In 2016, for the first time the Hansgrohe Group generated over 1,000,000,000 euros in revenues.
A Future Based on Tradition

Dear Readers,

We are the original. Hans Grohe founded the company in 1901, and this makes us one of the longest-standing members of our industry. We are very proud of this tradition at Hansgrohe, and the Hansgrohe Group also reflects this commitment to our history. But this belief in tradition also motivates us to continue to develop and remain at the cutting edge. For example, in 2016 the two family members still in operational roles decided that they would now serve the company solely as shareholders.

This year we introduced the Hansgrohe Group in order to help us achieve our goals. An important instrument of our growth strategy is to increase our focus on our end customers. In the future, our efforts will continue to be based on two strong brands: AXOR and hansgrohe. The profiles of both brands will be further enhanced with a relaunch, which will also help us build a closer relationship to our end customers. After all, consumers don’t just buy a company’s products; above all, they buy their favorite brands. In 2017 we will focus exclusively on strengthening our brands, and this is precisely where we need the group.

The Hansgrohe Group creates an operational umbrella for the group’s brands and subsidiaries as a whole. We will thus continue to make AXOR and hansgrohe consumers’ favorite brands for the bathroom and the kitchen. This is what we will focus on and where we will invest our resources.

Sincerely,
 Thorsten Klapproth
 Chairman of the Executive Board
Hansgrohe is “The Original.”, founded by Hans Grohe in Schiltach in the Black Forest, where the Hansgrohe Group is still headquartered today. Its over 115-year-long history makes it one of the longest-standing companies in the industry.
Since 1901

When Hans Grohe founded this family-owned business in 1901, he was far ahead of his time. His element: water. His vision: a private home bathroom for everyone. Over the course of the 20th century, Hans Grohe’s small three-person workshop in Schiltach grew into a globe-spanning company. Today it is among the world’s foremost innovators and market leaders in faucets and shower heads.
Over 17,000 patents and 500 awards from independent juries in international design competitions demonstrate the extraordinary importance of engineering and creativity to the company. In the current ranking of the world’s best companies for design by the International Forum Design (iF), the Hansgrohe Group placed among the top ten from a total of 2,000 renowned companies. The faucet and shower head specialist from Schiltach thus not only ranked ahead of famous brands such as Apple, Daimler, and Nike, but was also once again the top company in the bathroom sector.
“Made in Germany” and at home in the world – this is one of the keys to the Hansgrohe Group’s success. Around 80 percent of the group’s production takes place in Germany, in several factories around the headquarters in the Black Forest. Hansgrohe products are available in over 140 countries on every continent, and the company generates approximately 80 percent of its revenues abroad.

The internationally wide-ranging company stays true to its production base in Germany while relying on international expertise and a finely tuned quality management system at all its sites around the globe.
Thorsten Klapproth, Chairman of the Hansgrohe Group, discusses future markets and the question of why tradition and innovation are often closer to one another than one might think. The Hansgrohe SE executive board consists of three members: Thorsten Klapproth, Frank Schnatz, and Frank Semling.
“The Hansgrohe Group is distinguished by passion, appreciation, community, and trust.”

Thorsten Klapproth, Chairman of the Executive Board
In 2016, for the first time in its history, the Hansgrohe Group generated over one billion euros in revenues. What are the factors behind this continued growth over the past several years?

The crucial factor to our success is simple. It’s the 4,800 people who work every day with dedication, passion, and extraordinary achievements for the Hansgrohe Group. They are the key to our continued growth. My colleagues on the executive board and I thank all our employees. This includes not only those permanently employed with the Hansgrohe Group; I also want to thank our temporary workers.

We see all of us as part of a whole. This is why we also offer performance bonuses for our temporary workers, for instance. And this is also the reason why 2016 was the first year for which we reported a total number of employees that also includes temporary workers.

Surely there must also be other factors that explain your success.

In addition to our sheer manpower, we need a compelling corporate philosophy. The Hansgrohe Group is distinguished by passion, appreciation, community, and trust. These values are crucial to our success, and our track record clearly shows us that this is the right path. This is a guideline that we have continued to develop since 1901 and that we reflect on every day.

Specifically, this means that the Hansgrohe Group manages the flow of water. This sounds more abstract than it really is. It simply means that we add value to the already extremely valuable element of water with an additional function: regulating the amount, adjusting the temperature, balancing the water pressure, and forming a stream. Our credo: products that create added value, not simply something for water to flow through.

It is our aim to be leaders in quality, innovative potential, and design. These are binding principles for the Hansgrohe Group, whether it comes to products from our AXOR or hansgrohe brands. They’re the philosophy behind everything we do.

A strategy that views design as a process and not simply as surface decoration?

Our design work is on par with Apple and Nike – in fact, we’ve been ranked ahead of these two companies. In the renowned iF design ranking, which evaluated over 2,000 companies, Hansgrohe placed number ten in 2016.

For the first time ever we were one of the top performers in the faucet category in a survey of German bathroom installation professionals by the industry magazine markt intern in 2016. We placed number one in six of ten categories.

And yet, you mentioned that you reflect on the strategy on a daily basis. What does that mean for future innovations?

We are clearly focused on our two strong brands, both of which will start off in 2017 with a new, enhanced brand identity. This is much more than a visual update. In the future, AXOR and hansgrohe will be more clearly positioned for a variety of target groups and their different needs. The new slogan “Form Follows Perfection” illustrates the values of AXOR. AXOR is about uncompromising perfection. Not stopping the development process until nothing more can be added or removed. For AXOR, the design, technology, and every innovation and detail must be flawless.

We’ve also continued to develop the brand identity of hansgrohe. We already have outstanding products, and we need to communicate this more compellingly in the consumer market. The new slogan embodies...
“The Hansgrohe Group manages the flow of water.”

This: “The most beautiful moments with water.”

The new brand identity was first presented in a prime-time commercial on German public television in December 2016. But the commercial is just the beginning. The continued rollout of the hansgrohe brand campaign is currently underway. The campaign not only serves to guide consumers, but also helps our direct customers as an argument to install our products for their customers.

One focus of your activities is the German market. What about the rest of the world?
You lead an international company.

Not only does the majority of our manufacturing take place in Germany; with 2,734 people, this is also where most of the employees of the Hansgrohe Group are located. This is our home market; our roots are in the Black Forest. We’re proud to be based in the region and in Germany. This also has to do with taking responsibility. But it’s also an economic decision, since we’re highly productive in Germany, and we also have a very stable environment.

In addition, today we already generate some 80 percent of our revenues outside of Germany. Around half of our revenues come from Europe, and the other half from the rest of the world. The Hansgrohe Group is a global company with sturdy roots.

Why does it continue to make sense for you to invest in a high-wage country such as Germany?

In 2016 we invested a total of 48.7 million euros, some 43 million in Germany. In January 2016, for 1.7 million euros we opened our technology center in Offenburg, where we bring together our expertise in plastics within the company. That same year, we opened our new research and development lab in Schiltach.
This is where we test our new developments before they go into mass production. We invested a total of 4.6 million euros here. This investment will help us remain a leader in innovative technology and design in the future.

In order to strengthen our sales capacities, we expanded our logistics center in Offenburg with an investment of about 30 million euros. The new building will allow us to manufacture goods in sync with our customers’ needs and deliver to our customers even more quickly.

And we will continue to invest in the future. We’re also investing some 30 million euros in a new plastic electroplating facility at our Offenburg site. This facility will make us more competitive and will help us create more capacity for further growth. Construction will begin this year. This investment will underpin our long-term success, since it allows us to react to the growing demand and changing needs of our customers, mainly by increasing our capacity.

What are your company’s goals for 2017?

We aim to continue to grow profitably, remain focused on the flow of water, and foster and expand our innovative potential.

To this end, in 2017, with the kitchen we will be entering a new and extremely interesting market. The hansgrohe brand will be present for the first time at the LivingKitchen trade fair. To celebrate our debut at this international destination for the kitchen industry, we will present innovative premieres for the kitchen in the hansgrohe product range. This will help us communicate our ability to innovate the experience of water and functionality in the kitchen even better.

As you can see, we are not resting on our laurels. One billion euros in revenues is no doubt a success. We’ve achieved a great deal. There is much more in store.
Our guiding principle: bringing together intelligent minds, dedicated people, passionate engineers, and providing them with the infrastructure and the freedom to continually find new ways to think about water in all its facets and uses. We continue to improve and live up to our values of passion, appreciation, community, and trust.
The Hansgrohe principle of “the highest quality in form and function” is firmly rooted in our processes. Hansgrohe’s integrated management system is regularly audited by internationally recognized certification bodies. In addition to high production standards for our end customers as well as employees, our standards of quality are reflected in the form and function of all our products. We only sell safe, robust, and sustainable products that were developed for a long lifetime. Another emphasis is the timelessness of our product range. “Designed for life” with precision and passion.
Innovation

Hansgrohe develops “from the human being to the product” – not the other way around. The company constantly works to understand what customers want and need. Even over 115 years after its founding, this relentless curiosity is the company’s driving force. A team of inventors and researchers creates new products that generate 25 to 30 percent of revenues annually. Inventions such as the first handheld shower head with different spray types, the first extendable kitchen faucet, or even the first shower head rod are proof of the company’s innovative strength.
Beauty is a point of honor. But today design is a must, and it is about much more than the outer shell. Some of the world’s most successful designers work for the Hansgrohe Group, such as Antonio Citterio, Patricia Urquiola, Nendo, Erwan and Ronan Bouroullec, Philippe Starck, Jean-Marie Massaud, Phoenix Design, Front, or Edward Barber and Jay Osgerby. They all see design as a constant exploration of boundaries. Good design always comes from a dialogue with technological possibilities in order to achieve maximum aesthetic and functional quality. This makes design an aspect of quality that is rooted and practiced in the company’s development as a differentiating characteristic – and this is key to the success of our brands’ products in the global market.
One company, two strong brands, one direction: AXOR and hansgrohe are devoted to the core values of quality, innovation, and design. With the relaunch of the brands, they will be more closely linked with our customers’ lives – each brand with its own precise focus.
Form Follows Perfection.

A single credo changes the way we think, design, and produce: Form Follows Function. This principle amounts to a design revolution. For AXOR as well, form and function cannot be viewed as separate from one another.

But AXOR is about something bigger. Not stopping the development process until nothing more can be added or removed. Until the product is more than the sum of form and function.
All for AXOR and AXOR for perfection.

AXOR works with renowned designers from around the world, such as Antonio Citterio, Erwan and Ronan Bouroullec, Philippe Starck, Front, Jean-Marie Massaud, Patricia Urquiola, Nendo or Edward Barber and Jay Osgerby. As different as these creators and their styles in collaboration with AXOR may be, they all share a simple value that serves as a common denominator for products that continually impress: the courage to try new things and a love of perfection.
The most beautiful moments with water.

As part of the international Hansgrohe Group, hansgrohe is the premium brand for shower heads, shower systems, bathroom and kitchen faucets, and kitchen sinks. With award-winning products that bring together extraordinary design, lasting quality, and intelligent functions for the ultimate convenience, hansgrohe shapes the flow of water in the kitchen and the bathroom. After all, this is where people spend time that is particularly important to them – the most beautiful moments with water.
Designed for life.

Today more than ever, the bathroom and the kitchen are places for playful moments in life. This is where we can retreat and let go, relax and recharge, spend valuable time alone or with our family. In a finely tuned triad of function, emotion, and design, hansgrohe continually develops pioneering solutions that turn water into an experience every day and offer one thing above all in our daily life: The most beautiful moments with water.
The following Facts and Figures offer an overview of some of the highlights from the past business year. Further details can be found in the chapter The 2016 Business Year.
Revenues in €

1,028,978,000

In the 2016 business year, the group’s revenues rose 6.7 percent to a record of over one billion euros. This is due to our dedicated employees, as well as our strategy of continuing to expand our activities in the bathroom and kitchen segments.
With an increase in revenues of 6.7 percent over the previous year, we have grown once again – at a rate twice as fast as the market.
Total employees

We owe our success to the 4,785 employees who dedicate their passion and innovative spirit to the Hansgrohe Group every day. Our temporary workers are also important contributors, and this is why for the first time we have included them in our total number of employees.
Investments in €48,727,000

In order to achieve continued growth, we need to make strategic investments in the future which create added value for our customers. For instance, now we can deliver to our customers even faster, since in 2016 we also invested around 30 million euros in building an ultra-modern logistics center at our Offenburg site.
Innovative strength

17,230  316  525

Total current intellectual property rights  New intellectual property registrations in 2016  Total awards received worldwide

Investments bring innovations. In the past year we registered over 300 new designs, patents, and brands, and we placed among the top ten companies for design ranked by iF.
Growth 2020 is conceived as a holistic program in order to maintain and expand our strong position in the future, which we have achieved thanks to our motivated team and our fantastic products.
In order to make our strategic initiatives for profitable growth even more successful, we will bring our products to market more quickly around the world and focus on the end customer. Industry specialists and wholesalers have long recognized that the products of the Hansgrohe Group stand for quality, innovation, and design. Thus, we will remain a reliable and competent partner for installers and retailers. After all, consumers don’t just buy any product. Above all, they choose their favorite brands that they know and trust.

A brand is more than a name, mark, or symbol. A successful brand entails expertise, taste, and attitude. And it requires constant maintenance. For this reason, in the future, AXOR and hansgrohe will position themselves even more clearly and positively for their target groups: The new slogan “Form Follows Perfection” illustrates AXOR’s high standards. In design, technology, and every innovation and detail, AXOR is about uncompromising perfection. At the same time, since December 2016 the premium brand hansgrohe has been airing a commercial on public television in Germany with the slogan “The most beautiful moments with water.” This is a starting point for a new emphasis on the end customer, who will become a more integral part of the brand’s communications. One example is our activities as a sponsor of the “BORA – hansgrohe” cycling team in 2017 season.
Investing in the Future

With greater prioritization, increased efficiency, and consistent cost management, we will make room for additional investments. In 2016 alone we invested 48.7 million euros. We will continue to invest at this very high level until 2020. After all, new things can only grow when the environment is right, when employees have the ideal conditions for their work, and the logistics processes farther down the value chain function smoothly.

New Segments

No matter how big the party, at the end, people meet in the kitchen. This functional living space is gaining in importance and size. It is the genius loci of modern families and also serves as a home office. With our expanded product range, hansgrohe offers attractive products for kitchen specialists and end consumers with a clear vision: Our customers should be able to enjoy their time in the kitchen to the fullest. Extraordinary product design and consumer-oriented functionality combine to create an experience that makes an enduringly positive impression and reflects the changes in our living spaces.
The supervisory board of Hansgrohe SE consists of six members: Keith Allman, Pierre Nicolas Grohe, Klaus F. Jaenecke (Chairman), Stefan Krischak, Richard O’Reagan (Deputy Chairman), and Barbara Scholl.
“With our uncompromising standards of quality, innovative curiosity, and enduring design expertise, we continue to be among the pioneers in our segment.”

Klaus F. Jaenecke, Chairman of the Supervisory Board
Dear Readers, Customers, and Partners,

Originality is the ability to be something special, unusual. But it also means continuing to nurture the accumulated wealth of ideas and visions – a mix of longevity and creative authenticity. With the conclusion of the year 2016, the Hansgrohe Group has once again shown that it rightly emphasizes these attributes. With record revenues of more than one billion euros in 2016, the Hansgrohe Group has solidified its position as a market leader. For this I would like to express my deepest thanks to all the group’s employees – also on behalf of my colleagues on the supervisory board.

With our uncompromising standards of quality, innovative curiosity, and enduring design expertise, we continue to be among the pioneers in our segment. The initiatives that we have undertaken since 2015 as part of our “Growth 2020” program promote this spirit through important investments, such as the expansion of our Offenburg logistics center, which was recently completed. In 2016 we also opened our new plastics technology center in Offenburg and our modern research and development lab at our headquarters in Schiltach. Furthermore, an additional investment of around 30 million euros in a new plastic electroplating facility was approved by the supervisory board, which will help us remain competitive over the long term.

We are a company that sees change not as a hurdle, but as continually keeping our actions and our thinking up to date. This involves not only product and market offenses, but also continuing to develop our work processes and organizational structure. These initiatives for a global group with a drive for performance, transparency, and a high degree of professionalism have been supported and promoted by the members of the Grohe family in the management team. In light of the organizational structure that we have jointly developed and our extremely positive business position, these two family members, Richard and Philippe Grohe, will now serve the company in coordination with the supervisory board and the executive board solely as shareholders. Many thanks to them on behalf of the entire supervisory board.

But we will not rest on our laurels, and I am certain that we are extremely well prepared for the future. I look forward to shaping the continued development of the Hansgrohe Group along with our many ambitious employees.

As we move forward, we will remain true to ourselves and continue to create the most beautiful moments with water through flawless design and craftsmanship!

Sincerely,

Klaus F. Jaenecke
## Balance Sheet

### ASSETS IN €K

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2016</th>
<th>31 Dec 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Intangible assets</td>
<td>6,924</td>
<td>7,246</td>
</tr>
<tr>
<td>II. Tangible assets</td>
<td>162,555</td>
<td>151,568</td>
</tr>
<tr>
<td>III. Financial assets</td>
<td>405</td>
<td>609</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>169,884</strong></td>
<td><strong>159,423</strong></td>
</tr>
<tr>
<td>B. Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Inventories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Raw materials and supplies</td>
<td>35,446</td>
<td>28,825</td>
</tr>
<tr>
<td>2. Semi-finished goods</td>
<td>23,187</td>
<td>19,163</td>
</tr>
<tr>
<td>3. Finished goods and merchandise goods</td>
<td>82,520</td>
<td>73,948</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>141,153</strong></td>
<td><strong>121,935</strong></td>
</tr>
<tr>
<td>II. Accounts receivable and other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Accounts receivable for goods and services</td>
<td>133,286</td>
<td>107,910</td>
</tr>
<tr>
<td>2. Accounts receivable from affiliated companies</td>
<td>1,563</td>
<td>1,315</td>
</tr>
<tr>
<td>3. Other assets</td>
<td>21,839</td>
<td>20,894</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>156,688</strong></td>
<td><strong>130,119</strong></td>
</tr>
<tr>
<td>III. Cash and cash equivalents</td>
<td>347,653</td>
<td>381,832</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>645,493</strong></td>
<td><strong>633,887</strong></td>
</tr>
<tr>
<td>C. Deferred charges and prepaid taxes</td>
<td>6,286</td>
<td>4,146</td>
</tr>
<tr>
<td>D. Deferred taxes</td>
<td>4,827</td>
<td>3,787</td>
</tr>
<tr>
<td>E. Debit due to netting of assets assigned to accruals</td>
<td>55</td>
<td>124</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>826,545</strong></td>
<td><strong>801,368</strong></td>
</tr>
</tbody>
</table>

### TOTAL EQUITY AND LIABILITIES IN €K

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2016</th>
<th>31 Dec 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Subscribed capital</td>
<td>61,156</td>
<td>61,156</td>
</tr>
<tr>
<td>II. Capital reserves</td>
<td>11,735</td>
<td>11,735</td>
</tr>
<tr>
<td>III. Retained earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Statutory reserves</td>
<td>573</td>
<td>556</td>
</tr>
<tr>
<td>2. Other retained earnings</td>
<td>359,633</td>
<td>334,893</td>
</tr>
<tr>
<td>IV. Difference in equity due to currency conversion</td>
<td>4,771</td>
<td>6,690</td>
</tr>
<tr>
<td>V. Group net income</td>
<td>99,202</td>
<td>87,893</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>537,070</strong></td>
<td><strong>502,923</strong></td>
</tr>
<tr>
<td>B. Accruals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Pension reserves</td>
<td>20,085</td>
<td>69,333</td>
</tr>
<tr>
<td>2. Accrued taxes</td>
<td>6,857</td>
<td>2,161</td>
</tr>
<tr>
<td>3. Other reserves and accrued liabilities</td>
<td>104,951</td>
<td>92,158</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131,893</strong></td>
<td><strong>163,652</strong></td>
</tr>
<tr>
<td>C. Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Liabilities to financial institutions</td>
<td>1,734</td>
<td>4,349</td>
</tr>
<tr>
<td>2. Accounts payable, trade</td>
<td>101,666</td>
<td>86,088</td>
</tr>
<tr>
<td>3. Accounts payable due to affiliated companies</td>
<td>1,906</td>
<td>741</td>
</tr>
<tr>
<td>4. Other liabilities</td>
<td>52,152</td>
<td>43,468</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>157,458</strong></td>
<td><strong>134,647</strong></td>
</tr>
<tr>
<td>D. Deferred items</td>
<td>124</td>
<td>146</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>826,545</strong></td>
<td><strong>801,368</strong></td>
</tr>
</tbody>
</table>
# Consolidated Statement of Income

<table>
<thead>
<tr>
<th>IN €K</th>
<th>31 Dec 2016</th>
<th>31 Dec 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>236,868</td>
<td>218,402</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>651,541</td>
<td>619,632</td>
</tr>
<tr>
<td>Export</td>
<td>140,569</td>
<td>126,016</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td><strong>1,028,978</strong></td>
<td><strong>964,049</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total performance</th>
<th>€m</th>
<th>2016</th>
<th>2015*</th>
<th>2014*</th>
<th>2013*</th>
<th>2012*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>€m</td>
<td>1,029.0</td>
<td>964.0</td>
<td>874.1</td>
<td>841.4</td>
<td>805.5</td>
</tr>
<tr>
<td><strong>Foreign sales</strong></td>
<td>%</td>
<td>77.0</td>
<td>77.3</td>
<td>77.2</td>
<td>77.7</td>
<td>77.1</td>
</tr>
<tr>
<td><strong>Total performance</strong></td>
<td>€m</td>
<td>1,058.4</td>
<td>995.2</td>
<td>903.8</td>
<td>858.5</td>
<td>830.6</td>
</tr>
<tr>
<td><strong>EBITDA</strong>*</td>
<td>€m</td>
<td>206.1</td>
<td>186.8</td>
<td>180.9</td>
<td>154.9</td>
<td>142.7</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>%</td>
<td>20.0</td>
<td>19.4</td>
<td>20.7</td>
<td>18.4</td>
<td>17.7</td>
</tr>
<tr>
<td><strong>EBIT</strong>*</td>
<td>€m</td>
<td>174.2</td>
<td>155.2</td>
<td>150.8</td>
<td>125.0</td>
<td>114.2</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>%</td>
<td>16.9</td>
<td>16.1</td>
<td>17.3</td>
<td>14.9</td>
<td>14.2</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>€m</td>
<td>124.0</td>
<td>100.2</td>
<td>100.5</td>
<td>89.3</td>
<td>81.0</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>%</td>
<td>12.0</td>
<td>10.4</td>
<td>11.5</td>
<td>10.6</td>
<td>10.1</td>
</tr>
<tr>
<td><strong>Depreciation (incl. goodwill)</strong></td>
<td>€m</td>
<td>31.9</td>
<td>31.7</td>
<td>30.0</td>
<td>30.0</td>
<td>28.5</td>
</tr>
<tr>
<td><strong>Change in (pension) reserves</strong>*</td>
<td>€m</td>
<td>(49.2)</td>
<td>10.6</td>
<td>6.3</td>
<td>4.6</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Cost of materials</strong></td>
<td>€m</td>
<td>432.4</td>
<td>408.3</td>
<td>367.3</td>
<td>360.3</td>
<td>350.0</td>
</tr>
<tr>
<td>in % of total performance</td>
<td>%</td>
<td>40.8</td>
<td>41.0</td>
<td>40.6</td>
<td>42.0</td>
<td>42.1</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td>€m</td>
<td>229.3</td>
<td>212.9</td>
<td>196.3</td>
<td>185.1</td>
<td>177.9</td>
</tr>
<tr>
<td>in % of total performance</td>
<td>%</td>
<td>21.7</td>
<td>21.4</td>
<td>21.7</td>
<td>21.6</td>
<td>21.4</td>
</tr>
</tbody>
</table>

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* BilRUG adjustment for 2016: Reallocation of €656,000 from extraordinary items into other operating expenses also for previous years for better comparability.

** Decrease in pension reserves due to change according to BilRUG and initial creation of separate assets in 2016 for pension liabilities.
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