



# Information for our Shareholders on the Third Quarter of 2011

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## News from the HARTMANN GROUP

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### **With Vivano, HARTMANN offers its own negative pressure therapy system**

In the third quarter of 2011, HARTMANN launched its own wound care system under the Vivano brand. Negative pressure therapy, one of the most innovative market segments for acute and chronic wound treatment, uses a lower pressure in the wound area than in the environment, thus promoting better wound healing. In this process, excess exudate is sucked into an attached container.

The HARTMANN system includes the VivanoTec negative pressure unit and the VivanoMed wound dressing kit. Currently, sales focus is on Eastern Europe where we already gained experience with another negative pressure system.

### **Skin-care range for people above the age of 70**

The completely revised skin-care range Menalind professional has been redesigned to meet the specific needs of skin in people over 70. It has rich moisturizing and protection properties that cannot be provided by conventional skin-care products for "mature" skin. The harmonized range launched in September 2011 includes 14 products that best meet the specific needs of skin irritated by incontinence through an integrated system of gentle cleansing, effective protection and rich moisturizing.

Dermatologists developed the Nutriskin Protection Complex that is regarded as a major innovation. It is a unique combination of superb ingredients, supporting the weakened barrier function of mature skin. Dermatological tests have shown that important ingredients are delivered to the skin internally so that it can protect itself more effectively against external influences.

### **New thermometer with infrared technology**

The interest of pharmacists in the new Tensoval duo scan exceeds all expectations: HARTMANN launched the innovative thermometer in 18 countries simultaneously. For HARTMANN, a leading provider of digital thermometers in the pharmacy market, adding infrared technology to its portfolio is a logical step.

Tensoval duo scan measures body temperatures from the ear or forehead and provides a reliable reading in just a second. Emotionally expressive images on packaging and in communication materials make this new product much more attractive to consumers.

### **Eastern European business honored by Frost & Sullivan**

At an international event of the market research company in London, HARTMANN was given the 2011 Best Practice Award for its strategic management of infection control products in Eastern Europe. Frost & Sullivan honored HARTMANN for its outstanding role in driving growth and innovation as well as for the benefit of providing practically everything needed for infection protection in the form of system solutions from a single source.

### **Award for sustainability in fleet management**

At the International Auto Show (IAA) in Frankfurt, HARTMANN was honored with the Eco Star Award by our leasing partner Daimler Fleet Management GmbH. Companies that implement sustainable measures for employee mobility were given awards. The decrease in the average consumption of fuel and the driver training "Stay cool, drive safely" already completed by 150 employees convinced the jury.

### **Employee day at the Lièpvre plant**

Some interesting insights into the French plant that manufactures incontinence and wound care products for the HARTMANN GROUP: more than 2,000 employees and their families came to the plant which opened its doors to the public on September 24, 2011. On a tour lasting about two hours, the visitors were able to watch, among other things, the MoliCare production, the driverless transportation systems in the warehouse, and the quality and environmental management at the location. The children practiced caring for a "patient" and enjoyed playful activities related to HARTMANN.

Fully consistent with our brand promise of being the helper of helpers, the spirit of sharing, openness and hospitality was the main theme of the program. Surprise guest on this exciting day: Dr. Rinaldo Riguzzi.

### **HARTMANN helps in the Horn of Africa**

Many people who made their way to refugee camps during the drought in East Africa lasting for months now need medical care in addition to food and drinking water. For material donations, HARTMANN has been working with the relief organization Humedica for many years. Humedica ensures the supply of urgently needed HARTMANN products to the disaster area, including dressing materials, surgical gloves or underpads.

## Business Development in the First Three Quarters of 2011

### Strong growth in the Infection Management segment

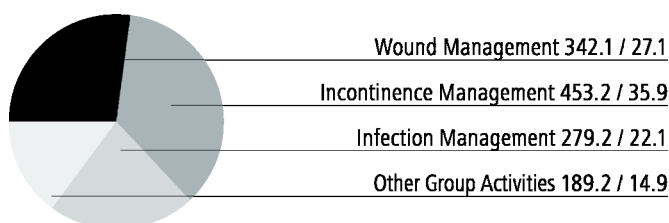
In the first nine months of fiscal year 2011, the HARTMANN GROUP achieved global sales revenues of EUR 1,263.8 million. This is an increase of 5.0% compared to the previous year.

In the Wound Management segment, sales revenues were EUR 342.1 million as at September 30, 2011, an increase of 3.7%. HARTMANN recorded growth in all major product categories for professional wound care. The consumer-focused range in pharmacies was also increasingly well received by customers. In the Incontinence Management segment, HARTMANN recorded a sales increase of 2.2% to EUR 453.2 million as at the end of the third quarter of 2011. Two-piece systems, pads and fixation pants in particular contributed to the sales growth. MoliCare Mobile, the incontinence pants for mobile patients, was again the strongest growing product in this segment. The Infection Management segment continued its double-digit growth in the course of fiscal year 2011. Sales revenues rose by 13.2% to EUR 279.2 million as at September 30, 2011. Major growth drivers were the product categories of surgical sets, disinfectants and gloves.

The share of the medical core segments in total sales was 85.0% as at September 30, 2011.

### Share of total sales by business segment of the HARTMANN GROUP as at September 30, 2011

in EUR million and percent



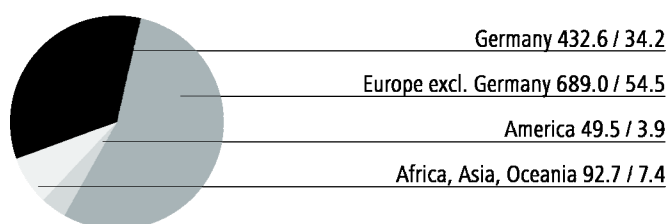
Other Group Activities recorded sales revenues of EUR 189.2 million in the first nine months of the fiscal year, an increase of 2.9% compared to the previous year. The CMC Group and the Kneipp Group contributed to this growth.

In the core market Germany, sales revenues rose by 5.5% to EUR 432.6 million as at the end of the third quarter of 2011. This increase resulted

particularly from the growth in the Infection Management segment. In Europe (excluding Germany) sales revenues were EUR 689.0 million. The 4.4% increase is mainly due to good growth in the Central and Eastern European regions. In America sales revenues were EUR 49.5 million, a decrease of 4.5% due to the U.S. dollar's weakness against the Euro. The Africa, Asia and Oceania region saw an increase in sales revenues of 13.3 % to EUR 92.7 million, primarily driven by sales growth in Australia as well as by Kneipp in Japan.

### Share of total sales by region of the HARTMANN GROUP as at September 30, 2011

in EUR million and percent

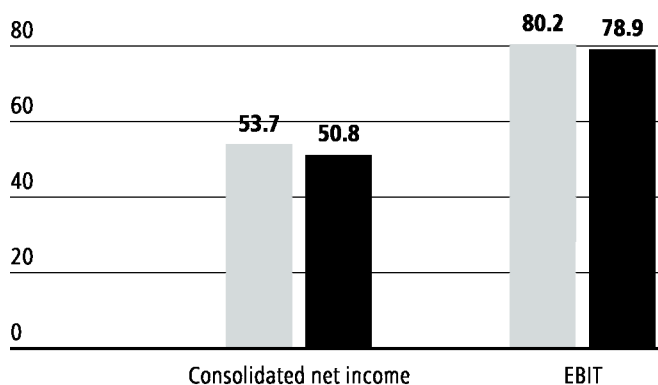


### Unfavorable market environment affects results

Given the heavily indebted national economies, the HARTMANN GROUP continued to be confronted with increasing restrictions on reimbursement for medical products in the national health systems and continued high price pressure in the first three quarters of 2011. Despite the global economic slowdown, prices for raw materials and crude oil remained at a high level.

### Development of consolidated net income and EBIT for the HARTMANN GROUP

in EUR million



Legend:  
 Light grey bar: as at September 30, 2010  
 Black bar: as at September 30, 2011

The same applies to transportation costs for container and truck freight. However, the price increases we systematically introduced in our sales markets have not yet fully compensated for the rise in costs. Against this background, EBIT of the HARTMANN GROUP declined by 1.6% to EUR 78.9 million as at September 30, 2011 compared to the previous year. The consolidated net income decreased by 5.5% to EUR 50.8 million.

### Equity ratio continued at high level

The equity ratio was 50.3% as at the end of the third quarter of 2011. Net debt of the HARTMANN GROUP as at September 30, 2011 was EUR 183.9 million, a decrease of EUR 37.9 million compared to the end of the second quarter. Measures introduced to reduce the working capital also contributed to this.

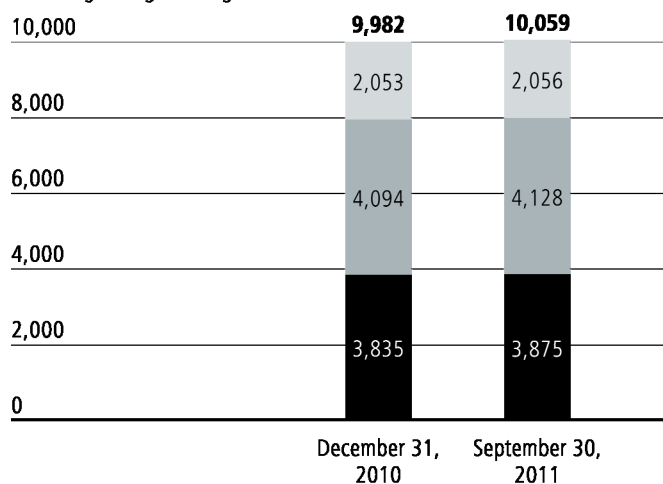
## Employees

### Number of employees slightly increased

On September 30, 2011, the HARTMANN GROUP had 10,059 employees, an increase of 77 employees compared to the end of 2010. This change is mainly based on the expansion of manufacturing capacity in the KOB plant in Qingdao/China and of sales structures in the growing Russian market. In addition, the integration of the French cosmetics manufacturer Cattier into the Kneipp Group increased the number of employees. 61.5% of the employees were working in foreign subsidiaries at the end of the third quarter of 2011.

### HARTMANN GROUP payroll

Including changes to regional allocation



## The HARTMANN Share

### Development of share price

On September 30, 2011, the HARTMANN share was listed at EUR 185.50 per share on the Open Market of the Frankfurt Stock Exchange. The end-of-year 2010 value was EUR 235.00 per share. Currently (October 27, 2011) the price is EUR 186.00 per share.

## Outlook

Growth and profitability continue to remain the top priority of the HARTMANN GROUP in fiscal year 2011. With a product portfolio based on customer needs and added-value services we are well positioned as an established branded medical device company to be the preferred partner for an increasing number of customers worldwide.

However, we continue to expect volatile raw material and logistics costs still remaining at a high level, and strongly fluctuating exchange rates. The continued debate regarding appropriate measures to solve the debt crisis in various national economies makes it additionally difficult to give a concrete forecast on the market conditions for the HARTMANN GROUP. In view of the efforts to consolidate national budgets, we expect a further increase of price pressure from customers on an international scale.

Under our Group-wide Cost Reduction and Stabilization of Results program, we have been reviewing all costs and are implementing a large number of measures as planned. In addition, we succeeded in raising market selling prices. Considering all relevant factors, we aim for a consolidated operating profit in 2011 at last year's record level.

### Information on the HARTMANN Share

Share Capital: EUR 91.3 million  
 Stock Exchange: Open Market of the Frankfurt Stock Exchange  
 Shares outstanding: 3.57 million shares  
 WKN: 747404/ISIN: DE0007474041  
 Annual General Meeting: May 4, 2012 in Heidenheim