

## Press release

### 2011 press conference on annual results

Hanau, May 9, 2011

### Heraeus wraps up fiscal year 2010 with record results

- 2010 product revenues increase by 58 percent to exceed €4 billion for first time
- Precious metals trading revenues up 32 percent in 2010, to €17.9 billion
- EBIT increases by 132 percent in 2010, to €396 million
- Net income more than doubles in 2010, reaching €260 million
- Cash and cash equivalents and securities remain stable at €638 million
- 2011 Q1 revenue and EBIT significantly improved

### Key financial indicators for fiscal year 2010

Key financial indicators in €million	2010	2009	Change in %
Product revenue	4,079	2,586	+58
Precious metals trading revenues	17,946	13,634	+32
Earnings before interest and taxes (EBIT)	396	171	+132
Net income	260	118	+120
Shareholders' equity	1,965	1,684	+17
Capital expenditures	73	88	-17
R&D expenditures	66	63	+5
Employees at year-end	12,931	12,340	+5

### The most successful year in the company's 160-year history

Fiscal year 2010 was the most successful year yet in the 160-year history of Heraeus, a precious metals and technology group based in Hanau. This was announced by the Heraeus Holding GmbH Board of Management at a press conference on annual results held in Frankfurt on May 9. Over the past financial year, Heraeus for the first time exceeded the €4 billion revenue mark with product revenues of €4.1 billion. This represents an increase of 58 percent over the previous year's level. Operating results also increased by a significant 132 percent to reach a total of €396 million. Precious metals trading revenues rose 32 percent in comparison to the previous year to a value of €17.9 billion.

"It is particularly gratifying that all Heraeus business groups contributed during 2010 to this positive performance," noted Dr. Frank Heinrich, Chairman of the Board of Management of Heraeus Holding, as he

presented the company's financial figures. "Heraeus did its homework during the crisis. Thanks to our broadly diversified business portfolio, our innovative capacity, and our highly qualified employees, we were able to take good advantage of favorable economic conditions."

### **A solid financial structure allows for exceptional growth**

Over the past fiscal year, Heraeus was able to increase its net income by 120 percent over the previous year, to €260 million (2009: €118 million). Despite the marked rise in net income in 2010, the cash flow from operating activities remained, at €77 million, below the previous year's level of €131 million. This is due primarily to depreciations, changes to business funds tied up in financing in the current assets as well as changes to provisions. Relative to 2009, shareholders' equity increased by 17 percent to a total of €2 billion. The equity ratio declined slightly to 53 percent, as compared with 58 percent in 2009, further stabilizing at a high level.

To safeguard long-term financing, the Group successfully issued a bond in the amount of €250 million through Heraeus Finance GmbH in May 2010. The bond has a term of seven years. It has a coupon of 4 percent per year and is quoted on the Luxembourg Stock Exchange's unregulated market (Euro MTF). In addition, the Group arranged a five-year syndicated line of credit amounting to €300 million with its core banks in the fourth quarter.

"The Group's robust financial structure and its available liquidity were key elements that helped us handle the extraordinary growth that occurred in 2010. This also allowed us to undertake acquisitions in areas with considerable potential for growth, as well as investments in production facilities and buildings," explained Jan Rinnert, Vice Chairman of the Board of Management and CFO of Heraeus Holding GmbH.

### **Targeted acquisitions in business areas with good prospects for the future**

During the reporting year, Heraeus made targeted efforts to strengthen the company. In its acquisition of the Clevios company, the Precious Metals business group took over H. C. Starck's global conductive polymers business, adding to its portfolio of innovative technologies.

In the Thick Film unit, a two-way acquisition involving the exchange of parts of the ceramic colors business segment took place with Ferro GmbH, based in Germany. Heraeus acquired Ferro's precious-metal-based decoration colors business in Germany and China in exchange for its ceramic colors business, which helped to focus Heraeus' business portfolio. The Dental Products business group acquired a majority stake in a South Korean joint venture with Huden Dental Company Ltd., a former distributor for Heraeus.

### **Increase in employee numbers, also influenced by acquisitions**

As a result of acquisitions, 132 new employees joined the global Heraeus organization last year. The company had a total workforce of 12,931 as of December 31, 2010, an increase of 591 over the year before. Human resources development faced a variety of challenges: After a difficult employment situation during the previous year, it was particularly important to move quickly to hire additional staff, as the business was once again exhibiting dynamic growth. Heraeus used various HR tools to adapt to the high volume of incoming orders in the short term. Flexible time accounts in

Germany and targeted employment of temporary workers in the rest of the world were particularly effective in this context. In addition, Heraeus was able to fill skilled worker positions in Germany last year by hiring 65 apprentices after they completed their vocational education.

### **All business areas showed positive development**

The newly established **Heraeus Precious Metals business group**, which was created from the former W.C. Heraeus business segment, showed positive development in 2010. Product revenues climbed 110 percent over the previous year. A major factor driving this growth was a new kind of contact paste for the photovoltaic industry, but higher precious metals prices played a role as well.

The **materials and technologies business group (Heraeus Materials Technology)** also emerged from the reorganization of the W.C. Heraeus business segment. Heraeus Materials Technology also showed positive development during the past fiscal year, with product revenues increasing by 53 percent. This can be attributed to a positive trend in the area of contact materials for the semiconductor and electronics industries.

The revenues of the **sensors business group (Heraeus Electro-Nite)** increased by 27 percent in 2010. This group benefited from the recovery of the steel markets, particularly in Europe and North America.

With earnings rising by roughly 6 percent, the **Heraeus Dental business group** grew at a faster pace than the market last year. High growth rates were recorded particularly in the regions of Central Europe, Eastern Europe, Asia, Australia and Central America.

The **biomaterials and medical products business group (Heraeus Medical)** also contributed to the positive development experienced during fiscal year 2010. Driven by innovative products in attractive niche markets, a comprehensive training program, and the purposeful expansion of its international sales network, revenues grew by 12 percent.

Last year the **Heraeus Quarzglas business group** achieved a rapid turnaround. While macroeconomic trends led to lower revenues in 2008 and 2009, total business volume increased by 40 percent in 2010. The group benefited from the rapid recovery of the semiconductor and microlithography markets, as well as from a growth market in the field of photovoltaics.

The **specialty light sources business group (Heraeus Noblelight)** was successful above average in taking advantage of the recovery of the international markets in 2010, increasing product revenues by an noticeable 38% over the previous year. This allowed Heraeus Noblelight to expand its position of global market leadership in the area of specialty light sources over the course of the year.

## Product revenues by business segment

in € million	2010	2009	Change in %
*Precious Metals	1,447	689*	+110
* Materials and technologies	1,501	978*	+53
Sensors	375	295	+27
Dental products	306	289	+6
Biomaterials and medical products	67	60	+12
Quarzglas	279	199	+40
Specialty light sources	99	72	+38

\*Separate reporting for the precious metals and materials and technologies business areas since 2010.

## Product revenues by region

in € million	2010	2009	Change in %
Germany	627	400	+57
Europe excluding, Germany	593	461	+29
The Americas	617	428	+44
Asia	2,163	1,224	+77
Africa/Australia	79	74	+7

## Performance in Q1 2011 remains at a high level

It is gratifying to note that business development during the first quarter of the current fiscal year continues being as favorable as during the strongest months of 2010. Product revenue is up 40% over the first quarter last year. Operating results (EBIT) also increased year over year by 77 percent.

“We are off to an outstanding start in fiscal year 2011, and anticipate further positive development,” says Dr. Frank Heinrich. “However, existing risks to capital markets as well as instability within currency areas and national economies could have a negative impact on this positive forecast.”

Nevertheless, Heraeus expects business performance to remain positive over the long term, particularly in the automotive electronics, telecommunications, medicine, steel, semiconductor, and environmental technology industries and in the area of photovoltaics. Heraeus also plans to pursue organic and profitable growth through innovation and targeted acquisitions in technologically advanced niche markets.

---

Heraeus, the precious metals and technology group headquartered in Hanau, Germany, is a global, private company with 160 years of tradition. Our fields of competence include precious metals, materials and technologies, sensors, biomaterials and medical products, as well as dental products, quartz glass, and specialty light sources. With product revenues of €4.1 billion and precious metal trading revenues of €17.9 billion, as well as more than 12,900 employees in over 120 subsidiaries worldwide, Heraeus holds a leading position in its global markets.

**For additional information, please contact:**

Martina Rauch  
Vice President of Corporate Communications  
Heraeus Holding GmbH  
Heraeusstr. 12 - 14  
63450 Hanau, Germany  
T +49 (0) 6181.35-5100  
F +49 (0) 6181.35-4242  
martina.rauch@heraeus.com  
[www.heraeus.com](http://www.heraeus.com)

**Service:**

The current annual report can be found at:  
[http://corporate.heraeus.com/en/berheraeus/zahlendatenfakten\\_1/finanzpublikationen\\_1/Finanzpublikationen.aspx](http://corporate.heraeus.com/en/berheraeus/zahlendatenfakten_1/finanzpublikationen_1/Finanzpublikationen.aspx)

**Current photo materials can be found at:** [www.heraeus-media.com](http://www.heraeus-media.com)