

Press Release

Record sales for its 200th anniversary: The HARTMANN GROUP breaks through the 2-billion-euro mark

- **Sales up by 3.6% to €2.06 billion, organic growth of 2.0%**
- **4% rise in the consolidated earnings after taxes to €93.7 million**
- **EBIT slightly below the previous year's level (€138.2 million, -0.6%)**
- **Number of employees grows by 3.8% to 10,764**
- **Steady dividend proposed of €7.00 per share**
- **Outlook: Sustainable investments in the future in progress**

"With targeted investments in the future and holistic healthcare solutions, we were able to increase Group sales by 3.6% during the 2017 financial year to €2.06 billion. This means we are building on the growth rates of previous years," explains Andreas Joehle, Chief Executive Officer of the HARTMANN GROUP.

"At €138.2 million, EBIT has declined slightly over the previous year. Next to the one-off effective from the LINDOR acquisition, this is largely due to pricing pressure on the markets for medical and healthcare products, as well as higher regulatory spending. However, thanks to an improved financial outcome we have increased the consolidated net income by 4.0%. The dividend remains stable."

"Our aspiration is to constantly improve healthcare and enhance quality of life for as many people as possible. We are shaping our own future today as we continue to actively drive innovation. The HARTMANN GROUP will also continue to pursue this direction in 2018."

Outlook for 2018 – continuous growth despite a challenging environment

Overall, the outlook for the global healthcare market is positive. Growth drivers remain demographic change and the associated increase in those who suffer from chronic diseases requiring care. In an area of healthcare strained by time, cost pressure and a shortage of nurses, it is innovative, practical and cost-effective solutions that are becoming increasingly important. The HARTMANN GROUP is well positioned for this thanks to its future-oriented investments. For 2018, the company is expecting a further moderate increase in sales and – due to its investment strategy – a moderate decline in EBIT. The planned investments extend from measures related to the ongoing expansion of the product portfolio and programme of efficiency improvements to

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addressing ongoing regulatory issues and the continuing digitalisation of the HARTMANN GROUP across the entire value chain. Chief Executive Officer, Andreas Joehele: "We promote those e-healthcare projects that create genuine added value for our customers. Starting with our already successful projects, such as order portals, online shops or process support for continence care."

Growth in sales driven by innovations and acquisitions

The HARTMANN GROUP has been on course for growth both in Germany (+1.6%) and abroad (+4.7%). In the Africa, Asia and Oceania region we have been able to improve significantly on the previous year's figures. Moreover, the HARTMANN GROUP has been particularly successful in Western and Southern Europe as it has benefited from the acquisition of LINDOR and Salvacamas, which are among the best-known brands for incontinence products in Spain and Portugal. The takeover of LINDOR successfully completed by the HARTMANN GROUP in mid-2017, represents a strategically important acquisition for the company. HARTMANN is now one of the leading manufacturers of incontinence products for adults on the Iberian Peninsula, thereby strengthening its Europe-wide incontinence business.

Thanks to the LINDOR acquisition, in 2017 the incontinence management segment achieved 3.2% growth in sales revenue totaling €665.4 million. When it comes to the incontinence management product range, MoliCare® Mobile and MoliMed®, along with the skincare line MoliCare® Skin, all achieved gains.

Sales revenues in the Wound Management segment grew by 5.2% compared with the previous year to €457.7 million. The most important drivers of growth were, apart from superabsorbent wound dressings, also antibacterial wound dressings and the innovative HydroTherapy treatment concept that HARTMANN launched in 2016 and which is already clearly showing results. HARTMANN reacted to the price pressure in the market with a realignment towards product lines with high margins and expanding its business targeting self-paying end consumers. Sales growth contributed by the Personal Healthcare segment was driven primarily by the new generation of premium blood-pressure monitors launched in May 2017.

The Infection Management segment grew in 2017 by 2.6% to a turnover of €492.1 million. In the range aimed at holistic prevention of infection, customised surgical procedure trays and special single-use kits for patient care recorded good growth. The Peha® single-use surgical instrument range and the Peha® range of surgical gloves proved very popular among customers in the market.

In the Other Group Activities segment, which includes product ranges targeting end consumers and trading activities, the HARTMANN GROUP increased its sales by 3.9% to €443.4 million. This is primarily due to KNEIPP's strong growth in Europe and Japan. The range has been expanded, including in the area of personal care, with shower gels and certified natural cosmetics.

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EBIT slightly under the previous year's level, consolidated net income improved

The decline in EBIT by 0.6% to €138.2 million reflects, in addition to the one-off effect of the LINDOR acquisition, the continuing high pricing pressure on sales markets as well as higher regulatory spending - primarily for implementation of the new Medical Device Regulation. Due to the improved financial results, consolidated earnings still rose 4.0% to €93.7 million.

Net financial position continues to be positive in spite of the acquisition

Even with the capital investment for the acquisition of LINDOR, the HARTMANN GROUP's net financial position at the end of 2017 was healthy with a plus of €71.7 million. This is thanks to the increase of €49.5 million in operating cash flow to €200.5 million. In this, we see in particular the effects of the improvement in net working capital. Investments also increased primarily due to LINDOR, from €69.2 million in the previous year to €198.5 million. Equity showed an increase of €38.6 million to €854.8 million. Thanks to the acquisition-related rise in the balance sheet total, the equity ratio was, at 59.7%, slightly below the 2016 year-end figure (61.4%).

Number of employees increased

The number of employees within the HARTMANN GROUP increased globally to a total of 10,764 (it was 10,372 at the end of 2016). In the European core markets an additional 211 employees were added to the workforce. This was primarily due to the expansion of production in the Czech Republic and KOB Medical Devices in Germany. In addition, KNEIPP's dynamic growth, as well as the acquisition and integration of the LINDOR business in Spain, led to an increase in the number of employees. Beyond Europe, the expansion in production capacity in India and the development of sales in China led to a rise in employee numbers.

Dividend stability: proposal for an unchanged €7.00 per share

The Management and Supervisory Boards will propose during the Annual General Meeting on April 20, 2018, a distribution of a dividend of €7.00 per share, as in the previous year, equating to a distribution of EUR 24.9 million. In so doing, HARTMANN maintains its continuity and solid orientation regarding its dividend policy.

For further information about the HARTMANN GROUP please visit our website at
<https://hartmann.info/>

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HARTMANN GROUP				
in EUR million Rounding differences balanced	2016	2017	Change compared to prior year	
			absolute	in %
Sales revenues	1,986.5	2,058.6	+72.1	+3.6
Of which outside Germany in %	65.8	66.5		
Consolidated net income	90.1	93.7	+3.6	+4.0
Net return on sales in %	4.5	4.6		
EBIT	139.1	138.2	-0.9	-0.6
Return on EBIT in %	7.0	6.7		
Equity/asset ratio in %	61.4	59.7		
Net financial position on 31 December	+102.0	+71.7	-30.3	-29.7
Employees as at December 31 ¹	10,372	10,764	+392	+3.8
Dividend per share in EUR	7.00	7.00 ²	+0.0	+0.0

¹ Excluding staff on parental leave and PAUL HARTMANN AG Management Board members
² In line with the dividend proposal.

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 organised with its own country companies close to the market across the world. In 2017, the 10,764 employees of the HARTMANN GROUP generated sales of EUR 2.06 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), Karl Otto Braun (Wolfstein), Sanimed (Ibbenbüren) and KNEIPP (Würzburg).

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