

Press Release

Press Conference on Annual Results 2012

Hanau, May 10, 2012

Heraeus continues on record course in 2011

- Product revenue up 19 percent in 2011 to €4.8 billion
- EBIT rises 23 percent to €489 million in 2011
- Net income increases to €315 million
- Cash and cash equivalents and securities jump to €834 million
- Good start to first quarter of 2012

Key financial indicators for financial year 2011

Key financial indicators in €million	2011	2010	Change in %
Product revenue	4,840	4,079	+19
Precious metals trading revenue	21,343	17,946	+19
Earnings before interest and taxes (EBIT)	489	396	+23
Net income	315	260	+21
Shareholders' equity	2,247	1,965	+14
Capital expenditures	105	73	+44
R&D expenditures	76	66	+15
Employees at year-end	13,323	12,931	+3

The Hanau-based Heraeus precious metals and technology Group in 2011 once again surpassed the previous year's record results, tallying the most successful year in the company's history. This was announced by the Heraeus Holding GmbH Board of Management at a press conference on annual results held in Frankfurt on May 10. With product revenues of €4.8 billion, Heraeus surpassed the previous year's level by 19 percent. Operating results (EBIT) also increased by 23 percent to reach a total of €489 million.

Precious metals trading revenue reached €21.3 billion, topping the €20 billion threshold for the first time. This represents an increase of 19 percent over the previous year's level.

"Heraeus is well positioned. With our diversified business portfolio and innovations, we once again achieved growth across all seven business groups in 2011," said Dr. Frank Heinrich, Chairman of the Heraeus Holding GmbH Board of Management, as he summarized the business developments of the past year.

Robust financial structure and high liquidity underpin the Group's success

Over the past financial year, Heraeus increased its after-tax earnings (net income) by 21 percent over the previous year, to €315 million (2010: €260 million). Cash flow from operating activities increased significantly over the previous year to €311 million. A key factor here was the attainment of net

income targets. Relative to 2010, shareholders' equity increased by 14 percent to a total of €2.2 billion. The Group's equity-to-assets ratio now stands at 55 percent.

"Our net assets, financial position, and earnings position form a very solid foundation on which we will actively continue to build our businesses," noted Jan Rinnert, CFO of Heraeus Holding GmbH and Vice Chairman of the Board of Management. "In this way, we support further growth and ensure our company's long-term success."

Investments strengthen position in growth markets and promising technologies

Investments in property, plant, and equipment totaled €105 million in 2011, well above the previous year's level (2010: €73 million). "Our investment activities support organic growth in promising business segments and attractive regions," explained Jan Rinnert. This was focused on building and expanding production capacity, for example in products for the photovoltaic industry, and on supporting growth in Asia.

At the same time, Heraeus solidified its position through acquisitions, though this avenue was pursued less intensely than in the previous year. The dental products business segment expanded its activities in the CAD/CAM technology sector with the takeover of Bio Medi Face S.A., Switzerland. Heraeus Precious Metals increased its stake in joint venture Argor-Heraeus S.A. of Switzerland to 31.2 percent.

Global workforce tops 13,000 for the first time

As of December 31, 2011, Heraeus employed a workforce of 13,323 worldwide, an increase of 392, or 3 percent, over the same period the year before. During the reporting year, Heraeus added 356 new jobs in Germany and 36 in foreign Heraeus companies. In Germany, personnel expansion essentially involved hiring Heraeus interns (85 employees) and formerly part-time workers (119 employees).

All business groups make contribution to earnings once again

The **precious metals business group (Heraeus Precious Metals)** continued its positive course and posted another record result in 2011. Product revenues climbed 35 percent over the previous year. Key factors in these developments were continued strong demand from industry and consistently high precious metal prices. The photovoltaics business segment, among others, drove growth.

The **materials and technologies business group (Heraeus Materials Technology)** increased product revenues by ten percent in the reporting year, largely due to high demand from the automobile industry, positive developments in the semiconductor market, and a good economic climate in Asia. As a result, the business group posted record revenues for the second year in a row.

The revenues of the **sensors business group (Heraeus Electro-Nite)** increased by nine percent in 2011. Growth was driven by a positive trend in the global steel market.

Business in the **dental products business group (Heraeus Dental)** held steady at the level of the previous year. The trend toward digitalization continues. Losses in revenue for traditional consumables were offset by new revenue growth, particularly in digital prosthetics.

The **biomaterials and medical products business group (Heraeus Medical)** also contributed to the positive development experienced during financial year 2011. Revenues here climbed once again, up 12 percent thanks in particular to the further expansion of sales activities, for example in Asia.

The **quartz glass business group (Heraeus Quarzglas)** maintained its upward trajectory with a revenue increase of 25 percent over the previous year. The business group profited from continued high demand in all markets and expanded its global market leadership on the strength of optimized cost structures and new products.

The **specialty light sources business group (Heraeus Noblelight)** attained a record level by increasing product revenues four percent. Exceptional growth rates early in the reporting year were the primary driver.

Product revenue by business group

in €million	2011	2010	Change in %
*Precious Metals	1,949	1,447	+35
*Materials and Technologies	1,645	1,501	+10
Sensors	408	375	+9
Dental Products	306	306	0
Biomaterials and Medical Products	75	67	+12
Quartz Glass	348	279	+25
Specialty Light Sources	103	99	+4

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

Product revenue by region

in €million	2011	2010	Change in %
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Germany	751	627	19.7
Europe excluding Germany	675	593	13.8
The Americas	682	617	10.5
Asia	2,643	2,163	22.2
Africa/Australia	90	79	14.2

Outlook: Good start to 2012 in first quarter

“After two record years in a row, our focus in this financial year is on maintaining our revenues and earnings at this high level. The first quarter was a good start,” noted Dr. Frank Heinrich.

Particularly in the automotive electronics, telecommunications, medicine, steel, semiconductor and environmental technology industries, Heraeus plans to further develop its business over the long term. Regionally, we are focusing on further growth in Asia, especially in China.

Heraeus, the precious metals and technology group headquartered in Hanau, Germany, is a global, private company with over 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 €4.8 billion and precious metals trading revenues of €21.3 billion, as well as more than 13,300 employees in over 120 subsidiaries worldwide, Heraeus holds a leading position in its global markets.

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