7 %	+ 6.1 %
<i>Additional information</i>				
<i>Net sales — medical</i>	1,643.0	1,668.0	- 1.5 %	+ 1.5 %
<i>Net sales — safety</i>	952.0	904.3	+ 5.3 %	+ 8.3 %
EBIT	62.6	155.7		
EBIT margin	2.4 %	6.1 %		
<i>Additional information</i>				
<i>EBIT margin — medical</i>	0.4 %	5.6 %		
<i>EBIT margin — safety</i>	5.9 %	6.9 %		
Net profit	34.9	98.5		
Dräger Value Added (DVA)	- 26.5	70.7		
Employees	14,399	13,739		

Key figures for fourth quarter 2018 (€ million)	Q4 2018	Q4 2017	Change	Net of currency effects
Order intake	755.3	686.4	+ 10.0%	+ 11.9 %
Net sales	865.9	835.3	+ 3.7 %	+ 5.8 %
Europe segment	447.9	454.7	- 1.5 %	+ 0.1 %
Americas segment	181.6	165.6	+ 9.6 %	+ 13.6 %
Africa, Asia & Australia seg.	236.5	214.9	+10.1 %	+ 11.8 %
<i>Additional information</i>				
<i>Net sales — medical</i>	562.8	561.7	+ 0.2 %	+ 2.4 %
<i>Net sales — safety</i>	303.2	273.6	+10.8 %	+ 12.6 %
EBIT	103.7	112.3		
EBIT-margin	12.0 %	13.4 %		
<i>Additional information</i>				
<i>EBIT margin — medical</i>	11.2 %	15.7 %		
<i>EBIT margin — safety</i>	13.4 %	8.8 %		

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