

Ad hoc report in accordance with Sec. 15 of the German Securities Trading Act

Dräger increases 2011 earnings forecast

Drägerwerk AG & Co. KGaA expects earnings in financial year 2011 to be better than previously forecasted. The Company now anticipates an EBIT margin of 8.0 percent to 9.5 percent (previously: 7.5 percent to 8.5 percent) – based on the unchanged assumption of slight net sales growth.

The reason for this improved earnings outlook is the positive business performance in the first six months of 2011. Group sales went up by about 2 percent (net of currency effects) and the EBIT margin reached around 9 percent, primarily due to the positive earnings trend in the safety division. The safety division increased net sales by roughly 9 percent (net of currency effects) and achieved an EBIT margin of approximately 12 percent in the first half of 2011 thanks to continuously strong demand in the high-margin business with industrial customers and to overall high capacity utilization. The performance of the medical division was also aided by the favorable product mix, which exceeded expectations – even though individual transactions in the previous year with above-average margins (in connection with the H1N1 virus, for instance) were not repeated and the division was unable to compensate for this. Combined with a slight drop in net sales of around 1 percent (net of currency effects) in the first six months of 2011, this lowered the EBIT margin to approximately 11 percent year-on-year.

In terms of the 2011 gross margin, Dräger expects that the positive effects from the higher proportion of business with industrial customers and the new products launched in the previous years by both divisions will offset the negative effects on margins in the medical division. Dräger still plans increases in product development investments and improvements to the Group-wide IT infrastructure. The costs for the new marketing and sales structure will not be recognized to the originally anticipated extent in 2011.

The published sales and margin estimates are based on the assumption of a steady development in the markets relevant for Dräger and unchanged exchange rates. In addition, the global situation has also become more uncertain, making an exact forecast difficult. In the medium term, the company plans to grow faster than the market and achieve a sustainable EBIT margin of at least 10 percent.

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