

Information for the capital market

August 5, 2010

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Dräger records dynamic growth in the first half of the year

- Order intake, orders on hand and net sales increased
- Group EBIT over EUR 100 million – EBIT margin 10.1 percent
- Capital structure improved considerably: Equity ratio at 29.3 percent
- Purchase of the 25 percent share in Dräger Medical AG & Co. KG from Siemens concluded

Lübeck – Drägerwerk AG & Co. KGaA continued its positive development in the second quarter of 2010. In the first half of the year earnings grew considerably higher than net sales, which increased by 10.2 percent to EUR 1,016.7 million (net of currency effects). The order situation also improved significantly in the first half of 2010. Order intake grew by 9.0 percent (net of currency effects) to EUR 1,048.9 million, and orders on hand by 7.1 percent to EUR 496.5 million.

Group EBIT over EUR 100 million – EBIT margin 10.1 percent

Group EBIT amounted to EUR 102.6 million (6 months 2009: EUR 15.1 million), more than EUR 20 million up on EBIT for the entire fiscal year 2009 (EUR 80.1 million) after only six months. Reasons for this were increased net sales, an advantageous shift of the product mix towards the equipment business, which has stronger margins, positive currency effects and savings from the turnaround program. In the first half of 2010, the program generated EUR 23.9 million more savings than in the first six months of 2009 (6 months 2009: EUR 14.1 million compared to 6 months 2008). Implementation costs came to EUR 0.5 million (6 months 2009: EUR 3.5 million).

Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG: “We are becoming increasingly competitive by introducing new products and streamlining our cost management. We achieved our medium-term goal of a Group EBIT margin of 10 percent with a lot of momentum in the first half of 2010. This is a great achievement.”

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Capital increase improves financing structure

Since the capital increase at the end of June 2010, investors have been able for the first time to buy common shares carrying voting rights on top of existing preferred shares without voting rights. “We are deeply convinced about our decision to open more to the capital market,” says Stefan Dräger. Net proceeds of around EUR 100 million have significantly improved Dräger’s financing structure. In the first six months of 2010, equity rose by EUR 184.4 million to EUR 578.2 million – partly due to the half-year result coming in at EUR 55.9 million. The equity ratio went up to 29.3 percent (December 31, 2009: 20.9 percent). Stefan Dräger: “This gives us a solid foundation on which to build our future growth and also provides us with sufficient resources to master difficult economic times.”

Purchase of the 25 percent share in Dräger Medical AG & Co. KG from Siemens concluded

The purchase of the 25 percent share in Dräger Medical AG & Co. KG from Siemens was concluded on April 30, 2010. The EUR 175 million cash component of the purchase price was paid on the same day. In addition, the largest part of the vendor note was repaid early on July 20, 2010, from cash and cash equivalents generated by the capital increase.

Outlook

In view of the excellent net sales and earnings development in the first half of the year, Dräger is confirming its raised forecast from June. The company still aims to increase net sales by a medium single-digit percentage figure and push up the EBIT margin to between 7 percent and 8 percent, almost double than in 2009.

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Key figures for the first six months of 2010 (€million)

	Second quarter 2010	Second quarter 2009	Six months 2010	Six months 2009	Change six months	Net of currency effects
Order intake	560.7	484.2	1.048.9	932.8	+12.4 %	+9.0 %
<i>Medical division</i>	375.2	310.2	698.8	605.4	+15.4 %	+12,3 %
<i>Safety division</i>	192.8	179.8	365.1	339.9	+7.4 %	+3.4 %
Net sales	550.8	468.7	1.016.7	893.9	+13.7 %	+10.2 %
<i>Medical division</i>	369.0	309.8	675.3	578.1	+16.8 %	+13.7 %
<i>Safety division</i>	186.0	165.7	353.0	328.7	+7.4 %	+3.4 %
EBIT ¹	65.8	8.6	102.6	15.1	+579.5 %	
<i>Medical division</i>	52.6	8.4	92.9	11.1	+736.9 %	
<i>Safety division</i>	16.6	7.5	29.3	18.0	+62.8 %	
EBIT margin	11.9 %	1.8 %	10.1 %	1.7 %		
Earnings after income taxes	37.2	1.4	55.9	1.3		
EPS ² preferred share	2,37	-0,03	3,75	-0,13		
EPS ² common share	2,36	-0,04	3,72	-0,16		

¹ EBIT = Earnings before net interest result and income taxes

² EPS = Earnings per share (€)

Disclaimer

This publication serves information purposes and constitutes neither an offer to sell nor a solicitation to buy any securities of Drägerwerk AG & Co. KGaA. The new shares issued in connection with the capital increase have already been placed.

This information for the capital market 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 our 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. You will find all key financial dates on our website at www.draeger.com under Investor Relations/Financial Calendar.

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