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**Drägerwerk AG & Co. KGaA
Analysts Meeting**

Frankfurt, March 16, 2011

Disclaimer



This presentation does not constitute an offer of securities for sale or a solicitation of an offer to purchase any securities. No money, securities or other consideration is being solicited by this presentation.

This presentation 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 made 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 our 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 presentation.

Interim financial reports as well as preliminaries are not audited.

1. Basics

2. Departmental reports

2.1 Sales and Marketing

2.2 Research and Development

2.3 Production and Logistics

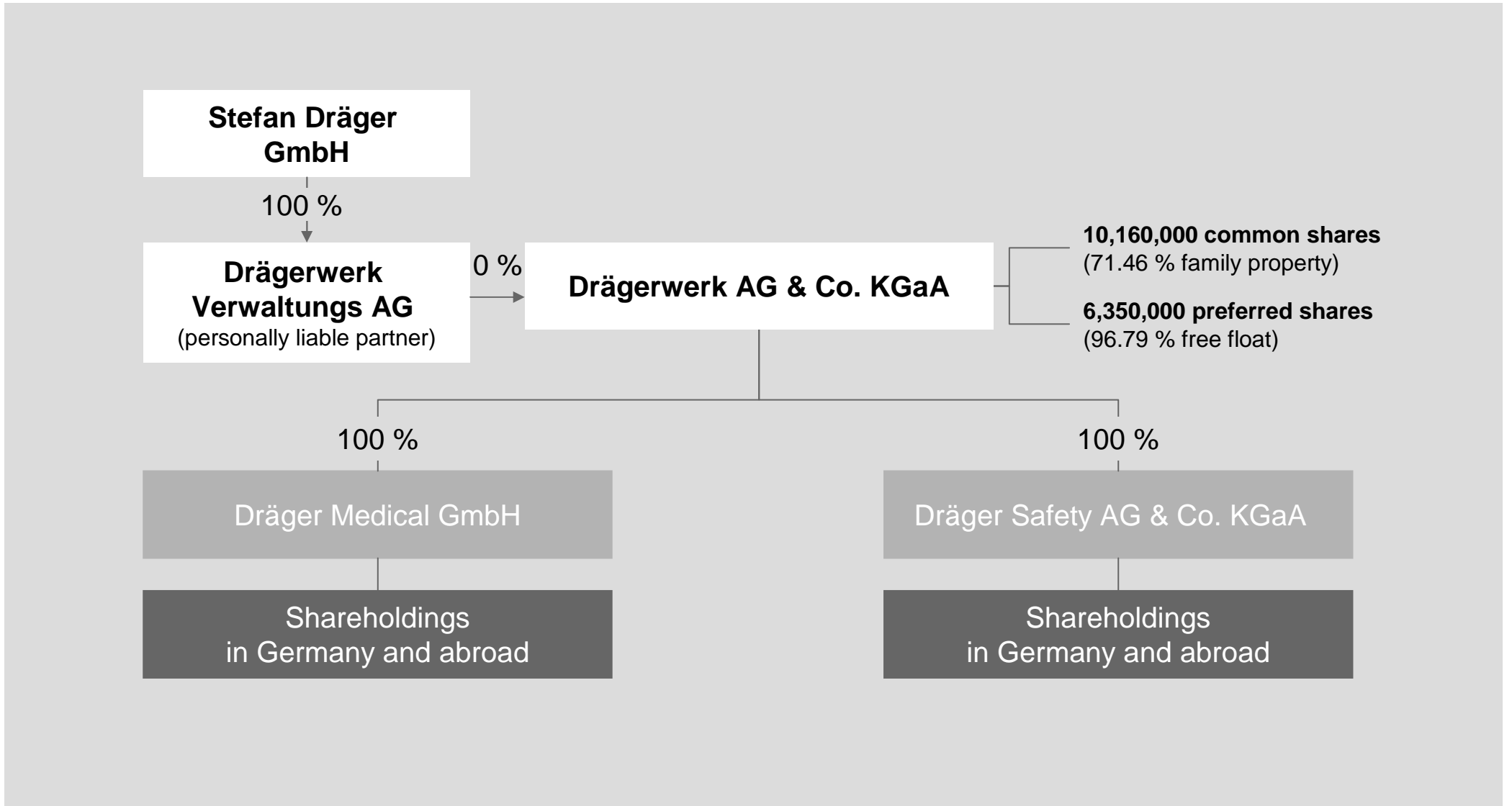
3. Financials

4. Outlook

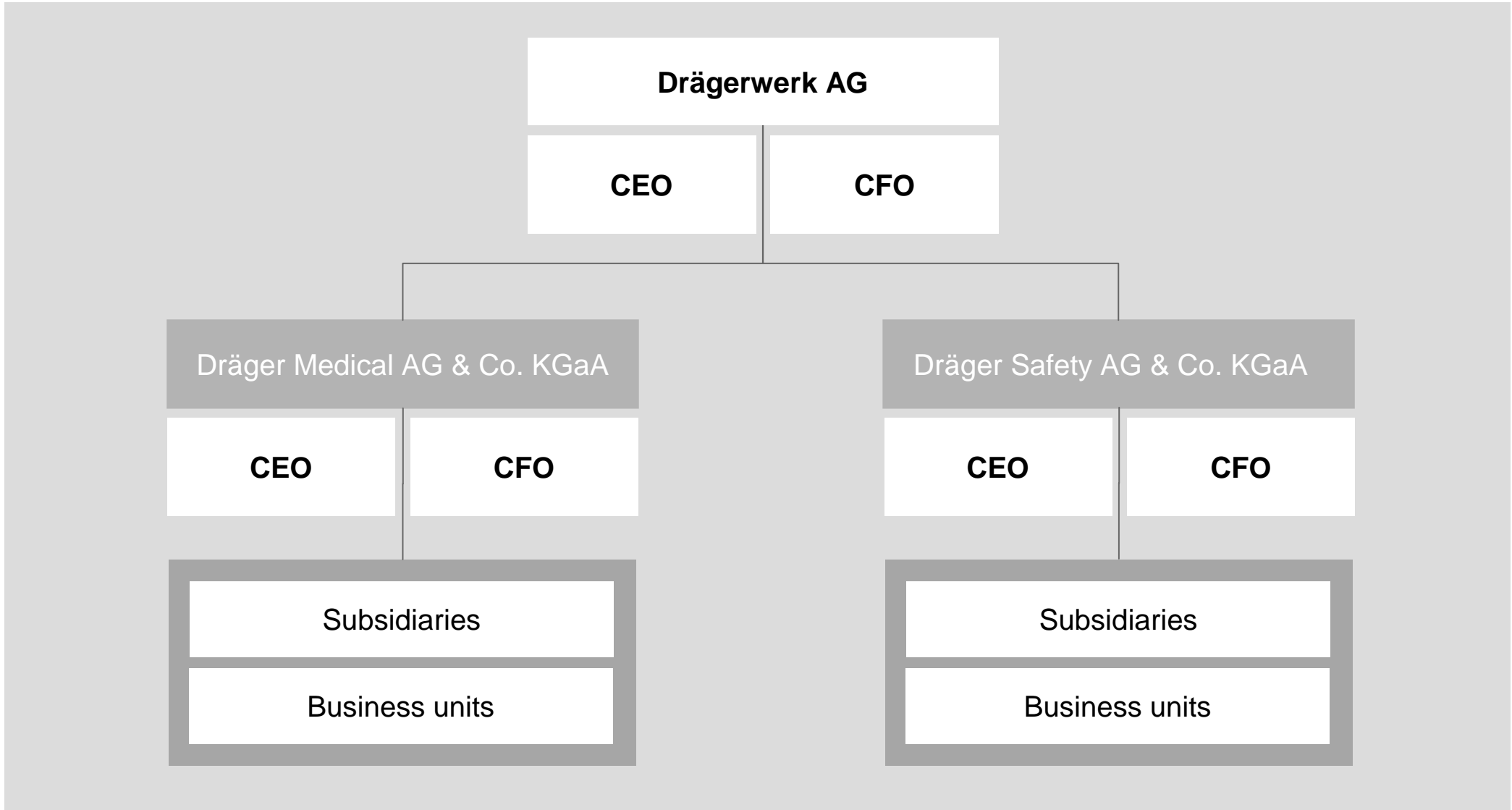
5. Appendix



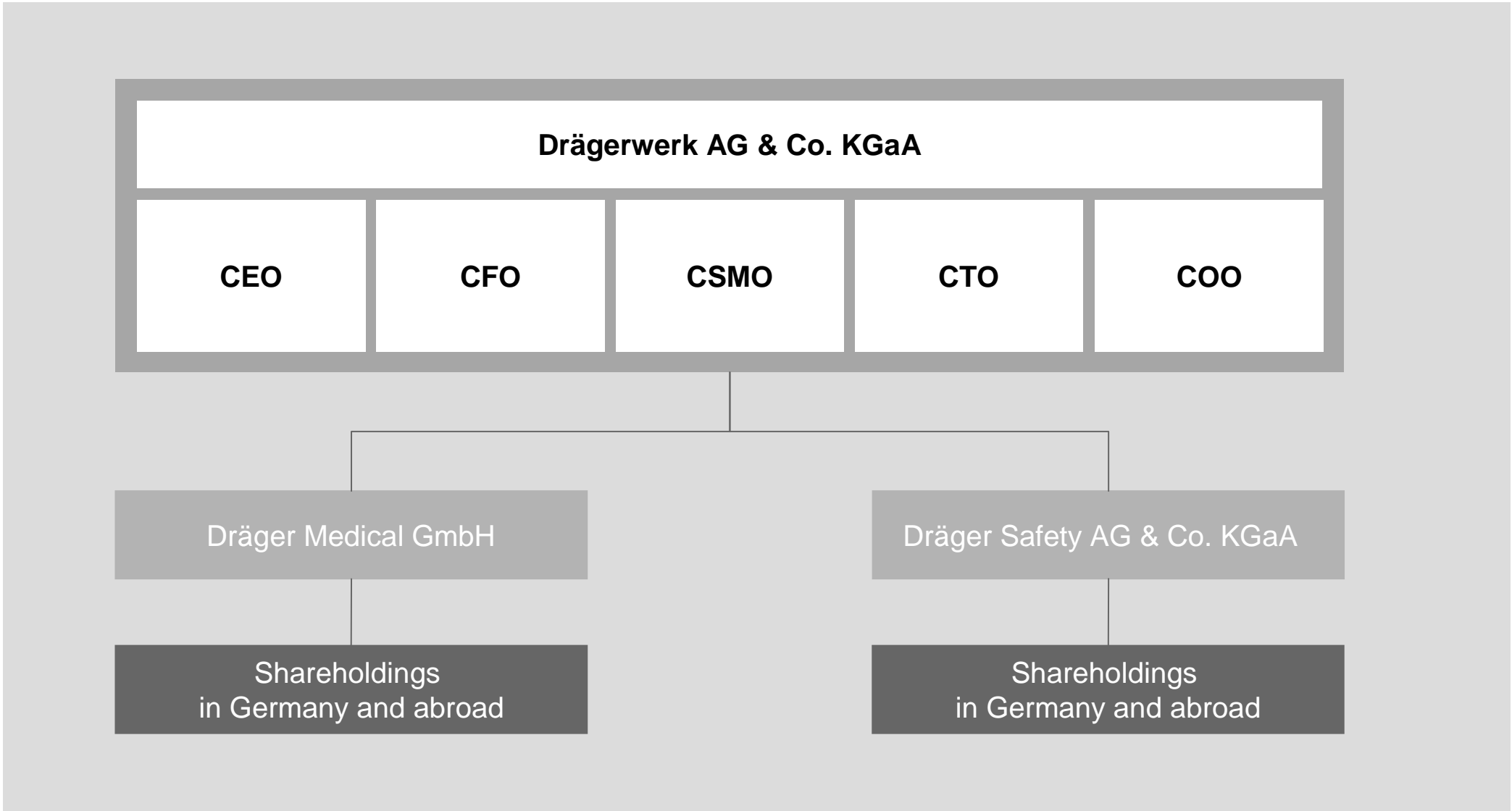
100 % Dräger



Divisional organization on July 1, 2005



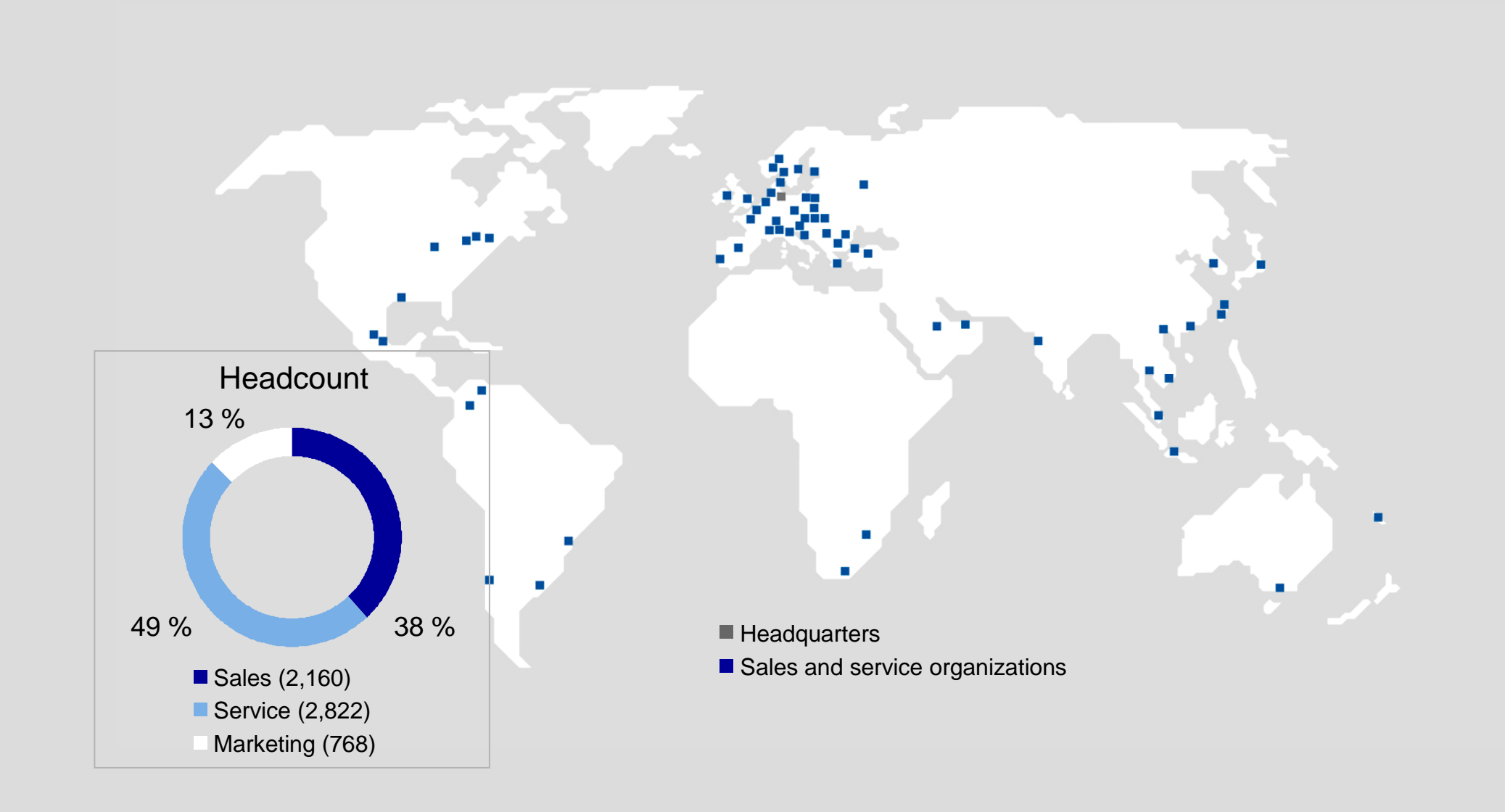
New functional organization starting January 1, 2011



Departmental reports
Sales and Marketing



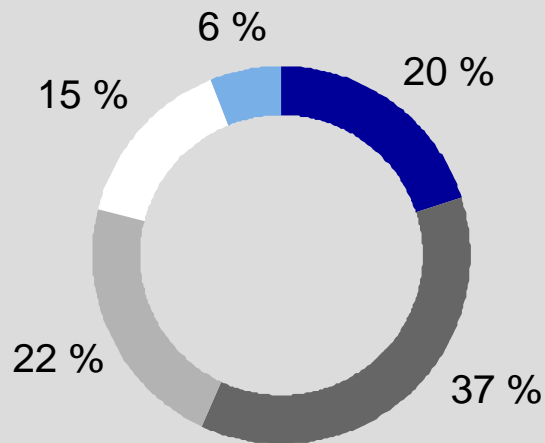
Global sales and marketing organization



Regional split of order intake and net sales



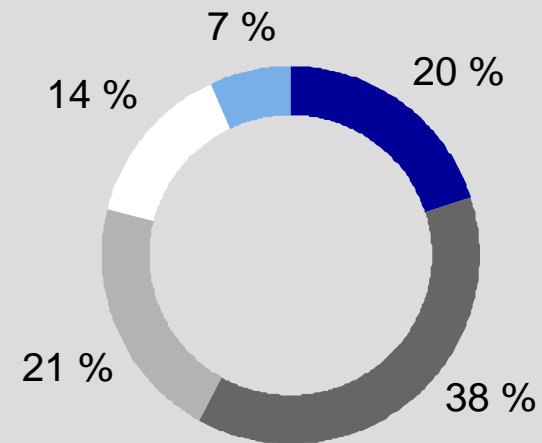
Order intake 2010



	€ million	△ vs. PY*
■ Germany	428.2	+3.1 %
■ Rest of Europe	794.7	-3.6 %
■ Americas	475.7	+25.4 %
■ Asia/Pacific	314.3	+8.6 %
■ Other	132.6	-11.0 %
Total	2,145.5	+4.1 %

* Currency adjusted

Net sales 2010



	€ million	△ vs. PY*
■ Germany	433.2	+7.7 %
■ Rest of Europe	834.1	+4.2 %
■ Americas	455.6	+22.2 %
■ Asia/Pacific	307.8	+12.7 %
■ Other	146.5	+6.7 %
Total	2,177.3	+9.5 %

* Currency adjusted

Main initiatives 2010

- Project ReMi – Revenue Enhancement & Margin Improvement
 - Skill & mindset training (value-driven selling) as well as introduction of SCM¹ and variable remuneration based on SCM in the medical division

- Project CRM – Customer Relationship Management
 - Meanwhile 800 users in 8 countries
 - Medical and safety division
 - Standard functions to a great extent

- Strategy
 - Division-specific orientation

¹ Sales Contribution Margin

Main initiatives 2011

- Project ReMi – Revenue Enhancement & Margin Improvement
 - Extension of value-oriented selling (including introduction of the SCM¹ system) to the safety division

- Project CRM – Customer Relationship Management
 - Another 600 users in 10 countries
 - Additional functionalities
 - Implementation of account management for strategic customers

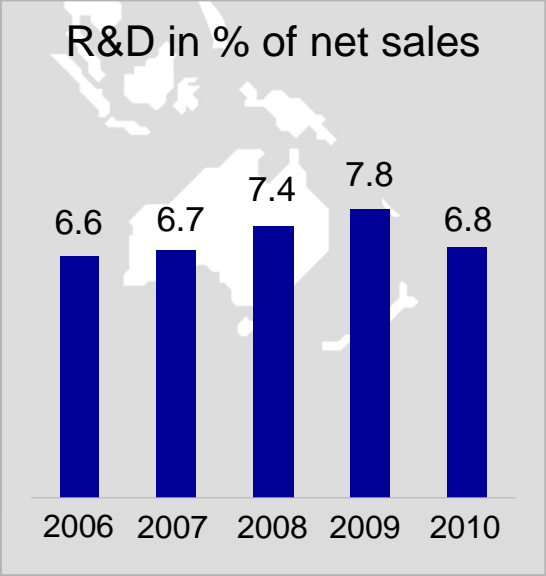
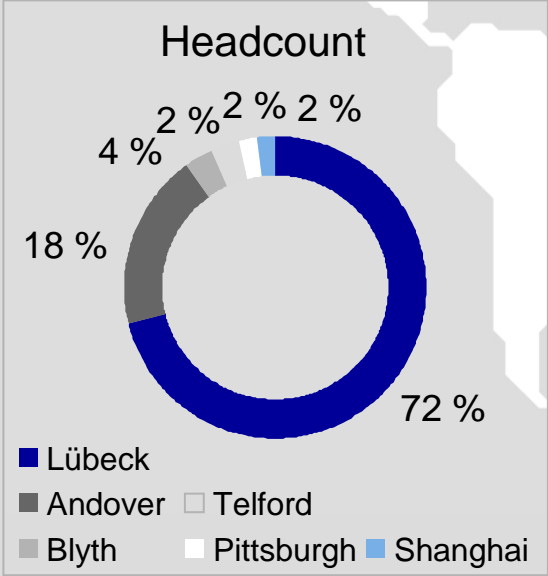
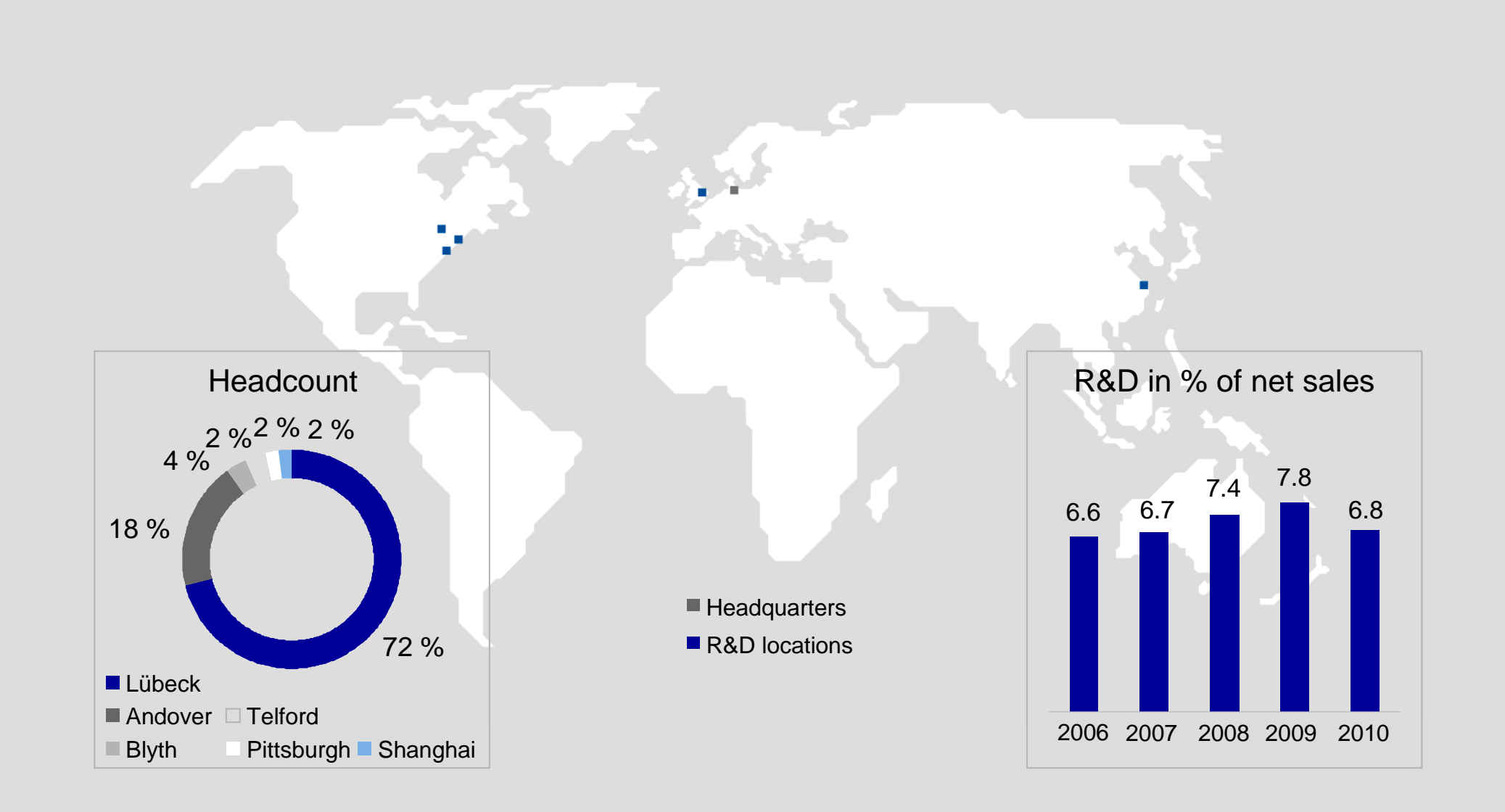
- Strategy
 - Elaboration of an overall sales and marketing strategy
 - Re-definition of customer segments and a customer segment specific organization

¹ Sales Contribution Margin

Departmental reports Research and Development



Global R&D organization



Main initiatives 2010

- Shorter development times due to ...
 - early integration of strategic suppliers in development projects to incorporate additional know-how
 - assignment of additional service providers for software development in India

- Extension of the global R&D organization, especially in China, to better meet customer demands in growth markets

- Implementation of a corporate global purchasing

- Modular design of products with the following aims:
 - Cost reduction due to platform strategy
 - Quality improvement
 - Reduced lead times

Main initiative 2011

Dräger Excellence

- Is a long-term future-oriented program for continuous improvement within Dräger
 - Accelerates processes
 - Increases flexibility
 - Leads to cost savings

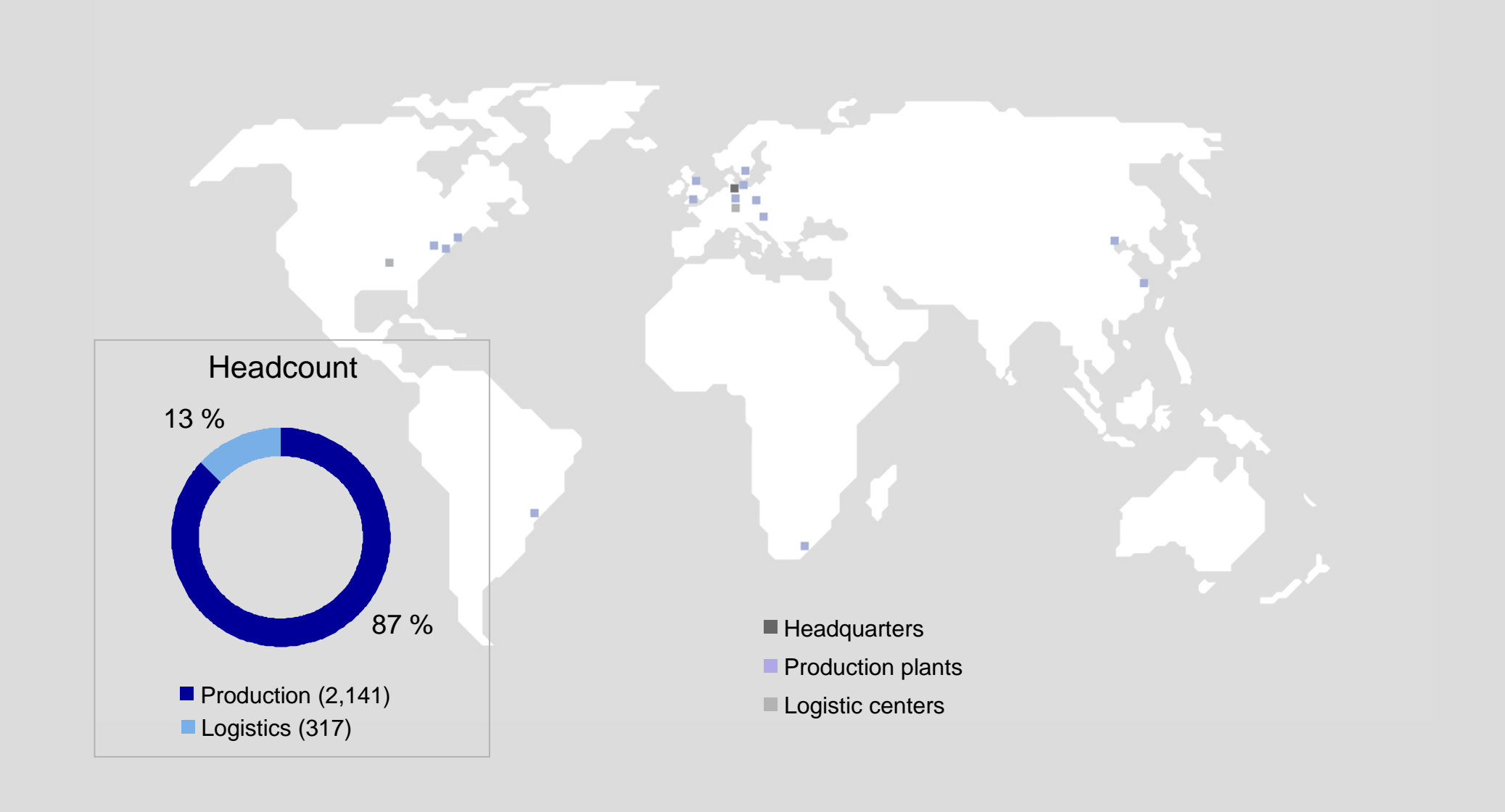
- Provides proven standardized methods and tools
 - Six-Sigma method
 - Value stream analysis
 - Lean processes
 - Project management

Departmental reports

Production and Logistics



Global production and logistics organization



Main initiatives 2010

- Production sites
 - Transfer of production of emergency ventilators from Best (NL) to Lübeck

- Processes
 - Integration of the Shanghai site into the joint ERP system to improve global steering

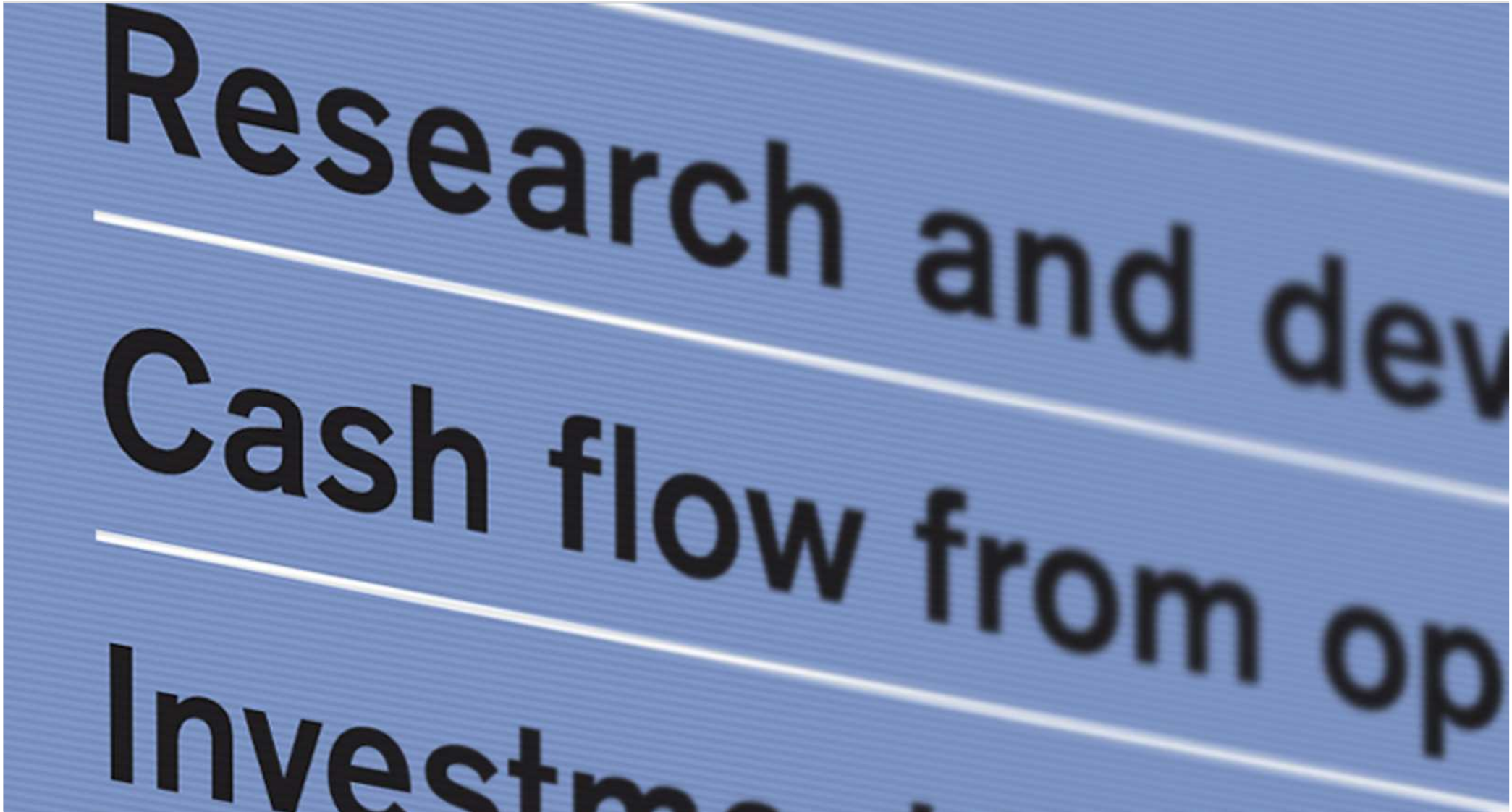
- Investments
 - Lower production costs as a result of investments in the compressed air breathing apparatus production site in Blyth (UK)

Main initiatives 2011

- Production sites
 - Construction of a new production site in Beijing to extend the capacity for the local markets
 - Construction of a new production site for the strategic business field Infrastructure Projects at the Lübeck headquarters

- Processes
 - Improvement of the delivery reliability and delivery performance for an increased customer satisfaction

- Investments
 - New paper production machine in Lübeck with lower costs per unit and higher quantities in the production of filtering paper (e.g. respiratory protective filters)



Buyback of the minority share



Buyback of the 25 % share of the medical division successfully completed

**Transaction value
EUR 250.0 million**

**Cash component
EUR 175.0 million**

Paid by the operating cash flow in April 2010



**Vendor loan
EUR 68.5 million**

- Tranche 1 and 2 redeemed by the proceeds of the capital increase in August 2010
- Tranche 3 released by converting the CSO into an ESO



**Option
EUR 6.5 million**

- Conversion of the cash settled option (CSO) into an equity settled option (ESO)
- EUR 1.25 million outstanding options on preferred shares, strike price EUR 64.12, convertible until April 2015



Business development



	Q4 2009	Q4 2010	Change	2009	2010	Change
	€ million	€ million	%	€ million	€ million	%
Order intake	563.8	577.1	+2.4 *	1,987.3	2,145.5	+8.5 *
Net sales	562.8	635.3	+12.9 *	1,911.1	2,177.3	+13.9 *
<i>Gross margin</i>	<i>43.0 %</i>	<i>46.5 %</i>		<i>43.5 %</i>	<i>48.0 %</i>	
EBIT	51.7	56.1	+8.5	80.1	192.8	+140.6
<i>EBIT margin</i>	<i>9.2 %</i>	<i>8.8 %</i>		<i>4.2 %</i>	<i>8.9 %</i>	
Income taxes	15.0	11.8	-21.3	16.8	48.9	+190.6
<i>Tax rate</i>	<i>35.2 %</i>	<i>25.5 %</i>		<i>34.1 %</i>	<i>31.8 %</i>	
Net profit	27.7	34.6	+24.9	32.5	104.8	+222.8
Earnings attributable to non-controlling interests	10.5	0.0	-99.7	13.5	2.2	-83.7
Earnings participation cert.**	2.1	3.7	+76.2	4.1	11.9	+190.2
Earnings preferred share in €	1.20	1.53	+27.5	1.20	6.25	+420.8
Earnings common share in €	1.19	1.52	+27.7	1.14	6.19	+443.0

* Currency adjusted: Q4 2010: order intake -2.7 %, net sales +7.7 %, 2010: order intake +4.1 %, net sales +9.5 %

** Without minimum dividend, after taxes

Business development

Medical division



	Q4 2009	Q4 2010	Change	2009	2010	Change
	€ million	€ million	%	€ million	€ million	%
Order intake	411.2	385.5	-6.2 *	1,339.6	1,441.9	+7.6 *
Orders on hand				300.5	280.6	-6.6
Net sales	389.8	443.0	+13.7 *	1,260.9	1,472.0	+16.7 *
EBITDA	69.0	64.8	-6.1	110.6	209.8	+89.7
EBIT	56.6	58.3	+3.1	76.7	186.6	+143.3
<i>EBIT margin</i>	<i>14.5 %</i>	<i>13.2 %</i>		<i>6.1 %</i>	<i>12.7 %</i>	
DVA				23.6	136.5	

* Currency adjusted: Q4 2010: order intake -10.9 %, net sales +8.6 %
 2010: order intake +3.5 %, orders on hand -11.1 %, net sales +12.4 %

Business development

Safety division



	Q4 2009	Q4 2010	Change	2009	2010	Change
	€ million	€ million	%	€ million	€ million	%
Order intake	159.9	199.0	+24.5 *	665.9	731.7	+9.9 *
Orders on hand				140.7	142.3	+1.2
Net sales	180.5	202.2	+12.0 *	676.9	733.8	+8.4 *
EBITDA	7.5	19.1	+156.0	51.9	81.8	+57.7
EBIT	2.1	13.9	+569.8	30.2	61.0	+102.3
<i>EBIT margin</i>	<i>1.2 %</i>	<i>6.9 %</i>		<i>4.5 %</i>	<i>8.3 %</i>	
DVA				9.6	43.1	

* Currency adjusted: Q4 2010: order intake +18.4 %, net sales +6.9 %
 2010: order intake +5.1 %, orders on hand -2.8 %, net sales +3.8 %

Key figures

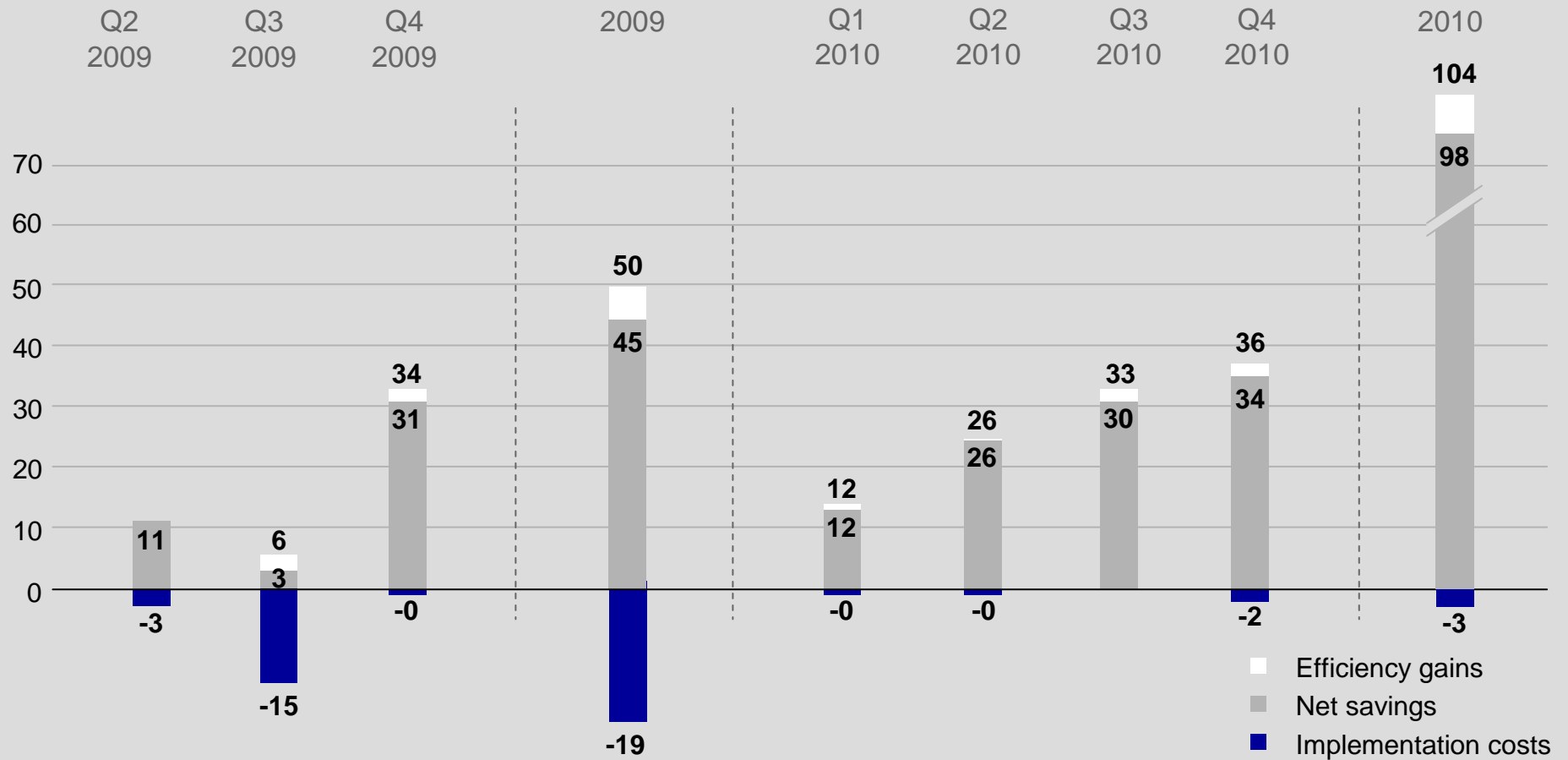


	2009	2010	Change
	€ million	€ million	%
R&D costs	149.4	148.4	-0.7
Cash flow from operating activities	193.5	219.1	+13.3
Net financial debt	374.4	90.3	-75.9
Investments	128.3	55.8	-56.5
Capital employed	709.1	833.4	+17.5
<i>ROCE</i>	<i>11.3 %</i>	<i>23.1 %</i>	
Net working capital	191.4	312.4	+63.2

Turnaround program



Quarterly view in € million (compared to 2008)*



* One-time effects 2009 to be eliminated to calculate the full year effects 2010 compared to 2008.

Successful placement of capital increase



- Successful listing of Dräger common shares on June 21, 2010
- Possibility to subscribe to new common shares at the ratio 10 to 3 for all shareholders (holders of common and preferred shares)
- Subscription rate of 99.5 %
- 71.46 %¹ of the common shares assigned to the Dräger family
- Strengthening of equity and redemption of the remaining liabilities from the buyback of the 25 percent share of Dräger Medical AG & Co. KG by means of the net proceeds of around EUR 100 million

¹ As defined by Deutsche Börse AG

Consolidated balance sheet



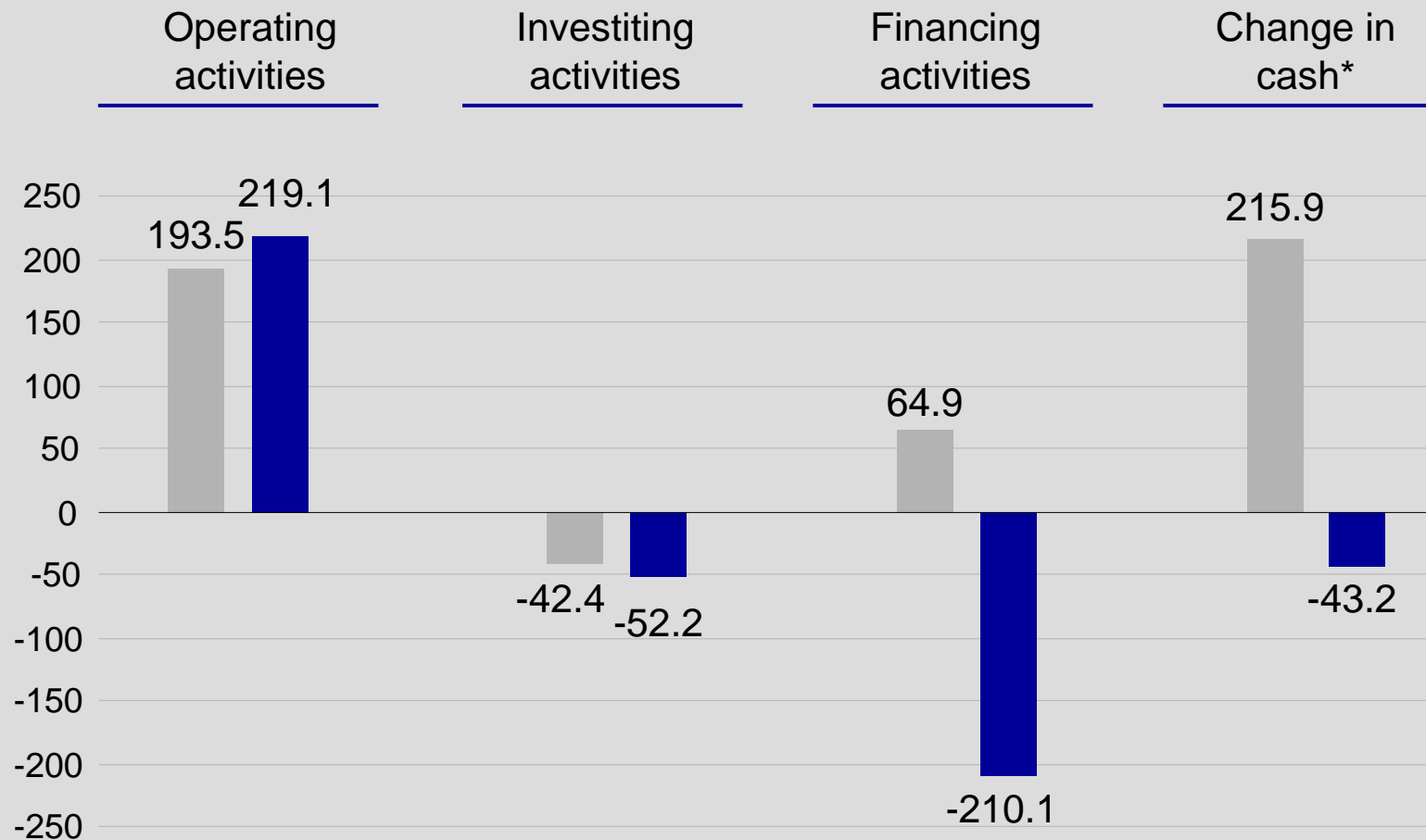
Assets	31.12.2009	31.12.2010	Change
	€ million	€ million	%
Intangible assets	278.9	277.4	-0.5
Property, plant and equipment	245.9	253.7	+3.2
Other non-current assets	132.9	149.9	+12.8
Non-current assets	657.7	681.0	+3.5
Inventories	299.9	356.7	+18.9
Trade receivables	511.4	533.2	+4.3
Other current assets	72.7	86.0	+18.3
Cash and cash equivalents	344.1	320.0	-7.0
Current assets	1,228.1	1,295.9	+5.5
Total assets	1,885.8	1,976.9	+4.8

Consolidated balance sheet



Equity and liabilities	31.12.2009	31.12.2010	Change
	€ million	€ million	%
Equity	393.8	636.5	+61.6
Liabilities from participation certificates	28.7	29.9	+4.2
Provisions for pensions and similar obligations	170.2	183.4	+7.8
Non-current interest-bearing loans	382.3	318.0	-16.8
Other non-current liabilities	133.7	55.3	-58.6
Non-current liabilities	714.9	586.6	-17.9
Current provisions	186.5	267.6	+43.5
Current loans and liabilities to banks	83.6	89.5	+7.1
Trade payables	127.1	171.3	+34.8
Other current liabilities	379.9	225.4	-40.7
Current liabilities	777.1	753.8	-3.0
Total equity and liabilities	1,885.8	1,976.9	+4.8

Cash flow statement



* Without effects of exchange rates on cash and cash equivalents

■ 2009

■ 2010

Dividend proposal 2010



	31.12.2009	31.12.2010
	€ million	€ million
Net profit	32.5	104.8
Earnings attributable to non-controlling interests	3.3 ¹	2.2
Net Profit after earnings attributable to non-controlling interests	29.2	102.6
Dividend	8.8	30.9
- <i>Participation certificates</i> ²	4.1	11.9
- <i>Common shares</i>	2.2	11.4
- <i>Preferred shares</i>	2.5	7.6
Net payout ratio	30.1 %	30.1 %
Plus minimum dividend and tax effect of the participation certificates	1.5	5.0
Gross payout ratio	35.3 %	35.0 %

¹ Without Siemens minority interests of € 10.2 million

² Without minimum dividend, after taxes



Benefits from the buyback of the Siemens minority share



Immediate benefit on earnings

- Direct strengthening of profitability through ...
- improvement of tax structures
 - shortfall of the profit sharing of the medical division and the related dividend payout to the minority shareholder

Efficiency benefits

- Complexity reduction
- Better utilization of economies of scope of an integrated Group e.g. by
 - Bundling of purchasing volumes
 - Merging of administrative functions

Strategic benefits

- Globally consistent implementation of the functional management structure in sales and marketing
- To accelerate the joint use of infrastructure and shared services while at the same time ensuring a more differentiated marketing access for the different market segments

Strategic benefits

2010: Global analysis of sites and organization

- Relief of the sales and marketing organization due to shared services
- Utilization of existing real estate infrastructures and IT
- Alignment of the management structures in the regions
- Establishing of combined sales and marketing structures based on market potential, especially in the growth regions

Strategic benefits

Middle East / Africa under one direction (legal approval and registration pending)



Safety division

- Previously managed from Lübeck
- Subsidiaries
 - South Africa
 - India (joint venture)

Medical division

- Managed from Dubai
- Area managers on the spot
- Regional office
 - Dubai
- Subsidiaries
 - Morocco
 - South Africa
 - India

Increase in headcount of the existing regional management, to ensure that all Dräger customer segments benefit from the potential of the growth region

Strategic benefits

Central and South America, a self-contained region in the future



Safety division

- Previously managed from Lübeck
- Subsidiaries
 - Brazil
 - Mexico (managed from Canada)

Medical division

- Managed from Dubai
- Subsidiaries
 - Mexico
 - Costa Rica
 - Colombia
 - Peru
 - Venezuela
 - Brazil
 - Chile
 - Argentina

Both divisions jointly reach the critical mass to use a common infrastructure and to benefit from an increased presence in the growth region

Outlook and mid-term perspective



	2010	2011	Mid-term
Order intake	+8.5 % <i>(currency adjusted +4.1 %)</i>	At least world economic growth ¹	
Net sales	+13.9 % <i>(currency adjusted +9.5 %)</i>	1-2 % below growth of order intake	Growing faster than relevant markets
EBIT margin	8.9 %	EBIT margin between 7.5 % und 8.5 % ²	At least 10 % target margin

¹World Bank forecast +3.3 %

²Due to an expected decrease of the gross margin as well as higher expenses for planned investments into product development, expansion of the sales and marketing organization and improvement of the worldwide IT infrastructure.



Appendix

1. Executive Board

2. Financial calendar

3. Contact

Executive Board of Drägerwerk Verwaltungs AG



Stefan Dräger
CEO



Dr. Herbert Fehrecke
CTO



Gert-Hartwig Lescow
CFO



Toni Schrofner
COO



Dr. Carla Kriwet
CSMO

Financial calendar



- | | |
|-------------------|---|
| 14.01.2011 | - Preliminaries 2010 |
| 16.03.2011 | - Accounts press conference, Hamburg
- Analysts meeting, Frankfurt |
| 04.05.2011 | - Report for the first three months 2011
- Conference call, Lübeck |
| 06.05.2011 | - Annual shareholders' meeting, Lübeck |
| 04.08.2011 | - Report for the first six months 2011
- Conference call, Lübeck |
| 03.11.2011 | - Report for the first nine months 2011
- Conference call, Lübeck |

Burkard Dillig

Spokesman

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