

Press Release

Quarterly results strengthened by increased demand due to COVID-19 – conflicting effects expected over the course of the year

- **Organic growth in sales of 11.9 percent in the first quarter of 2020, largely attributable to increased demand and stockpiling of disinfectants and protective equipment**
- **2020 outlook: in addition to positive effects, conflicting developments, such as the shifting of plannable operations and procurement bottlenecks, are expected**
- **Strategic transformation program makes good progress**

Heidenheim, May 28, 2020.

“The coronavirus pandemic was the defining issue for the HARTMANN GROUP in the first quarter of 2020. The business was strengthened during the period as a result of increased customer demand for disinfectants and protective equipment, as well as intensive measures to increase production capacities and the procurement of supplies despite difficulties in supply markets,” says Britta Fünfstück, CEO of the HARTMANN GROUP. “HARTMANN recorded strong organic sales growth of 11.9% and a significant improvement in results as compared to the same period in the previous year. Sales revenues were at a total of EUR 603.5 million, and adjusted EBITDA was at EUR 73.6 million. Starting in the second quarter, however, negative effects of COVID-19 will also influence the business as a result of shifting plannable operations, decreased patients visits at doctors’ offices, and procurement bottlenecks.”

Despite changes caused by the coronavirus, HARTMANN has pressed ahead with the implementation of its strategic transformation program, reaching important milestones in the central fields of activity. The implementation of the EU Medical Devices Directive (MDR) has also progressed. “Although the MDR deadline was postponed by one year to May 2021 due to the coronavirus pandemic, HARTMANN will adhere to the planned timeframe. As a result, the company will be able to focus even more strongly on innovation,” explains Fünfstück.

All business segments contribute to growth

Sales in the Wound Management segment went up by 2.4% to EUR 116.2 million. Modern wound care products made the most significant contribution to this growth. The Incontinence Management segment recorded an organic increase in sales, partially as a result of stockpiling at care facilities,

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Vorstand: Britta Fünfstück (Vorsitzende/CEO), François Georgelin
Dr. Raymund Heinen, Michel Kuehn,
Vorsitzender des Aufsichtsrats: Fritz-Jürgen Heckmann

Sitz Heidenheim
Amtsgericht Ulm HRB 661090

rising 8.2 percent to EUR 188.5 million. In the Infection Management segment, HARTMANN recorded sales revenues of EUR 163.0 million and organic growth of 24.7 percent. Sales of hand and surface disinfectants, as well as personal protective equipment, exceeded the previous year's figure due to the effect of increased demand as mentioned above. In the Other Group Activities segment, sales revenues increased organically by 11.9% to EUR 135.8 million. KNEIPP and CMC made significant contributions to this increase, which was largely attributable to customer stockpiling at drug stores and retailers.

Strong growth in Europe

Sales growth in Germany increased by 15.8% as compared to the same period of the previous year. In Europe (excluding Germany), the HARTMANN GROUP recorded organic sales growth of 12.0%, primarily due to increased sales to customers in the regions of Eastern, Western and Southern Europe. Sales in the regions of America and Africa, Asia, Oceania decreased.

Adjusted EBITDA as new performance indicator

In financial year 2020, the HARTMANN GROUP introduced adjusted EBITDA as a new earnings performance indicator. This important internal and external key figure is not burdened by extraordinary effects and therefore adequately reflects the underlying business development. Adjusted EBITDA amounted to EUR 73.6 million as of March 31, 2020, and the adjusted Return on EBITDA was 12.2%.

Financial position and equity base develop positively

At EUR 83.3 million (end of 2019: EUR 33.5 million), the HARTMANN GROUP's net financial position developed positively once again. At 57.6%, the equity ratio was almost at the previous year's level at the end of the first quarter of 2020.

Slight decline in the number of employees

In the first three months of the year, the HARTMANN GROUP workforce declined by 59 employees to 11,037 in total. In Germany, HARTMANN recorded a slight decline in the number of employees at individual Group companies. Outside of Germany, production-related adjustments in India and the Czech Republic led to a lower number of employees.

Outlook

HARTMANN expects both positive and negative effects on the continued development of financial year 2020. The positive effects, resulting from increased demand and stockpiling of products like disinfectants and personal protective equipment, are expected to continue in the coming quarters. Starting in the second quarter, negative effects of COVID-19 will also influence the business: the shifting of plannable operations, a decrease in patients visiting doctors' offices, and procurement bottlenecks will decrease sales in several product groups. It is not yet possible to predict or quantify the specific effects of the coronavirus on the ongoing course of business for the

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PAUL HARTMANN AG
Paul-Hartmann-Straße 12
89522 Heidenheim

Telefon: +49 (0) 7321 36-0
Telefax: +49 (0) 7321 36-3636
hartmann.info

Postfach 14 20
89504 Heidenheim
Deutschland



HARTMANN GROUP in 2020. There is currently no solid basis upon which to amend or repeal the outlook.

For more information on the HARTMANN GROUP, please visit our website at <https://hartmann.info/>

Pressekontakt:

Dominik Plonner
PAUL HARTMANN AG
Tel.: +49 7321 36 1380
E-Mail: dominik.plonner@hartmann.info

About the HARTMANN GROUP

The HARTMANN GROUP is one of the leading European providers of professional medical and care products and associated services. Its core portfolio is rounded off by consumer-focused medical products as well as skin care and cosmetics articles. In the Wound Management segment, HARTMANN focuses on wound dressings and bandages for traditional and modern wound care. In the Incontinence Management segment, the focus is on absorbent, body-worn products for different degrees of incontinence. The Infection Management segment comprises the business units Risk Prevention and Disinfection. In Risk Prevention, HARTMANN provides customer-specific, pre-assembled sets of components, clothing and covering materials for the operating theatre as well as examination gloves. In the Disinfection segment, HARTMANN develops and produces products for hand and surface disinfection to protect against infectious diseases. The business activities of the group companies KNEIPP, CMC and KOB are included in the Other Group Activities segment. Under the "Glück, das wirkt" trademark, the KNEIPP Group markets body care products, dietary supplements and herbal medicinal products. The CMC Group mainly distributes private-label products in the areas of cotton/cosmetic, medical, baby and home care. The KOB Group is an expert for specialised medical textiles and bandages. The HARTMANN GROUP focuses on the European market, while maintaining its own companies around the world, close to the relevant local markets. In 2019, 11,096 employees in the HARTMANN GROUP generated sales of EUR 2.2 billion. PAUL HARTMANN AG in Heidenheim/Germany is the heart of the group. It is one of the oldest German industrial companies and dates back to a textile factory founded in 1818 by Ludwig von Hartmann. In 1873, under his son Paul Hartmann, the company began producing absorbent cotton wool. It later went on to become the flagship of an expanding dressing material industry worldwide.

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