Heraeus

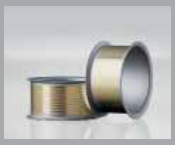
Facts and Figures 2010

Heraeus

The Business Segments

Precious Metals

Heraeus Precious Metals



Materials and Technologies

Heraeus Materials Technology

Sensors

Heraeus Electro-Nite

Dental Products

Heraeus Dental

Biomaterials and Medical Products

Heraeus Medical

Quartz Glass

Heraeus Quarzglas

Specialty Light Sources

Heraeus Noblelight

As of: December 31, 2010

in € million	Employees 2010
1,447.2 [1] 17,946.0 [2] ue s Trading Revenue	2,489
1,501.2	2,980
375.2	3,144
305.9	1,397
67.0	183
278.7	1,419
98.9	689

Key Financial Indicators for the Group

	2010	2009	Change in %
Financial performance in € million			
Product revenue	4,079	2,586	+57.7
Precious metal trading revenue	17,946	13,634	+31.6
Earnings before interest and taxes (EBIT)	396	171	+131.6
Net income	260	118	+120.3
Financial position in € million			
Total assets	3,677	2,929	+25.6
Shareholders' equity	1,965	1,684	+16.7
Equity-to-assets ratio in %	53	58	–
Cash flow in € million			
Cash flow from operating activities	77	131	-41.0
Capital expenditure	73	88	–17.1
Depreciation	87	88	-0.5
Employees			
Employees at year-end	12,931	12,340	+4.8
In Germany	4,772	4,589	+4.0
Outside of Germany	8,159	7,751	+5.3
Personnel expenses in € million	608	554	+9.7

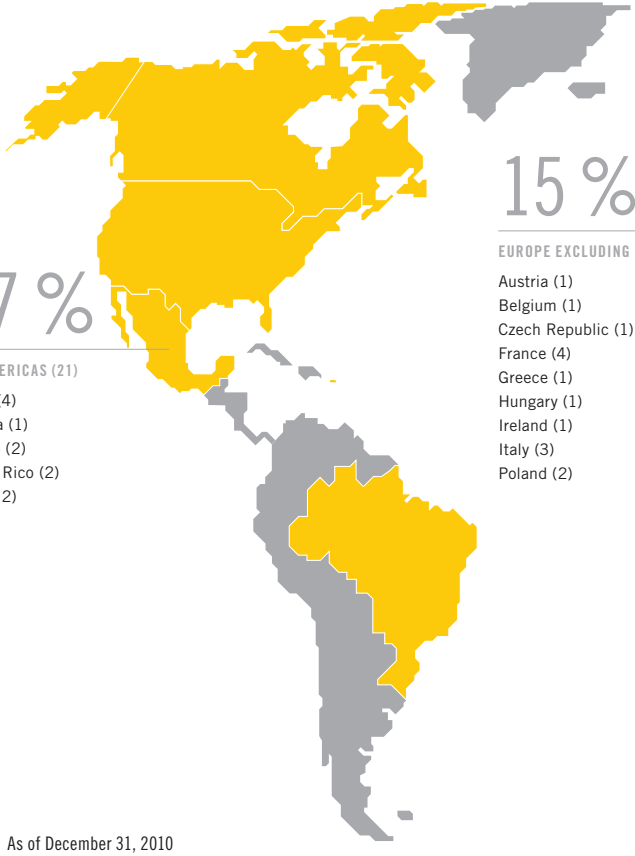
The Company

We are a globally active precious metals and technology Group with firm roots in Germany. The company has been family-owned for 160 years. Our areas of expertise encompass precious metals, materials and technologies, sensors, dental products, biomaterials and medical products, quartz glass, and specialty light sources.

In 2010, we generated more than €4.1 billion in product revenue and €17.9 billion in precious metals trading revenue with more than 12,900 employees in over 120 subsidiaries.

Heraeus has 12,931 employees around the world at 125 locations and 25 dedicated development centers.

The map shows the number of workers worldwide by percent and location, organized by region.



37 %

GERMANY (24)

15 %

EUROPE EXCLUDING GERMANY (40)

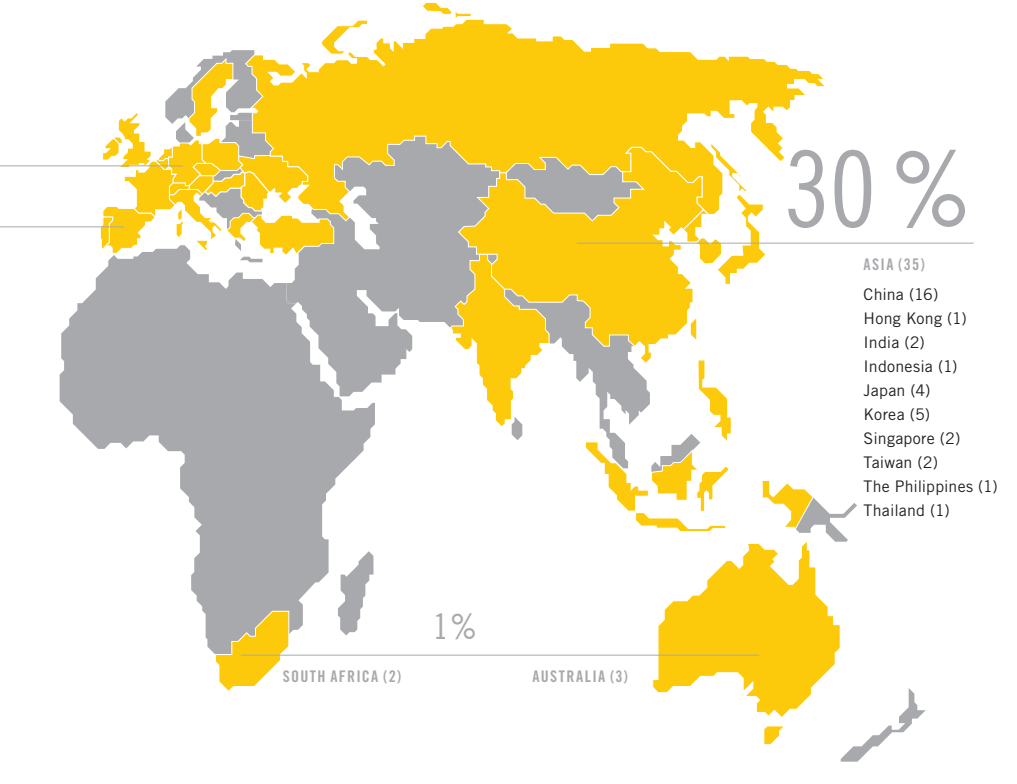
Austria (1)
Belgium (1)
Czech Republic (1)
France (4)
Greece (1)
Hungary (1)
Ireland (1)
Italy (3)
Poland (2)
Portugal (1)
Russia (3)
Spain (2)
Sweden (2)
Switzerland (4)
The Netherlands (3)
Turkey (2)
Ukraine (1)
United Kingdom (7)

17 %

THE AMERICAS (21)

Brazil (4)
Canada (1)
Mexico (2)
Puerto Rico (2)
USA (12)

As of December 31, 2010



30 %

ASIA (35)

China (16)
Hong Kong (1)
India (2)
Indonesia (1)
Japan (4)
Korea (5)
Singapore (2)
Taiwan (2)
The Philippines (1)
Thailand (1)

1%

SOUTH AFRICA (2)

AUSTRALIA (3)

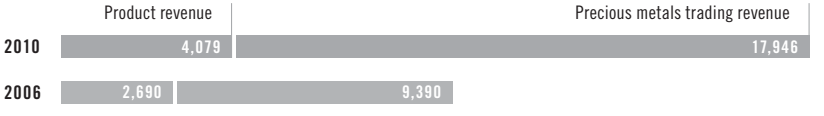
The Company 2010

Business development

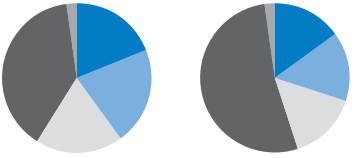
Heraeus can look back at financial year 2010 with great satisfaction. The past year ranks as the most successful in our history. The global markets Heraeus serve, especially in the electronics, steel, chemical, and semiconductor industries, returned to the levels reached before the crisis years of 2008 and 2009, even surpassing them in many areas. Health care markets continued to operate at a solid level. The measures initiated during the crisis to boost efficiency have largely been concluded. Uncertainties about the economic situation of individual member states led to a weaker euro, which resulted in significant positive exchange rate effects.

Accordingly, the global economic recovery also affected the demand for precious metals. Industrial demand for platinum, gold, and silver – especially from the chemical, electronics, semiconductor, and automotive industries – continued to rise, boosting prices significantly. Prices for platinum group metals followed a similar course. In addition, low interest rates in the capital markets and the search for crisis-proof investment opportunities led to stronger demand for gold and silver investment bars, which benefited the trading business.

GROUP REVENUE IN € MILLION

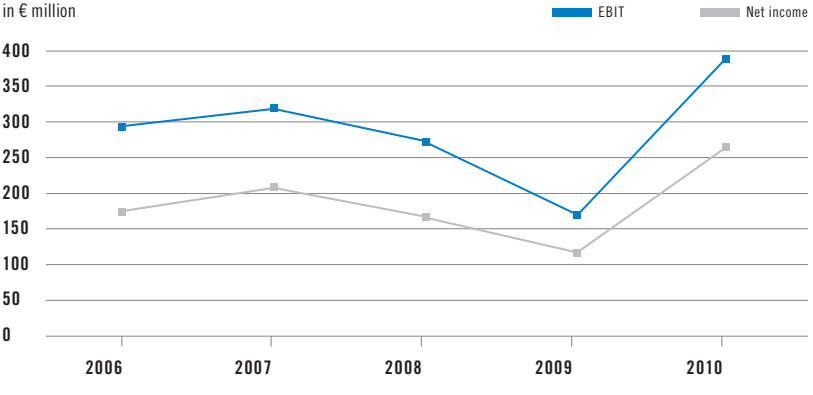


PRODUCT REVENUE BY REGION

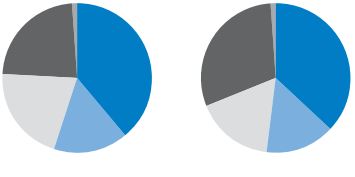


2006	2010	
19 %	15 %	Germany
21 %	15 %	Europe excluding Germany
19 %	15 %	The Americas
39 %	53 %	Asia
2 %	2 %	Africa / Australia

GROUP EARNINGS



EMPLOYEES BY REGION



2006	2010	
39 %	37 %	Germany
16 %	15 %	Europe excluding Germany
21 %	17 %	Americas
23 %	30 %	Asia
1 %	1 %	Africa / Australia

Human Resources

As of December 31, 2010, Heraeus employed a staff of 12,931 worldwide, a gain of 591 over the previous year (12,340). The growth included 183 new employees in Germany and 408 in foreign Heraeus companies. Of the additional staff abroad, Asia saw the greatest increase with 334 new employees. Acquisitions added 132 employees to Heraeus, including 102 in Germany.

Staff members were primarily added to make up for the employees we had to let go during the crisis of 2009, because our business is again exhibiting dynamic growth. Heraeus leveraged flexible HR policies to achieve prompt processing of the high number of incoming orders. This was accomplished by using flexible time accounts in Germany and through targeted employment of temporary workers in the rest of the world. The number of temporary workers in Germany grew to around 600 as of the end of the year. In financial year 2010, 91 employees from temporary agencies were offered a permanent job at Heraeus.

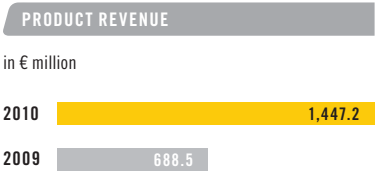
Millimeter-fine lines from fountain pens with precious metals expertise*

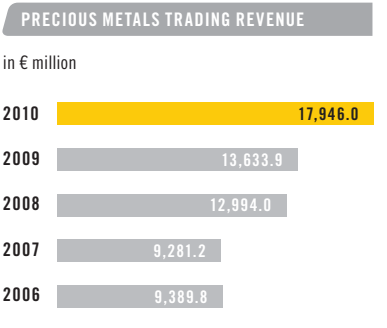
* When a fountain pen glides lightly over a sheet of paper and forms words in filigree, clean lines a mere millimeter thick, this is the result of using the right fountain-pen nib. The spherical tips must be very hard, abrasion-proof, tough, durable, and ink-resistant. And it must be possible to weld them to both gold and steel nibs. Only high-quality precious metal alloys are suited for this task. The majority of the small (0.6–1.6 mm) precious-metal balls at the tips of fountain pens are made of ruthenium-osmium alloys. Heraeus possesses in-depth technological expertise in manufacturing these products no other company can match, and has been producing the sought-after alloys since the 1920s. Today, the majority of pen points throughout the world come from Hanau. Leadership in a niche market could not be any clearer, thanks to the expertise in manufacturing and materials technology for handling precious metals that Heraeus has continued to build upon for 160 years.

Precious Metals Business Group – Heraeus Precious Metals

The precious metals business group (Heraeus Precious Metals) is a world leader in industrial precious metals and special metals, processing the precious metals gold, silver, and platinum group metals, primarily for use in the manufacture of industrial products for the automotive, semiconductor, electronics, and medical industries. In addition, Heraeus Precious Metals holds a leading international position in industrial precious metal trading. The principal purchasers of Heraeus Precious Metals products operate in the environmental, mobility, communications, energy, and health care sectors.

Driven by clearly reinvigorated industrial demand and boosted by a weaker euro in comparison to the US dollar, product revenues adjusted for precious metal effects improved by 60.3 % over the previous year. Very strong market demand and high prices throughout the year for metals for industrial use boosted product revenues to €1,447.2 million, up by 110.2 % over the previous year. Precious metal trading revenue likewise climbed, mainly because of higher precious metal prices and expanded production capacity. At €17,946.0 million, revenues again exceeded the level of the previous year. Overall, the precious metals business group achieved record profits, far surpassing any corresponding period.





The world's most valuable mobile phones contain up to

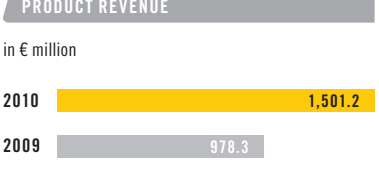
100 g of gold*

* Mobile phones from the brand Vertu are handcrafted; however, that is not the only thing that makes these distinctive mobile phones some of the most valuable in the world. Vertu's most exclusive handsets each contain up to 100 g of gold in high-precision, polished components for keys and casing, rendering each phone a precious one-of-a-kind piece of enduring value. A certificate of authenticity guarantees a precious metal content of 18 carats. Every fully precious metal Vertu phone bears the seal of approval from the Swiss Office for Precious Metals Control – a mark featuring the head of St. Bernard. The components manufactured for Vertu by Heraeus out of gold or platinum are polished to a high-gloss finish. The key to the creation of these parts is processing expertise combined with the precise machining and handling of these precious materials using laser cutters or high-frequency milling with diamond tools. The individual components produced are of a consistently high quality and may measure only a few millimeters; they are then assembled and joined by laser beam welding. The surface finish achieved on these components meets the highest cosmetic demands.

Materials and Technologies Business Group – Heraeus Materials Technology

The materials and technologies business group (Heraeus Materials Technology) develops and manufactures high-tech industrial products using precious metals, such as gold, silver, and platinum-group metals, as well as high-melting-point, non-precious refractory metals. Based on a broad portfolio of technologies and deep added value, Heraeus Materials Technology is a skilled partner for processing these precious metals and other innovative materials. As a technology leader with decades of experience and facilities around the world, this business group is a leading provider in many key markets.

Owing to significantly higher market demand, product revenues adjusted for precious metal price effects rose by 40.1 % over the previous year's level. The strong demand combined with high prices throughout the year for industrial metals boosted product revenue by 53.4 % to €1,501.2 million. Overall, Heraeus Materials Technology achieved record revenues, far surpassing any corresponding period.



Efficient disinfection of packaging materials

at a wavelength of 222 nm*

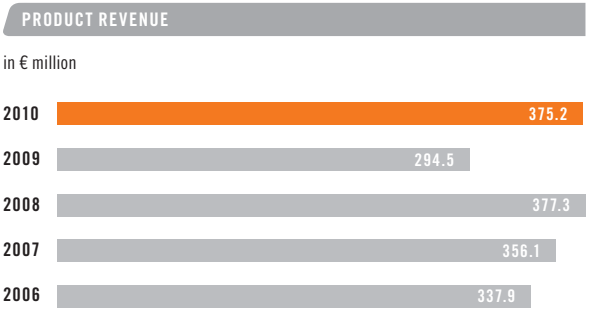
* In foodstuffs preparation, the highest hygiene requirements must be fulfilled with regard to production and packaging. The sterility of the packaging materials is the primary requirement when it comes to keeping such products as milk and fruit juices reliably storable. Modern systems fill several packages per second – a high-speed process that cannot be followed with the naked eye. The disinfection process must keep up in order to ensure efficient overall production. Special UV lamps from Heraeus support the sterilization of the packagings with reliability. In this process, the packaging materials are treated with hydrogen peroxide (H_2O_2). This chemical is not only highly antibacterial, but it is also eagerly taken up by the cell walls of the germs. As soon as these microorganisms are exposed to ultraviolet light at a wavelength of 222 nm, the absorbed hydrogen peroxide is activated, thereby destroying the structure of the microorganisms. The process is so efficient that only one germ out of 100 million will survive. Thanks to modern UV technology, products such as milk will be kept fresh and tasty for several months.

Sensors Business Group – Heraeus Electro-Nite

The sensors business group (Heraeus Electro-Nite) is the world market leader in sensor and measurement systems for the steel, aluminum, and foundry industries. As a recognized specialist in measurements for molten iron, steel, and aluminum, the company produces and markets high-quality sensors from global manufacturing and sales facilities on every continent. In close cooperation with its customers, Heraeus Electro-Nite develops product solutions that contribute significantly to greater efficiency and higher quality in production processes, as well as improving working conditions and protecting the environment.

In the wake of the global economic and financial crisis, the sensors business group has enjoyed a return to steadily increasing revenues since mid-2009. During the financial year just past, revenue rose by 27.4 % to €375.2 million. Earnings followed the same trend.

The fundamental reason was the steel industry rebound, which was most pronounced in Europe and North America, regions particularly hard hit by a drop in steel production the year before. Aluminum and copper foundries, likewise customers for Heraeus Electro-Nite sensors, experienced a similar recovery in financial year 2010.



0.018 millimeters

can save a life*

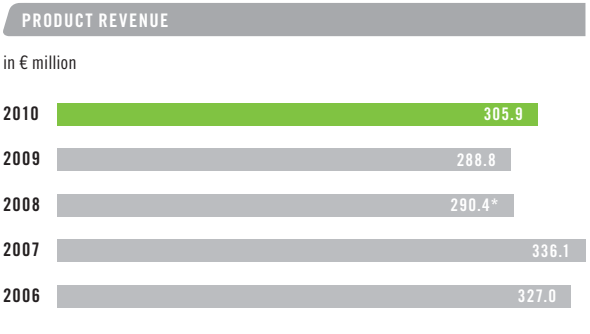
* After a long day at the office, Mario B. is driving home. As he rounds a curve on a wooded stretch of highway, a deer bounds into the road ahead. Mario slams on the brakes, but even his quick reaction cannot prevent a collision. He is still lucky, though, because the airbag in his car senses the impact and immediately inflates, protecting him from injury. At this moment, the first thought in Mario's mind is certainly not that his life has just been saved by Heraeus expertise – in the form of a fine wire only 0.018 millimeters (18 micrometers) thick, one third the diameter of a human hair. Made of a special platinum alloy and just 1 to 2 millimeters long, the wire is part of the airbag trigger, called the initiator. Upon impact, our wire detonates a mini-explosive, sending a signal to the inflator that deploys the airbag.

Dental Products Business Group – Heraeus Dental

The dental products business group (Heraeus Dental), a provider of prosthetics and systems for the conservation and restoration of natural teeth, has an extensive range of products for dental laboratories and dentists.

The market for dental consumables recovered from a slight decline in 2009 and posted growth rates of 3–5 % since the start of the year. Product revenues rose by 5.9 % to €305.9 million. The results varied by region. While Central Europe, Eastern Europe, Asia, Australia, and Central America came up with high growth rates, revenues in North America and Western Europe rose only slightly. Following the market trend, sales of precious metals continued to decline. Earnings were boosted considerably, primarily by productivity gains at the manufacturing locations.

The long-term growth strategy was further advanced, especially by investments in the fields of digital prosthetics and pharmaceutical products for dental applications. At the forefront of this endeavor were both regional expansion and the expansion of production capacity in the CAD/CAM business.



* excluding Heraeus Medical since 2008

64 mm^2

can analyze impurities in water more quickly*

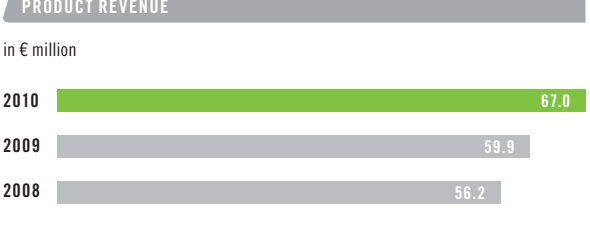
* For more than 100 years, Heraeus has set the bar in modern technologies for measuring temperature with platinum temperature sensors. These sensors can measure temperatures from -196°C up to +1000°C with pinpoint accuracy. These days, we are surrounded by tiny thin film sensors and temperature sensing devices which improve our daily lives. They make sure that our food doesn't burn in the oven, save fuel in cars, and help with heating cost accounting. And they are finding more and more niche applications in the biotechnology, pharmaceutical, and medical technology sectors as well. One of the significant reasons is platinum's biocompatibility: there are no biological or chemical interactions between the sensors and the materials being investigated, such as cells multifunctional sensors from Heraeus have future potential, such as in biosensors with a 64 mm^2 surface that can simplify research for suitable cancer treatment methods or accelerate the analysis of impurities in water. Over the long term, these sensors could make animal testing superfluous for developing cosmetics.

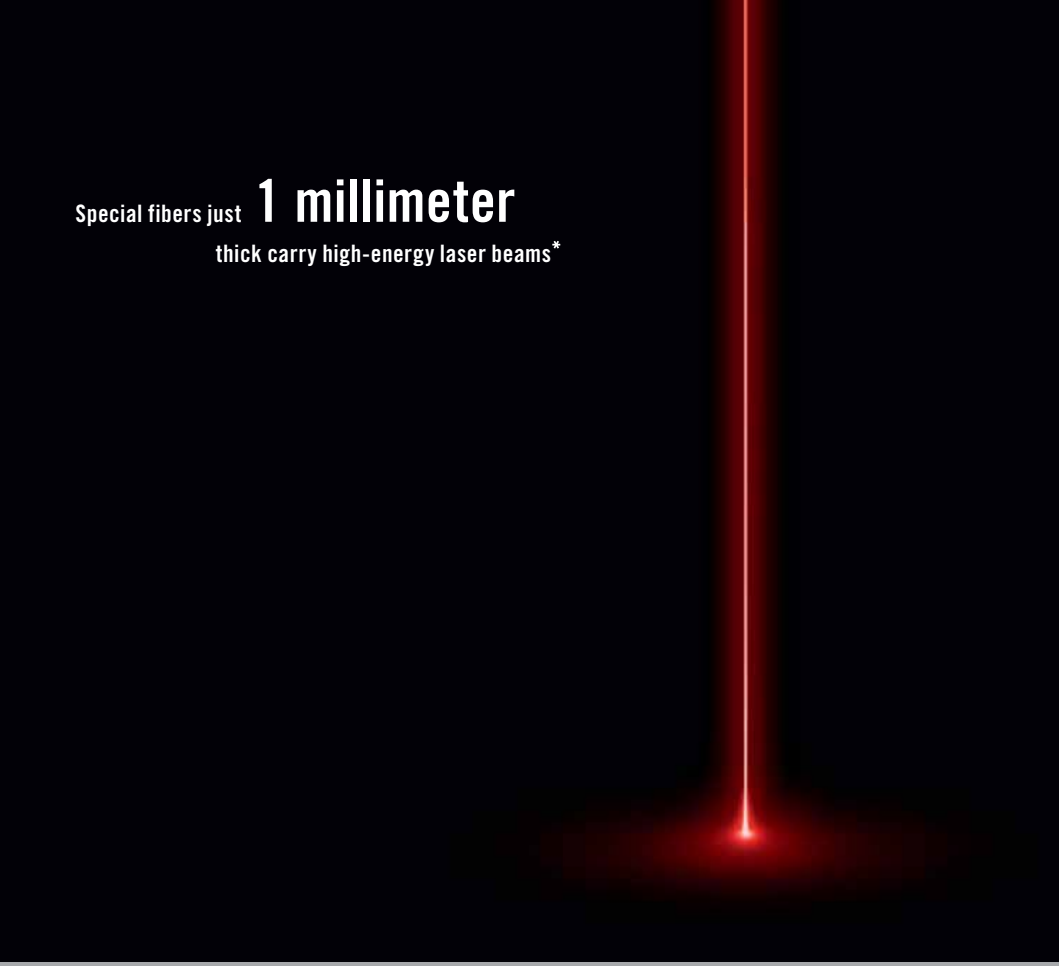
Development and design in cooperation with the Heinz Nixdorf Chair for Medical Electronics (Dr. Bernhard Wolf), Technical University of Munich

Biomaterials and Medical Products Business Group – Heraeus Medical

The biomaterials and medical products business group (Heraeus Medical) concentrates on medical products for orthopedic surgery as well as traumatology and biosurgery. It develops, produces, and globally markets biomaterials used in bone and joint surgery and to stabilize spinal fractures. Core product PALACOS®, the gold standard among bone cements, has proved its worth in clinical use for decades.

People today want to remain mobile and active, even in their later years. Because of both this trend and demographic developments, combined with medical and technological advances, the number of joint implants continues to grow worldwide. Driven by innovative products in attractive niche markets, a comprehensive training program, and the purposeful expansion of its international sales network, revenues at Heraeus Medical grew by 11.9 % to €67.0 million. Significant growth rates were achieved in the core business in Europe and especially in international sales, with key results in the United States, Asia, and Australia.



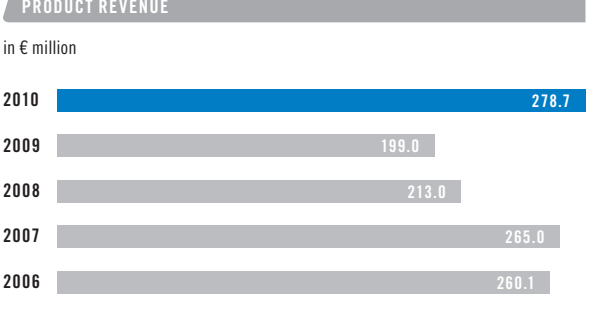


* When it comes to optical fibers made from quartz glass, most people think of information being carried around the world via the Internet. But quartz glass fibers are also commonly used in industrial and medical lasers and it is a Heraeus development that makes this possible. Fluosil® is a special fiber material for transmitting high photonic energy over short distances without energy loss. The fiber's real strength comes from its special design: it has a large fused silica core within a thin layer of fluorine doped fused silica cladding that makes it ideal for transmitting high power in a spectral range from UV through to infrared. These special fibers are used in industrial and medical lasers. The automotive industry has completely automated many welding processes. In order to best utilize the expensive solid-state laser units in manufacturing, specialty fibers of up to a millimeter thick carry the laser beams to many welding robots simultaneously. This exceptional material competence is well founded: Heraeus is one of the pioneers of quartz glass production and has developed the material over the last 110 years into a high-tech product.

Quartz Glass Business Group – Heraeus Quarzglas

The quartz glass business group (Heraeus Quarzglas) is the technology leader and materials specialist for the manufacture and processing of high-purity quartz glass. It excels in all key processes for producing different quartz glass types for the semiconductor and telecommunications industries as well as applications for the optical, chemical, and lamp industries. From base materials to complex system components, custom-tailored products and solutions can be developed and produced from natural and synthetic quartz glass.

During the 2010 financial year, the quartz glass business group profited from the recovery of the semiconductor and microlithography markets. The Telecom Fiber Division also showed very gratifying developments as demand for optical fibers for the telecommunications industry remained strong. Especially in the booming Chinese market for optical data transmission, the quartz glass business group further extended its lead in the market. In the photovoltaics and solar industry, Heraeus Quarzglas successfully established its strong position at an early stage. Revenues climbed 40.1 % over the previous year, to € 278.7 million.



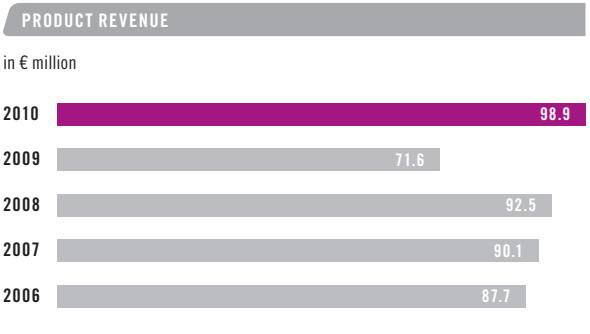
30 % increase in UV performance ensures safe food controls*

* Today's foodstuffs are tested for cleanness with state-of-the-art analytical equipment and processes. Deuterium lamps from Heraeus provide the light source for these highly sensitive analyses and help render undesirable impurities – in powdered infant formula, for example – visible even in trace amounts. They emit an almost continuous spectrum of light ranging from UV wavelengths to the visible spectral range. This makes them the ideal light source for high-precision absorption measurement. To meet the requirements for lower detection limits and higher resolution capabilities of modern analytical equipment, the newest generation of deuterium lamps achieves approximately 30% higher performance with two to three times lower noise level values compared to traditional deuterium lamps. As such, they are designed for use in ultra-high-performance liquid chromatography (UPHLC) detectors, which are also used in medical applications such as blood testing, and doping and drug control testing. With comprehensive technological expertise in developing and manufacturing specialty light sources, Heraeus has established itself as a specialist in this niche.

Specialty Light Sources Business Group – Heraeus Noblelight

The specialty light sources business group (Heraeus Noblelight) counts itself among the market and technology leaders worldwide for special lamps with wavelengths from ultraviolet to infrared for industrial, scientific, and medical applications. With locations in Germany, the United Kingdom, China, and the USA, the business group manufactures lamps for analytical measurement technology and the printing industry, infrared emitters for industrial heating processes, arc and flash lamps, and products for water and surface disinfection, air treatment, and sun simulation with a high level of vertical integration.

The specialty light sources business group reaped the benefits as global markets recovered, boosting product revenues by 38.1 % to € 98.9 million. This record high reflected not only the economic rebound but also an expansion of market share. Starting at midyear, growth was limited by the pressing shortage of skilled employees. Procurement markets featured very high prices along with a difficult delivery situation. Despite these complicating factors, the business group achieved positive results at a gratifying level.



Corporate Boards of the Heraeus Group

SUPERVISORY BOARD
HERAEUS HOLDING GMBH

Dr. Jürgen Heraeus (Chairman)

Hans Ostermeier (Vice Chairman)
Dieter Ammer
Clemens Blaumeiser
Dr. Hans-Tjabert Conring
Jutta Jakob
Franz Haniel
Jörg Menno Harms (until June 12, 2010)
Michael Pilz
Uwe Raschke (since June 12, 2010)
Hans Schweinsberg
Prof. Dr. Claus Weyrich
Andreas Wolf

BOARD OF MANAGEMENT
HERAEUS HOLDING GMBH

Dr. Frank Heinricht (Chairman)
Jan Rinnert (Vice Chairman)

BOARD OF MANAGEMENT
BUSINESS GROUPS

Precious Metals
Dr. Roland Gerner

Materials and Technologies
Dr. Peter Köhler
(since April 01, 2011 Dr. Hans-Joachim Dittloff)

Sensors
Jan Doets

Dental Products
Dr. Martin Haase

Biomaterials and Medical Products
Dr. André Kobelt

Quartz Glass
Heinz Fabian
Wolfgang Stang

Specialty Light Sources
Rainer Küchler

As of December 31, 2010
The current status can be found at: www.heraeus.com

Shaping the Future – Heraeus Corporate Guiding Principles 2020

The new Heraeus Corporate Guiding Principles were introduced in summer 2010. They replace Vision 2010, established in 2000, and the previous Corporate Guiding Principles. The Heraeus Corporate Guiding Principles comprise the goals, self-concept, and working methods, as well as the rules for behavior and values embraced by the whole company. They apply to all employees, managers, and corporate bodies and reflect the corporate culture of the 160-year-old Heraeus Group. The Core Values, which Heraeus developed on a Group-wide basis in 2000, and the Code of Conduct introduced in 2007 remain key components of the new Heraeus Corporate Guiding Principles. New elements include Vision 2020, as well as the company's Mission, Management Principles, and Shareholder Compass.

The Lighthouse – Key Visual for the Heraeus Corporate Guiding Principles 2020

The lighthouse is a common symbol which is understood worldwide. It stands for navigation in both good and bad conditions and will serve as a reference point for our journey over the next ten years.

The Six Elements

The Heraeus Corporate Guiding Principles bring together existing and new elements of the Heraeus corporate culture. They form the foundation for how we intend to shape the future of Heraeus.

The Heraeus Corporate Guiding Principles consist of six elements: Vision 2020, the company's Mission, Management Principles, Code of Conduct, Core Values, and Shareholder Compass.

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