

HARTMANN



Hartmann
1818-2018

Anniversary Inform

Information for our shareholders for
the first quarter of 2018

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Dear Sir or Madam,

The debate about the future of the nursing and healthcare professions has become more intense, and rightly so. The shortage of nurses and caregivers, and the enormous physical and mental strain that they are under, continue to be one of society's key challenges. The HARTMANN GROUP sees itself as an active partner to those working in healthcare. Our innovative products and concepts have to measure up to our mission to provide optimum benefits for patients and caregivers, while at the same time achieving a high degree of cost efficiency. Moreover, we are vehemently in support of the nursing profession receiving the appreciation it deserves from society. The fact that 15,000 healthcare professionals picked us as their "2018 geriatric healthcare favorite" for care products and medical aids bears testimony to the distinct position we hold.

Again in the first quarter of 2018, we moved another step closer to our mission of "Going further for health" in a variety of ways – for example, with HydroClean® mini for the hydroactive treatment of minor wounds, with our e-learning platform for greater hygiene expertise and with Veroval® medi.connect for healthcare management at home. The growth in our business segments and regions is driven more and more by innovations that are ever more frequently related to digital solutions. The HARTMANN GROUP thus began its anniversary year by achieving sales growth of 2.3%. This increase was also bolstered by LINDOR in Spain, a brand that the Group acquired last year.

Bearing in mind not only the price pressure on our main sales markets but also the further rise in the cost of regulatory issues, the EBIT margin of 6.1% is in line with our expectations. In the current financial year 2018, our structural and growth investments will entail a moderate decrease in EBIT. With these measures, however, we are permanently improving our competitiveness and tapping into additional market potential.

The HARTMANN GROUP sees itself still to be well positioned, given its high market presence, its extensive top-quality product range and its solid financial footing.

Yours sincerely,

PAUL HARTMANN AG



Andreas Joehle



Stephan Schulz

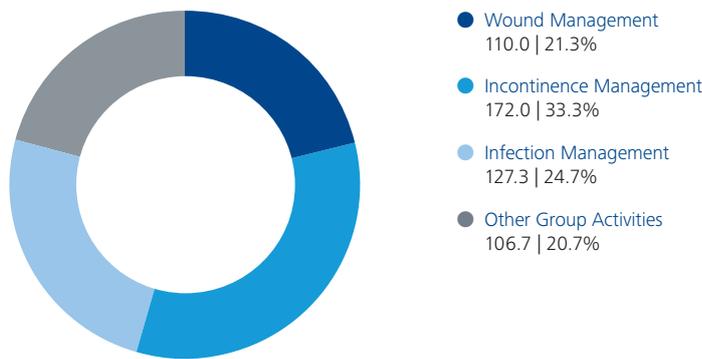
The HARTMANN GROUP, a leading international manufacturer of medical and hygiene products, takes a holistic approach to healthcare, placing emphasis on direct practical benefits for patients and the medical staff treating them. Maintaining close contact with users and consumers is the fundamental key 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 March 31

in EUR million	2017	2018	Changes compared to previous year	
			absolute	in %
Sales revenues	504.2	516.0	11.8	2.3
of which outside Germany in %	66.4	67.2		
EBITDA	51.8	47.8	-4.0	-7.8
Return on EBITDA in %	10.3	9.3		
EBIT	37.3	31.3	-6.0	-16.1
Return on EBIT in %	7.4	6.1		
Consolidated net income	25.1	20.8	-4.3	-17.5
Net return on sales in %	5.0	4.0		
Equity ratio in %	61.8	60.8	-1.0% points	-1.3
Net financial position	126.8	73.9	-52.9	-41.7

Business Development in the First Quarter of 2018

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



HARTMANN starts its anniversary year 2018 with sales growth

Despite the negative impact of exchange rates, the HARTMANN GROUP attained 2.3% growth in Group sales revenues to EUR 516.0 million in the first quarter of 2018, thus achieving a continuation of last year's growth trend. The organic growth, without taking into account the effect of exchange rates, acquisitions and divestments, came to 0.8%. EBIT came to EUR 31.3 million which, as expected, was below the high equivalent figure reached in 2017. Notwithstanding the high cost of regulatory issues and the sustained price pressure, the Group's return on EBIT of 6.1% is practically the same as the average for the year 2017 as a whole.

Product innovations boost sales in the business segments

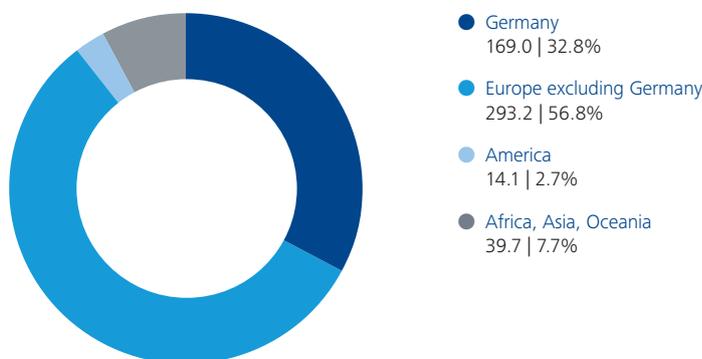
The Wound Management segment recorded a 1.1% increase in sales revenues to EUR 110.0 million. There was pleasing organic sales growth of 3.6% which more than offset the very negative impact of exchange rates. Superabsorbent and antibacterial wound dressings made a major contribution to the segment's growth, as did the HydroTherapy treatment concept. The area of personal healthcare likewise succeeded in surpassing its prior-year sales figure, with organic growth amounting to 3.3%. The new generation of blood pressure monitors launched last year played a part here, as did the Veroval® self-testing sets.

In the Incontinence Management segment, sales revenues rose 6.7% to EUR 172.0 million because of sales generated at LINDOR in Spain that the prior-year figure did not yet include. The organic sales trend reflects the price pressure that exists for incontinence briefs and pads. Our innovative Skintegrity concept for holistic incontinence management and our IAD (incontinence-associated dermatitis) prophylaxis continued to establish themselves further in the market.

The organic sales growth of 1.8% in the Infection Management segment was largely absorbed by the negative impact of adverse exchange rates, which meant that the segment's sales revenues of EUR 127.3 million remained at approximately the same level as the previous year. Without taking into account the effect of exchange rates, sales of customized surgical procedure trays and of disposable surgical instruments and gloves were up on last year, whereas hand and surface disinfectants stayed at the same level.

The Other Group Activities segment generated sales of EUR 106.7 million, which was the same level as last year. The core medical business segments accounted for 79.3% of total group sales (previous year: 78.8%).

Share of total sales by region in EUR million and percent



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Solid sales performance in Germany and abroad

In the quarter under review, the HARTMANN GROUP achieved sales growth in particular in European countries outside of Germany. The region of Western and Southern Europe saw 10.7% growth, while Eastern Europe stood out with its organic sales growth of 4.0%. In the region of Central Europe, just like Germany which is the region’s most important single market, the organic sales trend stayed even (+0.2%). Europe as a whole (not including Germany) achieved an increase in sales revenues of 6.0%.

Outside of Europe, sales developments were affected by the negative impact of exchange rates. Because of this, sales in the regions of Africa, Asia and Oceania went down by 5.1% overall, while the regions of Northern Europe and America were down by 4.4%. Despite these developments, the proportion of total Group sales revenues generated abroad went up from 66.4% in the prior year to 67.2%, due to the acquisition of LINDOR.

EBIT below prior-year level, as expected

Earnings before interest and taxes (EBIT) were down EUR 6.0 million to EUR 31.3 million. The main reasons for this were not only the continuing price pressure on sales markets but also the higher expenses for regulatory issues, in particular the cost of implementing the EU Medical Device Regulation. Our EBIT margin of 6.1% (previous year: 7.4%) is in line with expectations. At EUR 20.8 million, the Group’s consolidated net income was EUR 4.3 million lower than the previous year’s figure. The net profit margin (return on sales) amounted to 4.0%, compared to 5.0% in the previous year.

Financial profile as strong as ever

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

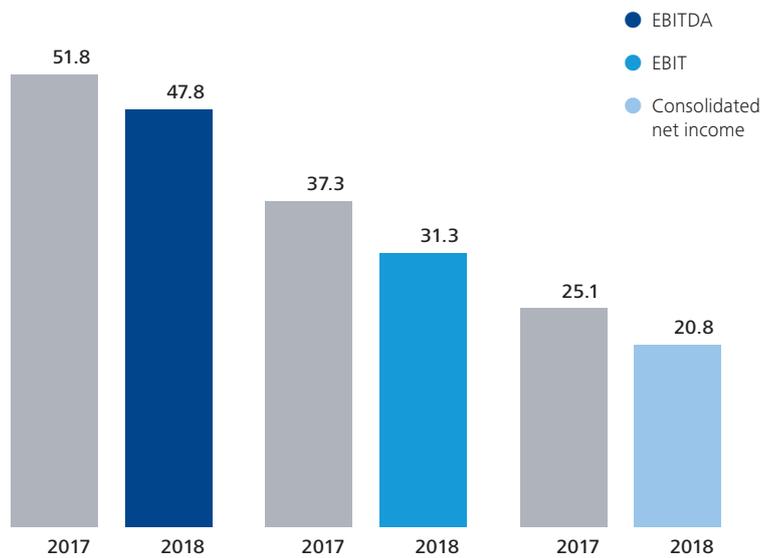
Slight drop in the number of employees

At the end of the first quarter, the HARTMANN GROUP had 10,742 employees worldwide, which is 22 fewer than at the end of the previous year.

Of this total, 4,622 are employed in Germany and 6,120 are at sites abroad. These figures translate into a ratio of 43.0% to 57.0% (respectively), which has remained stable.

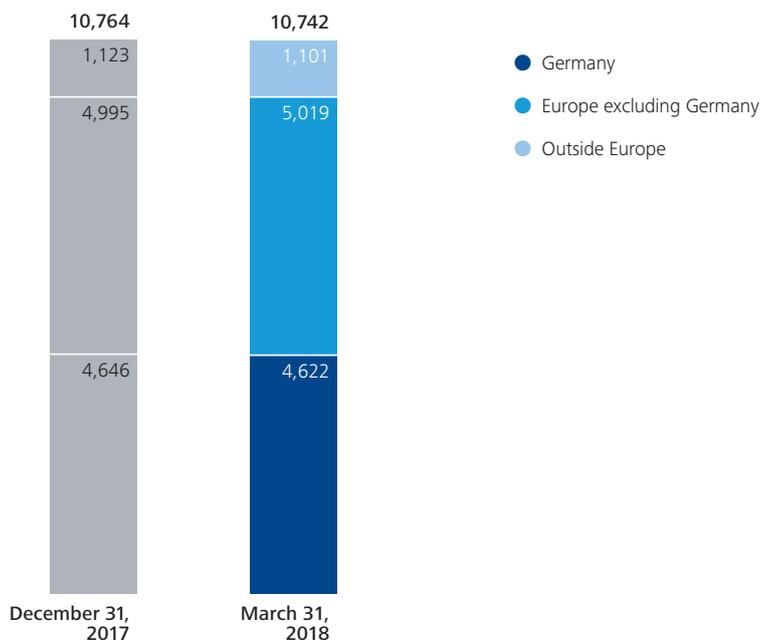
Within Europe, the expansion of the sales workforce in Poland and Russia and expanding production in the Czech Republic have led to a rise in the number of employees. Outside of Europe, there was a slight decrease in production capacity recorded in India.

Development of EBITDA, EBIT and consolidated net income of the HARTMANN GROUP as of March 31 in EUR million



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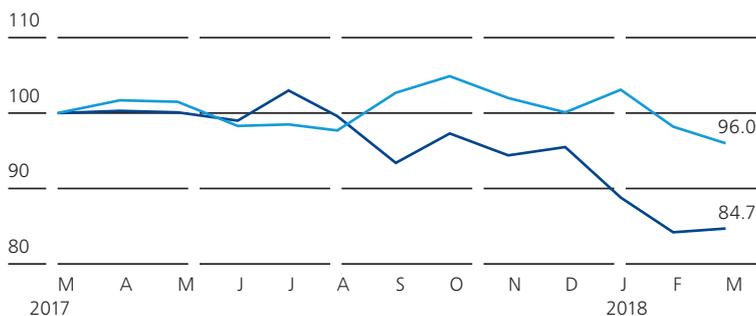
Number of employees of the HARTMANN GROUP



HARTMANN share

Performance of the HARTMANN share price compared to EURO STOXX 50

March 31, 2017 (= 100 percent) to March 31, 2018 in percent



- PAUL HARTMANN AG
- EURO STOXX 50

Performance of the HARTMANN share

The HARTMANN share was listed at EUR 368 per share at the end of March 2018, down EUR 47 on the end-of-year 2017 value (EUR 415).

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

Overall, the outlook for the global healthcare industry remains favorable. The worldwide demographic change is a key growth driver here and will permanently shape demand for medical products. Regional differences may occur, mainly based on economic developments, healthcare systems that vary from one country to another, and differing statutory and regulatory stipulations and framework conditions. There are particular challenges inherent in the growing regulatory requirements and the rising price pressure on healthcare systems, as well as fluctuations in exchange rates and the volatile price of raw materials.

Following the overall positive developments in the first quarter of 2018, the HARTMANN GROUP is sticking to its forecast for the 2018 year as a whole and, having duly weighed up the risks and opportunities, it is still striving towards a moderate rise in sales revenues. At the same time, the structural and growth investments projected for 2018 and already underway, including – among other things – the individualization and digitalization of solutions, could well result in a moderate decrease in EBIT. In the medium to long term, these investments for the future will give HARTMANN a competitive edge and will allow it to tap into additional market potential.

The market- and product-related measures will continue in the future to be accompanied by continuous efforts to optimize processes and costs within the organizational structure updated in 2017. The focal points include creating an even more powerful sales organization in the German hospital market and implementing a value-enhancing group-wide IT strategy, also taking into consideration new regulatory requirements.

To sum up, the HARTMANN GROUP remains well-positioned for making efficient use of future synergies and opportunities and for asserting and expanding the strong position it already holds in sales markets that are highly competitive and subject to price pressure.

200 YEARS

On March 1, 2018, HARTMANN celebrated its official anniversary. Its 200-year corporate history is characterized by the company's unwavering determination to keep breaking new ground. With a pioneering spirit and the courage to embrace change, it has continually adapted its strategies, products and internal structures to suit changing conditions and new developments. To mark the company's anniversary, we would like to take you on a journey through some of the key milestones in our corporate history. One thing is for sure: to this day, we are still as versatile as ever and, what's more, we are willing to continue this unique success story in the future.

1818:

Ludwig von Hartmann creates the company

Ludwig von Hartmann realized very early on that the spinning and bleaching of cotton held the promise of future commercial success. He therefore took over the former Meebold spinning mill in the German town of Heidenheim and turned it into a new company on March 1, 1818.

Ludwig's son, Paul senior, joined the business in 1834. Nine years later, Paul and his brothers Carl and Eduard took over running the company. Paul Hartmann took his business in another direction. In 1867, he purchased the "Scheckenbleiche" bleaching site, going against his family's wishes but thus laying the foundations for today's PAUL HARTMANN AG. With his company, which he named "Paul Hartmann in Heidenheim: Bleaching, Dyeing and Textile Finishing", Paul Hartmann senior would very soon prove to be a pioneer in the dressing materials industry.

1873/1874:

Two milestones in the history of medicine

One of Paul Hartmann's sons, Professor Arthur Hartmann, was a physician who, during the Franco-Prussian war, had witnessed a great shortage of suitable dressing materials, a fact that he reported to his father. Paul Hartmann consulted a surgeon from Tübingen, Victor von Bruns, who had come up with a groundbreaking invention: a dressing made from cotton wool that was able to absorb blood and pus, once it had been degreased and bleached. The new product was named after its inventor. From the early 1870s onwards, Paul Hartmann started manufacturing

this novel type of dressing that was both absorbent and hygienic – a product that made an immediate improvement to wound treatment. When the new dressing went into factory production in 1873, this marked HARTMANN's first milestone on the way to becoming a medical products manufacturer.

Word spread quickly about the PAUL HARTMANN company in the Swabian town of Heidenheim that was mass-producing such a useful wound treatment aid. But, even so, Paul Hartmann and his sons were not content to rest on their laurels. They continued to tinker, experiment and exchange ideas with specialists.

This led to their collaboration with Sir Joseph Lister, a British physician who was the first to treat wounds with dressings soaked in carbolic acid, thus achieving a germicidal effect allowing wounds to heal without complications. Paul Hartmann heard about this and wrote to Lister telling him that he was keen to mass-produce the dressing material. This developed into a lively exchange of correspondence, leading to close collaboration between the two men. The year 1874 marked the beginning of the company's production of Lister's dressing which would very soon prove to be a bestseller for HARTMANN. Another of Lister's inventions also went into production in Heidenheim in 1874: catgut. Surgeons use this fibrous material disinfected with carbolic acid to suture wounds. For surgical procedures where there was no need for non-absorbable suture materials, catgut gradually replaced silk and plain thread, which had proven to be inflammatory in many cases.

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HARTMANN's founding father
Ludwig von Hartmann



Historical advertisement for the
HARTMANN company



Sir Joseph Lister

1882/1912:**HARTMANN expands, becoming a family-run stock corporation**

Based on its positive business performance, the time was ripe for HARTMANN to decide to establish production facilities abroad as well. The first foreign factory was set up in Pavia, Italy, in 1882, followed by further branches and factories, such as in Paris, London, New York, Prague, Rome, Seville and Innsbruck, by 1910. Walther Hartmann took over the running of the business upon the death of his father, Paul Hartmann junior, in 1899. Under his leadership, too, the company systematically continued with its expansion strategy. With the goal of raising capital, he converted the business into a family-run stock corporation in 1912.

1918/1945:**Impact of war**

Despite upheavals, business continued as usual during the First World War (1914–1918) although after 1918 the company had to rebuild the foreign business that it had lost. The Second World War (1939–1945) was a devastating setback for the company: all its foreign plants and subsidiaries were lost.

Having twice experienced the impact of war, the company took until 1972 to go back to making foreign investments, establishing HARTMANN-FRANCE S.A. in Châteaufort, Alsace.

1950:**The first Hollerith machine as an early form of digitalization**

Even in the economically challenging post-war years, the company remained open to new trends and breakthroughs. To this date, it perceives these as an opportunity – not just for product innovations but also in terms of improving internal processes. Thus, for instance, a Hollerith machine was introduced at the company's headquarters in Heidenheim as early as 1950. This was a punch-card system that stored numerical information by making holes in specific fields on the cards – a kind of precursor to today's digital world.

1968:**A new type of management begins**

When Friedrich-Wilhelm von Seydlitz-Kurzbach was appointed as commercial business director in 1968, this marked the entry of a new breed of manager. For example, he turned the focus towards modern marketing and revived the popular advertising slogan "HARTMANN helps healing".

Under his leadership, sales expectations also increased – and were effectively realized: in 1970, for the first time, sales topped 100 million Deutschmarks.



In 1912, Walther Hartmann initiates the conversion of the company into a family-run stock corporation.

Yet the company's success was almost exclusively focused on Germany, with barely any exports. Nor did it have any foreign plants or subsidiaries abroad. It was not until 1972 that HARTMANN gradually began its global expansion by founding HARTMANN-FRANCE S.A. in the Alsace town of Châteaufort. By 1993, it had gained subsidiaries and foreign plants in Belgium, the Netherlands, Austria, Great Britain, Italy, Spain, the Czech Republic and Portugal, among others. Its expansion into Russia followed in 1997, and it also made investments in Saudi Arabia and Turkey.

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The "HARTMANN helps healing" advertising slogan makes a comeback in 1968.

The takeover of BODE Chemie GmbH marks HARTMANN's entry into the hygiene management segment.



1974:

Entering the incontinence market

In 1974, the company started manufacturing products for risk prevention during surgery, as well as incontinence care items. Its entry into the incontinence market was a particularly forward-looking strategic decision. These days, incontinence is the Group's top-selling sector. Continuous investments in research and development led to a constant improvement in our incontinence products, not just in terms of their practical usage but also with regard to their economic effect. With our latest customer-focused product innovation – the Skintegrity system that we launched mid-2017 – our incontinence and medical skincare products are combined under the well-established brand name of MoliCare®. This is just one example of HARTMANN's focus on maintaining close proximity to patients and users.

2000–2009:

Expanding core medical segments through sustainable investments

From 2000 onwards, HARTMANN focused strongly on acquisitions. The year 2000 saw the acquisition of Karl Otto Braun GmbH & Co. KG – a specialist in bandages and woven fabrics. In 2001, HARTMANN acquired 80 percent of KNEIPP before going on in 2008 to wholly absorb the latter, a specialist in body care and bath products, pharmaceuticals and dietary supplements. By taking over Sanimed GmbH in 2001, HARTMANN expanded its portfolio under the present-day Sanimed Group, which comprises retail companies offering a range of products on the German market for institutional and home care. In 2009, BODE Chemie GmbH with its Sterillium brand also became part of the Group. This acquisition has enabled HARTMANN to provide a first-hand range of system solutions for protecting against infections.

Since 2013:

New paradigm for innovations and globalization

In the last five years, HARTMANN has made it even more of a paradigm to place its focus on patients and medical staff as the users of its products. Since then, we have continued in our business segments to develop product innovations and services in even closer proximity to the needs of our customers in order to give them real added value, based on the ease-of-use of our products and systems, and a positive impact in economic terms. Together, we have thus developed and continue to develop solutions that sustainably enhance the quality of medical treatment. By focusing on the core business sectors of wound management, incontinence management and infection management, HARTMANN will continue to pursue the path laid down by its founding father with the aim of constantly improving healthcare through efficient solutions and increasing the quality of life of as many people as possible.

Based on its growing globalization, HARTMANN believes itself to be well equipped for the future. By investing in new markets and regions, such as our recent acquisition of LINDOR, the Spanish brand of incontinence products, and through our internationally oriented quality management, project management and human resource development programs, HARTMANN is laying the groundwork for future growth on a worldwide scale.

Today, HARTMANN has companies of its own in 35 countries worldwide, with over 10,700 employees. In 2017, for the first time in corporate history, Group sales exceeded the two-billion euro mark. Moreover, PAUL HARTMANN AG will continue in the future to resolutely forge ahead with opportunities for growth, together with its employees who form the basis of all its success, in order to remain what it is today: a trend-setter in healthcare.

News from the HARTMANN GROUP

A partnership with a future: LINDOR and HARTMANN

In July last year, HARTMANN took over the Spanish LINDOR brand from Procter & Gamble, thus becoming one of the top suppliers of incontinence products on the Iberian Peninsula. Demographic trends confirm that the decision was the right one: Spain's National Statistics Office estimates that by 2031 more than one in four of the population will be over the age of 65. The figures give an indication of the potential for increasing sales of incontinence aids throughout the whole of Spain in the years ahead.

However, HARTMANN has not just gained market shares through its takeover of LINDOR but has also added a strong business partner to its ranks. For the partnership to have a promising future, it is now essential to ensure close communications between the two companies' employees. Jordi Guinovart, the managing director of HARTMANN Spain, regards the merging of the companies as an opportunity: "There is a lot that our operating business can learn from LINDOR – especially with regard to lean manufacturing processes. These will enable us to reduce waste and improve productivity, quality and speed."

A major project is now under way to integrate LINDOR into the HARTMANN Group and to align processes and systems for everything from procurement to sales and finance to IT. In the opinion of Julia Kobets, manager of the LINDOR production plant in Montornès near Barcelona, a facility that covers an area of 25,000 m², the project has got off to a good start. "There have been events to welcome everybody," she explains. "These have helped build strong relationships, which is precisely what we need for a close collaboration."

Of course, much remains to be done to bring the two businesses together. But Julia Kobets does not see the integration process having any kind of adverse effect on LINDOR: "In fact, it's the best way for us to improve



Julia Kobets, manager of the LINDOR production plant in Montornès



Jordi Guinovart, managing director of HARTMANN Spain

our own performance and to make a real contribution to HARTMANN," she says. "We're proud of our expertise in developing and manufacturing incontinence aids and of the excellence of our production processes. These set a benchmark, and we are convinced that our business will see further advancements."

German Nursing Day: HARTMANN's commitment to healthcare

Healthcare is currently in a turmoil. On the one hand, there has not yet been any noticeable improvement in the current problems of staff shortage, work overload and dissatisfaction among nursing staff. In fact, if anything, the situation has worsened. On the other hand, the topic of healthcare is presently attracting a lot of attention: "The nursing sector is very much in the public eye," according to Dr. Chima Abuba, Managing Director of HARTMANN Germany. And rightly so, because there is an urgent need to take action.

There is presently a nationwide shortfall of around 70,000 qualified nurses. By 2030, this figure may well have increased to up to 480,000. However, the difficulty of recruiting new staff is not the only problem that the healthcare sector must face up to. More than half of Germany's nurses are considering leaving their

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Learning and growing together: HARTMANN employees visit their LINDOR colleagues in Montornès.



professions because of present conditions. These were the findings of HARTMANN's first ever "Pflexit-Monitor", a survey carried out on 300 nurses in Germany. The survey revealed that only 35 percent of nurses would choose the same profession again. Barely one third would recommend their job to others. "The results of the study clearly show that the nursing profession needs to be upgraded and revalued in many ways", says Dr. Chima Abuba. That is something to which HARTMANN has been committed for years. Ever since 2005, HARTMANN has supported the German Nursing Council (DPR), acting as a prime sponsor of the annual German Nursing Day with the aim of upgrading health-care. In this context, HARTMANN very specifically brings nursing staff to the forefront. At the German Nursing Day held in Berlin in mid-March, Dr. Chima Abuba conferred the HARTMANN Care Award in honor of particularly innovative and creative ideas for improving patients' day-to-day care. Prizes were awarded to three different concepts for professional and patient-oriented hospital discharge management that not only takes into consideration the lasting care of the patient but also the organizational structures of the medical facilities. These include the department of Internal Medicine III at a hospital in Trier (Krankenhaus der Barmherzigen Brüder), the foundation hospital in Speyer (Diakonissen-Stiftungskrankenhaus) and the Karl-Heinz-Howe-Simon-Fiedler Foundation in conjunction with Kiel's municipal hospital (Städtisches Krankenhaus Kiel). The conclusion to be drawn here is: qualified nurses do much to drive improve-

ments forward by thinking and acting across the board. However, it also becomes apparent that an improvement in the healthcare situation cannot be brought about by the nursing staff alone. "It is up to all of us – and we must take action right now," says Dr. Chima Abuba. The Senior Vice-President of HARTMANN Germany also stressed the urgent need for change when he met the Federal Minister for Health, Jens Spahn, during the latter's visit to the HARTMANN stand at the German Nursing Day event. "Jens Spahn is going to need some stamina – which is why, as a symbolic gesture, we presented him today with the right kind of footwear for the marathon that lies ahead."

Introducing our online portal for shareholders

Our new online shareholder portal provides you with quick and easy digital services. You can use it to view your contact data and your share portfolio, to register for the Annual General Meeting (bearing in mind the relevant deadlines) and to sign up for electronic communications via email.

We enclosed your access details for the shareholder portal with your invitation to the Annual General Meeting. Sign up today and enjoy the benefits of our digital service! All those who register by the end of May will take part in HARTMANN's prize draw for an Apple iPad. Please use the following link to take you directly to the portal:

<https://ip.computershare.de/paul-hartmann#/login>

Dr. Chima Abuba presented the Health Minister, Jens Spahn, with a symbolic marathon running shoe at the German Nursing Day event in Berlin.

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HARTMANN



Going further
for health

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PARIS - LONDON - NEW-YORK.

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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 are balanced out.



Performance of the HARTMANN share price
www.hartmann.info/en/pages/investor-relations



News from the HARTMANN GROUP
www.hartmann.info/en/pages/press



PAUL HARTMANN

Verbandstoff-Fabrik

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