Quarterly Statement
January 1 to September 30, 2017
Dräger Group

Dräger. Technology for Life®

THE DRÄGER GROUP OVER THE PAST FIVE YEARS

		Nine months 2013	Nine months 2014	Nine months 2015	Nine months 2016	Nine months 2017
Order intake	€ million	1,756.7	1,743.4	1,895.1	1,849.1	1,928.3
Net sales	€ million	1,656.0	1,664.9	1,783.6	1,704.3	1,737.0
Gross profit	€ million	811.7	773.4	793.5	747.6	776.8
in % of net sales (gross margin)	%	49.0	46.5	44.5	43.9	44.7
EBITDA [1]	€ million	162.2	135.8	62.0	89.7	105.8
EBIT [2]	€ million	111.3	81.2	0.2	28.1	43.5
in % of net sales (EBIT margin)	%	6.7	4.9	0.0	1.6	2.5
Interest result	€ million	–19.2	–17.8	–14.4	–12.3	–9.9
Income taxes	€ million	–29.2	–20.9	3.1	–3.3	–9.1
Net profit	€ million	62.9	42.5	–11.1	12.5	24.5
Earnings per share on full distribution [3]						
per preferred share	€	2.79	1.90	–0.58	0.54	1.05
per common share	€	2.74	1.85	–0.63	0.49	1.01
Equity [4]	€ million	765.7	839.0	898.1	894.1	1,008.8
Equity ratio [4]	%	38.0	39.8	40.4	39.4	45.0
Capital employed [4,5]	€ million	970.4	1,112.9	1,256.4	1,238.7	1,213.7
EBIT [2,6]/Capital employed [4,5] (ROCE)	%	21.0	15.3	7.8	7.6	12.6
Net financial debt [4]	€ million	88.8	118.9	165.5	121.0	16.1
DVA [6,7]	€ million	119.9	76.2	–11.8	6.7	67.0
Headcount as of September 30		13,170	13,698	14,014	13,292	13,642

1 EBITDA = earnings before net interest result, income taxes, depreciation and amortization
2 EBIT = earnings before net interest result and income taxes
3 Based on an imputed actual full distribution of earnings attributable to shareholders
4 Value as of reporting date
5 Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
6 Value of the last twelve months
7 Dräger Value Added = EBIT less cost of capital (through 2015: 9 %, from 2016: 7 %) of average invested capital

The first nine months of 2017 at a glance

DRÄGER INCREASES NET SALES AND IMPROVES EARNINGS

- Order intake and net sales both up net of currency effects
- Year-on-year improvement in earnings
- Significant increase in net sales in the third quarter

"Business performance in the first nine months of 2017 was solid overall," said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. "Following the positive order development in the first half of the year, the third quarter saw net sales also increase more sharply. Experience shows us that we usually perform well in the final quarter of the year, which will see earnings improve even further. We are set to achieve our forecast for fiscal year 2017."

Possible rounding differences in this financial report may lead to slight discrepancies.

This half-yearly financial report has been set up in German and English language. In case of any discrepancy between the German and English version, the German version shall prevail.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

		Third quarter			Nine months		
		2017	2016	Changes in %	2017	2016	Changes in %
Order intake	**€ million**	**626.3**	**628.0**	**–0.3**	**1,928.3**	**1,849.1**	**+4.3**
Net sales	**€ million**	**621.0**	**592.9**	**+4.7**	**1,737.0**	**1,704.3**	**+1.9**
Gross profit	**€ million**	**278.7**	**261.1**	**+6.7**	**776.8**	**747.6**	**+3.9**
EBITDA [1]	**€ million**	**45.7**	**43.2**	**+5.8**	**105.8**	**89.7**	**+18.0**
EBIT [2]	**€ million**	**24.4**	**22.5**	**+8.3**	**43.5**	**28.1**	**+54.9**
Net profit	**€ million**	**16.2**	**13.5**	**+19.9**	**24.5**	**12.5**	**+96.4**
Earnings per share on full distribution [3,4]							
per preferred share	€	0.69	0.59	+16.9	1.05	0.54	+94.4
per common share	€	0.68	0.57	+19.3	1.01	0.49	> +100.0
Research and development costs	€ million	59.8	53.4	+11.8	171.7	163.4	+5.1
Equity ratio [5]	%	45.0	39.4		45.0	39.4	
Cash flow from operating activities	€ million	47.3	48.5	–2.6	78.5	90.9	–13.6
Net financial debt [5]	€ million	16.1	121.0	–86.7	16.1	121.0	–86.7
Investments	€ million	21.7	21.8	–0.5	63.7	71.1	–10.3
Capital employed [5,6]	€ million	1,213.7	1,238.7	–2.0	1,213.7	1,238.7	–2.0
Net working capital [5,7]	€ million	537.7	553.1	–2.8	537.7	553.1	–2.8
Gross profit/net sales	%	44.9	44.0		44.7	43.9	
EBIT [2]/net sales	%	3.9	3.8		2.5	1.6	
EBIT [2,8]/Capital employed [5,6] (ROCE)	%	12.6	7.6		12.6	7.6	
Net financial debt [5]/EBITDA [1,8]	Factor	0.07	0.68		0.07	0.68	
Gearing [9]	Factor	0.02	0.14		0.02	0.14	
DVA [8,10]	€ million	67.0	6.7	> +100.0	67.0	6.7	> +100.0
Headcount as of September 30		13,642	13,292	+2.6	13,642	13,292	+2.6

1 EBITDA = earnings before net interest result, income taxes, depreciation and amortization
2 EBIT = earnings before net interest result and income taxes
3 Based on an imputed actual full distribution of earnings attributable to shareholders
4 Values for the third quarter 2016 were adjusted due to a data transmission error
5 Value as of reporting date
6 Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
7 Net working capital = current, non-interest-bearing assets plus non-current trade receivables less current, non-interest-bearing debt
8 Value of the last twelve months
9 Gearing = Net financial debt/equity
10 Dräger Value Added = EBIT less cost of capital of average invested capital

Business Performance of the Dräger Group

ORDER INTAKE

in € million	Third quarter 2017	2016	Changes in %	Net of currency effects in %	Nine months 2017	2016	Changes in %	Net of currency effects in %
Europe	343.2	336.7	+1.9	+2.5	1,050.0	1,009.9	+4.0	+4.7
Americas	120.4	134.7	–10.6	–6.2	379.5	371.2	+2.2	+2.0
Africa, Asia, Australia	162.7	156.6	+3.9	+8.3	498.9	468.0	+6.6	+7.2
Total	**626.3**	**628.0**	**–0.3**	**+2.1**	**1,928.3**	**1,849.1**	**+4.3**	**+4.8**
thereof medical business	412.4	417.4	–1.2	+1.4	1,253.4	1,218.1	+2.9	+3.3
thereof safety business	213.9	210.6	+1.5	+3.5	674.9	631.0	+7.0	+7.6

ORDER INTAKE

We increased order intake by 4.8 percent net of currency effects in the first nine months of the year. All three segments contributed to this positive development. The greatest rise in order intake, 7.2 percent net of currency effects, was recorded in the Africa, Asia, and Australia segment, which benefited in particular from demand for safety products. We also recorded growth in the Europe segment, where order intake rose by 4.7 percent net of currency effects in the first nine months of the year. Order intake in Germany also increased, although not as sharply as in the Europe segment as a whole, by 2.9 percent. In the Americas segment, orders were up by 2.0 percent net of currency effects, with demand for medical products increasing but orders pertaining to safety products falling. Orders in the Africa, Asia, and Australia segment climbed sharply in the third quarter. The number of orders recorded in Europe was also up, however in the Americas segment order intake was down.

In terms of medical products, demand for hospital infrastructure systems and thermoregulation equipment rose markedly in the first nine months of the year. We also recorded an increase in demand for ventilators and business involving hospital consumables. Orders pertaining to the patient monitoring and clinical data management business rose, however order intake in our service business only increased slightly year on year. Demand for anesthesia devices declined.

In terms of safety products, we recorded a significant increase in demand for respiratory and personal protection products in the first nine months of the year. Orders pertaining to safety accessories and service business were also up significantly. Orders for gas detection systems rose, while demand for alcohol detection systems only increased slightly year on year. Orders for engineered solutions, on the other hand, declined significantly year on year due to the fact that the prior-year figure included a number of major orders.

NET SALES

in € million	Third quarter 2017	Third quarter 2016	Changes in %	Net of currency effects in %	Nine months 2017	Nine months 2016	Changes in %	Net of currency effects in %
Europe	342.4	325.0	+5.4	+6.2	960.7	949.2	+1.2	+2.0
Americas	117.1	119.7	–2.2	+1.8	344.7	335.9	+2.6	+2.4
Africa, Asia, Australia	161.5	148.2	+9.0	+13.1	431.5	419.3	+2.9	+3.3
Total	**621.0**	**592.9**	**+4.7**	**+7.0**	**1,737.0**	**1,704.3**	**+1.9**	**+2.4**
thereof medical business	399.9	389.8	+2.6	+4.8	1,106.3	1,093.9	+1.1	+1.6
thereof safety business	221.1	203.1	+8.9	+11.3	630.7	610.4	+3.3	+4.0

NET SALES

Net sales rose by 2.4 percent net of currency effects in the first nine months of 2017. Third-quarter net sales rose by 7.0 percent net of current effects.

EARNINGS

Gross profit increased by EUR 29.2 million to EUR 776.8 million in the first nine months of the year (9 months 2016: EUR 747.6 million). Gross profit increased in year-on-year terms across all segments in this period, primarily as a result of the sharper rise in net sales in the third quarter. At 44.7 percent, our gross margin was 0.9 percentage points higher than in the prior year. The gross margin in the Europe and Americas segments was up year on year, but fell slightly in the Africa, Asia, and Australia segment. Currency effects had a negative impact both on gross profit in absolute terms and on the gross margin. Lower cost of sales, however — such as the year-on-year fall in quality costs — had a positive effect. Another minor positive effect originated from effects pertaining to the product mix and other factors.

The gross margin also climbed in the Americas and Europe segments in the third quarter, but declined in the Africa, Asia, and Australia segment.

Functional costs increased by 1.7 percent net of currency effects in the first nine months of the year. Currency effects had a minor positive impact on functional costs, and so the rise in nominal terms was only 1.4 percent. Net of relief effects related to currency, selling and marketing costs were up 2.5 percent year on year. The increase in costs, which was primarily attributable to personnel and volume-related freight costs, was not able to be fully compensated by efficiency measures, particularly in the third quarter. Expenditure on research and development rose by 5.5 percent (net of currency effects). At 9.9 percent of net sales, the research and development (R&D) ratio was slightly up on the prior year (9 months 2016: 9.6 percent). Administrative costs were down by 4.2 percent year on year net of currency effects, predominantly as a result of restructuring costs incurred in the prior year. Adjusted for these restructuring costs, administrative costs rose by 1.7 percent year on year. Personnel costs increased by 0.6 percent (net of currency effects), or by 0.3 percent in nominal terms.

At EUR –3.2 million, the other financial result decreased by a significant margin year on year (9 months 2016: EUR +0.6 million). This deterioration is due primarily to the fact that, unlike in the prior year, overall currency-related valuation losses were recorded instead of valuation gains.

Total Group earnings before interest and taxes (EBIT) amounted to EUR 43.5 million in the first nine months of the year (9 months 2016: EUR 28.1 million). This caused the EBIT margin to rise to 2.5 percent (9 months 2016: 1.6 percent). EBIT in the third quarter increased significantly year on year due to the particularly sharp rise in net sales volume.

The net interest result improved to EUR –9.9 million (9 months 2016: EUR –12.3 million). Net of effects from the prior year, the tax rate in the first nine months of 2017 stood at 32.5 percent, putting it on par with the prior year. Due to effects from other periods, the actual tax rate was 27.1 percent (9 months 2016: 21.2 percent).

INVESTMENTS

We invested EUR 57.5 million in property, plant, and equipment in the first nine months of 2017 (9 months 2016: EUR 65.8 million) and EUR 6.3 million in intangible assets (9 months 2016: EUR 5.3 million). These investments mainly related to replacement investments. In addition, a sum of EUR 7.6 million was invested for the construction project in Krefeld for sales and service activities relating to safety products. The Dräger Group's intangible assets increased by EUR 2.6 million, EUR 1.0 million of which due to goodwill, as a result of the acquisition of gas detection technology company bentekk GmbH. Depreciation and amortization in the first nine months of 2017 stood at EUR 62.4 million (9 months 2016: EUR 61.7 million). Investments covered 102.2 percent of depreciation, meaning that non-current assets rose by EUR 1.4 million net.

EQUITY

Equity rose by EUR 5.2 million to EUR 1,008.8 million in the first nine months of 2017. The equity ratio stood at 45.0 percent as of September 30, 2017, higher than the figure from December 31, 2016 (43.4 percent). The adjustment of the underlying calculation parameters for German pension provisions, particularly the increase in the interest rate from 1.75 percent to 2.00 percent in the first quarter, reduced pension provisions by EUR 18.0 million; the net amount of this adjustment of EUR 12.3 million after deferred tax liabilities increased reserves from retained earnings recognized directly in equity.

DRÄGER VALUE ADDED

Dräger Value Added (DVA) climbed by EUR 60.3 million to EUR 67.0 million year on year in the twelve months to September 30, 2017 (12 months to September 30, 2016: EUR 6.7 million). Rolling EBIT rose year on year by EUR 57.8 million. Cost of capital fell by EUR 2.6 million, since average capital employed decreased by 2.9 percent to EUR 1,218.8 million. The fall in capital employed was due to the decline in average current assets, which primarily resulted from the reduction in trade receivables. This trend is also reflected in days working capital (coverage of current assets), which fell by 8.4 days to 113.8 days.

BUSINESS PERFORMANCE OF EUROPE SEGMENT

		Third quarter				Nine months			
		2017	2016	Changes in %	Net of currency effects in %	2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**343.2**	**336.7**	**+1.9**	**+2.5**	**1.050.0**	**1.009.9**	**+4.0**	**+4.7**
thereof Germany	€ million	136.9	133.3	+2.7	+2.7	401.6	390.3	+2.9	+2.9
Net sales with third parties	**€ million**	**342.4**	**325.0**	**+5.4**	**+6.2**	**960.7**	**949.2**	**+1.2**	**+2.0**
thereof Germany	€ million	130.9	132.4	–1.2	–1.2	374.9	380.2	–1.4	–1.4
EBITDA [1]	**€ million**	**33.3**	**25.8**	**+28.9**		**72.3**	**56.2**	**+28.6**	
EBIT [2]	**€ million**	**23.0**	**15.5**	**+48.7**		**42.3**	**25.7**	**+64.4**	
Capital Employed [3,4]	€ million	565.6	572.5	–1.2		565.6	572.5	–1.2	
EBIT [2]/Net sales	%	6.7	4.8			4.4	2.7		
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	17.9	10.7			17.9	10.7		
DVA [5,6]	€ million	61.8	20.8	> +100.0		61.8	20.8	> +100.0	

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4 Value as of reporting date
5 Value of the last twelve months
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Business Performance of Europe Segment

ORDER INTAKE

Order intake in Europe was 4.7 percent higher than the prior-year figure in the first nine months of the year (net of currency effects). Orders rose especially for safety products but demand for medical products also increased. Demand in Germany, the UK, Russia, and Austria fueled the increase in order intake. However, this positive development was offset by a decline in order intake in countries such as Switzerland, Italy, Romania, and Norway, although it should be noted that the prior-year figure for Switzerland included a larger order for a rescue train.

In terms of specific products, demand rose particularly for respiratory and personal protection products, hospital infrastructure systems, safety accessories, safety services, and gas detection devices in the first nine months of the year. Orders pertaining to medical accessories business also rose. By contrast, demand for engineered solutions and anesthesia devices declined significantly. Orders pertaining to patient monitoring and clinical data management business also declined.

NET SALES

Net sales rose by 2.0 percent in Europe in the first nine months of the year (net of currency effects). In the third quarter, we generated a 6.2 percent increase in net sales (net of currency effects).

EARNINGS

With net sales volume rising slightly, gross profit was up by 4.5 percent in the first nine months of 2017. The gross margin increased by 1.3 percentage points. With the significant rise in net sales in the third quarter the gross margin increased by 1.5 percentage points.

Functional costs remained on a par with the prior year (net of currency effects) in the first nine months of 2017 (decline of 0.5 percent in nominal terms), but rose in the third quarter by 4.5 percent (net of currency effects; increase of 3.7 percent in nominal terms). This was mainly caused by the rise in cross-segment functional costs.

EBIT in the Europe segment stood at EUR 42.3 million in the first nine months of 2017, improving considerably on the prior-year period (9 months 2016: EUR 25.7 million). The EBIT margin rose from 2.7 percent to 4.4 percent. In the third quarter, the EBIT margin came to 6.7 percent (third quarter 2016: 4.8 percent).

Dräger Value Added in the Europe segment increased by EUR 41.0 million to EUR 61.8 million year on year as of September 30, 2017 (12 months to September 30, 2016: EUR 20.8 million). Rolling EBIT rose year on year by EUR 39.7 million, whereas cost of capital declined by EUR 1.3 million to EUR 39.3 million due to lower capital employed.

BUSINESS PERFORMANCE OF AMERICAS SEGMENT

				Third quarter				Nine months
	2017	2016	Changes in %	Net of currency effects in %	2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties € million	**120.4**	**134.7**	**–10.6**	**–6.2**	**379.5**	**371.2**	**+2.2**	**+2.0**
Net sales with third parties € million	**117.1**	**119.7**	**–2.2**	**+1.8**	**344.7**	**335.9**	**+2.6**	**+2.4**
EBITDA [1] € million	**–0.1**	**5.9**	**> –100.0**		**6.6**	**7.6**	**–13.6**	
EBIT [2] € million	**–5.5**	**0.3**	**> –100.0**		**–9.4**	**–8.7**	**–8.3**	
Capital Employed [3,4] € million	284.2	298.5	–4.8		284.2	298.5	–4.8	
EBIT [2]/Net sales %	–4.7	0.2			–2.7	–2.6		
EBIT [2,5]/Capital employed [3,4] (ROCE) %	3.4	–1.5			3.4	–1.5		
DVA [5,6] € million	–11.2	–24.9	+55.0		–11.2	–24.9	+55.0	

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4 Value as of reporting date

5 Value of the last twelve month

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Business Performance of Americas Segment

ORDER INTAKE

Order intake in the Americas segment rose by 2.0 percent net of currency effects in the first nine months of the year. However, overall demand fell in the third quarter, with demand for medical products declining in particular, whereas orders for safety products remained roughly stable. Orders rose particularly in the United States in the first nine months of the year, but demand also increased in Brazil, Colombia, and Ecuador. Order intake in Mexico, Chile, and Cuba, on the other hand, declined — significantly in some cases.

In terms of products, we recorded significant increases over the first nine months of the year in orders pertaining to patient monitoring and clinical data management, hospital infrastructure business, thermoregulation equipment, and safety accessories. On the other hand, orders for engineered solutions, ventilators, and gas detection devices declined.

NET SALES

Net sales rose by 2.4 percent net of currency effects in the first nine months of 2017. In the third quarter, we generated a 1.8 percent increase in net sales (net of currency effects).

EARNINGS

The rise in net sales and the 2.0 percentage point improvement in the gross margin over the first nine months of 2017 saw gross profit increased by 6.7 percent compared to the same period in the prior year. The significant fall in the value of the US dollar in the third quarter meant that we recorded a slight nominal decline in net sales of 2.2 percent (net of currency effects increase of 1.8 percent). In spite of the fall in net sales in nominal terms, gross profit rose by 3.9 percent due to the improved gross margin (increase of 3.1 percentage points) in the third quarter.

Functional costs increased by 6.4 percent net of currency effects in the first nine months of the year (6.3 percent in nominal terms). In the third quarter, functional costs rose by 16.5 percent net of currency effects (13.5 percent in nominal terms) due to provisions for legal costs and impairments on trade receivables.

EBIT in the Americas segment came in at EUR –9.4 million in the first nine months of 2017 (9 months 2016: EUR –8.7 million), with the EBIT margin standing almost unchanged compared to the prior year at –2.7 percent (9 months 2016: –2.6 percent). The EBIT margin amounted to –4.7 percent in the third quarter and was primarily impacted by negative currency effects and a rise in functional costs (third quarter 2016: +0.2 percent).

Dräger Value Added in the Americas segment improved by EUR 13.7 million to EUR –11.2 million year on year as of September 30, 2017 (12 months to September 30, 2016: –24.9 million). Rolling EBIT rose year on year by EUR 14.1 million. Cost of capital remained on a par with the prior year at EUR –20.7 million against the backdrop of a slight rise in capital employed (+1.8 percent) (12 months to September 30, 2016: EUR –20.4 million).

BUSINESS PERFORMANCE OF AFRICA, ASIA, AND AUSTRALIA SEGMENT (AAA)

		Third quarter				Nine months			
		2017	2016	Changes in %	Net of currency effects in %	2017	2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**162.7**	**156.6**	**+3.9**	**+8.3**	**498.9**	**468.0**	**+6.6**	**+7.2**
Net sales with third parties	**€ million**	**161.5**	**148.2**	**+9.0**	**+13.1**	**431.5**	**419.3**	**+2.9**	**+3.3**
EBITDA [1]	**€ million**	**12.6**	**11.5**	**+9.3**		**27.0**	**25.9**	**+4.3**	
EBIT [2]	**€ million**	**6.9**	**6.8**	**+1.5**		**10.6**	**11.0**	**–3.9**	
Capital Employed [3,4]	€ million	364.0	367.7	–1.0		364.0	367.7	–1.0	
EBIT [2]/Net sales	%	4.3	4.6			2.5	2.6		
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	11.5	10.3			11.5	10.3		
DVA [5,6]	€ million	16.4	10.8	+52.1		16.4	10.8	+52.1	

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Business Performance of Africa, Asia, and Australia Segment

ORDER INTAKE

In the Africa, Asia, and Australia segment, order intake rose by 7.2 percent (net of currency effects) in the first nine months of the year. This trend was fueled by a strong third quarter, in which orders climbed by 8.3 percent (net of currency effects). Orders in Saudi Arabia, China, Pakistan, and Thailand rose significantly in the first nine months of the year, while order intake in Japan, Iran, India, and Vietnam in particular declined.

The sharpest rise in product orders in the first nine months of the year came with thermoregulation products, hospital consumables, ventilators, and gas detection devices. Demand for respiratory and personal protection products and alcohol detection devices also rose. Orders pertaining to anesthesia devices and hospital infrastructure business declined.

NET SALES

Net sales in the Africa, Asia, and Australia segment climbed by 3.3 percent in the first nine months of the year (net of currency effects). This was primarily due to third-quarter development, where deliveries in the region rose by 13.1 percent (net of currency effects).

EARNINGS

With net sales rising, gross profit increased by 0.5 percent in the first nine months of 2017. This increase was largely due to the strong third-quarter net sales performance. The gross margin, on the other hand, fell by 1.1 percentage points in the first nine months of the year and by 2.0 percentage points in the third quarter.

Functional costs increased by 0.6 percent net of currency effects in the first nine months of the year (+0.2 percent in nominal terms) and by 7.0 percent net of currency effects in the third quarter (+4.3 percent in nominal terms). This was the result of investment in sales structures in individual countries and a rise in cross-segment functional costs, among other factors.

EBIT in the Africa, Asia, and Australia segment amounted to EUR 10.6 million in the first nine months of 2017 (9 months 2016: EUR 11.0 million). At 2.5 percent, the EBIT margin was slightly down year on year (9 months 2016: 2.6 percent). The EBIT margin also fell slightly year on year in the third quarter, standing at 4.3 percent (third quarter 2016: 4.6 percent).

Dräger Value Added (DVA) climbed by EUR 5.6 million in the Africa, Asia, and Australia segment to EUR 16.4 million year on year in the twelve months to September 30, 2017 (12 months to September 30, 2016: EUR 10.8 million). Rolling EBIT increased by EUR 4.0 million, whereas cost of capital decreased by EUR 1.6 million. This was due to the lower average capital employed, which fell by 6.1 percent to EUR 361.7 million.

Additional information on the medical and safety business

INFORMATION ON THE MEDICAL BUSINESS

		Third quarter 2017	Third quarter 2016	Changes in %	Net of currency effects in %	Nine months 2017	Nine months 2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**412.4**	**417.4**	**–1.2**	**+1.4**	**1,253.4**	**1,218.1**	**+2.9**	**+3.3**
Europe	€ million	210.0	206.1	+1.9	+2.2	624.7	614.5	+1.7	+2.0
Americas	€ million	84.0	96.3	–12.7	–8.2	265.5	256.2	+3.6	+3.5
Africa, Asia, Australia	€ million	118.4	115.0	+3.0	+7.8	363.2	347.4	+4.6	+5.6
Net sales with third parties	**€ million**	**399.9**	**389.8**	**+2.6**	**+4.8**	**1,106.3**	**1,093.9**	**+1.1**	**+1.6**
Europe	€ million	202.4	199.9	+1.2	+1.7	564.2	558.5	+1.0	+1.5
Americas	€ million	83.2	81.4	+2.2	+6.2	233.4	230.0	+1.5	+1.4
Africa, Asia, Australia	€ million	114.3	108.6	+5.3	+9.7	308.6	305.4	+1.0	+1.9
EBIT [1,2]	**€ million**	**9.1**	**16.8**	**–45.5**		**4.7**	**7.7**	**–38.6**	
Research and development costs	€ million	42.1	38.9	+8.1		120.4	117.9	+2.2	
EBIT [1]/net sales	%	2.3	4.3			0.4	0.7		

[1] EBIT = earnings before net interest result and income taxes

[2] Business figures are determined on the basis of products' allocation to the medical business. Non-product-related costs, including costs for the headquarters, are distributed using a plan-based net sales formula.

INFORMATION ON THE SAFETY BUSINESS

		Third quarter 2017	Third quarter 2016	Changes in %	Net of currency effects in %	Nine months 2017	Nine months 2016	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**213.9**	**210.6**	**+1.5**	**+3.5**	**674.9**	**631.0**	**+7.0**	**+7.6**
Europe	€ million	133.2	130.6	+2.0	+3.0	425.3	395.4	+7.5	+9.0
Americas	€ million	36.3	38.4	–5.2	–1.3	114.0	115.0	–0.9	–1.4
Africa, Asia, Australia	€ million	44.3	41.7	+6.2	+9.8	135.6	120.5	+12.5	+11.9
Net sales with third parties	**€ million**	**221.1**	**203.1**	**+8.9**	**+11.3**	**630.7**	**610.4**	**+3.3**	**+4.0**
Europe	€ million	140.0	125.1	+11.9	+13.6	396.5	390.7	+1.5	+2.8
Americas	€ million	33.9	38.4	–11.6	–7.7	111.3	105.8	+5.2	+4.8
Africa, Asia, Australia	€ million	47.2	39.6	+19.2	+22.4	122.9	113.9	+7.9	+7.3
EBIT [1,2]	**€ million**	**15.2**	**5.7**	**> +100.0**		**38.8**	**20.4**	**+90.2**	
Research and development costs	€ million	17.7	14.5	+21.8		51.2	45.5	+12.6	
EBIT [1]/net sales	%	6.9	2.8			6.1	3.3		

[1] EBIT = earnings before net interest result and income taxes

[2] Business figures are determined on the basis of products' allocation to the safety business. Non-product-related costs, including costs for the headquarters, are distributed using a plan-based net sales formula.

Outlook

FUTURE SITUATION OF THE COMPANY

The following section should be read in conjunction with the “Future situation of the company” section in the management report of the 2016 annual report (pages 107 et seq.), which describes expectations for 2017 in detail. The following table provides an overview of the expectations regarding the development of various forecast figures. The forecast horizon is the fiscal year.

EXPECTATIONS FOR FISCAL YEAR 2017

	Results achieved Fiscal year 2016	Forecast 2017 according to the annual report	Current forecast
Net sales	–1.5% (net of currency effects)	0.0–3.0 % (net of currency effects)	Confirmed
EBIT margin	5.4 %	5.0–7.0 % [1]	Confirmed
DVA	EUR 49.8 million	EUR 40–90 million	Confirmed
Other forecast figures:			
Gross margin	45.0 %	44.0–46.0 %	Confirmed
Research and development costs	EUR 219.0 million	EUR 230–245 million	Confirmed
Interest result	EUR –15.5 million	EUR –13 to –17 million	Confirmed
Days working capital (DWC)	121.7 days	Slight improvement	Confirmed
Investment volume [2]	EUR 99.9 million	EUR 90–105 million	Confirmed
Net financial debt	EUR 34.7 million	Improvement	Confirmed

1 Based on exchange rates at the start of fiscal year 2017
2 Excluding company acquisitions

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. The statements are based on the current expectations, presumptions, and forecasts of the Executive Board of Drägerwerk Verwaltungs AG as well as the information available to it to date. The forward-looking statements do not provide any warranty for the future developments and results contained therein. Rather, the future developments and results are dependent on a number of factors; they entail various risks and uncertainties and are based on assumptions that could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements made in this report.

This document constitutes a quarterly statement pursuant to Section 51a of the exchange rules for the Frankfurt Stock Exchange

Lübeck, November 1, 2017

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Rainer Klug
Gert-Hartwig Lescow
Dr. Reiner Piske
Anton Schrofner

Further financial information

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

in € thousand	Third quarter 2017	Third quarter 2016	Nine months 2017	Nine months 2016
Net sales	620,997	592,904	1,736,981	1,704,338
Cost of sales	–342,335	–331,824	–960,166	–956,691
Gross profit	**278,662**	**261,079**	**776,815**	**747,647**
Research and development costs	–59,766	–53,447	–171,661	–163,360
Marketing and selling expenses	–140,870	–135,886	–412,831	–404,402
General administrative costs	–52,178	–48,269	–143,300	–150,122
Other operating income	1,628	2,462	6,473	5,871
Other operating expenses	–2,221	–3,262	–8,983	–8,531
	–253,407	**–238,402**	**–730,302**	**–720,545**
	25,255	**22,677**	**46,513**	**27,103**
Profit from investments in associates	215	179	215	179
Profit from other investments	–	73	0	154
Other financial result	–1,079	–412	–3,249	624
Financial result (before interest result)	**–864**	**–160**	**–3,034**	**958**
EBIT	**24,391**	**22,518**	**43,479**	**28,060**
Interest result	–3,070	–3,859	–9,911	–12,261
Earnings before income taxes	**21,320**	**18,659**	**33,568**	**15,799**
Income taxes	–5,092	–5,126	–9,105	–3,344
Earnings after income taxes	**16,229**	**13,532**	**24,463**	**12,455**
Earnings after income taxes	**16,229**	**13,532**	**24,463**	**12,455**
Non-controlling interests in net profit	–107	251	111	428
Earnings attributable to participation certificates (excluding minimum dividend, after taxes)	4,130	–	6,145	–
Earnings attributable to shareholders	12,205	13,281	18,207	12,027
Undiluted/diluted earnings per share on full distribution [1, 2]				
per preferred share (in €)	0.69	0.59	1.05	0.54
per common share (in €)	0.68	0.57	1.01	0.49

1 The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.

2 Values for the third quarter 2016 were adjusted due to a data transmission error.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE DRÄGER GROUP

in € thousand	Nine months 2017	Nine months 2016
Earnings after income taxes	**24,463**	**12,455**
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	17,983	–70,504
Deferred taxes on remeasurements of defined benefit pension plans	–5,651	22,209
Items that may be reclassified into the income statement in the future		
Currency translation adjustment for foreign subsidiaries	–26,848	–12,140
Change in the fair value of derivative financial instruments recognized directly in equity	515	–226
Deferred taxes on changes in the fair value of derivative financial instruments recognized directly in equity	–167	71
Other comprehensive income (after taxes)	**–14,169**	**–60,590**
Total comprehensive income	**10,294**	**–48,135**
thereof earnings attributable to non-controlling interests	–93	534
thereof earnings attributable to participation certificates (excluding minimum dividend, after taxes)	6,145	–
thereof earnings attributable to shareholders	4,243	–48,670

CONSOLIDATED BALANCE SHEET OF THE DRÄGER GROUP

in € thousand	September 30, 2017	Dezember 31, 2016
Assets		
Intangible assets	342,792	347,579
Property, plant and equipment	415,148	420,851
Investments in associates	373	373
Other non-current financial assets	10,373	13,937
Deferred tax assets	140,996	133,702
Other non-current assets	2,381	2,126
Non-current assets	**912,061**	**918,568**
Inventories	451,504	386,759
Trade receivables and receivables from construction contracts	550,285	681,743
Other current financial assets	33,807	37,236
Cash and cash equivalents	200,381	221,481
Current income tax refund claims	17,438	15,111
Other current assets	74,471	51,427
Current assets	**1,327,886**	**1,393,757**
Total assets	**2,239,947**	**2,312,325**
Equity and liabilities		
Capital stock	45,466	45,466
Capital reserves	234,028	234,028
Reserves retained from earnings, incl. group result	715,406	682,803
Participation capital	29,497	29,497
Other comprehensive income	–16,931	9,683
Non-controlling interests	1,296	2,039
Equity	**1,008,761**	**1,003,516**
Liabilities from participation certificates	23,506	22,687
Provisions for pensions and similar obligations	304,967	318,325
Other non-current provisions	53,238	57,824
Non-current interest-bearing loans	178,434	188,635
Other non-current financial liabilities	27,919	27,994
Non-current income tax liabilities	5,503	5,578
Deferred tax liabilities	1,381	1,471
Other non-current liabilities	14,642	15,726
Non-current liabilities	**609,592**	**638,240**
Other current provisions	184,465	211,203
Current interest-bearing loans and liabilities to banks	28,556	57,025
Trade payables	167,644	179,773
Other current financial liabilities	24,709	25,336
Current income tax liabilities	41,181	31,996
Other current liabilities	175,039	165,236
Current liabilities	**621,594**	**670,569**
Total equity and liabilities	**2,239,947**	**2,312,325**

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

	in € thousand	Third quarter 2017	Third quarter 2016	Nine months 2017	Nine months 2016
	Operating activities				
	Earnings after income taxes	16,229	13,532	24,463	12,455
+	Write-down/write-up of non-current assets	21,337	20,702	62,369	61,649
+	Interest result	3,070	3,859	9,911	12,261
+	Income taxes	5,092	5,126	9,105	3,344
+/–	Increase/decrease in provisions	24,610	18,439	–23,539	–15,833
+/–	Other non-cash expenses/income	8,447	3,370	20,259	–213
+/–	Losses/gains from the disposal of non-current assets	524	–655	–493	–676
–	Increase in inventories	–25,471	–20,960	–84,434	–59,078
–	Increase in leased equipment	–2,699	–2,697	–7,514	–9,811
+/–	Decrease/increase in trade receivables	–24,586	10,497	109,246	133,211
+/–	Decrease/increase in other assets	15,301	14,400	–17,808	–2,496
+/–	Increase/decrease in trade payables	12,850	161	–10,851	–30,969
+/–	Increase/decrease in other liabilities	–1,645	–11,662	14,218	16,063
–	Cash outflow for income taxes	–5,033	–4,585	–22,662	–24,961
–	Cash outflow for interests	–1,385	–2,129	–5,451	–6,184
+	Cash inflow from interests	625	1,109	1,670	2,133
	Cash inflow from operating activities	**47,265**	**48,508**	**78,488**	**90,894**
	Investing activities				
–	Cash outflow for investments in intangible assets	–1,783	–1,288	–2,920	–4,814
+	Cash inflow from the disposal of intangible assets	1	0	1	1
–	Cash outflow for investments in property, plant and equipment	–17,635	–17,552	–47,399	–56,837
+	Cash inflow from disposals of property, plant and equipment	132	1,244	2,284	1,872
–	Cash outflow for investments in non-current financial assets	–13	–14	–47	–38
+	Cash inflow from the disposal of non-current financial assets	0	231	241	232
–	Cash outflow from the acquisition of subsidiaries	–	–	–980	–
	Cash outflow from investing activities	**–19,298**	**–17,379**	**–48,818**	**–59,584**
	Financing activities				
–	Distribution of dividends (including dividends for participation certificates)	–	–	–4,001	–4,001
+	Cash provided by raising loans	9	9	18	59,966
–	Cash used to redeem loans	–3,992	–2,250	–7,792	–6,361
–	Net balance of other liabilities to banks	4,389	–15,733	–28,891	–76,707
–	Net balance of finance lease liabilities repaid/incurred	–340	–360	–1,012	–1,013
–	Outflow from the changes in shareholdings in subsidiaries	–1,137	–	–1,137	–
–	Profit distributed to non-controlling interests	–	–80	–161	–80
	Cash outflow from financing activities	**–1,071**	**–18,413**	**–42,976**	**–28,196**
	Change in cash and cash equivalents in the reporting period	**26,896**	**12,716**	**–13,306**	**3,113**
+/–	Effect of exchange rates on cash and cash equivalents	–2,166	–1,006	–7,794	–2,009
+	Cash and cash equivalents at the beginning of the reporting period	175,651	162,162	221,481	172,767
	Cash and cash equivalents on reporting date	**200,381**	**173,872**	**200,381**	**173,872**

BUSINESS PERFORMANCE OF THE SEGMENTS

		Europe		Americas		Africa, Asia, Australia		Dräger Group	
		Nine months 2017	Nine months 2016	Nine months 2017	Nine months 2016	Nine months 2017	Nine months 2016	Nine months 2017	Nine months 2016
Order intake with third parties	**€ million**	**1,050.0**	**1,009.9**	**379.5**	**371.2**	**498.9**	**468.0**	**1,928.3**	**1,849.1**
Net sales with third parties	**€ million**	**960.7**	**949.2**	**344.7**	**335.9**	**431.5**	**419.3**	**1,737.0**	**1,704.3**
EBITDA [1]	**€ million**	**72.3**	**56.2**	**6.6**	**7.6**	**27.0**	**25.9**	**105.8**	**89.7**
Depreciation/Amortization	€ million	–29.9	–30.5	–16.0	–16.3	–16.4	–14.9	–62.4	–61.7
EBIT [2]	**€ million**	**42.3**	**25.7**	**–9.4**	**–8.7**	**10.6**	**11.0**	**43.5**	**28.1**
Capital employed [3,4]	€ million	565.6	572.5	284.2	298.5	364.0	367.7	1,213.7	1,238.7
EBIT [2]/Net sales	%	4.4	2.7	–2.7	–2.6	2.5	2.6	2.5	1.6
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	17.9	10.7	3.4	–1.5	11.5	10.3	12.6	7.6
DVA [5,6]	€ million	61.8	20.8	–11.2	–24.9	16.4	10.8	67.0	6.7

1 EBITDA = earnings before net interest result, income taxes, depreciation and amortization

2 EBIT = Earnings before net interest result and income taxes

3 Capital employed in segments = Trade receivables, inventories incl. prepayments received; Capital employed Group = Total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities

4 Value as of reporting date

5 Value of the last twelve months

6 Dräger Value Added = EBIT less cost of capital of average invested capital

FINANCIAL CALENDAR

Report as of September 30, 2017, Conference call	November 2, 2017
Annual accounts press conference	March 8, 2018
Analysts' meeting	March 8, 2018
Report as of March 31, 2018, Conference call	April 26, 2018
Annual shareholders' meeting, Lübeck, Germany	Mai 4, 2018
Report as of June 30, 2018, Conference call	July 26, 2018
Report as of September 30, 2018, Conference call	October 30, 2018

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