Inform

Information for our Shareholders
on the First Quarter of 2015

HARTMANN

A new work environment at HARTMANN

Dear Sir or Madam,

Despite of the changes in the national health systems and the strong price pressure in the market, the HARTMANN GROUP continued its profitable growth in the first three months of fiscal year 2015.

As of March 31, 2015, HARTMANN increased its worldwide sales revenues by 5.7% to EUR 475.6 million, reflecting continued above-market growth. Compared to the previous year, EBIT increased by 7.1% to EUR 35.6 million in the first quarter of 2015. Consolidated net income increased by 5.4% to EUR 22.7 million.

These good financial results come from a sound financial base, an increased share of innovative products in sales, and continued productivity gains through streamlined processes. More information about our business development is provided in this brochure.

If you have registered for this year's 101th Annual General Meeting on May 8, 2015, we look forward to personally welcoming you in our communications center in Heidenheim.

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 increasingly important and is becoming increasingly advanced, we offer our customers simple and effective solutions for the benefit of patients everywhere. 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.

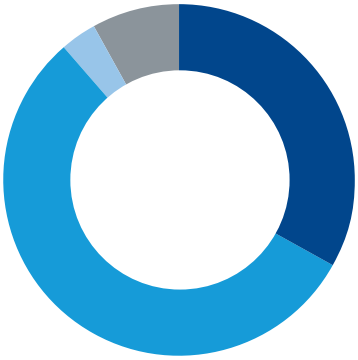
Key performance indicators of the HARTMANN GROUP for the first quarter ended March 31, 2015.

in EUR million Rounding differences not settled	**Q1 2015**	**Q1 2014**	**Changes compared to previous year**	
			absolute	in %
Sales revenues	475.6	450.2	25.5	5.7
of which outside Germany in %	66.7	66.8		
EBIT	35.6	33.3	2.3	7.1
Return on EBIT in %	7.5	7.4		
Consolidated net income	22.7	21.6	1.2	5.4
Net return on sales in %	4.8	4.8		
Equity ratio in %	55.2	54.8		
Net financial position	18.2	-45.8	64.0	–

Business Development in the First Quarter of 2015

Share of business segments in total sales
in EUR million and percent

Share of regions in total sales
in EUR million and percent



Growth in all business segments

During the first three months of fiscal year 2015, global sales revenues of the HARTMANN GROUP rose by 5.7% to EUR 475.6 million compared to the previous year. The organic growth, excluding exchange-rate and acquisition effects, was 5.1%. Compared to the 4% average annual market growth of medical supplies worldwide and 2% in Western Europe, HARTMANN continued to strengthen its position in the market.

In the Wound Management segment, we recorded an increase in sales revenues of 7.2% to EUR 101.2 million in the first quarter of 2015. Sales in modern wound care products and HydroTherapy, the innovative treatment concept for hard-to-heal wounds, provided strong impetus for growth. The sales performance of the negative-pressure wound therapy system offered under the Vivano brand and of postoperative dressings and traditional dressing materials was also positive.

In the Incontinence Management segment, sales revenues reached EUR 159.2 million as of March 31, 2015, an increase of 4.2%. MoliCare Mobile, the incontinence pants for mobile people, and Menalind professional, the skin-care range for irritated, mature skin, were growth drivers.

Sales in the Infection Management segment improved by 7.8% to EUR 117.4 million in the first three months of the fiscal year. HARTMANN achieved especially good growth in the product categories surgical sets, surgical draping sets and disposable surgical instruments as well as hand and surface disinfection.

The share of the medical core segments out of total sales was 79.5% as of March 31, 2015.

Other Group Activities recorded sales revenues of EUR 97.8 million in the first quarter of 2015, an increase of 4.1% compared to the previous year.

All world regions contributed to the sales growth

In our core market Germany, sales revenues increased by 6.2% to EUR 158.5 million as at the end of the first quarter 2015. In Europe (excluding Germany) sales revenues increased by 4.4% to EUR 263.3 million, mainly due to growth in Central and Western/Southern Europe. In America sales revenues were EUR 16.8 million, growth was 9.7%. In the Africa, Asia and Oceania region, sales revenues were EUR 37.0 million at the end of the first quarter of 2015. Sales growth was 10.6%.

EBIT and consolidated net income continued to improve

Sales growth of the HARTMANN GROUP had a positive effect on earnings in the first three months of fiscal year 2015. The extensive expansion of marketing and sales activities in all business segments and the continued high price pressure in the market impacted results negatively.

Despite a difficult market environment, the HARTMANN GROUP increased EBIT and consolidated net income. EBIT increased by 7.1% to EUR 35.6 million as of March 31, 2015. Consolidated net income increased by 5.4% to EUR 22.7 million compared to the previous year.

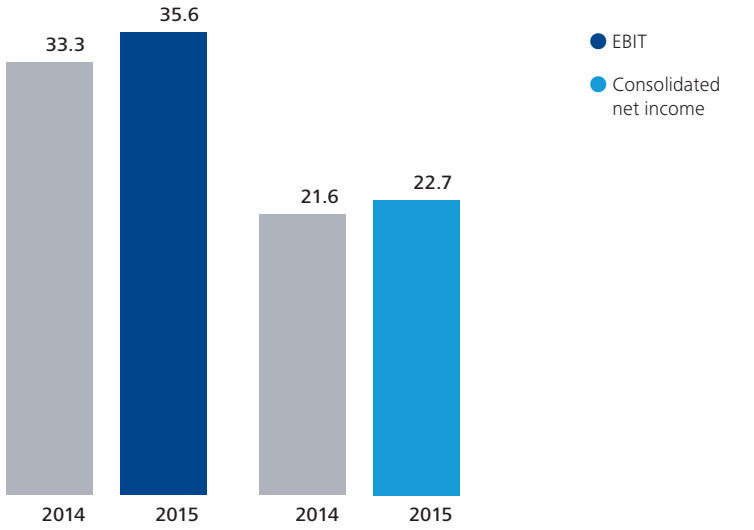
Net liquidity improved with a continued high equity ratio

In the first three months of the current fiscal year, the HARTMANN GROUP continued to improve its net liquidity, compared to December 31, 2014. The net liquidity was EUR 18.2 million on March 31, 2015 and was thus EUR 7.5 million above the 2014 year-end. The equity ratio was 55.2% at the end of the first quarter.

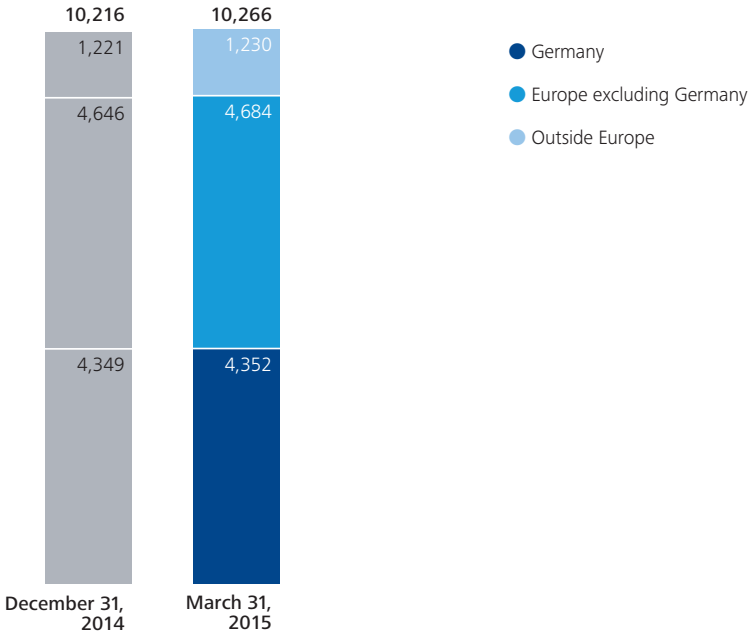
Number of employees slightly increased

On March 31, 2015, the HARTMANN GROUP had 10,266 employees. This is an increase of 50 employees compared to the end of 2014. This is primarily due to market growth in Europe. Outside Europe, the number of employees increased slightly due to investments in the U.S. market. At the end of the first quarter of 2015, 42.4% of the employees were working in Germany while 57.6% worked in operations outside Germany.

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

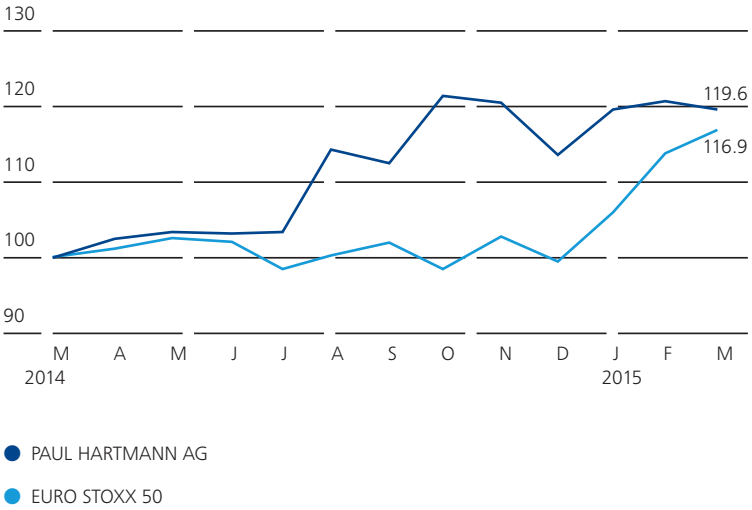


Number of employees of the HARTMANN GROUP



HARTMANN share compared to DJ EURO STOXX 50

March 31, 2014 (= 100 percent) to March 31, 2015 in percent



Basic information on the HARTMANN share

WKN	747404
ISIN	DE0007474041
Trading venue	Frankfurt Stock Exchange
Segment	Open Market (Entry Standard)
Type of share	Registered unit shares included in collective custody
Share capital	EUR 91,327,569.38
Number of shares	3,572,424 shares, of which 20,682 shares are treasury shares

Positive development of the HARTMANN share

The HARTMANN share was listed at EUR 335 per share at the end of March 2015, an increase from the end-of-year 2014 value (EUR 318) by EUR 17. The HARTMANN share price reached an all-time closing high on March 6 and 16, 2015 at EUR 350.

Moderate increase in sales revenues and earnings expected

In light of opportunities presented by demographic changes and developments in emerging markets and risks related to changes in the national health systems, HARTMANN sees itself well positioned to continue its profitable growth.

We expect the high volatility in currency fluctuations to continue in the current year, which will create opportunities as well as risks for HARTMANN. In the short term, we manage currency risks through hedging against fluctuations. In the medium and long term, the continued internationalization of the business will contribute to a wider sharing of risk. We also see volatility in raw material prices which makes forecasting difficult.

We make investments in established and new markets to support organic growth and to expand our market position in key areas such as modern wound care or infection prevention.

In its medical core business, the HARTMANN GROUP continues to focus on acquisitions and strategic partnerships to add to its portfolio and strengthen its position in the markets. We continue to invest in companies we have included in Other Group Activities.

A permanent work program continues to carefully watch all internal processes and associated costs to improve productivity.

For fiscal year 2015, we expect that our priority programs will have a positive effect on sales and earnings. Considering all relevant factors, we are cautiously optimistic for fiscal year 2015 that we will have a moderate increase in sales revenues and EBIT.

A new work environment at HARTMANN

HARTMANN is a sustainable company that is growing and permanently changing – this is also evident in office architecture. We have tested new office concepts and work environments in several pilot projects at corporate headquarters since 2012. They provide impetus for the modernization of 70 percent of all workstations at corporate headquarters as scheduled between now and 2020. This is part of an overall enhancement plan for the Heidenheim location which takes into account economic, social, and ecological factors.

A proven office concept based on occupational health psychology has been developed in four pilot projects. It will be expanded to include additional office space under the modernization plan – always listening to employees' concerns and using the experience from previous projects. The spaces are designed with a uniform color and material concept and clear functions.

The space concept aims at providing a modern and friendly work environment for creative solutions. Openness, flexibility, transparency and speed of action are the key words. As implemented in pilot projects, most recently at the Medical Innovation Center in 2014, open office spaces with uniformly equipped workstations for about 30 to 32 employees will be standard in all buildings.

Open office spaces for about 30 to 32 employees including uniformly equipped work-stations will be standard.

Informal gathering spaces such as the "coffice areas" – a term composed of the words "coffee" and "office" are …

… zones that can be used for work and informal meetings.

Each office space has quiet retreat areas for concentrated work and meeting areas. In addition, there are gathering zones such as a "coffice" – a term composed of the words "coffee" and "office". Colleagues can meet there to share work and ideas with each other. The office spaces also make it easier for employees to temporarily change desks depending on projects. The new office concept means not only a new visual office design but also a reorganization of work processes – the creation of a completely new work environment under newly defined rules. This requires a change, but here also, the suggestions from employees are welcomed and will receive due consideration. At the end of 2014, a survey about the new office standard was conducted among employees involved in the pilot projects. The vast majority of the users expressed high satisfaction with their work situation.

The spaces are designed with a uniform color and material concept and clear functions.

Each office space has quiet retreat areas for concentrated work and conference spaces.

News from the HARTMANN GROUP

New corporate website to further raise the HARTMANN brand profile

At the end of March 2015, HARTMANN launched a newly designed website at (www.hartmann.info). The corporate website features a new emotional and expressive design to further raise the HARTMANN brand profile. It reflects the new direction of the company and signals our resolve to play a leading global role in the markets. The website, which is easy to navigate and simple to use, provides essential information about HARTMANN.

The new corporate website is aimed at target groups such as job applicants, journalists, investors and the general public. The various country websites in local language, which will also have new designs, are for customers.

HARTMANN is a partner of the "Aktion Inkontinenzhilfe"

During the last few years, the contract and pricing policy of various public health insurance companies in Germany has shown that a number of payers are only willing to cover basic products of a tender-related quality for the insured. Patients who want to use other products because of their specific life circumstances or their need for care have to make out-of-pocket payments. Since mid-March 2015, the "Aktion Inkontinenzhilfe" has provided patients, family members, nursing employees as well as the news media and political sectors with information about the contractual practice of above mentioned public health insurance companies with respect to incontinence products and has advocated appropriate incontinence care at no extra cost. HARTMANN has also encouraged these efforts for years, and supports this action. Additional information and the online petition "Provide incontinence aids at no extra cost!" are available to those affected at www.aktion-inkontinenzhilfe.de.

The new corporate website features emotional and expressive design, reflecting the new direction of HARTMANN.

Optimizing the CPT business: Road show for marketing and sales in the first quarter

In the coming years, custom procedure trays (CPT) will play a significant role in the global growth strategy of HARTMANN. The goal of a major CPT project at HARTMANN is to optimize all aspects of the highly complex CPT business along the entire process chain, from manufacturing to customer delivery.

In the first quarter of 2015, HARTMANN started a road show with workshops for participants from marketing and sales as a sub-project in seven countries. They analyzed existing business processes and discussed concepts and growth opportunities for the future. The state-of-the-art manufacturing processes at the Medical Innovation Center in Heidenheim and continuous internal improvements in planning and processes have also helped optimize the CPT business. All the measures aim to ensure long-term competitiveness of HARTMANN in the CPT business combined with profitable growth.

E-learning tool for ambulance service with new module for hand hygiene

The BODE SCIENCE CENTER has developed an e-learning tool "Hygiene in ambulance service" for the ambulance service. Rescue teams are provided with extensive information about their safety and the safety of their patients. In addition to the learning module for surface hygiene, the certified e-learning tool now also offers a new module for hand hygiene. In practical games, rescue teams can learn how to determine the right moments for hand disinfection, what rub-in method to use and the right time for hand washing. Professional caregivers who register can earn continuing education credits. BODE also provides e-learning tools for other care providers such as doctors and nurses.

HARTMANN streamlines the process, from manufacturing to CPT delivery. Shown here is CPT assembling at the Medical Innovation Center in Heidenheim.

Group-wide talent management program well received

HARTMANN started a global talent identification and development process for the first time at the beginning of 2015. The initiative focuses on employees with the potential to fill key corporate positions within the next two to three years. Talented individuals identified through a systematic selection process are prepared for their next career step in a talent development program.

What is new about this is that employees take responsibility for their own career advancement by applying for the program themselves. There was a positive response after the February application deadline, with more than 120 self-nominations. The finalists for the first round of the subsequent talent-development program are now being selected through a multi-step verification process.

Kneipp shower bath products "Top Brand 2015"

The Kneipp product brand is one of the 2015 top brands in the shower bath category, according to a joint market research study among 30,000 households by the Lebensmittel Zeitung and GfK. The study identified 100 product brands from among 5,000 as performing best in their product group through consistent brand management. This award demonstrates the successful brand management and the excellent customer acceptance of the Kneipp shower bath products, especially in light of the highly competitive market dominated by large multinationals.

The Kneipp product brand is one of the 2015 top brands in the shower bath product category.

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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