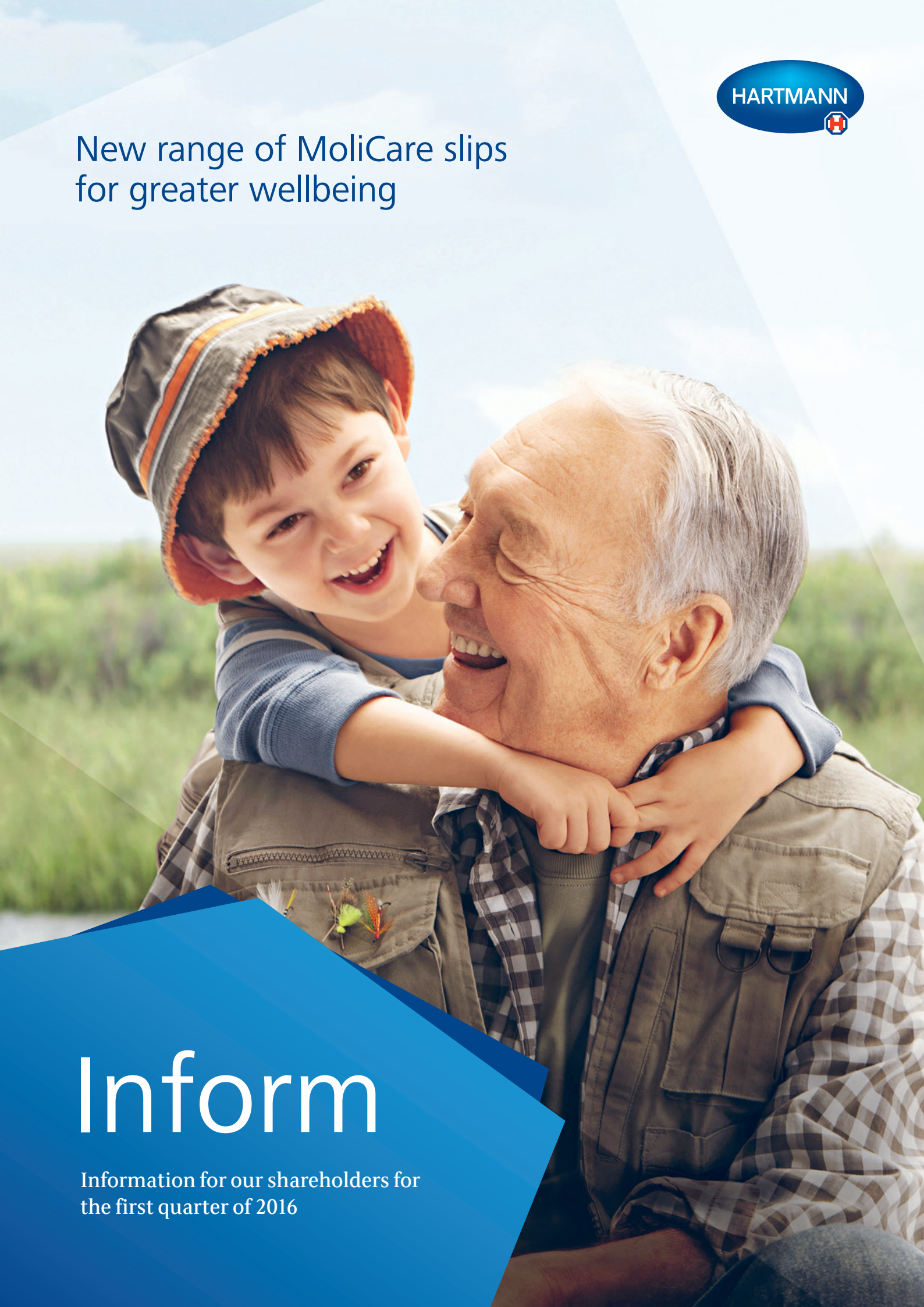
HARTMANN

New range of MoliCare slips for greater wellbeing



Inform

Information for our shareholders for the first quarter of 2016

Dear Sir or Madam,

Economic slowdown, intense competitive pressure, unfavorable developments in the price of raw materials and currency exchange rates – the challenges we were facing in the first quarter of 2016 were as great as ever. Nevertheless, the HARTMANN GROUP still managed to build on last year's profitable growth, achieving another rise in both sales and earnings.

Compared to the previous year, sales revenues went up by 1.4% to EUR 482.5 million. Our organic growth was double that rate and was spread across all of our business segments, largely driven by innovative products and treatment concepts.

Moreover, we are on a firm financial footing for further growth – be it through investments, acquisitions or strategic partnerships. Our high equity ratio and net liquidity provide us with a stable basis.

For those of you who have confirmed your attendance of this year's 102nd Annual General Meeting, we look forward to welcoming you in person to our Communications Center in Heidenheim on May 13, 2016.

Yours sincerely,

PAUL HARTMANN AG

Andreas Joehle

Stephan Schulz

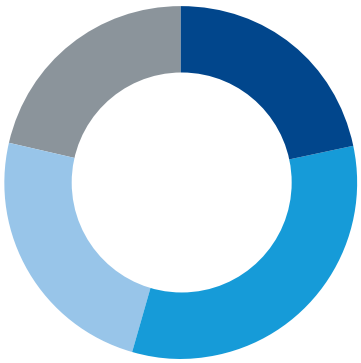
HARTMANN is a leading international manufacturer of medical and hygiene products. In a world where health is becoming an increasingly important matter and is managed more professionally, we offer our customers simple and effective solutions for the benefit of the patients. This is expressed in our brand promise of "Going further for health". Professional system offerings for wound treatment, incontinence hygiene and infection prevention form the core of our portfolio.

Key performance indicators of the HARTMANN GROUP as of March 31

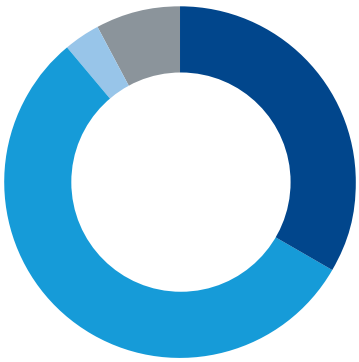
in EUR million	**2015**	**2016**	**Changes compared to previous year** absolute	in %
Sales revenues	475.6	482.5	6.9	1.4
of which outside Germany in %	66.7	66.5		
EBIT	35.6	37.0	1.4	3.9
Return on EBIT in %	7.5	7.7		
Consolidated net income	22.7	25.0	2.3	10.0
Net return on sales in %	4.8	5.2		
Equity ratio in %	55.2	59.0		
Net financial position	18.2	42.5	24.3	133.5

Business Development in the First Quarter of 2016

Share of total sales by business segment
in EUR million and percent



Share of total sales by region
in EUR million and percent



Organic growth offset by the impact of currency exchange rates

In the first three months of the financial year 2016, the HARTMANN GROUP achieved a slight rise in earnings, with sales showing moderate growth.

Global sales revenues rose by 1.4% to EUR 482.5 million. Our growth rate, excluding exchange rate, divestment and acquisition effects, was 2.8%, which was roughly the same as the long-term market growth in the medical consumer goods sector.

In the Wound Management segment, due to exchange rate factors, sales revenues increased only marginally by 0.3% to EUR 101.7 million. The organic sales growth of 2.1% is to be attributed in particular to another increase in unit sales of HydroTherapy, our innovative treatment concept, and of our negative-pressure wound therapy system marketed under the brand name Vivano. We also managed to surpass last year's sales figures for post-operative dressings and customized procedure trays for wound treatment. In the Personal Health Care segment, as in the previous year, it was notably thermometers that contributed to the positive trend.

In the Incontinence Management business segment, sales revenues amounted to EUR 159.2 million which was the same level as last year, while organic growth came to 1.7%. The main factor here, above all, was the strong rise in sales of MoliCare Mobile. This more than compensated for the moderate decrease in sales revenues from incontinence slips and pads and from skincare products.

The Infection Management segment recorded slight sales growth of 0.3% to EUR 117.8 million. The organic growth of 1.3% clearly demonstrates the sustained high demand for holistic infection prevention. There was growth – and in part some significant rises – in sales revenues from customized complete surgical procedure trays and specific disposable trays for use in patient care and also from disposable surgical instruments and surgical clothing. On the other hand, our sets of surgical drapes and range of surgical gloves didn't quite manage to reach last year's level. The initiatives to improve hygiene compliance are reflected, among other things, in the rise in sales of surface disinfection products.

The Other Group Activities segment saw sales climb by 6.3% to EUR 103.8 million. Organic growth was even a bit higher than that (7.2%).

Compared to the same quarter of last year, the share of the core medical business segments in the HARTMANN GROUP's total sales revenues went down slightly from 79.5% to 78.5%.

Upward trend in Germany and Europe

In almost all sales regions, the HARTMANN GROUP achieved organic growth in the quarter under review which, however, was up against adverse exchange rate factors outside of the euro zone. Germany remained our most important single market, rising 1.9% to EUR 161.6 million. The rest of Europe accounted for a sales volume of EUR 267.7 million which is equivalent to a rise of 1.7%. The growing level of business in western and southern Europe made up a large part of this figure. The pleasing growth in eastern Europe, however, was largely eroded by the unfavorable exchange rate development with the Russian ruble. Sales revenues in the Asia, Africa, Oceania regions (EUR 37.1 million) and America (EUR 16.1 million) showed a stable development – in some cases with significant growth in local currency figures.

Further improvements in EBIT and consolidated net income

The moderate rise in sales revenues and the sustained improvements to productivity in production and logistics had a positive effect on the earnings trend, more than compensating for the opposing impact of intense competitive pressure and a rise in the price of raw materials and merchandise traded in US dollars.

Despite the additional cost of expanding our sales and marketing activities in attractive target markets, the HARTMANN GROUP's EBIT increased by 3.9% compared to the prior year, bringing the figure to EUR 37.0 million. Our consolidated net income went up 10.0% to EUR 25.0 million.

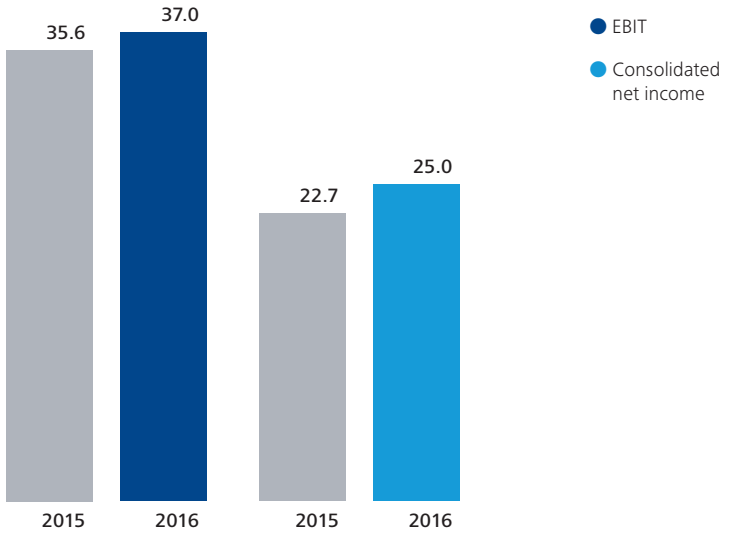
Improvement in net liquidity, with the equity ratio remaining at a high level

The HARTMANN GROUP's financial position has only undergone negligible changes compared to the status at year-end 2015. Net liquidity went down slightly by EUR 2.1 million to EUR 42.5 million in the first quarter of 2016. Compared to year-end 2015, the equity ratio as at March 31, 2016 remained practically unchanged at 59.0%.

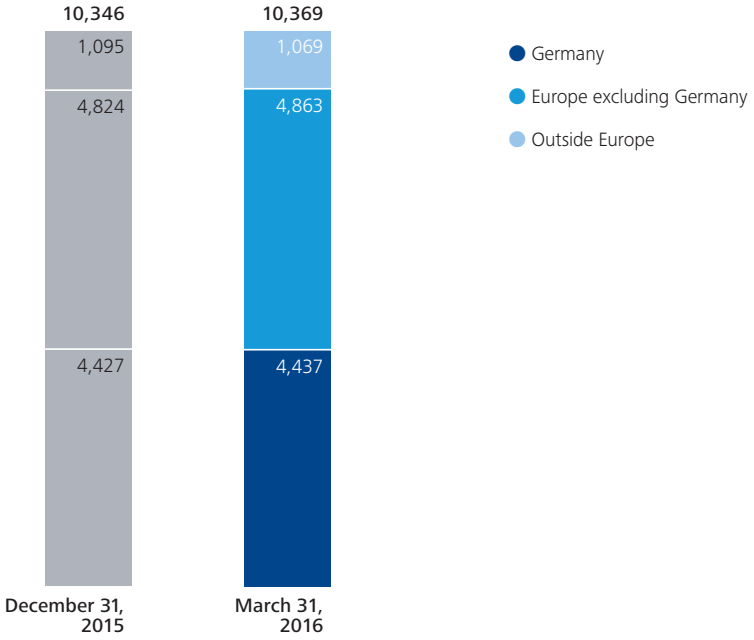
Slight increase in the number of employees

The number of employees at the HARTMANN GROUP went up by 23 to 10,369 in the last three months. In Europe, there were new recruitments based on our sales expansion and greater operational capacity. Meanwhile, in China and India, there were slight reductions in staff. Just like at year-end 2015, 57.2% of the total number of staff as at March 31, 2016 were employed outside of Germany.

Development of EBIT and consolidated net income of the HARTMANN GROUP as of March 31 in EUR million

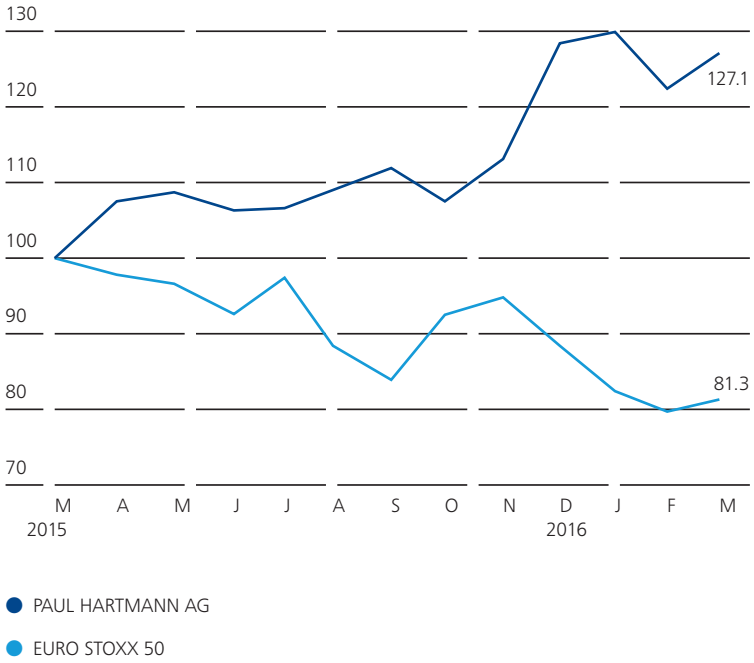


Number of employees of the HARTMANN GROUP



Performance of the HARTMANN share price compared to EURO STOXX 50

March 31, 2015 (= 100 percent) to March 31, 2016 in percent



Positive performance of the HARTMANN share
The HARTMANN share was listed at EUR 425.90 per share at the end of March 2016, down EUR 4.10 on the end-of-year 2015 value (EUR 430.00). The share price reached a new all-time high on January 14, 2016 at EUR 444.00. (Status as of March 31, 2016.)

Basic information on the HARTMANN share

WKN	747404
ISIN	DE0007474041
Exchange	Frankfurt Stock Exchange
Segment	Open Market (Entry Standard)
Type of share	Registered unit shares held in collective safe custody
Capital stock	EUR 91.3 million
Number of shares	3,572,424 units, of which 20,682 units are held as own shares

Moderate increase expected in sales and earnings
In view of the weak economic climate, particularly in the emerging nations, the World Bank lowered its growth prognosis for 2016 to 2.9%. Downward adjustments were also made to the forecast for Germany and the euro zone.

Nevertheless, after its positive performance in the first quarter, the HARTMANN GROUP considers itself to be well placed to maintain its profitable growth path. The focus remains on actively managing the volatility of raw materials prices and exchange rates, safeguarding our organic growth by means of targeted investments, and exploiting our productivity reserves on an ongoing basis. In its core medical business the HARTMANN GROUP will continue to rely on acquisitions and strategic partnerships, both with a view to expanding its portfolio sensibly and to improving its market position in the sales regions.

For the remaining business year 2016, we assume that the priority programs and measures described will have a positive impact on sales and earnings. After carefully considering all relevant factors, we are still cautiously optimistic that in the year 2016 as a whole we will achieve a slight increase in EBIT with moderate growth in sales revenues and that on the basis of this we will also achieve a moderate improvement in our net financial position. The risks and opportunities described in the group management report 2015 remain the same.

For this reason, we perceive the demographic trend, especially in the emerging markets such as Brazil and China, as an important opportunity to satisfy the foreseeable rise in demand for medical and healthcare products. By diversifying our business activities over various segments and through sales-driven expansion into a variety of markets, we avoid an accumulation of risks.

New range of MoliCare slips for greater wellbeing

In the past, healthy skin and incontinence were two conditions that were almost completely incompatible. Now, however, the MoliCare Premium range of slips is setting new standards in modern healthcare for incontinent patients and care home residents. Ensuring skin health in the elderly is a major challenge that the healthcare sector faces.

IAD (incontinence-associated dermatitis) is a condition that pushes up the cost of healthcare and places an additional financial burden on the budgets of healthcare institutions. Not only that, but it also detracts from the general wellbeing of those afflicted, bearing in mind that skin irritations are also often painful. Moreover, the person's mobility is restricted, leading to isolation and loneliness.

The new MoliCare range of incontinence slips for greater wellbeing: this message is underlined by the visual images used in our communications concept for the product launch.

The visual images used to promote the MoliCare Premium range aim to express the product's attributes: contemporary, kind to the skin, user-friendly and functional.

In this respect, our MoliCare range of slips, together with our Menalind skincare range, help to make life much easier for care home residents, patients and nurses/carers. The active skin protection technology used in our MoliCare Premium range of incontinence slips keeps pH values at a neutral level, thus helping the skin to stay healthy. Meanwhile, our Menalind skincare range with its patented "Nutri Skin Complex" technology ensures that skin is properly cleansed, cared for and protected. The cleansing of the stressed skin can be carried out by means of Menalind wash gloves even without the use of water. In doing so, the Menalind impregnation solution supports the soft and gentle cleansing of the skin.

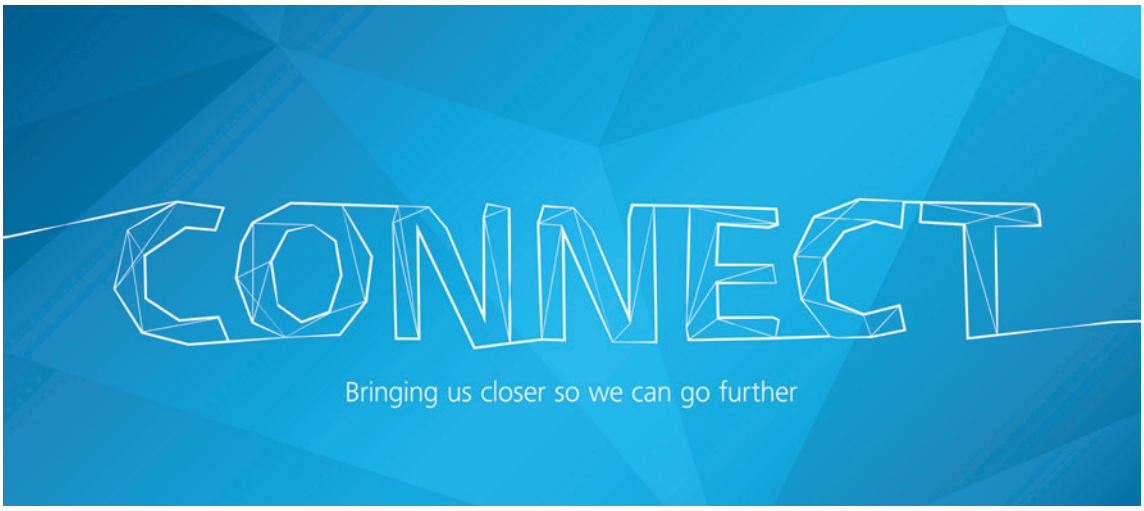
What's more, we have now introduced new categories of size and absorbency in our MoliCare Premium range in order to meet customers' individual requirements to an even greater degree and tailor our range to suit people's needs more precisely.

For the first time, there are now two lines of MoliCare slips available: basic and premium. Furthermore, the MoliCare range now also includes additional absorbency categories: the degree of absorbency is shown clearly on the packaging, using a new and improved 10-droplet concept. The absorbent section of the product boasts a quick-dry system that makes it more comfortable to wear while its leakage protection gives the wearer greater reassurance. Moreover, its three-layered absorbent core ensures that fluids are absorbed more rapidly. Furthermore, we have also added a new product to the range that features elasticated side panels.

The international launch of the MoliCare range of slips got underway at the beginning of 2016, accompanied by an extensive inter-disciplinary training program for sales and marketing employees which was put into effect for the first time in January in the Netherlands and Switzerland. By year-end, we plan to have provided more than 650 participants in 27 countries with intensive, practical training on the new range. It will take the form of face-to-face training and e-learning, and will be tailored to the target groups concerned.

MoliCare Premium extra plus. Product properties such as degree of absorbency or special features are shown clearly in a user-friendly way.

News from the HARTMANN GROUP



New enterprise social network "CONNECT" rolled out

HARTMANN launched its new enterprise social network, CONNECT, at the beginning of February 2016. In keeping with its brand promise of "Going further for health", the company has thus raised its internal communications to a whole new level.

The objective of CONNECT is to provide a modern, global communications and collaboration platform, in other words an internal corporate social network that connects all HARTMANN employees through news, knowledge, sharing and learning as part of their daily work. The focus here is on cross-functional and trans-national collaboration and on dynamic interaction.

Because the system works along the same lines as external social networks, many of our employees are already familiar with the way it functions, based on their own experience outside work. Each employee has his/her own profile and can link up with colleagues and join communities to work collectively on specific topics or projects.

CONNECT offers the opportunity to create a trans-parent, interconnected and knowledge-based corporate culture, making it possible to design work methods more efficiently and make better use of existing resources and synergies. The feedback we are getting three months on from the initial launch of CONNECT is very positive.

HARTMANN Russia sponsors the "Festival of Life"

Going further for health: that is why the Russian country organisation supported the "Festival of Life" in Moscow on January 30, providing the event with Sterillium, examination gloves, healthcare products and blood pressure monitors. The festival was staged by the organisation "Together against cancer". Almost 2,000 people took part, wanting to find out more about cancer or benefit from free cancer-screening tests. The event also brought HARTMANN into contact with specialists from the medical and healthcare sector.

The new HydroTac speeds up epithelial* wound closure

The longer a wound takes to close, the higher the potential risk of infection and cost of treatment. With the new HydroTac, HARTMANN now offers a product that speeds up epithelial* wound closure, thanks to a new type of gel layer incorporated into the foam dressing that helps the wound to heal itself. The gel encourages the necessary growth factors to accumulate that are needed to form the epithelial cells required for the wound to close. Additionally, it provides a moist wound environment that promotes healing. Moreover, it also prevents dressings from sticking to the wound, making the changing of these less painful for the patient.

Together with HydroClean, a cushion-like pad for wound cleansing, HydroTac is a component of HARTMANN's HydroTherapy concept for moist wound treatment.

With the new HydroTac, HARTMANN now offers a product that speeds up epithelial* wound closure.

* Epithelialisation means the overgrowing of a wound with epithelial cells, in this way, the skin defect is covered by skin cells.

United Kingdom: launch of HydroTherapy

In London, UK on the March 3, 2016, the UK organisation made its step into the advanced wound care market with the launch of HydroTherapy.

In association with the Journal of Wound Care, HARTMANN UK hosted a clinical and scientific symposium to launch the HydroTherapy concept and two new wound management products – HydroClean plus and HydroTac. Tissue Viability Nurses, Specialist Nurses and Key Opinion Leaders from across the UK joined as delegates.

The day was divided into three sessions, and through several presentations, thought leaders from the field of Tissue Viability challenged the understanding of a moist wound environment and introduced the concept of HydroTherapy – the sequential wound treatment involving HydroClean plus and HydroTac.

The event marked a step change for the HARTMANN UK business, with the aim to develop a new market segment within the UK that is unique and a perfect fit to the HARTMANN brand promise "Going further for health".

Romania: first ever TV commercial for Tensoval

In keeping with the HARTMANN brand promise, the country organisation in Romania shows that it is going further for health by instigating the first ever TV commercial for the Tensoval blood pressure monitor in the country. This serves to raise the country's awareness of the HARTMANN brand and enhance the company's corporate image there.

Sales convention in Brazil: focus on Vivano

On February 18 and 19, the country organisation in Brazil presented its new marketing approach and sales strategies for 2016 at a sales convention in São Paulo. The event, which focused on the launch of the Vivano negative pressure wound therapy system, was attended by around eighty of HARTMANN's sales partners.

The "International Graduate Program" gets underway

A key factor in successfully ensuring that a company is properly prepared for tackling future challenges lies in recruiting young talent, developing their skills and placing them in the right positions. This is where HARTMANN's 18-month "International Graduate Program" comes into play, a scheme that now – for the first time – is about to happen not just in Germany but also in Switzerland and Spain. The four chosen international graduates will be sent to a variety of countries to work for four to six months at a time on projects in the pilot sector of supply chain management. This will give them a good grounding for taking up their ultimate positions in the company. The "International Graduate Program" will be extended to other sectors and more countries in due course.

HARTMANN UK hosted a clinical and scientific symposium to launch the HydroTherapy concept and two new wound management products.

Kneipp celebrates 125 years of naturopathy

It is 125 years since Sebastian Kneipp first placed his knowledge of the healing properties of water and medicinal plants in the hands of his good friend Leonhard Oberhäusser, a Würzburg-based pharmacist, signing over exclusive rights that allowed the latter to manufacture products bearing the name and face of Pastor Sebastian Kneipp. Thus, the foundations were laid for the Kneipp brand and even to this day Kneipp products are still based on the founder's discoveries.

In fact, Kneipp's holistic philosophy is now even more relevant than ever. Just recently, in December 2015, UNESCO added kneippism to its list of "Intangible Cultural Heritage".

To mark its 125th anniversary, Kneipp has brought out four commemorative products, the sales proceeds of which will help to support a nature conservation scheme which Kneipp has launched together with the WWF: for more detailed information on the company's collaboration with the WWF, please go to www.kneipp.de

HARTMANN

Going further for health

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Imprint

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Status as of May 3, 2016
This report contains forward-looking statements. Actual results may be different from the ones implied by the forward-looking statements. Rounding discrepancies not balanced out.

Performance of the HARTMANN share price
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Print | ID: 10819-1604-1002