Dräger

Half-yearly financial report
January 1 to June 30, 2015
Dräger Group

Dräger. Technology for Life®

THE DRÄGER GROUP OVER THE PAST FIVE YEARS

		Six months 2011	Six months 2012	Six months 2013	Six months 2014	Six months 2015
Order intake	€ million	1,109.1	1,139.3	1,159.8	1,119.4	1,249.3
Net sales	€ million	1,033.3	1,072.7	1,100.6	1,073.2	1,179.5
EBITDA [1, 2]	€ million	120.8	124.9	113.0	69.1	62.7
EBIT [3]	€ million	94.5	93.7	79.2	34.0	22.7
in % of net sales (EBIT margin)	%	9.1	8.7	7.2	3.2	1.9
Interest result	€ million	–14.1	–17.0	–12.6	–11.6	–11.3
Income taxes	€ million	–26.6	–23.5	–21.0	–7.6	–3.7
Earnings after income taxes	€ million	53.7	53.2	45.6	14.9	7.7
Earnings attributable to shareholders	€ million	46.3	50.3	43.5	13.6	7.1
Earnings per share [4]						
per preferred share	€	2.82	3.06	2.65	0.83	0.42
per common share	€	2.79	3.03	2.62	0.80	0.39
Earnings per share on full distribution [5]						
per preferred share	€	2.02	2.33	2.02	0.66	0.35
per common share	€	1.99	2.30	1.99	0.63	0.32
Equity [6]	€ million	640.6	703.4	751.9	808.9	931.1
Equity ratio [6]	%	34.0	34.5	37.8	40.3	41.2
Capital employed [6, 7]	€ million	903.3	920.6	997.6	1,081.9	1,310.0
EBIT [3, 8]/Capital employed [6, 7] (ROCE)	%	20.4	23.1	21.6	14.4	12.8
Net financial debt [6]	€ million	153.9	143.5	130.9	135.7	189.9
DVA [9]	€ million	104.3	133.4	132.9	63.5	62.0
Headcount as of June 30		11,598	12,279	12,930	13,575	13,851

[1] EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
[2] Equipment leased out has been recognized in property, plant and equipment since 2012. The figures for 2011 were adjusted accordingly.
[3] EBIT = Earnings before net interest result and income taxes
[4] On the basis of the proposed dividend
[5] Based on an imputed actual full distribution of earnings attributable to shareholders
[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] Value of the last twelve months
[9] Dräger Value Added = EBIT less cost of capital

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

Dear Shareholders, dear Employees, dear Readers,

Global economic growth this year is likely to be down on prior-year figures. In emerging economies, growth momentum is falling consistently – even in China. By contrast, economic activity in many industrialized countries is experiencing slight recovery. Stronger growth has returned in particular to the eurozone.

Greece remains the sole exception. After initially stabilizing last year, the economic situation here has taken a dramatic turn for the worse due to political and finance-related events. For Dräger, the worst-case scenario would be the need for a write-off in the lower seven-figure range. Given the strength and diversity of the Company, this kind of figure could be absorbed. The events in Greece carry much more weight from a human perspective. We have long-term, established relationships with Greek customers and also employ a number of people in the country itself. Customers and employees alike can count on us to stick by them – our commitments in Greece are and always have been for the long term.

Business development so far in fiscal year 2015 has been a mixture of positives and negatives. A weak first quarter was followed by an improved second quarter. Nominal net sales growth of 10 percent after six months may seem impressive at first glance, but net of currency effects growth only stands at some 3 percent due to the weak euro. Business development fell short of expectations in North America and in certain emerging economies, such as China and Brazil, whereas our domestic markets in Europe showed their strength.

In terms of earnings, we were also able to leave behind a weak first quarter, which was unsatisfactory, by generating growth in the second quarter. However, an EBIT margin of just under 2 percent after the first six months of the year is anything but satisfactory. The weakness of the disproportionately profitable Chinese and US markets is having a negative impact. What's more, the strong US dollar is also compounding the negative implications on our earnings due to our high US dollar cost base.

What's next? What effects does this have on our forecasts? There is no single answer to this question. Looking at the net sales forecast, our order intake gives us confidence for the rest of the year. And the final quarter of the year, traditionally our strongest, is still to come. Net sales growth net of currency effects should therefore end up within the forecast range. On the other hand, given the development of our profitability in the first half of the year, we must admit that earnings may fall short of the previously forecast EBIT margin range and we will be forced to reduce this forecast slightly. We will also be unable to improve Dräger Value Added this year.

The situation may seem disappointing at the moment, but a weak six months does not justify any hectic short-term action. Our medical and safety technology markets are fundamentally intact. Provided there are no lasting changes, we don't see any reason to change our basic course. Last summer we launched our “Fit for Growth” efficiency program, which we continue to work hard on. This program will optimize our production and cost structure, enhance our speed of innovation and, in doing so, reinforce our competitiveness. Cost controlling is an extremely important part of the management agenda and setting cost targets is now an essential component of any target agreement. Our medium-term forecast therefore remains valid and is not under threat by the slight adjustment to this year's targets. We do not make strategic decisions based on single quarters or six-months periods; our strategy is and will remain for the long term.

Best regards,

Stefan Dräger

The Dräger shares

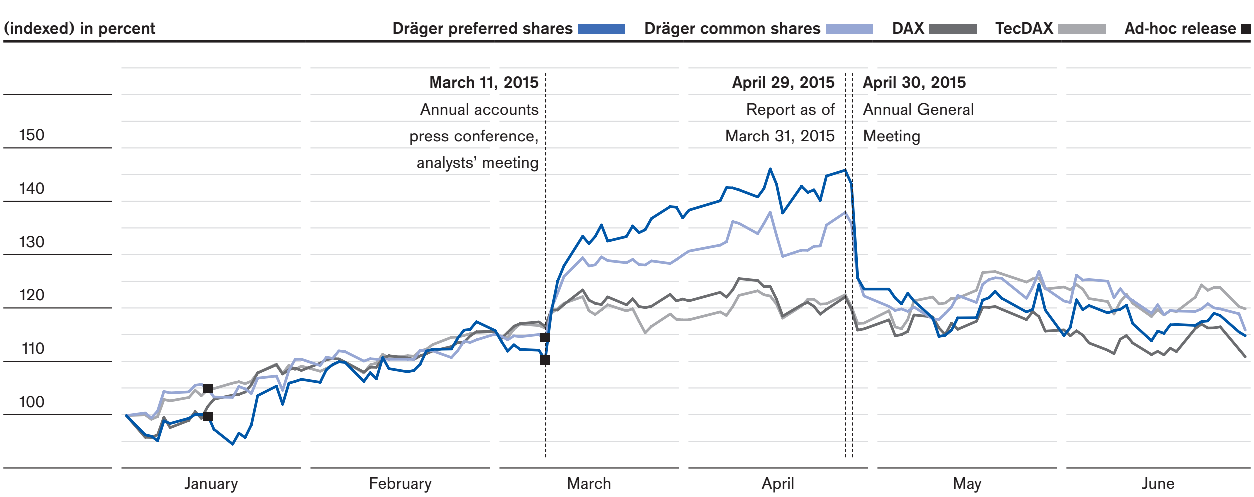
SHARE PRICE DEVELOPMENT

At the balance sheet date, June 30, 2015, Dräger common shares closed at EUR 74.48, up 16 percent on the beginning of the year. Dräger preferred shares closed the quarter at EUR 96.11, up 15 percent. The Dräger share price rose significantly on the back of the publication of the final figures for 2014 as well as our revised medium-term forecast on March 11. This trend continued initially into April. Preferred shares closed April 15 at EUR 122.00, a new all-time high. On the same day, common shares fell just short of their all-time high from June 2013 by closing at EUR 83.40. Prices dipped again at the end of April and through the month of May. In the first half of the year, the DAX rose by 11 percent to 10,944.97 points. The TecDAX index also developed positively in the first half of the year, increasing by 20 percent to 1,642.21 points.

ISSUING NEW SHARES

In the second quarter, we issued 250,000 new no-par preferred bearer shares (no-par shares) from conditional capital. The new preferred shares were issued to fulfill shareholders' entitlements from the option rights guaranteed in the form of warrants issued in August 2010. This means that all outstanding options have now been exercised. [1]

PERFORMANCE OF THE DRÄGER SHARES



[1] Please refer to Notes 6 and 13

DRÄGER SHARES – BASIC FIGURES

	Common shares	Preferred shares
Securities identification number (WKN)	555060	555063
ISIN [1]	DE0005550602	DE0005550636
Ticker symbol	DRW	DRW3
Reuters symbol	DRWG.DE	DRWG_p.DE
Bloomberg symbol	DRW8	DRW3
Main stock exchange	Frankfurt/Xetra	Frankfurt/Xetra

[1] International Stock Identification Number

DRÄGER SHARES KEY FIGURES

	Six months 2015	Six months 2014
Common shares		
No. of shares as of the reporting date	10,160,000	10,160,000
High (in €)	88.53	78.49
Low (in €)	74.48	66.15
Share price on the reporting date (in €)	74.48	72.90
Average daily trading volume [1]	6,943	5,096
Earnings per common share (in €)		
Undiluted (in €)	0.39	0.80
Diluted (in €)	0.39	0.78
Earnings per common share on full distribution (in €) [2]		
Undiluted (in €)	0.32	0.63
Diluted (in €)	0.32	0.63
Preferred shares		
No. of shares as of the reporting date	7,600,000 [3]	6,650,000
High (in €)	122.00	98.12
Low (in €)	95.33	74.31
Share price on the reporting date (in €)	96.11	78.51
Average daily trading volume [1]	31,840	25,549
Earnings per preferred share (in €)		
Undiluted (in €)	0.42	0.83
Diluted (in €)	0.42	0.81
Earnings per preferred share on full distribution (in €) [2]		
Undiluted (in €)	0.35	0.66
Diluted (in €)	0.35	0.66
Market capitalization (in €)	1,487,152,800	1,262,755,500

[1] All German stock exchanges (Source: designated sponsors).
[2] Based on an imputed actual full distribution of earnings attributable to shareholders
[3] Increase as a result of exercising share options (see Notes 6 and 13)

Management Report of the Dräger Group for the First Half of 2015

General economic conditions

WEAK GROWTH

According to the World Bank, the global economy will grow by 2.8 percent in 2015, just short of the figure forecasted at the start of the year. Economic recovery may be gaining momentum in industrialized countries, but developing countries see themselves confronted with a range of different challenges. Falling oil prices and the possibility of higher financing costs are putting many countries under pressure. Growth in developing countries is lower than originally anticipated. In the eurozone, the economy is recovering more quickly than expected – the World Bank estimates growth of 1.5 percent in 2015. For Germany, the Bundesbank raised its forecast and now expects growth of 1.7 percent this year.

On the other hand, the Bank for International Settlements (BIS) warns in its annual report of the risks of a long-lasting phase of extremely low interest rates. Global economic growth is imbalanced, with debt levels and financial risks still too high. A change of strategy is required, one less based on demand controlling and more on structural policies. Thinking long term, not short term, is more important than ever.

MONETARY POLICIES STARTING TO DIVERGE

In early September 2014, the European Central Bank (ECB) had cut its benchmark interest rate to a record low of 0.05 percent and has since charged banks a penalty rate of –0.2 percent to deposit excess liquidity at the ECB. Since early March, the ECB has been purchasing European securities from public issuers worth EUR 60 billion per month within its bond-buying program and intends to continue this until September 2016 at least. By contrast, the US Federal Reserve (Fed) ended its monthly bond-buying program in October last year and is preparing the market for the first rise in interest rates; however, the exact timing and extent of the change in interest rate strategy remains unknown.

INFLATION RATES REMAIN EXTREMELY LOW, EURO LOSES GROUND CONSIDERABLY

Rates of inflation remain at a very low level in 2015, partly due to lower energy costs. In the eurozone, prices rose year on year by 0.2 percent in June after a figure of 0.3 percent was recorded in the prior month. In Germany, inflation came to 0.3 percent in June compared to the same month the prior year. The euro has lost value significantly compared to the US dollar over the past year. The euro traded at over USD 1.30 at some points in the second quarter of 2014, but by the end of the second quarter of 2015 it had slumped to around USD 1.10.

MARKET AND INDUSTRY PERFORMANCE

Medical technology – industry performance

Industry growth in the medical technology was positive in the first half of 2015. Positive growth in emerging economies, particularly China, was driven in the first half of the year by further investment in the expansion of the healthcare sector. However, sales growth is being slightly held back by the loss of economic growth momentum. In addition, not all manufacturers are participating to the same extent from sector growth, as new regulations favor domestic producers and make sales more difficult for international manufacturers. In the USA, the world’s largest medical market, only slight market growth could be observed. The US market continues to be shaped by significant cost-cutting measures in the public healthcare system that are curtailing demand for medical products despite the need for such products in the industry. The sales trend in Europe was slightly positive in the first half of the year. While demand in Northern Europe remained stable, the South European medical technology market saw a slight rise in demand in the second quarter despite budgetary consolidation. In South America, growth was sluggish overall. Sales in Mexico were marginally positive, thanks in particular to private sector demand, but Brazil recorded a significant dip in demand for medical technology and the weaker real benefited domestic manufacturers. Demand in the Middle East remained high and was bolstered by investments in ongoing major projects in the hospital sector.

Safety technology – industry performance

Demand for safety products was marginally positive in the first half of the year. The USA, where economic development stuttered somewhat in the first half of the year, recorded slow to declining demand for safety technology. On the one hand, the strong US dollar weakened the US export industry, while the low oil price led to a decline in investment in oil production. Chinese demand for safety technology remained positive due to constantly rising health and safety standards, but it was held back by the further slowdown in economic growth. In Europe, sales development was slightly positive overall. Despite efforts to introduce austerity measures, demand for safety technology in South Europe was marginally positive. Growth in the Middle East remained high, while demand in Latin America rose by a small amount.

OVERALL ASSESSMENT OF FRAMEWORK CONDITIONS

The global economy continues to experience only moderate growth. While there has been a certain amount of recovery in economic development in industrialized economies, and particularly the eurozone, emerging economies continue to lose momentum. Aside from the unresolved and escalating financial crisis in Greece, geopolitical risks such as the Ukraine conflict and the unstable situation in the Middle East represent further potential burdens for our economic climate. The evidently diverging monetary policies in the USA and in Europe have already contributed the euro's significant loss in value, particularly compared to the US dollar. This also has effects on our net sales and earnings growth. Medical and safety technology markets are in robust shape overall and are continuing their slight growth trend, albeit with regional differences. The US market is barely experiencing any growth in our industries at the moment.

AMENDMENTS TO SEGMENT REPORTING

Dräger is managed through its customer segments, the medical division and the safety division. These segments form the foundations of strategic development and are the primary management parameters for the development of operating business. The Company's legal structures were largely division-based until 2014, a system under which separate legal entities usually existed for the safety division and for the medical division. These structures require consolidation if Dräger is to achieve the corporate structure that forms the basis of the "One Dräger" project. In many countries it is a logical process to merge legal units with each other, thereby reducing complexity and costs. We are now systematically pursuing this process. Consolidation has already taken place in Switzerland, Austria and the Netherlands, while further consolidation is set to follow in Germany and abroad.

The merger of the previously separate legal entities of the safety division and the medical division will require amendments to segment reporting. From the first quarter of 2015, the results of the medical and safety divisions are calculated on the basis of product attribution to the medical or safety division rather than on the basis of the legal entities as had been the case previously.

This results in the following changes to our reporting in the income statement:

- Net sales are no longer reported using the consolidated net sales of the sub-groups (including internal Group net sales); instead reporting is now based on third-party net sales. This means that it is no longer necessary to eliminate intersegment net sales during the consolidation process.

- Non-product-related costs, including a share of headquarter costs, were previously recognized in The Drägerwerk AG & Co. KGaA/Other Companies segment but are now allocated to the two divisions on the basis of the plan-based net sales formula.

- The Drägerwerk AG & Co. KGaA/Other Companies segment, as well as the need for consolidation in the reporting process, therefore no longer applies.

Balance sheet items are only recognized for each segment in the case of items that can be allocated to products in the medical and safety divisions or their customers:

- Balance sheet items not allocated to products in the medical and safety divisions or to their customers are only reported at Group level.

- Reporting capital employed by segment is based on the key drivers of net working capital (trade receivables, inventories including prepayments received). Long-term capital such as property, plant and equipment is no longer included in segment reporting, as it can no longer be allocated to the segments following the merger of the respective legal units.

Please find below a list of the differences in figures between the old and new reporting systems in the first six months of 2014 for the segments. For further details please refer to Note 3:

EFFECTS ON SEGMENT REPORTING

Six months 2014	Medical division		Safety division		Drägerwerk AG & Co. KGaA/ other companies		Consolidation		Dräger Group	
in € million	old	new	old	new	old	new	old	new	old	new
Net sales	686.3	684.4	405.5	388.8	6.9	–	–25.5	–	1,073.2	1,073.2
EBIT	17.0	9.5	32.9	24.5	74.8	–	–90.6	–	34.0	34.0
Capital employed*	655.8	652.3	247.1	255.3	810.9	–	–632.0	–	1,081.9	1,081.9
DVA	58.8	33.3	60.9	41.0	–	–	–	–	63.5	63.5

* 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

OTHER CHANGES TO REPORTING

The way in which selling and marketing expenses and general administrative expenses are reported has changed. Until now, administrative expenses in the sales companies in the regions have been charged as a lump sum to marketing and selling expenses. Following the successful introduction of our new reporting system with a cost center plan applicable throughout the Group, these costs will now also be reported in the regions as administrative expenses. This does not affect the total of marketing and selling expenses and administrative expenses.

EFFECTS ON FUNCTIONAL COSTS

in € million	old	new
Marketing and selling expenses	–299.2	–262.7
General administrative expenses	–53.6	–90.0
Total	**–352.8**	**–352.8**

Important events in the first half of 2015

DECISION TO CLOSE THE SITE IN PITTSBURGH, USA

For the USA, Dräger has decided to close its site in Pittsburgh in July 2016. All customer activities such as Sales and Service are to be moved to the existing Dräger site in Houston, Texas. This site will be home to global strategy and business development for customers in the oil and gas industry. This decision sees Dräger reinforce its access to the most important growth markets for its safety division in the USA and beyond. The administrative areas in Pittsburgh will be housed at other Dräger sites. A total of 150 employees are affected by the closure of the Pittsburgh site. Dräger is offering some of these employees the opportunity to switch to another Dräger site.

ACQUISITION OF GASSECURE AS, NORWAY

Dräger has added a pivotal technology of the future to its gas detection portfolio in order to strengthen its strategic position as a systems provider to the oil and gas industry and the chemicals industry alike. Dräger Holding International GmbH, a subsidiary of Drägerwerk AG & Co. KGaA, acquired a 100 percent stake in GasSecure AS, based in Oslo, Norway. The start-up, founded in 2008 and financed through venture capital since 2010, has developed a cableless optical gas sensor that detects hydrocarbons and has a marketable product based on this pioneering technology.

CHANGE TO THE DRÄGERWERK VERWALTUNGS AG EXECUTIVE BOARD

Dr. Fehrecke retired as of March 31, 2015 as planned. Rainer Klug is to become the new Chief Supply Chain Officer (CSCO) and will commence his role at Dräger by August 1, 2015.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

		Second quarter			Six months		
		2015	2014	Changes in %	2015	2014	Changes in %
Order intake	**€ million**	**634.0**	**574.8**	**+10.3**	**1,249.3**	**1,119.4**	**+11.6**
Net sales	**€ million**	**634.0**	**559.9**	**+13.2**	**1,179.5**	**1,073.2**	**+9.9**
EBITDA [1]	**€ million**	**42.0**	**33.0**	**+27.5**	**62.7**	**69.1**	**–9.2**
Depreciation	€ million	–20.4	–18.0	+13.5	–40.0	–35.0	+14.2
EBIT [2]	**€ million**	**21.7**	**15.0**	**+44.2**	**22.7**	**34.0**	**–33.2**
Interest result	€ million	–5.7	–5.4	+5.5	–11.3	–11.6	–2.6
Income taxes	€ million	–5.1	–3.3	+54.7	–3.7	–7.6	–51.0
Earnings after income taxes	**€ million**	**10.9**	**6.3**	**+71.6**	**7.7**	**14.9**	**–47.9**
Earnings per share [3]							
per preferred share	€	0.60	0.34	+76.3	0.42	0.83	–48.9
per common share	€	0.59	0.33	+78.6	0.39	0.80	–50.7
Earnings per share on full distribution [4]							
per preferred share	€	0.52	0.27	+93.7	0.35	0.66	–47.3
per common share	€	0.51	0.26	+97.3	0.32	0.63	–49.5
R&D costs	€ million	58.5	53.3	+9.8	114.8	103.6	+10.8
Equity ratio [5]	%	41.2	40.3		41.2	40.3	
Cash flow from operating activities	€ million	–3.9	1.4	–378.0	–66.5	26.5	–350.8
Net financial debt [5]	€ million	189.9	135.7	+39.9	189.9	135.7	+39.9
Investments	€ million	30.3	34.9	–13.1	121.7	46.9	+159.2
Capital employed [5, 6]	€ million	1,310.0	1,081.9	+21.1	1,310.0	1,081.9	+21.1
Net working capital [5, 7, 8]	€ million	652.9	538.4	+21.3	652.9	538.4	+21.3
EBIT [2]/Net sales	%	3.4	2.7		1.9	3.2	
EBIT [2, 9]/Capital employed [5, 6] (ROCE)	%	12.8	14.4		12.8	14.4	
Net financial debt [5]/EBITDA [1, 9]	Factor	0.76	0.60		0.76	0.60	
Gearing [10]	Factor	0.20	0.17		0.20	0.17	
DVA [9, 11]	€ million	62.0	63.5	–2.3	62.0	63.5	–2.3
Headcount as of June 30		13,851	13,575	+2.0	13,851	13,575	+2.0

Business performance of the Dräger Group

ORDER INTAKE

	Second quarter				Six months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	337.3	331.5	+1.8	+1.1	678.5	636.0	+6.7	+5.6
thereof Germany	119.3	114.6	+4.2	+4.2	243.1	229.9	+5.7	+5.7
Americas	122.7	111.5	+10.0	–2.7	239.1	209.4	+14.2	+0.3
Asia/Pacific	106.8	90.0	+18.6	+4.2	210.9	184.1	+14.6	+0.5
Middle East, Africa & Others	67.2	41.8	+60.6	+49.9	120.8	90.0	+34.3	+24.2
Total order intake	**634.0**	**574.8**	**+10.3**	**+4.4**	**1,249.3**	**1,119.4**	**+11.6**	**+5.2**

Order intake rose by 4.4 percent (net of currency effects) in the second quarter. In the medical division, demand increased by 5.3 percent (net of currency effects). Orders in the safety division went up by 2.8 percent (net of currency effects). As a result, in the first six months of fiscal year 2015, our order intake was up 5.2 percent (net of currency effects) year on year.

In Europe, including Germany, we recorded a slight increase in order intake in the second quarter. Order intake rose by 4.2 percent in Germany, while demand in the Asia/Pacific region rose by 4.2 percent (net of currency effects). In the Middle East, Africa and Other Countries region, we recorded a significant rise of 49.9 percent (net of currency effects) in the second quarter, while demand in the Americas region declined by 2.7 percent (net of currency effects).

Footnotes for page 14

1 EBITDA = Earnings before net interest result, income taxes, depreciation and amortization
2 EBIT = Earnings before net interest result and income taxes
3 On the basis of the proposed dividend
4 Based on an imputed actual full distribution of earnings attributable to shareholders
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 The prior year figures were adjusted to the redefinition of the “net working capital” which now includes non-current trade receivables.
9 Value of the last twelve months
10 Gearing = Net financial debt/equity
11 Dräger Value Added = EBIT less cost of capital

NET SALES

in € million	Second quarter 2015	Second quarter 2014	Second quarter Changes in %	Second quarter Net of currency effects in %	Six months 2015	Six months 2014	Six months Changes in %	Six months Net of currency effects in %
Europe	349.9	309.3	+13.1	+12.1	646.3	589.7	+9.6	+8.6
thereof Germany	122.9	117.0	+5.0	+5.0	230.7	219.2	+5.2	+5.2
Americas	119.7	113.7	+5.2	–7.9	232.7	208.9	+11.4	–3.3
Asia/Pacific	102.6	86.6	+18.5	+3.5	197.5	185.1	+6.7	–6.2
Middle East, Africa & Others	61.8	50.4	+22.7	+13.0	103.0	89.4	+15.2	+4.9
Total net sales	**634.0**	**559.9**	**+13.2**	**+6.8**	**1,179.5**	**1,073.2**	**+9.9**	**+3.4**

Net sales increased by 6.8 percent (net of currency effects) in the second quarter. The medical division contributed to this with a rise of 7.4 percent (net of currency effects). Net sales in the safety division rose by 5.8 percent (net of currency effects). In the first half of fiscal year 2015, net sales rose by 3.4 percent (net of currency effects) year on year.

In Europe, including Germany, our net sales rose in the second quarter by 12.1 percent (net of currency effects). In Germany, we increased net sales by 5.0 percent. In the Asia/Pacific region, deliveries were up 3.5 percent year on year (net of currency effects) in the second quarter. In the Middle East, Africa and Other Countries region, net sales were up by 13.0 percent (net of currency effects). With a decline of 7.9 percent (net of currency effects), net sales development in the Americas region was the weakest in the second quarter.

EARNINGS

In the second quarter, our EBIT, at EUR 21.7 million (EBIT margin of 3.4 percent), was up significantly year on year (Q2 2014: EUR 15.0 million and 2.7 percent respectively). Gross profit developed slightly disproportionately in relation to net sales, with an increase of EUR 32.3 million to EUR 283.0 million. At 44.6 percent, the gross margin was 0.2 percentage points lower than in the prior year. The EUR 24.6 million rise in functional costs had a negative impact on earnings; net of currency effects, functional costs were up 4.6 percent. Expenditure for sales, marketing and administration rose in addition to the increase in research and development expenses.

In the first half of 2015, our gross profit increased by 10.2 percent to EUR 540.8 million (6 months 2014: EUR 490.6 million). The gross margin went up slightly to 45.8 percent (6 months 2014: 45.7 percent). While the medical division's gross margin was up year on year, the gross margin in the safety division was significantly impacted by weaker margins in the business with government agencies as well as with occupational health and safety products, among other things. Currency changes had a positive impact on our gross margin overall.

The rise in gross profit was not enough to offset the increase in functional expenses. In nominal terms, functional expenses rose by 12.4 percent, and were up 6.3 percent net of currency effects. Net of cost-increasing currency effects, sales and marketing expenses were up 4.2 percent year on year. This rise was due to the integration of the acquired company GasSecure AS, continued investment in our growth regions, as well as an increase in freight costs and sales commissions. Research and development expenditure continued to rise, increasing by 4.6 percent (net of currency effects). The research and development (R&D) ratio therefore amounted to 9.7 percent of net sales (6 months 2014: 9.7 percent). Provisions for the planned closure of our plant in Pittsburgh, USA, had a significant impact on administrative expenses (+14.9 percent net of currency effects). Increased costs for administration also affected the rise. Personnel costs rose by 6.7 percent (net of currency effects). This was, on the one hand, the result of recruitment and pay raises, due in part to raises in accordance with wage agreements in the metal and electrical industries in Germany. Furthermore, changes in exchange rates had a major effect on nominal personnel costs.

The other financial result decreased significantly year on year to EUR –3.3 million (6 months 2014: EUR +1.0 million). This decline was mainly due to valuation losses resulting from changes in exchange rates.

Overall, we generated Group earnings before interest and taxes (EBIT) of EUR 22.7 million in the first half of the year (6 months 2014: EUR 34.0 million). The EBIT margin fell from 3.2 percent in the prior-year period to 1.9 percent.

The interest result improved slightly to EUR –11.3 million (6 months 2014: EUR –11.6 million). The tax rate fell to 32.5 percent (6 months 2014: 33.8 percent). Earnings after income taxes amounted to EUR 7.7 million, down EUR 7.1 million on the prior-year period (6 months 2014: EUR 14.9 million).

INVESTMENTS

In the first half of 2015, we invested EUR 56.4 million in property, plant and equipment (6 months 2014: EUR 42.2 million) and EUR 65.2 million in intangible assets (6 months 2014: EUR 4.8 million). In addition to investments in goodwill and the patents of the acquired company GasSecure AS (total investments: EUR 62.4 million – please refer to

Note 5 in the notes), we continuously report further additions to property, plant and equipment as a result of the modernization of the Lübeck production site within the scope of the “factory of the future” project (EUR 19.4 million).

Depreciation and amortization totaled EUR 40.0 million in the first half of 2015 (6 months 2014: EUR 35.0 million). Investments covered 303.9 percent of depreciation (adjusted for the acquisition of GasSecure AS: 148.1 percent), meaning that non-current assets rose by EUR 81.6 million net.

CASH FLOW STATEMENT

Due to the elimination of exchange rate effects, the underlying changes recognized in the cash flow statement cannot be directly reconciled with the items of the published balance sheet.

In the first six months of fiscal year 2015, we generated cash outflow from operating activities of EUR 66.5 million compared to cash inflow of EUR 26.5 million in the prior-year period. The increase in inventories of EUR 60.9 million (6 months 2014: EUR 33.1 million) was the main contributor to this development. In addition, at EUR 45.7 million, trade receivables decreased by less than in the prior-year period (EUR 102.2 million). Further, earnings after income taxes – adjusted for write-downs, cash neutral changes to provisions as well as other non-cash earnings/expenses – decreased by EUR 14.2 million to EUR 1.1 million to compensate for this effect. The change in other assets and liabilities is mainly influenced by the valuation of derivatives, although they more or less offset one another (change in asset-side derivatives: EUR –11.1 million; change in liabilities-side derivatives: EUR 10.7 million).

The cash inflow from operating activities includes EUR 17.0 million in income taxes paid (6 months 2014: EUR 28.1 million), EUR 1.5 million in interest received (6 months 2014: EUR 1.0 million) and EUR 10.5 million in interest paid (6 months 2014: EUR 11.8 million).

At EUR 111.4 million, cash outflow from investing activities increased (6 months 2014: EUR 41.2 million). Cash outflow for 2015 includes the EUR 58.1 million purchase price payment for the shares in GasSecure AS, Oslo, Norway. Investments in property, plant and equipment also rose, mainly due to a number of modernizing measures at the Lübeck production site within the scope of the “factory of the future” project (EUR 19.4 million) and the renovation of existing buildings at the Lübeck site.

The cash inflow from financing activities of EUR 3.8 million compared to cash outflow of EUR 39.3 million in the prior year is mainly due to the exercising of ten options on preferred shares of EUR 31.5 million (6 months 2014: EUR 6.3 million – please refer to Note 6 of the notes). Furthermore, raising loans and the utilization of current account credit lines brought in a total of EUR 101.7 million (6 months 2014: EUR 24.3 million) for the Group. This amount includes KfW loans of EUR 43.1 million to finance the "factory of the future" project. At the same time, loans of EUR 88.9 million (6 months 2014: EUR 52.7 million) were repaid, including note loans of EUR 86.5 million (6 months 2014: EUR 50 million). The acquisition of the remaining shares in a Turkish subsidiary led to a payment of EUR 4.0 million. The distribution of dividends had a EUR 34.6 million impact on cash outflows (6 months 2014: EUR 20.2 million).

Cash and cash equivalents as of June 30, 2015 exclusively comprised cash, of which EUR 5.9 million (December 31, 2014: EUR 8.4 million) was subject to restrictions.

Financial management

BORROWING

The number of note loans has been reduced compared to the borrowing described in the Annual Report 2014. In the first quarter of 2015, we redeemed a mature note loan in cash to the amount of EUR 25.0 million, while in the second quarter of 2015, we redeemed a further note loan in cash of EUR 61.5 million. As of June 30, 2015, total note loans amounted to EUR 96 million (December 31, 2014: EUR 182.3 million).

NET ASSETS

Equity rose by EUR 34.5 million to EUR 931.1 million in the first six months of 2015. The equity ratio came to 41.2 percent as of June 30, 2015, up on the figure as of December 31, 2014 (40.1 percent). The adjustment of the underlying interest rate for German pension provisions from 2.0 percent to 2.25 percent decreased pension provisions by EUR 16.2 million; the net amount of this adjustment of EUR 11.2 million after deferred tax liabilities increased reserves from retained earnings recognized directly in equity.

As of June 30, 2015, total assets rose by EUR 24.5 million to EUR 2,258.6 million. On the assets side, intangible assets increased by EUR 60.8 million, due to the acquisition of GasSecure AS. Property, plant and equipment rose by EUR 29.1 million, and inventories increased by EUR 73.5 million. Cash and cash equivalents fell by EUR 164.8 million.

On the liabilities side, in addition to equity, other current financial liabilities rose by EUR +15.7 million and loans and liabilities to banks by EUR +15.1 million. Furthermore, provisions fell by EUR –35.9 million and trade payables by EUR –31.8 million.

DRÄGER VALUE ADDED

Our Dräger Value Added (DVA) fell by EUR 1.5 million to EUR 62.0 million year on year as of June 30, 2015 (twelve months to June 30, 2014: EUR 63.5 million). Although our rolling EBIT rose by EUR 11.7 million year on year, the average cost of capital increased by EUR 13.1 million due to the average capital employed, which climbed by 14.3 percent to EUR 1,169.6 million. The increase in capital employed is mainly due to a rise in non-current assets, higher inventories and trade receivables. This trend is also reflected in days of working capital (coverage of current assets), which rose by 1.1 days to 119.7 days.

BUSINESS PERFORMANCE OF THE MEDICAL DIVISION

		Second quarter			Six months		
		2015	2014	Changes in %	2015	2014	Changes in %
Order intake from third parties	**€ million**	**411.9**	**370.2**	**+11.3**	**814.5**	**719.4**	**+13.2**
Net sales with third parties	**€ million**	**405.8**	**354.3**	**+14.5**	**760.2**	**684.4**	**+11.1**
EBIT [1]	**€ million**	**11.2**	**5.9**	**+88.7**	**15.0**	**9.5**	**+57.0**
R&D costs	€ million	42.2	38.2	+10.5	83.6	73.8	+13.2
Capital employed [2, 3]	€ million	750.8	652.3	+15.1	750.8	652.3	+15.1
EBIT [1]/Net sales	%	2.8	1.7		2.0	1.4	
EBIT [1,4]/Capital employed [2] (ROCE)	%	15.1	14.1		15.1	14.1	
DVA [5]	€ million	49.3	33.3	+48.3	49.3	33.3	+48.3

[1] EBIT = Earnings before net interest result and income taxes
[2] Capital employed in segments = trade receivables, inventories incl. prepayments received
[3] Value as of reporting date
[4] Value of the last twelve months
[5] Dräger Value Added = EBIT less cost of capital

Business performance of the medical division

ORDER INTAKE FROM THIRD PARTIES

	Second quarter				Six months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	205.5	204.5	+0.5	+0.1	411.6	385.7	+6.7	+5.6
thereof Germany	81.9	78.0	+5.1	+5.1	163.6	155.0	+5.5	+5.5
Americas	85.0	78.3	+8.5	–3.3	165.1	142.8	+15.6	+2.2
Asia/Pacific	69.5	59.0	+17.7	+2.6	143.1	124.5	+14.9	+0.2
Middle East, Africa & Others	52.0	28.3	+83.9	+72.1	94.7	66.3	+42.7	+32.0
Total order intake	**411.9**	**370.2**	**+11.3**	**+5.3**	**814.5**	**719.4**	**+13.2**	**+6.5**

In the medical division, order intake rose in the second quarter by 5.3 percent year on year (net of currency effects). In the first six months of fiscal year 2015, we generated a 6.5 percent increase in order volume (net of currency effects).

In the second quarter, we recorded a significant increase in orders for respiratory care and thermoregulation products. Demand in patient monitoring and data management as well as for anesthesiology devices also rose. Order intake in the hospital consumables and service business was up slightly year on year. However, orders in the workplace infrastructure business fell significantly.

Order intake in the Europe region, including Germany, remained more or less unchanged in the second quarter (net of currency effects). A rise in demand in Germany and some countries in Southeast Europe, France and Italy was offset by a drop in orders in Azerbaijan, Russia and the UK.

In Germany, order intake rose by 5.1 percent in the second quarter. In our service business, business with anaesthesiology devices as well as our workplace infrastructure business, we recorded an increase in orders. However, demand for patient monitoring and clinical data management declined.

In the Americas region, we recorded a decline of 3.3 percent (net of currency effects) in the second quarter – mainly due to Mexico and Canada.

Order intake in the Asia/Pacific region was up 2.6 percent (net of currency effects) year on year. A sharp rise in orders in Indonesia and Thailand was offset by a drop in demand in China and Australia.

In the Middle East, Africa and Other Countries region, demand in the second quarter increased significantly. Net of currency effects, order intake was up 72.1 percent. This was above all due to orders in India, Iran and the United Arab Emirates.

NET SALES WITH THIRD PARTIES

	Second quarter				Six months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	207.6	181.7	+14.2	+13.3	384.7	345.9	+11.2	+10.3
thereof Germany	79.2	77.6	+2.1	+2.1	150.5	144.5	+4.2	+4.2
Americas	82.4	81.0	+1.7	–10.8	160.1	143.5	+11.6	–2.9
Asia/Pacific	69.1	54.9	+25.7	+8.4	137.6	128.4	+7.1	–6.4
Middle East, Africa & Others	46.8	36.7	+27.6	+16.6	77.8	66.5	+16.9	+5.8
Total net sales	**405.8**	**354.3**	**+14.5**	**+7.4**	**760.2**	**684.4**	**+11.1**	**+3.9**

Net sales in the medical division increased by 7.4 percent (net of currency effects) in the second quarter of 2015. In the first six months 2015, the increase in net sales amounted to 3.9 percent (net of currency effects).

In the second quarter, we recorded a double-digit rise in net sales in our hospital consumables as well as our respiratory care and thermoregulation products businesses. Deliveries also rose in the workplace infrastructure business systems as well as for anesthesiology devices. Net sales were up slightly year on year in the service business. However, net sales in the patient monitoring and clinical data management business declined.

In the Europe region, including Germany, net sales rose by 13.3 percent in the second quarter (net of currency effects). Deliveries increased significantly in Turkey, the UK, Turkmenistan, Russia, Italy and Spain in particular. We recorded a decline in net sales in France and Greece.

In Germany, net sales rose by 2.1 percent in the second quarter. An increase in net sales of respiratory care and thermoregulation products as well as in the service and hospital consumables businesses was offset by a considerable drop in patient monitoring and clinical data management.

However, deliveries declined significantly in the Americas region. Net of currency effects, net sales fell by 10.8 percent. We recorded significant drops in net sales in some countries in Central and South America, such as in Mexico, Brazil and Chile, while deliveries increased sharply in Ecuador. In the USA, net sales were down year on year.

In the Asia/Pacific region, we recorded a 8.4 percent increase in net sales (net of currency effects). Deliveries rose in Japan and Indonesia in particular, but declined in Korea and Australia.

Net sales in the Middle East, Africa and Other Countries region grew by a sharp 16.6 percent (net of currency effects). Net sales development in Saudi Arabia and the United Arab Emirates was an important factor, while deliveries fell in Egypt.

EARNINGS

The gross margin of the medical division was down slightly on the prior year in the second quarter of 2015 (–0.3 percentage points). However, the gross margin was up considerably year on year overall on account of the higher volume of net sales – partially net of currency effects.

Functional costs were up 10.3 percent year on year (+4.0 percent net of currency effects). The boost in gross profits caused EBIT to rise to EUR 11.2 million compared to the prior year (Q2 2014: EUR 5.9 million). The EBIT margin came to 2.8 percent in the second quarter (Q2 2014: 1.7 percent).

In the first half of 2015, gross profit and the gross margin (+1.6 percentage points) of the medical division were up on the prior year's figures. This development is mainly due to changes in exchange rates and a slight improvement in the product mix in the first quarter.

Functional costs rose by 12.8 percent in the first half of 2015 (+6.2 percent net of currency effects). Research and development expenditure rose by 13.2 percent (+5.3 percent net of currency effects) and resulted in a slight increase in the research and development ratio to 11.0 percent (6 months 2014: 10.8 percent).

EBIT in the medical division rose to a total of EUR 15.0 million (6 months 2014: EUR 9.5 million), mainly due to the increase in the gross profit. The EBIT margin came to 2.0 percent (6 months 2014: 1.4 percent) as a result.

FINANCIAL POSITION AND NET ASSETS

As of June 30, 2015, capital employed increased by EUR 98.5 million to EUR 750.8 million. This is essentially due to an increase in trade receivables as well as inventories.

DRÄGER VALUE ADDED

Our DVA in the medical division rose by EUR 16.1 million to EUR 49.3 million year on year as of June 30, 2015 (twelve months to June 30, 2014: EUR 33.3 million). The EUR 21 million or so rise in EBIT (on a twelve-month rolling basis) had a positive effect on DVA, while the higher average capital employed had a negative impact on DVA (higher capital costs of around EUR 5 million).

BUSINESS PERFORMANCE OF THE SAFETY DIVISION

		Second quarter			Six months		
		2015	2014	Changes in %	2015	2014	Changes in %
Order intake from third parties	**€ million**	**222.1**	**204.7**	**+8.5**	**434.9**	**400.0**	**+8.7**
Net sales with third parties	**€ million**	**228.2**	**205.6**	**+11.0**	**419.4**	**388.8**	**+7.9**
EBIT[1]	**€ million**	**10.5**	**9.1**	**+15.2**	**7.8**	**24.5**	**–68.3**
R&D costs	€ million	16.3	15.1	+8.1	31.3	29.8	+5.0
Capital employed[2, 3]	€ million	308.4	255.3	+20.8	308.4	255.3	+20.8
EBIT[1]/Net sales	%	4.6	4.4		1.9	6.3	
EBIT[1, 4]/Capital employed[2] (ROCE)	%	17.6	25.0		17.6	25.0	
DVA[5]	€ million	29.1	41.0	–29.0	29.1	41.0	–29.0

[1] EBIT = Earnings before net interest result and income taxes
[2] Capital Employed in segments = trade receivables, inventories incl. prepayments received
[3] Value as of reporting date
[4] Value of the last twelve months
[5] Dräger Value Added = EBIT less cost of capital

Business performance of the safety division

ORDER INTAKE FROM THIRD PARTIES

in € million	Second quarter 2015	Second quarter 2014	Second quarter Changes in %	Second quarter Net of currency effects in %	Six months 2015	Six months 2014	Six months Changes in %	Six months Net of currency effects in %
Europe	131.9	127.0	+3.9	+2.7	266.9	250.2	+6.7	+5.4
thereof Germany	37.4	36.6	+2.1	+2.1	79.4	74.8	+6.2	+6.2
Americas	37.8	33.2	+13.7	–1.4	74.0	66.6	+11.2	–3.9
Asia/Pacific	37.3	31.0	+20.4	+7.2	67.8	59.5	+13.8	+1.2
Middle East, Africa & Others	15.2	13.5	+12.1	+3.4	26.1	23.6	+10.6	+2.6
Total order intake	**222.1**	**204.7**	**+8.5**	**+2.8**	**434.9**	**400.0**	**+8.7**	**+3.1**

In the second quarter of 2015, orders in the safety division increased by 2.8 percent (net of currency effects). In the first half of fiscal year 2015, order intake rose by 3.1 percent (net of currency effects).

We recorded a significant increase of order intake in the business with government agencies in the second quarter. Demand was particularly high for personal protection equipment for fire services, alcohol testing devices as well as for diving equipment. In the area of plant safety equipment, demand in the service and rental devices business increased sharply, while demand for stationary gas detection products declined slightly. Order intake in the area of engineered system solutions was up slightly year on year, but remained stable in the service business. By contrast, orders in industrial health and safety declined considerably.

In the Europe region, including Germany, order intake was up in the second quarter by 2.7 percent (net of currency effects). Demand rose in Ukraine, the Czech Republic, Scandinavia and Germany, but fell in the Netherlands compared to the strong prior-year quarter.

In Germany, we recorded an increase in order intake of 2.1 percent. A rise in orders in the plant safety business as well as the business with government agencies was offset by a drop in orders in the area of engineered solutions as well as in the service business.

In the Americas region, order intake fell by 1.4 percent (net of currency effects) in the second quarter. A slight rise in demand in the USA, due to the plant safety business and alcohol testing devices, was not enough to offset the drop in orders in particular in Canada and Brazil.

Order intake in the Asia/Pacific region increased by 7.2 percent in the second quarter (net of currency effects). Order intake rose considerably in China, while Australia also saw demand increase.

In the Middle East, Africa and Other Countries region, demand in the second quarter rose by 3.4 percent (net of currency effects). A considerable increase in orders in India more than offset a drop in demand in Zambia and the United Arab Emirates.

NET SALES WITH THIRD PARTIES

	Second quarter				Six months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	142.4	127.6	+11.6	+10.4	261.6	243.8	+7.3	+6.1
thereof Germany	43.7	39.4	+10.7	+10.7	80.2	74.7	+7.4	+7.4
Americas	37.3	32.7	+14.1	–0.9	72.6	65.4	+11.0	–4.1
Asia/Pacific	33.6	31.7	+6.0	– 5.0	59.9	56.7	+5.8	–5.6
Middle East, Africa & Others	15.0	13.6	+9.6	+3.2	25.2	22.9	+10.2	+2.4
Total net sales	**228.2**	**205.6**	**+11.0**	**+5.8**	**419.4**	**388.8**	**+7.9**	**+2.4**

In the second quarter, net sales in the safety division increased by 5.8 percent (net of currency effects). After six months, net sales were up 2.4 percent (net of currency effects) on the prior-year period.

In the second quarter, net sales in the business with government agencies experienced a considerable increase. Deliveries of alcohol testing devices as well as for personal protection equipment for fire services rose significantly. Engineered solutions also experienced net sales growth. With regard to industrial occupational health and safety, deliveries in almost all product areas fell, with light respiratory protection products being the only products to report a rise in net sales. In terms of plant safety equipment, an increase in net sales in the maintenance and equipment rental business was not sufficient to compensate for the drop in stationary gas detection systems. Net sales in the service business also fell slightly in the second quarter.

Net sales in the Europe region, including Germany, rose by a considerable 10.4 percent (net of currency effects) in the second quarter. Net sales growth was particularly strong in Russia, Spain, France, some countries in Southeast Europe as well as in Germany, while deliveries fell in Poland, Switzerland and Scandinavia.

In Germany, net sales rose by 10.7 percent in the second quarter. In the business with government agencies, net sales with personal protection equipment for fire services experienced a particular increase. In the area of engineered solutions, we increased net sales further as a result of further partial invoicing for the tunnel rescue trains from the large Deutsche Bahn order. Demand in the maintenance and equipment rental business increased further in the area of plant safety equipment, while net sales of stationary gas detection systems declined. In the service business, net sales fell marginally.

In the Americas region, net sales fell slightly year on year (net of currency effects). A considerable rise in net sales in Chile, Mexico, Peru and Venezuela was not enough to offset what were at times significant declines in Brazil, Canada and the USA.

Net sales in the Asia/Pacific region declined by 5.0 percent in the second quarter (net of currency effects). Higher net sales in Australia and China were offset by a decrease in net sales in some countries in Southeast Asia. In Japan and Korea, we recorded major deliveries in the same quarter in the prior year.

Net sales in the Middle East, Africa and Other region grew by 3.2 percent (net of currency effects), especially in Saudi Arabia and the United Arab Emirates.

EARNINGS

The gross margin in the safety division was up slightly year on year (+0.2 percentage points) in the second quarter of 2015. Gross profit increased significantly (+11.4 percent), mainly as a result of the higher volume of net sales. Functional costs were up 10.5 percent year on year (+5.8 percent net of currency effects). EBIT increased by EUR 1.4 million to EUR 10.5 million (Q2 2014: EUR 9.1 million) and the EBIT margin rose to 4.6 percent (Q2 2014: 4.4 percent).

The gross margin in the first half of 2015 was down significantly year on year (–2.6 percentage points). The business with government agencies was impacted by an unfavorable product mix and weaker price performance. We also made investments into the quality for these products. Our occupational health and safety business was also impacted by an unfavorable product mix. At EUR 176.5 million, functional costs were up EUR 18.6 million year on year (+6.6 percent net of currency effects). Research and development expenditure rose by 5.0 percent (+1.7 percent net of currency effects) and resulted in a research and development ratio of 7.5 percent (6 months 2014: 7.7 percent).

EBIT in the safety division decreased by EUR 16.7 million to EUR 7.8 million (6 months 2014: EUR 24.5 million) due to weak margin developments and the rise in functional costs. The EBIT margin came in at 1.9 percent in the first half of 2015 (6 months 2014: 6.3 percent).

FINANCIAL POSITION AND NET ASSETS

As of June 30, 2015, capital employed increased by EUR 53.2 million to EUR 308.4 million. This is essentially due to an increase in trade receivables as well as inventories.

DRÄGER VALUE ADDED

At EUR 29.1 million as of June 30, 2015, DVA in the safety division was down year on year (year on year as of June 30, 2014: EUR 41.0 million). This drop in DVA was mainly driven by considerably lower EBIT, which fell by EUR 9.7 million (on a twelve-month rolling basis), as well as the EUR 2.2 million increase in capital costs.

Research and development

In the first half of 2015, we invested EUR 114.8 million which is more than in the prior-year period (6 months 2014: EUR 103.6 million). The research and development expenses amounted to 9.7 percent of net sales (6 months 2014: 9.7 percent).

We increased research and development expenditure in the medical division to EUR 83.6 million (6 months 2014: EUR 73.8 million). In the first half of 2015, we invested 11.0 percent of net sales, more than in the prior-year period (6 months 2014: 10.8 percent).

The focus remained on expanding our intensive care and operating room product portfolio, and especially on developing customer solutions within the Infinity Acute Care System.

In the second quarter 2015 we introduced the "IACS VG4.0" software. This release brings "IACS" into compliance with applicable IEC 3rd edition and ISO standards[1]. In addition to regulatory compliance, the software release includes performance enhancements of our "IACS".

Our "Vista 120" provides cost effective patient monitoring solutions for the upper basic segment. The upgrade model of "Vista 120" includes additional functions (Nellcor SpO2 and Cardiac Output) in an effort to strengthen its monitoring ability in higher acuity hospital environments.

In the first half of 2015, we spent EUR 31.3 million on research and development in the safety division (6 months 2014: EUR 29.8 million). This equates to 7.5 percent of net sales (6 months 2014: 7.7 percent).

The focus is on expanding our product portfolio and developing systems to deliver complete solutions for our customers. In addition, the product portfolio is being modularized progressively.

The new "Dräger DrugCheck 3000" allows five narcotic substances to be tested using a single sample within a short space of time. The compact test is easy to use, extremely hygienic and manipulation-proof. It can also be deployed very quickly and is therefore perfect for roadside drug testing and drug testing in safety-relevant workplaces.

Our filter detector tubes "Parat 3000" have been developed to include a model specially designed for use in tropical climates. The devices and filters are supplied in vacuum-

[1] International Electrotechnical Commission and International Organisation for Standardization

sealed aluminum protective packaging. By replacing the protective packaging after a period of six years, the detector tubes can be used for a total of twelve years.

We adapted an accessory to our stationary gas detector series "PIR 7000" in line with customer requirements, making it more convenient to use in special process applications such as in the printing and coating industry. The SGR process cuvette, which can be fitted into the optical beam path of our "PIR 7000" series for the monitoring of industrial processes, has improved stability under negative pressure and is significantly easier to clean.

Subsequent events

There were no significant changes between the end of the first six months of 2015 and the time this interim financial report was prepared.

Personnel

As of June 30, 2015, we employed a total of 13,851 people around the world, an increase of 276 year on year (June 30, 2014: 13,575). This corresponds to a rise of 2.0 percent. In Germany, the number of people working for the Dräger Group rose by 83. The number of employees working abroad went up by 193. As of June 30, 2015, a total of 54.2 percent (June 30, 2014: 53.9 percent) of our employees were working outside of Germany.

In view of the long-term growth strategy, we expanded the workforce above all in Service (+151) and in Sales (+62).

The increase in the number of employees in Germany (+83) was mainly due to the number of temporary employees that were hired for short-term projects in Shut Down & Rental Management. As a result, the number of employees in Service rose by 32. In Sales, we employed 32 more employees than the year before. In Production, the number of employees at Dräger Medical GmbH and Dräger Safety AG & Co. KGaA fell by 31 due to the expiry of temporary employment agreements. Furthermore, we recruited 31 employees in administrative functions.

The number of employees outside of Germany increased by 193 year on year; 41 of these employees are attributed to the company Dräger-Simsa S.A. in Chile, acquired in 2014, and 11 to the newly acquired company GasSecure AS in Norway. Particular increases were seen in Service (+119) and Sales (+30). We also expanded our workforce at our production company in Chomutov, Czech Republic, by 44 employees.

Personnel expenses within the Group rose by 12.4 percent year on year (net of currency effects +6.7 percent) to EUR 504.3 million. Changes to the euro exchange rates and the resulting negative currency effects resulted in a EUR 25.5 million increase in personnel expenses. This rise was particularly the result of growth-related recruitment and pay raises, including raises in accordance with wage agreements in the metal and electrical industries in Germany, as well as an employee share program. The personnel cost ratio came to 42.8 percent in the first half of 2015 (6 months 2014: 41.8 percent).

PERSONNEL EXPENSES [1]

in € thousand	Six months 2015	Six months 2014
Wages and salaries	**416,638**	**371,330**
Social security contributions and related employee benefits	73,224	66,843
Pension expenses	14,479	10,436
	504,341	**448,609**

[1] Personnel expenses include the remuneration of the members of the Executive Board of the general partner Drägerwerk Verwaltungs AG, Lübeck

WORKFORCE TREND

		June 30, 2015	December 31, 2014	June 30, 2014
Dräger Group total		**13,851**	**13,737**	**13,575**
Germany		6,345	6,324	6,262
Other		7,506	7,413	7,313
Turnover of employees (Basis: average of the past twelve months)	%	4.3	3.6	3.7
Sick days of work days in Germany (Basis: average of the past twelve months)	%	5.5	5.2	3.6
Temporary staff in Germany (incl. short-term project employment)		314	277	329

RISK TO FUTURE DEVELOPMENT

The material risks to our net assets, financial position and results of operations as well as the structure of our risk management system are outlined in the annual report for fiscal year 2014 on pages 101 et seq. The annual report may be downloaded online at **www.draeger.com**.

There were no material changes to the 2014 annual report. In addition, we cannot currently identify any individual or aggregated risks that could have a material impact on the Company's continued existence as a going concern.

Outlook

FUTURE MARKET ENVIRONMENT

The International Monetary Fund (IMF) has followed the World Bank's lead and reduced its global economic growth forecast. As a result, economic growth for 2015 is set to be down year on year. In many industrialized economies, economic expansion continues to gain momentum, while the slowdown in emerging economies' economic growth continues.

In terms of the global economy, the IMF now expects growth to stand at 3.3 percent in 2015, down 0.2 percentage points on the April forecast. Hopes of growth in the USA have been dashed due to a decline in economic output in the first quarter, but the US economy remained on an intact growth path. The IMF has left its China forecast untouched; however, it did emphasize that uncertainty surrounding the country had increased. The IMF considers the eurozone to be on course for continued economic recovery, despite the uncertainty surrounding Greece.

The IMF is still of the opinion that the risk/reward profile for the global economy is worsening. The significant fall in the price of oil may be bolstering real income and demand, particularly in industrialized nations, but there remains a risk of sudden changes in the price of assets, a further increase in volatility on the financial markets and an even stronger US dollar. Furthermore, the risk of geopolitical tensions remains high.

IMF – JULY 2015 GROSS DOMESTIC PRODUCT (GDP) GROWTH FORECAST

in %	2015	2016
Global economy	3.3	3.8
USA	2.5	3.0
Eurozone	1.5	1.7
Germany	1.6	1.7
China	6.8	6.3

FUTURE SITUATION OF THE MEDICAL TECHNOLOGY INDUSTRY

We expect demand in the medical technology industry to remain slightly positive over the rest of the year. We anticipate a moderate rise in sales in emerging economies as measures to reform and develop healthcare sectors continue. However, growth momentum in China is falling, which is curbing positive demand overall. We also expect that international manufacturers will find it more difficult to participate in Chinese growth than domestic producers. In our opinion, growth in the USA is low. Healthcare reform and long-term trends such as the growing population, the ageing of society and the increase in “lifestyle diseases” are having a positive impact on demand; however, momentum is being curbed due to the massive pressure to cut costs. We consider growth opportunities in Europe to be slightly positive. Demand in South Europe rose slightly recently, despite budgetary consolidation. In Latin America, we anticipate only slight growth. In the two largest medical technology markets in Latin America, Mexico and Brazil, we expect trends to differ. Brazil is expected to post a decline in demand, whereas Mexico is likely to record stable public- and private-sector business. We anticipate moderate growth in the medical technology industry in the Middle East.

FUTURE SITUATION OF THE SAFETY TECHNOLOGY INDUSTRY

Overall, we anticipate a positive development of the safety technology industry. In our opinion, demand in the USA is stable. Given the persistently low oil price, we anticipate a decline in investment in safety technology in the US oil and gas industry. This will be partially offset by increased demand in other sectors, particularly those in which energy and energy raw material costs account for a significant portion of production costs and which therefore benefit from low oil prices, such as the chemicals industry. We expect expenditure for safety technology products to rise in emerging economies. Despite the slowdown in global economic growth, we expect the sales of safety technology products to increase over the rest of 2015 on the back of stricter health and safety standards. We consider the growth outlook in Europe to be slightly positive. Even through austerity measures in South Europe are still very much a reality, we expect economic growth to recover slightly in this region and investment in safety technology products to rise. We hardly see any prospects of growth in Latin America in 2015. In the two largest safety technology markets in Latin America, Mexico and Brazil, we expect trends to differ. Mexican energy reforms are driving widespread change in the country and fostering demand for safety technology, but in Brazil planned investments in the oil and gas sector are being cut back. Sales opportunities in the Middle East will be bolstered by infrastructure investment in the mining and in particular the processing of raw materials and encourage moderate growth.

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 annual report 2014 (pages 116 et seq.), which describes our expectations for 2015 in detail. The following table contains an overview of our expectations in relation to the development of various forecast figures. The forecast period is based on a fiscal year.

EXPECTATIONS FOR FISCAL YEAR 2015

	Results achieved in 2014	Forecast 2015 [1]	Current forecast
Net sales	+ 4.0 % (net of currency effects)	Between +2 % and 5 % (net of currency effects)	Confirmed
EBIT margin	7.3 %	Between 6.0 % and 8.0 % [2]	Between 5.0 % and 7.0 % [2]
DVA	EUR 81.6 million	Moderate improvement	Decline
Other forecast figures:			
Gross margin	46.7 %	On a par with prior year	Down on prior year
Research and development costs	EUR 212.0 million	EUR 220 million to EUR 230 million	Confirmed
Interest result	EUR –25.0 million	Slight improvement	Confirmed
Effective tax rate	31.8 %	Between 30 % and 33 %	Confirmed
Operating cash flow	105 % of EBIT	> 70 % of EBIT	> 50 % of EBIT
Investment volume	EUR 124.7 million	EUR 170 million to EUR 190 million	Confirmed
Equity ratio	40.1 %	Over 40 %	Confirmed
Net financial debt	EUR 10.7 million	Worsening	Confirmed

[1] According to most recently released target values
[2] Based on exchange rates at the start of the year

Since the start of the year, our gross margin has suffered from low net sales in high-margin regions and a shift in the product mix towards lower-margin products. As we do not anticipate any significant improvement in margins in the second half of the year, our gross margin is likely to fall year on year.

Aside from the lower gross margin, rising functional costs are also putting pressure on our EBIT. Another detrimental factor is the high US dollar cost position. That being said, functional costs also rose by a disproportionately high amount in the first half of the year net of currency effects. We therefore anticipate that our EBIT margin will stand at between 5.0 and 7.0 percent.

Given the fall in EBIT and the higher average capital employed, we also expect Dräger Value Added to decline this year.

Operating cash flow is likely to account for over 50 percent of EBIT. The reduction in this forecast is due to the disproportionately high increase in working capital in the first half of the year, which we will only be able to partially compensate for in the second half of the year.

DRÄGER MANAGEMENT ESTIMATE

The expansion of the global economy continues, albeit at a moderate pace. The economic situation has stabilized, particularly in the eurozone, and growth is gradually taking hold. Developments in Greece have so far not had any recognizable negative consequences for the rest of the eurozone.

Business development so far in fiscal year 2015 has been a mixture of positives and negatives. Last summer we launched our “Fit for Growth” efficiency program, which we continue to work hard on. Our medical and safety technology markets are essentially intact and our medium-term goals therefore remain unchanged.

FORWARD-LOOKING STATEMENTS

This management report 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 which could prove to be incorrect. Dräger does not assume any responsibility for updating the forward-looking statements made in this report.

Lübeck, July 28, 2015

The general partner
Drägerwerk Verwaltungs AG,
represented by its Executive Board

Stefan Dräger
Gert-Hartwig Lescow
Anton Schrofner

Interim financial statements of the Dräger Group as of June 30, 2015

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

in € thousand	Notes	Second quarter 2015	Second quarter 2014	Six months 2015	Six months 2014
Net sales		634,019	559,937	1,179,545	1,073,150
Cost of sales		–351,066	–309,293	–638,764	–582,502
Gross profit		**282,954**	**250,644**	**540,781**	**490,648**
Research and development costs		–58,514	–53,298	–114,820	–103,588
Marketing and selling expenses [1]		–152,080	–135,363	–293,066	–262,728
General administrative costs [1]		–51,757	–46,120	–107,299	–90,048
Other operating income		1,792	1,791	3,308	3,595
Other operating expenses		–1,076	–4,074	–2,989	–5,163
		–261,636	**–237,064**	**–514,865**	**–457,932**
		21,318	**13,579**	**25,915**	**32,716**
Profit from investments in associates		102	250	102	250
Profit from other investments		26	0	26	32
Other financial result		232	1,206	–3,310	1,040
Financial result (before interest result)	**8**	**360**	**1,456**	**–3,182**	**1,321**
EBIT		**21,678**	**15,035**	**22,734**	**34,038**
Interest result	8	–5,694	–5,396	–11,264	–11,564
Earnings before income taxes		**15,983**	**9,639**	**11,470**	**22,474**
Income taxes	9	–5,101	–3,297	–3,726	–7,601
Earnings after income taxes		**10,883**	**6,343**	**7,744**	**14,873**
Earnings after income taxes		**10,883**	**6,343**	**7,744**	**14,873**
Non-controlling interests in net profit		–50	192	37	110
Earnings attributable to participation certificates (excluding minimum dividend, after taxes) [2]		602	483	602	1,208
Earnings attributable to shareholders		10,331	5,668	7,106	13,555
Undiluted earnings per share [3]					
per preferred share (in €)		0.60	0.34	0.42	0.83
per common share (in €)		0.59	0.33	0.39	0.80
Diluted earnings per share [3]					
per preferred share (in €)		0.60	0.34	0.42	0.81
per common share (in €)		0.59	0.33	0.39	0.78
Undiluted earnings per share on full distribution [3]					
per preferred share (in €)		0.51	0.27	0.35	0.66
per common share (in €)		0.52	0.26	0.32	0.63
Diluted earnings per share on full distribution [3]					
per preferred share (in €)		0.51	0.27	0.35	0.66
per common share (in €)		0.52	0.26	0.32	0.63

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE DRÄGER GROUP

in € thousand	Six months 2015	Six months 2014
Earnings after income taxes	**7,744**	**14,873**
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	16,183	–20,722
Deferred taxes on Remeasurements of defined benefit pension plans	–4,996	6,402
Items which may be reclassified subsequently to profit or loss		
Currency translation adjustment for foreign subsidiaries	22,099	2,561
Change in the fair value of derivative financial instruments recognized directly in equity	371	–727
Deferred taxes on changes in the fair value of derivative financial instruments recognized directly in equity	–160	225
Other comprehensive income (after taxes)	**33,498**	**–12,261**
Total comprehensive income	**41,242**	**2,611**
thereof earnings attributable to non-controlling investments	64	149
thereof earnings attributable to participation certificates (excluding minimum dividend, after taxes)[1]	602	1,208
thereof earnings attributable to shareholders	40,576	1,254

[1] The figure is calculated by accruing a dividend for participation certificates of EUR 1.20 (June 30, 2014: EUR 2.20) based on earnings in the first six months of 2015 and in line with Dräger`s unchanged actual dividend policy to distribute around 30 % of total Group net profit (less earnings attributable to non-controlling interests).

Footnotes for page 42

[1] Prior year's figures were adjusted retrospectly. See also note 4.

[2] The figure is calculated by accruing a dividend for participation certificates of EUR 1.20 (June 30, 2014: EUR 2.20) based on earnings in the first six months of 2015 and in line with Dräger`s unchanged actual dividend policy to distribute around 30 % of total Group net profit (less earnings attributable to non-controlling interests).

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

CONSOLIDATED BALANCE SHEET OF THE DRÄGER GROUP

in € thousand	Notes	June 30, 2015	December 31, 2014
Assets			
Intangible assets	10	355,018	294,242
Property, plant and equipment	10	379,012	349,936
Investments in associates		277	277
Other non-current financial assets		15,230	14,523
Deferred tax assets		124,587	119,528
Other non-current assets		3,050	2,959
Non-current assets		**877,174**	**781,465**
Inventories	11	461,995	388,497
Trade receivables and receivables from construction contracts		631,370	657,394
Other current financial assets		55,427	33,843
Cash and cash equivalents		132,102	296,855
Current tax refund claims		24,852	23,797
Other current assets	12	75,680	52,260
Current assets		**1,381,426**	**1,452,645**
Total assets		**2,258,599**	**2,234,110**

in € thousand	Notes	June 30, 2015	December 31, 2014
Equity and liabilities			
Capital stock		45,466	44,186
Capital reserves		234,028	203,760
Reserves retained from earnings, incl. group result		603,856	622,342
Participation capital		29,497	29,497
Other comprehensive income		16,113	–5,325
Non-controlling interests		2,140	2,146
Equity	**13**	**931,100**	**896,606**
Liabilities from participation certificates		21,326	20,872
Provisions for pensions and similar obligations	14	286,494	297,009
Other non-current provisions	15	56,154	55,619
Non-current interest-bearing loans	16	212,697	168,563
Other non-current financial liabilities		28,543	27,653
Non-current income tax liabilities		10,323	10,286
Deferred tax liabilities		5,849	1,540
Other non-current liabilities		5,816	5,830
Non-current liabilities		**627,201**	**587,373**
Other current provisions	15	163,335	189,278
Current interest-bearing loans and liabilities to banks	16	98,679	127,686
Trade payables		169,539	201,340
Other current financial liabilities		45,855	30,166
Current income tax liabilities		27,075	25,854
Other current liabilities		195,816	175,808
Current liabilities		**700,298**	**750,132**
Total equity and liabilities		**2,258,599**	**2,234,110**

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

	in € thousand	Second quarter 2015	Second quarter 2014	Six months 2015	Six months 2014
	Operating activities				
	Earnings after income taxes	10,883	6,343	7,744	14,873
+	Write-down/write-up of non-current assets	20,372	17,906	40,016	34,992
–	Decrease in provisions	–19,346	–10,083	–26,342	–26,999
+/–	Other non-cash expenses/income	10,942	624	–20,353	–7,589
+/–	Losses/gains from the disposal of non-current assets	71	135	–22	85
–	Increase in inventories	–4,794	–689	–60,946	–33,141
–	Increase in leased equipment	–2,731	–1,229	–3,868	–4,213
+/–	Decrease/increase in trade receivables	–19,516	16,587	45,659	102,218
+/–	Decrease/increase in other assets	27,741	–1,834	–43,426	–35,027
–	Decrease in trade payables	–1,003	–5,651	–35,613	–34,574
+/–	Increase/decrease in other liabilities	–26,510	–20,743	30,700	15,859
	Cash outflow/inflow from operating activities	**–3,892**	**1,366**	**–66,450**	**26,483**
	Investing activities				
–	Cash outflow for investments in intangible assets	–1,812	–3,308	–2,910	–4,771
+	Cash inflow from the disposal of intangible assets	124	–	191	459
–	Cash outflow for investments in property, plant and equipment	–25,964	–21,116	–51,626	–38,279
+	Cash inflow from disposals of property, plant and equipment	483	507	1,426	1,241
–	Cash outflow for investments in non-current financial assets	–33	–11	–824	–23
+	Cash inflow from the disposal of non-current financial assets	9	36	377	161
–	Cash outflow from the acquisition of subsidiaries	–5,000	–	–58,063	–
	Cash outflow from investing activities	**–32,193**	**–23,891**	**–111,430**	**–41,212**
	Financing activities				
–	Distribution of dividends (including dividends for participation certificates)	–34,601	–20,165	–34,601	–20,165
+	Cash inflow from the exercise of option rights to preferred shares	31,548	–	31,548	6,349
–	Cash outflow from the acquisition of treasury shares for the employee share program	–	–	–1,143	–
+	Cash provided by raising loans	48,147	104	48,159	7,669
–	Cash used to redeem loans	–62,209	–837	–88,892	–52,689
+	Net balance of other liabilities to banks	46,694	12,027	53,529	16,595
–	Net balance of finance lease liabilities repaid/incurred	–376	–324	–799	–691
+/–	Cash inflow/outflow from the changes in shareholdings in subsidiaries	–	–	–4,000	3,689
–	Profit distributed to non-controlling interests	–2	–26	–2	–26
	Cash inflow/outflow from financing activities	**29,200**	**–9,221**	**3,798**	**–39,269**
	Change in cash and cash equivalents in the reporting period	**–6,886**	**–31,746**	**–174,082**	**–53,998**
+/–	Effect of exchange rates on cash and cash equivalents	–2,947	987	9,329	–31
+	Cash and cash equivalents at the beginning of the reporting period	141,935	208,859	296,855	232,131
	Cash and cash equivalents on reporting date	**132,102**	**178,100**	**132,102**	**178,101**

For notes to the cash flow statement, please see page 18.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE DRÄGER GROUP

						Other comprehensive income						
in € thousand	Capital stock	Capital reserves	Reserves retained from earnings incl. group result	Participation capital	Treasury shares	Currency translation differences	Derivative financial instruments	Financial assets available for sale	Total other comprehensive income	Total equity of shareholder Drägerwerk AG & Co. KGaA	Non-controlling interests	Equity
January 1, 2014	**42,778**	**170,280**	**591,926**	**29,497**	**0**	**–20,970**	**–1,596**	**10**	**–22,556**	**811,925**	**4,042**	**815,967**
Earnings after income taxes	–	–	14,762	–	–	–	–	–	0	14,762	110	14,873
Other comprehensive income	–	–	–14,320	–	–	2,522	–502	–	2,020	–12,300	39	–12,261
Total comprehensive income	**–**	**–**	**442**	**–**	**–**	**2,522**	**–502**	**–**	**2,020**	**2,462**	**149**	**2,611**
Exercise of option rights to preferred shares	256	6,093	–	–	–	–	–	–	0	6,349	–	6,349
Distributions	–	–	–20,165	–	–	–	–	–	0	–20,165	–26	–20,191
Changes in the scope of consolidation/other	–	–	446	–	–	–	–	–	0	446	3,689	4,135
June 30, 2014	**43,034**	**176,374**	**572,650**	**29,497**	**0**	**–18,448**	**–2,098**	**10**	**–20,536**	**801,017**	**7,853**	**808,871**
January 1, 2015	**44,186**	**203,760**	**622,342**	**29,497**	**0**	**–2,970**	**–2,405**	**51**	**–5,325**	**894,459**	**2,146**	**896,606**
Earnings after income taxes	–	–	7,708	–	–	–	–	–	0	7,708	37	7,744
Other comprehensive income	–	–	11,187	–	–	22,072	211	–	22,284	33,471	27	33,498
Total comprehensive income	**–**	**–**	**18,895**	**–**	**–**	**22,072**	**211**	**–**	**22,284**	**41,178**	**64**	**41,242**
Repurchase of treasury shares	–	–	–	–	–1,143	–	–	–	0	–1,143	–	–1,143
Employee share program	–	–	–	–	1,143	–	–	–	0	1,143	–	1,143
Exercise of option rights to preferred shares	1,280	30,268	–	–	–	–	–	–	0	31,548	–	31,548
Distributions	–	–	–34,601	–	–	–	–	–	0	–34,601	–2	–34,603
Changes in the shares of subsidiaries, excluding loss of control	–	–	–3,086	–	–	–846	–	–	–846	–3,932	–68	–4,000
Changes in the scope of consolidation/other	–	–	307	–	–	–	–	–	0	307	–	307
June 30, 2015	**45,466**	**234,028**	**603,856**	**29,497**	**0**	**18,256**	**–2,194**	**51**	**16,113**	**928,959**	**2,140**	**931,100**

Notes of the Dräger Group as of June 30, 2015 (condensed)

1 BASIS OF PREPARATION OF THE INTERIM GROUP FINANCIAL STATEMENTS

Drägerwerk AG & Co. KGaA, Lübeck, Germany, prepared its Group financial statements for fiscal year 2014 in accordance with the International Financial Reporting Standards (IFRS) as defined by the International Accounting Standards Boards (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In fiscal year 2015, the interim financial statements of the Dräger Group have therefore also been prepared in accordance with IFRS and the interim reports in compliance with IAS 34 as well as German Accounting Standard No. 16 (GAS 16 – Interim Financial Reporting) of the German Accounting Standards Committee (GASC).

The interim report should be read in connection with the disclosures in the Dräger IFRS annual report as of December 31, 2014. It was not audited or reviewed by an auditor.

The interim report was prepared in euros. Unless otherwise stated, all figures are disclosed in thousands of euros (EUR thousand); as a result, differences may occur due to rounding.

2 ACCOUNTING POLICIES

In principle the same accounting principles as in the Group financial statements for 2014 were applied in preparing the interim financial statements and calculating the comparative figures. A detailed description of these methods is published in the notes to the Group financial statements in the 2014 annual report in Note 8.

A discount rate of 2.25 percent (December 31, 2014: 2.0 percent) was used as a basis for the German pension provisions reported in these interim financial statements on account of the change in interest rates. The result from the remeasurement of pension plans decreased the provisions for pensions and similar obligations.

The annual report may be downloaded online at **www.draeger.com**.

In preparing the interim financial statements, the Group opted to present condensed financial statements with selected explanatory notes. Overall, greater use was made of estimates in determining carrying amounts than at fiscal year-end.

Accruals and deferrals were recognized where claims or obligations partially arose in the period under review.

The following new standards and amendments to existing standards published by the IASB, which have already been adopted in EU law, are to be applied for the first time in fiscal year 2015, in the event that transactions fall within the respective scopes of application:

- The “Annual Improvements to IFRSs 2010–2012 Cycle (issued December 2013)” resulted in slight adjustments or corrections to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- The “Annual Improvements to IFRSs 2011–2013 Cycle (issued December 2013)” resulted in slight adjustments or corrections to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

– The amendments to IAS 19 “Defined Benefit Plans: Employee Contributions (issued November 2013)” pertain to the amendments to IAS 19.93 to the effect that an employee’s contributions to defined benefit plans that are related to the services rendered by that employee (such as deferred compensation) reduce the service costs for that period, insofar as the contributions and the employee’s services apply to the same period. Consequently, these contributions may not be attributed to years of service as a negative benefit. This does not impact Dräger’s Group financial statements.

Further, new mandatory standards or amendments of standards to apply only to fiscal years beginning on or after January 1, 2016 and/or that have not yet been endorsed can be found in the Dräger IFRS annual report as of December 31, 2014.

The first-time application of the remaining amended standards did not have any significant effects on the net assets, financial position and results of operations of the Dräger Group.

3 AMENDMENTS TO SEGMENT REPORTING

Dräger is reducing unnecessary double structures in the medical and safety divisions within the scope of the introduction of the functional, cross-departmental management model so as to simplify the use of synergy effects. Dräger therefore started to gradually merge the legal entities in the various countries, thereby cutting complexity and costs.

The merger of the previously separate legal entities of the safety division and the medical division will require amendments to segment reporting:

– The results of the medical and safety divisions will in future be consolidated on the basis of the products, rather than the legal entities as had been the case until now.
– The reporting of net sales will no longer be based on the consolidated net sales of the sub-groups; the reporting will instead be based on third party net sales.
– Drägerwerk AG & Co. KGaA/Other Companies will no longer exist in the future. This segment had, until now, recognized, among other things, non-product-related costs, including a share of headquarter costs. These will now be allocated to the two segments on the basis of the plan-based net sales formula.

The amendments were applied retrospectively in accordance with IAS 8. This results in the following effects on the Group financial statements as of June 30, 2014:

EFFECTS ON SEGMENT REPORTING

		Medical division		
		June 30, 2014 after adjustments	Adjustments	June 30, 2014 before adjustmens
Order intake with third parties	€ million	719.4	–1.7	721.1
Net sales with third parties	€ million	684.4	–1.9	686.3
EBIT [1]	€ million	9.5	–7.4	17.0
Research and development expenses	€ million	73.8	–0.2	74.0
Capital employed [2,3]	€ million	652.3	–3.6	655.8
EBIT [1] **/ Net sales**	%	1.4	–1.1	2.5
EBIT [1,4] **/ Capital employed** [2,3] **(ROCE)**	%	14.1	–3.8	17.8
DVA [4,5]	€ million	33.3	–25.6	58.8

[1] EBIT = Earnings before net interest result and income taxes
[2] Capital employed in Segments = trade receivables, inventories incl. prepayments received; Capital employed group = Total assets less deferred taxes, current securities, cash and cash equivalents and non-interest bearing liabilities
[3] Value as of reporting date
[4] Value of the last twelve months
[5] Dräger Value Added = EBIT less cost of capital

4 AMENDMENTS TO FUNCTIONAL REPORTING

Until now, administrative expenses in the regions have been charged as a lump sum to marketing and selling expenses. Following the successful introduction of our new reporting system with a cost center plan applicable throughout the Group, these costs are now also reported properly in the regions as administrative expenses. This does not affect the sum total of marketing and selling expenses and administrative expenses.

The amendment was applied retrospectively in accordance with IAS 8. This results in the following effects on the Group financial statements as of June 30, 2014:

EFFECTS ON INCOME STATEMENT

in € thousand	Second quarter 2014 after adjustments	Adjustments	Second quarter 2014 before adjustments	Six months 2014 after adjustments	Adjustments	Six months 2014 before adjustments
Marketing and selling expenses	–135,363	17,878	–153,242	–262,728	36,456	–299,184
General administrative costs	–46,120	–17,878	–28,242	–90,048	–36,456	–53,592

	Safety division			Drägerwerk AG & Co. KGaA/ others/consolidation			Dräger Group		
	June 30, 2014 after adjustments	Adjustments	June 30, 2014 before adjustments	June 30, 2014 after adjustments	Adjustments	June 30, 2014 before adjustments	June 30, 2014 after adjustments	Adjustments	June 30, 2014 before adjustments
	400.0	–18.4	418.3	–	20.1	–20.1	1,119.4	–	1,119.4
	388.8	–16.7	405.5	–	18.6	–18.6	1,073.2	–	1,073.2
	24.5	–8.4	32.9	–	15.8	–15.8	34.0	–	34.0
	29.8	1.2	28.5	–	–1.0	1.0	103.6	–	103.6
	255.3	8.2	247.1	–	–178.9	178.9	1,081.9	–	1,081.9
	6.3	–1.8	8.1				3.2	–	3.2
	25.0	–8.1	33.1				14.4	–	14.4
	41.0	–19.9	60.9	–	–	–	63.5	–	63.5

5 SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

In March 2015, Dräger acquired 100 percent of the shares in GasSecure AS, Oslo, Norway, and added this company to the scope of consolidation. GasSecure AS develops and sells wireless gas detection systems for explosion protection in the oil and gas industry. The acquisition of shares enables Dräger to expand its portfolio of gas detection systems.

The purchase price of the shares in GasSecure AS amounted to the equivalent of EUR 58,378 thousand and has already been paid in full. The purchase price included a suspending contingent amount of EUR 5,000 thousand; the condition has already been fulfilled within the time limit prescribed.

The current net outflow of funds in the Group financial statements totaled EUR 58,063 thousand on account of the simultaneous takeover of cash in the amount of EUR 314 thousand.

The acquisition of shares impacted the consolidated balance sheet as follows:

EFFECT OF ACQUISITION ON THE CONSOLIDATED BALANCE SHEET

in € thousand	
Goodwill	45,887
Other non-current assets	16,431
Property, plant and equipment	35
Other non-current financial assets	61
Inventories	384
Trade receivables and receivables from construction contracts	253
Other current financial assets	1
Other current assets	340
Cash	314
Total assets acquired	**63,706**
Deferred tax liabilities	4,428
Other current provisions	16
Trade payables	244
Other current financial liabilities	360
Other current liabilities	280
Total liabilities assumed	**5,328**

The goodwill remaining after the provisional purchase price allocation relates to expected synergy effects that cannot be capitalized as well as to the expected income related to future innovations to maintain competitiveness. The goodwill is calculated from the purchase price, less the acquired assets and assumed liabilities. Goodwill is not deductible for tax purposes.

The fair value of the acquired trade receivables corresponds to a gross amount of EUR 253 thousand. There is no doubt as to the recoverability of these receivables. There are no contingent liabilities.

Since joining the scope of consolidation, the net sales of GasSecure AS of EUR 268 thousand as well as corresponding earnings after income taxes of EUR –1,749 thousand are included in the consolidated income statement of the Dräger Group. Had GasSecure AS joined the scope of consolidation effective January 1, 2015, net sales of EUR 500 thousand as well as corresponding earnings after income taxes of EUR –2,014 thousand would have been included in the consolidated income statement of the Dräger Group.

In January 2015, Dräger also acquired the shares in the non-controlling shareholders of Draeger Medikal Ticaret ve Servis Anonim Sirketi, Istanbul, Turkey, of 11.25 percent at a total cost of EUR 4,000 thousand. This means that Dräger is now this subsidiary's sole shareholder.

6 EXERCISING OPTION RIGHTS

Within the scope of the acquisition of the 25 percent share in Dräger Medical GmbH from Siemens in fiscal year 2009, Dräger issued warrant bonds with option rights guaranteed in the form of warrants to the total nominal value of EUR 1.25 million to Siemens on August 30, 2010. The option rights entitle their holders to acquire a total of 1.25 million preferred shares. They are divided into 25 individual options, entitling holders to acquire 50,000 preferred shares each. The option rights expired on April 30, 2015.

In order to exercise the option rights issued to Siemens, the annual shareholders' meeting on May 7, 2010 resolved to conditionally increase the Company's capital stock by up to EUR 3,200,000 by issuing up to 1,250,000 new no-par preferred bearer shares (no-par shares) in return for cash and/or contributions in kind (conditional capital).

Five options (250,000 preferred shares) were exercised in April 2015 at an exercise price of EUR 63.43 and five options (250,000 preferred shares) were exercised in May 2015 at an exercise price of EUR 62.79. As a result, equity, less transaction fees (EUR 8 thousand), increased by a total of EUR 31,548 thousand (of which capital stock in the amount of EUR 1,280 thousand).

A total of eleven options (550,000 preferred shares) were exercised in fiscal year 2014. Equity, less transaction fees (EUR 7 thousand), increased by a total of EUR 34,888 thousand as of December 31, 2014 (of which capital stock in the amount of EUR 1,408 thousand).

A total of four option rights (200,000 preferred shares) had been exercised in fiscal year 2013.

As a result, all 25 option rights had been exercised as of June 30, 2015.

7 SEGMENT REPORT

BUSINESS PERFORMANCE OF THE SEGMENTS

		Medical division		Safety division		Dräger Group	
		Six months 2015	Six months 2014	Six months 2015	Six months 2014	Six months 2015	Six months 2014
Order intake with third parties	€ million	814.5	719.4	434.9	400.0	1.249.3	1.119.4
Net sales with third parties	€ million	760.2	684.4	419.4	388.8	1.179.5	1.073.2
EBIT1	€ million	15.0	9.5	7.8	24.5	22.7	34.0
Research and development expenses	€ million	83.6	73.8	31.3	29.8	114.8	103.6
Capital employed [2,3]	€ million	750.8	652.3	308.4	255.3	1.310.0	1.081.9
EBIT [1]/Net sales	%	2.0	1.4	1.9	6.3	1.9	3.2
EBIT [1,4]/Capital employed [2,3] (ROCE)	%	15.1	14.1	17.6	25.0	12.8	14.4
DVA [4,5]	€ million	49.3	33.3	29.1	41.0	62.0	63.5

[1] EBIT = Earnings before net interest result and income taxes
[2] Capital employed in Segments = trade receivables, inventories incl. prepayments received; Capital employed group = Total assets less deferred taxes, current securities, cash and cash equivalents and non-interest bearing liabilities
[3] Value as of reporting date
[4] Value of the last twelve months
[5] Dräger Value Added = EBIT less cost of capital

The key figures from the segment report are as follows:

EBIT

in € thousand	Six months 2015	Six months 2014
Earnings after income taxes	7,744	14,873
+ Interest result	11,264	11,564
+ Income taxes	3,726	7,601
EBIT	**22,734**	**34,038**

CAPITAL EMPLOYED

in € thousand	30. Juni 2015	30. Juni 2014
Total assets	2,258,599	2,008,293
– Deferred tax assets	–124,587	–126,490
– Cash and cash equivalents	–132,102	–178,101
– Non-interest-bearing liabilities	–691,863	–621,820
Capital employed	**1,310,048**	**1,081,882**

DVA

in € thousand	June 30, 2015	June 30, 2014
EBIT (of the last twelve months)	167,293	155,610
– Cost of capital (Basis: average of capital employed in the past twelve months)	–105,262	–92,127
DVA	**62,032**	**63,483**

Tax accruals and deferrals formed during the reporting period are taken into account in the “Capital employed” item of the segment report.

The business performance of the individual segments is detailed in the management report accompanying these interim financial statements. Services rendered between the divisions follow the arm’s length principle.

8 FINANCIAL RESULT

FINANCIAL RESULT

in € thousand	Six months 2015	Six months 2014
Financial result (before interest result)	**–3,182**	**1,321**
Interest and similar income	1,527	1,025
Interest and similar expenses	–12,791	–12,589
Interest result	**–11,264**	**–11,564**

9 INCOME TAXES

Income taxes for the first half of 2015 were calculated on the basis of an anticipated Group tax rate of 32.5 percent (6 months 2014: 32.5 percent).

10 INTANGIBLE ASSETS/PROPERTY, PLANT AND EQUIPMENT

INTANGIBLE ASSETS/PROPERTY, PLANT AND EQUIPMENT

in € thousand	Carrying value January 1, 2015	Additions	Disposals/ other changes	Depreciation/ amortization	Carrying value June 30, 2015
Intangible assets	294,242	65,861	796	–5,882	355,018
Property, plant and equipment	349,936	56,611	6,599	–34,134	379,012

Additions include additions from the initial consolidation of GasSecure AS, Oslo, Norway (see our comments in Note 5).

11 INVENTORIES

INVENTORIES

in € thousand	June 30, 2015	December 31, 2014
Finished goods and merchandise	268,291	209,576
Work in progress	60,224	51,057
Raw materials, consumables and supplies	130,533	126,291
Payments made	2,948	1,574
	461,995	**388,497**

12 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS

in € thousand	June 30, 2015	December 31, 2014
Prepaid expenses	33,405	24,674
Other tax refund claims	31,309	20,830
Receivables from investment allowances	802	593
Remaining other current assets	10,164	6,163
	75,680	**52,260**

The increase in prepaid expenses is largely attributable to deferred expenses in the current reporting period. Other tax refund claims primarily included VAT claims. Remaining other current assets increased as a result of reporting date factors.

13 EQUITY

CAPITAL STOCK

Five options (250,000 preferred shares) were exercised in April 2015 at an exercise price of EUR 63.43 and five options (250,000 preferred shares) were exercised in May 2015 at an exercise price of EUR 62.79 (also see our comments in Note 6 of these notes).

The nominal value of these 500,000 new preferred shares amounts to EUR 2.56 and increased the capital stock by a total of EUR 1,280 thousand.

As a result, all 25 option rights had been exercised as of June 30, 2015.

In order to exercise the option rights issued to Siemens, the annual shareholders' meeting on May 7, 2010 resolved to conditionally increase the Company's capital stock by up to EUR 3,200,000 by issuing up to 1,250,000 new no-par preferred bearer shares (no-par shares) in return for cash and/or contributions in kind (conditional capital).

Capital reserves

The portion of the exercise price that exceeds the nominal value following the exercising of the ten options (EUR 30,268 thousand), less transaction fees of EUR 8 thousand, was added to the capital reserves (also see our comments in Note 6 of these notes).

Retained earnings

The rise in interest rates to 2.25 percent (December 31, 2014: 2.0 percent) affected provisions for pensions and similar obligations as well as retained earnings. Please also see our explanations in Note 14 of these notes.

Own shares within the scope of the employee share program

The Executive Board again resolved to enable Dräger employees in Germany to participate in the Company through an employee share program. This is designed to increase employees' identification with the Company and Dräger's attractiveness as an employer.

One bonus share is issued for three investment shares bought by the employee. The maximum purchase price per investment share for the employees amounts to EUR 92.36 (which corresponds to the closing price of the preferred shares in Xetra trading on the last trading day before the start of the acquisition period, meaning on March 10, 2015). The shares have a two-year holding period and may not be sold or otherwise transferred during this period. Employees do not have to continue their employment in the Group during the holding period.

The participation period, during which employees could acquire the share parcels, started on March 11, 2015 and ended on March 23, 2015. During this period, 7,303 bonus shares resulted from the shares acquired by employees, including Executive Board members. An account was opened with Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt am Main, Germany (paying agent) for the entry and custody of bonus shares for participating employees.

The 7,303 bonus shares were acquired on the stock exchange in the period from March 11 to March 24, 2015 by the paying agent on a commission basis in the form of a share buyback at a total cost of EUR 792 thousand. The price on the stock exchange amounts to an average of EUR 108.41. The shares were transferred directly to the respective employee's securities accounts. The contractually-agreed benefits for the employees arising from this program, consisting of bonus shares and the maximum purchase price, were recognized in personnel expenses at EUR 1,143 thousand. Aside from the price paid on the stock exchange, no other expectations for future dividends or other characteristics were included in the fair value of the bonus shares.

The acquisition of own shares to pass on to participating employees in the form of bonus shares is covered by resolution of the annual shareholders' meeting on May 4, 2012, according to which the general partner was authorized to acquire until May 3, 2017 up to 10 percent in own shares of both types (common and/or preferred shares) of the Company's capital stock as of the date of resolution or – if this value is lower – as of the date on which the authorization is exercised. Together with all other shares held by the Company or attributable to it according to Secs. 71a et seq. AktG, shares purchased under this provision may at no time equal more than 10 percent of capital stock. The authorization may not be used for the purpose of trading in treasury shares. The authorization may be exercised in whole or in part, on one or more occasions and for one or more purposes by the Company or by dependent Group companies or enterprises in which the Company has a majority shareholding, or by third parties for its or their account. The purchase may be limited in part or in full to a single class of shares by excluding, in part or in full, shareholders' right to sell the other class of share.

The purchase may, at the discretion of the general partner, be affected by the stock exchange, or by means of a public purchase offer to all holders of the respective type of share or by means of a public invitation to all holders of the respective type of share to submit offers for sale.

The general partner is authorized to use treasury shares acquired on the basis of this authorization for any lawful purposes.

The purchase of treasury shares by the general partner may be initiated only with the approval of the Supervisory Board.

14 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations decreased by EUR 10,516 thousand in the first six months of reporting period 2015. The underlying interest rate was adjusted from 2.0 percent to 2.25 percent for German pension entitlements. This resulted in profits from the remeasurement of pension plans of EUR 16,236 thousand. The net amount of EUR 11,203 thousand is recognized directly in equity under other comprehensive income and offset against retained earnings.

15 OTHER NON-CURRENT AND CURRENT PROVISIONS

Other non-current provisions as of June 30, 2015 mainly comprised provisions for personnel obligations of EUR 33,159 thousand (December 31, 2014: EUR 32,571 thousand).

Other current provisions as of June 30, 2015 also included monthly accruals and chiefly consisted of provisions for personnel obligations of EUR 62,256 thousand (December 31, 2014: EUR 94,876 thousand), provisions for unpaid invoices of EUR 27,777 thousand (December 31, 2014: EUR 22,164 thousand) and warranty provisions of EUR 24,325 thousand (December 31, 2014: EUR 23,828 thousand). The decline in provisions for personnel and welfare obligations is largely due to cash outflows from a program to provide employees in the top management levels with variable remuneration.

16 NON-CURRENT INTEREST-BEARING LOANS/CURRENT INTEREST-BEARING LOANS AND LIABILITIES TO BANKS

Two note loans of a total of EUR 86,500 thousand recognized in current loans and liabilities to banks were redeemed in March and April 2015. At the same time, new loans of EUR 25,659 thousand were taken out and the liabilities to banks from current accounts were increased.

17 MEASUREMENT OF ASSETS AND LIABILITIES REPORTED AT FAIR VALUE

Regular fair value measurement of financial instruments

Financial instruments recognized at fair value are allocated to the three levels of the fair value hierarchy as follows:

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

in € thousand	Level	June 30, 2015	December 31, 2014
Assets measured at fair value			
Derivatives with positive fair value (non-current)	2	786	41
Derivatives with positive fair value (current)	2	17,636	490
Securities (non-current)	1	674	674
Liabilities measured at fair value			
Derivatives with negative fair value (non-current)	2	4,660	3,760
Derivatives with negative fair value (current)	2	22,639	3,334

Level 1:

Prices in the active markets are assumed for identical financial assets or liabilities. The fair values of non-current securities are based on current stock market prices.

Level 2:

Uses largely observable input factors that can be directly (i.e. price) or indirectly (i.e. derived from prices) observed for financial assets or financial liabilities; these do not include any listed prices taken into consideration in level 1.

Dräger applies the discounted cash flow method when measuring derivatives. Expected cash flows are determined on the basis of secured prices and/or interest rates and the observable closing rates and/or interest rates, which are then discounted using an interest rate that takes into account Dräger's Company-related risks.

Level 3:

Uses factors not based on observable market data for the measurement of financial assets and liabilities (unobservable input factors). These are classified as level 3 when there is an unobservable input factor present that significantly influences the measurement. The Dräger Group does not hold any level 3 financial instruments.

There was no material interchange between levels 1 and 2.

Fair value of financial instruments not regularly recognized at fair value

The fair value of level 2 financial assets and liabilities measured at amortized cost is determined using the discounted cash flow method by replacing the interest rates used in the initial calculation of non-current financial assets and liabilities with interest rates derived from current Company-related interest rate curves as of the balance sheet date.

The fair value of the note loans is approximately EUR 3.4 million down on the corresponding carrying value. The fair value of the remaining assets and liabilities largely corresponds with their carrying value.

18 RELATED PARTY TRANSACTIONS

Services were rendered for Stefan Dräger and companies related to Stefan Dräger, the Dräger-Stiftung and the Dräger-Familienstiftung (Dräger Foundation and Dräger Family Foundation) totaling EUR 10 thousand (6 months 2014: EUR 10 thousand) in the first half of 2015. Remaining rent of EUR 20 thousand for 2014 was also invoiced in the first quarter of 2015. Receivables in this respect amounted to EUR 1 thousand as of June 30, 2015 (June 30, 2014: EUR 4 thousand).

Drägerwerk AG & Co. KGaA rendered rental services and other services totaling EUR 59 thousand for associate MAPRA Assekuranzkontor GmbH in the first half of 2015 (6 months 2014: EUR 49 thousand).

Receivables in this respect amounted to EUR 58 thousand on June 30, 2015 (June 30, 2014: EUR 0 thousand); there were no liabilities.

The disclosure obligations of IAS 24 also apply to the close family members of related parties within the meaning of IAS 24. In 2015, this applies to Claudia Dräger, who is actively employed by the Dräger Group. Her employment contract was concluded at arm's length terms and conditions.

The remuneration of the employee representatives on the Supervisory Board for work performed in addition to the Supervisory Board activities was also concluded at arm's length terms and conditions. Overall, remuneration is of immaterial importance for the Dräger Group.

Dräger Verwaltungs AG is the general partner of Drägerwerk AG & Co. KGaA and holds 0 percent of the capital. Only a few transactions are conducted with the general partner as it only exercises administrative functions. The general partner is entitled to compensation for all expenses incurred in association with the management of Drägerwerk AG & Co. KGaA, including the contractually agreed remuneration for its executive bodies. These expenses comprise the remuneration of the Executive Board, the remuneration of its Supervisory Board, liability remuneration, as well as other expenses.

Liabilities to Drägerwerk Verwaltungs AG amounted to EUR 1.5 million as of June 30, 2015 (June 30, 2014: EUR 1.7 million).

Two members of the Executive Board of Drägerwerk Verwaltungs AG participated in the 2015 employee share program. Both Executive Board members purchased nine sets of three shares at a cost of EUR 92.36 per share using their own funds. For every three preferred shares, participants received one preferred share worth EUR 109.20 free of charge from Dräger. The holding period for these preferred shares – including those that participants acquired themselves – runs until April 30, 2017.

All transactions with related parties were conducted at arm's length terms and conditions.

19 SUBSEQUENT EVENTS

There were no significant changes between the end of the first six months of 2015 and the time this interim financial report was prepared.

Lübeck, Germany, July 28, 2015

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Gert-Hartwig Lescow
Anton Schrofner

MANAGEMENT COMPLIANCE STATEMENT

We confirm to the best of our knowledge that, in accordance with the applicable financial reporting framework for the interim financial statements, the group interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, the group interim management report presents business performance including business results and the situation of the Group so as to give a true and fair view, and that the material opportunities and risks relating to the Group's development in the remaining fiscal year have been described.

Lübeck, Germany, July 28, 2015

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

Stefan Dräger
Gert-Hartwig Lescow
Anton Schrofner

FINANCIAL CALENDAR

Half-yearly report for 2015, Conference call	July 30, 2015
Report for the third quarter 2015, Conference call	November 5, 2015

Drägerwerk AG & Co. KGaA
Moislinger Allee 53 – 55
23558 Lübeck, Germany
www.draeger.com

Corporate Communications
Tel. + 49 451 882 - 3998
Fax + 49 451 882 - 3944

Investor Relations
Tel. + 49 451 882 - 2685
Fax + 49 451 882 - 3296