

Press Release

HARTMANN GROUP starts the 2019 financial year with a 4% rise in sales

- **Sales revenues in all segments are up on the previous year – above-average growth in Wound Management driven by innovations**
- **EBIT at EUR 30.6 million virtually the same as last year (EUR 31.3 million)**
- **Targets confirmed for the 2019 year as a whole – focus remains on strengthening competitive position and customer orientation**

In the first three months of 2019, the HARTMANN GROUP, one of the leading international suppliers of medical and hygiene products, increased its sales revenues by 4.0% to EUR 536.4 million. The key growth drivers were the Wound Management segment and the CMC and KNEIPP brands that are included in the Other Group Activities segment. EBIT amounted to EUR 30.6 million which was virtually the same last year's figure of EUR 31.3 million. As expected, the higher prices of raw materials in particular had an adverse impact.

"Sales revenues have turned out satisfactorily with an organic rise of 4.1%," says Chief Executive Officer Britta Fünfstück. "Even so, the fact that the Wound Management segment has achieved almost double that growth rate shows that we still have a great deal more potential from which the whole Group can benefit if we press ahead with innovations and gear ourselves explicitly towards creating added value for our customers."

Fünfstück went on to explain: "The decline in the EBIT margin to 5.7% reflects the economic headwind from the raw materials markets and the sustained high regulatory costs. These are the issues that we will take as our starting points for action in the coming months and years. The focus will be on developing our competitive position, our earning power and our innovation potential."

Dynamic growth in European countries outside Germany

A notable contribution to the rise in sales came from the foreign markets that made up 68.0% of the Group's sales revenues. European countries outside Germany saw a 5.0% rise, driven among other things by growth in Northern Europe. Sales in America rose by 6.0%. Africa, Asia and Oceania recorded an increase of 5.4%. Overall, the impact of exchange rates only had a minor impact. In Germany, HARTMANN achieved growth of 1.7%.

The Wound Management segment's sales revenues went up by 7.8% compared to the first quarter of 2018, bringing the figure to EUR 118.6 million. Sales of super-absorbent wound dressings and

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the innovative HydroTherapy treatment concept contributed in particular to this strong growth. The business area of Personal Healthcare recorded slight growth. Sales in the Incontinence Management segment amounted to EUR 174.4 million, which was 0.8% higher than the prior-year figure, among other things due to above-average growth in the case of MoliCare® Mobile and the skincare range, MoliCare® Skin. The 1.9% increase in sales revenues to EUR 129.9 million in the Infection Management segment is primarily attributable to disinfection management products. Customized surgical sets and surgical gloves show a stable sales trend.

In the Other Group Activities segment, sales revenues increased by 7.5% to EUR 113.5 million. The organic growth of 7.2% is primarily due to successful sales of the CMC Group's private-label products and the KNEIPP Group's bath and bodycare products. The KOB Group, which is global market leader for special medical textiles, also achieved an increase in sales.

EBIT and consolidated net income almost the same as last year

The earnings before interest and taxes (EBIT) amounting to EUR 30.6 million (previous year: EUR 31.3 million) are equivalent to a return on EBIT of 5.7%, compared to 6.1% in the same period last year. The decline is notably a reflection of the rise in the price of key raw materials, especially cellulose, which was further intensified by the strength of the US dollar. The Group's consolidated net income of EUR 20.5 million was close to last year's figure (EUR 20.8 million).

Financial position continues to be sound

The HARTMANN GROUP's net financial position, at EUR 2.7 million, showed a more or less balanced result. The steep drop compared to the status at year-end 2018 (EUR 104.5 million) is to be attributed to the first-time adoption of Accounting Standard IFRS 16. Despite the additional items in the balance sheet the equity ratio stood at a solid 57.8%.

Outlook: Targets confirmed for the 2019 year as a whole

Despite the greater economic risks, the HARTMANN GROUP confirms its forecast for the 2019 year as a whole. While sales will show moderate growth, it is still expected that EBIT will reach between EUR 102 and 112 million.

For further information on the HARTMANN GROUP, please visit us at <https://hartmann.info/>.

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About the HARTMANN GROUP

The HARTMANN GROUP is one of the leading European providers of medical and hygiene products with its core expertise being in wound treatment (e.g. wound dressings, negative pressure wound therapy, conforming bandages and adhesive plasters), incontinence care (e.g. single-use incontinence pants and pads as well as skincare products for use in case of incontinence) and infection prevention (e.g. surgical custom procedure trays, surgical gowns, single-use surgical instruments and disinfectants). Its range also includes products for compression therapy and First Aid in addition to care products and cosmetics. Furthermore, HARTMANN offers innovative system solutions for professional target groups in the medical and healthcare sector. The Company, which has its headquarters in Heidenheim and which has Europe as its focal market, is organized with its own country companies close to the markets across the world. In 2018, the 11,027 employees of the HARTMANN GROUP generated sales of €2.12 billion.

PAUL HARTMANN AG, which is based in Heidenheim, Germany, forms the heart of the corporate group. It is one of Germany's oldest industrial companies, having been originally founded as a textile factory by Ludwig von Hartmann in 1818. In 1873, the latter's son Paul Hartmann, began production of absorbent cotton wool, and later the Company evolved into the flagship of an expanding dressing materials industry worldwide. The HARTMANN GROUP encompasses not only numerous sales companies abroad but also, among others, BODE Chemie (Hamburg), KNEIPP (Würzburg), Karl Otto Braun (Wolfstein), and Sanimed (Ibbenbüren).

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