

Press Information

FOR IMMEDIATE RELEASE

Despite Economy, We're Still Investing in Product Innovation and Domestic Production, says Hansgrohe's Russ Wheeler

Amid the worst downturn in decades, this Alpharetta faucet and shower producer gears up for new product launches and expanded U.S. manufacturing operations

ALPHARETTA, GEORGIA (JUNE 1, 2009) — While marking its twentieth anniversary in North America, Hansgrohe is enduring the first downturn of its core bath and kitchen business since the 1988 opening of its first U.S. facility in northern California.

In this question-and-answer session, Hansgrohe Inc. president Russ Wheeler, who has led the North American subsidiary since 2006, discusses how Hansgrohe is coping with the ongoing downturn by strategically scaling back in certain areas, while reinvesting in others and remaining aggressive overall in anticipation of better days ahead. Among the new initiatives are several important new-product launches in 2009.

How is Hansgrohe performing during the crisis our industry is now experiencing?

Russ Wheeler (RW): We are weathering the storm as best we can, while using this opportunity to improve our business processes and increase our service levels to our customers. Our overall business is holding up well, considering the general economic conditions. The best example of this: Our Georgia manufacturing facility is running a five-day-per-week schedule.



Russ Wheeler has been president of Hansgrohe North America since 2006. Previously, he served six years as vice president of sales for Your "Other" Warehouse, a master distributor of plumbing products in Baton Rouge, La. In this role, he had responsibility for sales and customer service, overseeing extraordinary sales growth for the organization. From 1992-2001, Wheeler worked with Georgia-Pacific Corporation and Jacuzzi Whirlpool Bath.

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Will Hansgrohe continue to develop and introduce new products this year?

RW: We are an innovative, design-driven company. Hansgrohe prides itself on continuous innovation in product design and technology. This year at the biennial ISH Fair in Frankfurt, we had our largest product launch in recent years and will be bringing many of these exciting new products — such as Hansgrohe's PuraVida® range of faucets and showers — to the United States later this year.

In May at the International Contemporary Furniture Fair in New York, our Axor brand's latest collaboration with Philippe Starck — the Axor Starck ShowerCollection — will make its North American debut.

These are not simply line extensions or even new designs, but also new ways of organizing and outfitting the bathroom space from two of the most accomplished designers in the world: Philippe Starck and Phoenix Design. In short, there has been no slowdown from our company's commitment to enhancing the beauty and convenience of the bath and kitchen living spaces in the home.

How strong is Hansgrohe's presence in the United States?

RW: Hansgrohe recently celebrated our 20th anniversary in this country, and we have been manufacturing here in Alpharetta for more than a decade. Our commitment to the North American market can be seen in the substantial investments we've made over the years in our faucet and shower production facilities here — the first such operations for Hansgrohe outside of Europe. We proudly employ over 250 of the best workforce in the country and look to grow this number when business improves.

Is Hansgrohe committed to continue manufacturing in the United States?

RW: Our strategy is to manufacture close to the markets we serve. North America is our second-largest market, behind only Germany. Not only will we continue to manufacture in the United States, but we will also expand our operations as the market for faucets and showers recovers. In fact, we are already the largest manufacturer of showers worldwide, with plastic injection molding, chrome plating, PVD [physical vapor deposition], and assembly all done in Alpharetta. We continue to invest despite down markets, so we can react faster with lower production cost when the business improves.

How is Hansgrohe performing internationally?

RW: While the economic slowdown is worldwide, Hansgrohe is performing exceptionally well worldwide. We currently have sales offices in more than 28 countries, including new operations in India, South Africa and Argentina. We will continue to expand around the globe, with a strong emphasis in the emerging markets.

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Why didn't Hansgrohe exhibit at the Kitchen/Bath Industry Show in 2009?

RW: Hansgrohe made the difficult decision this year to pull out of K/BIS due to market conditions and because of the proximity of the show to our local operations in Georgia. We invited customers to visit our Aquademie and ShowerWorld facilities, which are only 30 minutes north of the convention center in downtown Atlanta.

In addition, as I mentioned, we recently returned from the largest plumbing industry show in the world — ISH in Frankfurt, Germany. The five-day event was incredibly well-attended, even with the serious economic problems facing virtually every country in Europe and around the world. The final attendance was 202,000 — down from 217,000 in 2007, but still a very strong showing in these times. In my opinion, this turnout is due in large part to the every-other-year format.

That's why we feel that our North American bath and kitchen industry could benefit substantially if K/BIS also adopted an every-other-year format, alternating with ISH. This would encourage the attendance of customers from both Europe and North America at both shows, creating a more global mentality. It's no longer so unusual to cross the Atlantic to attend a major trade show on another continent, but the cost of doing so is certainly more acceptable if you are attending only a few of these shows in a given year.

Moving to the biennial format would also allow manufacturers like us to showcase more new products and invest more time and money in each exhibition. Exhibitors and attendees would all benefit.

Will Hansgrohe continue to support the wholesale/trade side of the business?

RW: Our core wholesale/trade business is critical to our success and well-being. We have invested more resources to support the trade channels over the past three years — new products, displays, trade shows, and advertising — than during any comparable period in the 108-year-old history of the company. We will continue to invest in this channel and continue to lead the industry in innovation and design.

What is Hansgrohe's commitment to the environment?

RW: Hansgrohe was a green company before sustainability became the latest fashion and mega-trend. We believe in sustainability and in taking care of the planet — not only in the material composition and performance of our products, but also throughout the overall operation of our business. For example:

- > We started using solar energy to power our factory in Offenburg, Germany, in 1993, and we were the first manufacturer in Europe to do so.
- > We have water-saving showers and faucets that reduce usage by 15% to 50% without loss in performance.

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- > We have developed and successfully marketed in Europe the Pontos® AquaCycle®, a graywater recycling system that treats bath and shower water and then uses it to flush toilets and water the lawn, saving fresh water resources. The system has been shown to save a household of four to five people up to nearly 24,000 gallons annually — that's 2,000 per month or 500 per week. Consumers no longer need feel guilty about enjoying that extra time in the shower when they can use that water twice with AquaCycle.

About Hansgrohe: Founded in 1901, Hansgrohe is the premium brand for bathroom and kitchen fixtures, and a market leader in showers and shower systems, as well as thermostat, pressure balance and ceramic cartridge technology. A winner of numerous awards throughout the world, Hansgrohe is regarded as one of the leading innovators in technology and design, with inventions such as the adjustable showerbar, multiple-spray handshowers and showerheads, the Quiclean® function, AIR and water-saving EcoRight™ technology. These and other original products have helped reinvent the modern bathroom as a more functional, more comfortable and more beautiful living space.

Based in Schiltach in the Black Forest region of Germany, Hansgrohe has a global workforce of more than 3,200 and serves customers in over 80 countries through 28 subsidiaries. Known for taking tough action against product piracy and intellectual property theft, the company currently operates 10 manufacturing facilities, including six in Germany, as well as single plants in France, the Netherlands and China. In addition, the company manufactures and assembles most of its Hansgrohe-branded products for North America at its modern manufacturing facility in Alpharetta, Georgia, in the United States.

For more information on Hansgrohe, visit www.hansgrohe-usa.com. To obtain a list of showroom locations within any locale across the United States, visit www.hansgrohe-usa.com/us_en/33541.htm. Or call 1-800-334-0455.

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Picture Overview: Hansgrohe



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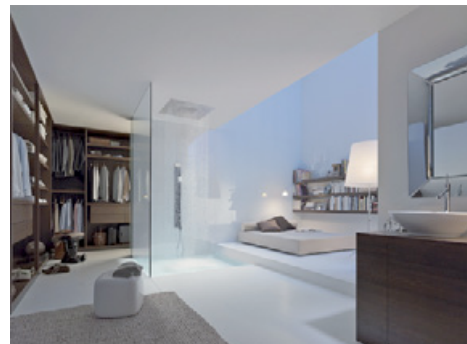
A rack of handshowers is wheeled toward an open PVD chamber: Hansgrohe employs a PVD process for special finishes to ensure durability, longevity and beauty.

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A segment of the Hansgrohe exhibition at the ISH Fair in Frankfurt, Germany, this past March. The largest plumbing industry show in the world, the five-day event attracted more than 200,000 visitors in 2009.

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In May 2009 at the International Contemporary Furniture Fair in New York, the Axor brand's latest collaboration with Philippe Starck — the Axor Starck ShowerCollection — will make its North American debut.

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Hi-res images of these products are available for immediate download in .tif format by using this link: <http://hansgrohe.oreilly-depalma.com/2009/wheeler-qa.shtml>

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