Dräger

Quarterly Statement
January 1 to March 31, 2018
Dräger Group

Dräger. Technology for Life®

THE DRÄGER GROUP OVER THE PAST FIVE YEARS

		Three months 2014	Three months 2015	Three months 2016	Three months 2017	Three months 2018
Order intake	€ million	544.6	615.3	599.6	639.4	621.4
Net sales	€ million	513.2	545.5	532.4	535.0	495.6
Gross profit	€ million	240.0	257.8	223.4	240.4	205.1
in % of net sales (gross margin)	%	46.8	47.3	42.0	44.9	41.4
EBITDA [1]	€ million	36.1	20.7	4.1	22.8	–18.8
EBIT [2]	€ million	19.0	1.1	–15.7	2.3	–39.8
in % of net sales (EBIT margin)	%	3.7	0.2	–2.9	0.4	–8.0
Interest result	€ million	–6.2	–5.6	–4.4	–3.2	–3.2
Income taxes	€ million	–4.3	1.4	6.4	0.2	14.0
Net profit	€ million	8.5	–3.1	–13.6	–0.7	–29.0
Earnings per share on full distribution [3]						
per preferred share	€	0.39	–0.18	–0.76	–0.04	–1.60
per common share	€	0.37	–0.20	–0.78	–0.06	–1.62
Equity [4]	€ million	826.3	899.7	907.8	1,013.5	1,041.5
Equity ratio 4	%	40.6	39.0	40.3	44.7	45.3
Capital employed [4, 5]	€ million	1,045.4	1,269.7	1,248.2	1,218.6	1,245.8
EBIT [2, 6]/Capital employed [4, 5] (ROCE)	%	17.2	12.7	4.0	12.7	9.1
Net financial debt [4]	€ million	93.2	150.4	153.3	18.0	12.4
DVA [6, 7]	€ million	90.3	60.2	–39.5	68.4	28.6
Headcount as of March 31		13,426	13,698	13,679	13,352	13,866

[1] EBITDA = earnings before net interest result, income taxes, depreciation and amortization

[2] EBIT = earnings before net interest result and income taxes

[3] Based on an imputed actual full distribution of earnings attributable to shareholders

[4] Value as of reporting date

[5] Capital Employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities

[6] Value of the last twelve months

[7] Dräger Value Added = EBIT less cost of capital (through 2015: 9 %, from 2016: 7 %) of average invested capital

Dräger Group in the first quarter of 2018

DRÄGER OFF TO A WEAK START FOR FISCAL YEAR 2018

- Rise in order intake and orders on hand
- Decline in net sales
- Earnings negative
- Forecast for fiscal year confirmed, lower end of EBIT-forecast more likely

"Dräger saw a weak start to the new fiscal year. Net sales have declined, while our earnings suffered in the first quarter from the relatively low net sales volume and a weak gross margin. At the same time, we have started to invest in R&D and sales. The strong euro also strained our EBIT," said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. "However, we were able to increase order intake net of currency effects, which caused our orders on hand to further rise as well. We expect to see a significant increase in net sales development in the upcoming quarters, which is why we are leaving our net sales forecast unchanged."

Possible rounding differences in this quarterly statement may lead to slight discrepancies.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

				Three months
		2018	2017	Changes in %
Order intake	**€ million**	**621.4**	**639.4**	**–2.8**
Net sales	**€ million**	**495.6**	**535.0**	**–7.4**
Gross profit	**€ million**	**205.1**	**240.4**	**–14.7**
EBITDA [1]	**€ million**	**–18.8**	**22.8**	**> –100.0**
EBIT [2]	**€ million**	**–39.8**	**2.3**	**> –100.0**
Net profit	**€ million**	**–29.0**	**–0.7**	**> –100.0**
Earnings per share on full distribution [3]				
per preferred share	€	–1.60	–0.04	> –100.0
per common share	€	–1.62	–0.06	> –100.0
Research and development costs	€ million	62.0	56.0	+10.7
Equity ratio [4]	%	45.3	44.7	
Cash flow from operating activities	€ million	–24.9	27.8	> –100.0
Net financial debt [4]	€ million	12.4	18.0	–31.0
Investments	€ million	20.7	18.0	+15.5
Capital employed [4,5]	€ million	1,245.8	1,218.6	+2.2
Net Working Capital [4,6]	€ million	567.7	538.4	+5.4
Gross profit/net sales	%	41.4	44.9	
EBIT [2]/net sales	%	–8.0	0.4	
EBIT [2,7]/Capital employed [4,5] (ROCE)	%	9.1	12.7	
Net financial debt [4]/EBITDA [1,7]	Factor	0.06	0.07	
Gearing [8]	Factor	0.01	0.02	
DVA [7,9]	€ million	28.6	68.4	–58.2
Headcount as of March 31		13,866	13,352	+3.8

Business Performance of the Dräger Group

ORDER INTAKE

in € million	2018	2017	Changes in %	Three months Net of currency effects in %
Europe	341.5	347.6	–1.7	–0.3
Americas	110.5	124.7	–11.4	+1.6
Africa, Asia and Australia	169.4	167.1	+1.4	+9.3
Total	**621.4**	**639.4**	**–2.8**	**+2.6**
thereof medical business	401.5	405.2	–0.9	+4.9
thereof safety business	220.0	234.1	–6.0	–1.4

ORDER INTAKE

Order intake (net of currency effects) rose by 2.6 percent in the first quarter. Dräger recorded the highest increase in demand in the Africa, Asia, and Australia segment in the first quarter, with growth of 9.3 percent (net of currency effects). Medical products were in demand in particular. In the Americas segment, orders increased by 1.6 percent (net of currency effects). The rise in order intake (net of currency effects) for medical products in particular contributed to this development. The demand for safety products was also up slightly on the prior year (net of currency effects). In the Europe segment, order intake fell just short of the prior year in the first quarter (net of currency effects). While orders for medical products saw a slight increase, demand for safety products decreased. In contrast, order intake in Germany posted positive growth of 5.2 percent.

Demand for medical products increased in particular in the areas of hospital infrastructure systems, ventilators, hospital consumables, and patient monitoring and clinical data

Footnotes for page 2

1 EBITDA = earnings before net interest result, income taxes, depreciation and amortization
2 EBIT = earnings before net interest result and income taxes
3 Based on an imputed actual full distribution of earnings attributable to shareholders
4 Value as of reporting date
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 plus non-current trade receivables less current, non-interest-bearing debt
7 Value of the last twelve months
8 Gearing = Net financial debt/equity
9 Dräger Value Added = EBIT less cost of capital of average invested capital

management in the first quarter. Dräger also posted order intake gains with regard to anesthesia devices. Demand remained stable in the service business and for warming therapy devices.

Order intake relating to safety products rose for safety accessories. Demand was stable for respiratory and personal protection products. In contrast, orders declined for gas detection, the service business for safety products, alcohol detection devices, and engineered solutions.

NET SALES

	Three months			
in € million	2018	2017	Changes in %	Net of currency effects in %
Europe	287.6	298.9	–3.8	–2.5
Americas	93.5	107.5	–13.0	–0.8
Africa, Asia and Australia	114.5	128.6	–11.0	–4.0
Total	**495.6**	**535.0**	**–7.4**	**–2.5**
thereof medical business	309.9	336.4	–7.9	–2.8
thereof safety business	185.7	198.6	–6.5	–2.0

NET SALES

Net sales decreased by 2.5 percent (net of currency effects) in the first quarter (–7.4 percent in nominal terms). Deliveries were down in all regions.

EARNINGS

In the first quarter of 2018, gross profit fell by EUR 35.3 million to EUR 205.1 million. At 41.4 percent, Dräger's gross margin was down on the figure from the prior year (3 months 2017: 44.9 percent). The increase in the value of the euro compared to other important Group currencies had a distinctly negative impact on the gross margin, whereas currency valuation effects supported the margin in the prior year. In particular, currencies that performed weaker against the euro, such as the Turkish lira, the Australian dollar, and the Brazilian real, had a negative impact on net sales and the margin. Other mix and margin effects also adversely affected gross profit. All three segments, particularly the Americas as well as Africa, Asia, and Australia, recorded both a decline in the gross margin and lower gross profit in absolute terms.

Dräger's functional costs in the first quarter of 2018 were up by 6.6 percent (net of currency effects) year on year (+2.8 percent in nominal terms). Factors behind this rise included specific increases in expenses for product development, sales, higher freight costs, as well as wage and salary increases.

Selling and marketing costs were up 5.5 percent year on year, net of positive currency effects. The rise applies to all segments, although costs in the Americas saw the greatest increase. Net of the change in exchange rates, research and development (R&D) costs rose by 14.5 percent (+10.7 percent in nominal terms). The ratio of R&D costs to net sales (R&D ratio) therefore stood at 12.5 percent (3 months 2017: 10.5 percent). Net of currency effects, Dräger's administrative costs went up by 3.2 percent. Personnel expenses within the Group (net of currency effects) rose year on year by 5.8 percent (1.9 percent in nominal terms).

At EUR –0.9 million, the other financial result was down slightly year on year (3 months 2017: EUR –0.7 million).

Due in particular to the lower gross margin, the decline in net sales, and higher functional costs, Group earnings before interest and taxes (EBIT) decreased significantly to EUR –39.8 million (3 months 2017: EUR 2.3 million). The EBIT margin fell from 0.4 percent and now stands at –8.0 percent.

At EUR –3.2 million, the net interest result was on par with the prior year (3 months 2017: EUR –3.2 million). With regard to income from the current year, the tax rate in the first quarter of 2018 remained unchanged year on year at 32.5 percent. Due to non-periodic tax effects, the actual tax rate was marginally higher in the first quarter of 2018 at 32.6 percent than the tax rate for income from the reporting year (3 months 2017: 27.5 percent). Earnings after income taxes amounted to EUR –29.0 million (3 months 2017: EUR –0.7 million).

INVESTMENTS

In the first quarter of 2018, Dräger invested EUR 20.1 million in property, plant, and equipment (3 months 2017: EUR 16.8 million) and EUR 0.6 million in intangible assets (3 months 2017: EUR 1.1 million). This mainly relates to replacement investments. In addition, a sum of EUR 3.8 million was invested for buildings and installations as part of the construction project in Krefeld for sales and service activities related to safety products. Depreciation and amortization amounted to EUR 21.0 million in the first quarter of 2018 (3 months 2017: EUR 20.4 million). Investments covered 98.8 percent of depreciation, meaning that non-current assets saw a net decrease of EUR 0.2 million.

EQUITY

Equity fell by EUR 26.9 million to EUR 1,041.5 million in the first three months of 2018. The equity ratio was 45.3 percent as of March 31, 2018, putting it just below the figure from December 31, 2017 (45.4 percent). Equity decreased mainly as a result of the negative earnings development. Differences arising from currency translation also decreased equity, while a reduction of the provisions for pension obligations and similar obligations had the opposite effect. The adjustment of the calculation parameters for German pension provisions, particularly the increase of the underlying interest rate from 1.75 percent to 2.00 percent, decreased pension provisions by EUR 14.3 million; the net amount of this adjustment of EUR 9.8 million after deferred tax liabilities increased reserves from retained earnings recognized directly in equity.

DRÄGER VALUE ADDED

Dräger Value Added (DVA) decreased by EUR 39.8 million compared to the prior year period to EUR 28.6 million in the twelve months to March 31, 2018 (12 months to March 31, 2017: EUR 68.4 million). Rolling EBIT fell year on year by EUR 41.3 million. Capital costs fell by EUR 1.5 million, since average capital employed decreased by 1.7 percent to EUR 1,215.6 million. Average current assets saw a significantly greater decrease than net sales. As a result, days working capital (coverage of current assets) improved by 7.3 days to 112.3 days.

BUSINESS PERFORMANCE OF EUROPE SEGMENT

		Three months			
		2018	2017	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**341.5**	**347.6**	**–1.7**	**–0.3**
thereof Germany	€ million	139.0	132.1	+5.2	+5.2
Net sales with third parties	**€ million**	**287.6**	**298.9**	**–3.8**	**–2.5**
thereof Germany	€ million	112.2	116.1	–3.4	–3.4
EBITDA [1]	**€ million**	**1.5**	**14.9**	**–89.7**	
EBIT [2]	**€ million**	**–8.7**	**5.1**	**> –100.0**	
Capital employed [3, 4]	€ million	580.2	548.1	+5.9	
EBIT [2]/Net sales	%	–3.0	1.7		
EBIT [2, 5]/Capital employed [3, 4] (ROCE)	%	16.3	17.3		
DVA [5, 6]	€ million	54.8	55.3	–0.9	

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4 Value as of reporting date
5 Value of the last twelve months
6 Dräger Value Added = EBIT less cost of capital of average invested capital

Business Performance of Europe Segment

ORDER INTAKE

In Europe, order intake decreased by 0.3 percent (net of currency effects) in the first three months. An increase in demand in Germany, Sweden, Turkey, and Russia was offset by a decline in orders in Austria, Turkmenistan, the Netherlands, and Spain. In terms of products, demand increased in particular for anesthesia devices and ventilators, patient monitoring and clinical data management, and the hospital consumables business. In contrast, orders were down in the hospital infrastructure business, for warming therapy devices, engineered solutions, and respiratory and personal protection products.

In contrast, Dräger increased order intake in Germany by 5.2 percent in the first quarter. Demand grew in the service business for safety products as well as for medical products. Order intake also increased for anesthesia devices and in the hospital consumables business.

NET SALES

Net sales decreased in the Europe segment by 2.5 percent in the first quarter (net of currency effects) (–3.8 percent in nominal terms).

EARNINGS

Due to the decrease in net sales volume, a weaker gross margin, and an increase in cross-segment costs, gross profit saw a 7.6 percent decline in the Europe segment in the first quarter of 2018. The gross margin fell by 1.6 percentage points due to negative currency, mix, and other effects.

Functional costs in the first quarter of 2018 were up 5.1 percent year on year (net of currency effects) (3.9 percent in nominal terms). The main drivers of this development were higher sales and marketing costs, higher administrative costs, and higher cross-segment costs.

EBIT for the Europe segment stood at EUR –8.7 million in the first quarter of 2018, marking a EUR 13.8 million decrease year on year (3 months 2017: EUR 5.1 million). The EBIT margin fell from 1.7 percent to –3.0 percent.

Dräger Value Added decreased slightly by 0.5 million to EUR 54.8 million year on year in the twelve months to March 31, 2018 (March 31, 2017: EUR 55.3 million). Dräger's twelve-month rolling EBIT saw a year-on-year decrease of EUR 0.6 million, as capital costs decreased slightly.

BUSINESS PERFORMANCE OF AMERICAS SEGMENT

					Three months
		2018	2017	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**110.5**	**124.7**	**–11.4**	**+1.6**
Net sales with third parties	**€ million**	**93.5**	**107.5**	**–13.0**	**–0.8**
EBITDA [1]	**€ million**	**–12.5**	**0.6**	**> –100.0**	
EBIT [2]	**€ million**	**–17.8**	**–4.7**	**> –100.0**	
Capital employed [3, 4]	€ million	290.4	302.6	–4.1	
EBIT [2]/Net sales	%	–19.0	–4.4		
EBIT [2, 5]/Capital employed [3, 4] (ROCE)	%	–3.1	4.7		
DVA [5, 6]	€ million	–29.5	–6.6	> –100.0	

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Business Performance of Americas Segment

ORDER INTAKE

Order intake in the Americas segment rose by 1.6 percent (net of currency effects) in the first quarter. Increased demand in Canada, Argentina, Panama, and the Dominican Republic was offset by a decline in order intake in the United States, Peru, and Mexico. Order intake grew for the hospital consumables business, engineered solutions, the hospital infrastructure business, and warming therapy devices. However, demand dropped for alcohol detection devices and anesthesia devices.

NET SALES

Net sales decreased in the Americas segment by 0.8 percent (net of currency effects) in the first three months (–13.0 percent in nominal terms).

EARNINGS

Net sales experienced a significant decline in the first quarter of 2018 due in particular to negative exchange rate effects. Gross profit fell by 23.7 percent, and the gross margin decreased by 6.3 percentage points. Mix and other margin effects also had a negative impact.

Functional costs rose in the first quarter of 2018 by 8.4 percent (net of currency effects) (0.0 percent in nominal terms). The main drivers of this development were higher logistics costs in North America as well as higher cross-segment costs.

In the first quarter of 2018, EBIT in the Americas segment stood at EUR –17.8 million (3 months 2017: EUR –4.7 million) with an EBIT margin of –19.0 percent (3 months 2017: –4.4 percent).

Dräger Value Added (DVA) fell by EUR 22.8 million to EUR –29.5 million year on year in the twelve months to March 31, 2018 (12 months to March 31, 2017: EUR –6.6 million). The main driver of this decline was the decrease in rolling EBIT in the past twelve months. With reduced average capital employed (–3.1 percent), capital costs stood at –20.3 million, or EUR 0.7 million below the figure from the first quarter of 2017 (12 months to March 31, 2017: EUR –21.0 million).

BUSINESS PERFORMANCE OF AFRICA, ASIA AND AUSTRALIA SEGMENT

					Three months
		2018	2017	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**169.4**	**167.1**	**+1.4**	**+9.3**
Net sales with third parties	**€ million**	**114.5**	**128.6**	**–11.0**	**–4.0**
EBITDA [1]	**€ million**	**–7.9**	**7.3**	**> –100.0**	
EBIT [2]	**€ million**	**–13.2**	**2.0**	**> –100.0**	
Capital employed [3, 4]	€ million	375.2	367.9	+2.0	
EBIT [2]/Net sales	%	–11.6	1.5		
EBIT [2, 5]/Capital employed [3, 4] (ROCE)	%	7.6	12.4		
DVA [5, 6]	€ million	3.3	19.7	–83.5	

[1] EBITDA = earnings before net interest result, income taxes, depreciation and amortization

[2] EBIT = earnings before net interest result and income taxes

[3] Capital Employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities

[4] Value as of reporting date

[5] Value of the last twelve months

[6] Dräger Value Added = EBIT less cost of capital of average invested capital

Business Performance of Africa, Asia, and Australia Segment

ORDER INTAKE

In the Africa, Asia, and Australia segment, order intake increased by 9.3 percent (net of currency effects) in the first three months of the year. Healthy demand in China, Singapore, and Saudi Arabia helped drive this trend, as did a large project in Botswana. However, order intake in Pakistan, Egypt, Angola, and Kuwait declined year on year.

In terms of products, Dräger saw the strongest growth in the hospital infrastructure business. Order intake also grew for anesthesia devices and ventilators. Demand declined in the service business for safety products, gas detection products, and hospital consumables.

NET SALES

Net sales decreased in the Africa, Asia, and Australia segment by 4.0 percent (net of currency effects) in the first quarter (–11.0 percent in nominal terms).

EARNINGS

Gross profit in the Africa, Asia, and Australia segment decreased by 20.2 percent in the first quarter due to the heavy decline in net sales volume and a much lower gross margin. The gross margin fell by 5.2 percentage points as a result of negative mix and other effects, and an adverse currency effect.

Functional costs in the first quarter of 2018 were up 7.6 percent year on year (net of currency effects) (3.5 percent in nominal terms). The main drivers of this development were significantly higher sales and marketing costs, as well as higher cross-segment costs.

EBIT in the Africa, Asia, and Australia segment stood at EUR –13.2 million in the first quarter of 2018, marking a EUR 15.2 million decrease year on year (3 months 2017: EUR 2.0 million). The EBIT margin fell from 1.5 percent to –11.6 percent.

Dräger Value Added decreased by 16.5 million in the Africa, Asia, and Australia segment to EUR 3.3 million year on year in the twelve months to March 31, 2018 (March 31, 2017: EUR 19.7 million). Dräger's twelve-month rolling EBIT saw a year-on-year decrease of EUR 17.2 million, while capital costs fell by EUR 0.7 million to EUR 25.2 million.

Additional information on the medical and safety business

INFORMATION ON THE MEDICAL BUSINESS

					Three months
		2018	2017	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**401.5**	**405.2**	**–0.9**	**+4.9**
Europe	€ million	196.4	197.9	–0.7	+0.4
Americas	€ million	74.7	83.7	–10.8	+2.2
Africa, Asia, Australia	€ million	130.4	123.6	+5.5	+13.9
Net sales with third parties	**€ million**	**309.9**	**336.4**	**–7.9**	**–2.8**
Europe	€ million	167.2	174.7	–4.3	–3.3
Americas	€ million	62.1	68.9	–9.8	+2.8
Africa, Asia, Australia	€ million	80.6	92.8	–13.1	–6.1
EBIT [1,2]	**€ million**	**–36.7**	**–7.1**	**> –100.0**	
Research and development costs	€ million	42.1	39.5	+6.6	
EBIT [1]/Net sales	%	–11.8	–2.1		

[1] EBIT = earnings before net interest result and income taxes

[2] Business figures are determined on the basis of products' allocation to the medical business. Non-product-related costs, including costs for the headquarter, are distributed using a plan-based net sales formula.

INFORMATION ON THE SAFETY BUSINESS

					Three months
		2018	2017	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**220.0**	**234.1**	**–6.0**	**–1.4**
Europe	€ million	145.1	149.7	–3.0	–1.2
Americas	€ million	35.8	40.9	–12.6	+0.4
Africa, Asia, Australia	€ million	39.0	43.5	–10.3	–3.7
Net sales with third parties	**€ million**	**185.7**	**198.6**	**–6.5**	**–2.0**
Europe	€ million	120.4	124.1	–3.0	–1.4
Americas	€ million	31.4	38.6	–18.8	–7.2
Africa, Asia, Australia	€ million	33.9	35.8	–5.4	+1.3
EBIT [1,2]	**€ million**	**–3.1**	**9.5**	**> –100.0**	
Research and development costs	€ million	19.9	16.5	+20.4	
EBIT [1]/Net sales	%	–1.7	4.8		

[1] EBIT = earnings before net interest result and income taxes

[2] Business figures are determined on the basis of products' allocation to the safety business. Non-product-related costs, including costs for the headquarter, are distributed using a plan-based net sales formula.

Outlook

FUTURE SITUATION OF THE COMPANY

The following section should be read in conjunction with the “Future Situation of the Company” section in the management report of the 2017 annual report (pages 56 et seq.), which describes expectations for 2018 in detail. The following table provides an overview of the expectations regarding the development of various forecast figures. The forecast horizon is the fiscal year.

EXPECTATIONS FOR FISCAL YEAR 2018

	Results achieved in fiscal year 2017	Forecast in fiscal year 2018	Current forecast
Net sales	3.3 % (net of currency effects)	+2.0–5.0 % (net of currency effects)	Confirmed
EBIT margin	6.1 %	4.0–6.0 % [1]	Confirmed *
DVA	EUR 70.7 million	EUR 15–65 million	Confirmed *
Other forecast figures:			
Gross margin	44.8 %	44.0–46.0 %	Confirmed *
Research and development costs	EUR 234.7 million	EUR 245–260 million	Confirmed
Net interest result	EUR –12.8 million	Slight improvement	Confirmed
Days working capital (DWC)	111.7 days	On par with prior year	Confirmed
Investment volume [2]	EUR 106.2 million	EUR 85–100 million [2]	Confirmed
Net financial debt	EUR –29.2 million	Slight improvement	Confirmed

[1] Based on exchange rates at the start of fiscal year 2018
[2] Excluding company acquisitions

* Due to the restrained development of business in the first quarter and currency effects, the figure is likely to come out in the lower range of the guidance.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board of Drägerwerk Verwaltungs AG as well as the information available to it to date. The forward-looking statements do not provide any guarantee of 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 that could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements made in this report.

This document constitutes a quarterly statement pursuant to Section 51a of the exchange rules for the Frankfurt Stock Exchange.

Lübeck, Germany, April 25, 2018

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Rainer Klug
Gert-Hartwig Lescow
Dr. Reiner Piske
Anton Schrofner

Further financial information

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

in € thousand	Three months 2018	Three months 2017
Net sales	495,564	534,962
Cost of sales	–290,443	–294,548
Gross profit	**205,121**	**240,414**
Research and development costs	–61,985	–56,009
Marketing and selling expenses	–137,777	–136,994
General administrative costs	–45,713	–45,904
Result arising from the derecognition of financial assets measured at amortised costs [1]	–106	–
Impairment result [1]	1,139	–
Other operating income	1,543	3,057
Other operating expenses	–1,109	–1,487
	–244,007	**–237,337**
	–38,887	**3,077**
Profit from other investments	–	0
Other financial result	–866	–748
Financial result (before interest result)	**–866**	**–748**
EBIT	**–39,753**	**2,330**
Interest result	–3,193	–3,227
Earnings before income taxes	**–42,947**	**–897**
Income taxes	13,981	247
Earnings after income taxes	**–28,965**	**–650**
Earnings after income taxes	**–28,965**	**–650**
Non-controlling interests in net profit	–307	272
Earnings attributable to shareholders and holders of participation certificates [2]	–28,658	–922
Undiluted/diluted earnings per share on full distribution [3]		
per preferred share (in €)	–1.60	–0.04
per common share (in €)	–1.62	–0.06

[1] The new items are in accordance with the amendments of IAS 1.82 which result from the application of IFRS 9. The prior year`s figures have not been adjusted.
[2] The holders of the participation certificates do not participate in these negative earnings after income taxes.
[3] The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE DRÄGER GROUP

in € thousand	Three months 2018	Three months 2017
Earnings after income taxes	**–28,965**	**–650**
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	14,309	16,737
Deferred taxes on remeasurements of defined benefit pension plans	–4,500	–5,260
Items that may be reclassified into the income statement in the future		
Currency translation adjustment for foreign subsidiaries	–4,372	1,494
Change in the fair value of derivative financial instruments recognized directly in equity	–1,087	–3,358
Deferred taxes on changes in the fair value of derivative financial instruments recognized directly in equity	369	1,058
Other comprehensive income (after taxes)	**4,718**	**10,671**
Total comprehensive income	**–24,247**	**10,021**
thereof earnings attributable to non-controlling interests	–293	260
thereof earnings attributable to shareholders and holders of participation certificates[1]	–23,954	9,760

[1] The holders of the participation certificates do not participate in these negative earnings after income taxes for the first three months of financial year 2018.

CONSOLIDATED BALANCE SHEET OF THE DRÄGER GROUP

in € thousand	March 31, 2018	December 31, 2017
Assets		
Intangible assets	339,772	342,485
Property, plant and equipment	432,827	432,294
Investments in associates	420	420
Other non-current financial assets	15,684	17,068
Deferred tax assets	134,020	133,563
Other non-current assets	2,936	2,996
Non-current assets	**925,659**	**928,827**
Inventories	453,991	387,720
Trade receivables and contract assets [1]	555,565	669,175
Other current financial assets	38,309	39,281
Cash and cash equivalents	204,154	247,568
Current income tax refund claims	29,242	24,295
Other current assets	92,584	57,500
Current assets	**1,373,846**	**1,425,539**
Total assets	**2,299,505**	**2,354,366**

[1] Therein included are contract assets according to IFRS 15 amounting to EUR 42,193 thousand (2017: EUR 27,479 thousand).

in € thousand	March 31, 2018	December 31, 2017
Equity and liabilities		
Capital stock	45,466	45,466
Capital reserves	234,028	234,028
Reserves retained from earnings, incl. group result	759,449	780,913
Participation capital	29,497	29,497
Other comprehensive income	–27,926	–22,822
Non-controlling interests	967	1,262
Equity	**1,041,481**	**1,068,343**
Liabilities from participation certificates	24,054	23,761
Provisions for pensions and similar obligations	300,836	312,977
Other non-current provisions	50,635	51,108
Non-current interest-bearing loans and liabilities to banks	134,548	137,788
Other non-current financial liabilities	25,236	25,251
Non-current income tax liabilities	21,474	21,523
Deferred tax liabilities	1,060	1,263
Other non-current liabilities [2]	20,022	14,904
Non-current liabilities	**577,864**	**588,575**
Other current provisions	180,026	195,081
Current interest-bearing loans and liabilities to banks	73,116	71,485
Trade payables	169,993	202,917
Other current financial liabilities	30,576	21,599
Current income tax liabilities	30,095	33,784
Other current liabilities [3]	196,354	172,581
Current liabilities	**680,160**	**697,448**
Total equity and liabilities	**2,299,505**	**2,354,366**

[2] Therein included are contract liabilities according to IFRS 15 amounting to EUR 10,383 thousand (2017: EUR 10,031 thousand).

[3] Therein included are contract liabilities according to IFRS 15 amounting to EUR 114,477 thousand (2017: EUR 97,539 thousand).

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

	in € thousand	Three months 2018	Three months 2017
	Operating activities		
	Earnings after income taxes	–28,965	–650
+	Write-down/write-up of non-current assets	20,973	20,445
+	Interest result	3,193	3,227
+	Income taxes	–13,981	–247
–	Decrease in provisions	–13,684	–24,551
+/–	Other non-cash expenses/income	3,521	–2,689
–	Gains from the disposal of non-current assets	–82	–1,117
–	Increase in inventories	–68,666	–43,826
–	Increase in leased equipment	–3,001	–2,194
+	Decrease in trade receivables	104,462	113,729
–	Increase in other assets	–21,089	–27,738
–	Decrease in trade payables	–33,938	–19,148
+	Increase in other liabilities	38,963	23,496
–	Cash outflow for income taxes	–11,207	–9,390
–	Cash outflow for interests	–1,771	–2,274
+	Cash inflow from interests	353	737
	Cash outflow/inflow from operating activities	**–24,919**	**27,808**
	Investing activities		
–	Cash outflow for investments in intangible assets	–397	–363
+	Cash inflow from the disposal of intangible assets	–	1
–	Cash outflow for investments in property, plant and equipment	–15,849	–13,068
+	Cash inflow from disposals of property, plant and equipment	291	1,263
–	Cash outflow for investments in non-current financial assets	–7	–19
+	Cash inflow from the disposal of non-current financial assets	1	4
	Cash outflow from investing activities	**–15,961**	**–12,182**
	Financing activities		
+	Cash provided by raising loans	272	2
–	Cash used to redeem loans	–3,414	–1,559
+/–	Net balance of other liabilities to banks	1,543	–29,443
–	Net balance of finance lease liabilities repaid/incurred	–261	–343
	Cash outflow from financing activities	**–1,861**	**–31,344**
	Change in cash and cash equivalents in the reporting period	**–42,741**	**-15,717**
+/–	Effect of exchange rates on cash and cash equivalents	–672	1,398
+	Cash and cash equivalents at the beginning of the reporting period	247,568	221,481
	Cash and cash equivalents on reporting date	**204,154**	**207,161**

BUSINESS PERFORMANCE OF THE SEGMENTS

		Three months							
			Europe		Americas	Africa, Asia, Australia			Dräger Group
		2018	2017	2018	2017	2018	2017	2018	2017
Order intake with third parties	**€ million**	**341.5**	**347.6**	**110.5**	**124.7**	**169.4**	**167.1**	**621.4**	**639.4**
Net sales with third parties	**€ million**	**287.6**	**298.9**	**93.5**	**107.5**	**114.5**	**128.6**	**495.6**	**535.0**
EBITDA[1]	**€ million**	**1.5**	**14.9**	**–12.5**	**0.6**	**–7.9**	**7.3**	**–18.8**	**22.8**
Depreciation/Amortization	€ million	–10.3	–9.8	–5.3	–5.3	–5.4	–5.3	–21.0	–20.4
EBIT[2]	**€ million**	**–8.7**	**5.1**	**–17.8**	**–4.7**	**–13.2**	**2.0**	**–39.8**	**2.3**
Capital employed [3,4]	€ million	580.2	548.1	290.4	302.6	375.2	367.9	1,245.8	1,218.6
EBIT [2]/Net sales	%	–3.0	1.7	–19.0	–4.4	–11.6	1.5	–8.0	0.4
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	16.3	17.3	–3.1	4.7	7.6	12.4	9.1	12.7
DVA [5,6]	€ million	54.8	55.3	–29.5	–6.6	3.3	19.7	28.6	68.4

[1] EBITDA = Earnings before net interest result and income taxes and amortization
[2] EBIT = Earnings before net interest result and income taxes
[3] Capital employed in segments = Trade receivables, inventories incl. prepayments received; Capital employed Group = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities
[4] Value as of reporting date
[5] Value of the last twelve months
[6] Dräger Value Added = EBIT less ›cost of capital‹ of average invested capital

FINANCIAL CALENDAR

Report as of March 31, 2018, Conference call	April 26, 2018
Annual shareholders' meeting, Lübeck, Germany	May 4, 2018
Report as of June 30, 2018, Conference call	July 26, 2018
Report as of September 30, 2018, Conference call	October 30, 2018

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