

## PRESS RELEASE

### **Fit for the future thanks to time-tested expertise and forward-looking innovation**

GROHE is a modern company committed to ongoing improvement and sustainable growth. Building on a long track record as the industry's innovation leader and keeping an unerring focus on the future, the brand has become famed for its ability to pioneer forward-looking technologies and introduce unique products to the market. In its present role as a central partner within LIXIL Water Technology, GROHE can contribute its long-standing experience and its expertise to the global market leader's brands. At the same time, GROHE benefits from a two-way exchange of knowledge and insights, for example, in the development of the GROHE Sensia® shower toilets and GROHE SmartControl.

### **German market as a business base and competence centre**

Germany remains an important market for GROHE, both in terms of business volume and from a technological point of view. Having expanded its market share steadily between 2011 and 2015, GROHE last year boasted a growth rate of around 7 percent, almost twice the market average of approximately 4 percent. Sales in Germany contribute 20 percent to the company's total sales. At the same time, innovation at GROHE continues to rely on its three centres of expertise in Hemer (faucets and water fittings), Lahr (showers and shower systems) and Porta Westfalica (sanitary systems). As part of an ongoing effort to improve the efficiency and competitiveness of its German locations, GROHE is currently investing in another combined heat and power station in Lahr; the new cogeneration plant in Hemer started up last year. In

addition, the manufacturer is planning to upgrade the electroplating facilities in Lahr.

Andrea Bußmann, Regional Vice President Central Europe, explains: “We believe it is important to look beyond Germany’s borders and to pool the synergies of various markets. This is why we are increasingly viewing Germany, Switzerland and Austria as a single large market, which significantly expands our scope of action in terms of integrated, comprehensive and targeted marketing - always in keeping with our motto ‘joint action, shared growth’.”

### **Products rooted in a long tradition of technological excellence**

GROHE products are successful around the globe. The company’s fastest growing segments in central Europe are faucets, shower systems and thermostats. Accounting for 47 percent of the company’s total sales revenues, the Bathroom and Thermostats segment grew by approx. 5 percent, Showers and Shower Systems, which account for roughly 17 percent, increased by approx. 21 percent, the Kitchen segment, which represents about 10 percent, grew by approx. 11 percent, while the Professional segment (18 percent of total sales) increased by approx. 3 percent.<sup>1</sup>

All GROHE products are underpinned by the brand’s four key values, namely “Technology,” “Quality,” “Design” and “Sustainability”. GROHE employees, fittingly portrayed as “Masters of Technologies” in the company’s advertising campaigns, continue to draw inspiration from its deeply rooted technology DNA. A distinct blend of innovative workmanship, teamwork and efficient processes leads to genuine benefits experienced by consumers, which the

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<sup>1</sup> All figures preliminary

company refers to as “Moments of Truth”. Importantly, the products are not only engineered and designed in Germany, but also manufactured to the high standards of quality this country is renowned for. As a result, GROHE can warrant the functionality of its products for up to ten years. The value of these innovative products is further enhanced by the multiple award-winning designs created in-house at the GROHE Design Studio. In fact, GROHE has garnered more than 200 design awards and prizes since 2005.

### **Sustainability has many facets at GROHE**

The many facets of sustainability and responsibility are not only integral elements of corporate culture at GROHE but are also an indispensable cornerstone of the company’s forward-looking strategy. Water and energy-saving products and technologies play an important role in this context. The most recent innovations include the GROHE Zero technology, which uses a synthetic water conduit to shield the water from exposure to metal, as well as the GROHE Light alloy with a lead content of no more than 0.9 percent, 35 percent less than in standard brass. Sustainability is also the name of the game in production, where energy utilisation is optimised by efficient cogeneration plants generating electrical energy and heat for internal use at the same time.

GROHE continues to invest in skills development as well as in attracting and training the next generation of skilled workers at its own locations and beyond. The company runs apprenticeship schemes for more than 25 different professions and roles and its efforts in this field have been highly successful, with state and federal league tables showing GROHE graduates at the top of their cohorts year after year. The company’s international endeavours include the GROHE Dual Tech initiative undertaken in cooperation with Don Bosco Mondo e.V. The mission of this self-help

programme is to train youths from impoverished backgrounds as plumbers. Launched in Mumbai, India, in 2009, the programme won an important award from Germany's Ministry for Economic Cooperation and Development. A second training centre was opened in the Philippines in 2015 and another one is scheduled to be inaugurated in New Delhi in 2016.

Its holistic approach to sustainability earned GROHE top ranking in the 2014 and 2015 German Sustainability Awards. In 2015, the company achieved a top three placement in the important "Germany's Most Sustainable Major Companies" category. In the same year the company also published its first ever Sustainability Report and was the first sanitary manufacturer to issue a declaration of compliance with the German Sustainability Code.

### **Supporting partners through activities and innovation**

As part of its commitment to corporate responsibility, GROHE continues to work in close partnership with sanitary distributors and professional plumbers. The manufacturer's professional partners benefit from a clearly defined team philosophy, professional solutions and comprehensive services - all geared to ensuring effective marketing and the best possible service for customers and consumers. The growing technical complexity of innovative products in particular puts a premium on smooth coordination of all distribution channels and stages. Great importance is attached to familiarising showroom staff and installers with the technical details of the products so that they can communicate their numerous advantages to consumers in a convincing manner. The company's current activities in this area include the GROHE Smart partner programme, an array of professional seminars, a dedicated website and app for professional partners as well as a range of joint promotion drives aimed at consumers.

"We are optimally positioned and we are fit for the future," says Andrea Bußmann. "Thanks to our role as digital pioneers in the sanitary sector, we can offer our customers intelligent solutions for a smart home. Our focus is very much on enhanced comfort, individual well-being and personalised water experiences." Eagerly awaited product launches in 2016 will include the GROHE Sensia® Arena shower toilet, the GROHE Rainshower® SmartControl shower system and the GROHE Rainshower® F-Series 40" Aquasymphony ceiling shower. In the faucet department, all eyes will be on the new Eurostyle and the Eurocube Joy with FeatherControl, while GROHE FootControl and GROHE EasyTouch will usher in a new generation of modern kitchen faucet technologies.

Drawing on its time-tested expertise and ability to innovate, the GROHE brand is fit for the future and poised for continued success in the global marketplace in 2016.

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#### **About GROHE**

GROHE is the world's leading provider of sanitary fittings.

With its global GROHE brand, the company has relied on its brand values of technology, quality, design and sustainability for decades to deliver "Pure Freude an Wasser".

GROHE has a global workforce of around 6,000 people. There are about 2,400 employees working in Germany. GROHE runs three production plants in Germany as well as several plants in other markets. In 2014, the company generated consolidated sales of €1.2 billion with its comprehensive product portfolio for bathroom and kitchen. Some 85 percent of its sales are currently generated outside Germany.

GROHE was taken over by the LIXIL Group and the Development Bank of Japan in January 2014. The LIXIL Group is the global leader in the building materials and housing equipment industries. Since April 2015, GROHE is part of the global market leader LIXIL Water Technology that pools LIXIL's worldwide sanitary ware business in one single business unit with GROHE remaining an independent brand.

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