

HARTMANN NEWS

HARTMANN starts its anniversary year 2018 with strong growth

- **Innovations and the LINDOR acquisition drive growth in the first quarter:
2.3 percent rise in sales to €516 million, despite adverse impact of exchange rates**
- **Strong market position safeguards earnings in a difficult business climate:
EBIT at €31.3 million**
- **Accelerating sustainable investments: HARTMANN strengthens sales in the German
hospital market and forges ahead with digitalisation**
- **Sights set on moderate sales growth for 2018**

May 4, 2018 – Heidenheim, Germany. The HARTMANN GROUP, a leading international supplier of medical and hygiene products, made a positive start in its anniversary year, 2018. Propelled by innovative product solutions and LINDOR's sales in the incontinence management segment, the Group's sales revenues rose to €516.0 million in the first quarter of 2018, an increase of 2.3 percent compared to the previous year. Without the negative impact of adverse exchange rates in America and Asia due to the strength of the euro, the rise in sales would have amounted to around 4 percent. Earnings before interest and taxes (EBIT) were in line with expectations at €31.3 million. Due to factors such as the higher cost of increased regulatory requirements, as well as structural and growth investment expenditure, EBIT did not reach the previous year's level. HARTMANN remains on an extremely robust financial footing, achieving an improvement not only in its equity ratio but also in its net financial position compared to the end of 2017.

"We have got off to a good start in 2018, an already challenging financial year, and are gearing up for a continuation of our 200-year corporate success story," commented Chief Executive Officer, Andreas Joehle on the developments in the first quarter. "Our innovative products and treatment concepts, such as HydroTherapy or the Skintegritty concept, have been a driving force behind our organic growth. Their market success comes down to the fact that they bring measurable benefits to patients, nurses and caregivers."

Joehle went on to say: "Throughout this year we are also making investments in the future and continuing with our preparations for implementing the EU Medical Device Regulation. These expenses are included in the EBIT margin of 6.1 percent, which is in line with our expectations. Moreover, we managed to further strengthen the Group's equity and financial position. This shows that the HARTMANN GROUP is built on a lasting and sustainable foundation."

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Board of Management: Andreas Joehle (CEO), Dr. Raymund Heinen, Michel Kuehn, Stephan Schulz
Chairman of the Supervisory Board: Fritz-Jürgen Heckmann

Registered Office: Heidenheim
Commercial Register of Ulm District Court: filing code HRB 661090

Joehle continued to explain that investments in the future will position HARTMANN even better in a competitive market. "It is essential that we not only ensure our sales power in the German hospital market but also that we improve our market penetration into the self-paying patients' sector. For that reason, we are making targeted investments and have initiated a diverse range of measures," the CEO emphasised. "Our focus also remains on our IT infrastructure and on digitalisation projects. In addition, E-health features must fulfil our mission of creating added value for patients and caregivers, as well as for customers in institutional healthcare."

Product innovations boost sales in business segments and regions

The Wound Management segment recorded a 1.1 percent increase in sales revenues to €110.0 million. Super-absorbent and antibacterial wound dressings made a major contribution to the segment's growth, as did the HydroTherapy treatment concept. The Personal Healthcare segment also achieved organic growth.

In the Incontinence Management segment, revenues rose by 6.7 percent to €172.0 million, due to the sales of LINDOR in Spain not yet being included in the previous year's figures. Our innovative Skintegrity concept for holistic incontinence management and our IAD (incontinence-associated dermatitis) prophylaxis continued to penetrate the market.

The organic sales growth in the Infection Management segment was largely absorbed by the negative impact of adverse exchange rates, which meant that the segment's sales revenues, amounting to €127.3 million, remained at the same level as the previous year.

At €106.7 million, sales in Other Group Activities remained at last year's level. The HARTMANN GROUP achieved sales increases in particular in European countries outside of its domestic market. The region of Western and Southern Europe recorded a double-digit increase in revenues, while Eastern Europe stood out with moderate organic sales growth. In the region of Central Europe, including Germany, the organic development of sales stayed even. The sales trend in America and Asia was overshadowed by the highly negative impact of exchange rates. The Group generated more than two thirds of its sales revenues abroad.

EBIT below previous year's level, as expected; financial profile improved

The main reasons for the decrease of €6.0 million in earnings to €31.3 million were the continuing price pressure on sales markets together with the higher expenses for regulatory cost, in particular the cost of implementing the EU Medical Device Regulation. However, our EBIT margin of 6.1 percent (previous year: 7.4 percent) was in line with expectations. At €20.8 million, the Group's consolidated net income was €4.3 million lower than the previous year's figure. The net profit margin (return on sales) amounted to 4.0 percent, compared to 5.0 percent in the previous year.

The HARTMANN GROUP's net financial position improved to €73.9 million compared to the 2017 year-end figure (€71.7 million). The equity ratio, amounting to 60.8 percent, also showed a positive trend (end of 2017: 59.7 percent).

Based on the results of the first quarter, HARTMANN confirms the outlook for the 2018 financial year as a whole, consisting of a moderate increase in sales together with a moderate decrease in EBIT.

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For further information on the HARTMANN GROUP, please visit us at <https://hartmann.info/>

About the HARTMANN GROUP

The HARTMANN GROUP is one of the leading providers of medical and hygiene products, with its core expertise in wound management, disinfection, incontinence, risk prevention, and personal healthcare. With headquarters in Heidenheim, Germany and group companies worldwide, the company is in close touch with the global market. In 2017, the HARTMANN GROUP achieved sales revenues of €2.06 billion, with a workforce of 10,764 employees.

In addition to a number of foreign sales companies, the HARTMANN GROUP includes BODE Chemie (Hamburg, Germany), Karl Otto Braun (Wolfstein, Germany), Sanimed (Ibbenbüren, Germany) and Kneipp (Würzburg, Germany).

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