

Press Release

HARTMANN raises forecast due to temporary effects of coronavirus pandemic

- In the first six months of 2020, HARTMANN achieved organic sales growth of 16 % and a significant improvement in earnings
- The forecast is raised due to the ongoing compensation of lower profitability in the Wound Management segment through increased sales of disinfectants and personal protective equipment; the extent of temporary overcompensation exceeds expectations
- Continued implementation of the Transformation Program to strengthen competitiveness in the face of growing price pressure in the healthcare sector due to the coronavirus pandemic

Heidenheim, Germany - August 18, 2020

The coronavirus pandemic continued to dominate the second quarter of 2020. “During the coronavirus pandemic, the HARTMANN GROUP has lived up to its important responsibility as a company in the healthcare sector. In particular, we have largely been able to meet the increased demand for disinfectants and personal protective equipment, by making appropriate use of resources to increase production and expand sources of supply for individual product groups,” says Britta Fünfstück, CEO of the HARTMANN GROUP. In the first half of 2020, HARTMANN achieved a strong organic sales growth of 16 % and a significant increase in earnings. Britta Fünfstück adds, “The use of our products to handle the coronavirus pandemic led to a high demand in the Infection Management segment, which in 2020 will compensate for other business segments that have declined due to the pandemic. This effect occurred as expected, but, contrary to expectations, to a greater extent. With regards to the year 2020 as a whole, we therefore expect that the negative effects mentioned above will be more than offset by the positive development in the first half of the year.”

Wound Management and Risk Prevention feel the negative effects of the coronavirus pandemic – implementing the Transformation Program is crucial

In HARTMANN’s view, the increased demand for disinfection and personal protective equipment will continue for the time being. However, HARTMANN is recording a slump in profits for wound and sterile surgical products due to postponed scheduled operations and declining numbers of visits to doctors. Therefore, it is all the more important for the company to implement its action plan, which is aimed at product innovations and digital solutions, expanding the product portfolio in profitable customer segments and a competitive costs position. Last year, HARTMANN invested more heavily in production facilities and operational improvements to boost efficiency and improve

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costs. At the same time, the company is constantly reviewing its structures. "Our Wound Management and Risk Prevention divisions in particular will continue to feel the negative effects of the coronavirus pandemic in the future, as there will be less demand for these products and solutions. Our focus on the overall cost position and the strengthening of our innovation pipeline to improve competitiveness and to counter increasing price pressure in the healthcare system therefore remains crucial," said Fünfstück.

Raising the forecast for the 2020 fiscal year

Based on business performance in 2020 to date, in particular the ongoing compensation for the negative profitability trend in the Wound Management segment and the figures for the first half of the year, the company expects to significantly exceed the previously planned sales and earnings level for 2020. The PAUL HARTMANN AG Management Board has therefore decided to raise the outlook for the 2020 fiscal year. According to the Management Board, HARTMANN now expects strong organic sales growth and an adjusted EBITDA of EUR 230 to EUR 280 million. Previously, moderate organic sales growth and an adjusted EBITDA of EUR 159 to EUR 176 million were expected.

HARTMANN assumes that price pressure on the healthcare sector will increase as a result of the coronavirus pandemic. In order to establish a strong basis, the HARTMANN GROUP's priority is to continue to implement the Transformation Program launched in 2019. The associated investment requirements in combination with the negative effects of the coronavirus pandemic are likely to have a negative impact on earnings in the following year.

Information on the first half of 2020 will be published on August 26, 2020. For further information on the HARTMANN GROUP please visit <https://hartmann.info/>

About the HARTMANN GROUP

The HARTMANN GROUP is one of the leading European providers of professional medical and care products and associated services. Its core portfolio is rounded off by consumer-focused medical products as well as skin care and cosmetics articles. In the Wound Management segment, HARTMANN focuses on wound dressings and bandages for traditional and modern wound care. In the Incontinence Management segment, the focus is on absorbent, body-worn products for different degrees of incontinence. The Infection Management segment comprises the business units Risk Prevention and Disinfection. In Risk Prevention, HARTMANN provides customer-specific, pre-assembled sets of components, clothing and covering materials for the operating theatre as well as examination gloves. In the Disinfection segment, HARTMANN develops and produces products for hand and surface disinfection to protect against infectious diseases. The business activities of the group companies KNEIPP, CMC and KOB are included in the Other Group Activities segment. Under the "Glück, das wirkt" trademark, the KNEIPP Group markets body care products, dietary supplements and herbal medicinal products. The CMC Group mainly distributes private-label products in the areas of cotton/cosmetic, medical, baby and home care.

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Going further
for health

The KOB Group is an expert for specialized medical textiles and bandages. The HARTMANN GROUP focuses on the European market, while maintaining its own companies around the world, close to the relevant local markets. In 2019, 11,096 employees in the HARTMANN GROUP generated sales of EUR 2.2 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.

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