Inform

Information for our shareholders for the first quarter of 2017

Dear Sir or Madam,

HARTMANN places its strategic focus on developing and marketing products and services with broad added value for a large number of patients and users. Our initiatives in the first quarter of 2017 are the best proof of that. For instance, we pressed ahead with the market launch of the MoliCare Skintegrity umbrella brand which will stand for a perfectly coordinated incontinence hygiene and medical skincare range from mid-2017 onwards. Our acquisition of Lindor, which we expect to have concluded by mid-2017, will not only greatly strengthen our presence in Spain and Portugal but will also enhance our incontinence business activities throughout the whole of Europe. Our Veroval® brand has, in the space of only one year, succeeded in becoming a firmly established fixture in personal preventative healthcare. In a few weeks we will be expanding this range to include a new generation of innovative, digitally interconnected premium monitoring instruments for the prevention of heart disease and strokes.

Developing and actively marketing our innovations as well as the ongoing internationalization remain HARTMANN's most important growth drivers – a fact which is clearly shown by developments in the first three months of the year. New concepts such as HydroTherapy, MoliCare Mobile and the hygiene compliance program all made significant contributions to the rise in sales revenues of 4.5% to EUR 504.2 million. At EUR 37.3 million EBIT is even a bit higher than the previous year's level despite the investments made in our future market success. We will continue to make the most of market opportunities in the future, but of course without jeopardizing our sales and earnings targets. Based on this good start to the year, we confirm our goal of achieving moderate rises in sales revenues, EBIT and net liquidity for 2017 as a whole.

Yours sincerely,

PAUL HARTMANN AG

Andreas Joehle

Stephan Schulz

The HARTMANN GROUP, a leading international manufacturer of medical and hygiene products, takes a holistic approach to healthcare, placing emphasis on direct practical benefits for patients and the medical staff treating them. Keeping close to users and consumers is the fundamental key to healthcare concepts that are innovative and successful over the long term. This is expressed in our brand promise of "Going further for health". At the core of our portfolio, we offer professional systems for wound treatment, incontinence care and infection prevention, supplemented by a range of consumer-oriented medical lines as well as care and cosmetic products.

Key performance indicators of the HARTMANN GROUP as of March 31, 2017

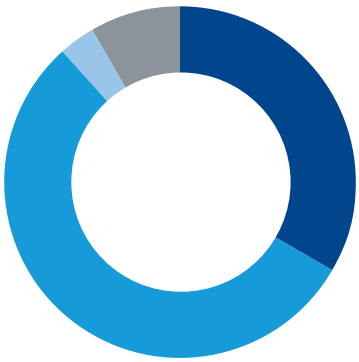
in EUR million	**2016**	**2017**	**Changes compared to previous year** absolute	in %
Sales revenues	482.5	504.2	21.7	4.5
of which outside Germany in %	66.5	66.4		
EBITDA	51.5	51.8	0.3	0.7
Return on EBITDA in %	10.7	10.3		
EBIT	37.0	37.3	0.3	0.9
Return on EBIT in %	7.7	7.4		
Consolidated net income	25.0	25.1	0.1	0.7
Net return on sales in %	5.2	5.0		
Equity ratio in %	59.0	61.8	+2.8% points	4.7
Net financial position	42.5	126.8	84.2	198.0

Business Development in the First Quarter of 2017

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

- Wound Management
  108.7 | 21.6%
- Incontinence Management
  161.3 | 32.0%
- Infection Management
  127.1 | 25.2%
- Other Group Activities
  107.1 | 21.2%

Share of total sales by region
in EUR million and percent



- Germany
  169.2 | 33.6%
- Europe excluding Germany
  276.5 | 54.8%
- America
  16.7 | 3.3%
- Africa, Asia, Oceania
  41.8 | 8.3%

Pleasing growth in the Group's core medical segments

The HARTMANN GROUP has started the 2017 financial year with a moderate rise in sales revenues and a slight increase in EBIT. Compared to the same period last year, the Group's sales revenues rose by 4.5% to EUR 504.2 million. All of the business segments exceeded their previous year's figures, and the Wound Management and Infection Management segments even achieved above-average growth. Without taking into account the effect of exchange rates, acquisitions and divestments, the HARTMANN GROUP generated organic growth of 3.4% which shows that it managed to build on the overall growth rate for 2016 as a whole (3.3%).

The Wound Management segment's sales revenues climbed 6.5% (organic growth: 4.5%) to EUR 108.7 million. The HydroTherapy treatment concept accounted for the largest share in this increase, continuing to achieve distinctly double-digit growth rates. Besides that, the "Vivano" negative-pressure wound therapy system also showed significant growth, as did our customized wound treatment kits. The central growth driver in the area of Personal Health Care proved to be the Veroval® self-testing kits which were introduced in 2016, of which the unit sales are still higher than projected. The new generation of Veroval® Diagnostics instruments about to be launched in a few weeks is expected to generate additional growth impetus in the remaining course of the year.

The Incontinence Management segment recorded 1.3% growth in sales revenues to EUR 161.3 million while the figure in organic terms stayed practically level, notwithstanding intense competitive pressure. There was significant growth in the case of MoliCare Mobile which – together with the continued growth recorded with the Menalind skincare range – particularly contributed to the growth of the segment. Through its important acquisition of Lindor in Spain as well as the launch of the new MoliCare Skintegrity umbrella brand, the Group intends to generate additional growth impetus from the third quarter onwards.

The Infection Management segment's sales revenues went up 7.9% to EUR 127.1 million. The segment's strong organic growth of 6.8% is primarily due to the strategic initiatives for improving hygiene compliance which are reflected in higher revenues in the realm of hand and surface disinfection. Moreover, revenues from the sale of medical examination gloves far exceeded the previous year's figure.

The Other Group Activities segment saw sales climb by 3.5% (organic growth: 3.5%) to EUR 107.1 million. Compared to the first quarter of 2016, the share of the core medical business segments in the HARTMANN GROUP's total sales revenues went up slightly from 78.6% to 78.8%.

Rise in sales revenues in all global regions

As in the previous year, the Group's sales revenues were predominantly generated in Europe. A large part to the 3.8% growth rate achieved here is to be attributed to Germany which notched up growth of 4.7%. In Europe except Germany, there was a more moderate rise in revenues of 4.4% (or without taking exchange rates into consideration: 2.4%). This was affected by the impact of developments in Northern Europe still being restrained. In the non-European countries, the growth in sales revenues amounted to 10.0%. This rise was influenced by positive exchange rate factors (5.6%). The markets in Africa, Asia and Oceania made a large contribution to this development, together achieving organic growth of 6.6%. In the Americas, sales revenues went up by 3.8%.

EBIT showing stable developments despite growth investments

The HARTMANN GROUP's EBIT came to EUR 37.3 million, which is close to the comparative figure in 2016 (EUR 37.0 million). While the contribution margin was higher due to volume reasons, there has, on the other hand, been an increase primarily in sales and marketing expenses and development costs. Despite these growth investments, the return on EBIT asserted itself at the high level of 7.4% (previous year: 7.7%). The Group's consolidated net income of EUR 25.1 million was also in the same region as last year (EUR 25.0 million).

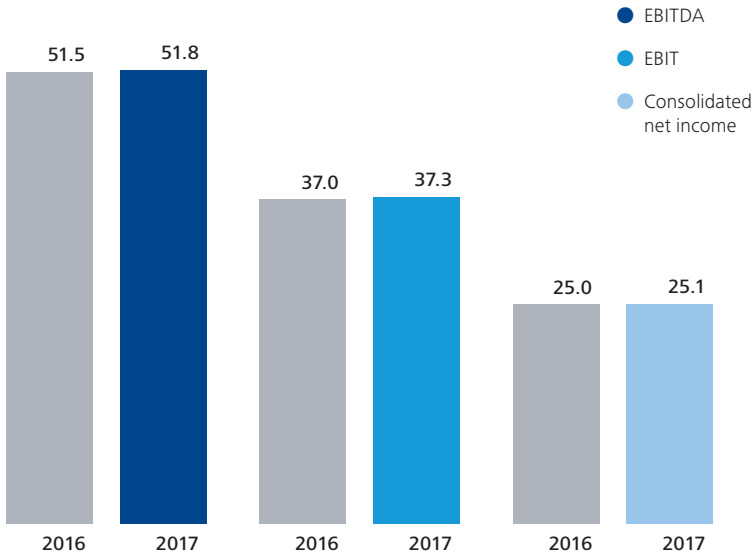
Financial position continues to be solid

As of March 31, 2017, the HARTMANN GROUP shows positive net liquidity of EUR 126.8 million which represents another substantial rise compared to the 2016 year-end. The equity ratio amounted to 61.8% which was close to the 2016 year-end ratio.

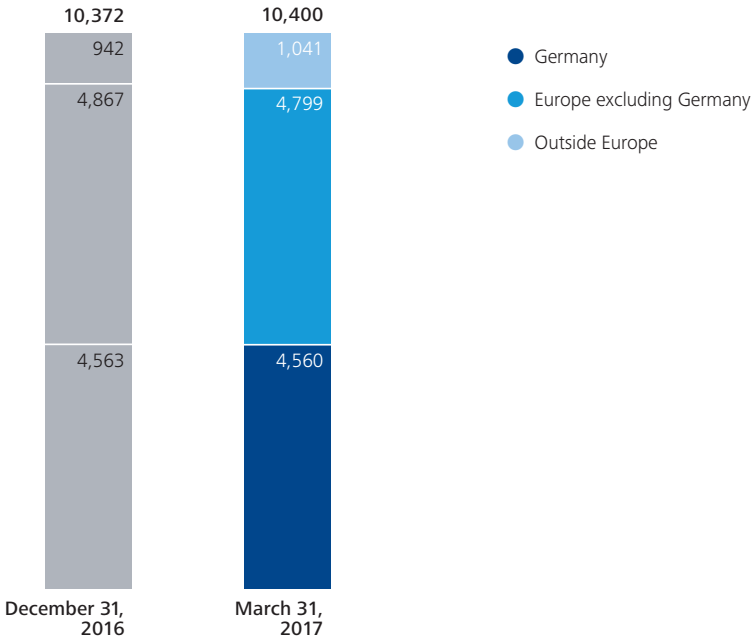
Number of employees remaining practically unchanged

At the end of the first quarter, the HARTMANN GROUP payroll came to 10,400 employees worldwide, which is just under 30 more than at the end of 2016. In Germany, the number of employees stayed practically unchanged at 4,560 in total. In the rest of Europe, the sale of two companies in France had an effect on payroll figures. On the other hand, the number of employees outside of Europe went up by 99, mainly because of the expansion of production capacity in India and of sales structures in the USA. At the end of the quarter, 56.2% of the total number of staff were employed outside of Germany; in other words, the ratios remained almost unchanged.

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

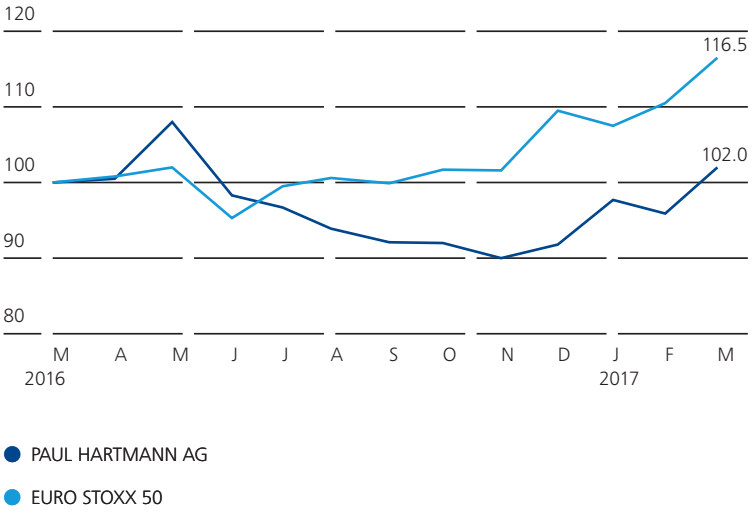


Number of employees of the HARTMANN GROUP



Performance of the HARTMANN share price compared to EURO STOXX 50

March 31, 2016 (= 100 percent) to March 31, 2017 in percent



Performance of the HARTMANN share

The HARTMANN share was listed at EUR 434.50 per share at the end of March 2017, in other words EUR 43.50 above the 2016 year-end share price (EUR 391.00).

Basic information on the HARTMANN share

WKN	747404
ISIN	DE0007474041
Exchange	Frankfurt Stock Exchange
Segment	Open Market
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

Confirmation of the sales and earnings targets for 2017

Overall, the outlook for the global healthcare industry is favourable whereby growth rates may differ greatly from one region to another. Whereas growth in the EMEA region is somewhat restrained, other regions – including North America among others – promise a higher level of growth. The key factors for future demand for medical products are still not only the world economy – which, as before, is still deemed to be favourable – but also particularly demographic change, political decision-making on the funding of healthcare and the possible tightening of the statutory and regulatory framework conditions in healthcare systems that are distinctly national in character. Having said that, the volatile price of raw materials and exchange rates continue to make it difficult to give a prognosis.

The HARTMANN GROUP is on a good footing for making use of opportunities and minimizing risks in a competitive environment. In the medium and long term the further globalization of its business, in conjunction with sustainable efficiency improvement programs, will help spread risks more broadly. After carefully considering all relevant factors, we assume that in the current year – as anticipated in our 2016 business report – we will achieve moderate growth in sales revenues and also a moderate rise in EBIT. On the basis of organic growth we plan to moderately improve the Group's net financial position.

Helping shape the future of care – HARTMANN at the Deutsche Pflegetag

HARTMANN has been assisting nursing specialists in their daily work with healthcare and hygiene management products for nearly two hundred years. Following the motto "Rethinking care," the company wants to further strengthen its commitment to the needs of nursing specialists in the future. At the 2017 Deutsche Pflegetag (a central annual congress for care in Germany), Andreas Joehle, CEO of PAUL HARTMANN AG, announced the revival of the HARTMANN Care Award, among other news.

At the stand, HARTMANN intensified contact with healthcare specialists. Theme: the current situation in the German healthcare sector.

Germany is facing a nursing crisis. People's life expectancy is rising, and chronic illnesses are increasing. Cost pressure in the healthcare system is growing at the same time – and that with a budget that is constant or even declining. The conditions for nursing specialists are becoming increasingly difficult. Their daily work is marked by a high level of responsibility and increasing demands for efficiency. The social standing of the nursing profession is low, although it is a factor critical to the success of the healthcare system. This is shown, for example, in the inadequate pay, outmoded education and a lack of incentives. HARTMANN wants to take action to change this situation. Together with nursing specialists, the company intends to fight for the nursing profession and advocate appropriate pay, greater autonomy, an open discussion on nursing education and an improvement in the profession's prestige.

At the 4th German Pflegetag from March 23 to 25 in Berlin – where more than 8,000 players and experts from the nursing industry, politics and business held talks – Andreas Joehle announced the revival of the HARTMANN Care Award, which the company first awarded in 1988. "The healthcare industry is currently very focused on inventions that promise pioneering changes. We, however, are looking for solutions that give medical specialists more time, save costs and simplify procedures and the use of products," explained Joehle.

The aim of the Care Award is to reward innovative and successful ideas from everyday nursing practice. The topic of the invitation for submissions for 2017 is discharge management: that is, patient care after a hospital stay. Elderly patients, difficult-to-manage comorbidities and ever faster discharges are posing major challenges for everyone involved. The task is further compounded by new legal requirements that entail huge organizational and bureaucratic burdens.

With its Care Award, HARTMANN is seeking projects or individual actions in discharge management where nurses played a decisive role. "We're not looking for theoretical, scientific work; rather, we're seeking ideas and solutions that have been proven in practice," emphasized Joehle. The three best submissions will be rewarded by an independent jury of renowned practicians from the nursing field.

Since 2016, HARTMANN has also been the exclusive premium partner for the Germany-wide competition "Best Student in Geriatric and Nursing Care" and addresses future nurses directly. Around 25,000 nursing students around the country take part in the competition.

HARTMANN focused on talks and discussions on the current nursing situation in Germany at its booth at the Pflegetag as well. "Our aim is to strengthen our close contact with all the specialists in the nursing sector and to offer them a platform with us," explained Joehle. "The societal changes happening in Germany demand an equally profound change in the approach to nursing practice. We want to utilize our years of medical and nursing expertise to drive the urgently needed discussion of this topic and to develop new approaches."

Andreas Joehle, CEO of PAUL HARTMANN AG, advocated for the nursing profession: The focus is on appropriate pay, greater autonomy, an open discussion on nursing education.

News from the HARTMANN GROUP

Acquisition of Lindor strengthens the Incontinence Management business on the Iberian Peninsula

With its acquisition of the well-known Lindor brand, HARTMANN is eyeing a leading position on the attractive market for incontinence products in Spain and Portugal.

In early March 2017, the HARTMANN GROUP announced its acquisition of Lindor, one of the most well-known brands on the adult incontinence market in Spain and Portugal. The purchase of the brand from Procter & Gamble is still subject to approval by local competition authorities and is expected to be completed by mid-2017.

With Lindor, HARTMANN will become one of most important players in the Incontinence Management segment on the Iberian Peninsula. With products such as Salvacamas and Lindor Care, Lindor last year generated EUR 75 million in sales, primarily from the pharmacy channel.

But there is more than just the sales volume: Lindor maintains a 25,000-square-meter production facility in Montornés, Spain, which will generate synergies in combination with the sites of the HARTMANN GROUP. The acquisition will also expand the Group's professional presence on the Spain and Portugal incontinence markets, improving access to wholesalers, pharmacies and general physicians – furthermore, HARTMANN will bring Lindor's experienced employees into its team.

"With its range of products, Lindor fits perfectly with our strategy of creating practical benefits for patients and healthcare workers through cost-effective solutions," stated HARTMANN CEO Andreas Joehle. The market offers tremendous growth potential: In 2031, one in four persons in Spain will be over 65 years old; the number is currently well below 20%. In line with the EU average, approximately 80% of all nursing home residents are incontinent and in need of high-quality incontinence products.

The acquisition includes the 25,000-square-meter Lindor manufacturing facility in Montornés, Spain.

A powerful duo for incontinence care

With its coordinated Skintegrity concept based on products under the MoliCare brand, HARTMANN makes it possible for people suffering from incontinence to enjoy a significantly better quality of life. In a care setting, it is the holistic system that ensures optimal treatment of incontinence patients. The company is introducing the Skintegrity concept across Europe in 2017.

Incontinence is a widespread condition, with experts estimating that more than one in ten Germans, or around nine million people, suffer from it. The likelihood of becoming incontinent over the course of a lifetime is very high. Not only seniors are affected by weak bladders: One in seven respondents aged 40 to 49 suffers from urinary incontinence; up to one in four in the 55-and-over age group.

The symptoms represent a significant burden for those affected. They are often reluctant to leave their homes, and they gradually withdraw from their normal social environment. The treatment, support and long-term care of people with incontinence thus go well beyond surgery, physiotherapy and medication. Medical aids are an important adjunct to medical and physiotherapeutic treatment. HARTMANN has been improving the quality of life for people with incontinence for many years with its high-quality, skin-friendly and reliable incontinence hygiene products.

The company's goal is to be recognized on the market as an expert in incontinence care and to be the primary contact for patients, family members and healthcare personnel. To this end, HARTMANN is bringing its long-established incontinence products and Menalind together under a single brand. Starting in mid-2017, the incontinence hygiene and medical skincare products will be marketed under the MoliCare umbrella brand in a staged process. Both product lines have a skin-friendly pH of 5.5, which helps protect the skin barrier from being compromised by urine and stool. This means, the products are coordinated, ensuring that they do not further stress the skin despite incontinence. It is for this reason that HARTMANN refers to "Skintegrity," its incontinence management system for healthy skin.

Skin health is a factor often underestimated in the treatment of incontinence patients. Incontinence is associated with an increased risk of suffering skin irritation and skin diseases. The risk of infection increases if a patient's skin is no longer able to self-regenerate. With Skintegrity, HARTMANN has developed a holistic,

With its Skintegrity concept, HARTMANN makes it possible for people suffering from incontinence to enjoy a significantly better quality of life.

optimally coordinated incontinence management system for healthy skin. This is made possible by the combination of professional skin protection, which keeps skin irritation and IAD (incontinence-associated dermatitis) under control, with matching absorbent products.

From a dermatological perspective, three factors are especially important to preventing skin damage from weak bladder and bowels: thorough but gentle skin cleansing without water; effective protection of skin in the genital area; and rich, regenerative skincare. The cleansing, protective, and care products in the new MoliCare line were developed specially for the needs of skin under stress from incontinence. They do not contain paraffins or parabens. HARTMANN sets itself clearly apart from the competition by using significantly higher-quality ingredients that optimally supply the stressed skin with nutrients and are especially suited for this purpose.

Further, the MoliCare Skin products and the absorbent MoliCare hygiene products are matched to optimize each other. The established MoliCare Mobile, MoliCare Form and MoliCare Slip incontinence hygiene products are bacteriostatic, have a skin-neutral pH of 5.5 and feature a special "Curly Fibre" layer. The combination of coordinated incontinence hygiene and skincare products with a pH of 5.5 is unique on the market.

Up to 85% of nursing home residents are incontinent. The Skintegrity incontinence management system from HARTMANN helps healthcare workers provide patients with optimal support for their well-being and health and greatly facilitate their care. The skin cleansing products do not require any water, eliminating the need for physically demanding washing when changing the incontinence products. With Skintegrity, HARTMANN provides a functional, matching system, and thus making the guesswork involved in finding matching skincare and incontinence hygiene products no longer necessary. Healthy skin ultimately means less effort involved in care and thus lower costs.

Veroval® Diagnostics: A new generation of networked monitors launches

In May 2017, HARTMANN is launching Veroval® Diagnostics, a new and innovative generation of devices that support patients at risk of high blood pressure and stroke as well as their physicians with diagnostics and treatment.

People are taking an increasingly critical and independent approach to their own health, not only to prevent disease but also to improve their quality of life. A new generation of monitors for the prevention of heart diseases and strokes has been on the market since May. The products can be used not only to accurately record vital signs but also to store them in a central location, visualize them and share them with the physician. Those with pre-existing cardiological conditions see particular benefit from the monitors: They greatly simplify long-term documentation and thus provide reliable information on trends in vital signs. Health problems can be detected at an early stage and targeted for medical treatment.

HARTMANN brings its medical expertise to bear here. All of the blood pressure monitors in the product range meet the demands for everyday use in clinical settings. "In addition to accurate measurements, ease

The Veroval® Diagnostics product portfolio

of use is of course a key issue," said Holger Prange, Head of the Personal Health Care division. "Customers expect intuitive handling and a modern design. We combined this with built-in sleeve fit and position monitoring on the body. This practically eliminates the possibility of user error when taking a measurement."

Managing health responsibly

As hypertensive patients are at risk of cardiac rhythm disturbances (arrhythmias), all blood pressure monitors in the Veroval® range are suitable for the detection of arrhythmia. The product range also includes a special blood pressure monitor with a mobile ECG. The combination device thus enables the reliable measurement of previously unrecognized atrial fibrillation and hypertension, which are regarded as the central risk factors for a stroke. Using the data collected by the combination device, the physician can draw initial conclusions regarding the risk of a stroke and, if necessary, initiate further diagnostic and therapeutic action for stroke prevention.

A healthy diet, reduced obesity and adequate movement and exercise can help reduce a person's risk and normalize blood pressure levels. HARTMANN therefore rounded out the product range with an activity band for movement analysis and a personal scale for optimum body and weight analysis.

Cleverly networked and intelligently combinable

All monitors can be interconnected using the associated software. In addition to blood pressure, other parameters vital to heart health such as the heart rate, weight and daily activity are included in the long-term documentation and are correlated. The result is an extensive collection of readings with which the user can assist his or her physician. "The monitors provide measurement and analysis capabilities that allow for active health management from home," added Holger Prange. The monitors ensure a high standard in terms of data protection as well. Data is stored either locally on the user's PC or optionally online through a secure Web application in a data centre in Germany. Both options provide constant protection and security for the sensitive data.

Find more information about modern preventive healthcare with Veroval® at the homepage www.veroval.de

Kenya: HARTMANN employees train health workers at Lake Victoria

In March, Niki Brandt (HARTMANN South Africa), Fiona Monaghan (HARTMANN Australia), Kai Weller and Christine Bloch (both from PAUL HARTMANN AG) travelled to Kisumu, Kenya by Lake Victoria for a six-day stay. They were dispatched as part of HARTMANN's partnership with the international aid organization CARE. The purpose of this first mission of 2017 was to get an on-the-ground impression of the health and medical situation in Kisumu and to set in motion a sustainable improvement in the health situation through the exchange of knowledge.

During the first half of the trip, the four employees inspected four health centres and conducted extensive discussions with head physicians and attending staff. After learning the local medical and treatment practices, the HARTMANN employees took the initiative to conduct interactive workshops for local health worker in the second half of the trip. This primarily involved conveying and exchanging knowledge of wound treatment, hygiene and disinfection. For example, fictitious wounds were treated with assistance from a HARTMANN employee. "There's high demand for information, and the local staff learned a lot. At the same time, we HARTMANN employees also improved our knowledge of local approaches and existing issues," said Christine Bloch, Medical Trainer at PAUL HARTMANN AG.

At year-end, three other HARTMANN employees will travel to Kenya to further the exchange of knowledge and reinforce the project's sustainability. The partnership with CARE is already in its second year. In 2016, six employees were deployed to Bolivia.

Infection prevention: Niki Brandt, HARTMANN South Africa, training health workers in hand hygiene.

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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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News from the HARTMANN GROUP
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