



Hansgrohe Group

ELEMENTAL

Annual Report 2019

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Hansgrohe Group



ELEMENTAL

Annual Report 2019

INNOVATION

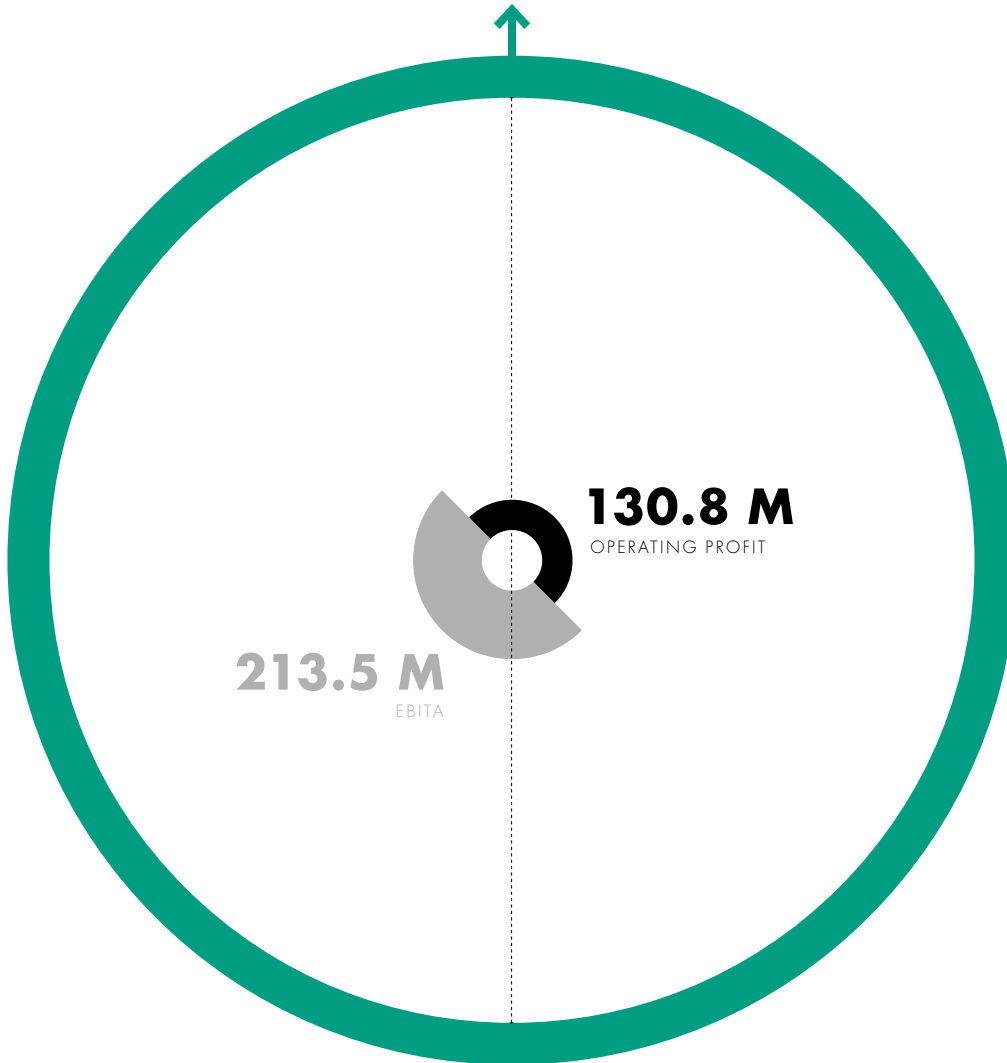
DESIGN

QUALITY

RESPONSIBILITY

2019 FIGURES

SALES
1,088.5 M



AXOR

↑
hansgrohe



4,711

EMPLOYEES



55

LOCATIONS



22

SALES OFFICES



33

SUBSIDIARIES



Hans Jürgen Kalmbach, Chairman of the Executive Board, Hansgrohe SE

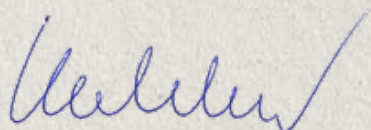
DEAR READERS,

We have good news again. 2019 was Hansgrohe's second-best year economically in company history. In fact, we even managed to set a new record with sales of €1.088 billion.

Our culture of collaboration is also elemental to this success. We will make more of an effort to nurture this extraordinary spirit in the future with the support of a more agile organization, which will both simplify daily cooperation among colleagues and prepare us for the challenges that await us. Topics such as digitization, efficiency, and sustainability shape the world in which we operate. As always, we want to proceed courageously and achieve our objectives with our well-known pioneering spirit.

The Hansgrohe 2020 Plus strategy will pave the way for us, with seven initiatives designed to improve fundamental company processes. For example, we're reducing the number of management areas as well as bundling the departments that work closely together, which has two benefits: more clearly defined areas of responsibility and more efficient collaboration. This also includes our customers and partners, whose perspectives play an essential role in the development of our innovations. After all, our interest in people and their individual points of view is and will always be a success factor for our company, as wonderfully demonstrated by the outstanding figures of last year.

We still have much to do and are ready to move forward.



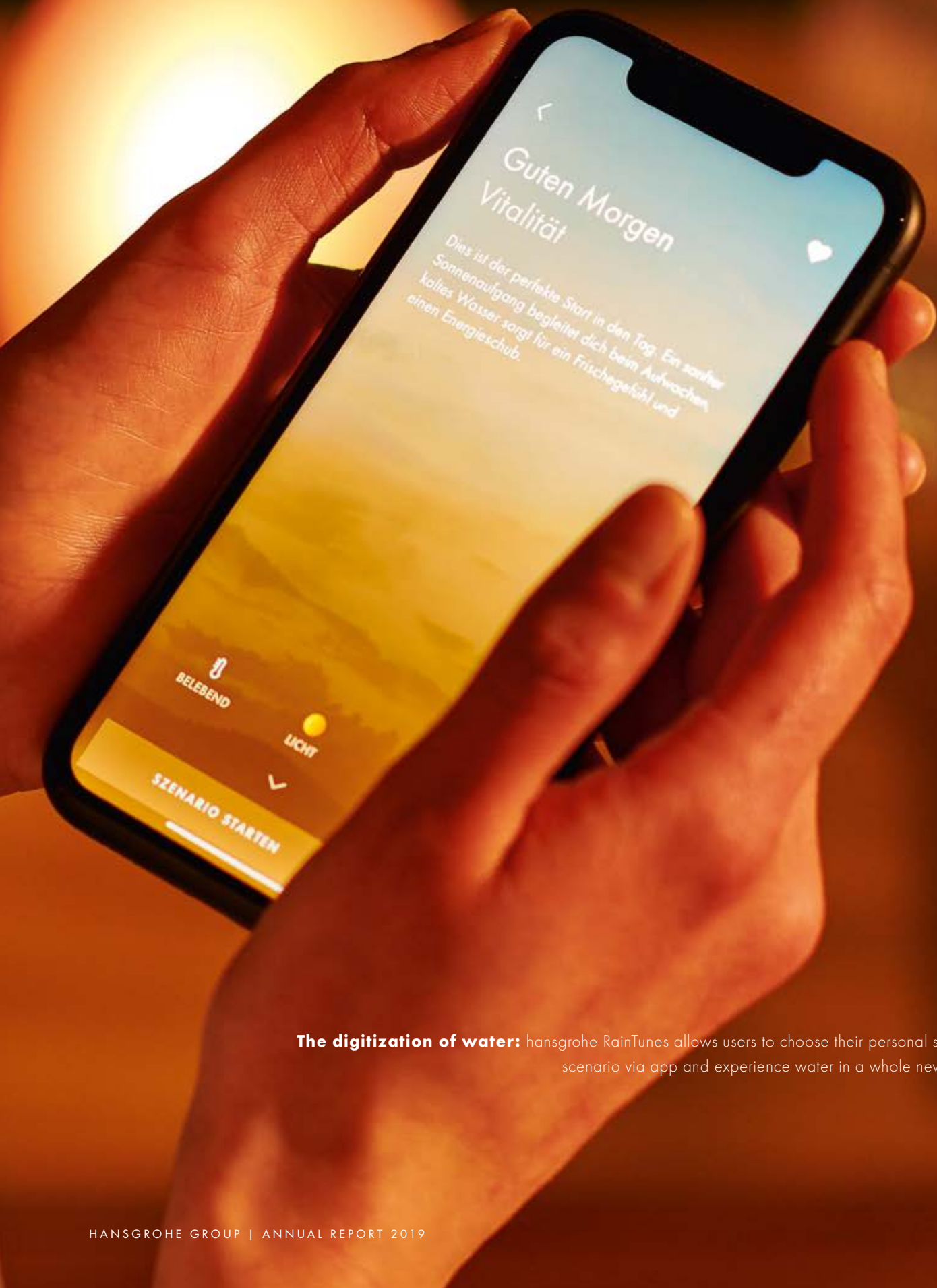
Hans Jürgen Kalmbach
Chairman of the Executive Board



Refreshing Mindset

A New Way of Thinking

The transition at our company is establishing a whole new way of thinking. And it's working: we're happy to find inspiration in the agile methods and spirit of the digital scene. We openly share our thoughts with external partners and are thus developing at a faster pace. This expanded viewpoint allows us to see users in different situations in their lives and recognize their desires more clearly. One key question is our driving force throughout this process: When would the customer like to experience what and how? The answers to this question lead us to unique ideas such as the new hansgrohe RainTunes.



The digitization of water: hansgrohe RainTunes allows users to choose their personal shower scenario via app and experience water in a whole new way.



WE
TRANSFORM
WATER INTO
MOODS,
MOMENTS,
AND
EXPERIENCES.

What does the perfect shower experience sound like?

Hansgrohe's internal spray laboratory works meticulously to achieve just the right sound when developing new products.

Into the Digital Age with H₂O

All-New Future Opportunities

The new hansgrohe RainTunes shower system is the result of our work with a focus on the user's perspective. With its digital technology, it goes far beyond water, our primary area of concentration. With hansgrohe RainTunes, showering means feeling, seeing, hearing, and smelling. In our efforts to achieve the multisensory experience, we spoke to doctors, physiotherapists, and other experts and collaborated with a start-up, which has allowed us to develop a truly exceptional bathroom product. And the Internet of Things has opened up brand-new opportunities for a successful future for us in a digitally connected world.



Executive Board of Hansgrohe SE

Frank Semling, Hans Jürgen Kalmbach (Chairman), Reinhard Mayer (Deputy Chairman), Christophe Gourlan (left to right)



WE'RE READY.

KICKING OFF THE NEW
DECADE WITH OUR VALUES:
INNOVATION, DESIGN,
QUALITY, AND
RESPONSIBILITY.

100%

ELEMENTAL: *New structures and a new mindset form the basis of our long-term success.*

Hansgrohe Group

2 0 2 0
P L U S



INNOVATION

»Black Forest inventiveness is deeply rooted in the Hansgrohe company.«

Hans Jürgen Kalmbach, CEO

ELEMENTAL CHANGE

Things are happening at Hansgrohe, as has always been the case. Even in the past several months there have been changes with long-term effect. Most importantly, existing structures and processes have been put to the test, with a few adjustments made here and there to prepare for future challenges. The goals are a more agile organization and a closer relationship with customers and partners. Of course, questions always arise during a change process like this. CEO Hans Jürgen Kalmbach, COO Frank Semling, CFO Reinhard Mayer, and CSO Christophe Gourlan provide answers.

TAP WATER HAS BEEN AROUND SINCE THE 19TH CENTURY. HOW CAN A COMPANY LIKE HANSGROHE STILL BE INNOVATIVE TODAY?

Hans Jürgen Kalmbach: There are a great many opportunities. We can further reduce consumption, optimize design, make functions more convenient, and, more importantly, create brand-new experiences. Fortunately, people expect more and more when it comes to their bathrooms, and the technology is advancing. There's no end to the potential.

WHAT ROLE WOULD HANSGROHE LIKE TO PLAY HERE?

Hans Jürgen Kalmbach: The role of pioneer. Despite all of our successes, we've never rested on our laurels and we're always on the lookout for new solutions. Black Forest inventiveness is deeply rooted in the Hansgrohe company, which is why we're now focusing on key questions once again. What do we need to do to ensure our future potential? What can enrich people's lives? How can we make a sustainable contribution?

OF COURSE, NOW WE'RE CURIOUS ABOUT THE ANSWERS.

Hans Jürgen Kalmbach: And we no longer want to search for these answers on our own. We need multiple perspectives. By adopting and understanding other points of view, we can come to better understand the purpose of our work. In other words, the customer now helps us to develop the product. The desires and needs of a young family are different from those of a hotel guest, and the demands of a plumber differ from those of a planner or architect. A good product needs to provide people with something truly special in daily life, which can look vastly different depending on the life situation and generation. And that's why we're so eager to share ideas with everyone involved, which, of course, also includes our employees. Talking to each other and listening carefully makes all of us smarter.

JUST TO DIG A LITTLE DEEPER, WHERE DOES THE INNOVATION COME FROM?

Hans Jürgen Kalmbach: Innovation is born of curiosity. A good example of this type of thinking is our InnoLab, where we can operate unhampered much like a start-up. Starting at zero and being open, i.e. curious – that often leads to outstanding ideas. We want to cultivate this spirit. Our decades of experience can then help with implementation. In other words, we bring together a long history and the future at the right moment.

IS THAT WHAT DISTINGUISHES HANSGROHE'S STRENGTH?

Hans Jürgen Kalmbach: That's one of our inner strengths, yes. But we also have strengths that are visible from the outside. By that I mean our two brands AXOR and hansgrohe, each of which is successful in its own right and has its own standing in the market.

In different ways they represent certain qualities, each with their own unique world of experiences. That makes sense for the entire company, as it allows us to address a large range of customers, from families that own their own homes and plumbers to high-end architectural firms and international hotel chains. We view our brands as indispensable facilitators – of innovative functions and fascinating design. AXOR and hansgrohe are always opening up new doors for us.

WHERE DO THESE DOORS LEAD TO? WHAT GOALS DOES HANSGROHE PURSUE?

Hans Jürgen Kalmbach: We're looking to expand our core area of business with innovative products, which is why we take a critical look at everything and make adjustments where it makes sense. That begins with our structures, which is why we've also bundled the management areas. Streamlining promotes a faster exchange of ideas and clear areas of responsibility, which, in turn, allows us to make our business processes more efficient and agile. The entire organization will benefit from the optimized structures, including digitization. My fellow member of the Board Frank Semling can tell you more.

Frank Semling: Digitization does pose quite a challenge for us at present. At the same time, it offers us enormous opportunity. The business processes mentioned will be faster, simpler, and more transparent for everyone involved, which will also have positive effects economically speaking.

COMPUTERS AND THE INTERNET AREN'T EXACTLY NEW INVENTIONS.

Frank Semling: We've been working with them for decades, of course. But now it's all about fully connecting the company and consistently automating processes. 5G will radically change the world. These days we're only reading about self-driving cars. But these new opportunities can control and manage huge infrastructures. This inevitably begs the question: What does that mean for our company? That's what we're thinking about. The digital future will shape Hansgrohe over the long term.



DESIGN

»Digitizing sales will make us faster and more efficient.«

Reinhard Mayer, CFO



»Globally operating customers
need a partner that's
internationally positioned.«

Christophe Gurlan, CSO

QUALITY

WHY IS LONG-TERM EFFECT SO IMPORTANT?

Frank Semling: Because we do more than just generate financial value, which is usually very short-sighted. A company needs to have a deeper purpose to remain stable over the long term. Its inner values reflect this purpose, which is why sustainability is defined as a key value at our company. We want to assume responsibility with respect to humane working conditions and eco-friendly production processes. But good intentions alone are not enough. You need to embrace them and implement them on a daily basis. We document and substantiate our efforts with facts in our Sustainability Report.

WHAT ROLE DOES THE LOCATION PLAY?

Frank Semling: The Black Forest region is elemental to our company. Here we've developed a wealth of experience over the 100+ years of our company history. By that I mean the knowledge and skills of our employees in the region. For us they're valuable and irreplaceable.

CAN YOU GIVE US AN EXAMPLE?

Frank Semling: Our new plastic electroplating facility in Offenburg is also a true commitment to the region. The emotional effect of an investment like this should not be underestimated, as it represents long-term security for the employees and their families.

DESPITE ROBOTS?

Frank Semling: We acquired some new robots in 2019 and still there's always more to do. But the automated grinding and polishing are a great relief for the employees. The physically demanding work no longer has to be done by hand. This investment was well received by everyone.

EVEN THE CFO?

Reinhard Mayer: Yes, it was! It was a sustainable investment and sustainability is a key element in the financial side of business. Here, too, we consolidate and think with a focus on the long term. And the same applies to purchases and collaborations, where shared interests can lead to shared successes. Investing in the digitization of sales also makes sense over the long term.

DOES THAT MEAN DIGITIZATION IS A MUST?

Reinhard Mayer: Yes. We can't afford to miss the boat. It's also an issue of our competitiveness. Like I said, digitization will make us faster and more efficient, which, we expect, will lead to measurably better results. I see digitization as a process that develops with new technologies. And it's something we'll be dealing with for many years to come. But we need to be prepared today for the monumental transition to 5G. We already have the means.

SO YOU'RE SATISFIED WITH THE NUMBERS?

Reinhard Mayer: Absolutely. We're pleased with our consolidated balance sheet for last year. There weren't any unusual differences to recent years. Everything is stable and sound. The company performed well again last year objectively speaking, which is a reassuring feeling – even in view of our next steps.

WHAT ARE YOUR SALES OBJECTIVES?

Christophe Gourlan: To begin with, we will continue to keep an eye on the European markets, where we're traditionally very well represented. Due to demographic developments, there's no end in sight to the construction boom. In line with the motto – »New generations want new bathrooms« – our products are still in demand. We view topics such as modern design, efficiency, and a shower experience as strong sales arguments, which customers often experience through our influencers. Planners, architects, and plumbers are happy to recommend us, which always has a positive impact on sales.

HOW IMPORTANT IS SCHILTACH?

Christophe Gourlan: Let's take a look at the big picture from an international perspective. How do others view us? Because we're a German company, we already benefit from a reputation of quality, and our high standards are well known the world over. The Black Forest itself is renowned for precision, an image always applied to us by default. Our connection to Schiltach doesn't hurt our sales either. People place a lot of trust in us for this reason. Of course, the awareness of our two brands also goes a long way.

WHERE ELSE DO YOU SEE POTENTIAL?

Christophe Gourlan: Many of our customers now operate on a global scale and therefore need a partner that's also internationally positioned. We fulfill all of the requirements, particularly when it comes to faucets, which is why the US and Chinese markets are and will continue to be so attractive to us.

BECAUSE LARGE-SCALE CONSTRUCTION PROJECTS ARE MORE COMMON THERE?

Christophe Gourlan: There's also that. Global project business is especially attractive to us and could certainly be expanded. We also need to increase our presence in kitchens around the world. We already have the necessary product portfolio with ingenious innovations and are ready to share it with the world. We the Executive Board are optimistic about the future.




This interview and all other content refer solely to the year 2019. The current situation [global spread of the coronavirus] has no impact on the period of time examined in the Annual Report and has therefore been disregarded. All of the content was prepared before the outbreak and should be viewed within this time frame.



RESPONSIBILITY

»Our new plastic electroplating facility in Offenburg is also a true commitment to the region.«

Frank Semling, COO



ELEMENTAL: Standing still means going backwards, which is why Hansgrohe develops pioneering new products.

Showering in the digital age: hansgrohe RainTunes offers a multisensory shower experience for any mood.

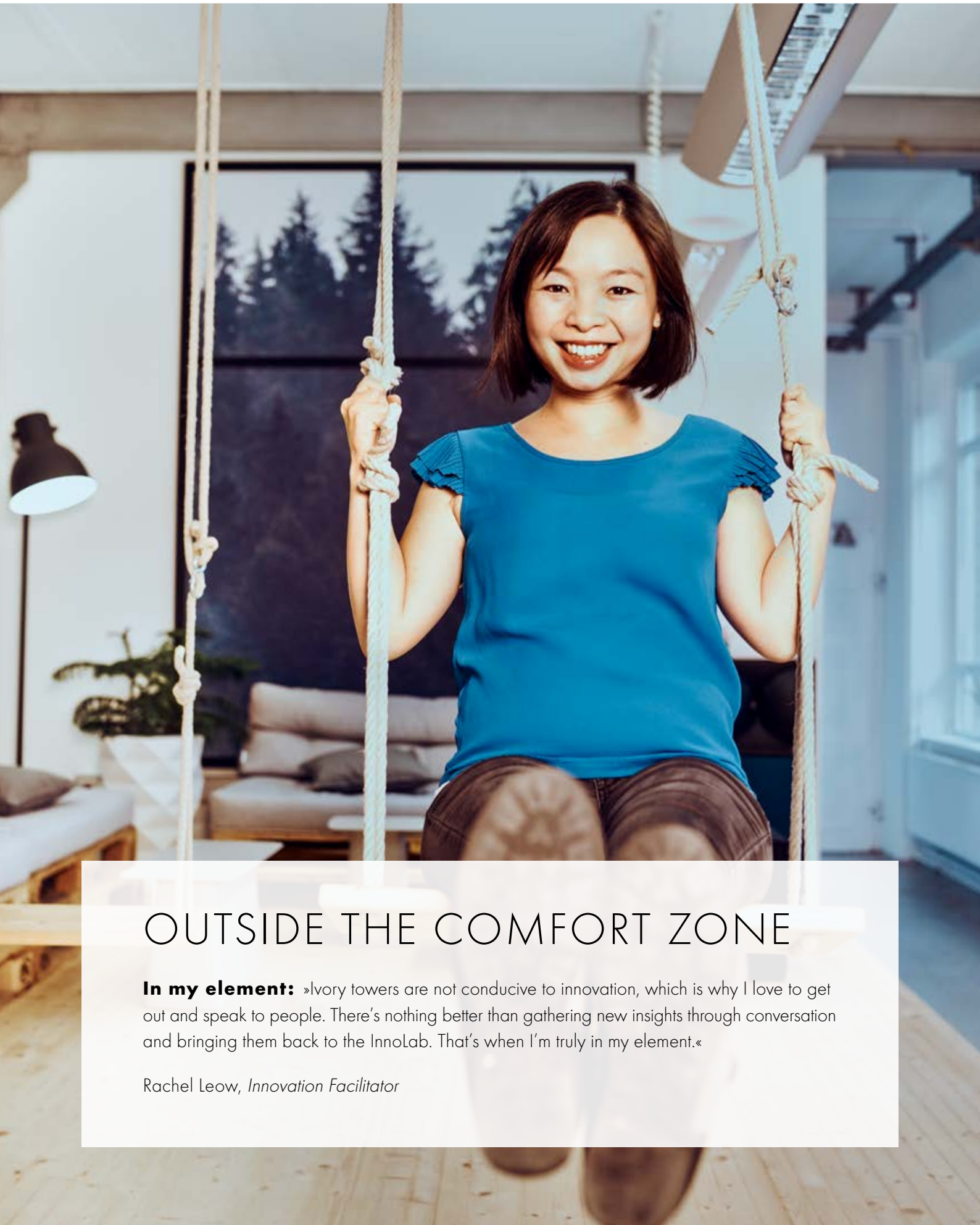
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INNOVATION

VITALITY INDEX



New products launched within the past three years accounted for nearly one-third of Hansgrohe's annual sales in 2019.



OUTSIDE THE COMFORT ZONE

In my element: »Ivory towers are not conducive to innovation, which is why I love to get out and speak to people. There's nothing better than gathering new insights through conversation and bringing them back to the InnoLab. That's when I'm truly in my element.«

Rachel Leow, *Innovation Facilitator*

CODE NAME »POSEIDON«

HANSGROTTE INNOVLAB



Developing and systematically implementing visionary ideas is nothing new for Hansgrohe. No one was talking about »design thinking,« »scrum,« and »smoke tests« back in the day, but when company founder Hans Grohe wrote bathroom history for the first time with the affordable personal hand shower in 1928, he demonstrated that Black Forest innovations have the power to shape the future of shower culture. Because this claim has held true ever since, around twelve young Hansgrohe employees have been hard at work developing the products of tomorrow since 2017.

INTRODUCING THE INNOLAB.



One thing is certain: if you want to be innovative, you can't give in to fear. »You embark on a journey without even knowing where it will ultimately take you,« says Rachel Leow. And she ought to know. As Innovation Facilitator, Leow helps interdisciplinary teams at the InnoLab implement their projects, guiding them through the innovation process from the very start. »Our approach is clearly structured,« says Leow. »Before we even get started, we identify the target group's problem. We then form a hypothesis that needs to be tested.« In other words, the same approach as with the Poseidon project back then.

develop ideas, and identify growth opportunities outside of the company's core area of operations. »We then agreed on the project name »Poseidon,« says Leow, grinning. While she doesn't remember whose idea it was, she can remember just how exciting this phase of the project was. »At first we didn't even know who the target group should be. Plumbers? Hotels? Private users? We simply went out and talked to the people.«

So Close and Yet So Far

What was developed over a period of several months during the first test project has since achieved market maturity. hansgrohe RainTunes allows customers to connect their smartphone to the shower and enjoy a

When Leow was commissioned to develop the »digitization of water« project in 2017, there was no InnoLab. The Hansgrohe Executive Board had put together a team of several employees from a variety of disciplines, who were encouraged to come together and think creatively,



THINK BIG

personal, digitized shower experience with seven preconfigured scenarios to choose from. That's something that had never existed before. »hansgrohe RainTunes was unveiled at ISH 2019 in Frankfurt and was a huge success,« says Rachel Leow. Even the Hansgrohe Executive Board was impressed, ultimately paving the way for the company's own InnoLab in Schramberg. The new location provides the team with optimal working conditions, as it's far enough removed from Schiltach to offer respite from day-to-day business, but close enough to enable quick and easy access to the core organization's expertise.



Each Team Requires a Coach

Rachel Leow is well acquainted with methodology and innovative working processes. »As Innovation Facilitator, I'm not involved in the day-to-day operations. I have an overview of all the current projects and advise the teams if any difficulties arise or they're unsure of how to proceed.« Working with the responsible innovation manager, she plans the road map for each new project and provides motivation. »Design-thinking is ideal for the first phase of a project. Later on we follow the lean start-up approach, for example, when it comes to testing hypotheses.« Sometimes absurd questions can help to get the innovation process up and running, says Leow. »How would we solve the problem if we had a budget of just €1?«





FROM TRAINEE TO FACILITATOR

As an innovation management trainee at the Hansgrohe InnoLab, 27-year-old Janina Urbach is responsible for the strategic Lifestyle & Consumers search field. Urbach, who acquired her master's degree in Innovation Management and Entrepreneurship, can't say too much about her current project. But she does seem to be optimistic during the conversation: »The prototypes are finished and the online test campaigns are going very well. I'm confident that the project will be a success.«

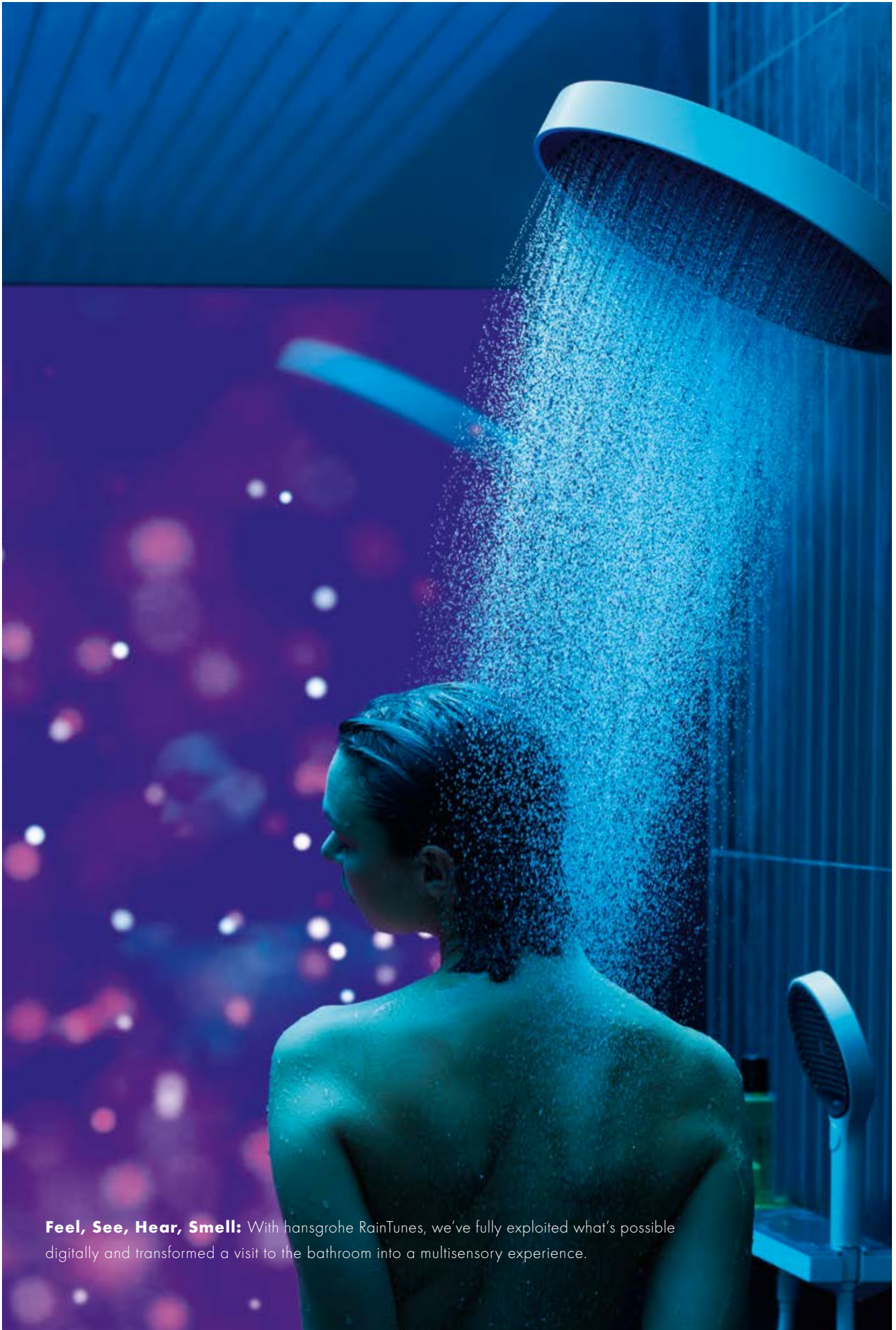
After her training, Urbach will continue to work at the InnoLab, but in a new role. Like Rachel Leow, she would also like to oversee development processes as Innovation Facilitator and advise her team. According to Urbach, innovation is not rocket science. »Products don't always have to create a brand-new customer benefit to be innovative. You can also take something that already exists, adapt it, and apply it to a different market.«

The InnoBoard Makes the Decision

The InnoLab employees have defined six strategic search fields: Future Housing, Intelligent Environment, Lifestyle & Consumers, Health & Well-Being, Sustainability, and Commerce & Communication. There's at least one project in full swing for each search field. »The teams get together each month to present any progress they've made,« says Leow. The InnoBoard, which also includes members of the Executive Board, Vice Presidents, and stakeholders, ultimately decides which ideas to develop – and which to discontinue. »But that doesn't mean the teams are competing with each other. We all work together and are excited about all of the projects that win over the core organization.«

What the young Hansgrohe innovators are currently developing is very promising. And thus the InnoLab lives up to the traditions established by founding father Hans Grohe. He, too, was not content to rest on his laurels after the success of his hand shower nearly one hundred years ago. Instead, he went on to launch his next stroke of genius, the shower bar. There may be a project or two whose destination is yet unknown. But that's just fine because the InnoLab motto has always been: »Shoot for the moon. Even if you miss, you'll land among the stars.«





Feel, See, Hear, Smell: With hansgrohe RainTunes, we've fully exploited what's possible digitally and transformed a visit to the bathroom into a multisensory experience.

A SHOWER EXPERIENCE FOR ALL THE SENSES

When Hansgrohe unveiled hansgrohe RainTunes at ISH 2019 in Frankfurt, it presented not only a brand-new, digitized shower system, but also our standards for innovation management. hansgrohe RainTunes brings together water, light, sound, and fragrance to create an unparalleled, multisensory bathroom experience and thus places the focus on people's individual moods and needs. hansgrohe RainTunes started out as a pilot project three years ago and, with its success, marks the birth of our InnoLab in Schramberg.

Users can choose between seven preconfigured shower scenarios, transforming the bathroom into their personal oasis of well-being at the press of a button. These scenarios are selected using the hansgrohe home app, which connects to hansgrohe shower products via Wi-Fi. Depending on the situation and their mood, users can choose between the following programs: »Good Morning,« »Revitalization,« »Vitality,« »Relaxation,« »Beauty,« »Nature,« and »Good Night.« When it came to developing the shower scenarios, we worked with experts in a variety of disciplines, including dermatologists, sports doctors, and ar-

matherapists. With hansgrohe RainTunes, ease of use takes top priority. The spray mode, water volume, and temperature can be adjusted individually using the RainPad or RainButtons. Once users have activated the selected shower scenario via the app, they can concentrate entirely on their sensory experience. Thanks to Bluetooth technology, we've also created a brand-new option for control: the RainButtons are wirelessly connected to the shower system via a central control unit in the wall and can be freely positioned. By separating the faucet from the controls, we demonstrate once again how much we enjoy innovation.

CAN BE ADAPTED FOR ANY MOOD

A shower can be so many things: a kick start to your day, a soothing reward after an intensive workout, or simply your nightly ritual before going to bed. When it came to developing hansgrohe RainTunes, we focused on our customers' everyday lives and developed seven shower scenarios, with something for any situation and mood.



More Water on the Skin

hansgrohe RainTunes represents a shower experience for all the senses. Users not only feel the water on their skin, but are pampered with a multisensory experience featuring light, sound, and fragrance. LED Ambilight by Philips Hue, for example, can provide atmospheric lighting for the entire bathroom. Acoustic worlds of sound, tailored to the shower scenario and the choreography of the water, intensify the sensory experience, while hansgrohe RainScent fragrance tabs provide the appropriate scent. The result is a water experience like no other.

As one of the most innovative bathroom companies, we're kicking off the age of individualized, digitally connected shower moments with hansgrohe RainTunes. Smart functions enable all-new levels of comfort and transform the daily trip to the bathroom into a feast for the senses. From the initial concept to the unveiling of the product at ISH in Frankfurt, it was an exciting process. We've learned a great deal – especially about how we want to approach the topic of innovation at Hansgrohe. After all, we can't afford to stop innovating. We'll continue to work on our product, develop new shower scenarios, and thus make hansgrohe RainTunes even better.

EVEN MORE INNOVATIONS

We presented a real highlight to the world in 2019 in the form of hansgrohe RainTunes. But there were two other Hansgrohe products launched that year – and these are worth mentioning. With our Pontos water management system, users can actively protect their home from water damage. Pontos controls the flow of water inside the house and reports any irregularities via the hansgrohe home app. If the system suspects damage, it automatically turns off the water supply and sounds an alarm.

Lavapura Shower WC was developed specifically for the Asian market. The smart toilet can be operated via remote control and boasts numerous features and functions, including the antibacterial seat and optional UV disinfection. Lavapura Shower WC brings together design and functionality and, in combination with the Rainfinity wellness shower, completes the intelligent bathroom.



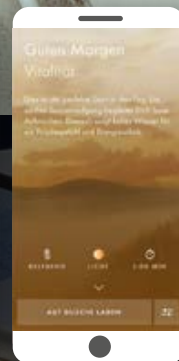
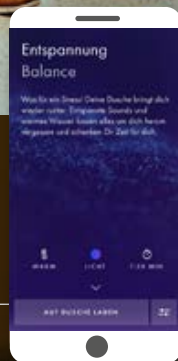
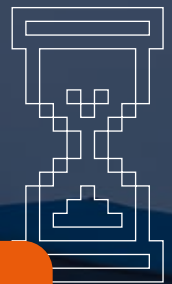
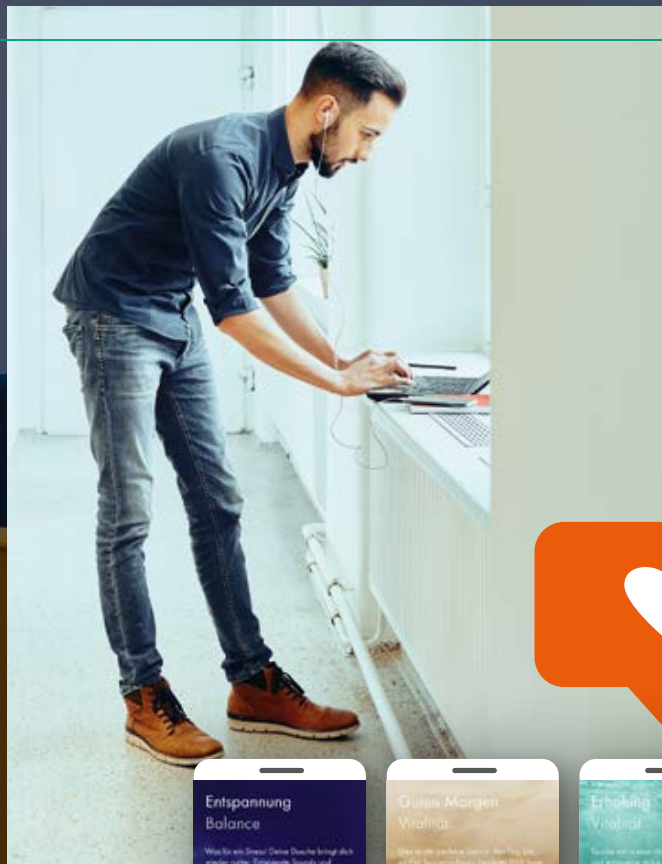
A NEW ERA OF SHOWERING HAS BEGUN.

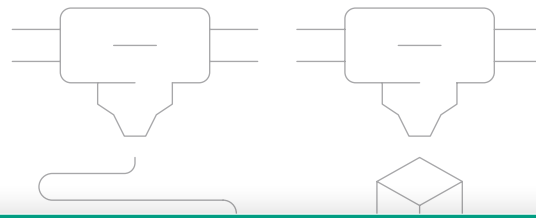
WE KNOW THAT TO BE TRUE BECAUSE WE INITIATED IT OURSELVES WITH HANSGROHE RAIN TUNES.



IN THE FLOW

DIGITIZATION





Bits and Bytes in the Bathroom



For quite some time, the bathroom was one of the last places in the home to largely remain analog. But that has changed: the demand for digital sanitation products has increased significantly in recent years, and the topic of e-commerce has also been quite a challenge for Hansgrohe. These days, customers expect not only technical innovations for a smart bathroom in a smart home, but also a new, tailored purchasing experience online. Expectations are high.

Fast-paced developments in the digital sector have also brought about a new mindset at Hansgrohe. The opportunities of the digital age are so diverse and complex, that we're no longer in a position to develop everything ourselves. But we don't have to either. With external partners such as Phoenix Design, which support us with their expertise in product and interaction design, we have managed time and again to launch innovative products that are a hit with our customers. Teamwork makes the dream work.

Company Culture in Transition

When we talk about digitization at Hansgrohe, we mean more than just all of the new technologies and sales opportunities. Digitization also has an impact on our company culture. We thus train our employees to become »digital transformers« at our internal Campus Digital faculty and prepare them for the future. We're also in the process of breaking down the traditional department structures, creating the conditions that will allow our digital experts to pass on their knowledge across multiple disciplines with ease.

Inventor Mentality 4.0

While digital solutions are a key area of focus at Hansgrohe, they're not developed as an end in themselves. We don't take the topic of digital transformation seriously because it's in fashion, but because we expect real added value. There will also be new Hansgrohe products in the future with a purely mechanical function. But at the same time, with new developments such as hansgrohe RainTunes, we demonstrate that we're a driving force when it comes to digitizing the sanitation industry and that our Black Forest inventor mentality translates very well into bits and bytes.



SEND





ELEMENTAL: Good design makes functionality tangible in an aesthetic and intuitive way.

A bathroom icon: with the AXOR Starck collection, we managed to create a timeless design classic in 1994.

2

DESIGN



DESIGN AWARDS



601

AWARDS

INCLUDING



103

RED DOT DESIGN AWARDS



144

GERMAN DESIGN AWARDS



153

IF DESIGN AWARDS

Impressive number: 601 design awards since 1975 make a clear statement.



VISIONARY COLLABORATION

In my element: »When designers come to see us in Schiltach and we think about the bathroom of the future together as a team, I can feel the true essence of AXOR. It's in these moments that ideas come about that distinguish us as a brand.«

Anke Sohn, *Head of Global Marketing AXOR*

TWO BRANDS DEDICATED TO THE ELEMENT

A product's design speaks to people at first glance, making the first and often a lasting impression. Even its form generates expectations in terms of function and operation. Design allows us to enhance technologies emotionally and communicate their benefits in a sensory way. Above all else, we distinguish ourselves from the rest of the market with unique design, which is why it's so important for our AXOR and hansgrohe brands. Both of these pursue their own objectives: heads of marketing Anke Sohn and Marc André Palm highlight the differences.



In the beginning there was the classic: inspired by the form of historical well pumps, Philippe Starck designed the first AXOR collection 25 years ago. With its characteristic pin handle, the faucet is considered to be an icon of style today and an archetype of minimalist design.



Avant-gardists shoulder to shoulder: AXOR and Philippe Starck started a bathroom revolution with their first joint luxury bathroom in 1994.

HOW A BRAND SUCCESSFULLY CELEBRATES LUXURY

Anke Sohn is entirely in her element. As Head of Global Marketing AXOR, she has the opportunity to speak to top designers. »My team and I are passionate about working with designers on the bathroom of the future.« Whether Antonio Citterio, Jean-Marie Massaud, Phoenix Design, Patricia Urquiola, Barber & Osgerby, Front with Anna Lindgren and Sofia Lagerkvist, Nendo, GamFratesi, David Adjaye, Werner Aisslinger, or Ronan & Erwan Bouroullec – over the past 25 years they've created designs for AXOR and shaped the brand's exceptional image. AXOR was intentionally launched as an independent brand in 1993. The team of founders headed by Klaus Grohe recognized at that time the potential for a specialist in the upscale price segment, a strategy that continues to demonstrate its sustainability to this day. There's a demand for bathroom luxury around the world like never before and it's only increasing.

Joining Forces with Philippe Starck

AXOR's story began with the first luxury bathroom. Developed in collaboration with Philippe Starck, the concept of this salon d'eau was revolutionary in its time, inspired by the historical well pump. The collection with the signature pin handle still boasts a minimalist design to this day. The faucet is a design icon today and represents the birth of AXOR's unique spirit. Anke Sohn explains the essence of the collection on the basis of three brand values. Perfection is the culmination of understatement and the ambition to deliver premium quality across the board: in service, with each product, and in communication. Avant-garde calls for unprecedented ideas for the bathroom of the future. Individuality represents a commitment to personal style and thus the embodiment of luxury, as the diversity of the sophisticated styles allows for the accommodation of personal preferences with greater precision. The AXOR brand and its workshop therefore represent the features that make each bathroom unique, fulfilling each and every customer's high expectations.

It Takes More Than Aesthetics Alone

Anke Sohn views design as more than merely an aesthetic shell. Needless to say, it also has to promote functionality. But what's especially important to her is the relationship between the object and the person. The designer should think long and hard about the interaction between the two. It's only then that design can develop an emotional and tangible power. That's how you turn products into design classics that maintain their appeal and radiance for decades to come. »Just like with our AXOR brand.«

Success That Never Quits

The world premiere of AXOR Edge at ISH 2019 in Frankfurt is an excellent example of the ongoing development of the AXOR brand. Its groundbreaking look is all thanks to two fortunate circumstances. French designer Jean-Marie Massaud first created the form consisting of overlapping cubes reminiscent of priceless gems, which was then produced using a diamond-cutting technology – a world first in the bathroom faucet sector. The technology itself was developed for the space industry, where optical equipment requires uncompromising precision. And now it has a chance to shine in the AXOR Edge collection, creating brilliant surfaces and reflective facets. The interesting story behind the development of the sculptural bathroom accessories fascinated the audience at the international road show with Jean-Marie Massaud in Shanghai, London, and Paris.

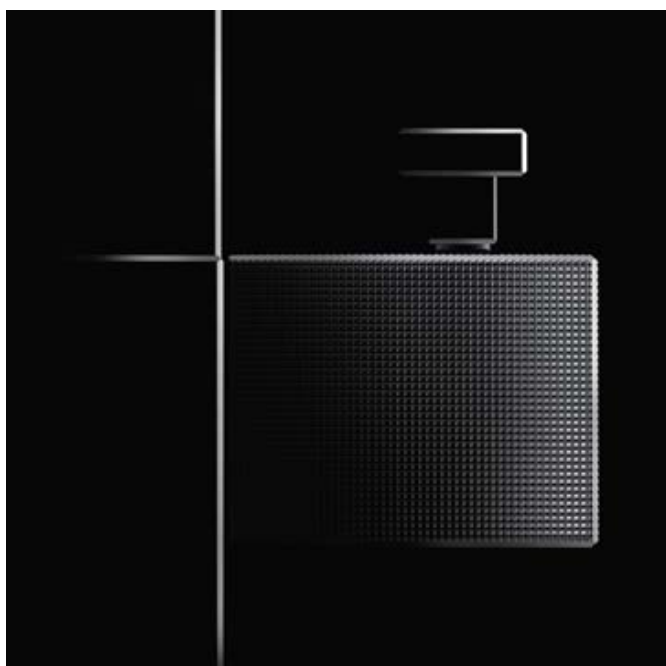


The Sky's the Limit

Anke Sohn and her team are pursuing their next ambitious goal with determination. »We want to be the first choice for interior designers around the world. With 6 million interior designers, there's a whole lot of potential for our brand.« And with that in mind, the new AXOR campaign, AXOR Places, kicked off in spring 2020. »AXOR Places is all about the world in which we live. Thanks to the customization options available for our AXOR MyEdition collection, you can create a personal oasis of well-being in your own bathroom.«

Premium Quality Is Timeless

AXOR is taking a radical step and rethinking the bathroom of the future in larger contexts. One example is the triad of space, water, and person, which the brand has embraced for 25 years. The Signature Service with workshop at the plant, for instance, has stood the test of time. The production of small batches and one-offs, with much of the work carried out by hand in Schiltach, represents a real commitment to the Black Forest region and the skills of the employees there. Anke Sohn can see this sense of responsibility in many of the details. »For AXOR MyEdition we only use wood sourced regionally, and the marble from northern Italy doesn't have all that far to come.« Rather than following trends, AXOR prefers to set them itself and thus embodies the future of the bathroom. »That's also why the AXOR Starck collection – an original design – is just as modern today as it was 25 years ago.«





UNLOCKING POTENTIAL

In my element: »I speak to my colleagues in different countries around the world all the time. Discussion across borders and the development of ideas together are what motivate me to move the hansgrohe brand forward – that's when I'm in my element.«

Marc André Palm, *Head of Global Brand Marketing hansgrohe*

PIONEERING SPIRIT AT HANSGROHE

Marc André Palm is in his element first thing in the morning, when he takes a shower, because that's often where the Head of Global Brand Marketing hansgrohe has his best ideas. The daily bathing ritual can also act as a mental cleanse. »Your mind is simply clearer in moments of relaxation.« But that's no coincidence, of course, as the hansgrohe brand is all about these kinds of experiences with water in particular. »We're the early birds among the sanitation manufacturers.« This pioneering spirit has been in the brand's DNA since 1901 and continues to be the driving force behind it all.



Safe for children thanks to CoolContact technology: the innovative hansgrohe Cromia E showers can do it all and are ideal for the modern family bathroom.

A Year with Future

This pioneering spirit was also hard at work in 2019, resulting in a whole host of ideas. At ISH in Frankfurt, an important trade fair in the sanitation industry, hansgrohe unveiled Rainfinity with its one-of-a-kind PowderRain spray mode, which encapsulates the entire body with the finest drops of water. It didn't take long for experts to recognize the design quality of the innovative shower head either. Marc André Palm now has multiple reasons to be happy: »Rainfinity received all of the most important design awards such as the iF, Red Dot, and German Design Award right off the bat.« hansgrohe has responded to the global megatrend of customization with the FinishPlus special surfaces. With five new colors and a variety of surface structures to choose from, customers are better able to tailor their bathroom to their personal style. In addition to the new Cromia E series and Talis M51 for the kitchen, two additional highlights represent the brand's focus on the future. With its ultra-efficient use of water, the Aquino Select M81 range of faucets offers a solution to promote sustainability in the kitchen. And for the smart home, Pontos offers protection against water damage and undesired consumption, using moisture sensors and the hansgrohe home app.





For wellness and design enthusiasts alike: thanks to newly developed spray modes such as PowderRain, hansgrohe Rainfinity makes the daily shower ritual a real treat.

Today Is the New Tomorrow

2020 will be a groundbreaking year for hansgrohe. Adjustments will be made to the brand position to prepare for the future, which Marc André Palm views as a huge opportunity. »We don't want to wait around. We're preparing now.« That's because every new generation of customers and users has different demands. Technical progress leads to new potential. The brand aims to continue its pioneering role in the digital world, which is why the website is being overhauled and the company's social media presence significantly expanded. At the same time, the global marketing team is restructuring the organization.

Design as a Success Factor

Marc André Palm sees design as a key unique selling point for hansgrohe. »Form, function, and emotion should flow together in the design as if by magic.« This is achieved with great success thanks to a long-standing partnership: hansgrohe has worked with one of the most prestigious design studios, Phoenix Design based in Stuttgart, since 1986, with a focus on analyzing and comparing trends, target group requirements, and market developments. All of the products represent more than just a design principle – specifically a shared internal attitude: people and their experiences always come first.

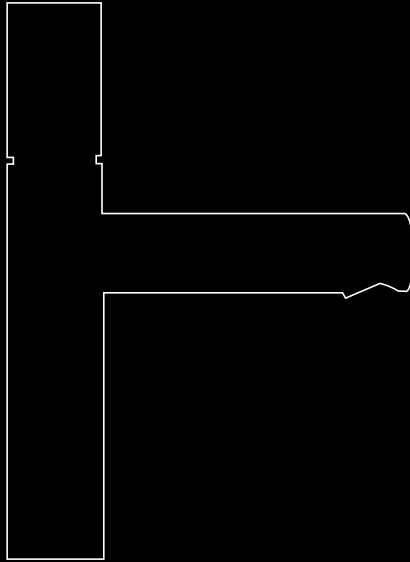
The Next Milestone

hansgrohe RainTunes promises a whole new type of experience. As the first system of its kind, it's setting new benchmarks for the shower experience of the future. At the same time, the hansgrohe brand is expanding its portfolio with this innovation. In addition to design and haptics, more of a focus could be placed on sound, fragrance, and light. An increasingly demanding generation will soon come to expect this new level of comfort. Marc André Palm is thus confident that hansgrohe RainTunes has potential over the long term. »That's why we not only think about the users, architects, and plumbers, but also always look far ahead. In other words, we embrace our pioneering spirit.«

Sustainability Is in Our Nature

hansgrohe has felt an obligation to promote sustainability for many years. You could say that water is an elemental resource for the brand. EcoSmart technology has surely saved millions of liters of water thus far and, with its economic and environmental benefits, represents just one groundbreaking step. »We not only want to recognize the signs of the times, but also pave the way to the future.« And that means new challenges for the brand on a daily basis. Often beginning early in the morning in Marc André Palm's shower.

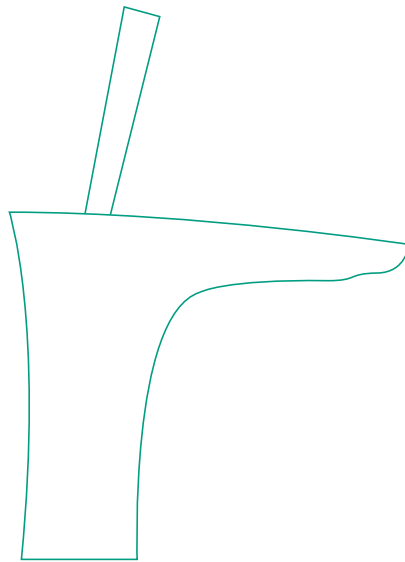
AXOR



FORM FOLLOWS PERFECTION.

AXOR represents luxury and uncompromising aesthetics in the bathroom and kitchen. The collections and one-offs are developed in collaboration with the best designers in the world and have been winning international awards for their design perfection for years.

hansgrohe



MEET THE BEAUTY OF WATER.

hansgrohe transforms moments with water in the bathroom and kitchen into a sensory experience, enabling premium quality and emotional design. For the special role it plays in people's lives, hansgrohe was named Brand of the Century in 2019.



A NEW KIND OF ARCHITECTURE

The cube as a central design element: Forgoing the usual design with flowing lines, AXOR Edge boasts corners and edges that never cease to impress.

AXOR



AXOR EDGE

We were instantly smitten with designer Jean-Marie Massaud's vision for a new collection: gems as sculptures for the bathroom. The cube is the

elemental shape of AXOR Edge, which is rather unusual for a faucet, as people generally expect to find flowing lines. In architecture and art, the cube represents a sense of order invented by mankind. Symmetrical surfaces define the space and highlight its borders with clear edges. Using these simple elements, Jean-Marie Massaud created this highly sophisticated form of luxury, which is both minimalist and rich in details. We presented the new AXOR Edge faucets for the first time in 2019. Everyone is instantly fascinated by the overlapping cubes and their extremely precise surfaces.

Brilliance through New Technology

The reflective surfaces and filigree structures of the AXOR Edge collection are created with a diamond-cutting technology that had never been used in the manufacture of bathroom products. This technology is utilized, for example, to produce optical equipment for the aerospace industry. In the production of AXOR Edge, diamonds are used to cut the surface of the brass block with micrometer precision. The result of this comparably elaborate process is absolute brilliance.



Each Plate Is One of a Kind: With its unmistakable grain, marble is a luxurious material used to maximize customization.

TAILOR-MADE CHARACTER

AXOR SIGNATURE

In the luxury segment, customers often demand the option to tailor the design to their personal tastes. With the exclusive AXOR Signature Service, our customers have the option to customize their faucets. Small batches and one-offs like these are not only in demand in upscale homes. Companies such as high-end hotels are eager to take advantage of this opportunity to showcase their own brand in the bathroom – with logo, symbols, engraved coats of arms, and lettering. Even colors not included in the 15 AXOR special surfaces as well as handles featuring Swarovski crystals are possible, allowing interior designers to systematically implement their concepts, with perfection down to the smallest detail.

Fascinating Opportunities

AXOR offers a variety of surfaces beyond metal to customize the bathroom, including natural materials such as wood and leather. Our Italian marble blends white grain with a base color of jet black for an especially luxurious look. And just as you can add visual enhancements, you can also make technical changes, including extending or shortening the faucet spout or adjusting the head shower connection in line with the ceiling height. Our AXOR workshop based in Germany implements each and every customer wish to perfection. Nowhere else can we ensure the level of precision required for these kinds of projects.





Time for deep relaxation: When microfine drops softly encapsulate the body with hardly a sound, it must be Rainfinity.



hansgrohe

INSPIRED BY SUMMER RAIN

HANSGROHE RAINFINITY

Our new Rainfinity shower series also reflects the general trend toward wellness and a balanced lifestyle. The specially developed PowderRain spray mode produces microfine and ultra-quiet drops that encapsulate the entire body, promising moments of deep relaxation in the shower. The physical sensation is therefore comparable with a warm summer rain – for a whole new sensory quality. Rainfinity transforms the bathroom into a personal oasis of well-being for people with refined tastes.

A Relaxed Perspective

The Rainfinity design also appeals to the new generation of aficionados. The rounded shape with square head connection boasts an especially modern look in the variation with matte white and graphite-colored spray discs, making Rainfinity a harmonious complement to all bathrooms with a contemporary design. With the Rainfinity head shower, Showerpipe, hand shower, shelves, and separate concealed Select control for several spray modes, we were able to define a new standard for the shower experience.

THE PRACTICAL KITCHEN HELPER

HANSGROHE AQUNO SELECT

With Aquino Select M81, we now help cooking enthusiasts achieve effortless workflows in the kitchen, having reimagined a variety of steps at the sink, from rinsing unwieldy pots to washing foods or your hands after cutting onions.

In addition to the high-arc spout, single-lever handle on the side for adjusting water volume and temperature, and convenient Select function, the Aquino Select M81 boasts three spray modes, two of which can be selected on the pull-out spray. Thanks to the sBox, the hose conveniently pulls out – for example, if you need to fill a container next to the sink.

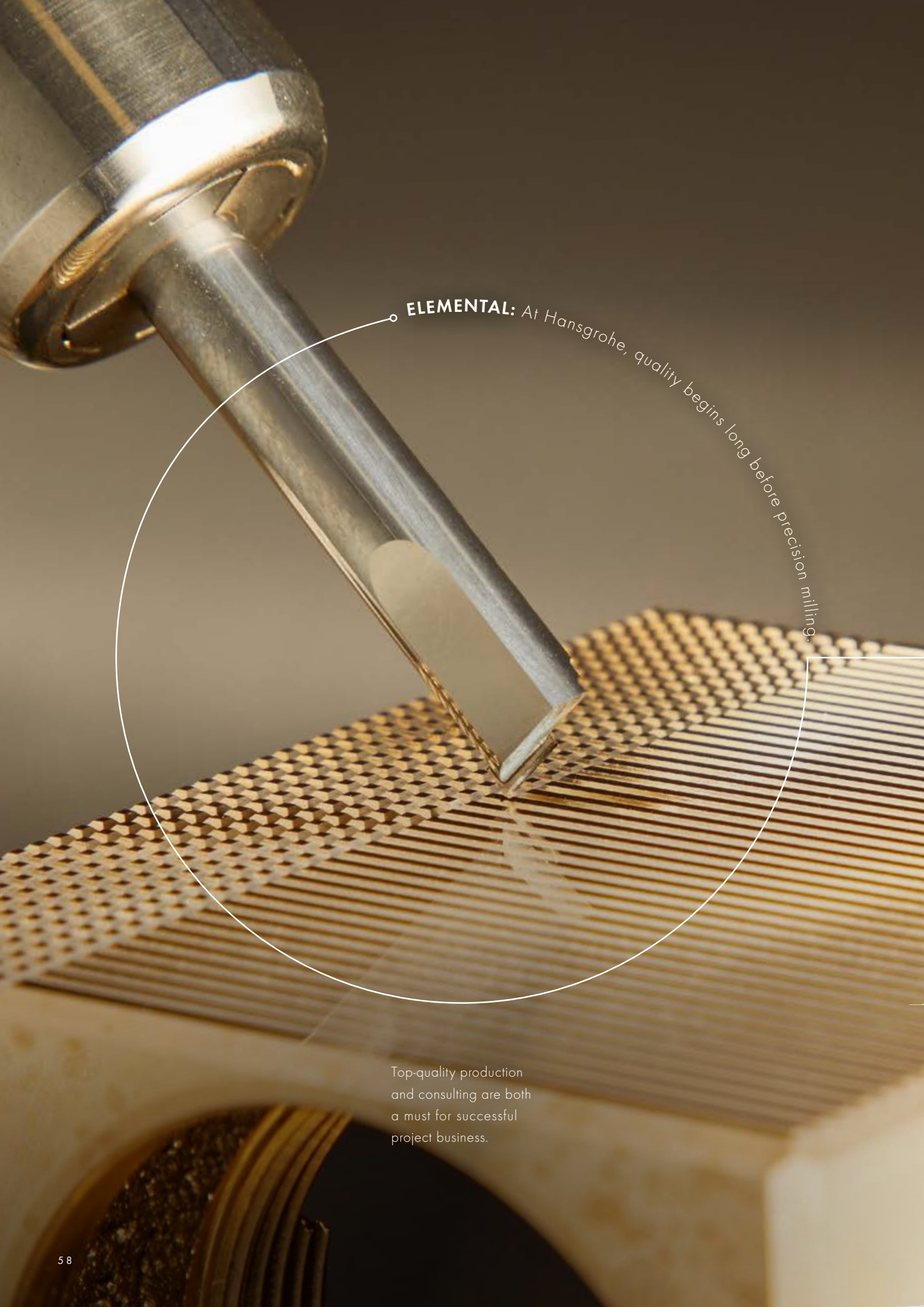
Gentle and Eco-Friendly

The additional flat spray is brand-new and perfect for washing fresh vegetables and delicate fruit. The wide SatinFlow spray washes the foods very thoroughly and gently with individual, microfine sprays. The optimized flow rate of just 4 l/min. significantly reduces water consumption and is thus eco-friendly and sustainable. The spray is also deliberately positioned at the faucet base near the sink to minimize splashing.



Convenient and Sustainable:

Aquino Select M81 not only simplifies workflows in the kitchen, but also reduces water consumption.

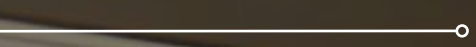


ELEMENTAL: At Hansgrohe, quality begins long before precision milling.


Top-quality production and consulting are both a must for successful project business.

3

QUALITY



CONSULTING QUALITY



64,371

ACADEMY VISITORS (2019)

More than a showroom: our customers can experience the AXOR and hansgrohe brands with all of their senses at the Schiltach Academy.



THINKING IN TERMS OF SOLUTIONS

In my element: »Our customers often have no idea of just what we're capable of at Hansgrohe, so I'm completely in my element the moment I find out exactly what someone is looking for. At that moment, I begin to search for the appropriate solution.«

Thomas Leth, *General Manager Nordics*

ARCHITECTURE, DESIGN, AND
WATER CREATE A **MAGICAL OASIS**
OF RELAXATION.



The Blue Lagoon in Iceland has always been a fascinating location. Nestled in an 800-year-old lava flow and flanked by volcanic cones, rock formations, and a moss-covered crater landscape, the thermal water is rich in minerals and bubbles up from the depths of a tectonically active zone near the capital city Reykjavík. Aesthetically integrated into the heart of the landscape, the Retreat at Blue Lagoon is a luxury hotel with 62 suites, two restaurants, and a private spa incorporated into the volcanic rock. With a description like that, it's no wonder that the award-winning Retreat features exclusive AXOR faucets and shower products.

SOURCE OF EXCELLENCE

Thomas Leth, General Manager Nordics at Hansgrohe, remembers exactly how the project got started: »The collaboration with Design Group Italia was very interesting. The Retreat's quality standards were high and, from the very beginning, only the best fixtures would do.« A design group delegation made a special trip from Milan to Schiltach to experience Hansgrohe's manufacturing expertise firsthand. »We toured the production facility together and visited the spray laboratory, which allowed us to prove our expertise to the customer and demonstrate what quality means to us,«

says Leth. The effort ultimately paid off: »The designers came to realize that AXOR is something truly special – and thus exactly what they were looking for.«

What makes the Blue Lagoon so unique is the surreal way in which the steaming milky-blue water meets with the harsh volcanic landscape surrounding it. Inspired by rock and craters, the Retreat architects and designers were interested in using lava stone as a construction material – including in the design of the sanitation systems. »The biggest challenge was customizing our AXOR faucet for the bathrooms in the luxury suites,« says Leth.



»We have a variety of materials in our range, but no customer had ever requested lava stone before.« The finished product is therefore also the result of international teamwork. The mixer was produced in Schiltach and shipped directly to Iceland, where the elegant lava stone finish was applied. Leth is satisfied with the product: »It all worked out really well.«

Lots of Brushed Black Chrome

Particularly in the field of sanitation, quality is always also a question of the right surface. »Our high-quality faucets and shower products are cleaned every day – sometimes with aggressive detergents,« says Thomas Leth. That's why the AXOR FinishPlus surface in Brushed Black Chrome was the primary material used at the Retreat at Blue Lagoon. With its luxurious appearance similar to that of lava stone, it not only wonderfully complements the design concept of the wellness hotel, but is also highly resistant to cleaning with chemicals. »The PVD

technology we used makes the AXOR surface stronger and more scratch-resistant,« explains Leth. »Sustainability is a top priority to us, so it's important that our products can be used for a long time to come and, even after years of use, still look like they were just installed.«

PARTICULARLY IN THE FIELD OF SANITATION, QUALITY IS ALWAYS ALSO A QUESTION OF THE RIGHT SURFACE.

Uncompromising product quality is one thing – and has always been a matter of course for Hansgrohe with the AXOR and hansgrohe brands. But when it comes to project business, Thomas Leth is also equally interested in the quality of the consulting services. »We take the necessary time and do more listening than speaking particularly at the beginning. We want to understand where others are coming from and determine

what the project objective should be. Because customers are not always aware of just what we're capable of at Hansgrohe, successful collaboration is dependent on qualified consultation in each phase of the project. Honesty is extremely important,« adds Leth.

»Occasionally a customer will request something that we're not currently in a position to offer. We then work together to find an alternative.« This alternative could be a different product in the portfolio. »The AXOR faucet with Icelandic lava stone turned out to be a custom-made product,« says the General Manager Nordics with a mischievous smile.

Water Is the Star

The Retreat at Blue Lagoon combines architecture, design, and water in an unprecedented way, thus creating an almost magical oasis of relaxation. Since it opened its doors in spring 2018, the luxury resort located on the Reykjanes headland has received so many awards that the Retreat's official website features a subpage dedicated solely to awards. Hansgrohe also played an important role in this success. »The AXOR faucets and head showers in the bathrooms are simply a perfect fit for the vision of Design Group Italia,« says Thomas Leth. And he's absolutely right. One thing is certain: water is and will always be the star at the Blue Lagoon in Iceland.





ELEMENTAL: Economic, environmental, and social – responsibility has many facets at Hansgrohe.

Water is used responsibly
every day in Schiltach.

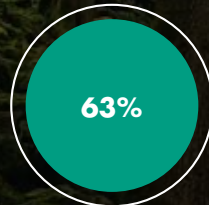
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RESPONSIBILITY

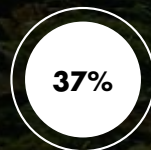
NUMBER OF EMPLOYEES



INCLUDING

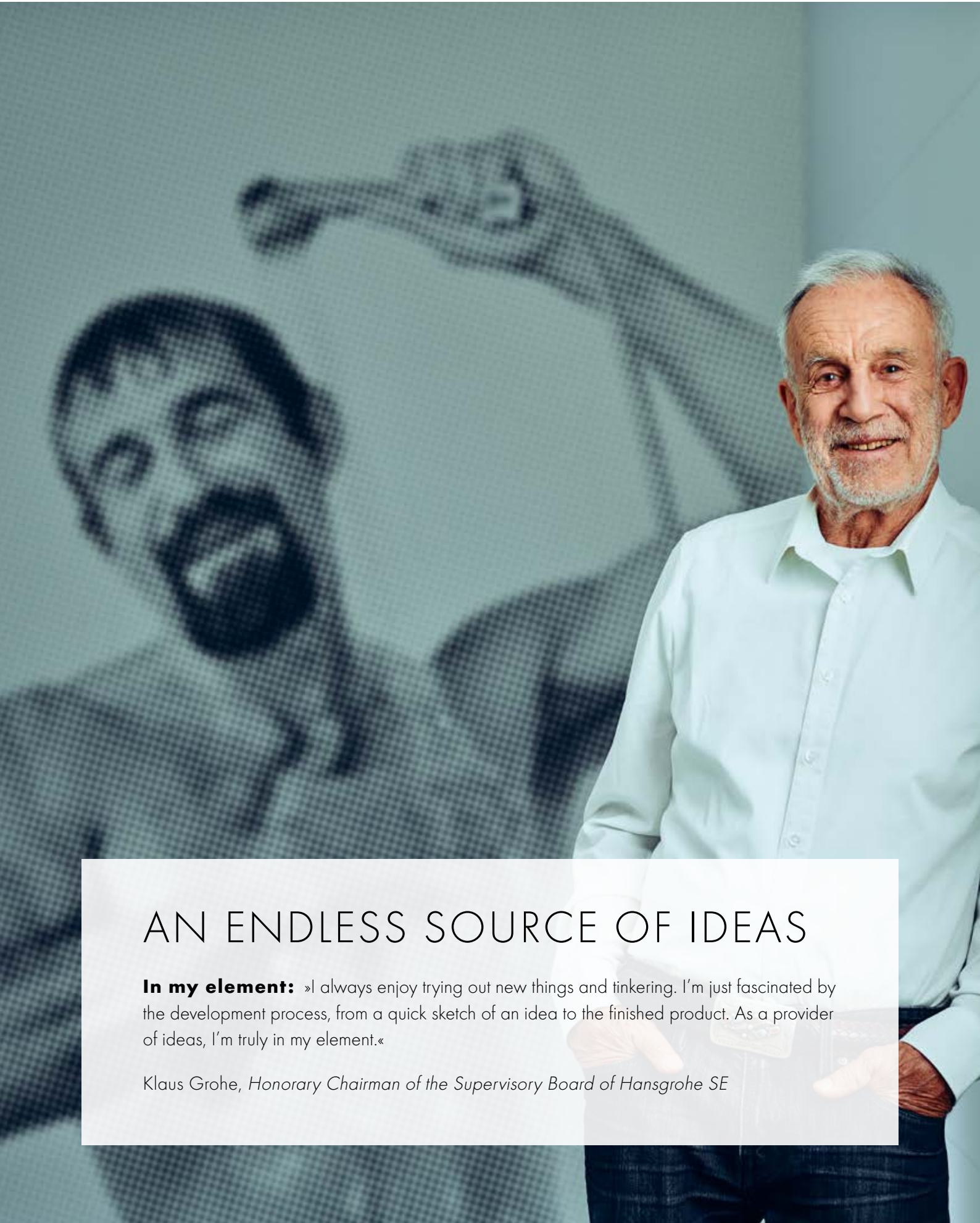


2,964 EMPLOYEES IN GERMANY



1,747 EMPLOYEES IN THE REST OF THE WORLD

A global player's commitment to its roots: nearly two-thirds of the 4,711 Hansgrohe employees around the world work in Germany.



AN ENDLESS SOURCE OF IDEAS

In my element: »I always enjoy trying out new things and tinkering. I'm just fascinated by the development process, from a quick sketch of an idea to the finished product. As a provider of ideas, I'm truly in my element.«

Klaus Grohe, Honorary Chairman of the Supervisory Board of Hansgrohe SE

RESPONSIBILITY GROWS WITH THE COMPANY.

Hansgrohe has a strong connection to sustainability, alone due to the location of its headquarters in Schiltach, framed by mountains, forests, and two rivers. An inner attitude has developed there over the years and is still embraced to this day, passed on from one generation to the next. How did this sense of responsibility come about? What sort of an impact does it have on the company today? These and other questions motivate Klaus Grohe and Hans Jürgen Kalmbach, whose answers reveal interesting parallels. Many of Klaus Grohe's ideas and initiatives have become blueprints for how to deal with the economic, environmental, and social challenges of today and the future.



HOW DID THE TWO OF YOU LEARN ABOUT RESPONSIBILITY?

Klaus Grohe: Through imitation. My sense of responsibility has developed naturally over time. Our house was built right next to the company. I only had to open the door and was standing in the middle of the company stairwell. I learned a lot by watching my father.

Hans Jürgen Kalmbach: It was much the same for me. Mentors and role models are a great source of motivation. In my role today, I have to set an example and live up to the values, which is the only way to have any credibility and promote responsible behavior at the company. Responsibility needs to be sustainable across all levels.

Klaus Grohe: When my father was around, they didn't call it sustainability, but they were basically talking about the same thing. It was about a respect for things, which had unfortunately gotten lost with the emergence of the global throwaway culture. But values like these are important again to the generations of today. I can share a short story with you: My father's office was also his testing laboratory. For example, he attached electroplated parts to a wire, which he hung out the window, exposing the parts to the elements. This served as a form of quality control and allowed him to assess the durability of his products. I was fascinated by this idea as a child. You can satisfy customers with your own high standards. That's something I internalized and eventually implemented in my own way.



»Clean water is and will always be a key element for Hansgrohe in the truest sense of the word.«

Klaus Grohe

WHAT DOES RESPONSIBILITY LOOK LIKE TODAY AT HANSGROHE?

Hans Jürgen Kalmbach: Today it encompasses the entire company in a global context and even applies to economic targets. People require safe surroundings to reach their potential, but that shouldn't come at the expense of the environment. It's up to the Executive Board to responsibly balance the relationship between these elements and inform everyone involved accordingly. Hopefully everyone will then behave responsibly at all times in their daily work. An important topic for us is, of course, the use of water as a resource.

WHAT DOES THIS RESOURCE MEAN FOR THE COMPANY?

Hans Jürgen Kalmbach: Water is the elixir of life. Nothing's possible without it. The social interest in clean water and its availability to everyone is thus also our own. We're well aware of our responsibility in this arena.

Klaus Grohe: I'm in complete agreement. I grew up with nature. When I was a little boy, I used to catch trout in the clear water of the Kinzig river with my bare hands. I wanted to pass on my attitude toward water that I'd developed through situations like these. I think I've done a fairly good job of that. Clean water is and will always be a key element for Hansgrohe in the truest sense of the word.

Hans Jürgen Kalmbach: To reiterate, Klaus Grohe introduced products with reduced water flow in the 1980s. Ten years later he said, »Climate change is a reality.« He was ahead of his time and encouraged all of us here to be more environmentally conscious. We've embraced this attitude for decades and keep it alive with new solutions.

DOES EVERYONE FEEL THAT WAY?

Hans Jürgen Kalmbach: Definitely. Society is fundamentally changing the way it thinks, as sustainability is an economic success factor that needs to be taken seriously. Just think about carbon taxes, which affect all of us. In the future people will pay a lot more attention to product sustainability and follow their conscience. For example, many hotels only use environmentally responsible products. We need to consolidate our leading edge as a sustainability pioneer in the bathroom.

ON WHAT BASIS IS SUSTAINABILITY PROMOTED AT HANSGROHE?

Hans Jürgen Kalmbach: We're guided by our own corporate philosophy, the »U.Phil,« which Klaus Grohe also launched in the 80s. We recently updated it, reformulating it to be as succinct as possible. Employees need to be able to internalize the four primary messages – passion, appreciation, collaboration, and trust – directly and as quickly as possible. As a global company, we also want to be understood in other countries and cultures.

HOW DID THIS CORPORATE PHILOSOPHY COME ABOUT?

Klaus Grohe: We simply grew at a rapid pace and new employees didn't always immediately grasp the Hansgrohe spirit. For example, there were a few employees who would come to work in the morning and wouldn't greet their colleagues. But success is only possible together. So with a team of 13 people, we went to work creating a sort of manifesto and put together an entire value system. Later on, we often encountered misunderstanding in various departments and had to spend a great deal of time explaining the idea behind it. So we came up with a mascot for our U.Phil: »Meister Hans,« who sets an example by cordially greeting his colleagues with »Good morning!« That seemed to do the trick. The U.Phil is still practiced to this day, which makes me very happy.

Hans Jürgen Kalmbach: For me, corporate culture really begins with greeting your colleagues. That's often how conversations get started. Talking to each other is now more important for us than ever before. At our company, an open environment also takes the form of open doors, which represents an invitation to dialogue.

THERE AREN'T ANY INHIBITIONS?

Hans Jürgen Kalmbach: Everyone can and should overcome them. In the Executive Board we do the same thing and actively look for opinions. We call one of the measures »Executive Board on Tour.« We regularly visit the plants and listen carefully to what the employees have to say: What preoccupies the people in assembly? What's the mood like? Where can we make things better? Listening demonstrates appreciation. We want to take part in water cooler chat. I've been working at Hansgrohe for 25 years and many still call me Hans Jürgen. So don't be afraid of contact. And if at some point I don't have time, everyone has my e-mail address. I've experienced it myself with Klaus Grohe. I've always appreciated his candor.

Klaus Grohe: Well, I've always been a very open person and have never had to adjust in that sense. That may have been unusual in the late 1960s, but you'll find a certain amount of familiarity everywhere these days. And, still, you can be professional.

WHAT'S BEING DONE FOR EMPLOYEES IN TERMS OF SUSTAINABILITY?

Hans Jürgen Kalmbach: A lot. For example, many come to work in Schiltach and Offenburg from the surrounding areas. We support them with a pass for public transportation. Employees thus reduce their fuel consumption, help to protect the environment, and don't require a parking space. Another project with benefits for the employees and the company is our Hansgrohe Campus. Anyone can attend and prepare for the future. There are six faculties: Innovation, Strategy, Digital, Production, Management, and Sales. Individuals can thus develop on a personal basis and improve their career prospects over the long term. The newly gained knowledge and employee networking are good for the company, too.

WHAT'S ONE OF HANSGROHE'S SUSTAINABLE STRENGTHS?

Klaus Grohe: I'd say it's Schiltach as a location. I'm on a first-name basis with a lot of people here and I've always wanted to have this feeling at a company: familiar, considerate, and friendly. We've always assumed responsibility for the staff, which is something everyone can feel in the form of secure jobs and social services. And that comes back to us in the form of dedication and loyalty. Something like that is much easier here than in the anonymity of a big city.

Hans Jürgen Kalmbach: There's something to that. As a global player, we enjoy a great deal of approval around the world, which is something we'd like to protect. Our sense of social responsibility is well reflected in our naturally growing spirit.

HOW WILL CUSTOMERS EXPERIENCE SUSTAINABILITY IN THE FUTURE?

Hans Jürgen Kalmbach: Our motto will remain »Meet the beauty of water.« One of the ways we

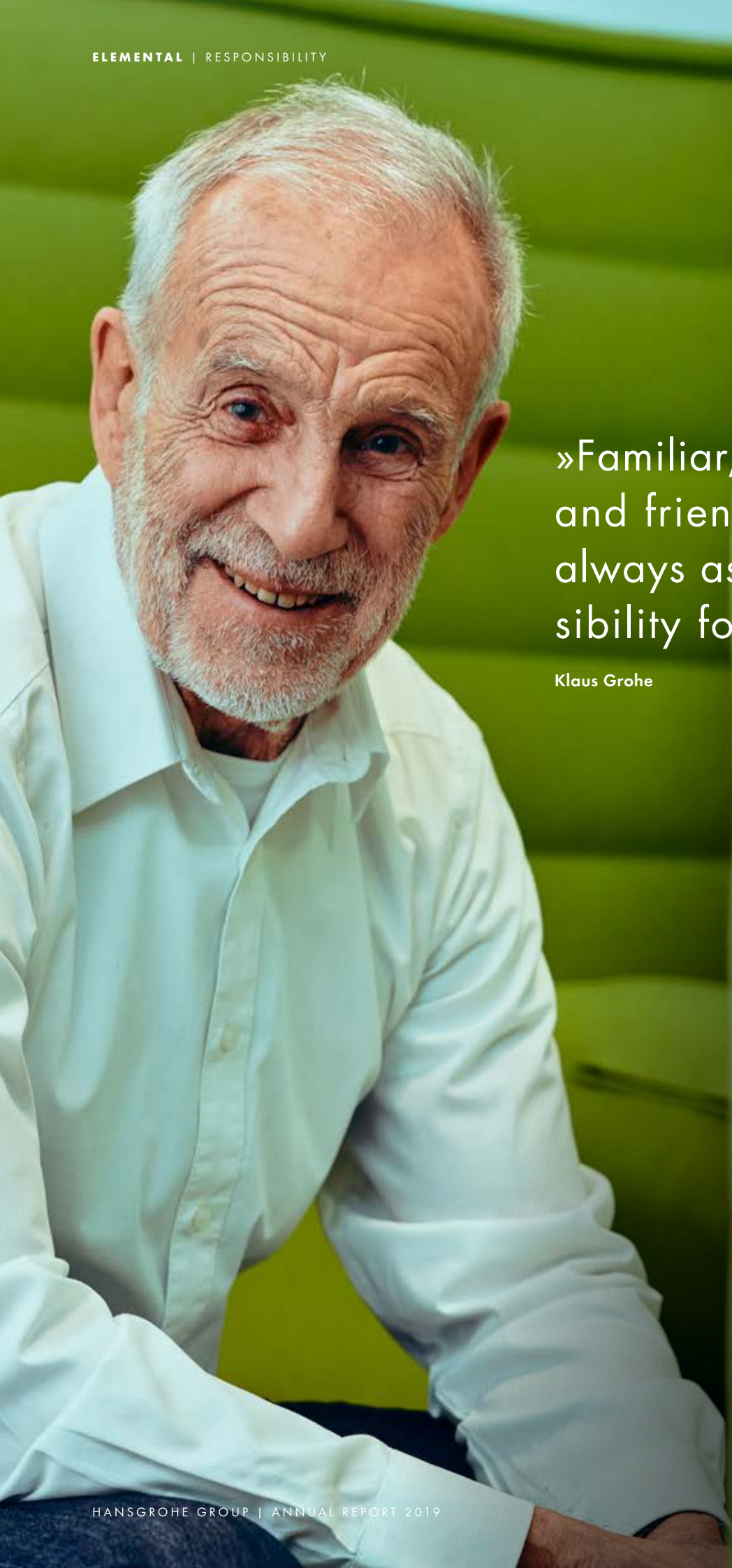
make this possible is with a better assessment of the entire life cycle of a product, which allows me as a customer to save water and energy costs. In other words, we offer a clear conscience in terms of the environment as standard. We reduce the flow of water per minute without compromising the experience. We carry out in-depth research to identify more effective spray modes. Shower water can be recycled. Defective faucets can be repaired or recycled and don't have to be thrown away. We also want to use materials more economically and conserve resources. A lot of things are made from metal at present, though this might change. There are now biological base materials produced using 3D printers. All of that needs to be economically feasible. But the environmental perspective is part of the inspiration. You can achieve great things with many small steps. And that's what we'll continue to do.

Klaus Grohe: I agree with Mr. Kalmbach. It's about never losing your curiosity. You need to question the status quo. Is there a better way? Can you make it more sustainable? Does that fit in with our values? Then you do some experimenting and eventually something good comes of it.

SO WILL THERE SOON BE ORGANIC SHOWERS?

Hans Jürgen Kalmbach: By that time, a lot of water will have flown down the Schiltach. But we're considering everything. New ideas turn into new successes. We already have faucets made of glass, which no one had ever imagined before.

Klaus Grohe: That reminds me. My father used to always think about progress. Just imagine it from today's perspective. Water is finally available in the home and comes out of the wall, making people's everyday lives much more convenient. No one has to carry the heavy bucket of water from the well to the house through wind and rain anymore. All of a sudden, hygiene is effortless and a simple faucet has social significance. We face a similar opportunity today. So we need to do the right thing now and do our part to create a world worth living in. We have everything we need – great people with experience and a whole lot of ideas. We've already recognized the signs of the time. I'm confident that we can do it.



»Familiar, considerate, and friendly. We've always assumed responsibility for the staff.«

Klaus Grohe

THEY ALSO CALL HIM

»MR. GREEN«

Klaus Grohe, the third son of company founder Hans Grohe, joined the company in 1968. He was Chairman of the Executive Board until 2008 and Chairman of the Supervisory Board until 2015. Now he's the Honorary Chairman of the latter.

In 1992 he commissioned what at that time was Europe's largest rooftop solar power plant on the roof of the new factory building in Offenburg. In 1995 the Baden-Württemberg Minister of the Environment presented the company with the state's special achievement award for environmental protection.



Thanks to the 2020 Plus strategy,
we as a team have the right tools
to ensure a successful future.

ELEMENTAL: Nearly 5,000 employees around the world are doing an excellent job.

Hansgrohe Group

2 0 2 0

P L U S



Supervisory Board of Hansgrohe SE

Stefan Krischak, Jürgen Nähr, Klaus F. Jaenecke (Chairman), Keith Allman, Richard Grohe, Richard O'Reagan (Deputy Chairman) (left to right)



**THAT WAS A
GOOD YEAR.**
FOR OUR FUTURE
AS WELL.

DEAR LADIES AND GENTLEMEN,

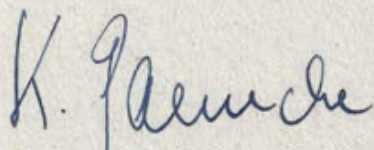
We can all be very satisfied with the past financial year. The encouraging numbers speak for themselves and are a testament to the commitment of the nearly 5,000 employees. We owe them a debt of gratitude for doing an excellent job.

With the help of the Hansgrohe 2020 Plus strategy, we'll be able to exploit new opportunities for our company around the world and breathe new life into the adapted organization structure. It's all about identifying the opportunities provided by progress.

Hans Grohe recognized these opportunities more than a hundred years ago and turned his visions into reality. All of a sudden, water no longer had to be carried into the house from the well, an arduous task – it simply flowed out of the wall. With digitization, we're experiencing a comparable transformation process today. Digitization will continue to change our world, from companies like Hansgrohe to home bathrooms. And we want to assume a leading role in this process.

Our electroplating plant in Offenburg, which was commissioned in 2019, represents an important step in this direction. With more than 60,000 parts produced there daily, the investment in the millions of euros is a clear statement to all of the employees in the Ortenau region. The Black Forest location is a key element for Hansgrohe.

Our future is here.



Ihr Klaus F. Jaenecke

Chairman of the Supervisory Board

BUSINESS REVIEW



ELEMENTAL: With the second-best year economically in our history, we are ready for the future.

2019

BALANCE SHEET

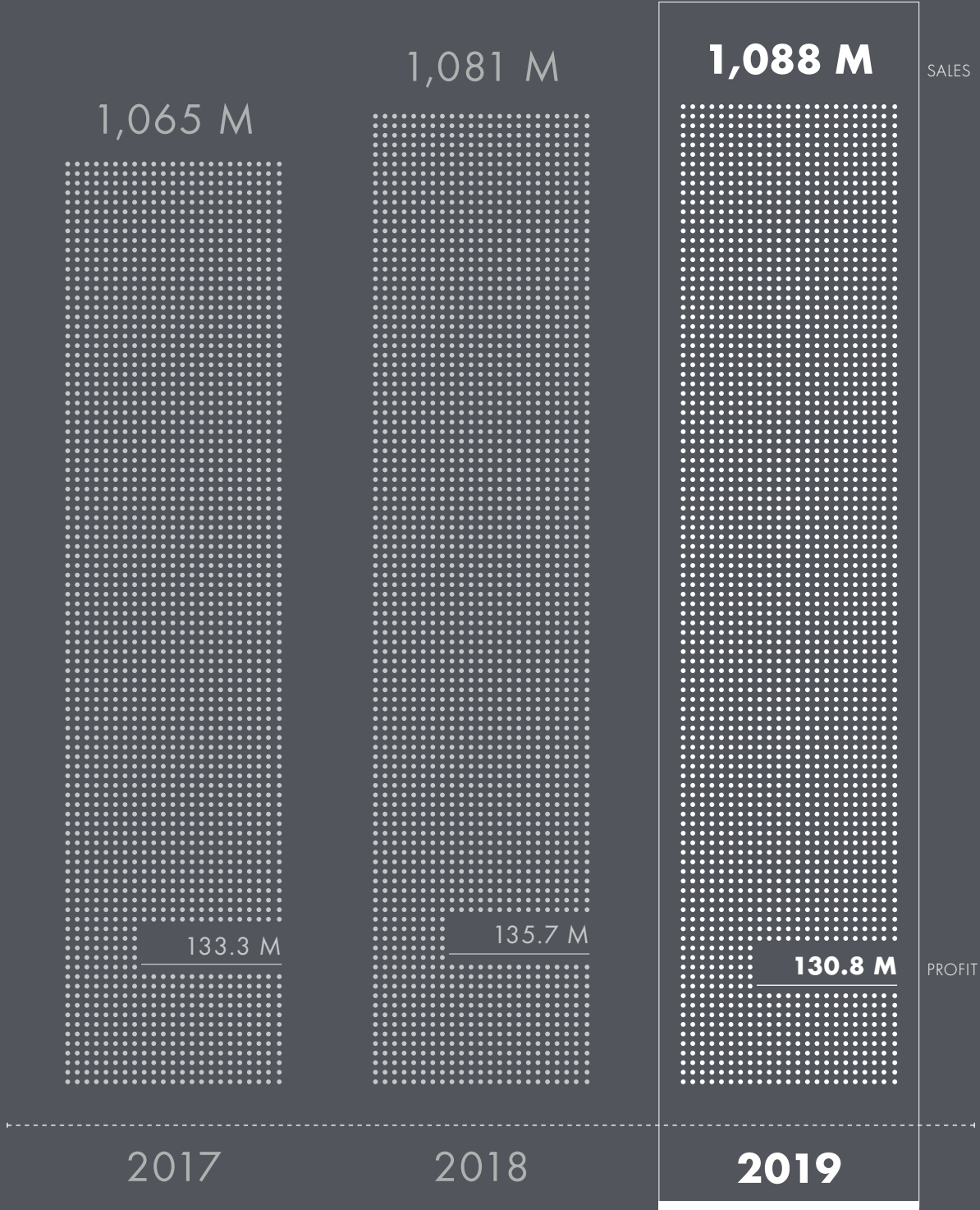
ASSETS (IN € THOUSANDS)	31 Dec 2019	31 Dec 2018
Cash and Cash Investments	203,587.4	182,715.8
Accounts Receivables	133,701.4	120,384.2
Total Inventory	139,623.1	140,532.8
Prepaid Expenses	8,181.2	9,441.3
Other Current Assets	680.8	737.1
Total Current Assets	485,773.9	453,811.2
Intangible Assets	154,796.0	128,049.6
Land and Land Improvements	12,806.6	12,351.9
Buildings and Improvements	121,415.5	104,143.4
Machine Tools and Equipment	343,080.2	304,410.6
Office Delivery and Other	57,455.2	57,805.0
CIP Total	15,989.7	39,090.1
Total Cost Property and Equipment	550,747.2	517,801.0
Accumulated Depreciation Property and Equipment	-267,970.4	-242,407.0
Fixed Assets Net	282,776.8	275,394.0
TOTAL ASSETS	923,346.7	857,254.8

LIABILITIES AND SHAREHOLDERS' EQUITY (IN € THOUSANDS)	31 Dec 2019	31 Dec 2018
Short Term Notes Payable	–	–
Accounts Payable	110,156.6	96,859.1
Accrued Liabilities	115,677.2	98,938.9
Current Liabilities	225,833.8	195,798.0
Long Term Debt Total	–	–
Operating Lease Liability	18,012.9	–
Deferred Taxes	-9,988.1	-5,466.2
Deferred Other	76,718.8	67,504.1
Long Term Liabilities	84,743.6	62,037.9
Total Liabilities	310,577.4	257,835.9
Shareholders' Equity	612,769.3	599,418.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	923,346.7	857,254.8

CONSOLIDATED STATEMENT OF INCOME

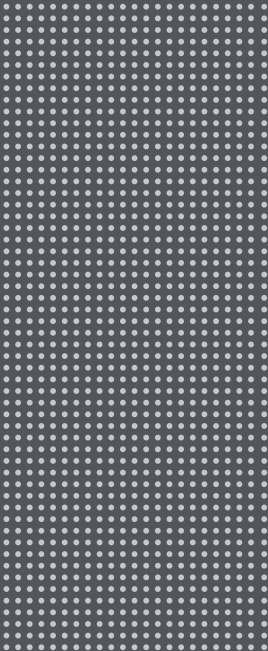
(IN € THOUSANDS)	31 Dec 2019	31 Dec 2018	31 Dec 2017
Germany	255,342	246,541	237,169
Subsidiaries	730,270	738,056	717,511
Export	102,885	96,472	110,236
Net Sales	1,088,497	1,081,070	1,064,916
Gross Profit	396,556	400,407	395,447
Selling and Administration Expenses	215,992	214,837	211,214
Operating Profit	180,564	185,570	184,233
Other Income / Expenses	-2,414	-3,390	-1,346
Income / Loss before Taxes	178,150	182,180	182,887
Taxes	47,355	46,480	49,637
Net Income / Loss	130,795	135,700	133,250

SALES AND PROFIT



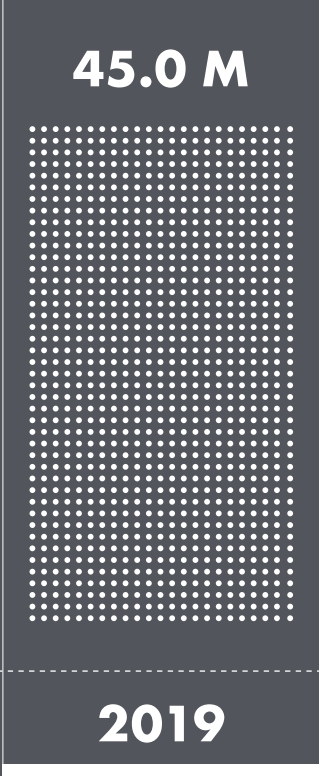
INVESTMENTS

58.4 M



2018

45.0 M



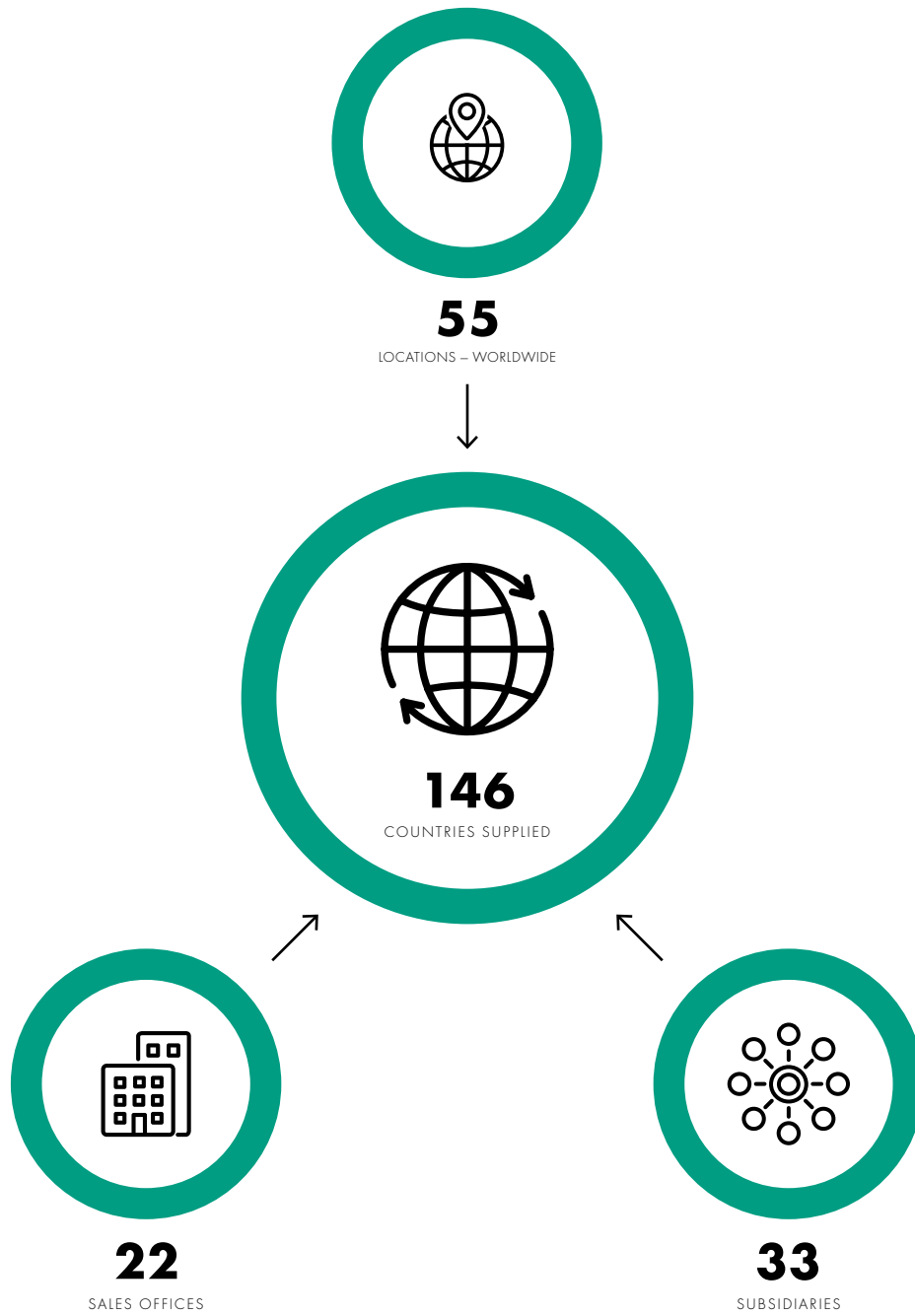
2019

FIGURES

	2019	2018	2017	2016	2015
NET SALES (IN € MILLIONS)	1,088.5	1,081.1	1,064.9	1,019.4	954.9
EBITDA (IN € MILLIONS)	213.5	214.8	211.1	199.1	182.9
in % of Net Sales	19.6	19.9	19.8	19.5	19.2
OPERATING PROFIT (IN € MILLIONS)	180.6	185.6	184.2	173.4	158.6
in % of Net Sales	16.6	17.2	17.3	17.0	16.6
NET INCOME (IN € MILLIONS)	130.8	135.7	133.3	120.5	111.7
in % of Net Sales	12.0	12.6	12.5	11.8	11.7
NET CASHFLOW FROM OPERATING ACTIVITIES (IN € MILLIONS)	176.1	157.7	130.5	98.1	130.0
in % of Net Sales	16.2	14.6	12.3	9.6	13.6

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All figures according to US-GAAP.
All current figures and information
about the company can
also be found at

www.hansgrohe-group.com

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