

## Press release

No. 13 / February 21, 2008

Page 1 / 5

### **Dräger Group records slight increase in revenues and EBIT**

- Focus on mid and long-term added value
- Investment in innovation, quality and efficiency
- Plans for strong mid-term income growth
- Proposed dividend on same level as prior year
- Statutory audit ongoing

Lübeck, Germany – The Dräger Group just topped prior-year revenues and EBIT in fiscal year 2007 thanks to another strong final quarter. Revenues reached EUR 1,819.0 million (2006: EUR 1,801.3 million). Earnings before interest and tax (EBIT) rose to EUR 151.9 million (2006: EUR 148.2 million). However, due to planned non-recurring expenses totaling EUR 27.6 million, EBIT (after non-recurring expenses) was reduced to EUR 124.3 million. For the current fiscal year, the Company anticipates a slight increase in revenues and stable EBIT, which will again be impacted by non-recurring expenses of between EUR 20 million and EUR 25 million, in particular for organizational measures (IT) and to speed up development work. “We want to accomplish more challenging goals than ever both mid and long-term, so above all we will be investing in our innovative strength, quality and efficiency in 2008,” said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. Stefan Dräger believes that based on high mid-term revenue growth, this expenditure will make an important contribution to exceptionally high income growth mid and long-term. Stefan Dräger said, “We are focusing our energy on adding value to the Company both mid and long-term.”

#### **Revenues and order situation in the divisions**

The increase in revenues is wholly due to the Dräger Safety division’s exceptional growth spurt, which led to an 8.2 percent increase in revenues, taking them to EUR 637.5 million. The Medical division, on the other hand, recorded a year-on-year drop in revenues of almost 2.4 percent to EUR 1,209.4 million. Order intake growth at Dräger Safety outdid revenue growth, climbing 20.3 percent compared with the prior year. Large project

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## Press release

No. 13 / February 21, 2008

Page 2 / 5

orders in particular are an excellent foundation for revenues in 2008 and 2009. Order intake at Dräger Medical was 4.0 percent below the prior-year figure.

### Division results

At 8.3 percent, the Dräger Group EBIT margin is on a par with the prior year (2006: 8.2 percent). At 10.9 percent, Dräger Safety exceeded its target EBIT margin of 10 percent for the first time (2006: 9.3 percent). The success of new products together with the Company's product and sales strategies, which target specific market segments, were key to this EBIT increase. By contrast, at 8.6 percent Dräger Medical was not able to match the high prior-year EBIT margin of 9.1 percent as the effects of the new product range will not be felt until fiscal year 2008. The Company was not able to compensate for the extraordinarily high project business of 2006, in particular because the targets for US business in 2007 were not met. In addition, Dräger Medical's result was hit by non-recurring effects of EUR 23.2 million.

### Net profit and earnings per share

Due to the effects of non-recurring expenses, the Dräger Group's net profit fell by 17.8 percent in fiscal year 2007 to EUR 60.8 million (2006: EUR 73.9 million). This equates to a net profit margin of 3.3 percent (2006: 4.1 percent). EUR 14.6 million of the net profit is attributable to minority interests (2006: EUR 30.3 million) and EUR 46.2 million to shareholders of Drägerwerk AG & Co KGaA (2006: EUR 43.7 million). This produces earnings per common share of EUR 3.60 and earnings per preferred share of EUR 3.66, a year-on-year increase of EUR 0.19 in both cases.

### Interest and Tax

Despite a higher financing volume and rising interest rates, in fiscal year 2007 the interest expenses incurred by the Dräger Group remained constant. This was primarily due to a lower volume of projects being financed in fiscal year 2007. Since the interest income generated increased, the net interest result improved slightly. The tax load ratio for income taxes fell from 35 percent in the prior year to 33.5 percent.

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Page 3 / 5

### Key figures (€ million)

	2006	2007	Change
<b>Medical</b>			
Order intake	1,275.1	1,223.5	- 4.0 %
Revenues	1,239.2	1,209.4	- 2.4 %
EBIT before non-recurring expenses	112.7	104.3	- 7.5 %
Non-recurring expenses	0	23.2	
<b>Safety</b>			
Order intake	611.8	735.8	+ 20.3 %
Revenues	589.1	637.5	+ 8.2 %
EBIT	54.9	69.4	+ 26.4 %
<b>Group</b>			
Order intake	1,865.0	1,933.9	+ 3.7 %
Revenues	1,801.3	1,819.5	+ 1.0 %
EBIT before non-recurring expenses	148.2	151.9	+ 2.5 %
Non-recurring expenses	0.0	27.6	
Net profit for the year	73.9	60.8	- 17.7 %
Earnings per preferred share (€)	3.47	3.66	+ 5.5 %

EBIT = Earnings before net interest result and income taxes

### Assets, equity and liabilities

The Dräger Group's assets, equity and liabilities remained stable in the past fiscal year, which is reflected in the balance sheet total of EUR 1,637.5 million (2006: EUR 1,636.3 million).

### Increase in non-current assets

A EUR 68.8 million increase in non-current assets is contrasted by a EUR 67.5 million decrease in current assets. Non-current assets were above all influenced by goodwill from the buyback of a 10 percent stake in Dräger Medical AG & Co. KG and the new Medical building in Lübeck, whereas current assets were chiefly shaped by a reduction in trade receivables and in cash and cash equivalents. These effects outweighed the increase in

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## Press release

No. 13 / February 21, 2008

Page 4 / 5

inventories. The purchase price for the 10 percent share in Dräger Medical AG & Co. KG totaled EUR 110 million. This was financed by additional note loans which increased non-current liabilities. As a result of this increase and the improved cash flow, the reduction in equity was balanced out. At the same time, the Company also reduced current liabilities to banks.

### Sound financing

The EUR 505.5 million in equity covers 89 percent of non-current assets. Taking all other non-current debt and pension provisions into account, the Group's inventories and 39 percent of its trade receivables are also financed. Net financial debt rose by EUR 67.5 million to EUR 322.0 million. As of December 31, 2007, it amounted to 1.6 x EBITDA (2006: 1.3 x EBITDA).

### Capital efficiency must improve

Capital employed (consolidated assets excluding cash and cash equivalents and deferred taxes minus non-interest bearing liabilities) increased 2.5 percent to EUR 933.9 million, with the return on capital employed (ROCE) remaining stable at 16.3 percent year on year. In the future, we will progressively improve capital efficiency.

### Dividend proposal: EUR 0.55 per preferred share

In light of the stable EBIT, the Chairman of the Supervisory Board proposes a dividend on the same level as the prior year. A dividend of EUR 0.49 per common share and EUR 0.55 per preferred share will be proposed to the annual shareholders' meeting on May 9, 2008.

### Outlook: Investing in future growth

In 2008, the Dräger Group will further develop its shared service strategy for administrative processes to reduce the workload for the operating units, make better use of economies of scope, and achieve better cost control as a result of improved transparency. Stefan Dräger stresses that "in 2008, the Company will above all invest in innovative strength, quality and efficiency". These measures are expected to lead to non-recurring expenses of between EUR 20 million and EUR 25 million in 2008.

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No. 13 / February 21, 2008

Page 5 / 5

For the current fiscal year, the Executive Board expects EBIT to remain stable while revenues increase slightly. The non-recurring expenses and a continued high level of research and development expenditure will contribute to particularly strong high income growth mid and long-term. The Dräger Group has set itself more challenging long-term goals than ever. The Executive Board expects EBIT to remain stable for Dräger Medical during the launch phase of further Infinity ACS components, and to level out at around 10 percent for Dräger Safety following an outstanding year in 2007.

### Disclaimer

This press release contains forward-looking statements regarding the future 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. In this context, we would like to point out that the abovementioned information is based on preliminary figures. The statutory audit has not yet been completed. Detailed audited figures for fiscal year 2007 will be disclosed on March 18, 2007 at the annual accounts press conference in Lübeck and at an analysts' conference in Frankfurt am Main. The Dräger Group will publish the Q1/2008 figures on May 8, 2008. 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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