

## Adhoc

October 30, 2007

Seite 1 / 3

# **Dräger Group results in 2007 not expected to fully reach the level of previous year's figures – additional measures for long-term improvements planned for 2008**

On the basis of the information currently available from the interim report for the third quarter and the estimated course of business in the fourth quarter, Drägerwerk AG, contrary to expectations, expects earnings before interest and taxes (EBIT) to be below last year's results (EUR 148 million). After the third quarter, accumulated earnings before interest and taxes amounted to EUR 70.3 million which is 6.3 percent less than the comparative value of EUR 75.0 million for the previous year. This is mainly due to the figures for Dräger Medical division falling EUR 11.7 million short of the previous year's earnings of EUR 53.5 million.

This has been caused in particular by the medical business in the USA where planned growth and profit targets are not expected to be attained. Growth of the Dräger Medical division in the remaining regions – adjusted to account for the one-off impact of two major orders with a turnover volume of EUR 55 million realized in the 2006 business year – along with the positive development of the Dräger Safety division, will presumably only partly compensate for the negative influence of the US business. The Executive Board is currently drawing up a reorganization concept for North America in 2008.

Dräger plans to extend the Shared Services in the group to raise the synergy potentials of both Dräger Medical and Dräger Safety divisions. The objective is to increase efficiency and quality. This applies especially to the group's information technology which incurs costs substantially higher than the benchmark level. Dräger plans to invest substantially in improvements in this area between 2008 and 2010.

On a parallel level, by means of substantial additional expenditure, the Executive Board of Drägerwerk AG has decided to promote the innovative System Infinity ACS more intensively than originally planned. Infinity ACS will be the first standardized platform with particularly powerful individual components for patient monitoring, therapy function and information management. Information will be prepared in such a way that physicians can take fast well-founded decisions. The system is scalable, mobile and integrated. Dräger plans to recruit additional IT experts, developers, project managers and service technicians for this project at short notice and to intensify tests and integration simulations. The sales share of the medical business of up to 10 percent that was forecast for Infinity ACS Systems in 2008 is expected to be attained later than originally planned. However, the potential of new development will be more effectively exploited through the

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## Adhoc

October 30, 2007

Seite 2 / 3

additional investment so that the division can position itself on the market as an innovation leader with product differentiation. The Drägerwerk AG Executive Board expects a marked increase in the contribution of Infinity-ACS-Systems in 2009. On the basis of the recently adopted project plan the company intends to launch the Infinity series with a widescreen monitor at the end of 2007 and will offer complete systems for intensive care, anesthesia and perinatal care between 2008 and 2010.

### **Dräger presents numerous innovations at the Medica – Promising system for electroimpedance tomography**

“Since the implementation phase of the individual components of various suppliers in the overall Infinity ACS system requires significantly more intensive quality control measures than had originally been envisaged, the Executive Board decided to invest substantial additional resources in the development of the system in 2008”, explained Stefan Dräger, the Chairman of the Executive Board of Drägerwerk AG. “Dräger does not compromise on quality”, emphasized Stefan Dräger who went on to explain how the platform solution allows the individual situation of the customer to be excellently addressed by combining the components of the platform to form high quality standard products and marketing these as such. He also said that Infinity ACS offered customers an exceptional additional advantage: the fact that based on well prepared information hospital staff can take fast and well-founded decisions. He continued by explaining how the standardized, scalable and mobile platform solution encompasses not only patient information functions but also therapy and monitoring functions. Dräger is launching the Infinity series by marketing the Infinity-Widescreen-Monitor that is fully compatible with the complete system Infinity ACS at the end of 2007. “At the Medica trade fair in mid-November we will be exhibiting numerous innovations which will be deliverable within two months. Further we will be exhibiting an electroimpedance tomographical system which will enhance the clinical monitoring of the lung function by means of a continuous application for the visual representation of ventilation of the lung”, explained the Chairman of the Executive Board of Drägerwerk AG. This system which is currently passing all field tests with flying colors will open up new markets for Dräger.

### **Platform concept increases productivity – Open for acquisitions to consolidate the industry sector**

“Of course we are sticking to our plan to further increase productivity both through implementation of the platform and by additional innovation“, says Stefan Dräger. This process which will make an essential contribution to the planned growth in profitability will be completed within the next five years. Due to a R&D rate of 7 per cent which is comparatively high for the sector, Dräger considers itself well prepared to face any competition. Stefan Dräger added that the Dräger group wants to make better use of its size advantage than in

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## Adhoc

October 30, 2007

Seite 3 / 3

the past and to forge synergy potentials from both company sectors. He said that the contribution of the new group member of the Executive Board for research and development, Dr. Ulrich Thibaut who would have across-the-board responsibility for the company divisions, would be substantial. In the medical business Stefan Dräger expects a wave of consolidation in the medium-term because high innovation pressure exceeds the research and development potential of smaller providers. "The increasing demand of customers for integrated system solutions will only strengthen the trend. We will not only accommodate these requirements in our product development but we will also orientate our overall organization to this purpose. It is exactly with this in mind that we remain open for acquisitions through which we can contribute to consolidation in the medical business and increase the value of the company", emphasized Stefan Dräger.

### Disclaimer

This press release contains forward-looking statements regarding the development of the Dräger Group. No assurance can be given as to the content of these statements as they are based on assumptions and estimates that entail certain risks and uncertainties.

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