

## Information for the capital market

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### Q1 2009:

#### Net sales growth and weaker order situation

- **Continued high level of investments in research and development**
- **Turnaround program to boost income**

Lübeck – The first quarter has already shown that fiscal year 2009, as expected, will be a difficult year for Dräger. While net sales rose by almost 5 percent, order intake and orders on hand – with strong regional and product-related differences – are still down by more than 9 percent year on year. “This development confirms our forecast of an approximately 5 percent decline in net sales for the current fiscal year”, explains Stefan Dräger, Executive Board Chairman of Drägerwerk Verwaltungs AG. The Group’s EBIT before non-recurring expenses decreased to EUR 6.5 million (Q1 2008: EUR 17.5 million). As announced, the Company is confronting the weak earnings development with a turnaround program.

#### Order intake down year on year

Order intake fell by 9.2 percent (net of currency effects: 9.8 percent) to EUR 448.6 million in the first three months of fiscal year 2009 (Q1 2008: EUR 493.8 million). Order intake in the medical division dropped by 7.8 percent to EUR 295.2 million (net of currency effects: 8.8 percent), while the safety division’s order volume declined by 10.7 percent to EUR 160.1 million (net of currency effects: 10.6 percent). Compared with the prior-year quarter, orders on hand fell across the Group by 9.2 percent to EUR 424.5 million (March 31, 2008: EUR 467.3 million), but are up EUR 24.6 million compared with December 31, 2008.

#### Net sales rise in the first quarter

Net sales rose by 4.8 percent (net of currency effects: 3.8 percent) to EUR 425.2 million in the first three months of 2009 (Q1 2008: EUR 405.7 million). Both divisions contributed to this rise. While the medical division’s net sales increased by 1.6 percent (net of currency effects: +0.0 percent) to EUR 268.3 million in the first three months, the safety division generated net

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sales growth of 10.4 percent against the prior-year period (net of currency effects: +10.5 percent), to EUR 163.0 million.

### Earnings under pressure

Due to changes in the product mix and currency effects, the gross margin decreased from 47.3 percent in the first three months of 2008 to 45.4 percent a year later. The higher volume of net sales led to a proportionately lower increase in gross profit, from EUR 191.8 million to EUR 193.0 million. A 4.5 percent increase in functional costs compared with the first quarter of 2008 (research and development costs, marketing and selling expenses, general administrative expenses and other operating income and expenses) impacted earnings. On the one hand, this was due to negative currency effects of EUR 4.2 million, mainly due to the relatively strong US dollar. On the other hand, a budgeted increase in research and development costs, which rose to 8.7 percent of net sales (March 31, 2008: 7.3 percent), was responsible for the higher functional costs. As a result of these effects, the medical division's EBIT before non-recurring expenses was significantly weaker at EUR 2.7 million (Q1 2008: EUR 12.1 million). The safety division managed to increase earnings before interest and taxes by 10.5 percent year on year to EUR 10.5 million (Q1 2008: EUR 9.5 million). The Group's EBIT before non-recurring expenses decreased by 62.9 percent to EUR 6.5 million (Q1 2008: EUR 17.5 million) due in particular to the medical division's weaker earnings contribution compared with the prior-year period.

### Turnaround program

For 2009, a number of immediate measures should cushion the effects of the negative margin development and anticipated weak net sales. In order to strengthen its competitive position in the long term, the Company plans to cut costs, increase efficiency and boost income through new products. The group-wide turnaround program therefore contains measures to grow earnings in all function areas, such as procurement, production and logistics, marketing and sales, as well as cross-function fields, such as administration and IT. 150 employees are currently assessing around 400 detailed individual measures spanning nine modules and 70 sub-projects. "In June we will unveil the project in detail and implement a carefully coordinated package of measures", said Stefan Dräger. All expenditure and structures are being put

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under the microscope in order to identify potential for improvement. Growth, product quality and customer service remain on the agenda.

### Outlook

Dräger continues to expect net sales to decline by approximately 5 percent in 2009. Stefan Dräger: "In 2009 we will implement a decisive set of measures to secure medium-term profitable growth and regain the trust of the capital market."

### Disclaimer

This press release contains forward-looking statements regarding the future development of the 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, we assume no obligation to update the forward-looking statements contained in this report. Dräger will hold its annual general meeting on May 8, 2009. You will find all other financial dates on our website at [www.draeger.com](http://www.draeger.com) under Investor Center/Financial Calendar

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### Q1 2009 key figures (EUR million)

	Q1 2009	Q1 2008	Change
Order intake	448.6	493.8	-9.2%
<i>Medical</i>	295.2	320.0	-7.8%
<i>Safety</i>	160.1	179.3	-10.7%
Orders on hand	424.5	467.3	-9.2%
<i>Medical</i>	248.7	239.6	+3.8%
<i>Safety</i>	177.5	228.4	-22.3%
Net sales	425.2	405.7	+4.8%
<i>Medical</i>	268.3	264.1	+1.6%
<i>Safety</i>	163.0	147.6	+10.4%
EBIT <sup>1</sup> before non-recurring expenses	6.5	17.5	-62.9%
<i>Medical</i>	2.7	12.1	-77.7%
<i>Safety</i>	10.5	9.5	+10.5%
Non-recurring expenses	0.0	7.1	
Net profit	0.1	2.5	-96.0%
Earnings per preferred share (in €)	-0.03	0.05	

<sup>1</sup> EBIT = Earnings before net interest result and income taxes

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