



HARTMANN



Inform

Information for our shareholders for
the third quarter of 2017

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Dear Sir or Madam,

In the third quarter, there was a noticeably stronger headwind affecting our markets. Just like our competitors, we have been contending with ever-increasing regulatory costs and the currently very intense price pressure on the markets for medical and healthcare products. The fact that despite the circumstances we have nevertheless managed to close with a sales growth of 3.2% and an EBIT margin of 6.2% at the end of the first nine months of 2017 shows the balance of the portfolio of the HARTMANN GROUP, with its range of systems for wound treatment, incontinence care, infection prevention and its consumer-oriented products.

The decrease in the EBIT margin compared to the prior year is a reflection of our current ongoing efforts to secure the future of HARTMANN and make it even more robust than ever. These include fully implementing the European Medical Device Regulation, as well as investing in the integration of Lindor into the Group – and also the development and launch of innovative products and healthcare concepts.

In September, we duly made a slight downward adjustment to our earnings target and now expect an EBIT for the 2017 year as a whole just slightly short of last year's figure. Having said that, we are confident that we will be able to increase our sales and earnings once again in the fourth quarter and surpass the comparative figure from 2016. Besides the positive impact of our product innovations contributing to the expected upward trend, effective cost management will also help us to achieve the latter.

The HARTMANN GROUP will continue in future to strike a balance between safeguarding its long-term future and securing its short-term earnings. Our comfortable financial position will also play its part in this. The Group's net financial position is back into positive figures, thus broadening our scope for investments that will make our business even more resilient.

Yours sincerely,

PAUL HARTMANN AG



Andreas Joehle



Stephan Schulz

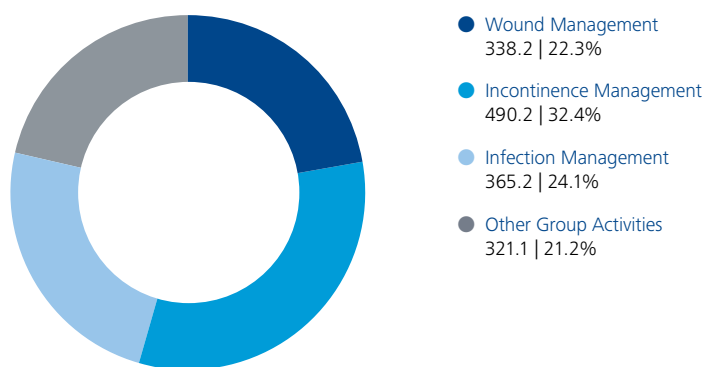
The HARTMANN GROUP, a leading international manufacturer of medical and hygiene products, takes a holistic approach to healthcare, placing emphasis on direct practical benefits for patients and the medical staff treating them. Maintaining close contact with users and consumers is the fundamental key 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 products as well as care products and cosmetics.

Key performance indicators of the HARTMANN GROUP as of September 30

in EUR million	2016	2017	Changes compared to previous year	
			absolute	in %
Sales revenues	1,467.7	1,514.7	47.0	3.2
of which outside Germany in %	66.4	66.6		
EBITDA	147.2	138.8	-8.4	-5.7
Return on EBITDA in %	10.0	9.2		
EBIT	103.5	93.3	-10.2	-9.9
Return on EBIT in %	7.1	6.2		
Consolidated net income	68.2	63.6	-4.6	-6.7
Net return on sales in %	4.6	4.2		
Equity ratio in %	56.8	57.8	+1.0% points	1.8
Net financial position	71.8	22.6	-49.2	-68.5

Business Development in the first three quarters of 2017

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



Continued sales growth alongside temporarily restrained developments in EBIT

Compared to the equivalent nine-month period last year, group sales went up by 3.2% to EUR 1,514.7 million (previous year: EUR 1,467.7 million). The figure was impacted favorably by the first-time inclusion of Lindor and by the positive effect of currency factors. The organic growth, without taking into account the effect of exchange rates, acquisitions and divestments, came to 1.8%. In the third quarter, a burden was placed on EBIT by the higher regulatory costs and the continuing intense price pressure on the market, among other things. Over the reporting period as a whole, the EBIT margin was at 6.2%, compared to 7.1% in the same period of 2016.

Overall positive trend in the business segments

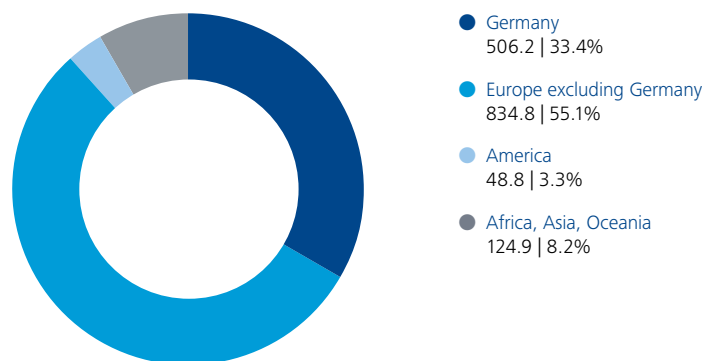
In the Wound Management segment, sales in the first nine months came to EUR 338.2 million, which was 4.3% up on the prior-year figure and corresponded to organic growth of 3.3%. High growth rates were achieved in the case of our HydroTherapy treatment concept and customized sets for wound treatment. These more than compensated for the restrained development in sales figures for traditional wound dressings as a result of the continued price pressure. Personal healthcare, an area which comes under this business segment, also achieved a rise in sales revenues, based again on higher unit sales in the third quarter of Veroval® self-testing kits and the Veroval® line of diagnostics devices.

The Incontinence Management segment recorded growth of 1.9% in sales revenues to EUR 490.2 million. For the first time, this third-quarter figure included sales revenues from Lindor's business activities on the Iberian Peninsula, which had a positive impact here. The organic drop of 1.7% in sales revenues was primarily to be attributed to a decline in revenues from sales of classic products for moderately heavy to severe incontinence. Lower reimbursement amounts also had an impact here. This was only partially offset by the higher revenues from sales of MoliCare products.

The Infection Management segment's sales revenues went up to EUR 365.2 million, a rise of 3.7% compared to the equivalent period last year. The organic growth of 3.2% was predominantly due to successful unit sales of surface and hand disinfection products in connection with the measures taken in this segment to improve compliance with hygiene standards in hospitals and nursing homes.

The Other Group Activities segment saw sales climb by 3.5% to EUR 321.1 million (organic growth: 3.8%). The core medical business segments accounted for a stable 78.8% of the HARTMANN GROUP's total sales revenues.

Share of total sales by region
in EUR million and percent



Sustained high growth rates in Europe and Asia

Just like last year, more than 88% of sales revenues were generated in Europe. They went up by 2.8%, with a disproportionately high contribution to this growth coming from the sales regions of West/Southern Europe – influenced by the inclusion of Lindor – and Eastern Europe. In Germany, which continues to be the most significant single market, the HARTMANN GROUP achieved growth of 2.7% which was similar to the rate recorded in the rest of Europe. Outside of Europe, the growth rate came to 6.3% (organic growth: 4.7%). Whereas there was 7.8% growth in Africa, Asia and Oceania, the rate recorded in America was 2.8% (organic growth: 1.8%) which was below expectations.

Regulatory costs and price pressure placing burden on EBIT margin

The HARTMANN GROUP's EBIT amounted to EUR 93.3 million which is down 9.9% compared to the prior year (EUR 103.5 million). This corresponds to an EBIT margin of 6.2%, compared to 7.1% in the equivalent nine-month period of 2016. The sustained high price pressure on the HARTMANN GROUP's sales markets had an adverse effect here, as did the higher regulatory costs – primarily relating to the implementation of the in May introduced Medical Device Regulation. The positive impact of sales revenues and savings in logistics and production only partially managed to compensate for these factors. Due to the improved financial result of the Group in relation to 2016 and its lower tax expenses, the consolidated net income only fell by 6.7% to EUR 63.6 million (previous year: EUR 68.2 million).

Strong cash flow from operating activities leading to a positive net financial position

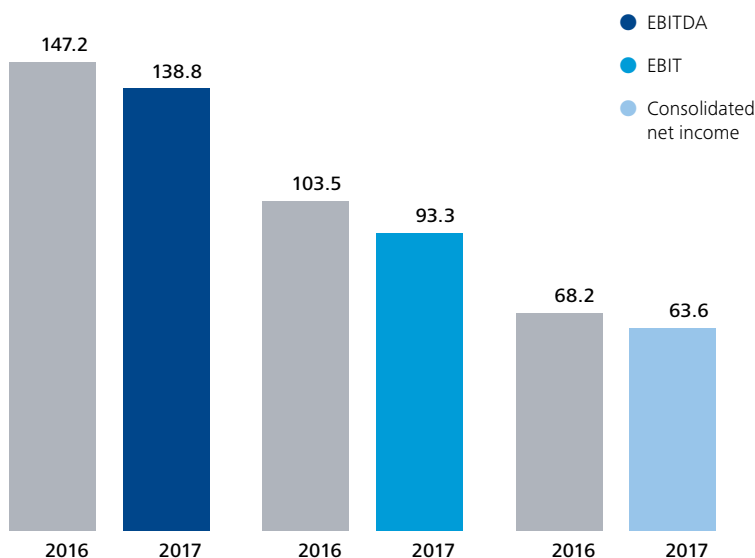
The net financial position amounted to EUR 22.6 million as at September 30, 2017, and was therefore – despite the payment for the Lindor acquisition – back into positive figures thanks to the pleasing level of cash flows from operating activities. The equity ratio came to 57.8% at the close of the quarter.

Increase in the number of employees

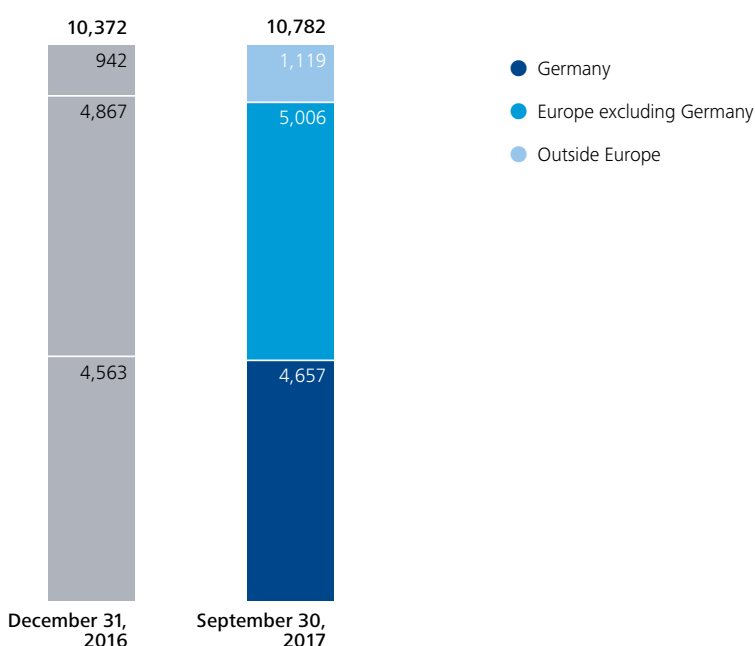
Because of the acquisition and takeover of the Lindor business as at June 30, 2017 as well as the expansion of production capacity in India, the number of employees increased to 10,782 as at the end of the third quarter.

Of this total 4,657 are employed in Germany and 6,125 are at sites abroad. These figures translate into a ratio of 43.2% to 56.8% respectively.

Development of EBITDA, EBIT and consolidated net income of the HARTMANN GROUP as of September 30 in EUR million



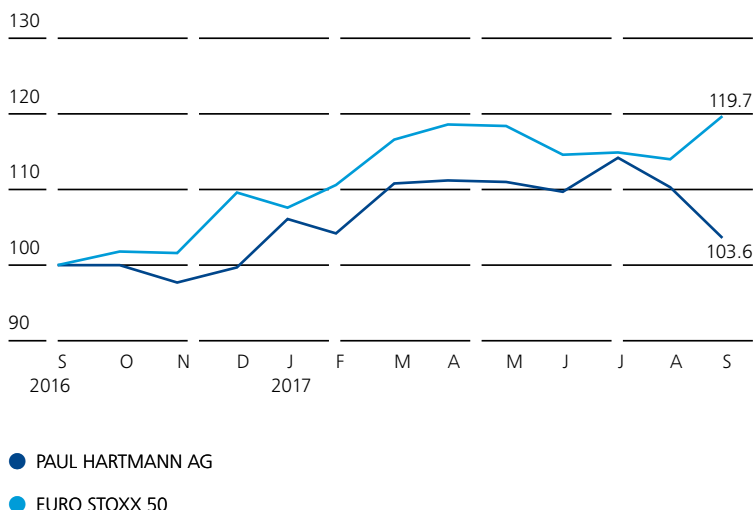
Number of employees of the HARTMANN GROUP



HARTMANN share

Performance of the HARTMANN share price compared to EURO STOXX 50

September 30, 2016 (= 100 percent) to September 30, 2017 in percent



Performance of the HARTMANN share

The HARTMANN share was listed at EUR 406.00 per share at the end of September 2017, in other words EUR 15.00 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

Outlook

Moderate sales growth planned

The outlook for the global healthcare industry remains largely favorable for the remaining weeks of the current financial year. Moreover, the key factors for the future demand for medical products are, in particular, the 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.

The implementation of the Medical Device Regulation will again incur considerable expenses in the fourth quarter and beyond, due among other things to the much more extensive technical documentation and the higher requirements concerning clinical evaluations. The further rise in price pressure in the HARTMANN GROUP's business segments and the fact that growth in the USA has fallen short of expectations are also factors with an adverse impact on earnings. For these reasons, the HARTMANN GROUP anticipates EBIT amounting to EUR 135 million for the 2017 year as a whole, which is a slight decrease compared to the prior year (EUR 139.1 million). Having said that, according to the Management Board's assessment, HARTMANN is still expected to achieve moderate sales growth. The Group anticipates that its net financial position at the end of 2017 will surpass the level reached at the close of the quarter and will continue to show a positive trend.

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Infection Management: Partnership-based collaboration to achieve distinct added value in practice

Given the growing resistance to antibiotics these days, the prevention of the spread of infection is a matter of the utmost importance. Hand hygiene is one of the key measures in avoiding hospital infections. HARTMANN has spent many years working hard on innovative solutions in this area, in close collaboration with scientists. The success of this approach was demonstrated in July when the BODE SCIENCE CENTER won an award for its collaboration with Professor Dr. Johannes Keller from the University of Ulm.



The Evolution Concept's fluorescence test shows up areas that have been missed when disinfecting hands

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Each year, more than three million patients across Europe contract an infection during their stay in hospital. In Germany, 500,000 people catch a hospital infection per year, and around 32,500 of these are based on so-called multi-resistant pathogens. "It is not to be expected that research on antibiotics will come up with a quick fix or – above all – anything with a preventative effect," says Andreas Joehle, CEO of the HARTMANN GROUP. "So, what we need here is a clear commitment to hygiene." Prevention through disinfection is an area that presents numerous possibilities. These can and must be put to good use – in up to 90 percent of all cases of hospital infections, the pathogens are passed on through hand contact. Hand disinfection is therefore considered throughout the world to be one of the key preventative measures. "Its preventative potential is by far not exploited yet," points out Andreas Joehle.

And the figures confirm what he says: in daily hospital life, hands only get disinfected roughly half as frequently as they should be. Experts believe that this low rate of compliance with hygiene regulations and recommendations would need to be increased to at least 80 percent in order to reduce infection appreciably. To this end, the HARTMANN GROUP has already been working for years in close cooperation with scientific institutions and high-ranking hospitals. A prime example of this is the BODE SCIENCE CENTER's (HARTMANN's scientific center of excellence for hygiene and protection against infection) collaboration with Professor Dr. Johannes Keller, Head of the Department Social Psychology at the Institute of Psychology and Education at the University of Ulm. In July, this long-standing collaboration was awarded the Ulm University foundation prize for "Science and Business Cooperation". Professor Dr. Keller is a social psychologist

who, ever since 2011, has been researching the influential psycho-social factors behind why the compliance rates do not increase even though people are aware of the importance of hand disinfection. His findings are channeled directly into the development of new approaches aimed at increasing compliance with hand hygiene standards.

“Collaborating with external partners forms a major component of our work,” explains Dr. Heide Niesalla, Head of the BODE SCIENCE CENTER. “Besides Ulm University and Professor Dr. Keller, we also work with Berlin’s Charité Hospital and with Hamburg-Eppendorf University Clinic, among others. For us, these partnerships with scientific institutions and hospitals play a very important role, enabling us to develop specific measures based on current research findings that have their roots in clinical practice and support doctors and nursing staff in their work.”

For instance, the BODE SCIENCE CENTER came up with the Evolution Concept which helps hospitals to increase their compliance rate. The concept is a multi-level holistic approach that employs various methods and processes to tackle the commonplace obstacles that stand in the way of hand disinfection. It comprises not only training and educational materials but also a complementary e-learning program. Moreover, there is also an e-health application that uses a method of direct observation, making it easy to document the hand hygiene behavior of nursing staff and obtain quick feedback on it. The aim here is to make hand hygiene an automatic routine part of daily practice in hospitals.

“The Evolution Concept was launched in Germany this May, giving us whole new inroads into the market,” says Dr. Njikoha Ebigo, Head of Marketing for the hospital business sector at HARTMANN Germany. He points out that HARTMANN is the only supplier that provides this kind of holistic concept, going on to say: “With our Evolution Concept we have created a pioneering role for ourselves in this crucial market and put ourselves in a very strong position in the long term.” The initial feedback from the market is positive. There is broad awareness among hospital and nursing staff that there is room for improvement when it comes to hand disinfection – and they are therefore open to new approaches.

Thanks to its close connections with science and practice and to the development of the Evolution Concept, the HARTMANN GROUP has established itself permanently in an area that will shape the future. There is a clear consensus among all concerned that increasing the compliance rate in hand disinfection will play a decisive role in these times of growing resistance to antibiotics – not just for caregivers and doctors but also for patients and their relatives. HARTMANN not only has unique expertise in this field, thanks to its intensive collaboration with scientists, but is also a pioneer and a driver of innovation in terms of educating those concerned and coming up with approaches to finding solutions.

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Hand hygiene behavior is easily documented using the e-health application, allowing quick feedback

News from the HARTMANN GROUP



LINK – HARTMANN shares international wound expertise

LINK (which stands for Learn, Inform, Network, Knowledge) is HARTMANN's international medical network and one of the largest platforms for knowledge sharing, further training and networking in the field of wound care. The network was brought into being in 2017 and already has more than 18,000 users from 93 different countries. On September 19th, the first ever international LINK Congress took place in Belfast – with over 220 acclaimed experts from the field of modern wound treatment, including negative-pressure therapy.

The event was received very well indeed, attracting 280 participants from 26 different countries who accepted HARTMANN's invitation to come to Belfast and take part in the very first "LINK for Wound Healing" Congress. This gave them the opportunity to exchange their thoughts and find out more about innovative solution approaches to wound care. The doctors, nursing staff, scientists and trainers who took part attended some fascinating talks, discussed their own experiences and presented some wound treatment case studies. The six best studies received the LINK award for a meaningful contribution to the advancement of wound management. The congress was staged in cooperation with the Journal of Wound Care (JWC), the sector's leading medium, which also published all of the highlights of the congress together with the names of the award winners.

HARTMANN has traditionally always worked in a practice-oriented manner in close cooperation with

medical professionals. LINK is another successful example of this approach. The experts take the knowledge they have gained back to their own countries and use the newly acquired facts as a basis for continuing their work and research there. In this way, HARTMANN helps to continuously expand and disseminate wound-care expertise, thus underscoring its role as one of the sector's opinion-makers.

HARTMANN has been actively involved in wound management ever since 1873 when the industrial production of absorbent cotton wool first began. From the outset, its corporate DNA was made up of support from medical professionals, innovative solutions in wound treatment and a profound level of expertise. And that is still the case to this day, a fact that was recognized by the Journal of Wound Care at the beginning of the year when the "Most Innovative New Dressing 2017" award went to the new generation of the HARTMANN wound dressing HydroClean Plus.

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Prof. Karen Ousey from the University of Huddersfield, UK, was one of the high-ranking speakers at the first international LINK Congress in Belfast on September 19th



Cycling around the globe in the interests of health

Just like in 2016, again this year a large number of HARTMANN GROUP employees have taken part in the "Cycle to Work" campaign run by the AOK (a German health insurance company). From early May to the end of August, the total mileage covered by employees cycling to work, individually or in groups, throughout the whole of Germany was added up. "HARTMANN's motto is 'Going further for health' – in other words, being willing to go the proverbial extra mile in the interests of health," says Michael Mak who is responsible for Health,



Kicking off the cycling campaign at the Heidenheim headquarters of the HARTMANN GROUP at the beginning of May

Safety and Environment at HARTMANN. "That, of course, also applies to the employees themselves within the company. With this campaign, our aim was to motivate our fellow workers to take exercise, even if they only have very little time for sport, e.g. by using their journey to work for this."

And the campaign has worked: while in 2016, around 50 people joined in, this year Mak and his team managed to more than double that figure, with 110 employees taking part. In September the grand total for HARTMANN was revealed: "This year, between us, we have cycled just about 37,000 kilometers", says Mak. "And for next year, altogether, we have set ourselves the goal of cycling the equivalent of once around the globe. That would be 40,075 kilometers – which isn't much more than our total this year."

Michael Mak is the campaign promoter together with Kristina Hungele who works in the company's operational health management department. "The health of our employees is important to us," says Hungele, "which is why we are delighted that staff members across the whole of Germany, from Hamburg to Heidenheim, and even one lady who works for the company in Holland, have taken part." For 2018, Mak and Hungele have set themselves the ambitious target of again doubling the current numbers and getting 200 employees involved in the scheme – which would be a fitting figure right on time for HARTMANN's 200th anniversary. "What's more, we would also like to get the campaign established on an even more international

scale and get more employees from other countries involved too," says Hungele. "One person who works for the company in Brazil has already expressed interest."

Stronger position in the B2C business with Kneipp

Kneipp, a fully owned subsidiary of the HARTMANN GROUP and long-established brand in the sector of health and wellbeing, brought out 25 new bath, shower and body-care products in September. Moreover, in November 2017 Kneipp will be entering the market segment of room fragrances for the first time when it brings out three different scents. With this move, it is strengthening its group-wide business with end-consumers, and is ideally placed to maintain the strong growth recorded over the past years.

Kneipp is very well positioned in particular with its range of innovative, natural products for bathing and showering. With its bath products, Kneipp is the market leader, ahead of Tetesept, Dresdner Essenz and Palmolive. It has been able to strengthen this position now, given the lively demand for its bath pearls in particular, following on from a large-scale launch of these products. Soon after they were brought out, the initial response on the retail market was already very good. In the shower product sector, meanwhile, Kneipp has achieved annual growth of an average of over 50 percent since 2009 and is now ranked seventh overall, behind the big names such as Nivea, Duschdas and Dove, but ahead of its competitor Weleda. In the case of natural shower gels, moreover, it is actually the market leader. The sale of room fragrances is a new area for the company. These will be introduced in a test phase from November 2017 onwards and will be available exclusively from dm (a chain of German drug stores) and from Kneipp's online shop. In connection with the new products, Kneipp has succeeded in broadening its sales base considerably, increasing the number of its distribution points by around 30 percent compared to the prior year.

The good performance seen at Kneipp is built on the manner in which it develops its own products. Its research and development team works in close cooperation with scientific institutes, developing patents and new principles for effective formulas. A prime example is the fact that just recently in May Kneipp was granted a patent for the mood-lifting formula for its shower product, "Enjoy Life" ("Lebensfreude" in German). A one-off design edition of this best-selling product has been brought out specially to mark the occasion.

Optimization of the digital Inform

We have optimized the digital version of Inform, our quarterly shareholder newsletter, to make it easier to navigate and read. It now has an interactive list of contents and a page-turning feature for even more convenience. Depending on which parts interest you the most, you can go directly to each individual section without having to spend time clicking through the entire content.

Have you already discovered the new features? Try them out here: <https://hartmann.info/en/pages/Investor-Relations-en/Downloads-en>

200 YEARS

In HARTMANN's 200-year countdown, we would like to take you back to some of the most notable milestones in our company history. In weekly articles published on our website which will add up to 52 pieces altogether, we have been taking a look at relevant topics from the health sector. One of these articles shows how HARTMANN's Custom Procedure Trays help to save surgical teams up to 23 minutes in the operating theater – a great deal of time that the nurses and doctors can then devote to patient care instead.

The pit crew of the OR

The moment that a Formula 1 racing driver pulls in for a pit stop is a critical one. Every split second counts. The pit crew members have to be impeccably trained, experienced and fully synchronized because the tiniest of errors can decide between the winner and the loser. In the case of hospital surgery, it's not a matter of winning or losing but often a matter of life or death. The surgical team must be able to trust each other blindfold and work in perfect harmony. An operation can only be performed safely and successfully provided the following three components fit together perfectly: the team, the timing and the tools. And the tools are what HARTMANN provides for.

Focusing on the patient

The patient is always top priority.

Despite that fact, limited budgets, statutory requirements and a lack of resources can often mean that patients get neglected. The HARTMANN GROUP has set itself the task of providing solutions that allow OR teams to concentrate their full attention on the patient. HARTMANN's Custom Procedure Trays (CPTs for short) are customized surgical sets that relieve surgeons and their assistants of some of the preparatory work in advance of the surgical intervention itself. For a C-section, for example, more than 80 instruments and items need to be at the ready. HARTMANN's CPTs for Cesarean sections have all of these lined up in the set, ready to be used. This saves a lot of time before the surgical intervention even begins – up to 23 minutes in fact. However, it is not just a matter of simple time-saving or plain productivity gains. "We look at those 23 minutes as being extra time for the surgeons to devote to their patients or to give themselves a breather between surgeries," explains Claudia Esswein, Head of Marketing at CombiSet®.

Added value that really makes a difference

The CPTs are a striking demonstration of the standards that HARTMANN places on itself and its products: it seeks to come up with innovations that have a direct practical benefit for daily routines. "Instead of placing our bets on would-be spectacular novelties, we concentrate our efforts on concepts that have a distinct and measurable added value for medical staff and patients,"

says Andreas Joehle, CEO of the HARTMANN GROUP.

"All that glitter is not necessarily of real benefit: often it is the simple solutions that have the decisive edge."

In order to do justice to this approach, products have to be fully geared to the needs and specifications of customers, as in the case of the CPT sets. Since developing its customized surgical sets, HARTMANN's Risk Prevention business division has been able to help thousands of surgeons throughout the whole of Europe to safely carry out more than six million surgical interventions a year. Currently, surgeons have the choice of more than 3,500 components that are packaged in the chronological order in which they will be needed during the procedure concerned. "Surgeons work under an enormous amount of pressure," says Claudia Esswein. "Optimised solutions are what they need – and that is what we give them."

The HARTMANN GROUP aims to provide sensible, practicable solutions along these lines, rather than products that may be showy but lack sustainability. Even if its innovations cannot be construed as "sexy" in the sense of dazzling, the main thing is that they really help. And that is what HARTMANN is all about, and always has been – for almost 200 years.

You can find more stories and facts from our digital countdown series at <https://hartmann.info/en/200-years/overview>



HARTMANN's CPTs can save surgical teams up to 23 minutes in the operating theater



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.

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Performance of the HARTMANN share price

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