Quarterly Statement
January 1 to March 31, 2019
Dräger Group

Dräger. Technology for Life®

THE DRÄGER GROUP OVER THE PAST FIVE YEARS

		Three months 2015	Three months 2016	Three months 2017	Three months 2018	Three months 2019
Order intake	€ million	615.3	599.6	639.4	621.4	647.6
Net sales	€ million	545.5	532.4	535.0	495.6	601.6
Gross profit	€ million	257.8	223.4	240.4	205.1	254.3
Gross profit/Net sales	%	47.3	42.0	44.9	41.4	42.3
EBITDA [1]	€ million	20.7	4.1	22.8	–18.8	18.9
EBIT [2]	€ million	1.1	–15.7	2.3	–39.8	–10.7
EBIT [2]/Net sales	%	0.2	–2.9	0.4	–8.0	–1.8
Interest result	€ million	–5.6	–4.4	–3.2	–3.2	–4.0
Income taxes	€ million	1.4	6.4	0.2	14.0	4.6
Net profit	€ million	–3.1	–13.6	–0.7	–29.0	–10.1
Earnings per share on full distribution [3]						
per preferred share	€	–0.18	–0.76	–0.04	–1.60	–0.57
per common share	€	–0.20	–0.78	–0.06	–1.62	–0.59
DVA [4,5]	€ million	60.2	–39.5	68.4	28.6	–0.6
Equity [6]	€ million	899.7	907.8	1,013.5	1,041.5	1,062.6
Equity ratio [6]	%	39.0	40.3	44.7	45.3	42.9
Capital employed [6,7]	€ million	1,269.7	1,248.2	1,218.6	1,245.8	1,429.4
EBIT [2,4]/Capital employed [6,7] (ROCE)	%	12.7	4.0	12.7	9.1	6.4
Net financial debt [6,8]	€ million	150.4	153.3	18.0	12.4	136.6
Headcount as of March 31		13,698	13,679	13,352	13,866	14,603

[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 of the last twelve months
[5] Dräger Value Added = EBIT less cost of capital (through 2015: 9 %, from 2016: 7 %) of average invested capital
[6] Value as of reporting date
[7] Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
[8] Due to the first time application of IFRS 16 the amount increased as of January 1, 2019 by EUR 103.9 million.

The Dräger Group in the first quarter of 2019

DRÄGER OFF TO A DECENT START IN FISCAL YEAR 2019

- Net sales up significantly
- Order intake up
- Earnings higher year on year

"Dräger saw a decent start to the new fiscal year. In particular we have succeeded in significantly increasing our net sales compared to the prior year. Last year's figure was particularly weak due to the delivery delays. We also posted an increase in order intake in 2019. The very positive development in safety products is particularly noteworthy," said Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG.

Possible rounding differences in this quarterly statement may lead to slight discrepancies.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

				Three months
		2019	2018	Changes in %
Order intake	**€ million**	**647.6**	**621.4**	**+4.2**
Net sales	**€ million**	**601.6**	**495.6**	**+21.4**
Gross profit	**€ million**	**254.3**	**205.1**	**+24.0**
Gross profit /Net sales	%	42.3	41.4	
EBITDA [1]	**€ million**	**18.9**	**–18.8**	**> +100.0**
EBIT [2]	**€ million**	**–10.7**	**–39.8**	**+73.2**
EBIT [2]/Net sales	%	–1.8	–8.0	
Net profit	**€ million**	**–10.1**	**–29.0**	**+65.2**
Earnings per share on full distribution [3]				
per preferred share	€	–0.57	–1.60	+64.4
per common share	€	–0.59	–1.62	+63.6
DVA [4,5]	**€ million**	**–0.6**	**28.6**	**> –100.0**
Research and development costs	€ million	63.2	62.0	+1.9
Equity ratio [6]	%	42.9	45.3	
Cash flow from operating activities	€ million	23.3	–24.9	> +100.0
Net financial debt [6,7]	€ million	136.6	12.4	> +100.0
Investments	€ million	19.3	20.7	–7.1
Capital employed [6,8]	€ million	1,429.4	1,245.8	+14.7
Net Working Capital [6,9]	€ million	658.8	567.7	+16.0
EBIT [2,4]/Capital employed [6,8] (ROCE)	%	6.4	9.1	
Net financial debt [6,7]/EBITDA [1,4]	Factor	0.74	0.06	
Gearing [7,10]	Factor	0.13	0.01	
Headcount as of March 31		14,603	13,866	+5.3

Business performance of the Dräger Group

ORDER INTAKE

in € million	2019	2018	Changes in %	Three months Net of currency effects in %
Europe	348.9	341.5	+2.1	+2.9
Americas	121.8	110.5	+10.2	+6.9
Africa, Asia, and Australia	176.9	169.4	+4.4	+2.0
Total	**647.6**	**621.4**	**+4.2**	**+3.4**
thereof medical business	378.5	401.5	–5.7	–6.8
thereof safety business	269.0	220.0	+22.3	+22.0

ORDER INTAKE

Order intake (net of currency effects) rose by 3.4 percent in the first quarter. At 6.9 percent (net of currency effects), order intake saw the strongest growth in the Americas segment. In the Europe segment, order intake was up 2.9 percent year on year (net of currency effects) in the first quarter. In the Africa, Asia, and Australia segment, we recorded a rise in order intake of 2.0 percent (net of currency effects) in the first quarter. While demand for safety products increased in all regions, order intake for medical products fell across the board in the first quarter.

With regard to medical products, order intake for thermoregulation equipment increased in the first quarter. Demand in our service business was on par with the prior year. We recorded a decrease in orders in the area of hospital infrastructure systems, for ventilators

Footnotes for page 2

1 EBITDA = earnings before net interest result, income taxes, depreciation and amortization
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3 Based on an imputed actual full distribution of earnings attributable to shareholders
4 Value of the last twelve months
5 Dräger Value Added = EBIT less cost of capital of average invested capital
6 Value as of reporting date
7 Due to the first time application of IFRS 16 the amount of net financial debt increased by EUR 103.9 million as of January 1, 2019.
8 Capital employed = total assets less deferred tax assets, current securities, cash and cash equivalents and non-interest-bearing liabilities
9 Net working capital = current, non-interest-bearing assets plus non-current trade receivables less current, non-interest-bearing debt
10 Gearing = Net financial debt/equity

and anesthesia devices, and in the areas of patient monitoring and data management. Business involving hospital consumables also fell slightly.

Order intake relating to safety products rose in all product areas. Development was particularly positive in gas detection products, respiratory and personal protection products, our service business, and engineered solutions.

NET SALES

				Three months
in € million	2019	2018	Changes in %	Net of currency effects in %
Europe	326.7	287.6	+13.6	+14.6
Americas	122.2	93.5	+30.8	+26.9
Africa, Asia, and Australia	152.7	114.5	+33.3	+30.9
Total	**601.6**	**495.6**	**+21.4**	**+20.7**
thereof medical business	368.4	309.9	+18.9	+17.9
thereof safety business	233.2	185.7	+25.6	+25.4

NET SALES

Net sales increased by 20.7 percent (net of currency effects) in the first quarter. Deliveries were up in all regions. Both medical and safety products contributed to the increase.

EARNINGS

In the first quarter of 2019, gross profit was up by EUR 49.2 million compared to a weak first quarter in the prior year, placing it at EUR 254.3 million. At 42.3 percent, Dräger's gross margin was up on the figure from the prior year (3 months 2018: 41.4 percent). Net sales, which increased by 20.7 percent (net of currency effects), made a major contribution to the improved gross profit. Lower quality costs had a somewhat positive effect on the gross margin and gross profit, whereas currency effects had a slightly negative impact.

All three segments—particularly Africa, Asia, and Australia—saw a mostly volume-related rise in gross profit in absolute terms. By contrast, the development of the gross margin varied markedly from segment to segment. Despite rising significantly in Africa, Asia, and Australia, the increase in the Americas was less pronounced, and the gross margin in Europe was roughly on par with the prior year.

Dräger's functional costs were up by 7.3 percent (net of currency effects) year on year (+8.2 percent in nominal terms) in the first quarter of 2019. The factors behind this rise included targeted investments in sales, as well as wage and salary increases.

Selling and marketing costs were up 8.6 percent year on year, net of negative currency effects. The rise applies to all segments, although costs in Africa, Asia, and Australia saw the greatest increase. In addition to the investments in sales, Dräger saw higher commissions and freight costs due to volume-related factors. Net of the change in exchange rates, research and development (R&D) costs were roughly on par with the prior year, having risen 0.2 percent (+1.9 percent in nominal terms). The ratio of R&D costs to net sales (R&D ratio) therefore stood at 10.5 percent (3 months 2018: 12.5 percent). Net of currency effects, our administrative costs increased by 7.6 percent, primarily due to higher costs for IT projects. This year, Dräger already started incurring higher related costs for IT projects in the first quarter.

At EUR –1.0 million, the other financial result was down slightly year on year (3 months 2018: EUR –0.9 million).

Due in particular to higher net sales volume, Group earnings before interest and taxes (EBIT) increased to EUR –10.7 million (3 months 2018: EUR –39.8 million) despite higher functional costs. The EBIT margin improved from –8.0 percent and now stands at –1.8 percent.

At EUR –4.0 million, the net interest result was up year on year (3 months 2018: EUR –3.2 million). The change in the interest result was primarily attributable to the interest effect under the new IFRS 16[1]. With regard to income from the current year, the tax rate in the first quarter of 2019 remained unchanged year on year at 32.5 percent. Due to non-periodic tax effects, the actual tax rate stood at 31.5 percent in the first quarter of 2019. Earnings after income taxes amounted to EUR –10.1 million (3 months 2018: EUR –29.0 million).

INVESTMENTS

In the first quarter of 2019, Dräger invested EUR 18.3 million in property, plant, and equipment (3 months 2018: EUR 20.1 million) and EUR 1.0 million in intangible assets (3 months 2018: EUR 0.6 million), mainly related to replacement investments. Depreciation and amortization amounted to EUR 29.6 million in the first quarter of 2019 (3 months 2018: EUR 21.0 million). The increase in depreciation and amortization was primarily attributable to the recognition of right-of-use assets since 2019 under IFRS 16[1]. Without this change, depreciation and amortization would have declined slightly.

[1] See notes on IFRS 16 on page 22

Investments covered 65.1 percent of depreciation and amortization, meaning that non-current assets saw a net decrease of EUR 10.3 million.

EQUITY

Equity fell by EUR 18.1 million to EUR 1,062.6 million in the first three months of 2019. The equity ratio stood at 42.9 percent as of March 31, 2019, down on the figure from December 31, 2018 (44.8 percent), primarily due to effects from IFRS 16[2]. Equity declined on account of the negative result in the first quarter and, in particular, due to a change in retained earnings. The adjustment of the calculation parameters for pension provisions, particularly the decrease in the underlying interest rate for German pension provisions from 1.75 percent to 1.5 percent, increased pension provisions by EUR 18.7 million. The net amount of this adjustment of EUR 12.8 million after deferred tax liabilities decreased reserves from retained earnings recognized directly in equity.

DRÄGER VALUE ADDED

Dräger Value Added (DVA) decreased by EUR 29.2 million to EUR –0.6 million year on year in the 12 months to March 31, 2019 (12 months to March 31, 2018: EUR 28.6 million). Rolling EBIT fell year on year by EUR 21.9 million. Capital costs rose by EUR 7.3 million, since average capital employed increased by 8.6 percent to EUR 1,319.9 million. Average current assets saw a significantly greater increase than net sales. As a result, days working capital (coverage of current assets) rose by 4.1 days to 116.3 days.

[2] See notes on IFRS 16 on page 22

BUSINESS PERFORMANCE OF EUROPE SEGMENT

		Three months			
		2019	2018	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**348.9**	**341.5**	**+2.1**	**+2.9**
thereof Germany	€ million	147.2	139.0	+5.9	+5.9
Net sales with third parties	**€ million**	**326.7**	**287.6**	**+13.6**	**+14.6**
thereof Germany	€ million	122.4	112.2	+9.1	+9.1
EBITDA [1]	**€ million**	**13.0**	**1.5**	**> +100.0**	
EBIT [2]	**€ million**	**–2.0**	**–8.7**	**+77.4**	
EBIT [2]/Net sales	%	–0.6	–3.0		
Capital employed [3,4]	€ million	654.7	580.2	+12.8	
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	13.6	16.3		
DVA [5,6]	€ million	46.8	54.8	–14.6	

[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 = 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

Business performance of Europe segment

ORDER INTAKE

In Europe, order intake increased by 2.9 percent (net of currency effects) in the first three months. An increase in demand in Germany, France, Belgium, and Norway stood in contrast to a decline in orders in Russia, Sweden, and the Netherlands.

In terms of products, demand increased for engineered solutions, gas detection products, safety technology service, and safety product accessories in particular. However, orders were down for ventilators and in patient monitoring, data management, and the medical technology service business.

By contrast, Dräger increased order intake in Germany by 5.9 percent in the first quarter. The rise was driven by demand for safety products, whereas orders of medical products were down.

Net sales increased in the Europe segment by 14.6 percent in the first quarter (net of currency effects). Both safety and medical products contributed to this development.

EARNINGS

Thanks to a rise in sales volume, gross profit improved by 13.1 percent in the Europe segment in the first quarter of 2019. The gross margin fell by 0.2 percentage points due to negative currency, mix, and other effects.

Functional costs were up 6.6 percent year on year (net of currency effects) (6.5 percent in nominal terms) in the first quarter of 2019. The main drivers of this development were higher marketing and selling costs, mainly personnel costs, particularly in Germany. Cross-segment costs were higher as well.

EBIT for the Europe segment stood at EUR –2.0 million in the first quarter of 2019, improving year on year (3 months 2018: EUR –8.7 million). The EBIT margin rose from –3.0 percent to –0.6 percent.

In the Europe Segment, Dräger Value Added fell by EUR 8.0 million year on year to EUR 46.8 million as of March 31, 2019 (12 months to March 31, 2018: EUR 54.8 million). Dräger's rolling EBIT saw a year-on-year decrease of EUR 5.5 million, whereas capital costs rose by EUR 2.5 million.

BUSINESS PERFORMANCE OF AMERICAS SEGMENT

		Three months			
		2019	2018	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**121.8**	**110.5**	**+10.2**	**+6.9**
Net sales with third parties	**€ million**	**122.2**	**93.5**	**+30.8**	**+26.9**
EBITDA [1]	**€ million**	**–1.6**	**–12.5**	**+87.1**	
EBIT [2]	**€ million**	**–8.3**	**–17.8**	**+53.3**	
EBIT [2]/Net sales	%	–6.8	–19.0		
Capital employed [3,4]	€ million	331.3	290.4	+14.1	
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	–6.2	–3.1		
DVA [5,6]	€ million	–42.8	–29.5	–45.4	

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5 Value of the last twelve months
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Business Performance of Americas Segment

ORDER INTAKE

Order intake in the Americas segment rose by 6.9 percent (net of currency effects) in the first quarter. An increase in demand in the United States, Argentina, Mexico, and Brazil stood in contrast to a decline in order intake in Panama, the Dominican Republic, and Cuba.

Orders increased in the gas detection business, for thermoregulation equipment, for alcohol detection devices, and for respiratory and personal protection products. Order intake was slightly higher than in the prior year for ventilators and hospital consumables. By contrast, demand was down in the hospital infrastructure business, in patient monitoring and data management, and for anesthesia devices.

Net sales increased in the Americas segment by 26.9 percent (net of currency effects) in the first three months. Deliveries of both medical products and safety products increased.

EARNINGS

As a result of the significant rise in net sales volume, gross profit increased by 32.8 percent in the first quarter of 2019. The gross margin improved by 0.7 percentage points. Lower cross-segment costs, among other things, had a positive influence on the gross margin, thereby compensating for negative mix and other margin effects.

Functional costs rose by 4.8 percent (net of currency effects) (7.3 percent in nominal terms) in the first quarter of 2019. The rise in costs was attributable to logistics costs on account of net sales volume and investments in sales structures.

In the first quarter of 2019, EBIT in the Americas segment stood at EUR –8.3 million (3 months 2018: EUR –17.8 million) with an EBIT margin of –6.8 percent (3 months 2018: –19.0 percent).

Dräger Value Added (DVA) fell by EUR 13.4 million year on year to EUR –42.8 million as of March 31, 2019 (12 months to March 31, 2018: EUR –29.5 million). The main driver of this decline was the decrease in rolling EBIT in the past 12 months. As a result of higher average capital employed, capital costs increased by EUR 1.8 million to EUR 22.2 million (12 months to March 31, 2018: EUR 20.3 million).

BUSINESS PERFORMANCE OF AFRICA, ASIA, AND AUSTRALIA SEGMENT

					Three months
		2019	2018	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**176.9**	**169.4**	**+4.4**	**+2.0**
Net sales with third parties	**€ million**	**152.7**	**114.5**	**+33.3**	**+30.9**
EBITDA [1]	**€ million**	**7.6**	**–7.9**	**> +100.0**	
EBIT [2]	**€ million**	**–0.4**	**–13.2**	**+97.1**	
EBIT [2]/Net sales	%	–0.2	–11.6		
Capital employed [3,4]	€ million	443.3	375.2	+18.1	
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	5.3	7.6		
DVA [5,6]	€ million	–4.6	3.3	> –100.0	

[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 = 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

Business performance of Africa, Asia, and Australia segment

ORDER INTAKE

In the Africa, Asia, and Australia segment, order intake increased by 2.0 percent (net of currency effects) in the first three months of the year. Strong demand in China, Taiwan, Japan, and Kuwait contributed to this development. Orders were down in Botswana, Iran, Singapore, and Indonesia.

In terms of products, we recorded the strongest growth in respiratory and personal protection products and in gas detection products. Order intake increased in the medical and safety technology service business. By contrast, demand declined in particular in the hospital infrastructure business and for anesthesia devices and ventilators.

Net sales increased by 30.9 percent (net of currency effects) in the Africa, Asia, and Australia segment in the first quarter. Both medical and safety products contributed to the increase.

EARNINGS

Gross profit in the Africa, Asia, and Australia segment increased by 40.5 percent in the first quarter due to a significant rise in net sales volume and a substantial improvement in the gross margin. The gross margin improved by 2.4 percentage points, mainly due to positive currency effects.

Functional costs were up 11.1 percent year on year (net of currency effects) in the first quarter of 2019 (12.2 percent in nominal terms). The main drivers of this development were significantly higher selling expenses, in particular personnel costs and higher provisions due to the higher volume. Cross-segment costs rose slightly as well.

EBIT in the Africa, Asia, and Australia segment stood at EUR –0.4 million in the first quarter of 2019, marking a EUR 12.9 million increase year on year (3 months 2018: EUR –13.2 million). The EBIT margin rose from –11.6 percent to –0.2 percent.

Dräger Value Added in the Africa, Asia, and Australia segment decreased by EUR 7.8 million year on year to EUR –4.6 million as of March 31, 2019 (12 months to March 31, 2018: EUR 3.3 million). Dräger’s rolling EBIT saw a year-on-year decrease of EUR 4.9 million, whereas capital costs increased by EUR 3.0 million to EUR 28.2 million.

Additional information on the medical and safety business

INFORMATION ON THE MEDICAL BUSINESS

		Three months			
		2019	2018	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**378.5**	**401.5**	**–5.7**	**–6.8**
Europe	€ million	187.3	196.4	–4.6	–4.2
Americas	€ million	75.8	74.7	+1.5	–1.4
Africa, Asia, and Australia	€ million	115.4	130.4	–11.5	–13.8
Net sales with third parties	**€ million**	**368.4**	**309.9**	**+18.9**	**+17.9**
Europe	€ million	183.2	167.2	+9.6	+10.7
Americas	€ million	81.8	62.1	+31.8	+27.5
Africa, Asia, and Australia	€ million	103.4	80.6	+28.2	+25.5
EBIT [1,2]	**€ million**	**–17.2**	**–36.7**	**+53.1**	
EBIT [1,2]/Net sales	%	–4.7	–11.8		
Research and development costs	€ million	43.6	42.1	+3.6	

[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

		Three months			
		2019	2018	Changes in %	Net of currency effects in %
Order intake with third parties	**€ million**	**269.0**	**220.0**	**+22.3**	**+22.0**
Europe	€ million	161.6	145.1	+11.3	+12.5
Americas	€ million	46.0	35.8	+28.4	+24.1
Africa, Asia, and Australia	€ million	61.5	39.0	+57.5	+54.9
Net sales with third parties	**€ million**	**233.2**	**185.7**	**+25.6**	**+25.4**
Europe	€ million	143.5	120.4	+19.2	+20.1
Americas	€ million	40.4	31.4	+28.8	+25.6
Africa, Asia, and Australia	€ million	49.3	33.9	+45.6	+43.8
EBIT [1,2]	**€ million**	**6.6**	**–3.1**	**> +100.0**	
EBIT [1,2]/Net sales	%	2.8	–1.7		
Research and development costs	€ million	19.6	19.9	–1.5	

[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 “Outlook” section in the management report of the 2018 annual report (pages 54 et seq.), which describes our expectations for 2019 in detail. The following table provides an overview of our expectations regarding the development of various forecast figures. The forecast horizon generally covers one fiscal year.

EXPECTATIONS FOR FISCAL YEAR 2019

	Results achieved in fiscal year 2018	Forecast for fiscal year 2019	Current forecast
Net sales	3.9 % (net of currency effects)	1.0 to 4.0 % (net of currency effects)	Confirmed
EBIT margin	2.4 %	1.0 to 3.0 %[1]	Confirmed
DVA	EUR –26.5 million	EUR –60 to –10 million	Confirmed
Other forecast figures:			
Gross margin	42.7 %	On par with prior year (+/– 1 percentage point)	Confirmed
Research and development costs	EUR 252.2 million	EUR 260 to 275 million	Confirmed
Net interest result	EUR –11.0 million	On par with prior year	Confirmed
Days working capital (DWC)[2]	117.4 days	Stable development	Confirmed
Investment volume	EUR 77.8 million[3]	EUR 85 to 100 million[3]	Confirmed
Net financial debt[4]	EUR 43.3 million	Improvement	Confirmed

1 Based on exchange rates at the start of fiscal year 2019 excluding restructuring expenses

2 Calculation methods for this figure will be adjusted in fiscal year 2019.

3 Excluding company acquisitions

4 The amount as of December 31, 2018 would have been higher by EUR 103.9 million from first application of IFRS 16 as of January 1, 2019 (adjusted amount as of December 31, 2018: EUR 147.2 million).

Further financial information

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

in € thousand	Three months 2019	Three months 2018
Net sales	601,628	495,564
Cost of sales	–347,284	–290,443
Gross profit	**254,344**	**205,121**
Research and development costs	–63,189	–61,985
Marketing and selling expenses	–151,186	–137,777
General administrative costs	–49,545	–45,713
Impairment expenses of financial assets and contract assets	12	1,033
Other operating income	636	1,543
Other operating expenses	–740	–1,109
	–264,012	**–244,007**
	–9,668	**–38,887**
Other financial result	–988	–866
Financial result (before interest result)	**–988**	**–866**
EBIT	**–10,656**	**–39,753**
Interest result	–4,045	–3,193
Earnings before income taxes	**–14,700**	**–42,947**
Income taxes	4,633	13,981
Earnings after income taxes	**–10,068**	**–28,965**
Earnings after income taxes	**–10,068**	**–28,965**
Non-controlling interests in net profit	315	–307
Earnings attributable to shareholders and holders of participation certificates [1]	–10,383	–28,658
Undiluted / diluted earnings per share on full distribution [2]		
per preferred share (in €)	–0.57	–1.60
per common share (in €)	–0.59	–1.62

[1] The holders of the participation certificates do not participate in the negative earnings after income taxes.
[2] The dividend premium of EUR 0.06 on preferred shares is recognized pro rata on a quarterly basis.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE DRÄGER GROUP

in € thousand	Three months 2019	Three months 2018
Earnings after income taxes	**–10,068**	**–28,965**
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	–18,693	14,309
Deferred taxes on remeasurements of defined benefit pension plans	5,874	–4,500
Items that may be reclassified into the income statement in the future		
Currency translation adjustment for foreign subsidiaries	10,656	–4,372
Change in the cashflow-hedge-reserve recognized directly in equity	–8,518	–1,087
Deferred taxes on changes in the cashflow-hedge-reserve recognized directly in equity	2,689	369
Other comprehensive income (after taxes)	**–7,991**	**4,718**
Total comprehensive income	**–18,059**	**–24,247**
thereof earnings attributable to non-controlling interests	349	–293
thereof earnings attributable to shareholders and holders of participation certificates [1]	–18,408	–23,954

[1] The holders of the participation certificates do not participate in the negative earnings after income taxes.

CONSOLIDATED BALANCE SHEET OF THE DRÄGER GROUP

in € thousand	March 31, 2019	December 31, 2018
Assets		
Intangible assets	335,406	336,019
Property, plant and equipment	522,144	429,109
Investments in associates	395	395
Non-current trade receivables	2,501	2,518
Other non-current financial assets	14,651	17,946
Deferred tax assets	154,673	144,659
Other non-current assets	3,621	3,077
Non-current assets	**1,033,390**	**933,723**
Inventories	507,469	459,186
Trade receivables and contract assets	629,279	703,882
Other current financial assets	37,231	37,383
Cash and cash equivalents	158,595	179,561
Current income tax refund claims	28,178	36,641
Other current assets	85,447	59,851
Current assets	**1,446,200**	**1,476,504**
Total assets	**2,479,590**	**2,410,227**

in € thousand	March 31, 2019	December 31, 2018
Equity and liabilities		
Capital stock	45,466	45,466
Capital reserves	234,028	234,028
Reserves retained from earnings, incl. group result	766,838	790,039
Participation capital	29,497	29,497
Other comprehensive income	–15,003	–19,796
Non-controlling interests	1,776	1,426
Equity	**1,062,601**	**1,080,659**
Liabilities from participation certificates	25,128	24,842
Provisions for pensions and similar obligations	358,541	339,295
Other non-current provisions	44,913	46,083
Non-current interest-bearing loans and liabilities to banks	127,689	125,076
Other non-current financial liabilities	86,819	24,866
Non-current income tax liabilities	15,860	15,686
Deferred tax liabilities	1,173	1,323
Non-current contract liabilities	20,715	20,101
Other non-current liabilities	6,872	8,963
Non-current liabilities	**687,709**	**606,235**
Other current provisions	185,637	201,267
Current interest-bearing loans and liabilities to banks	61,374	90,098
Trade payables	179,724	201,438
Other current financial liabilities	82,800	34,277
Current income tax liabilities	20,814	23,082
Current contract liabilities	114,946	94,947
Other current liabilities	83,985	78,224
Current liabilities	**729,280**	**723,332**
Total equity and liabilities	**2,479,590**	**2,410,227**

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

	in € thousand	Three months 2019	Three months 2018
	Operating activities		
	Earnings after income taxes	–10,068	–28,965
+	Write-down/write-up of non-current assets	29,574	20,973
+	Interest result	4,045	3,193
+	Income taxes	–4,633	–13,981
–	Decrease in provisions	–20,081	–13,684
+/–	Other non-cash expenses	–4,067	3,521
+/–	Losses/gains from the disposal of non-current assets	443	–82
–	Increase in inventories	–42,767	–68,666
–	Increase in leased equipment	–2,676	–3,001
+	Decrease in trade receivables	82,080	104,462
–	Increase in other assets	–23,005	–21,089
–	Decrease in trade payables	–19,997	–33,938
+	Increase in other liabilities	33,773	38,963
+/–	Cash inflow from/cash outflow for income taxes	3,192	–11,207
–	Cash outflow for interests	–3,177	–1,771
+	Cash inflow from interests	675	353
	Cash inflow/outflow from operating activities	**23,309**	**–24,919**
	Investing activities		
–	Cash outflow for investments in intangible assets	–1,643	–397
–	Cash outflow for investments in property, plant and equipment	–13,331	–15,849
+	Cash inflow from disposals of property, plant and equipment	1,339	291
–	Cash outflow for investments in non-current financial assets	–5	–7
+	Cash inflow from the disposal of non-current financial assets	–	1
–	Cash outflow from the acquisition of subsidiaries	500	–
	Cash outflow from investing activities	**–13,139**	**–15,961**
	Financing activities		
+	Cash provided by raising loans	6,326	272
–	Cash used to redeem loans	–3,469	–3,414
+/–	Net balance of other liabilities to banks	–30,702	1,543
+/–	Finance lease liabilities repaid	–6,568	–261
	Cash outflow from financing activities	**–34,413**	**–1,861**
	Change in cash and cash equivalents in the reporting period	**–24,243**	**–42,741**
–	Effect of exchange rates on cash and cash equivalents	3,278	–672
+	Cash and cash equivalents at the beginning of the reporting period	179,561	247,568
	Cash and cash equivalents on reporting date	**158,595**	**204,154**

BUSINESS PERFORMANCE OF THE SEGMENTS

		Europe		Americas		Africa, Asia, and Australia		Dräger Group	
Three months		2019	2018	2019	2018	2019	2018	2019	2018
Order intake with third parties	**€ million**	**348.9**	**341.5**	**121.8**	**110.5**	**176.9**	**169.4**	**647.6**	**621.4**
Net sales with third parties	**€ million**	**326.7**	**287.6**	**122.2**	**93.5**	**152.7**	**114.5**	**601.6**	**495.6**
EBITDA [1]	**€ million**	**13.0**	**1.5**	**–1.6**	**–12.5**	**7.6**	**–7.9**	**18.9**	**–18.8**
Depreciation/Amortization	€ million	–14.9	–10.3	–6.7	–5.3	–7.9	–5.4	–29.6	–21.0
EBIT [2]	**€ million**	**–2.0**	**–8.7**	**–8.3**	**–17.8**	**–0.4**	**–13.2**	**–10.7**	**–39.8**
Capital employed [3,4]	€ million	654.7	580.2	331.3	290.4	443.3	375.2	1,429.4	1,245.8
EBIT [2]/Net sales	%	–0.6	–3.0	–6.8	–19.0	–0.2	–11.6	–1.8	–8.0
EBIT [2,5]/Capital employed [3,4] (ROCE)	%	13.6	16.3	–6.2	–3.1	5.3	7.6	6.4	9.1
DVA [5,6]	€ million	46.8	54.8	–42.8	–29.5	–4.6	3.3	–0.6	28.6

[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

Impact of application of IFRS 16 on key financial performance indicators at Dräger

The application of IFRS 16 (Leases) has been mandatory since January 1, 2019. According to IFRS 16, companies must recognize their leased assets as an asset at their respective value in use and recognize the corresponding payment obligations as a liability, with the exception of lease agreements with terms of up to one year and lease agreements concerning low-value assets. Consequently, rental contracts that were still classified as "operating lease" agreements under the previous leasing standard (IAS 17) and as such were recognized only as expenses and not capitalized on the balance sheet are now reported as recognized assets.

The change in the methods used to account for existing rental agreements impacts Dräger's key figures as follows:

- Value in use in the amount of EUR 101 million was recognized under assets as of January 1, 2019; the corresponding payment obligation increased liabilities accordingly. The increase in total assets reduced the equity ratio by 1.8 percent, from 44.8 percent to 43.0 percent, on January 1, 2019.
- The total costs of a rental contract do not change over the term of the agreement. However, the payments previously recognized as rental expenses will be recognized as amortization/depreciation and interest expense. Moreover, because interest expense decreases over the term of a rental contract, the annual expenses associated with amortization/depreciation and interest are higher in the first years of the contract, and lower in the last years of the contract, than the rental expenses under the previous rules of IAS 17 (known as the "frontload effect"). Under the previous leasing standard (IAS 17), the rental contracts in place as of January 1, 2019, would have led to rental expenses of EUR 37.9 million in fiscal year 2019. Under IFRS 16, these contracts will lead to amortization/depreciation of EUR 36.0 million and interest expense of EUR 3.4 million. Accordingly, EBITDA will improve by EUR 37.9 million in fiscal year 2019, with the frontload effect increasing EBIT by EUR 1.9 million.
- All told, the change in the methods used to account for the contracts in place as of January 1, 2019, does not lead to any change in cash flow. However, the amount shown as cash inflow from operating activities will be significantly higher due to the sharp drop in rental expenses, and because only the interest expense will be reported as cash flow from operating activities. The change will therefore improve the operating cash inflow for fiscal year 2019 by EUR 34.5 million. However, the repayment of the increased liabilities from leases will also be reported within the cash flow from financing activities. Accordingly, the reported cash outflow from financing activities will increase by EUR 34.5 million in fiscal year 2019.

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 guarantee of 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, April 24, 2019

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

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

FINANCIAL CALENDAR

Report as of March 31, 2019, Conference call	April 25, 2019
Annual shareholders' meeting, Lübeck, Germany	May 10, 2019
Report as of June 30, 2019, Conference call	August 8, 2019
Report as of September 30, 2019, Conference call	October 30, 2019

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