

Press Release

The HARTMANN GROUP reaches 2018 sales and earnings goal, Aims to further focus on competitive position and customers

- **Sales up by 2.9% (organic 2.6%) to €2.12 billion**
- **EBIT of €123.2 million (previous year: €138.4 million) characterized by a challenging environment**
- **Consolidated net income of €83.8 million facilitates a stable dividend proposal of €7.00 per share**
- **Goals for 2019 confirmed – competitive position and customer focus will be further strengthened in order to sustainably leverage opportunities**

In the 2018 financial year, the HARTMANN GROUP, one of the leading international providers of medical and hygiene products, achieved an increase in sales of 2.9% and an EBIT of €123.2 million despite a challenging environment.

“With the increase in sales we are in line with the growth rates of the previous years,” explains Britta Fünfstück, Chief Executive Officer of the HARTMANN GROUP.

“The decrease in EBIT and consolidated net income turned out moderately. This reflects an unfavorable exchange rate development, increasing pressure on prices and margins across the industry, persistently high regulatory costs as well as expenses for sales and infrastructure,” highlights CEO Fünfstück. “Nevertheless, we will keep the dividend stable and propose €7.00 per share as in the previous year.”

Fünfstück continues: “We believe in our potential within an attractive industry environment. In order to leverage this and to sustainably develop our growth and earnings power, we will strengthen our competitive position and customer orientation. A rock-solid liquidity and financial position fundamentally support our future initiatives.”

Solid growth in Germany and Europe

The HARTMANN GROUP was able to increase Group sales within Germany (+1.6%, organic +1.9%), as well as in other European markets (+4.9%, organic +3.3%). In Germany, the Wound Management and Infection Management segments developed particularly well; in the other European markets, the Wound and Incontinence Management segments recorded strong

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Seat: Heidenheim
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development. The regions outside of Europe recorded a decline in sales (-2.8%, organic +1.3%) as a result of exchange rates.

Within the Incontinence Management segment, sales increased by 4.3% to €693.7 million. The incontinence brand LINDOR, acquired in 2017, contributed to this growth thanks to its strength in the Spanish and Portuguese market. Among the product lines, the pants from MoliCare® Mobile and the skincare line MoliCare® Skin enjoyed a growing level of customer acceptance.

Sales within the Wound Management segment rose by 3.6% to €474.2 million, driven by the focus on innovative and high-margin ranges. Here, a two-figure sales plus was recorded by super-absorbent wound dressings and the Hydro Therapy treatment concept. An encouraging rise in sales revenues was also recorded by the Mediset® pre-assembled wound treatment procedure tray.

In 2018, the Infection Management segment achieved growth in sales of 2.6% to €505.5 million, which, among other things, was driven by higher sales volumes for customized surgical procedure trays and specific single-use procedure trays for patient care. The single-use surgical instruments, surgical gloves and Sterillium®Med, a core element of the hand disinfection portfolio, also recorded dynamic growth.

In the Other Group Activities segment, which includes product ranges closely geared towards end-consumers and the retail business, the HARTMANN GROUP increased its sales by 0.7% to €446.2 million. Contributing to this, among other things, was growth from the KNEIPP Group, a leader in the area of bath products that was able to win over customers by continuing its strategy “Kneipp works. Naturally.”

EBIT and consolidated net income characterized by challenging environment

The decrease in the Return on EBIT to 5.8% (previous year: 6.7%) reflects an unfavorable exchange rate development, increasing pressure on prices and margins in the industry, persistently high regulatory costs as well as expenses for sales and infrastructure. Consolidated net income decreased by 10.7% as compared to the previous year to €83.8 million.

Financial flexibility again expanded

In the reporting year, the HARTMANN GROUP once again increased its financial flexibility. Free Cash Flow was at €79.2 million, whereas, in the previous year, it remained slightly negative due to the acquisition of LINDOR. The positive net financial position improved to €104.5 million (previous year: €71.7 million). The equity/asset ratio improved to 61.6% (end of 2017: 59.7%) despite an increased balance sheet total.

Number of employees increased due to growth

The total number of employees within the HARTMANN GROUP increased globally to 11,027 (end of 2017: 10,764). In the European core markets, an additional 222 employees were added to the workforce. This was primarily a result of the expansion of production in the Czech Republic and KOB Medical Devices in Germany, as well as the growth-related increase in employees at

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KNEIPP. Beyond Europe, the expansion of production capacity in India and the expansion of the sales organization in China resulted in a rise in employee numbers.

Dividend stability: proposal for an unchanged €7.00 per share

At the 105th Annual General Meeting on April 30, 2019, the Management and Supervisory Boards will once again propose a dividend of €7.00 per share. This corresponds to a total distribution to the shareholders of the company of €24.9 million. HARTMANN thereby continues its stable dividend policy.

Outlook: Moderate growth in sales, consistent leveraging of potential

The outlook for the global health industry remains positive in view of demographic change and an aging society. The demand for healthcare solutions that are cost-efficient and tailored to the customer's needs is on the rise due to increasing healthcare spending in developing countries, rising demands for nursing, increasing rates of chronic diseases, advances in medical treatment and new health technologies.

For the 2019 financial year, the company continues to expect moderate growth in the Group's sales revenues and an EBIT between €102 million and €112 million.

CEO Britta Fünfstück: "By strengthening the competitive and cost position and by following a customer-focused innovation strategy, we will be even better positioned in the future to consistently leverage our opportunities within an environment that will remain challenging, but fundamentally attractive."

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

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Going further
 for health

HARTMANN GROUP				
in EUR million	2017 ¹	2018	Change compared to prior year	
Rounding differences balanced			absolute	in %
Sales revenues	2,058.6	2,119.1	+60.5	+2.9
Of which outside Germany in %	66.5	66.9		
Consolidated net income	93.9	83.8	-10.1	-10.7
Net return on sales in %	4.6	4.0		
EBIT	138.4	123.2	-15.2	-11.0
Return on EBIT in %	6.7	5.8		
Equity/asset ratio in %	59.7	61.6		
Net financial position on 31 December	+71.7	+104.5	+32.8	+45.8
Employees as at December 31 ²	10,764	11,027	+263	+2.4
Dividend per share in EUR	7.00	7.00 ³	+0.00	+0.00

¹ Adjusted due to the final purchase price allocation LINDOR.
² Excluding staff on parental leave and PAUL HARTMANN AG Management Board members.
³ In line with the dividend proposal.

About the HARTMANN GROUP

The HARTMANN GROUP is one of the leading European providers of medical and hygiene products with its core expertise being in wound treatment (e.g. wound dressings, negative pressure wound therapy, conforming bandages and adhesive plasters), incontinence care (e.g. single-use incontinence pants and pads as well as skincare products for use in case of incontinence) and infection prevention (e.g. surgical custom procedure trays, surgical gowns, single-use surgical instruments and disinfectants). Its range also includes products for compression therapy and First Aid in addition to care products and cosmetics. Furthermore, HARTMANN offers innovative system solutions for professional target groups in the medical and healthcare sector. The Company, which has its headquarters in Heidenheim and which has Europe as its focal market, is organized with its own country companies close to the markets across the world. In 2018, the 11,027 employees of the HARTMANN GROUP generated sales of €2.12 billion.

PAUL HARTMANN AG, which is based in Heidenheim, Germany, forms the heart of the corporate group. It is one of Germany's oldest industrial companies, having been originally founded as a textile factory by Ludwig von Hartmann in 1818. In 1873, the latter's son Paul Hartmann, began production of absorbent cotton wool, and later the Company evolved into the flagship of an expanding dressing materials industry worldwide. The HARTMANN GROUP encompasses not only numerous sales companies abroad but also, among others, BODE Chemie (Hamburg), KNEIPP (Würzburg), Karl Otto Braun (Wolfstein), and Sanimed (Ibbenbüren).

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