

Press release

HARTMANN starts strategy implementation with a comprehensive transformation program:

Focus on innovative strength, competitive strength and process efficiency

- **Improvement of cost position and process efficiency strengthens long-term resilience to increasing market and competitive pressure**
- **Extensive investments in production, logistics, innovation, digitization of processes, infrastructure and new business models support expansion of market position in core segments**
- **Sustainable increase in enterprise value in the focus of internal management; EBIT 2020 significantly influenced by strategically induced additional expenses**

The HARTMANN GROUP is starting to implement a new five-year strategic program to strengthen its competitiveness and secure a leading international market position in the three core segments of Wound, Incontinence and Infection Management. The Supervisory Board unanimously approved the execution plan drawn up by the Executive Board based on extensive business analyses.

Strengthening resilience, exploiting future opportunities

With this strategy, HARTMANN is responding to the current market challenges. The structural change in the healthcare markets is determined by growing pressure on public healthcare budgets, increasing competitive and price pressure, consolidation and regulatory requirements. "With the consistent implementation of our strategy, we will strengthen HARTMANN's resilience and at the same time create the conditions to take advantage of the opportunities offered by the industry

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Management Board: Britta Fünfstück (Chairperson/CEO), Dr.
Raymund Heinen, Michel Kuehn, Stephan Schulz
Chairman of the Supervisory Board: Fritz-Jürgen Heckmann

Head office: Heidenheim
Local Court of (Amtsgericht) Ulm HRB 661090

transformation to the benefit of our customers, shareholders and employees," says Britta Fünfstück, CEO of the HARTMANN GROUP. "Our aim is to undertake significant investments in the future to anchor ourselves as a strong partner in the healthcare markets. To this end, we will accept temporary earnings losses in the interests of our long-term profitable growth."

The strategy program has three main goals:

- HARTMANN is striving for a visibly increased innovation rate also driven by new digital business models
- Through extensive investments, HARTMANN is focusing its core business areas much more strongly on profitable customer segments and sales channels.
- HARTMANN significantly improves cost and competitive position along the entire value chain

Long-term improved earnings outlook after strategy execution; earnings in 2020 significantly influenced

The implementation will involve extensive investments in new production facilities, logistics solutions and the Group's increasingly digital infrastructure. At the same time, HARTMANN is increasing its expenditure on the development of new products, increasing its power in sales and marketing and implementing regulatory requirements. Due to these effects, in 2020 a significantly reduced EBIT will be expected. Britta Fünfstück: "A period of special efforts lies ahead of us, but one that will strengthen HARTMANN step by step.

With the aim of directly reflecting the success of strategy execution, HARTMANN is converting its internal value-based management and external prognosis at Group level to EBITDA adjusted for special effects and organic sales growth as key figures. For 2020, the Executive Board expects moderate organic sales growth and adjusted EBITDA of EUR 159 to EUR 176 million. At the same time, HARTMANN remains confident that it will achieve its EBIT-based forecast for the current fiscal year 2019.

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Board expansion supports implementation of focused strategy

To support the implementation of the strategy, the Supervisory Board appointed François Georgelin, Head of the HARTMANN Wound Management Division, to the Board of Management of PAUL HARTMANN AG effective January 1, 2020.

CFO Stephan Schulz will leave the Board of Management at the end of 2019 as he has decided to turn to new professional challenges after ten very successful years at HARTMANN. "Stephan Schulz has shaped HARTMANN through his successful work and great commitment, both in his role as CFO and in his important entrepreneurial contributions, for which we thank him very much," commented Britta Fünfstück, CEO of PAUL HARTMANN AG.

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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