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AAPMEDIA RELEASE PR56696 Heraeus Plans Resurgence After Two Slow Financial Years

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The Hanau-based Heraeus precious metals and technology group finished financial year 2013 with satisfactory results despite some lower numbers. This was announced by the Heraeus Holding GmbH Board of Management at a press conference on annual results held in Frankfurt on May 8. The slowing pace of growth in **China** - an important market for Heraeus - combined with continued market uncertainty in Europe and the United States as well as lower precious metals prices to depress revenue and earnings for the Heraeus Group again this past year. Heraeus had total product revenue of EUR3.6 **billion** (10 percent less than in 2012). However, this outcome was greatly influenced by precious metals price effects. Adjusted for these effects, revenues for 2013 show a slight increase, up by 2 percent over the previous year. Weak industrial demand for platinum, **gold** and silver pulled precious metals trading revenue down to EUR13.5 **billion** (-16 percent).

Operating results (EBIT) fell by 29 percent, ending at EUR256 **million**. This was mainly attributable to continued stagnation in the photovoltaics market, one-time effects of restructuring measures, and expenditures for the IT-based Magellan process harmonization program. By contrast, the annual result for the Heraeus Group was distinctly positive, at EUR454 **million** (+92 percent over 2012). This increase reflects proceeds from the **sale** of the Heraeus Dental business group during the past financial year.

"Heraeus was not entirely immune to the fairly restrained macroeconomic environment of the past year, although the significant declines in product revenue and operating results are largely attributable to lower precious metals prices and one-time effects," said Jan Rinnert, chairman of the Heraeus Holding GmbH Board of Management in summary. "Given this background, we feel a certain level of satisfaction with financial year 2013, but we are planning on significant growth in the future."

Outlook

Overall, the Heraeus Group is on target for the current year. The first-quarter results reflect this, with some business groups off to a strong start for 2014 while others remain rather restrained. There is every likelihood that the uncertain overall economic situation the Heraeus Group navigated in 2013 will continue in the current fiscal year.

"On the whole, however, we expect improvement in the operating results for 2014. The Heraeus Group is currently implementing numerous initiatives and measures to enhance efficiency and improve margins, giving reason for optimism. The associated costs were already included in the results for 2013," said Jan Rinnert.

Key Financial Indicators for Financial Year 2013

Key financial indicators in

EUR **million** 2013 2012 Change in %

Product revenue 3,578 3,979 -10

Precious metals trading

revenue 13,462 15,989 -16
 Earnings before interest and
 taxes (EBIT) 256 360 -29
 Net income 454 237 +91
 Shareholders' **equity** 2,667 2,344 +14
 Capital expenditures 141 126 +13
 R&D expenditures 86 84 +2
 Employees at year-end 12,454 13,615 -9

Heraeus, the precious metals and technology Group headquartered in Hanau, Germany, is a global, private **company** with more than 160 years of tradition. We create high value solutions for our customers, strengthening their competitiveness for the long term. Our fields of competence include precious metals, materials and technologies, sensors, biomaterials and medical products, quartz glass, and specialty light sources. In fiscal year 2013, Heraeus had product revenue of EUR3.6 **billion** and precious metals trading revenue of EUR13.5 **billion**. With more than 12,500 employees in over 110 subsidiaries worldwide, Heraeus holds a leading position in its global markets.

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