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Press release

HARTMANN GROUP continues sustainable growth

Focus on adding value for patients and users is paying dividends

***Heidenheim,* Germany - March 28, 2017 - The HARTMANN GROUP, a leading international supplier of medical and personal care products, followed up on the dynamics of the previous year with an organic growth rate of 3.3% in 2016, surpassing the benchmark set in 2015 across all segments. Taking into account negative currency effects, as well as acquisitions and divestments, consolidated sales rose by 2.3% to EUR 1,986.5 million. EBIT climbed by 4.9% to EUR 139.1 million, while consolidated earnings after taxes improved by 6.3% to EUR 90.1 million. With a net liquidity that has more than doubled and an equity ratio of over 60%, HARTMANN GROUP can continue to invest in growth.**

Innovative treatment concepts drive growth

More sales, more earnings, more financial scope – HARTMANN GROUP looks back on a successful business year in 2016. Behind the positive development is the commercial success of innovative products and treatment concepts with a direct practical benefit for patients and medical staff. "We are a leading provider in our markets, that further wants to improves peoples' health and promote a holistic strategic approach to healthcare," said Chief Executive Officer, Andreas Joehle. "We moved a step closer to achieving this goal in 2016."

Revenue in the Wound Management segment rose by 2.0% to EUR 433.7 million, with organic growth of 3.6%. The innovative HydroTherapy treatment concept was once again a central growth driver with double-digit sales growth. In the Personal Health Care segment, the new self-tests marketed under the Veroval brand enjoyed strong demand right from the start. This strategic addition to the pharmacy product range has made HARTMANN a leading provider of products in many markets, giving the customer the opportunity to test themselves in a variety of categories, including allergies or intolerances.

Sales in the Incontinence Management segment grew organically by 1.4% and was with EUR 644.9 million slightly above the previous year's level despite negative exchange rate effects. MoliCare Mobile comfortable incontinence pants were able to continue their growth course, as well as the Menalind skin care series. The quality of the incontinence products was confirmed in February 2017 by Stiftung Warentest, a German consumer organisation and foundation involved in investigating and comparing goods and services in an unbiased way. MoliCare and MoliForm achieved top rankings in their segments during testing.

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Board of Directors: Andreas Joehle (Chairman/CEO), Dr. Raymund Heinen, Michel Kuehn, Dr. Wolfgang Neumann, Stephan Schulz
Chairman of the Supervisory Board: Fritz-Jürgen Heckmann

Registered Office Heidenheim
Commercial Register of the District Court of Ulm
file no. HRB 661090

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The Infection Management segment achieved an increase in turnover of 2.9% to EUR 479.3 million. Organic growth of 3.6% was mainly based on surgical sets, disposable instruments and gloves, as well as the hand and surface disinfection range of products. This was supported by HARTMANN's initiative to increase hygiene compliance in hospitals and nursing homes.

In the Other Group Activities segment, HARTMANN GROUP increased its sales by 5.7% (organic: 5.8%) to EUR 428.5 million. The Kneipp Group in particular contributed to this through its "Kneipp wirkt. Natürlich." [Kneipp works. Naturally.] strategy. The CMC Group also significantly exceeded the previous year's profit with its own brands. NOGE recorded an increase, especially through its partner concepts, e.g. with private sponsoring organizations in the institutional sector, and KOB through innovative equipment in the Brawoliner business unit.

EBIT and consolidated earnings increase

The increase in EBIT by 4.9% to EUR 139.1 million can be mostly attributed to the increase in sales revenue. One-off expenses from measures to increase productivity were largely offset by active cost management. Consolidated net income rose by 6.3% to EUR 90.1 million.

Significantly expanded net liquidity due to improved cash flow

Net liquidity of the HARTMANN GROUP increased by EUR 57.3 million to EUR 102.0 million during 2016. Compared to 2015, operating cash flow increased by EUR 14.2 million. Also liabilities from the syndicated credit line were paid in full. Investments of EUR 69.2 million involved primarily the expansion and modernisation of production capacities. Compared to end of year 2015, shareholders' equity increased by EUR 57.1 million to EUR 816.2 million, which is equivalent to an equity ratio of 61.4% (previous year: 59.4 %).

Number of employees close to stable

The number of employees in the HARTMANN GROUP increased only slightly to 10,372 (end of 2015: 10,346). An increase in Europe, including the Czech Republic and France, offset a decline in China.

Proposal: Dividend increase to EUR 7.00 per share

The Board of Directors and the Supervisory Board will propose a dividend increase from EUR 6.70 to EUR 7.00 per share at the Annual General Meeting on May 5, 2017. This ensures HARTMANN shareholders participate in the company's positive development.

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Going further for health

Positive Outlook

The challenges in the global healthcare market remain. Demographic change and the increase in chronic diseases present a burden on healthcare systems. Moreover, the trend towards even greater regulation is likely to continue. The HARTMANN GROUP is well positioned to take advantage of opportunities associated with this as well as to limit risks. We therefore aim to achieve a moderate increase in sales and EBIT once again in 2017. On the basis of organic growth, a moderate improvement in net financial status is also planned. HARTMANN is using hedging measures to prepare for the strong fluctuations in commodity and currency markets anticipated in 2017, which also make forecasting difficult. HARTMANN counteracts strong industry competition with a clearly structured portfolio of system solutions, continuous process and cost optimisations, as well as a clear focus on medical competence. Careful review of all internal processes and costs associated with productivity reserves also serve to improve our competitive position.

Investment priorities for securing organic growth are focused on established and new markets. By individualising solutions, market position in key product ranges – for example, in modern wound treatment or infection prevention – is also to be expanded and additional market potential to be opened up. In addition, the HARTMANN GROUP continues to rely on acquisitions and strategic partnerships in its core medical business in order to complement the portfolio sensibly and to improve its international market position. In this context, the company announced its takeover plans for Lindor, a Procter & Gamble brand, at the beginning of March. Lindor is one of the best-known adult incontinence brands in the professional personal care sector in Spain and Portugal. HARTMANN is thus positioning itself on the Iberian Peninsula as one of the leading providers of incontinence products.

Andreas Joehle: "It is the proximity to users and consumers that enables long-term, successful, innovative, and cost-efficient health concepts. This is what HARTMANN continues to stand for – not least thanks to ideas from our employees, which we strongly encourage. Our solutions for patients and caregivers will continue to focus also in future on sustainable quality in medical care."

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in million EUR Rounding differences balanced	**2015**	**2016**	Change compared to previous year	
			absolute	in %
Turnover	1,941.0	1,986.5	+45.5	+2.3
– foreign country share in %	66.1	65.8		
Consolidated result	84.8	90.1	+5.3	+6.3
Net profit margin in %	4.4	4.5		
EBIT	132.7	139.1	+6.4	+4.9
EBIT yield in %	6.8	7.0		
Equity ratio in %	59.4	61.4		
Net financial position on 31 December	+44.6	+102.0	+57.3	+128.6
Workforce on 31 December[1]	10,346	10,372	+26	+0.3
Dividends per share in EUR	6.70	7.00[2]	+0.30	+4.5

[1] Excluding employees on parental leave and PAUL HARTMANN AG Board members.
[2] Corresponds to dividend proposal.

About the HARTMANN GROUP

The HARTMANN GROUP is one of the leading providers of medical and hygiene products, with its core expertise being in wound treatment, incontinence care, infection prevention, surgical supplies and personal healthcare. With its headquarters in Heidenheim, Germany and group companies worldwide, the Group company is in close touch with the global market. The HARTMANN GROUP achieved sales revenues of some EUR 1.986,5 million in 2016, with a workforce of over 10,300 employees.

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).

For the latest healthcare industry insights from HARTMANN leadership and more, visit New Perspectives or follow @HARTMANN_GROUP on Twitter. To learn more about the HARTMANN GROUP, visit:

https://hartmann.info/

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