

Press release for the second quarter of 2017

HARTMANN on growth track

HARTMANN GROUP is investing in the future

Heidenheim/ Germany, August 9, 2017. In the first six months of 2017, the HARTMANN GROUP, a leading international supplier of medical and healthcare products, achieved sales revenues of EUR 1,006.8 million and exceeded the prior-year figure by 3.4%, thus passing the one billion mark for the first time ever within a half-year period. As expected, growth in the second quarter was more restrained, due to among other things, changes in product range, connected with pending market launches within the Incontinence Management segment. Because of investments in growth, as reflected in particular in the greater expenditure for sales and marketing and the higher cost of raw materials and expenses for regulatory issues, the earnings before interest and taxes (EBIT) were slightly lower at EUR 65.4 million (prior year: EUR 68.6 million). The Group's consolidated net income of EUR 45.4 million is nevertheless at the same level as last year (EUR 45.3 million).

"We are investing in "lighthouse projects" such as the Veroval® diagnostic devices that are crucial to our business segments' future positioning," comments Chief Executive Officer Andreas Joehle. "In return, we are prepared to accept this temporary slight dip in our EBIT margin. Moreover, we have a sound financial footing that also allows us to make targeted acquisitions, as our successfully completed takeover of the Lindor business in Spain and Portugal clearly shows."

Growth in the Wound and Infection Management divisions

HARTMANN achieved higher revenues in all of its sales markets. In Europe, the Group generated growth of 2.7% in sales revenues, with Germany making a disproportionately high contribution of a 4.1% rate of increase. In the non-European countries, sales revenues grew by 8.5%, also due to the positive effect of exchange rates. Here, organic growth was achieved above all in Africa, Asia and Oceania.

The sales growth in the three core medical business segments, which accounted for 78.8% of the HARTMANN GROUP's total sales in the first six months of 2017, was driven to a large degree by innovative treatment and diagnostic concepts.

In the Wound Management segment, sales rose by 5.7% to EUR 224.4 million, with the Group's HydroTherapy treatment concept and its customized sets for wound treatment making a particular contribution to the growth. The Veroval® line of diagnostic devices launched in the second quarter

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Management Board:

Andreas Joehle (Chairman/CEO). Dr. Raymund Heinen.

Michel Kuehn. Stephan Schulz.

Chairman of the Supervisory Board: Fritz-Jürgen Heckmann

Registered Office Heidenheim

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enjoyed a high level of demand from pharmacy customers, thus contributing to the growth of the Personal Health Care sector.

The Incontinence Management segment recorded sales of EUR 319.5 million, which was the same level as last year. The strong rise in MoliCare Mobile sales revenues largely balanced out a decrease in revenues from classic products for moderately heavy to severe incontinence. The Lindor business that the Group acquired on June 30, 2017 will contribute to sales from the third quarter onwards.

In the Infection Management segment, sales revenues rose by 5.3% to EUR 249.7 million. Strategic initiatives aimed at improving hygiene compliance in the realm of hand and surface disinfection contributed to this growth.

The Other Group Activities segment saw sales climb by 3.7% to EUR 213.2 million.

Solid EBIT despite growth investments and rising cost of raw materials

Although sales revenues had a positive impact, together with cost savings in logistics and production, there was, on the other hand, an overall disproportionate increase in expenditure for sales and marketing. Moreover, the trend in unit sales prices, the rising cost of raw materials and the implementation of the new Medical Device Regulation also all had an adverse impact, which meant that the return on EBIT (at 6.5%) was lower than the previous year's figure (7.0%).

Financial position continues to be solid

In connection with funding the acquisition of Lindor, the Group's net financial position went down to EUR -18.4 million. Given the good developments in liquidity, we expect to be back to positive figures by the end of the year. Compared to the mid-2016 figure, the Group's equity ratio went up to 57.4%.

Number of employees remains practically unchanged

At the end of the first half of the year, the HARTMANN GROUP payroll came to 10,519 employees worldwide, which is 147 more than at the end of the previous year.

Moderate growth still achievable in sales and earnings

The HARTMANN GROUP still predicts that in the current year – as anticipated in the 2016 business report – it will achieve moderate growth in sales revenues and also a moderate rise in EBIT. This is assuming, however, that there will not be a continuation of the negative price trend in the case of certain raw materials in the second half of the year. Moreover, the implementation of the Medical Device Regulation will also pose challenges in the form of expenses for regulatory issues which will accompany us in the second half of the year and beyond.

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for health

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About the HARTMANN GROUP

The HARTMANN GROUP is one of the leading European providers of medical and hygiene products with core competences in wound treatment (e.g. wound dressings, negative-pressure wound therapy, conforming bandages, plasters), incontinence care (e.g. disposable incontinence briefs and pads as well as products for skin care in case of incontinence) and infection protection (e.g. surgical drapes, operating theater clothing, disposable surgical instruments and disinfectants). The portfolio is supplemented by products for compression therapy and first aid. Moreover, HARTMANN offers innovative system solutions for professional target groups in the medical and care sector. The company with its headquarters in Heidenheim/Germany, whose priority market is Europe, has operations around the world. In 2016, just over 10,300 employees in the HARTMANN GROUP generated sales of about EUR 1,986.5 million.

PAUL HARTMANN AG, located in Heidenheim/Germany, is the core of the group of companies. It belongs to the eldest German industrial operations, dating back to the textile factory founded by Ludwig von Hartmann in 1818. In 1873, his son Paul Hartmann started with the production of surgical cotton wool. Later the company became the flagship of an expanding dressing materials industry. In addition to a number of foreign sales companies, the HARTMANN GROUP includes BODE Chemie (Hamburg), Karl Otto Braun (Wolfstein), Sanimed (Ibbenbüren) and Kneipp (Würzburg).

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