

Press release

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Dräger remains on path to success

- Significant rise in order intake, net sales and EBIT
- Equity ratio at 32.4 percent
- Company expects best fiscal year on record

Lübeck – Drägerwerk AG & Co. KGaA continued to develop extremely well in the third quarter of 2010 and again increased its net sales and earnings forecasts for the entire fiscal year on October 13. In the first nine months of 2010, order intake rose by 6.8 percent (net of currency effects) year-on-year to EUR 1,568.4 million. Orders on hand remained almost the same as in prior year with EUR 478.6 million, dropping by just 0.4 percent (net of currency effects). Net sales went up by 10.2 percent (net of currency effects) to EUR 1,542.0 million.

Dräger Group's EBIT rose significantly to a total of EUR 136.7 million, more than four times as high than in the same period in the prior year (9 months 2009: EUR 28.4 million). With 8.9 percent, the EBIT margin also was considerably up on the prior year's figure of 2.1 percent.

Reasons for profitability increasing are the continuous positive development in the Americas and Asia/Pacific regions, favorable currency effects and the continuously high percentage of equipment business, which has strong margins, in net sales in the medical division. The turnaround program also had a considerable positive effect. In the first nine months of 2010, it generated additional EUR 36.6 million in savings and efficiency gains (before implementation costs of EUR 0.5 million) compared to the prior year's period (9 months 2009: EUR 35.3 million compared to 2008). Main contributors were savings in Purchasing as well as in Marketing and Sales costs.

Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG, explains: We are already certain that 2010 will be the best fiscal year Dräger has ever recorded. We have been working hard to improve our competitive edge compared to 2009, and we have proven that we are quick to catch up."

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Equity ratio exceeds 30 percent

The company's equity ratio was 32.4 percent at the end of September 2010 (December 31, 2009: 20.9 percent). This increase is mainly due to the capital increase carried out in June 2010 and the positive result of the first nine months.

Outlook

Dräger expects net sales growth for fiscal year 2010 in the region of 10 percent (net sales 2009: EUR 1,911 million). Net of currency effects, growth came in around the medium one-digit percentage range. Due to the positive development in the first nine months of 2010, Dräger anticipates an EBIT margin between 8 percent and 9 percent for all of 2010. This forecast includes the impact from the possible cash settled option to the amount of EUR 11.8 million agreed with Siemens. This component will no longer have a negative impact on earnings in the future.

In 2011, Dräger will invest even larger sums into research and development, implement projects even more quickly and improve its marketing and sales organization in particular. In addition, the company anticipates that the one-off effects from fiscal year 2010 will not be repeated, including a large number of orders on hand carried over from the previous year, high order intake from large projects, the sale of a deep sea diving system that was fully written off in 2009, the sale of software licenses and the extremely favorable product mix. External factors such as exchange rates are not expected to have the same positive impact in 2011 than in the current year.

In view of these facts, Dräger forecasts net sales to increase slightly in 2011 but does not expect for the EBIT margin to exceed that of fiscal year 2010. "In the medium term, we plan to grow faster than the market and achieve a minimum EBIT margin of 10 percent in the long term," comments Stefan Dräger.

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Key figures for the first nine months of 2010 (in EUR millions)

	Third quarter 2010	Third quarter 2009	Nine months 2010	Nine months 2009	Change nine months	Net of currency effects
Order intake	519.5	481.7	1,568.4	1,414.5	+10.9 %	+6.8 %
<i>Medical division</i>	<i>357.5</i>	<i>323.0</i>	<i>1,056.3</i>	<i>928.4</i>	<i>+13.8 %</i>	<i>+9.9 %</i>
<i>Safety division</i>	<i>167.7</i>	<i>166.1</i>	<i>532.8</i>	<i>506.0</i>	<i>+5.3 %</i>	<i>+0.9 %</i>
Net sales	525.3	454.4	1,542.0	1,348.3	+14.4 %	+10.2 %
<i>Medical division</i>	<i>351.7</i>	<i>293.5</i>	<i>1,028.9</i>	<i>871.1</i>	<i>+18.1 %</i>	<i>+14.2 %</i>
<i>Safety division</i>	<i>178.6</i>	<i>167.7</i>	<i>531.6</i>	<i>496.4</i>	<i>+7.1 %</i>	<i>+2.7 %</i>
EBIT ¹	34.1	13.3	136.7	28.4	+381.3 %	
<i>Medical division</i>	<i>35.2</i>	<i>9.1</i>	<i>128.2</i>	<i>20.2</i>	<i>+534.7 %</i>	
<i>Safety division</i>	<i>17.8</i>	<i>10.1</i>	<i>47.1</i>	<i>28.1</i>	<i>+67.6 %</i>	
EBIT margin	6.5 %	2.9 %	8.9 %	2.1 %		
Earnings after income taxes	14.3	3.5	70.2	4.8		
EPS ² preferred share	0,75	0,14	4,27	0,01		
EPS ² common share	0,73	0,12	4,22	-0,04		

¹ EBIT = Earnings before interest and taxes

² EPS = Earnings per share (in €)

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. You will find all other financial dates on our website at www.draeger.com under Investor Center/Financial Calendar.

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