HARTMANN

Inform

Information for our shareholders for the first half of 2016

Dear Sir or Madam,

The outcome of the referendum in the UK in favor of the country leaving the European Union has temporarily caused some turmoil on the markets and resulted in adjustments being made to the growth forecasts for certain sectors. However, there are no discernible signs of any major impact on the HARTMANN GROUP. Our main growth drivers are independent of the economic climate and remain intact regardless, whether it be in terms of medical advances, the increasing number of chronic diseases in the aging population of developed countries, the expansion of healthcare systems in emerging and developing countries or people's general greater health-consciousness.

With our efficient solutions and products for better healthcare, we continue to be in a very good position for tackling this mega-trend. For instance, a recent study published by the University of Minnesota confirmed that products such as MoliCare significantly reduce the risk of incontinence-associated skin damage by lowering pH levels. A further example is the "Evolution Concept" that we launched in May, a six-step program for improving hand hygiene and minimizing the spread of healthcare-related infections.

In the first six months of 2016, our innovative products and treatment concepts have helped us succeed in raising our group-wide sales revenues by 2.0% to EUR 974.0 million. In the second quarter, our organic growth gained even more pace and is at a higher rate than for many years in the medical consumer goods sector. EBIT rose by 3.5% to EUR 68.6 million, and the Group's consolidated net income went up 11.8% to EUR 45.3 million. The high equity ratio and our positive net financial position provide us with a solid foundation for continuing to maintain our growth path.

Yours sincerely,

PAUL HARTMANN AG

Andreas Joehle

Stephan Schulz

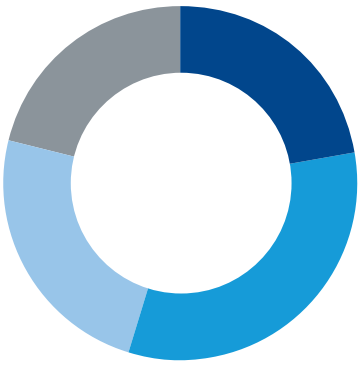
HARTMANN is a leading international manufacturer of medical and hygiene products. In a world where health is becoming an increasingly important matter and is managed more professionally, we offer our customers simple and effective solutions for the benefit of the patients. This is expressed in our brand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

Key performance indicators of the HARTMANN GROUP as of June 30

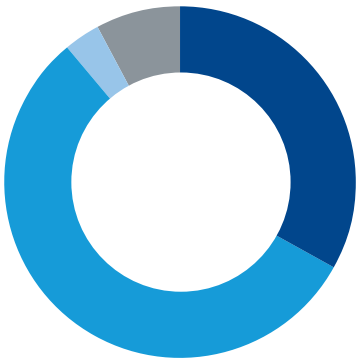
in EUR million	**First Half 2015**	**First Half 2016**	**Changes compared to previous year** absolute	in %
Sales revenues	955.1	974.0	18.9	2.0
of which outside Germany in %	66.9	66.9		
EBITDA	93.4	97.6	4.2	4.5
Return on EBITDA in %	9.8	10.0		
EBIT	66.3	68.6	2.3	3.5
Return on EBIT in %	6.9	7.0		
Consolidated net income	40.5	45.3	4.8	11.8
Net return on sales in %	4.2	4.7		
Equity ratio in %	56.1	57.1	+1.0% points	1.8
Net financial position	6.1	22.5	16.4	268.9

Business Development in the First Half 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



Faster-paced growth in the second quarter

In the first six months of 2016, the HARTMANN GROUP increased its sales revenues by 2.0% compared to the same period last year, bringing the figure to EUR 974.0 million. Compared to the equivalent six-month period last year, organic growth – without taking into account the effect of exchange rates, divestments and acquisitions – came to 3.7%. This is therefore slightly higher than the market growth rate has been for many years in the medical consumer goods sector.

In the Wound Management segment, due to adverse exchange rate factors, sales revenues increased by just 0.5% to EUR 211.6 million. The segment's organic growth of 3.1% is to be attributed above all to the strong demand for HydroTherapy, our innovative treatment concept, and for our negative-pressure wound therapy system marketed under the brand name Vivano. In the area of Personal Health Care, it was notably Menalind Derm skincare lotion and thermometers that contributed to the positive trend.

The Incontinence Management segment saw sales revenues increase by 0.4% to EUR 319.0 million. Here, too, organic growth was much higher (2.4%). The main factor here, above all, was the rise in sales of MoliCare Mobile and MoliMed incontinence products.

In the Infection Management segment, sales revenues rose by 1.7% to EUR 237.0 million. There was organic growth of 3.0% which more than compensated for the adverse effects of exchange rate factors. Sales of surgical dressing materials and disposable surgical instruments showed a significant increase. There was a rise in sales of hand disinfection products, too, which can also be attributed to the successful launch of our "Evolution Concept" – a concept for hand disinfection.

The Other Group Activities segment saw sales climb by 6.5% to EUR 206.4 million, with organic growth amounting to 7.2%. In the period under review, the core medical business segments accounted for 78.8% of the HARTMANN GROUP's total sales revenues (previous year: 79.7%).

Strong rise in sales in western and southern Europe

The HARTMANN GROUP succeeded in expanding its sales revenues in Europe by an above-average 2.6%. Germany recorded growth of 1.9% to EUR 322.4 million, meaning that it is still our most important single market. In the rest of Europe, not including Germany, sales came to EUR 544.9 million in total, corresponding to a rise of 3.0%. Above all, it was the markets in the western and southern parts of Europe that succeeded in achieving growth. In Eastern Europe, there was strong organic growth but this was overshadowed by the negative effect of exchange rates. In the sales markets outside of Europe, sales decreased currency-related by 2.5%.

Disproportionately high growth in EBIT and consolidated net income

Compared to the same six months last year, EBIT at the HARTMANN GROUP showed an increase of 3.5% to EUR 68.6 million while EBITDA came to EUR 97.6 million which was 4.5% up on the previous year's figure. Sales revenues had a positive impact while at the same time the cost of materials showed a disproportionately low increase – due both to developments in the price of raw materials and to sustained improvements in productivity within the areas of production and logistics. This more than compensated for the investments in the expansion of marketing and sales organisation in strategic sectors. The Group's consolidated net income went up 11.8% to EUR 45.3 million.

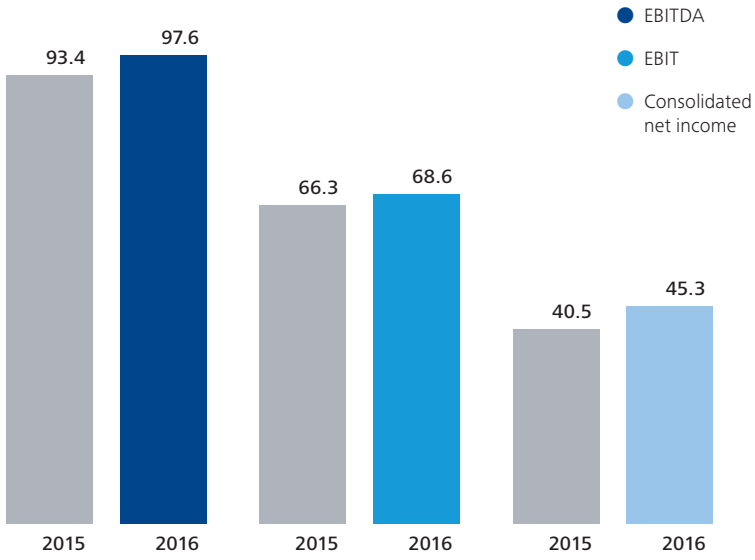
Positive net financial position, with the equity ratio still at a high level

Halfway through 2016, the HARTMANN GROUP is in a positive financial position with net liquidity of EUR 22.5 million, despite an increase in financial liabilities due to business growth. Over the six-month period, equity increased slightly to EUR 762.3 million. The moderate decrease in the equity ratio to 57.2% is mainly due to inventories and receivables having been higher on cut-off date.

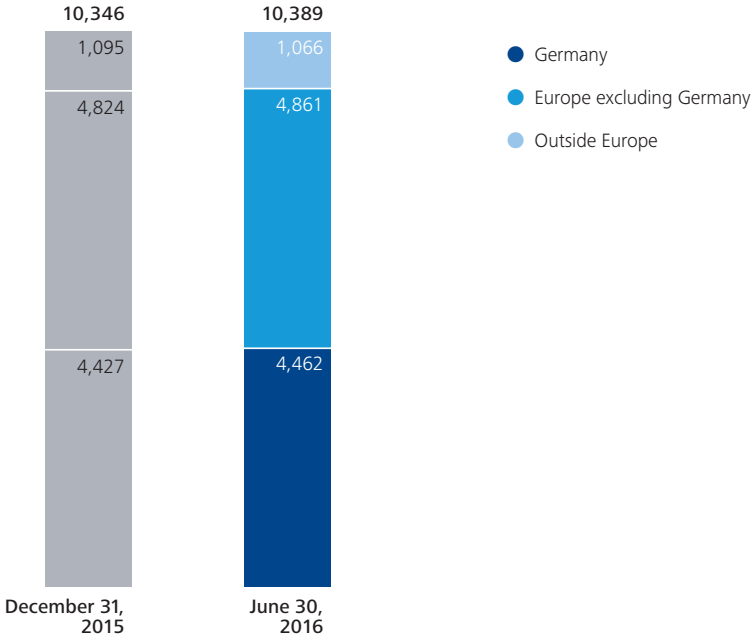
No major changes in the number of employees

As of June 30, 2016, the Group had 10,389 employees. This is an increase of 43 employees compared to the end of 2015. On cut-off date on June 30, 2016, 57.1% of the total number of staff were employed outside of Germany.

Development of EBITDA, EBIT and consolidated net income of the HARTMANN GROUP as of June 30 in EUR million

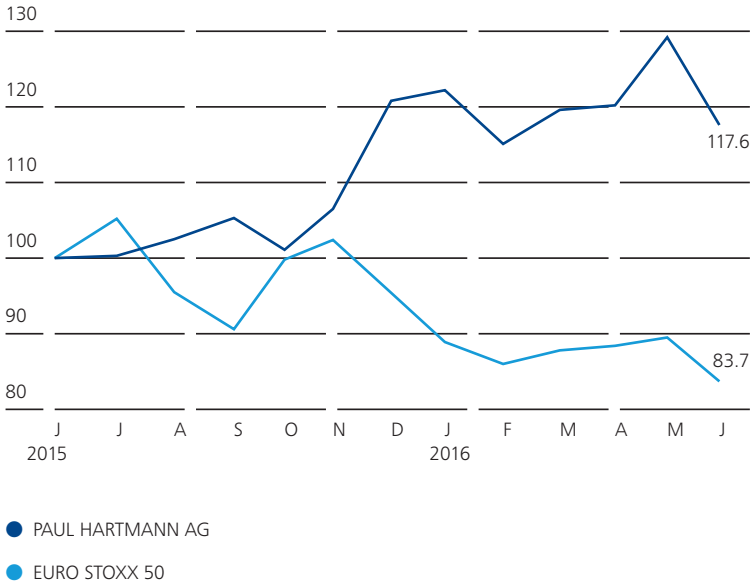


Number of employees of the HARTMANN GROUP



Performance of the HARTMANN share price compared to EURO STOXX 50

June 30, 2015 (= 100 percent) to June 30, 2016 in percent



Stable performance of the HARTMANN share

The HARTMANN share was listed at EUR 418.75 per share at the end of June 2016, in other words EUR 11.25 down on the 2015 year-end share price (EUR 430.00). With a closing price of EUR 459.85 per share, the HARTMANN share reached a new all-time high on May 31, 2016 (status as of June 30, 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

Continuing moderate growth expected in sales and earnings

Because of economic weakness in the emerging countries in particular and due to the anticipated consequences of the UK's decision to pull out of the EU, the International Monetary Fund made a moderate downward adjustment to their growth prognoses for Germany and the Euro Zone.

Even so, after its positive performance in the first six months of the year, the HARTMANN GROUP still 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 count 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.

We still perceive the demographic trend – above all, in emerging countries such as Brazil or China – to be an opportunity for us to use broad sections of our product portfolio to meet the foreseeable rise in demand for medical and healthcare products. We avoid an accumulation of risks by diversifying our business activities over a variety of segments and through sales-driven expansion into a variety of markets.

Veroval self-tests – for certainty within minutes

With its diagnostic product range, HARTMANN facilitates preventative health-care in the private sphere. In April 2016, it added Veroval to its personal health-care range – nine different self-testing kits in the categories of prevention, self-diagnosis of acute symptoms, detection of intolerance or allergies, and family planning, all of which are available from pharmacies. The tests are based on the very latest test methods from the field of diagnostics, giving people a reliable means of getting trustworthy information on their personal health. The new range thus takes account of the growing trend towards people assuming responsibility for their own health.

Many people would just like to get a quick and reliable answer to their various medical health concerns. The new Veroval self-testing kits from HARTMANN give those people a means of finding out the answer for themselves.

"With the general public becoming ever more health-conscious, rapid self-tests are increasingly gaining popularity. In certain areas of healthcare, there is an ever-growing number of consumers who prefer to first carry out their own tests at home before consulting a doctor for the diagnosis," comments Florian Kölndorfer, Marketing Manager for Personal Health Care at PAUL HARTMANN AG.

Better to find out straight away – quickly and reliably

Here is a more detailed description of each of the tests:

Stomach health

With an accuracy rate of more than 96 percent, this screening test will detect the presence of Heliobacter pylori bacteria in the lining of your stomach, one of the main risk factors for the development of gastritis and stomach ulcers. The test results will show you whether you need to take further action.

Gluten intolerance

More and more people are gluten-intolerant these days. This basically means that their bodies are no longer able to process gluten, a protein that is found in many foods. This leads to gastrointestinal complaints such as bloating or diarrhoea. Gluten intolerance cannot be treated through medication, meaning that sufferers have to completely change their diet and avoid eating food containing gluten. Our gluten intolerance self-test will only take around ten minutes to establish for certain whether the discomfort you have been suffering is perhaps because of a gluten intolerance.

Advertisement aimed at clearly positioning the product concept.

Intestinal health

The Intestinal Prevention test will detect the presence of faecal occult blood (FOB) which among other things can be an indication of the early stages of bowel cancer.

Cholesterol

Raised cholesterol levels constitute a risk factor for a variety of serious illnesses. A poor diet, a lack of exercise or indeed just advancing age can lead to unhealthily raised cholesterol levels, increasing the risk of high blood pressure or a heart attack. Our cholesterol self-testing kit will take just three minutes to work out your cholesterol level and show you whether you need to take action to reduce your body's cholesterol by changing your diet, for instance.

Urinary tract infection

Cystitis is a urinary tract infection that is very common in women, involving unpleasant accompanying symptoms such as a uncomfortable burning sensation when urinating. In the past, anyone suspecting that they might have cystitis had no other option but to go and see a doctor. Now, however, thanks to our Veroval self-testing kit, it is possible to find out within just one minute whether your urine really does contain substances that are a typical indication of an infection of the urinary tract.

Iron deficiency
Tiredness, pallor and headaches can all be signs of a lack of iron. Whether these symptoms really do mean that your body is perhaps suffering from a lack of iron can be determined using this self-test and, if so, the matter can then easily be rectified.

Allergy detection
This self-testing kit will show you whether you are allergic to cat hair or grass pollen or dust mites. The test has an accuracy rate of over 94 percent.

Pregnancy
This is an early pregnancy test that also determines the week of pregnancy. It will already be able to indicate that the person is pregnant just ten days after she misses her period, and will also work out the current week of pregnancy.

Male fertility
The Veroval fertility test determines the concentration of sperm in a semen sample, thus helping to determine the cause of infertility in childless couples.

Tested and approved
In an international customer satisfaction survey conducted on 6,000 participants, 7 out of 10 people found Veroval self-testing kits to be good. The self-tests are certainly not meant as a substitute for a medical diagnosis by a doctor, but instead are intended to help doctors detect health risks in order to recognize potential major medical issues at an early stage. No matter what, it is important to consult a doctor if symptoms persist or if the results of the test indicate that this is necessary.

European launch already underway
In Switzerland, Veroval self-tests were already successfully launched on the market back in April. Over the course of the summer, Germany, Austria, the Czech Republic, Slovakia, Hungary, Slovenia and Croatia will follow suit.

To celebrate its market launch in Austria and Germany, a big event was staged in Vienna in June this year. The Austrian branch of the company had invited sales colleagues responsible for the pharmacy sales channel in Germany, together with pharmacists, to come and witness the Veroval range of products for themselves. Those attending the event soon agreed that Veroval will make a valuable contribution to patients assuming personal responsibility for their own health.

With its Veroval self-tests, HARTMANN has come up with the first comprehensive concept for a broad product range that will be placed permanently and prominently at pharmacy counters. The concept takes an empathic communications approach in combination with HARTMANN's professional expertise in the field of medical healthcare. The Veroval range therefore fits in perfectly with the HARTMANN brand promise of "Going further for health".

In most cases, all it takes is one drop of blood and just a matter of minutes to carry out a Veroval self-test and get a reliable answer to a whole range of different health concerns.

News from the HARTMANN GROUP

For healthcare to work successfully in the long term in Bolivia, it is important to apply an equal mix of traditional and modern medicine, according to the conclusions drawn by our volunteers after their visit to the Bolivian highlands.

Bolivia: First group of HARTMANN employees accomplishes voluntary work in the Andes

In April, HARTMANN employees Raluca-Adina Czogalla (PAUL HARTMANN AG), Tanya Stead (HARTMANN South Africa) and Fernando Sepulveda (HARTMANN Australia) spent ten days in the Potosí region of the Bolivian High Andes. As part of the partnership that HARTMANN entered into in July last year with CARE, the international humanitarian organization, these employees helped to build a health center, assisted in medical examinations of children and were given the chance to watch a traditional indigenous healer at work. "In Bolivia, far greater importance is attached to traditional medicine than to conventional medicine," comments Fernando Sepulveda. "The challenge is therefore to combine the two and convey the benefits of modern medicine to the native population."

The three HARTMANN employees were selected last November out of over one hundred applicants group-wide for the volunteer program's project in Bolivia. The goal of their visit was to become more familiar with the challenges of other countries' and cultures' health systems, and to share their experience of these with all of their fellow HARTMANN employees. "We learnt a lot from the people we met," concluded Raluca-Adina Czogalla upon her return from Bolivia. Tanya Stead agreed, saying: "Bolivia will always have a special place in my heart from now on." As part of its cooperative partnership with CARE, HARTMANN promotes projects not just in Bolivia but also in other developing and emerging countries such as Kenya. These aim to improve people's access to healthcare services and their knowledge of health-related issues such as hygiene and nutrition. The volunteers who take part act as ambassadors for the HARTMANN brand and support the project with their passion for health and the medical competence of HARTMANN.

This first voluntary mission was accompanied by a social media publicity campaign. The volunteers posted regular updates, including photos and videos, on CONNECT – the HARTMANN intranet – and on Facebook, Twitter and our new website www.hartmannbeyond.com.

Study: curly fiber in incontinence briefs reduces incontinence-associated skin damage

At a renowned international conference in Montreal/Canada at the beginning of June which was jointly organized by the Wound, Ostomy and Continence Nurses Society (WOCN) and the Canadian Association for Enterostomal Therapy (CAET), HARTMANN USA presented the results of a new clinical study. Donna Bliss, Professor at Minnesota University's School of Nursing and acclaimed researcher in the field of incontinence, showed evidence that the use of so-called curly fiber in incontinence briefs significantly lowers (acidifies) the skin's pH level and therefore reduces the risk of incontinence-associated skin damage (IASD) in nursing home residents aged 75+.

The findings of the study aroused great interest among the congress participants – some 1,300 guests, most of whom were nurses and caregivers specializing in wound treatment, ostomy or incontinence hygiene. The breakfast symposium at which Dr. Bliss presented the outcome of the study was sold out. Dozens of visitors to the congress came and listened to a talk on IASD given by Oliver Krause-Huckleberry, Marketing Director at HARTMANN USA, and Professor Hans Smola, Director of the HARTMANN Medical Competence Center. Moreover, the congress participants also showed their interest by flocking to the HARTMANN stand: "We had up to 30 visitors at a time at our stand, all wanting to talk to us about our curly-fiber products," comments Oliver Krause-Huckleberry. "The combination of clinically relevant results together with advice from opinion-leaders

in the care sector that we put across at this congress will help us to sell our range of incontinence products on the American market in a whole new customer-oriented way."

Mark Lacerte, CEO, sums it up as follows: "The results of the Bliss Study clearly set us apart from our competitors and are in line with our strategic growth targets this year for the incontinence segment."

Building on the success of the congress, HARTMANN USA will spend the months ahead approaching the contacts established in a targeted manner and intensifying its sales initiatives.

Dermaplast® MEDICAL – professional wound treatment for home use

With Dermaplast® MEDICAL, HARTMANN now offers a broad range of wound treatment products for home use. Having originally been developed for professional use, these guarantee optimum self-help for complex wounds and have a visual appeal that is intended to catch the eye of customers at pharmacies. The Dermaplast® MEDICAL range is available exclusively from pharmacies and is suitable for treating wide-ranging types of wounds – including burns, cuts and lacerations, as well as infection-prone wounds. The new range also includes accessories for cleansing and fixation purposes. At the moment, the plasters are available for purchase in Germany and Austria.

When a normal sticking plaster just isn't enough, Dermaplast MEDICAL will do the job nicely.

The many people who took part in our street event found there was no shame at all in having their photos taken with cardboard stand-up displays and signs on the topic of incontinence.

World Continence Week: street event in Berlin

As part of the World Continence Week from June 20th to 24th, 2016, HARTMANN staged a street event at some central locations in Berlin, under the banner of "Incontinence: Let's Break the Taboo".

With an estimated nine million sufferers in Germany alone (not including the presumably much larger number of unrecorded cases), incontinence is a common affliction that severely detracts from people's quality of life and can also give rise to further health issues such as skin irritation. However, many of those afflicted feel too ashamed to talk about it, let alone seek medical advice.

The aim of our campaign was therefore to heighten public awareness of the topic and show solidarity with incontinence sufferers. For example, at Alexanderplatz and Berlin Central Railway Station we put up stand-up displays showing people who wear incontinence products. Passers-by were given the opportunity to listen to genuine stories of incontinence sufferers and find out thought-provoking facts about the affliction's social impact. The campaign staff encouraged passers-by to get involved in discussions on the topic. "The response to the campaign was tremendous," commented Thomas Sampers, Vice President for Marketing Incontinence Management. "People had lots of questions to ask about the topic of incontinence. Everyone seemed to know somebody who knew someone else who was afflicted by it. Incontinence is most definitely a topic of discussion in society. It's a subject that just needs to be clarified."

The World Continence Week is staged once a year by the International Continence Society. The German Continence Society also takes part in it by organizing a large number of events for patients and their families and for doctors.

HARTMANN

Going further for health

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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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