

Press release

HARTMANN GROUP achieves sales growth of 3.7% in the first half of 2019

- **Revenues in all segments above previous year's level – above-average growth in Wound Management and at KNEIPP**
- **Raw material cost causes expected EBIT decline**
- **Full year targets for 2019 confirmed – focus on further strengthening of competitive position and customer orientation**

The HARTMANN GROUP, one of the leading international suppliers of medical and hygiene products, increased sales revenues by 3.7% to EUR 1.075 billion in the first half of 2019. All segments generated higher sales. The Wound Management segment has developed particularly dynamically. The Wound Management segment was an additional growth factor. With innovative wound care treatment concepts, we were able to exceed the average sales growth achieved by the HARTMANN GROUP. EBIT declined overall to EUR 53.4 million (previous year: EUR 61.1 million), a development attributable in particular to the anticipated rise in the price of important raw materials and exchange rate trend.

“With sales growth of 3.7%, the financial year 2019 got off to a good start. The course has already been set for the second half of the year,” says CEO Britta Fünfstück. “With its use of targeted innovations and digital business models, HARTMANN is pursuing the objective of aligning itself even closer with direct customer added value and enhancing its competitiveness.”

“A good example is the acquisition of Safran Coating, one of Europe's leading manufacturers of silicone coating for healthcare products. With this acquisition we want to be able to offer an even wider and more innovative solution portfolio.”

Dynamic growth in European countries outside Germany

The non-domestic markets made a significant contribution to the rise in sales: The share of sales outside of Germany increased from 67.4% in the previous year to 67.9%. In other European countries, the increase was 4.5%, driven among other things by double-digit growth in Northern Europe. Sales growth in the regions of Africa, Asia and Oceania exceeded the average sales growth achieved by the HARTMANN GROUP. Continuing price pressure in the hospital business and lower sales because of inventory reductions in pharmaceutical wholesale meant that Germany lagged behind the dynamics seen in non-domestic markets with a growth by 2.2%. The Wound Management segment achieved a sales growth by 5.9% to EUR 242.3 million. This increase was

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mainly driven by superabsorbent wound dressings and modern wound treatment products as well as the innovative HydroTherapy treatment concept, which achieved high growth rates. In the Incontinence Management segment sales increased to EUR 349.4 million, which corresponds to a change by +0.9%. Among other factors, organic growth by 1.1% was driven by an above average performance of MoliCare® Elastic and Pull-up. The 2.5% increase in sales to EUR 258.9 million in the Infection Management segment is partly attributable to the continued success of Sterillium® Med as the core product for hand disinfection. With customized surgical sets and surgical gloves, the HARTMANN GROUP achieved a solid sales growth in the first half of the year.

Sales in the Other Group Activities segment increased by 7.3% to a total of EUR 224.4 million. Organic growth by 7.0% is mainly driven by solid sales of the CMC Group's private-label products and the KNEIPP Group's bath and body care products. The KOB Group, global market leader for special medical textiles, also achieved an increase in sales.

Increasing raw material cost causes decline in EBIT

Earnings before interest and taxes (EBIT) came in at EUR 53.4 million (previous year: EUR 61.1 million) at the end of the first half of the year, corresponding to an EBIT margin of 5.0% compared to 5.9% in the prior-year period. The decline reflects the rise in the price of key raw materials, mainly cellulose. The effect was aggravated by an unfavourable exchange rate trend in the first six months compared to the prior year period. In addition, investments in distribution and administration also took their toll. The consolidated net income decreased to EUR 35.9 million in a year-on-year comparison (EUR 41.0 million).

Sound financial position maintained despite decline in net financial position

The net financial position of the HARTMANN GROUP declined to EUR -23.7 million (end of 2018: EUR 104.5 million) in the first six months of 2019. This decline, compared to the end of 2018, is mainly attributable to an amendment to the international accounting standards (IFRS 16), which led to an increase in financial liabilities. The equity ratio declined by 4.3 percentage points to 56.1% as of 30 June 2019 due to the associated balance sheet extension compared to the 2018 balance sheet date.

Outlook: Full-year targets for 2019 confirmed

Despite the currently high prevailing macroeconomic risks, the outlook for the global healthcare industry remains positive overall. The HARTMANN GROUP expects moderate sales growth and an EBIT of between EUR 102 and 112 million.

For further information on the HARTMANN GROUP, please visit our website 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 a focus on wound treatment (e.g. wound dressings, negative-pressure wound therapy, conforming bandages, plasters), incontinence care (e.g. disposable incontinence underwear and pads, as well as skincare products for incontinence) and infection protection (e.g. complete surgical kits, surgical clothing, disposable surgical instruments and disinfectants). The portfolio also includes products for compression therapy, first aid, and nursing and cosmetic products. In addition, HARTMANN offers innovative system solutions for professional target groups in the medical and healthcare sectors. With its subsidiaries around the world, the Heidenheim-based company, which focuses primarily on the European market, ensures it is in close contact with its customers. In 2018, 11,027 employees in the HARTMANN GROUP generated sales of EUR 2.12 billion.

PAUL HARTMANN AG in Heidenheim/Germany is the heart of the group. It is one of the oldest German industrial companies and dates back to a textile factory founded in 1818 by Ludwig von Hartmann. In 1873, under his son Paul Hartmann, the company began producing absorbent cotton wool. It later went on to become the flagship of an expanding dressing material industry worldwide. In addition to numerous sales companies abroad, the HARTMANN GROUP also includes BODE Chemie (Hamburg), KNEIPP (Würzburg), Karl Otto Braun (Wolfstein) and Sanimed (Ibbenbüren).

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