Dräger

Quarterly Report
January 1 to September 30, 2015
Dräger Group

Dräger. Technology for Life®

THE DRÄGER GROUP OVER THE PAST FIVE YEARS

		Nine months 2011	Nine months 2012	Nine months 2013	Nine months 2014	Nine months 2015
Order intake	€ million	1,679.7	1,768.8	1,756.7	1,743.4	1,895.1
Net sales	€ million	1,557.3	1,646.6	1,656.0	1,664.9	1,783.6
EBITDA [1,2]	€ million	183.1	184.9	162.2	135.8	62.0
EBIT [3]	€ million	139.7	137.4	111.3	81.2	0.2
in % of net sales (EBIT margin)	%	9.0	8.3	6.7	4.9	0.0
Interest result	€ million	–21.5	–23.9	–19.2	–17.8	–14.4
Income taxes	€ million	–38.9	–35.0	–29.2	–20.9	3.1
Earnings after income taxes	€ million	79.3	78.5	62.9	42.5	–11.1
Earnings attributable to shareholders	€ million	68.4	74.2	59.9	39.4	–10.71
Earnings per share [4]						
per preferred share	€	4.18	4.52	3.65	2.38	–0.58
per common share	€	4.13	4.47	3.60	2.33	–0.63
Earnings per share on full distribution [5]						
per preferred share	€	2.99	3.45	2.79	1.90	–0.58
per common share	€	2.94	3.40	2.74	1.85	–0.63
Equity [6]	€ million	672.3	683.3	765.7	839.0	898.1
Equity ratio [6]	%	34.7	32.6	38.0	39.8	40.4
Capital employed [6,7]	€ million	881.0	909.3	970.4	1,112.9	1,256.4
EBIT [3,8]/Capital employed [6,7] (ROCE)	%	22.2	23.3	21.0	15.3	7.8
Net financial debt [6]	€ million	100.2	122.5	88.8	118.9	165.5
DVA [9]	€ million	116.6	131.5	119.9	76.2	–11.8
Headcount as of September 30		11,825	12,409	13,170	13,698	14,014

[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

SHAREHOLDER INFORMATION

MANAGEMENT REPORT

INTERIM FINANCIAL STATEMENTS OF THE DRÄGER GROUP AS OF SEPTEMBER 30, 2015

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

Dear Shareholder, dear Employee, dear Reader,

Once again, the International Monetary Fund has scaled back its forecast for global economic growth. Growth will now be somewhat lower than last year. Although industrialized countries – including the eurozone by now – are reporting slight growth, emerging economies, which normally account for a large part of growth momentum, are falling short of the previous growth rates seen in recent times. For example, the BRIC countries – the economies of Brazil, Russia, India and China, which long stood for a high level of economic momentum – are currently no longer a certain source of growth. China, the heavyweight among emerging economies, is in the middle of a difficult transitional phase from export- and investment-driven growth to a stronger focus on consumption. Brazil and Russia have even slid into recession.

The global economic climate is deteriorating, and the tailwind from emerging economies that has been largely responsible for driving our net sales growth in recent years is slowing noticeably. What is more, the currencies of many emerging economies have weakened significantly in some cases, which is also having a negative effect on our net sales and earnings performance.

In this environment, our business performance has so far been simply disappointing in fiscal year 2015, even though the fourth quarter – which is typically of the utmost importance for Dräger – is yet to come. It will no longer be able to close the gap between the reality of the first nine months of the year and our forecast. As a result, we need to adjust our forecasts.

In nominal terms, our growth of 7.1 percent in the first nine months of 2015 was reasonable. Net of currency effects, however, all we are left with is net sales growth of 2.3 percent. In particular, business development in the Americas and Asia/Pacific has fallen short of expectations. Large emerging economies, such as China and Brazil, are especially showing signs of increasing weakness. By contrast, our markets in Europe are developing rather well. All told, we now expect net sales growth of one to three percent (net of currency effects) for Dräger this year.

In terms of earnings, things look significantly worse. There are several reasons for this. First, the lower-than-expected rise in net sales also means a lack of earnings. Second, the decrease in the value of some emerging economies' currencies is also having a negative impact. And third, we recorded a series of one-off effects in the third quarter, all of which

cost us earnings. As a result of all these factors, we will only be able to achieve an EBIT margin of 2.5 to 4.5 percent for fiscal year 2015, which is significantly less than in the prior year.

Momentum in important growth markets has been slowing for several quarters now. Consequently, we need to examine whether we can still meet our medium-term forecast against this backdrop. In view of the disappointing business performance, we will also once again intensify our “Fit for Growth” efficiency program to achieve our medium-term targets in terms of cutting administrative and selling expenses. In this context, we cannot rule out the possibility that earnings will be impacted by restructuring costs in the fourth quarter.

We will present details on the measures, as well as our new forecasts, when we publish the figures for fiscal year 2015. However, you may rest assured that I am taking the current developments very seriously and will do everything necessary to position Dräger correctly for medium- and long-term success.

Best regards,

Stefan Dräger

Dräger shares

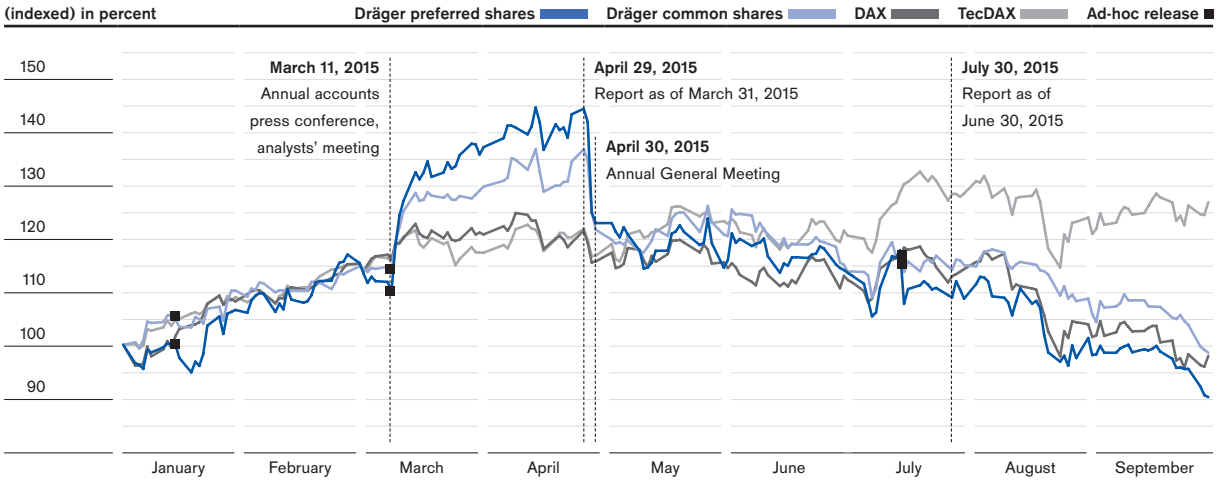
SHARE PRICE DEVELOPMENT

Dräger shares were still recording major gains in the first few months of the year. Preferred shares closed in the month of April at EUR 122.00, a new all-time high. However, with the publication of the results for the first quarter and the first half of the year, the share price fell. Both share types slipped to annual lows around the end of the third quarter. On the balance sheet date, September 30, 2015, Dräger common shares closed at EUR 63.31, down 2 percent compared to the beginning of the year. Dräger preferred shares closed at EUR 75.27, down 10 percent. The DAX declined by 2 percent in the first nine months of the year, dropping to 9,660.44 points. By contrast, the TecDAX recorded considerable gains, climbing 27 percent to 1,747.74 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

	Nine months 2015	Nine 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 €)	63.31	56.55
Share price on the reporting date (in €)	63.31	63.95
Average daily trading volume [1]	5,934	5,322
Earnings per common share (in €)		
Undiluted (in €)	–0.63	2.33
Diluted (in €)	–0.63	2.29
Earnings per common share on full distribution (in €) [2]		
Undiluted (in €)	–0.63	1.85
Diluted (in €)	–0.63	1.84
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 €)	75.27	65.17
Share price on the reporting date (in €)	75.27	70.10
Average daily trading volume [1]	28,456	28,319
Earnings per preferred share (in €)		
Undiluted (in €)	–0.58	2.38
Diluted (in €)	–0.58	2.34
Earnings per preferred share on full distribution (in €) [2]		
Undiluted (in €)	–0.58	1.90
Diluted (in €)	–0.58	1.89
Market capitalization (in €)	1,215,281,600	1,115,897,000

[1] All German stock exchanges (Source: designated sponsor).

[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 nine months of 2015

General economic conditions

WEAK DEVELOPMENT IN EMERGING ECONOMIES DAMPENING GLOBAL ECONOMY

The Organisation for Economic Co-operation and Development (OECD) believes that the global growth outlook has declined and thus lowered its forecasts further in mid-September. According to the OECD, this is due in particular to economic development in many emerging economies. The Institute for the World Economy (IfW) also believes that poor development in China and other emerging economies is having a negative impact on the global economy. Industrialized economies are continuing to pick up the mantle when it comes to driving global economic growth. Extremely expansive monetary policies are also stimulating development in the industrialized economies. In 2015, the IfW anticipates global economic growth of 3.3 percent, which is slightly down on the last two years. By contrast, moderate recovery is continuing in the eurozone and the upturn is spreading across the continent. The IfW expects the gross domestic product to rise by 1.5 percent here. Germany is defying the unsettled global economic climate and, according to the IfW, is on course for a boom in economic development. Growth of 1.8 percent is forecast for 2015, and this figure is likely to rise in subsequent years.

FED POSTPONES CHANGE IN INTEREST POLICY

The U.S. Federal Reserve (Fed) ended its monthly bond-buying program last October and has since been preparing the market for an interest rate hike. In September, the Fed postponed its decision on raising interest rates due to the latest developments in the global economy and finance industry, particularly in the wake of the unsettled situation in China. The European Central Bank (ECB) made the latest cut in its benchmark interest rate to a record low of 0.05 percent in early September 2014 and has charged banks a penalty rate of 0.2 percent ever since to deposit excess liquidity at the ECB. Since early March 2015, 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.

INFLATION EXTREMELY LOW, EURO WEAK AGAINST THE US DOLLAR BUT STRONG AGAINST EMERGING CURRENCIES

Rates of inflation remain at a very low level in 2015, due in particular to lower energy costs. In Germany, prices remained stable in September compared to the previous year.

In the eurozone, prices actually fell in September by 0.1 percent year-on-year following a 0.1 percent increase in the previous month. The euro has lost value significantly compared to the US dollar over the past year. In the prior-year quarter, the euro had been trading at over USD 1.30 at times, while at the end of the third quarter 2015 it was only worth just over USD 1.10. The euro did increase significantly in value compared to many emerging economy currencies, particularly in the third quarter.

MARKET AND INDUSTRY PERFORMANCE

Medical technology – industry performance

Industry growth in the medical division was slightly positive in the third quarter of 2015. In China, investment has continued into the expansion of the health care sector. However, it should be noted that domestic manufacturers are the main beneficiaries of this investment and international firms have only been able to participate in the growth trend in medical technology industry to a limited extent on account of new regulations, increasing difficulties in obtaining licenses, and the "buy local" requirements that have been imposed. The US medical technology industry only recorded marginal growth in the third quarter. The industry is shaped on the one hand by major cost cutting in the public health care system, but also by persistently high demand for medical products. Demand in Europe for medical technology rose in the third quarter. Sales of medical equipment increased both in North Europe and in South Europe. In South America, growth stagnated. Sales in Brazil declined, while demand for medical products in Mexico was marginally positive, largely due to development in the private sector. Demand in the Middle East remained high and was bolstered by investments in ongoing major projects in the hospital sector.

Safety division – industry performance

Growth in the sales of safety technology products rose marginally in the third quarter. The European sales trend was positive overall. Demand for safety technology products increased in both North and South Europe. In China, growth in demand for safety technology products was recorded in the third quarter despite the slowdown in economic development. However, it did remain at a very low level and was largely generated as a result of increasingly stricter health and safety regulations. In the US, sales of safety technology products stagnated. The export industry continues to suffer from the strong US dollar, while the low price of oil is dampening investment in oil production. In Latin America, demand was sluggish, while it remained at a high level in the Middle East.

OVERALL ASSESSMENT OF FRAMEWORK CONDITIONS

Global economic growth continues to fall short of expectations. There are signs of economic recovery in industrialized nations, and particularly in the eurozone, but a

number of emerging economies have experienced a further loss in momentum. Many emerging economies' currencies have lost a significant amount of their value over the course of the year. The evidently diverging monetary policies in the USA and in Europe have already caused a significant loss in the value of the euro, particularly compared to the US dollar. Overall, the effects of changes in exchange rates on our sales and earnings performance have increased so far this year. Our medical and safety technology markets remain robust overall and are continuing their slight growth trend, albeit with regional differences. However, the level of growth is down on original expectations.

CHANGE IN SEGMENT REPORTING

Dräger is managed in line with its segments of 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 are being consolidated to allow Dräger 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. In Switzerland, Austria, the Netherlands and South Africa, this consolidation has already been carried out. In Germany, Dräger Medical GmbH was merged into Drägerwerk AG & Co. KGaA. Further mergers in Germany and abroad are set to follow.

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 and loss 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 headquarter costs, previously recognized in the Drägerwerk AG & Co. KGaA/Other Companies segment, are now allocated to the two divisions on the basis of the planned net sales.

– 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 nine months of 2014 for the segments. For further details please refer to Note 3:

EFFECTS ON SEGMENT REPORTING (NINE 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	1,067.3	1,063.1	626.3	601.8	10.2	–	–38.9	–	1,664.9	1,664.9
EBIT	45.9	35.8	53.6	45.5	117.6	–	–135.8	–	81.2	81.2
Capital employed*	671.3	695.1	264.5	274.3	812.3	–	–635.3	–	1,112.9	1,112.9
DVA	63.1	40.5	64.1	47.8	–	–	–	–	76.2	76.2

* 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 at 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 corporate chart of accounts applicable throughout the Group, these costs will now also be reported in the regions as administrative expenses. This does not affect the sum total of marketing and selling expenses and administrative expenses.

EFFECTS ON FUNCTIONAL COSTS (NINE MONTHS 2014)

in € million	old	new
Marketing and selling expenses	–455.4	–399.6
General administrative expenses	–87.1	–142.9
Total	**–542.5**	**–542.5**

Important events in the first nine months of 2015

DECISION TO CLOSE THE SITE IN PITTSBURGH, USA

For the US, 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 developments 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 US 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 move 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 EXECUTIVE BOARD OF DRÄGERWERK VERWALTUNGS AG

Dr. Herbert Fehrecke retired as of March 31, 2015 as planned. Rainer Klug began his role as new Chief Supply Chain Officer (CSCO) at Dräger on August 1, 2015. Dr. Reiner Piske was appointed as a new member of the Executive Board responsible for HR. He began his role at Dräger on November 1, 2015.

BUSINESS PERFORMANCE OF THE DRÄGER GROUP

		Third quarter			Nine months		
		2015	2014	Changes in %	2015	2014	Changes in %
Order intake	**€ million**	**645.7**	**624.0**	**+3.5**	**1,895.1**	**1,743.4**	**+8.7**
Net sales	**€ million**	**604.0**	**591.8**	**+2.1**	**1,783.6**	**1,664.9**	**+7.1**
EBITDA [1]	**€ million**	**–0.7**	**66.8**	**–101.1**	**62.0**	**135.8**	**–54.4**
Depreciation	€ million	–21.8	–19.6	+11.5	–61.8	–54.6	+13.2
EBIT [2]	**€ million**	**–22.6**	**47.2**	**–147.8**	**0.2**	**81.2**	**–99.8**
Interest result	€ million	–3.1	–6.3	–50.7	–14.4	–17.8	–19.5
Income taxes	€ million	6.8	–13.3	–151.2	3.1	–20.9	–114.7
Earnings after income taxes	**€ million**	**–18.9**	**27.7**	**–168.1**	**–11.1**	**42.5**	**–126.1**
Earnings per share [3]							
per preferred share	€	–1.00	1.55	–164.5	–0.58	2.38	–124.4
per common share	€	–1.02	1.53	–166.7	–0.63	2.33	–127.0
Earnings per share on full distribution [4]							
per preferred share	€	–0.93	1.24	–175.0	–0.58	1.90	–130.5
per common share	€	–0.95	1.22	–177.9	–0.63	1.85	–134.1
R&D costs	€ million	60.1	51.8	+16.0	174.9	155.4	+12.6
Equity ratio [5]	%	40.4	39.8		40.4	39.8	
Cash flow from operating activities	€ million	59.2	44.5	+33.1	–7.2	71.0	–110.1
Net financial debt [5]	€ million	165.5	118.9	+39.1	165.5	118.9	+39.1
Investments	€ million	35.1	37.2	–5.7	156.7	84.1	+86.3
Capital employed [5, 6]	€ million	1,256.4	1,112.9	+12.9	1,256.4	1,112.9	+12.9
Net working capital [5, 7, 8]	€ million	592.4	550.1	+7.7	592.4	550.1	+7.7
EBIT [2]/Net sales	%	–3.7	8.0		0.0	4.9	
EBIT [2, 9]/Capital employed [5, 6] (ROCE)	%	7.8	15.3		7.8	15.3	
Net financial debt [5]/EBITDA [1, 9]	Factor	0.91	0.49		0.91	0.49	
Gearing [10]	Factor	0.18	0.14		0.18	0.14	
DVA [9, 11]	€ million	–11.8	76.2	–115.5	–11.8	76.2	–115.5
Headcount as of September 30		14,014	13,698	+2.3	14,014	13,698	+2.3

Business performance of the Dräger Group

ORDER INTAKE

	Third quarter				Nine months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	344.0	340.6	+1.0	+1.3	1,022.6	976.6	+4.7	+4.1
thereof Germany	124.8	121.7	+2.6	+2.6	367.8	351.5	+4.6	+4.6
Americas	128.6	115.7	+11.2	+5.3	367.7	325.1	+13.1	+2.1
Asia/Pacific	117.3	100.3	+16.9	+11.4	328.2	284.4	+15.4	+4.4
Middle East, Africa & Others	55.8	67.4	–17.2	–21.5	176.6	157.3	+12.2	+4.6
Total order intake	**645.7**	**624.0**	**+3.5**	**+1.2**	**1,895.1**	**1,743.4**	**+8.7**	**+3.8**

Our order intake rose by 1.2 percent (net of currency effects) in the third quarter. Orders in the medical division fell by 0.9 percent net of currency effects, while demand in the safety division climbed by 5.2 percent net of currency effects. In the first nine months of fiscal year 2015, our Group order intake was up 3.8 percent year-on-year (net of currency effects).

In Europe, including Germany, we recorded a 1.3 percent increase in order intake (net of currency effects) in the third quarter. Order intake rose by 2.6 percent in Germany, while demand in the Americas region rose by 5.3 percent (net of currency effects). Growth in order intake in the Asia/Pacific region even came to 11.4 percent net of currency effects. However, order intake in the Middle East, Africa and Other Countries region declined by 21.5 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

	Third quarter				Nine months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	339.3	334.9	+1.3	+1.6	985.6	924.6	+6.6	+6.0
thereof Germany	124.2	119.2	+4.2	+4.2	355.0	338.5	+4.9	+4.9
Americas	115.8	112.6	+2.9	–2.3	348.5	321.5	+8.4	–2.9
Asia/Pacific	97.5	96.7	+0.8	–4.1	295.0	281.8	+4.7	–5.5
Middle East, Africa & Others	51.4	47.7	+8.0	+4.5	154.4	137.0	+12.7	+4.7
Total net sales	**604.0**	**591.8**	**+2.1**	**+0.2**	**1,783.6**	**1,664.9**	**+7.1**	**+2.3**

Net sales only increased slightly by 0.2 percent in the third quarter (net of currency effects). Deliveries in the medical division also only rose by 0.2 percent (net of currency effects). Net sales in the safety division stagnated (net of currency effects). In the first nine months of fiscal year 2015, net sales in the Group rose by 2.3 percent year-on-year (net of currency effects).

In the Europe region, including Germany, net sales rose by 1.6 percent in the third quarter (net of currency effects). The increase in Germany amounted to 4.2 percent. In the Americas region, deliveries were down 2.3 percent year-on-year (net of currency effects). Net sales in the Asia/Pacific region even fell by 4.1 percent (net of currency effects). We recorded a 4.5 percent increase net of currency effects in the Middle East, Africa and Other Countries region.

EARNINGS

At EUR –22.6 million and –3.7 percent respectively, our EBIT and EBIT margin in the third quarter were both significantly down year-on-year (Q3 2014: EUR 47.2 million and 8.0 percent respectively). Gross profit developed disproportionately to net sales and fell by EUR 30.0 million to EUR 252.7 million (Q3 2014: EUR 282.8 million). Besides changes in exchange rates, a weak margin in the medical division was a primary factor in this trend. At 41.8 percent, the gross margin was 5.9 percentage points lower than in the prior year. The prior-year figure benefited from not inconsiderable valuation gains from changes to exchange rates. Functional costs rose by EUR 30.2 million (+9.4 percent net of currency effects). Expenditure for sales, marketing and administration rose, as did research and development expenses (+11.1 percent net of currency effects). Gross profit and the rise in functional costs both include one-off costs in the third quarter of roughly

EUR 20 million. These concern, among others, provisions for quality costs, write-downs on receivables and inventories and one-off effects in project business.

In the first nine months of 2015, our gross profit increased by 2.6 percent to EUR 793.5 million (9 months 2014: EUR 773.4 million). The gross margin declined by 2.0 percentage points to 44.5 percent (9 months 2014: 46.5 percent). Both divisions recorded a decline in margins. The US dollar remained strong, while currencies in emerging economies lost value. Currency changes had a negative impact on our gross margin overall, as did the product mix. Our margin came under pressure especially in China and the US.

In nominal terms, functional expenses rose by 12.4 percent, and were up 7.4 percent net of currency effects. Net of cost-increasing currency effects, sales and marketing expenses were up 6.0 percent year-on-year. This increase was the result of continued investment in our growth regions, increased freight costs and the integration of our acquisition GasSecure AS. What's more, risk provisions also negatively affected selling expenses. Research and development (R&D) expenditure continued to rise, increasing by 6.5 percent (net of currency effects). The research and development ratio therefore amounted to 9.8 percent of net sales (9 months 2014: 9.3 percent). Provisions for the planned closure of our plant in Pittsburgh, USA, had a significant impact on administrative expenses (+11.5 percent net of currency effects), as did provisions for severance payments. Lower allocation of IT costs into selling costs of the regions also let to higher administration costs. Personnel costs rose by 7.0 percent (net of currency effects). On the one hand, this was 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 (EUR –6.1 million) had a negative impact on earnings, particularly in year-on-year terms (9 months 2014: EUR +7.8 million). This decline was largely the result of currency-related valuation losses on balance sheet items such as customer receivables in foreign currencies.

Our Group earnings before interest and taxes (EBIT) fell to EUR 0.2 million (9 months 2014: EUR 81.2 million) due to high cost increases, the declining gross margin and the decline in the other financial result. The EBIT margin fell from 4.9 percent in the prior-year period to 0.0 percent.

The interest result improved to EUR –14.4 million (9 months 2014: EUR –17.8 million). The tax rate fell to 21.6 percent (9 months 2014: 32.9 percent). Earnings after income taxes came to EUR –11.1 million (9 months 2014: EUR 42.5 million).

INVESTMENTS

In the first nine months of 2015, we invested EUR 89.8 million in property, plant and equipment (9 months 2014: EUR 72.7 million) and EUR 66.9 million in intangible assets (9 months 2014: EUR 11.5 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), 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 30.0 million). Some EUR 3 million was invested in the merger of companies in the Netherlands in the course of the "One Dräger" project.

Write-downs in the first nine months of 2015 stood at EUR 61.8 million (9 months 2014: EUR 54.6 million). Investments covered 253.5 percent of depreciation (adjusted for the acquisition of GasSecure AS, 152.4 percent), meaning that non-current assets rose by EUR 94.9 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 nine months of fiscal year 2015, we generated cash outflow from operating activities of EUR 7.2 million compared to cash inflow of EUR 71.0 million in the prior-year period. The reduction in earnings before net interest result, income taxes, depreciation and amortization (EBITDA) – adjusted for changes to cash-neutral provisions and other non-cash earnings/expenses – by EUR 37.7 million to EUR 75.8 million was a primary factor in this development. In addition, inventories increased by EUR 76.4 million (9 months 2014: EUR 50.8 million) since the start of the year. Furthermore, the EUR 71.3 million decline in trade receivables was not as significant as in the prior year (9 months 2014: EUR 81.7 million), while other liabilities rose to less of an extent that in the prior-year period, by EUR 16.7 million (9 months 2014: EUR 34.9 million). By contrast, income tax payments of EUR 21.0 million (9 months 2014: EUR 32.5 million) decreased.

At EUR 141.2 million, cash outflow from investing activities increased (9 months 2014: EUR 72.8 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 24.4 million) and the renovation of existing buildings at the Lübeck site.

The year-on-year fall in cash outflow from financing activities of EUR 23.6 million (9 months 2014: EUR 60.8 million) was largely due to the exercising of ten options on preferred shares to the amount of EUR 31.5 million (9 months 2014: EUR 6.3 million) (please refer to our comments in Note 6 of the notes to the financial statements). Furthermore, raising loans and the utilization of current account credit lines brought in a total of EUR 77.4 million (9 months 2014: EUR 7.1 million). 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 91.3 million (9 months 2014: EUR 57.1 million) were repaid, including note loans of EUR 86.5 million (9 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 (9 months 2014: EUR 20.2 million).

Cash and cash equivalents as of September 30, 2015 of EUR 128.7 million exclusively comprised cash, of which EUR 6.5 million is subject to restrictions (December 31, 2014: EUR 8.4 million).

Financial management

BORROWING

The amount 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 to the amount of EUR 61.5 million. As of September 30, 2015, total note loans amounted to EUR 96.0 million (December 31, 2014: EUR 182.3 million).

NET ASSETS

Our equity remained at a constant level in the first nine months of the year at EUR 898.1 million. The equity ratio came to 40.4 percent as of September 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. Ten options (500,000 preferred shares) were exercised in the second quarter of the year. This resulted in a total increase in equity of EUR 31.5 million (of which capital stock EUR 1.3 million). Dividend payments for shares and participation certificates, as well as negative earnings development, had a negative impact on equity.

As of September 30, 2015, total assets declined by EUR 12.7 million to EUR 2,221.4 million. On the assets side, intangible assets increased by EUR 59.2 million, largely due to the acquisition of GasSecure AS. Property, plant and equipment rose by EUR 39.0 million, and inventories increased by EUR 78.6 million. Cash and cash equivalents fell by EUR 168.2 million.

On the liabilities side, interest-bearing loans and liabilities to banks decreased by EUR 12.5 million, with note loans of EUR 86.5 million being repaid on schedule. Current provisions climbed by EUR 9.9 million. Trade liabilities fell by EUR 22.9 million, while other current liabilities increased by EUR 12.2 million.

DRÄGER VALUE ADDED

Our Dräger Value Added (DVA) fell by EUR –11.8 million year-on-year as of September 30, 2015 (twelve months to September 30, 2014, EUR 76.3 million). Our rolling EBIT declined by 42.9 percent year-on-year, while the average cost of capital rose by EUR 15.7 million. The increase in capital employed is 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 3.0 days to 121.6 days.

BUSINESS PERFORMANCE OF THE MEDICAL DIVISION

		Third quarter			Nine months		
		2015	2014	Changes in %	2015	2014	Changes in %
Order intake from third parties	**€ million**	**420.6**	**413.3**	**+1.8**	**1,235.0**	**1,132.7**	**+9.0**
Net sales with third parties	**€ million**	**388.1**	**378.8**	**+2.5**	**1,148.2**	**1,063.1**	**+8.0**
EBIT [1]	**€ million**	**–24.1**	**26.2**	**–191.7**	**–9.1**	**35.8**	**–125.4**
R&D costs	€ million	42.5	37.5	+13.3	126.1	111.4	+13.2
Capital employed [2, 3]	€ million	707.4	695.1	+1.8	707.4	695.1	+1.8
EBIT [1]/Net sales	%	–6.2	6.9		–0.8	3.4	
EBIT [1, 4]/Capital employed [2] (ROCE)	%	8.9	14.3		8.9	14.3	
DVA [5]	€ million	–2.2	40.5	–105.4	–2.2	40.5	–105.4

[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

	Third quarter				Nine months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	208.6	212.1	–1.6	–1.2	620.2	597.8	+3.7	+3.2
thereof Germany	81.9	79.6	+2.8	+2.8	245.5	234.6	+4.6	+4.6
Americas	89.7	79.9	+12.3	+7.0	254.8	222.7	+14.4	+3.9
Asia/Pacific	82.3	68.2	+20.6	+13.6	225.4	192.8	+16.9	+5.0
Middle East, Africa & Others	39.9	53.1	–24.7	–29.9	134.6	119.4	+12.7	+4.5
Total order intake	**420.6**	**413.3**	**+1.8**	**–0.9**	**1,235.0**	**1,132.7**	**+9.0**	**+3.8**

In the third quarter, order intake in the medical division declined by 0.9 percent (net of currency effects). In the first nine months of fiscal year 2015, we generated a 3.8 percent increase in order volume (net of currency effects).

In the third quarter, we recorded a significant rise in demand for hospital infrastructure systems. Orders in patient monitoring and clinical data management increased, as did orders for respiratory care and thermoregulation products. We saw slight growth in the service business. By contrast, order intake in anesthesiology as well as in the hospital consumables business fell considerably.

Order intake in the Europe region, including Germany, decreased in the third quarter by 1.2 percent (net of currency effects). An increase in order intake in Russia and the Netherlands was not sufficient to compensate for the decline in demand in Turkey and France.

In Germany, order intake rose by 2.8 percent in the third quarter. Here, we saw orders in service, hospital consumables and hospital infrastructure systems rise, while demand for patient monitoring and clinical data management and for respiratory care and thermoregulation products declined.

In the Americas region, demand rose by 7.0 percent (net of currency effects) in the third quarter of the year. Order intake rose particularly sharply in Mexico and the US, while demand in Brazil and Ecuador fell significantly.

Order intake in the Asia/Pacific region rose by 13.6 percent in the third quarter (net of currency effects). Greater demand in Indonesia and Australia in particular was partially offset by a decline in China.

In the Middle East, Africa and Other Countries region, order intake in the third quarter decreased significantly by 29.9 percent (net of currency effects). Demand fell in particularly in Saudi Arabia, the United Arab Emirates, Egypt and India.

NET SALES WITH THIRD PARTIES

	Third quarter				Nine months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	202.6	201.9	+0.4	+0.7	587.3	547.8	+7.2	+6.8
thereof Germany	80.1	75.7	+5.8	+5.8	230.6	220.2	+4.7	+4.7
Americas	79.6	78.0	+2.1	–2.3	239.7	221.5	+8.2	–2.7
Asia/Pacific	67.2	63.1	+6.4	–0.0	204.8	191.6	+6.9	–4.3
Middle East, Africa & Others	38.6	35.7	+8.1	+3.9	116.4	102.2	+13.8	+5.1
Total net sales	**388.1**	**378.8**	**+2.5**	**+0.2**	**1,148.2**	**1,063.1**	**+8.0**	**+2.6**

Net sales in the medical division increased by 0.2 percent (net of currency effects) in the third quarter of 2015. In the first nine months, the increase in net sales amounted to 2.6 percent (net of currency effects).

We recorded a rise in net sales in the hospital consumables business in the third quarter. Marginal net sales growth was also achieved in service business and in patient monitoring and clinical data management. By contrast, deliveries in the area of hospital infrastructure systems as well as of respiratory care, thermoregulation and anesthesia products declined.

Net sales in the Europe region, including Germany, rose slightly by 0.7 percent (net of currency effects) in the third quarter. A positive net sales trend in Germany, Sweden, Turkey and Italy was offset by a decline in deliveries in Russia, Poland, Uzbekistan and the UK.

In Germany, net sales rose by 5.8 percent in the third quarter. A rise in net sales of anesthesiology devices, hospital consumables business and service business more

than compensated for the decline involving respiratory care and thermoregulation products.

Net sales in the Americas region declined by 2.3 percent (net of currency effects). An increase in deliveries in Peru and Paraguay could not offset the significant decline in Canada and Argentina.

Net sales in the Asia/Pacific region stagnated in the third quarter (net of currency effects). Growth in Indonesia, Thailand and New Zealand was offset by a sharp decline in China and Japan.

The Middle East, Africa and Other Countries region recorded a 3.9 percent rise in net sales (net of currency effects). Growth was also achieved in Pakistan, Iran, Tunisia and Algeria, while deliveries in Saudi Arabia and Egypt declined.

EARNINGS

In the third quarter, both gross profit and the gross margin (–7.5 percentage points) were significantly down year-on-year in our medical division. Significantly negative currency effects, an unfavorable product mix and provisions for quality costs related to batteries in respiratory care devices hit margins.

Functional costs were up 12.4 percent year-on-year (+9.1 percent net of currency effects). This was largely due to write-downs on receivables and restructuring expenses.

Due to the weak gross margin and the increase in functional costs, EBIT fell year-on-year to EUR –24.1 million (Q3 2014: EUR 26.2 million). As a result, the EBIT margin came to –6.2 percent in the third quarter (Q3 2014: 6.9 percent).

The gross margin in the medical division was also down year-on-year (by 1.5 percentage points) in the first nine months of 2015, largely because of the weak Q3 margin. Our margin came under pressure especially in China and the US. Changes in exchange rates and increased net sales volume meant that gross profit was up on the prior-year period (EUR +22.1 million).

Functional costs rose by 12.6 percent in the first nine months of 2015 (+7.2 percent net of currency effects). Research and development expenditure rose as expected by 13.2 percent (+6.1 percent net of currency effects) and resulted in a slight increase in the research and development ratio to 11.0 percent (9 months 2014: 10.5 percent).

EBIT in the medical division fell to a total of EUR –9.1 million (9 months 2014: EUR 35.8 million), mainly due to the increase in the functional costs. The EBIT margin came to –0.8 percent (9 months 2014: 3.4 percent) as a result.

FINANCIAL POSITION AND NET ASSETS

As of September 30, 2015, capital employed increased by EUR 12.3 million to EUR 707.4 million (September 30, 2014: EUR 695.1 million). This is essentially due to an increase in trade receivables.

DRÄGER VALUE ADDED

Our DVA in the medical division fell by EUR 42.7 million to EUR –2.2 million year-on-year as of September 30, 2015 (12 months to September 30, 2014: EUR 40.5 million). This drop in DVA was driven mainly by EBIT, which fell by EUR 36.8 million (on a 12-month rolling basis). An increase of capital costs by EUR 5.9 million due to higher average capital employed resulted in a decrease of the DVA.

BUSINESS PERFORMANCE OF THE SAFETY DIVISION

		Third quarter			Nine months		
		2015	2014	Changes in %	2015	2014	Changes in %
Order intake from third parties	**€ million**	**225.2**	**210.7**	**+6.8**	**660.0**	**610.7**	**+8.1**
Net sales with third parties	**€ million**	**216.0**	**213.0**	**+1.4**	**635.3**	**601.8**	**+5.6**
EBIT [1]	**€ million**	**1.5**	**21.0**	**–92.8**	**9.3**	**45.5**	**–79.6**
R&D costs	€ million	17.5	14.3	+23.1	48.8	44.0	+10.9
Capital employed [2, 3]	€ million	307.7	274.3	+12.2	307.7	274.3	+12.2
EBIT [1]/Net sales	%	0.7	9.8		1.5	7.6	
EBIT [1, 4]/Capital employed [2] (ROCE)	%	11.3	25.9		11.3	25.9	
DVA [5]	€ million	8.7	47.8	–81.8	8.7	47.8	–81.8

[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

	Third quarter				Nine months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	135.4	128.5	+5.3	+5.4	402.3	378.8	+6.2	+5.4
thereof Germany	42.9	42.1	+2.1	+2.1	122.4	116.9	+4.7	+4.7
Americas	38.9	35.8	+8.7	+1.4	112.9	102.3	+10.3	–2.0
Asia/Pacific	35.0	32.1	+9.1	+6.5	102.8	91.6	+12.2	+3.0
Middle East, Africa & Others	15.9	14.3	+10.9	+9.5	42.0	38.0	+10.7	+5.2
Total order intake	**225.2**	**210.7**	**+6.9**	**+5.2**	**660.0**	**610.7**	**+8.1**	**+3.8**

In the third quarter, orders in the safety division increased by 5.2 percent (net of currency effects). In the first nine months of fiscal year 2015, order intake rose by 3.8 percent (net of currency effects).

We recorded a significant rise in demand for engineered solutions in the third quarter, which was mainly driven by demand for fire training facilities. Orders also rose in the area of plant safety equipment. Demand was high both for stationary gas detection products and for maintenance and equipment rental business. In the area of industrial occupational health and safety, demand for respiratory protection devices and mobile gas detectors also rose. Our service business again reported solid growth. In terms of business with government agencies, demand for personal protection equipment for fire services declined. Alcohol testing devices also saw a drop in demand.

Order intake in the Europe region, including Germany, rose by 5.4 percent (net of currency effects) in the third quarter. Demand in Turkey, Azerbaijan, Scandinavia and Southern Europe rose, while fewer orders were received in Spain, the Netherlands and Russia.

In Germany, order intake climbed by 2.1 percent in the third quarter. An increase in demand for engineered solutions and alcohol testing devices was offset by a dip in orders for industrial occupational health and safety products and personal protection equipment for fire services.

In the Americas region, order intake increased by 1.4 percent (net of currency effects) in the third quarter. We recorded a significant decline in Mexico, while order intake in the US, Canada and Brazil rose.

Our order intake in the Asia/Pacific region increased by 6.5 percent in the third quarter (net of currency effects). A hike in demand in Australia and Malaysia was a key factor in this trend, whereas the number of orders in China and South Korea dropped.

In the Middle East, Africa and Other Countries region, we saw order intake increase by 9.5 percent (net of currency effects). Rising demand in Iraq, South Africa and Algeria was offset by a decline in Saudi Arabia.

NET SALES WITH THIRD PARTIES

	Third quarter				Nine months			
in € million	2015	2014	Changes in %	Net of currency effects in %	2015	2014	Changes in %	Net of currency effects in %
Europe	136.7	133.0	+2.8	+3.0	398.3	376.8	+5.7	+5.0
thereof Germany	44.2	43.5	+1.5	+1.5	124.4	118.2	+5.2	+5.2
Americas	36.2	34.6	+4.7	–2.2	108.8	100.0	+8.8	–3.4
Asia/Pacific	30.3	33.5	–9.8	–11.7	90.2	90.2	–0.0	–7.9
Middle East, Africa & Others	12.8	11.9	+7.5	+6.2	38.0	34.8	+9.3	+3.7
Total net sales	**216.0**	**213.0**	**+1.4**	**+0.0**	**635.3**	**601.8**	**+5.6**	**+1.6**

Net sales in the safety division stagnated in the third quarter (net of currency effects). After nine months, net sales were up 1.6 percent (net of currency effects) on the prior-year period.

Net sales increased significantly in the area of engineered solutions. Deliveries also increased in business with government agencies. Demand was particularly high for alcohol testing devices. By contrast, net sales in the area of plant safety equipment fell, above all in maintenance and rental device business. Net sales in the service business as well as deliveries of industrial occupational health and safety products declined slightly.

Net sales in the Europe region, including Germany, rose by 3.0 percent (net of currency effects) in the third quarter. Development in South-East European countries as well as

in France, Russia and Spain played a major role in this development. By contrast, net sales in the Netherlands and the UK declined after a strong Q3 2014.

Net sales in Germany climbed by 1.5 percent in the third quarter. Deliveries in business with government agencies and in the area of industrial occupational health and safety increased. Net sales of engineered solutions increased due to the stage of completion of large orders. However, this was offset by a decline in plant safety equipment business.

Net sales in the Americas region fell by 2.2 percent year-on-year (net of currency effects). An increase in net sales in certain South American countries was unable to compensate for the fall in deliveries in the US and Mexico.

Net sales in the Asia/Pacific region dipped by 11.7 percent (net of currency effects) in the third quarter. The number of deliveries fell in Singapore and Indonesia. Here, strong net sales figures were reported in Q3 2014. A rise in net sales in China was unable to compensate for this.

In the Middle East, Africa and Other Countries region, net sales increased by 6.2 percent (net of currency effects) in the third quarter. Net sales were up in Qatar, India and Algeria, but deliveries fell in Iraq and Saudi Arabia.

EARNINGS

The gross margin in the safety division was down significantly year-on-year (by 3.2 percentage points) in the third quarter of 2015. Gross profit fell by 5.4 percent. A less-favorable product mix and one-off effects in project business overcompensated for the increase in net sales volume. Functional costs were up 12.6 percent on the prior-year quarter (+10.2 percent net of currency effects), partly due to the volume of restructuring expenses. The dip in the gross margin and increase in costs meant that EBIT fell in the third quarter to EUR 1.5 million (Q3 2014: EUR 21.0 million). The EBIT margin came to 0.7 percent (Q3 2014: 9.8 percent).

Gross profit remained roughly stable year-on-year in the first nine months of 2015 (–0.7 percent). The gross margin, however, fell considerably by 2.8 percentage points. Business with government agencies was impacted by an unfavorable product mix and weaker price performance. We also made investments into the quality of these products. In the area of engineered solutions, higher costs for the Deutsche Bahn tunnel rescue trains project weighed down on the margin. Functional costs were up 12.1 percent year-on-year (7.8 percent net of currency effects). Research and development expenditure rose by 10.9 percent (+7.9 percent net of currency effects) and resulted in a research and development ratio of 7.7 percent (9 months 2014: 7.3 percent).

Due to this trend, EBIT in the safety division fell by EUR 36.2 million to EUR 9.3 million (9 months 2014: EUR 45.5 million). The EBIT margin came to 1.5 percent (9 months 2014: 7.6 percent) as a result.

FINANCIAL POSITION AND NET ASSETS

As of September 30, 2015, capital employed increased by EUR 33.4 million to EUR 307.7 million (September 30, 2014: EUR 274.3 million). The main reason for this was a rise in inventories.

DRÄGER VALUE ADDED

At EUR 8.7 million as of September 30, 2015, DVA in the safety division was down significantly year-on-year (12 months to September 30, 2014: EUR 47.8 million). This drop in DVA was mainly driven by considerably lower EBIT, which fell by EUR 36.4 million (on a twelve-month rolling basis). Capital costs slightly increased by EUR 2.7 million.

Research and development

In the first nine months of 2015, we invested EUR 174.9 million in research and development (R&D), which was more than in the prior-year period (9 months 2014: EUR 155.4 million). R&D expenses amounted to 9.8 percent of net sales (9 months 2014: 9.3 percent).

We increased research and development expenditure in the medical division to EUR 126.1 million (9 months 2014: EUR 111.4 million). We invested 11.0 percent of net sales in the first nine months of 2015, more than in the prior-year period (9 months 2014: 10.5 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 third quarter of 2015, we launched a new generation of miniature measurement modules for anesthetic gases and oxygen ("Dräger Mini Modules") as an OEM variant. This technology is now available for the Dräger product portfolio as well as for external partners. This underlines our technological competency in the development and marketing of innovative and highly integrated measurement technology in the area of anesthesia.

In the safety division, we invested EUR 48.8 million in the first nine months of 2014 (9 months 2014: EUR 44.0 million) in research and development, corresponding to 7.7 percent of net sales (9 months 2014: 7.3 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 PSS 4000" gives the customer the opportunity to use a purpose-build professional firefighting SCBA made to the highest standard. The set is light-weight and comfortable to wear. The target market is professional firefighting in emerging markets and top volunteer services.

The "Dräger X-dock System" provides support in maintaining, testing and managing mobile gas detection devices, which are used in a wide variety of industries. The "X-dock Software Update" enables customers to simplify their processes while improving documentation and controls. Device parameters can be corrected immediately during the daily gas detection device tests.

The “Dräger REGARD 3910 C” is part of a control system for the detection of toxic, oxygen and explosion hazards. It can monitor signals from up to 16 remote gas detectors and provides warnings when alarm or fault conditions occur. The “REGARD 3910 C” now also has an approval (CCCF) for China.

Subsequent events

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

Personnel

As of September 30, 2015 Dräger employed a total of 14,014 people around the world, an increase of 316 on the previous year (September 30, 2014: 13,698), equating to an increase of 2.3 percent. In Germany, the number of people working for the Dräger Group rose by 103. The number of employees working abroad went up by 213. As of September 30, 2015, a total of 54.1 percent (September 30, 2014: 53.8 percent) of our employees were working outside of Germany.

In line with the long-term growth strategy, we expanded the workforce above all in Sales (+134) and in Service (+103).

In Germany the number of employees rose year-on-year by 103, with an additional 52 employees recruited for Sales. Due to the recruitment of temporary employees in short-term project business, the number of employees in Shut Down & Rental Management increased by 17. Furthermore, we recruited 26 employees in administrative functions. In Production, the number of employees in Germany dropped on account of eleven temporary employees’ contracts expiring.

Outside of Germany, we employed 213 people more than at the same point last year. This figure includes eleven employees of the newly acquired GasSecure AS in Norway. Particular increases were seen in Service (+105), Sales (+82) and Marketing (+37).

Personnel expenses within the Group rose by 11.8 percent year-on-year (net of currency effects +7.0 percent) to EUR 760.5 million. Changes to the euro exchange rates and the resulting negative currency effects resulted in a EUR 32.7 million increase in personnel expenses. Another reason for the rise was the 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 42.6 percent in the first nine months of 2015 (9 months 2014: 40.9 percent).

WORKFORCE TREND

		September 30, 2015	December 31, 2014	September 30, 2014
Dräger Group total		**14,014**	**13,737**	**13,698**
Germany		6,430	6,324	6,327
Other		7,584	7,413	7,371
Turnover of employees (Basis: average of the past twelve months)	%	4.2	3.6	3.6
Sick days of work days in Germany (Basis: average of the past twelve months)	%	5.5	5.2	5.0
Temporary staff in Germany (incl. short-term project employment)		631	277	431

PERSONNEL EXPENSES [1]

in € thousand	Nine months 2015	Nine months 2014
Wages and salaries	**628,385**	**564,323**
Social security contributions and related employee benefits	110,599	99,899
Pension expenses	21,559	15,923
	760,543	**680,145**

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

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 once again lowered its forecast for global economic development. It now expects growth of 3.1 percent in 2015, down 0.2 percentage points on the July forecast. As a result, economic growth for 2015 is set to decrease year-on-year.

In industrialized countries, the IMF forecasts a moderate improvement in economic growth momentum. Above all, this is due to the slight increase in economic recovery in the eurozone. Growth of 1.5 percent is anticipated here. In emerging economies, the dip in economic growth momentum is set to continue, resulting in a decrease in growth for the fifth year in succession. Weak development in certain major emerging economies and oil-exporting nations are two major factors in this trend.

Risks of negative development in the global economy have risen in the last few months, according to the IMF. These forecasts reflect the fact that the global economy is exposed to three powerful forces at the current time. The first of these is the transformation of the Chinese economy, away from export- and investment-driven growth towards consumption and service provision. The second factor is the decline in commodities prices, which is also linked to weak growth in China. Lastly, the imminent hike in US interest rates could cause shockwaves around the world and is creating added instability. According to the IMF, global economic growth is therefore more likely to be lower than anticipated than exceed expectations.

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

in %	2015	2016
Global economy	3.1	3.6
USA	2.6	2.8
Eurozone	1.5	1.6
Germany	1.5	1.6
China	6.8	6.3

FUTURE SITUATION OF THE MEDICAL TECHNOLOGY INDUSTRY

In terms of the medical technology market, we expect sales to develop positive over the rest of the year, albeit only marginally. In China, we forecast very slight market growth.

Investment in health care, particularly from the public sector, continues to rise, but is losing momentum on account of the sluggish Chinese economy. What's more, we also anticipate that foreign manufacturers will find it harder to participate in market growth due to increasing difficulties in obtaining licenses and the "buy local" requirements that have been imposed by the Chinese government. We see sales opportunities for medical technology products in the US market as stable. The massive pressure to cut costs weighing down on the health care sector will compensate the positive effects of the overall existing demand. We consider the growth outlook in Europe to be slightly positive. The Southern European market is experiencing slight recovery at the moment after years of reservation and budget consolidation. In Latin America, we expect stagnation to continue. In Mexico and Brazil, the two largest medical technology markets in Latin America, 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

We consider growth opportunities in the safety technology industry to be positive overall in 2015. In our opinion, sales opportunities in emerging economies are moderate. Increasingly sluggish global economic growth in emerging economies, particularly in China, will dampen demand for safety technology products in spite of a significant rise in health care and safety regulations. We expect the US safety technology industry to stagnate. Although we consider the chemicals industry to be a key factor in any potential industry growth given its strong reliance on the price of oil, this growth will be compensated for by the decline in investments in safety technology in the oil and gas industry. We continue to consider sales opportunities in Europe to be positive. In South Europe, we expect a slight recovery in economic growth and a corresponding rise in investments in safety technology products. Shaped by the two largest safety technology markets on the continent, Brazil and Mexico, we consider the market in South America to be stable overall. Investment in Brazilian oil and gas business is declining, whereas investments in the Mexican energy sector are climbing due to government reforms. We consider sales opportunities in the Middle East to be positive on balance.

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 2.0 % and 5.0 % (net of currency effects)	Between 1.0 % and 3.0 % (net of currency effects)
EBIT margin	7.3 %	Between 5.0 % and 7.0 %[2]	Between 2.5 % and 4.5 %[3,4]
DVA	EUR 81.6 million	Decline	Confirmed
Other forecast figures:			
Gross margin	46.7 %	Down on prior year	Confirmed
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	>50 % of EBIT	Confirmed
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	Decline	Confirmed

[1] According to most recently released target values
[2] Based on exchange rates at the start of the year
[3] Based on exchange rates at the end of the third quarter
[4] Excluding potential additional restructuring expenses in the fourth quarter

Business performance in the first nine months of the year failed to meet our expectations. Development in the Asia/Pacific and Americas regions in particular continued to deteriorate. We now expect to generate net sales growth of between 1.0 percent and 3.0 percent (net of currency effects) in fiscal year 2015.

EBIT in the first nine months of the year was impacted by the weaker-than-expected net sales development and cost increases. In addition, currency effects, particularly relating to the devaluation of numerous emerging economy currencies, also had negative consequences. Furthermore, one-off effects were also incurred in the third quarter from write-downs to receivables and inventories, as well as provisions for quality costs. We therefore anticipate that our EBIT margin will stand at between 2.5 percent and 4.5 percent in fiscal year 2015.

DRÄGER MANAGEMENT ESTIMATE

Global economic expansion continues to lose momentum. Drivers of economic growth such as emerging economies are stuttering, while growth in the eurozone is gradually becoming more solid.

Our business performance in fiscal year 2015 has been disappointing so far in this environment. Momentum in important growth markets has been declining for several quarters in succession and, as a consequence, we must check whether our medium-term forecast can still be achieved in this environment. Furthermore, we will also further intensify our "Fit for Growth" efficiency program against the backdrop of weak business performance to achieve our medium-term cost-reduction targets in relation to administration and selling expenses. Given these factors, it cannot be ruled out that our earnings will continue to be impacted by restructuring expenses in the fourth quarter.

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, November 3, 2015

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

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

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

CONSOLIDATED INCOME STATEMENT OF THE DRÄGER GROUP

in € thousand	Notes	Third quarter 2015	Third quarter 2014	Nine months 2015	Nine months 2014
Net sales		604,008	591,775	1,783,553	1,664,925
Cost of sales		–351,268	–308,999	–990,032	–891,502
Gross profit		**252,740**	**282,776**	**793,521**	**773,424**
Research and development costs		–60,071	–51,793	–174,891	–155,381
Marketing and selling expenses [1]		–152,514	–136,825	–445,580	–399,553
General administrative costs [1]		–57,491	–52,900	–164,791	–142,948
Other operating income		1,426	1,893	4,735	5,488
Other operating expenses		–3,940	–2,776	–6,929	–7,939
		–272,590	**–242,401**	**–787,455**	**–700,333**
		–19,850	**40,375**	**6,065**	**73,091**
Profit from investments in associates		–	–	102	250
Profit from other investments		69	95	96	126
Other financial result		–2,775	6,742	–6,085	7,781
Financial result (before interest result)	**8**	**–2,706**	**6,836**	**–5,887**	**8,158**
EBIT		**–22,556**	**47,211**	**178**	**81,249**
Interest result	8	–3,094	–6,270	–14,357	–17,834
Earnings before income taxes		**–25,649**	**40,941**	**–14,179**	**63,415**
Income taxes	9	6,792	–13,269	3,066	–20,870
Earnings after income taxes		**–18,857**	**27,672**	**–11,113**	**42,545**
Earnings after income taxes		**–18,857**	**27,672**	**–11,113**	**42,545**
Non-controlling interests in net profit		–443	–422	–407	–311
Earnings attributable to participation certificates (excluding minimum dividend, after taxes) [2]		–602	2,240	–	3,448
Earnings attributable to shareholders		–17,812	25,853	–10,707	39,408
Undiluted earnings per share [3]					
per preferred share (in €)		–1.00	1.55	–0.58	2.38
per common share (in €)		–1.02	1.53	–0.63	2.33
Diluted earnings per share [3]					
per preferred share (in €)		–1.00	1.52	–0.58	2.34
per common share (in €)		–1.02	1.50	–0.63	2.29
Undiluted earnings per share on full distribution [3]					
per preferred share (in €)		–0.93	1.24	–0.58	1.90
per common share (in €)		–0.95	1.22	–0.63	1.85
Diluted earnings per share on full distribution [3]					
per preferred share (in €)		–0.93	1.23	–0.58	1.89
per common share (in €)		–0.95	1.21	–0.63	1.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE DRÄGER GROUP

in € thousand	Nine months 2015	Nine months 2014
Earnings after income taxes	**–11,113**	**42,545**
Items that cannot be reclassified into the income statement		
Remeasurements of defined benefit pension plans	13,647	–44,172
Deferred taxes on remeasurements of defined benefit pension plans	–4,210	13,653
Items which may be reclassified subsequently to profit or loss		
Currency translation adjustment for foreign subsidiaries	10,040	19,727
Change in the fair value of derivative financial instruments recognized directly in equity	243	–987
Deferred taxes on changes in the fair value of derivative financial instruments recognized directly in equity	–120	305
Other comprehensive income (after taxes)	**19,599**	**–11,474**
Total comprehensive income	**8,486**	**31,071**
thereof earnings attributable to non-controlling investments	–572	582
thereof earnings attributable to participation certificates (excluding minimum dividend, after taxes) [1]	–	3,448
thereof earnings attributable to shareholders	9,058	27,041

[1] The figure is calculated by accruing a dividend for participation certificates of EUR 0.00 (September 30, 2014: EUR 6.00) based on earnings in the first nine 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 40

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

[2] The figure is calculated by accruing a dividend for participation certificates of EUR 0.00 (September 30, 2014: EUR 6.00) based on earnings in the first nine 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	September 30, 2015	December 31, 2014
Assets			
Intangible assets	10	353,435	294,242
Property, plant and equipment	10	388,893	349,936
Investments in associates		277	277
Other non-current financial assets		14,649	14,523
Deferred tax assets		125,155	119,528
Other non-current assets		2,661	2,959
Non-current assets		**885,069**	**781,465**
Inventories	11	467,087	388,497
Trade receivables and receivables from construction contracts		592,578	657,394
Other current financial assets		39,597	33,843
Cash and cash equivalents		128,675	296,855
Current tax refund claims		21,541	23,797
Other current assets	12	86,822	52,260
Current assets		**1,336,299**	**1,452,645**
Total assets		**2,221,368**	**2,234,110**

in € thousand	Notes	September 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		583,467	622,342
Participation capital		29,497	29,497
Other comprehensive income		4,157	–5,325
Non-controlling interests		1,465	2,146
Equity	**13**	**898,079**	**896,606**
Liabilities from participation certificates		21,553	20,872
Provisions for pensions and similar obligations	14	290,719	297,009
Other non-current provisions	15	56,606	55,619
Non-current interest-bearing loans	16	210,089	168,563
Other non-current financial liabilities		27,827	27,653
Non-current income tax liabilities		10,754	10,286
Deferred tax liabilities		5,782	1,540
Other non-current liabilities		5,744	5,830
Non-current liabilities		**629,073**	**587,373**
Other current provisions	15	199,162	189,278
Current interest-bearing loans and liabilities to banks	16	73,712	127,686
Trade payables		178,418	201,340
Other current financial liabilities		33,443	30,166
Current income tax liabilities		21,488	25,854
Other current liabilities		187,992	175,808
Current liabilities		**694,215**	**750,132**
Total equity and liabilities		**2,221,368**	**2,234,110**

CONSOLIDATED CASH FLOW STATEMENT OF THE DRÄGER GROUP

	in € thousand	Third quarter 2015	Third quarter 2014	Nine months 2015	Nine months 2014
	Operating activities				
	Earnings after income taxes	–18,857	27,672	–11,113	42,545
+	Write-down/write-up of non-current assets	21,930	19,554	61,946	54,546
+	Interest result [1]	3,133	6,270	14,397	17,834
+/–	Income taxes [1]	–6,753	13,269	–3,027	20,870
+/–	Increase/decrease in provisions [1]	39,871	20,517	10,301	–6,482
+/–	Other non-cash expenses/income [1]	17,922	–7,731	3,315	–15,748
+/–	Losses/gains from the disposal of non-current assets	90	103	68	188
–	Increase in inventories	–15,464	–17,679	–76,410	–50,820
–	Increase in leased equipment	–4,670	–3,876	–8,538	–8,089
+/–	Decrease/increase in trade receivables	25,611	–20,474	71,270	81,745
+/–	Decrease/increase in other assets [1]	11,382	–310	–29,913	–32,421
+/–	Increase/decrease in trade payables	10,605	11,426	–25,008	–23,148
+/–	Increase/decrease in other liabilities [1]	–20,259	1,811	16,747	34,850
–	Cash outflow for income taxes [1]	–4,020	–4,388	–20,974	–32,477
–	Cash outflow for interests [1]	–1,848	–1,939	–12,360	–13,705
+	Cash inflow from interests [1]	574	317	2,095	1,340
	Cash outflow/inflow from operating activities	**59,246**	**44,544**	**–7,204**	**71,027**
	Investing activities				
–	Cash outflow for investments in intangible assets	–1,743	–4,559	–4,653	–9,330
+	Cash inflow from the disposal of intangible assets	–	1	191	460
–	Cash outflow for investments in property, plant and equipment	–28,705	–24,959	–80,331	–63,239
+	Cash inflow from disposals of property, plant and equipment	912	694	2,339	1,935
–	Cash outflow for investments in non-current financial assets	–224	–11	–1,048	–34
+	Cash inflow from the disposal of non-current financial assets	27	5	403	165
–	Cash outflow from the acquisition of subsidiaries	–	–2,748	–58,063	–2,748
	Cash outflow from investing activities	**–29,733**	**–31,578**	**–141,163**	**–72,791**
	Financing activities				
–	Distribution of dividends (including dividends for participation certificates)	–	–	–34,601	–20,165
+	Cash inflow from the exercise of option rights to preferred shares	–	–	31,548	6,349
–	Cash outflow from the acquisition of treasury shares for the employee share program	–	–	–1,143	–
+	Cash provided by raising loans	40	14	48,199	7,683
–	Cash used to redeem loans	–2,395	–4,407	–91,287	–57,096
+/–	Net balance of other liabilities to banks	–24,348	–17,138	29,181	–543
–	Net balance of finance lease liabilities repaid/incurred	–686	–2	–1,485	–693
+/–	Cash inflow/outflow from the changes in shareholdings in subsidiaries	–	–	–4,000	3,689
–	Profit distributed to non-controlling interests	–40	–1	–42	–28
	Cash outflow from financing activities	**–27,429**	**–21,534**	**–23,631**	**–60,803**
	Change in cash and cash equivalents in the reporting period	**2,085**	**–8,568**	**–171,998**	**–62,567**
+/–	Effect of exchange rates on cash and cash equivalents	–5,511	5,823	3,818	5,791
+	Cash and cash equivalents at the beginning of the reporting period	132,102	178,101	296,855	232,131
	Cash and cash equivalents on reporting date	**128,675**	**175,356**	**128,675**	**175,356**

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	–	–	42,856	–	–	–	–	–	0	42,856	–311	42,545
Other comprehensive income	–	–	–30,519	–	–	18,834	–682	–	18,152	–12,367	893	–11,474
Total comprehensive income	**–**	**–**	**12,337**	**–**	**–**	**18,834**	**–682**	**–**	**18,152**	**30,489**	**582**	**31,071**
Exercise of option rights to preferred shares	256	6,093	–	–	–	–	–	–	0	6,349	–	6,349
Distributions	–	–	–20,165	–	–	–	–	–	0	–20,165	–28	–20,193
Changes in the scope of consolidation/other	–	–	1,281	–	–	–	–	–	0	1,281	4,564	5,845
Sept. 30, 2014	**43,034**	**176,374**	**585,379**	**29,497**	**0**	**–2,136**	**–2,278**	**10**	**–4,404**	**829,879**	**9,160**	**839,039**
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	–	–	–10,707	–	–	–	–	–	0	–10,707	–407	–11,113
Other comprehensive income	–	–	9,437	–	–	10,205	123	–	10,328	19,765	–165	19,599
Total comprehensive income	**–**	**–**	**–1,270**	**–**	**–**	**10,205**	**123**	**–**	**10,328**	**9,058**	**–572**	**8,486**
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	–42	–34,643
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	–	–	83	–	–	–	–	–	0	83	–	83
Sept. 30, 2015	**45,466**	**234,028**	**583,467**	**29,497**	**0**	**6,389**	**–2,282**	**51**	**4,157**	**896,615**	**1,464**	**898,080**

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

Footnotes for page 44

[1] Payments for income taxes and interests are shown separately in the cash flow statement. Prior year's figures were adjusted accordingly.

Notes of the Dräger Group as of September 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 also 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 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 that 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 facilitate the use of synergy effects. Dräger has 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 of the medical division will require amendments to the previous segment reporting:

– The results of the medical and safety divisions will in the 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.
– The segment 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 September 30, 2014:

EFFECTS ON SEGMENT REPORTING

		Medical division		
		Sept. 30, 2014 after adjustments	Adjustments	Sept. 30, 2014 before adjustments
Order intake with third parties	**€ million**	**1,132.7**	**–3.7**	**1,136.4**
Net sales with third parties	**€ million**	**1,063.1**	**–4.2**	**1,067.3**
EBIT [1]	**€ million**	**35.8**	**–10.1**	**45.9**
Research and development expenses	**€ million**	**111.4**	**–0.1**	**111.5**
Capital employed [2,3]	**€ million**	**695.1**	**23.7**	**671.3**
EBIT [1]/Net sales	**%**	**3.4**	**–0.9**	**4.3**
EBIT [1,4]/Capital employed [2,3] (ROCE)	**%**	**14.3**	**–3.8**	**18.2**
DVA [4,5]	**€ million**	**40.5**	**–22.6**	**63.1**

[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 tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities
[3] Value at end of period
[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 September 30, 2014:

EFFECTS ON INCOME STATEMENT

in € thousand	Third quarter 2014 after adjustments	Adjustments	Third quarter 2014 before adjustments	Nine months 2014 after adjustments	Adjustments	Nine months 2014 before adjustments
Marketing and selling expenses	–136,825	19,374	–156,199	–399,553	55,830	–455,383
General administrative costs	–52,900	–19,374	–33,526	–142,948	–55,830	–87,118

	Safety division			Drägerwerk AG & Co. KGaA/ others/consolidation			Dräger Group		
	Sept. 30, 2014 after adjustments	Adjustments	Sept. 30, 2014 before adjustments	Sept. 30, 2014 after adjustments	Adjustments	Sept. 30, 2014 before adjustments	Sept. 30, 2014 after adjustments	Adjustments	Sept. 30, 2014 before adjustments
	610.7	–26.9	637.6	–	30.7	–30.7	1,743.4	–	1,743.4
	601.8	–24.5	626.3	–	28.7	–28.7	1,664.9	–	1,664.9
	45.5	–8.1	53.6	–	18.2	–18.2	81.2	–	81.2
	44.0	1.8	42.2	–	–1.7	1.7	155.4	–	155.4
	274.3	9.8	264.5	–	–177.1	177.1	1,112.9	–	1,112.9
	7.6	–1.0	8.6				4.9	–	4.9
	25.9	–6.5	32.4				15.3	–	15.3
	47.8	–16.3	64.1	–	–	–	76.2	–	76.2

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 includes 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 non-controlling interests and 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 1,140 thousand, as well as corresponding earnings after income taxes of EUR –2,089 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 1,372 thousand, as well as corresponding earnings after income taxes of EUR –2,354 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 shareholder 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 entitled their holders to acquire a total of 1.25 million preferred shares. They were 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 a further 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) were exercised in fiscal year 2013.

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

7 SEGMENT REPORT

BUSINESS PERFORMANCE OF THE SEGMENTS

		Medical division		Safety division		Dräger Group	
		Nine months 2015	Nine months 2014	Nine months 2015	Nine months 2014	Nine months 2015	Nine months 2014
Order intake with third parties	**€ million**	**1,235.0**	**1,132.7**	**660.0**	**610.7**	**1,895.1**	**1,743.4**
Net sales with third parties	**€ million**	**1,148.2**	**1,063.1**	**635.3**	**601.8**	**1,783.6**	**1,664.9**
EBIT [1]	**€ million**	**–9.1**	**35.8**	**9.3**	**45.5**	**0.2**	**81.2**
Research and development expenses	**€ million**	**126.1**	**111.4**	**48.8**	**44.0**	**174.9**	**155.4**
Capital employed [2,3]	**€ million**	**707.4**	**695.1**	**307.7**	**274.3**	**1,256.4**	**1,112.9**
EBIT [1]/Net sales	**%**	**–0.8**	**3.4**	**1.5**	**7.6**	**0.0**	**4.9**
EBIT [1,4]/Capital employed [2,3] (ROCE)	**%**	**8.9**	**14.3**	**11.3**	**25.9**	**7.8**	**15.3**
DVA [4,5]	**€ million**	**–2.2**	**40.5**	**8.7**	**47.8**	**–11.8**	**76.2**

[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 tax assets, current securities, cash and cash equivalents and non-interest bearing liabilities

[3] Value at end of period

[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	Nine months 2015	Nine months 2014
Earnings after income taxes	–11,113	42,545
+ Interest result	14,357	17,834
+ Income taxes	–3,066	20,870
EBIT	**178**	**81,249**

CAPITAL EMPLOYED

in € thousand	September 30, 2015	September 30, 2014
Total assets	2,221,368	2,106,251
– Deferred tax assets	–125,155	–132,326
– Cash and cash equivalents	–128,675	–175,356
– Non-interest-bearing liabilities	–711,090	–685,695
Capital employed	**1,256,449**	**1,112,875**

DVA

in € thousand	September 30, 2015	September 30, 2014
EBIT (of the last twelve months)	97,527	170,731
– Cost of capital (Basis: average of capital employed in the past twelve months)	–109,363	–94,491
DVA	**–11,837**	**76,240**

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	Nine months 2015	Nine months 2014
Financial result (before interest result)	**–5,887**	**8,158**
Interest and similar income	2,501	1,342
Interest and similar expenses	–16,858	–19,175
Interest result	**–14,357**	**–17,834**

9 INCOME TAXES

Income taxes for the first nine months of 2015 were calculated on the basis of an anticipated Group tax rate of 32.5 percent (9 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	67,582	589	–8,979	353,435
Property, plant and equipment	349,936	89,986	1,818	–52,846	388,893

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

11 INVENTORIES

INVENTORIES

in € thousand	September 30, 2015	December 31, 2014
Finished goods and merchandise	270,728	209,576
Work in progress	59,742	51,057
Raw materials, consumables and supplies	133,139	126,291
Payments made	3,477	1,574
	467,087	**388,497**

12 OTHER CURRENT ASSETS

OTHER CURRENT ASSETS

in € thousand	September 30, 2015	December 31, 2014
Prepaid expenses	34,188	24,674
Other tax refund claims	34,966	20,830
Receivables from investment allowances	750	593
Remaining other current assets	16,918	6,163
	86,822	**52,260**

The increase in prepaid expenses is largely attributable to deferred expenses in the current year. 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 September 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 every 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 are subject to a two-year holding period and may not be sold or otherwise transferred during this period. Employees do not have to continue their employment with the Company during the holding period.

The participation period, during which employees were able to 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 (paying agent), Frankfurt am Main, Germany, for the entry and custody of bonus shares for participating employees.

The 7,303 bonus shares were acquired for Dräger on the stock exchange in the period from March 11 to March 23, 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 the resolution of the annual shareholders' meeting on May 4, 2012, according to which the general partner is authorized to acquire until May 3, 2017 up to 10 percent of the 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, the 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 6,290 thousand in the first nine months of fiscal year 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

As of September 30, 2015, other non-current provisions mainly comprised provisions for personnel obligations of EUR 33,802 thousand (December 31, 2014: EUR 32,571 thousand).

Other current provisions as of September 30, 2015 also included monthly accruals and mainly consisted of provisions for personnel obligations of EUR 87,247 thousand (December 31, 2014: EUR 94,876 thousand), provisions for unpaid invoices of EUR 31,716 thousand (December 31, 2014: EUR 22,164 thousand) and warranty provisions of EUR 26,774 thousand (December 31, 2014: EUR 23,828 thousand). The decline in provisions for personnel 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 48,011 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 following three levels of the fair value hierarchy:

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

in € thousand	Level	September 30, 2015	December 31, 2014
Assets measured at fair value			
Derivatives with positive fair value (non-current)	2	985	41
Derivatives with positive fair value (current)	2	11,620	490
Securities (non-current)	1	674	674
Liabilities measured at fair value			
Derivatives with negative fair value (non-current)	2	4,193	3,760
Derivatives with negative fair value (current)	2	10,222	3,334

Level 1:

Prices in the active markets are assumed in unchanged form 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 2.1 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 14 thousand (9 months 2014: EUR 20 thousand) until the third quarter 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 4 thousand as of September 30, 2015 (September 30, 2014: EUR 4 thousand).

Drägerwerk AG & Co. KGaA rendered rental services and other services totaling EUR 88 thousand for associate MAPRA Assekuranzkontor GmbH in the first nine months of 2015 (9 months 2014: EUR 73 thousand). Receivables in this respect amounted to EUR 2 thousand on September 30, 2015 (September 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 September 30, 2015 (September 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 nine months of 2015 and the time this interim financial report was prepared.

Lübeck, Germany, November 3, 2015

The general partner
Drägerwerk Verwaltungs AG
represented by its Executive Board

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

FINANCIAL CALENDAR

Report as of September 30, 2015, Conference call	November 5, 2015
Annual accounts press conference	March 9, 2016
Analysts' meeting	March 9, 2016
Report as of March 31, 2016, Conference call	April 26, 2016
Annual shareholders' meeting, Lübeck, Germany	April 27, 2016
Report as of June 30, 2016, Conference call	July 28, 2016
Report as of September 30, 2016, Conference call	November 3, 2016

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