

**Facts and Figures 2006**



# Key Financial Indicators for the Group

	2006	2005	Change in %
<b>Financial performance in € million</b>			
Revenue	12,080	9,311	+29.7
Product revenue	2,690	2,111	+27.4
Precious metal trading revenue	9,390	7,200	+30.4
Earnings before interest and taxes (EBIT)	291	178	+62.9
Net income	173	105	+65.1
<b>Financial position in € million</b>			
Total assets	2,428	2,429	+/-0.0
Shareholders' equity	1,287	1,159	+11.0
Equity-to-assets ratio in %	53 %	48 %	-
<b>Cash flow in € million</b>			
Gross cash flow from operating activities	318	204	+55.6
Capital expenditure	84	67	+24.5
Depreciation	69	66	+4.5
Working capital <sup>1)</sup>	1,057	950	+11.3
<b>Employees</b>			
Employees at year-end	11,275	10,625	+6.1
In Germany	4,381	4,399	-0.4
Outside of Germany	6,894	6,226	+10.7
Personnel expenses	503	496	+1.5

<sup>1)</sup> Inventories plus trade receivables less trade payables.

# Heraeus Holding GmbH

## The Business Segments



	Revenues 2006 in € million	Employees 2006
<b>W. C. Heraeus</b>	11,055	3,916
<b>Precious Metals</b>	9,390*	

\*Precious Metal Trading Revenue



<b>Heraeus Electro-Nite</b>	338	3,163
<b>Sensors</b>		



<b>Heraeus Kulzer</b>	327	1,538
<b>Dental and Medical Products</b>		



<b>Heraeus Quarzglas</b>	260	1,504
<b>Quartz Glass</b>	184/76**	

\*\*Revenues Heraeus Quarzglas/Heraeus Tenevo



<b>Heraeus Noblelight</b>	88	651
<b>Specialty Lighting Sources</b>		

## The Company

We are a globally active precious metal and technology Group with firm roots in Germany. The company has been family-owned for more than 155 years. Our business encompasses the production and trading of high-quality materials as well as the research and application of complex materials technologies. Precious metal, sensors, dental materials, quartz glass, and specialty lighting sources are the focus of our activities. In 2006, we generated more than €12 billion in revenues with more than 11,000 employees in over 100 subsidiaries.

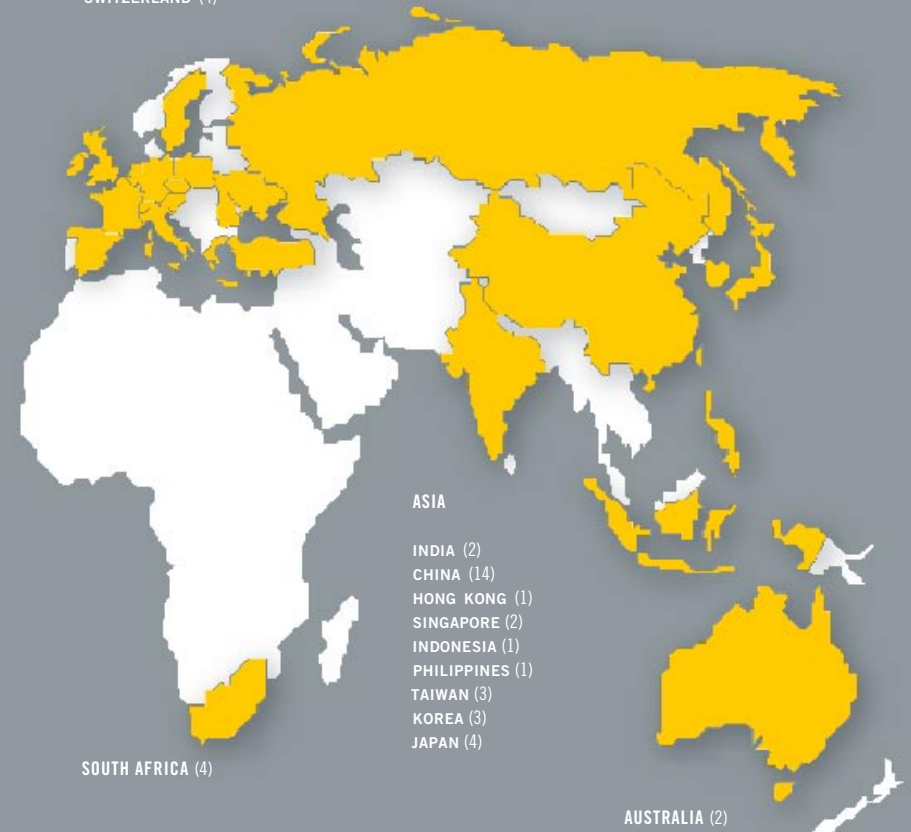
# Heraeus is present worldwide with 76 production facilities and 25 development centers.



Heraeus is present at more than 113 locations worldwide.

## EUROPE

- |                 |                    |                     |                    |
|-----------------|--------------------|---------------------|--------------------|
| GERMANY (19)    | AUSTRIA (3)        | THE NETHERLANDS (2) | UKRAINE (1)        |
| FRANCE (3)      | UNITED KINGDOM (7) | BELGIUM (1)         | TURKEY (2)         |
| ITALY (3)       | IRELAND (1)        | POLAND (2)          | GREECE (1)         |
| SPAIN (2)       | SWEDEN (3)         | RUSSIA (3)          | CZECH REPUBLIC (1) |
| SWITZERLAND (4) |                    |                     |                    |



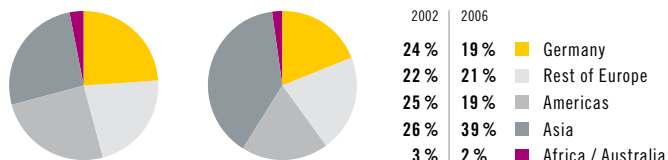
# The Company 2006

## Business development

Against the backdrop of strong overall economic growth, business has developed exceptionally well for the Heraeus Group over the course of the last fiscal year. Particular momentum came from the electronics and semiconductor, steel, and chemical industries. Heraeus was able to secure a significant share of positive economic developments in these industries, thanks to its broadly based international positioning.

In addition, strong price increases for precious metals in the first half of 2006 contributed to increased revenues, in particular in the Group's trading operations. The Heraeus Group is therefore closing fiscal year 2006 with new highs for revenues and earnings. At €12.1 billion, overall group revenues are nearly 30% higher than in the previous year. Of this, €9.4 billion came from precious metal trading, which likewise increased by about 30%. Product revenues in 2006 climbed to nearly €2.7 billion, thereby exceeding the previous year's figure by about 27%.

### Product revenues by region

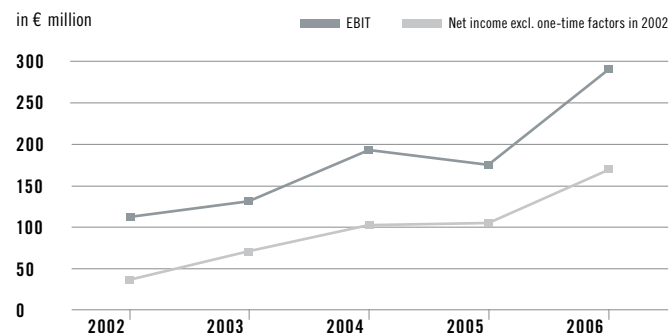


### Group revenues in € million

	Product revenues	Trading revenue	Total
2006	2,690	9,390	12,080
2002	1,747	4,669	6,415

Group net income was thus €173.3 million, an improvement of €68.3 million over the previous year or 65.1%.

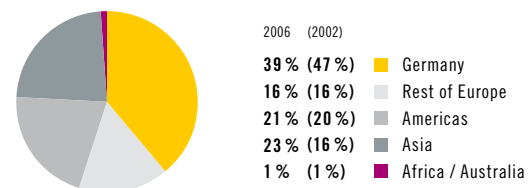
### Group earnings



## Human Resources

The Heraeus Group grew by 650 employees, a gain of 6.1% over the previous year. The total number of Heraeus employees around the world numbered 11,275 at the end of 2006 (2005: 10,625). This growth is due largely to personnel expansion at manufacturing facilities outside Germany, primarily in China, and also to the acquisition of a company with 37 employees.

### Employees by region



**SANTA FE SPRINGS.** High prices and new applications for precious metals make recovery of these valuable raw materials ever more important for our customers. By investing in the most up-to-date recycling facilities, consistently pursuing internationalization, and developing existing markets, W.C. Heraeus has further expanded its worldwide leadership in this market. We increased the throughput of platinum group metals by 21 % over the previous year.

DR. STEFFEN VOSS, CHRIS JOHNSON, MIKE COWLES –  
THE PRODUCTION TEAM OF HERAEUS METAL PROCESSING, INC. (U.S.A.)



## W. C. Heraeus

### A world leader in industrial precious metals and special metals.

Our largest business segment processes the precious metals gold, silver, platinum, and other platinum group metals, primarily to produce industrial products for the automotive, semiconductor, electronics, and medical industries. A global network of more than 30 companies includes production facilities for all phases of precious metal production and refining. In addition, W.C. Heraeus holds a leading international position in industrial precious metal trading.

The W.C. Heraeus business segment steadily pursued its strategy of profitable growth in existing and future markets, profiting first and foremost from its broad attention to key markets. Most particularly, the company reaped the rewards of worldwide growth in the chemical, automotive, and electronics industries. In 2006, nearly every division contributed to this success.

Precious Metal Trading Revenue		Product Revenues	
in € million		in € million	
2006	9,389.8	2006	1,665.2
2005	7,200.2	2005	1,187.0
2004	6,308.7	2004	1,009.7
2003	5,669.0	2003	878.2
2002	4,668.6	2002	852.3

**SHANGHAI.** China now accounts for more than 30% of the world's steel production. That corresponds to 420 million tons per year. With our high-quality sensors produced in Shanghai, we are participating in this massive market growth. We are proud of our products, which offer customers in China maximum quality and process safety in steel production.

WEJIANG QIAN – PRESIDENT OF HERAEUS ELECTRO-NITE SHANGHAI CO. LTD. (CHINA)



## Heraeus Electro-Nite

### The world market leader in sensors for the steel industry.

The expert for measurements in molten iron, steel, and aluminum operates 24 market-oriented companies on all continents for the production and distribution of high-quality sensors. Heraeus Sensor Technology rounds out the product program with platinum thin film elements for temperature sensors in household appliances and for the semiconductor, electronics, and automotive industries.

The steel industry's good economic situation, as well as worldwide growth in the automobile industry, once again had a positive effect on the sale of sensors. Global steel production rose once more by 9% over the previous year to 1.2 billion tons, bringing with it sales prospects for high-quality steel sensors. The increasing use of diesel particle filters in automobiles also affected sales of platinum temperature sensors positively.

### Revenues

in € million



**HANAU.** Nowadays aesthetics are the key success factor for attractive, top-quality dentures. An entirely natural-looking aesthetic outcome in terms of shade and optical dynamics is achieved with Heraeus veneering ceramics, which rank among the fastest-growing products in their segment in Germany.

ANNETTE MILDNER – MARKETING MANAGER DIVISION FIXED PROSTHETICS OF HERAEUS KULZER GMBH (GERMANY)



## Heraeus Kulzer

### **A globally positioned company in the fields of dentistry and dental technology products.**

The specialist for dental alloys and single-source provider of systems for the conservation and restoration of natural teeth has an extensive product program for dental laboratories and dentists and also produces bone cements and biomaterials for orthopedics and surgery. Heraeus Kulzer maintains a total of 20 companies in Europe, Asia, the Americas, and Australia to supply its customers around the world with innovative branded products.

Continuing structural changes in the dental market led to a slight decline in Heraeus Kulzer revenues. The company was nonetheless able to improve its earnings in comparison to the previous year by strengthening sales and marketing activities in the divisions and regions, realigning product development, streamlining internal processes, and taking steps to increase cost efficiency.

### Revenues

in € million



**KLEINOSTHEIM.** Positive developments in the semiconductor industry have boosted orders for quartz glass for microlithography by 80 %. With our new products – quartz glass for the latest generation of 193-nm immersion lithography – we were well prepared for the unexpectedly high demand. This enabled us to build on our already strong market position.

DR. BRUNO UEBBING, DR. RALF TAKKE, DR. STEPHAN THOMAS, ROLAND ECKL –  
THE MICROLITHOGRAPHY TEAM OF HERAEUS QUARZGLAS GMBH & CO. KG (GERMANY)



## Heraeus Quarzglas / Heraeus Tenevo

### The technology leader in high-purity quartz glass.

With comprehensive know-how and more than 13 production facilities in Europe, Asia, and North America, this business segment produces and processes high-purity fused silica for the optical, chemical, and semiconductor industries.

The product portfolio also includes synthetic silica glass for the manufacture of microchips and for optical fibers for the telecommunications industry. Developments in the semiconductor industry, marked by great investment activity and significant volume growth, contributed to a 30 % increase in Heraeus Quarzglas revenues compared to the previous year, to € 184 million. The good market situation, together with productivity advances and ongoing reduction in primary costs, had a positive impact on earnings as well.

Strong growth in the market for fiber optics, especially in China and the United States, had a positive impact on the business development of Heraeus Tenevo. Revenues rose 33 % from the previous year, to € 76 million. Strong order volumes for high-purity fused silica tubes for optical waveguides and special fiber preforms for optical data transfer, as well as related production utilization, clearly improved earnings compared to the previous year.

### Revenues Quarzglas/Tenevo

in € million	Quarzglas	Tenevo
2006	184.4	75.7
2005	141.7	57.1
2004	162.5	57.8
2003	126.3	59.5
2002	164.8	82.6

**HANAU.** We are the first manufacturer to present a functioning high-power amalgam lamp at the Aquatech Amsterdam (the Netherlands) trade fair. Our long-life lamps save both money and energy in the treatment of drinking water and sewage, thereby helping to protect the environment.

DR. SVEN SCHALK, ERIK ROTH, FRANZ-JOSEF SCHILLING – FOR THE SURFACE AND ENVIRONMENTAL TECHNOLOGY DIVISION OF HERAEUS NOBLELIGHT GMBH (GERMANY)



## Heraeus Noblelight

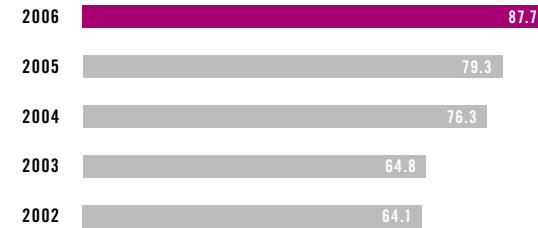
### The technology leader in specialty lighting sources.

The company develops, manufactures, and markets infrared heaters and ultraviolet lamps for applications in manufacturing, industrial process technology, environmental protection, medicine and cosmetics, research, development, and analytics.

In 2006, Heraeus Noblelight achieved a new record in company history in both revenues and earnings. Revenues rose by 11 % to €88 million. Products from almost all business areas accounted for this positive development. The good market response to high-performance long-life lamps for water disinfection, strong revenue growth with infrared lamps, and stable business with UV-curing and arc and flash lamps contributed to this success.

#### Revenues

in € million



# Innovation@Heraeus

## Platinum Melting

Using its oxyhydrogen blow-pipe technology, company founder Wilhelm Carl Heraeus melts kilograms of platinum, making the precious metal usable on an industrial scale. The “First German Platinum Melting Shop W. C. Heraeus” has been founded.



1856



1899



1906



1930

## Quartz Glass

Heraeus produced high-purity bubble-free quartz glass for the first time by melting rock crystal (at approximately 2000 °C). The new high-tech material is the basis e.g. for the Original Hanau sunray lamp.

## Platinum Resistance Thermometer

The development of the platinum resistance thermometer was the birth of modern temperature measurement technology. On this basis Heraeus has set industry standards in temperature measurement for about 70 years.

## Dental Alloy

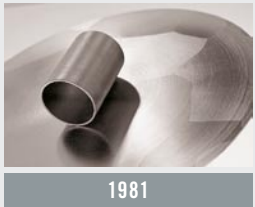
With the dental material Alba – an alloy of gold, silver and palladium – Heraeus gained the dental market and achieved a leading position in this field.

### Synthetic Quartz Glass

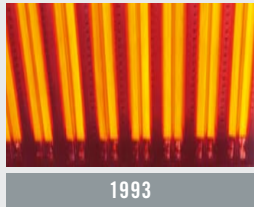
Heraeus produced “synthetic quartz glass” for the first time. Under the brand name Suprasil, it was used in space technology as a mirror and window material and even reached the moon.



1955



1981



1993



1997



2003



2004



2005



2006

### High-Purity Niobium

With one of the largest electron beam melters in Europe, Heraeus produces the purest niobium in the world, e.g. in high energy physics for superconducting cavity resonators in particle accelerators.

### Rotatable Sputtering Targets

Heraeus produces sputtering targets for the functional coating of large glass surfaces for thermal insulation or solar protection. The development from flat to rotatable sputtering targets reduces the coating costs.

### Online-RIC Technology

Since 1987 Heraeus produced high-purity fused silica glass tubes as preforms for the production of optical fibers. With the “Online-RIC” technology (2003) fiber producers achieve much lower production costs. The new process provides fiber lengths up to 5,000 kilometers.

### Multiphase catalyst

Heraeus developed a multiphase catalyst that in combination with large platinum gauzes selectively destroys laughing gas, a greenhouse gas, when it is formed during the production of fertilizers.

### Microlithography

In 1992, Heraeus developed Suprasil 311, a synthetic quartz glass for lenses for microolithography in the production of microchips. In 2004, Heraeus achieved a breakthrough for lithography applications in the 193 nanometer range with Suprasil 401.

### “Smart Sensor”

The Heraeus “smart sensor” featuring an electromagnetic measurement system is capable of determining the fill level of ladles with molten steel within seconds. The steel sensor enabled the optimal filling of the ladles, saving time and costs.

## Addresses

### **Heraeus Holding GmbH**

Heraeusstrasse 12–14  
63450 Hanau, Germany  
Phone +49(0)6181.35-0  
Fax +49(0)6181.35-3550  
pr@heraeus.com  
www.heraeus.com

### **W. C. Heraeus GmbH**

Heraeusstrasse 12–14  
63450 Hanau, Germany  
Phone +49(0)6181.35-0  
Fax +49(0)6181.35-3131  
wc-heraeus@heraeus.com  
www.wc-heraeus.com

### **Heraeus Electro-Nite International N.V.**

Centrum Zuid 1105  
3530 Houthalen, Belgium  
Phone +32(11)6002-11  
Fax +32(11)6004-00  
info@electro-nite.be  
www.electro-nite.be

### **Heraeus Kulzer GmbH**

Grüner Weg 11  
63450 Hanau, Germany  
Phone +49(0)800.4372-522  
Fax +49(0)6181.35-4180  
dental@heraeus.com  
www.heraeus-kulzer.de

### **Heraeus Quarzglas GmbH & Co. KG**

Quarzstrasse 8  
63450 Hanau, Germany  
Phone +49(0)6181.35-7271  
Fax +49(0)6181.35-7200  
quarzglas@heraeus.com  
www.heraeus-quarzglas.de

### **Heraeus Noblelight GmbH**

Heraeusstrasse 12–14  
63450 Hanau, Germany  
Phone +49(0)6181.35-8492  
Fax +49(0)6181.35-168410  
hng-marketing@heraeus.com  
www.heraeus-noblelight.com

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