

Press release

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Annual accounts press conference 2009:

- **Net sales growth and stable order intake**
- **Equity ratio rose in 2008**

Lübeck, Germany – Drägerwerk AG & Co. KGaA finished fiscal year 2008 with an increase in net sales and stable order intake. The Company also achieved its revised earnings forecast. In 2009, the Company expects net sales to decrease by up to 5 percent. “Although we have not been hit as hard as other industries so far, we are preparing ourselves for steeper declines in order intake in light of the great uncertainty which currently surrounds all forecasts,” explained Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG at the annual accounts press conference in Hamburg. The Group could still achieve a positive EBIT, even if net sales were to fall by up to 15 percent, he added.

At EUR 1,930.4 million, the Dräger Group’s order intake in 2008 was almost at the prior-year level (EUR 1,933.9 million). Net sales rose by 5.8 percent to EUR 1,924.5 million. EBIT (earnings before interest and taxes) before non-recurring expenses totaled EUR 130.5 million (2007: EUR 151.9 million). In 2008, non-recurring expenses of EUR 24.7 million remained in line with the original expectations which ranged between EUR 20 million and EUR 25 million. They relate to structural measures and include personnel measures, the realignment of IT, the move into the new building and write-downs of patents.

Medical division

In fiscal year 2008, the medical division’s global order intake came to EUR 1,276.9 million, which is 4.4 percent higher than in 2007. Accordingly, net sales rose by 2.8 percent to EUR 1,243.8 million. EBIT before non-recurring expenses totaled EUR 88.4 million, which is 15.2 percent less than the prior year. The EBIT margin of 7.1 percent is below that of the prior year (8.6 percent). The main reasons for this development were the pressure on customers to cut costs, the strength of the US dollar and bad debt allowances on foreign receivables. The return on capital employed (ROCE) fell to 12.9 percent (2007: 16.2 percent).

Contact

Corporate Communications:
Burkard Dillig
Tel. +49 451 882-2185
burkard.dillig@draeger.com

Investor Relations:
Vanina Herbst
Tel. +49 451 882-2685
vanina.herbst@draeger.com

Drägerwerk AG & Co. KGaA
Moislinger Allee 53–55
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Safety division

Order intake in the safety division decreased by 7.6 percent to EUR 679.6 million. Global net sales came in at EUR 706.8 million, 10.9 percent higher than in the prior-year period. Adjusted for the impact of three deep-sea diving projects worth a total of EUR 79.2 million in the third and fourth quarter of 2007, order intake rose by 3.5 percent. At EUR 69.1 million, EBIT before non-recurring expenses was almost in line with the prior year (EUR 69.4 million). The EBIT margin of 9.8 percent is below that of the prior year (10.9 percent). The return on capital employed fell to 30.9 percent (2007: 31.5 percent). Thanks to its innovative products, the Company achieved net sales growth despite the financial crisis, strained public finances and tougher competition due to the strong euro.

Financial position and results of operations remain stable – equity ratio higher

The Company's financial position and results of operations are stable: the cash inflow from operating activities amounted to EUR 97.5 million in 2008. The Dräger Group's equity rose by EUR 12.2 million to EUR 517.6 million in fiscal year 2008, with the equity ratio increasing from 30.9 percent in 2007 to 31.3 percent.

Dividend proposal: EUR 0.35 per preferred share

In light of the EBIT performance, management proposes a dividend of EUR 0.29 per common share and EUR 0.35 per preferred share, which is lower than in the prior year.

Outlook

Due to the current economic environment and the related uncertainties which may also have an impact on the markets for medical and safety technology, a specific forecast of the Dräger Group's net sales and earnings development for the current fiscal year is not possible at present. Currently, the Executive Board anticipates a decrease in net sales of up to 5 percent.

"In such an environment with high uncertainty, it is important to be prepared, even for scenarios which seem unlikely," Stefan Dräger explained, adding that at the moment, the Executive Board is working on a set of measures which focuses on two areas: optimizing income and identifying cost-cutting potential within each function. Stefan Dräger said, "Overall, we want to reduce costs considerably to be able to generate a better result from

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comparable net sales in the future. We are continuing to invest in research and development, expand our product range and improve the company's competitiveness."

The Executive Board plans to have identified and quantified the measures by early May and to have drawn up an implementation plan by June. The measures will be implemented in the second half of the year.

The Executive Board is still aiming for net sales which are at least in line with the market, an EBIT margin of 10 percent and an ROCE of 20 percent medium term.

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. The Dräger Group will publish the Q1 2009 figures on May 6, 2009. You will find all other financial dates on our website at www.draeger.com under Investor Center/Financial Calendar

Contact

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Key figures (in EUR million)

	2008	2007	Change
Group			
Order intake	1,930.4	1,933.9	-0.2%
Net sales	1,924.5	1,819.5	+5.8%
EBIT before non-recurring expenses	130.5	151.9	-14.1%
EBIT margin	6.8%	8.3%	
Non-recurring expenses	24.7	27.6	-10.5%
Net profit	46.6	60.8	-23.4%
Earnings per preferred share	2.59	3.66	-29.2%
R&D costs	134.9	121.9	+10.7%
Cash flow from operating activities	97.5	157.7	-38.2%
Net financial debt	329.8	322.0	+2.4%
Investments	74.8	128.7	-41.9%
Capital employed	952.4	933.9	+2.0%
ROCE	13.7%	16.3%	
Net working capital	483.4	471.6	+2.5%
Employees	10,909	10,345	+5.5%

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Key figures (in EUR million)

	2008	2007	Change
Medical			
Order intake	1,276.9	1,223.5	+4.4%
Net sales	1,243.8	1,209.4	+2.8%
EBIT before non-recurring expenses	88.4	104.3	-15.2%
Non-recurring expenses	12.9	23.2	-44.4%
EBIT margin	7.1%	8.6%	
Net profit	55.0	58.0	-5.2%
R&D costs	97.6	89.1	+9.5%
Cash flow from operating activities	107.2	138.9	-22.8%
Capital employed	685.6	644.8	+6.3%
ROCE	12.9%	16.2%	
Employees	6,326	6,077	+4.1%
Safety			
Order intake	679.6	735.8	-7.6%
Net sales	706.8	637.5	+10.9%
EBIT before non-recurring expenses	69.1	69.4	-0.4%
Non-recurring expenses	8.1	0.0	
EBIT margin	9.8%	10.9%	
Net profit (before profit/loss transfer)	39.3	46.0	-14.6%
R&D costs	34.6	31.2	+10.9%
Cash flow from operating activities	49.9	62.7	-20.4%
Capital employed	223.8	220.1	+1.7%
ROCE	30.9%	31.5%	
Employees	4,194	3,944	+6.3%

Contact

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