

Press release

Hanau, Germany, May 5, 2015

Heraeus prepares for future growth

- 2014 revenues and operating results remain at last year's level
- Reorganization aligns businesses more closely to markets and customers
- Focus on innovation
- Excellence initiatives prepare Heraeus for Industry 4.0

The Hanau-based Heraeus technology group finished fiscal year 2014 at the same level as the previous year. Not including precious metals, product revenues totaled approximately €1.8 billion, about the same as in fiscal year 2013. This lack of growth was due to the sluggish economic situation in important regions and markets. In addition, the company was unable to take full advantage of its existing potential.

Including processed precious metals, product revenues for 2014 amounted to €3.4 billion, while precious-metal trading revenues totaled €12.2 billion. Factors affecting revenues during the past fiscal year included precious-metal prices that were lower than in the previous year, on average, as well as low interest rates in the capital markets.

Operating results (EBIT), adjusted for currency effects, also remained at the level of the previous year, at €245 million. Exchange-rate effects of €57 million led to an EBIT (IFRS) of €188 million. Net income was €134 million. As expected, this figure was lower than in 2013, when income was significantly bolstered by the sale of Heraeus Kulzer.

As of December 31, 2014, Heraeus employed a workforce of 12,591.

“Overall, we are moderately satisfied with the results of fiscal year 2014,” says Jan Rinnert, chairman of the Heraeus Holding Board of Management. “Over the past months we have reorganized and refocused our business, creating the necessary conditions for future productivity and sustained growth. By gearing efforts more closely to our markets and customers, we will be able to open up new sales opportunities and gain additional market shares over both the short and the long term. As a result, we are expecting sustained improvement in revenues and earnings in the coming years.”

Key sales indicators for fiscal year 2014

Indicators in €(millions)	2014	2013
Product revenues excl. precious metals	1,759	1,765
Product revenues	3,356	3,578
Precious-metal trading revenues	12,233	13,462

Key indicators from the profit and loss statement for fiscal year 2014

Indicators in €(millions)	2014	2013
EBIT (IFRS)	188	255
EBIT (adjusted for exchange-rate effects)	245	253
Net income	134	162*

*adjusted for proceeds of €292 million from the sale of Heraeus Kulzer

Key indicators from the balance sheet for fiscal year 2014

Indicators in €(millions)	2014	2013
Equity	2,765	2,667
Liquid assets	1,045	1,015
Capital expenditures	115	141
Innovation (incl. R&D expenditures)	100	90
Employees at year-end	12,591	12,454

Reorganization is the key to future growth

Following the reorganization of its business units at the end of 2014, Heraeus has been structured in 11 Global Business Units (GBUs) since the beginning of 2015. The GBUS make it possible to focus on specific markets and customers while also creating a flatter organizational structure. Reorganization has also strengthened the role of the global functions Sales, Production and Research & Development within the respective GBUs.

Innovations focused on the markets of the future

With 5,350 current patents and patent applications, Heraeus is a global innovator. During the 2014 fiscal year, 145 new basic patents were added, about 30 percent more than in the previous year. The group invests approximately €100 million annually in the development of new products and technologies. In addition, over the past months Heraeus has improved its infrastructure to promote integrative thinking and an interdisciplinary

approach to research and development. Supplementing vigorous innovation activities by individual areas, the new Heraeus New Businesses unit and the cluster initiative are providing additional platforms for developing new technologies and products. Furthermore, a modern innovation center is being built at the Hanau site. The Heraeus innovation clusters focus on such areas as renewable energies, display and consumer electronics, sensor technologies, additive manufacturing, and healthcare.

Excellence initiatives are preparing Heraeus for Industry 4.0

In another step toward further growth and a stronger focus on the future, Heraeus introduced the Heraeus Excellence program, which combines all projects designed to optimize important workflows and commercial activities. We are also focusing on implementing production processes that exceed international standards, thereby creating the foundation for Heraeus's entry into the era of Industry 4.0.

Outlook: Economic recovery and reorganization are expected to produce modest revenue growth

Overall, the Heraeus Group expects to take part in the projected economic recovery. In addition, the reorientation of business operations and the newly launched initiatives and projects are expected to lead to greater revenue growth.

Heraeus, the technology group headquartered in Hanau, Germany, is a leading international family-owned company formed in 1851. With technical expertise, a focus on innovation, operational excellence and an entrepreneurial leadership, we strive to continuously improve our business performance.

We create high-quality solutions for our clients and strengthen their competitiveness in the long term by combining material expertise with technological know-how. Our ideas are focused on themes such as the environment, energy, health, mobility and industrial applications. Our portfolio ranges from components to coordinated material systems, which are used in a wide variety of industries, including the steel, electronics, chemical, automotive and telecommunications industries.

In the 2014 financial year, Heraeus generated product revenues of €3.4 billion and precious-metal revenues of €12.2 billion. With around 12,600 employees worldwide in more than 100 subsidiaries in 38 countries, Heraeus holds a leading position in its global markets.

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