



**September 2021**

# A **global player** at the heart of **technologies** who drives the industry forward and shapes a **more sustainable society**

## Key figures

€ 847m 2020 sales

€ 123m 2020 EBITDA  
14.5% of sales

6,400 employees

16 R&D centers

35 countries

## Commitments for sustainability

Sustainable development



56%

of sales linked to sustainable dvpt

Waste recycling



60%

Safety at work



1.54  
LTIR

Human capital richness



91%  
of employees proud to be part of the Group

Diversity



35%  
Women in the workforce

## Recognition



Customers,  
Supply chain

MSCI  
ESG RATINGS



CCC B BB BBB A AA AAA

MSCI-ESG rating

# What makes Mersen unique?



## Expertise

**Advanced  
Materials**

**Electrical Power**

Efficient innovation

## Competitive differentiation

**High barriers of entry** (graphite formulation, electrical regulations and standard)

**Customized products** (>65%)

**Global footprint**

## Positioned on attractive markets

**Sustainable development markets** (Renewable energies, Electronics and green Transportation)

**Highly buoyant markets:**  
SiC semicon, EV, Solar

## Excellence to drive cash-flow

**Solid balance sheet and cash generation**

High gross margin

**Lean culture deployment**

CSR commitments for overall improvement

***#1 or 2 on each activity with c. 15-30% market share***

# Advanced Materials: High value-added customized solutions relying on a unique materials expertise

## Anticorrosion Equipment N° 1-2 Worldwide



Engineering systems



Columns, reactors and pressure vessels



Heat exchangers



## Graphite Specialties N° 1-2 Worldwide



Laser galvo scanning mirrors in Sintered SiC



Wafers carrier in ultra pure graphite for Semicon



Ultra pure graphite electrodes for polysilicon production



Carbon insulation for high temperature furnaces

## Power Transfer Technologies N° 1-2 Worldwide



Brushes and brush holders



Slip-rings



Total Monitoring & DustCollector



Lubricating sticks & applicators for wheel/rail contact

Competitors

*SGL Carbon (Ger)*

*SGL Carbon (Ger), Tokai Carbon (Jp),  
Toyo Tanso (Jp), Schunk (Ger)*

*Morgan Advanced Materials (UK), Schunk (Ger)*

# Electrical Power: A **unique portfolio** serving **two key applications**



## Electrical Protection N° 2 Worldwide in industrial fuses



Fuses and fuse holders

Surge protection devices

Coverage of all standards worldwide: UL, IEC, DIN, etc.

*Competitors: Eaton(US), Littelfuse (US)*

## Power Conversion N° 2 Worldwide (components)



Fuses for semiconductors

Busbars

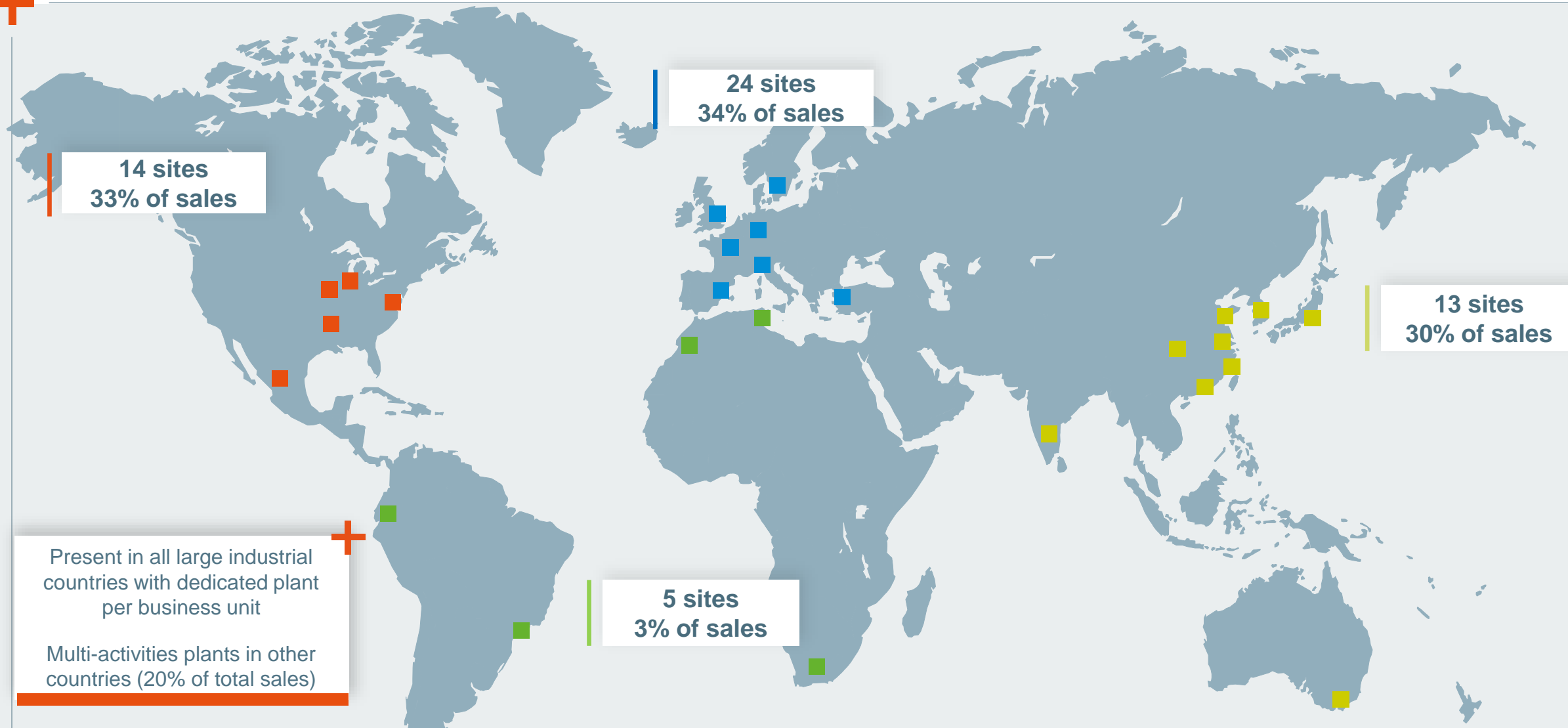
Cooling devices

Capacitors

Only customized offering of **bundled passive components** on the market

*Competitors: Eaton (US), Rogers (US), Methode (US), Lytron (US), Cornell Dubilier (US), Panasonic (Jp)*

# A global footprint to **maximize** customer intimacy



Situation as of December 2020

# Prestigious and exacting customers



	PROCESS INDUSTRIES	CHEMICALS	TRANSPORTATION	ELECTRONICS	ENERGY
> 65% customized products	 		 	 	 
Replacement market 65% of sales	 	 	  	 	 
Largest client ~3% of sales			 	 	 
Longstanding ties	 		 		 

# A longstanding sustainability strategy



2010

Set-up of a sustainability report

Formalization of longstanding practices

Corporate governance improvements

2018

Sustainability Materiality matrix

Sustainability roadmap and mid-term targets on:

- Ecological transition
- Waste
- Supply chain
- Health & Safety
- Outreach
- Diversity
- Training

2021

New non financial objectives on:

- Climate change
- Diversity in senior management

2022

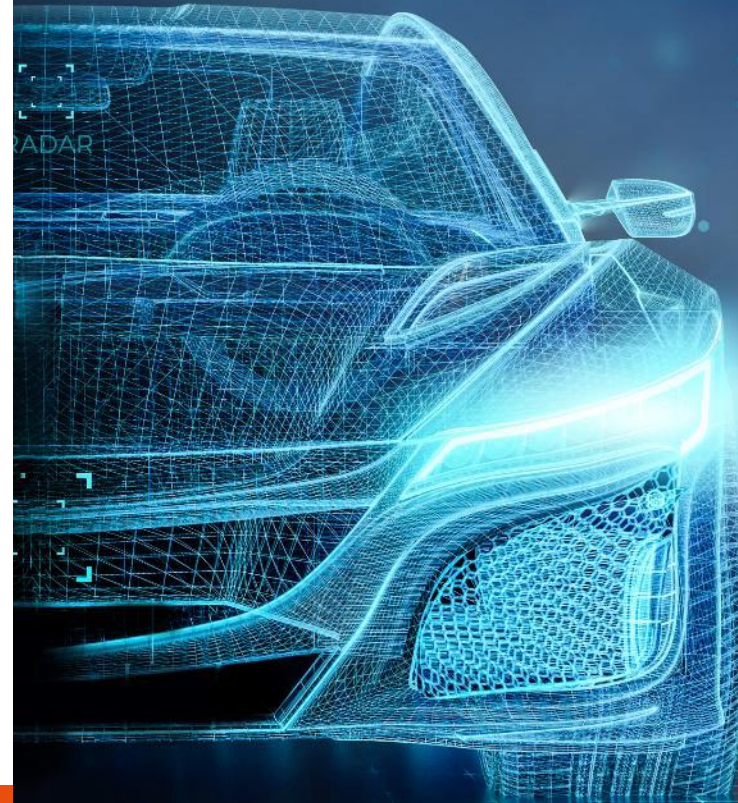
Update of Sustainability materiality matrix

New mid-term roadmap



01

# Our growth markets



SD 23°--'12.2"  
TT 23°--'54.4"  
WQ-3 NVGT A

4.5.6 / 333.4.5  
SENSOR

DOPE.RETV

AUTONOMOUS

SAFE  
1G\*2  
TT 1000

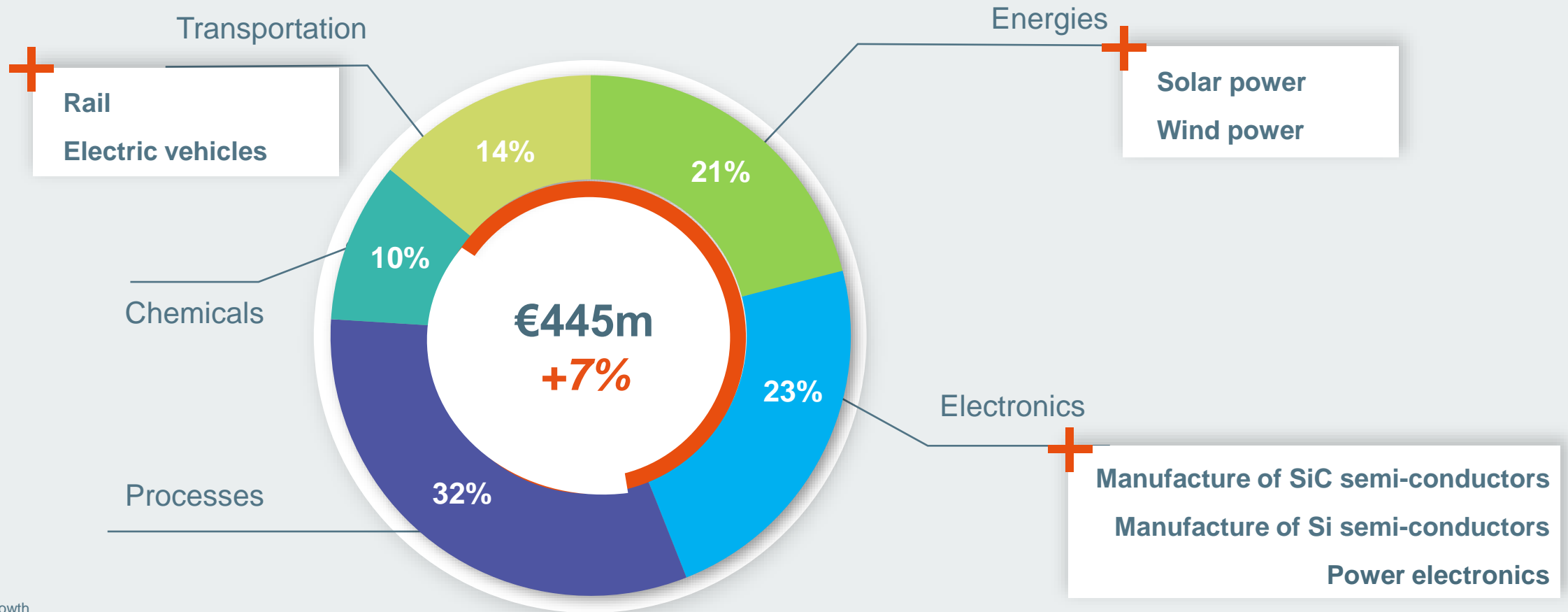
SENSOR  
ACTIVE  
INT\*3  
TT5 SENSOR GROUP 1-17

7A

8E.0

# Sustainable development markets are propelling growth

**56%** of sales linked to sustainable development markets  
**+11%\*** vs H1 2020



\* Organic growth

# Strong first-half performances, enabling the Group to raise its objectives for 2021



		2021 Original forecasts	2021 New forecasts
Energy	+ Solar power	↗ ↗	↗ ↗
	+ Wind power	→	→ ↗
	Conventional energy	→	→
Electronics	+ Manufacture of SiC semi-conductors	↗ ↗	↗ ↗ ↗
	+ Manufacture of Si semi-conductors	→ ↗	↗
	+ Power electronics	→ ↗	↗
Transportation	+ Rail	→	→ ↘
	Aeronautics	↘ ↘	↘ ↘
	+ Electric vehicles	→	↗ ↗
Chemicals	Corrosive chemicals	→	→ ↘
Processes	Metallurgy	↗ ? ↗ ↗	↗ ↗
	Heat treatment		
	Ceramics		
	Glass, ...		

# Solar power: significant potential for Mersen **by focusing on premium quality**



## A GROWING MARKET

- Expected installations in 2021: 145 GW
- Mid-term growth: 15% on average/year



## TRUSTED RELATIONS WITH CUSTOMERS across the whole value chain

- Solar cell manufacturers:
  - Jinko, Longi, Zhonghuang
  - New Chinese entrants
- Inverters
  - TMEIC
  - Power Electronics
  - Fronius



## CONTINUED TECHNICAL INNOVATIONS

- Increasing the size of cells for more yield
- Local insulation and composite offerings (Mersen Galaxy)



2021

- H1 sales: €33m
- Strong growth in Q2 (up by >15%)
- H2 growth expected to be less strong due to temporary shortages of polysilicon



MID-TERM ANNUAL REVENUE

**€100M**

# The power semiconductor market is growing fast and is preparing for the needs of the EV market



## A UNIQUE EXPERTISE

- Key products for the SiC ingot manufacturing process (graphite, insulation)
- Positioned in the innovative domains of the future: Expertise in SiC substrates (European Transform project)



## OPERATING ACROSS ALL GEOGRAPHIES, CLOSE TO INDUSTRY PLAYERS

- Long-standing market players (including pioneers in SiC semiconductors)
- New players in China (5G applications)
- Start-ups, new entrants (Europe, South Korea, Japan, etc.)



2021

- H1: €20m
- Very strong growth in H1 2021 (>+50%)
- Ongoing robust business levels expected in H2



MID-TERM  
ANNUAL  
REVENUE

**€50-60M**

# EV: major steps forward



## RELATIONS WITH

- Traditional car manufacturers
- New players
- Tier-one suppliers for manufacturers
- Battery manufacturers



## PARTNER OF THE AUTOMOTIVE INDUSTRY

- Contract with Marquardt, production to start-up in 2022
- Strategic partnership with Autoliv (target: vehicles over 800V)



## 2021

- H1 sales: €8m
- Strong growth in H1
- H2: continued buoyant business



MID-TERM ANNUAL REVENUE

**€40-70M**

# Continued optimization of the manufacturing base to prepare for the future



## Semiconductor market

- Project for a new extended plant in South Korea

## Electric vehicle market

- Strengthened dedicated team
- Large-scale production of EV fuses in China and Mexico

## Columbia (USA)

- Start-up of the GRI insulation line (Americarb)
- Start-up of extruded graphite production (process industries)



## Operating efficiency of EP segment

- European production of DIN-standard fuse switch disconnectors grouped at the Fusetech site in Hungary (closure of the Czech Republic plant)

- Transfer of production of surge protection products from Guangzhou to the new ChangXing site that opened in 2020 in China

## Information Systems

- New Group ERP version
- *Customer Relationship Management (CRM)*
- *Manufacturing Execution System (MES)*
- Process digitalization

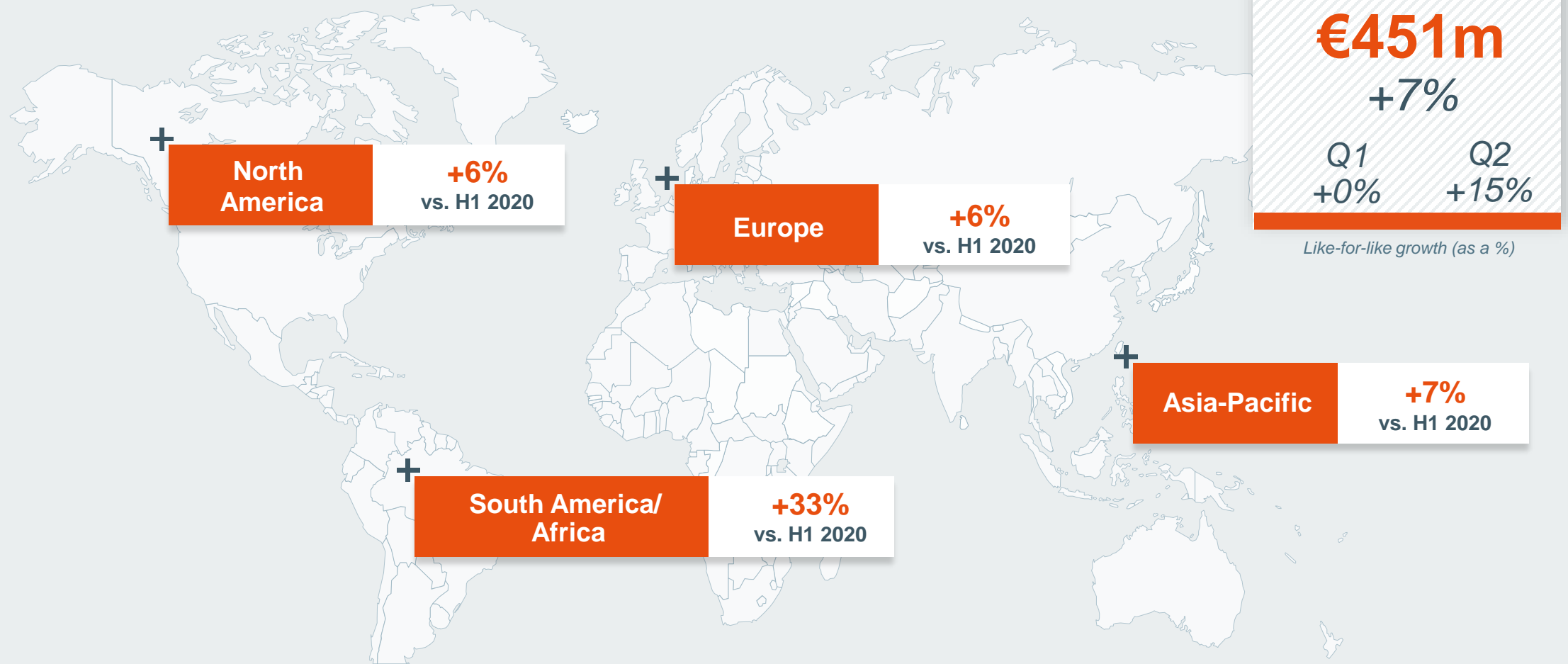
A person wearing a blue lab coat, a blue surgical cap, a white face mask, and white gloves is holding a large, circular, blue object with a central hole. The person is standing in a laboratory or cleanroom environment, with a glass partition visible in the foreground. The background is slightly blurred, showing industrial equipment and a clean, bright environment.

**02**

**First-half  
2021 results**

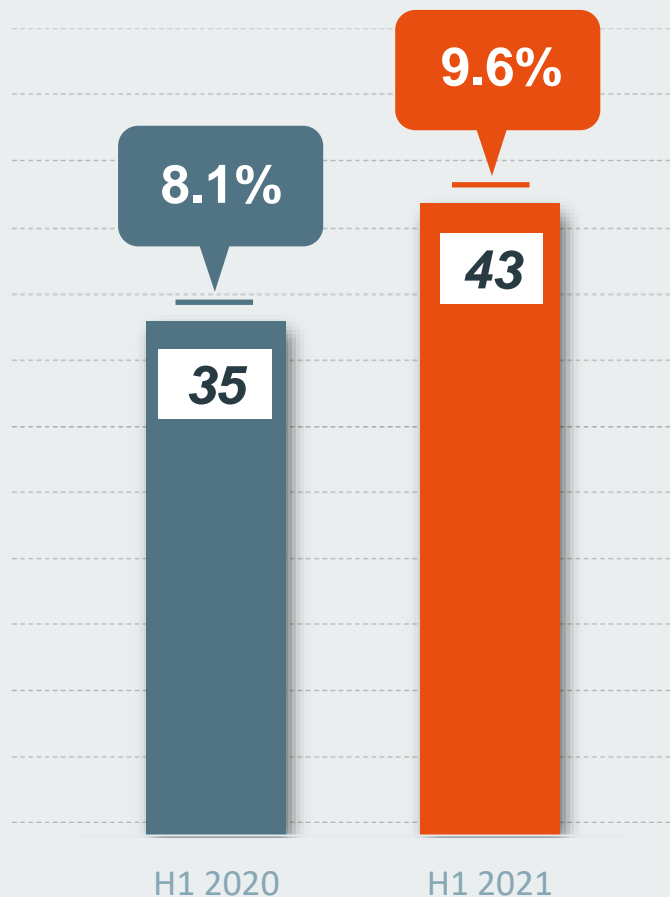


# Return to growth in H1 2021, with an acceleration in the 2<sup>nd</sup> quarter



# Significant increase in profitability

Operating margin before non-recurring items (% of sales)  
 Operating income before non-recurring items (€m)



H1 2020 operating margin before non-recurring items

8.1%

Volume/mix effects	+2.1
Structural savings (adaptation plan)	+1.1
Net temporary savings	-0.2
Productivity gains	+1.0
Cost inflation	-0.9
Raw material effect (net of prices)	-0.5
Bonus, profit-sharing	-0.6
Depreciation, fx, scope	-0.5

H1 2021 operating margin before non-recurring items

9.6%

**H1 2021 EBITDA**  
**€71m**  
**15.7% of sales**

H1 2020 EBITDA  
 €62m  
 14.4% of sales

# Structural and temporary impacts



## Structural savings (Adaptation plan)

<i>millions d'€</i>	2020	H1 2021	FY 2021	2022	Total
Restructuring cost (P&L)	17	2	5		22
Expected savings compared with the 2019 cost structure		4	10	16	16/y
Cash-out	5	5	10	7	22

Plan on track (costs, savings)  
Postponement of some cash payments to 2022

## Temporary Impacts (Covid crisis)

H1 2021 vs H1 2020

- Reduction in travel expenses, Trade shows, ...
- Non-renewal of Covid-related financial aids
- Additional costs from Covid not renewed in part

**Net impact : -€1m**

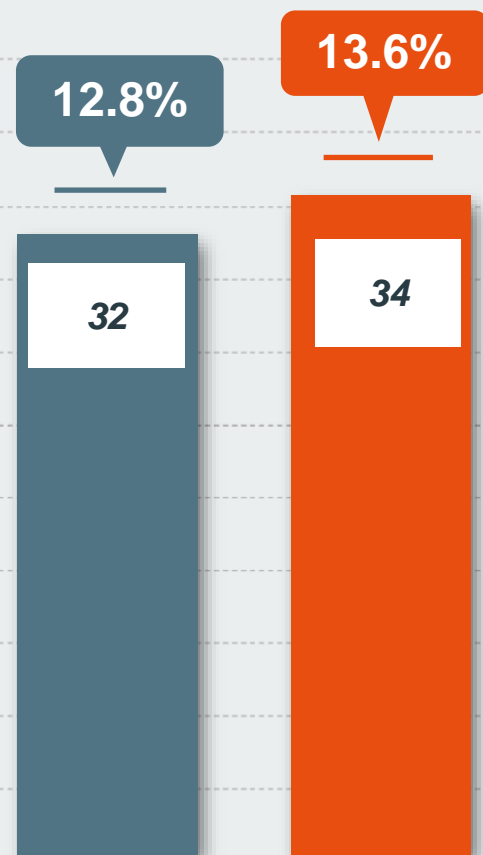
Out of Covid context

Return of travel and marketing expenses mostly offset by expected savings from the adaptation plan

# Both of the Group's segments contributed to **profitability growth**

Operating margin before non-recurring items (% of sales)  
Operating income before non-recurring items (€m)

## Advanced Materials

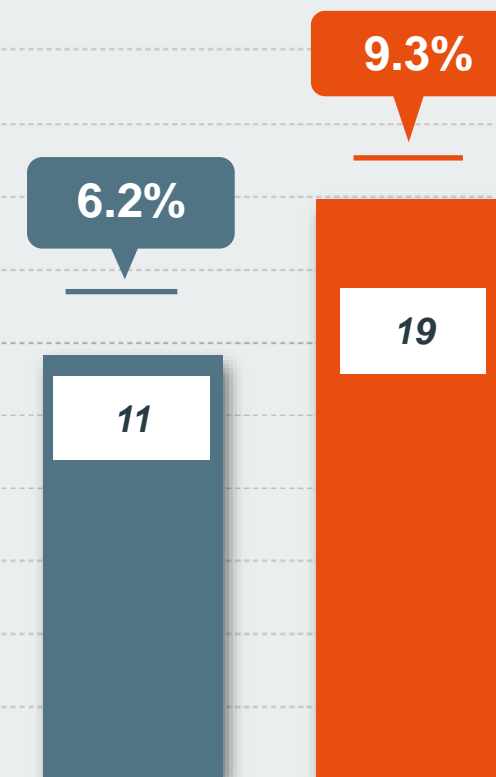


H1 2020

H1 2021

- **AM segment**
  - Slight positive volume effect
  - Positive effect of adaptation plan
- **EP segment**
  - Important positive volume effect
  - Favourable mix effect
  - Positive effect of adaptation plan
  - Negative raw materials impact partially offset by price increase

## Electrical Power



H1 2020

H1 2021

# Net income up by more than 50%

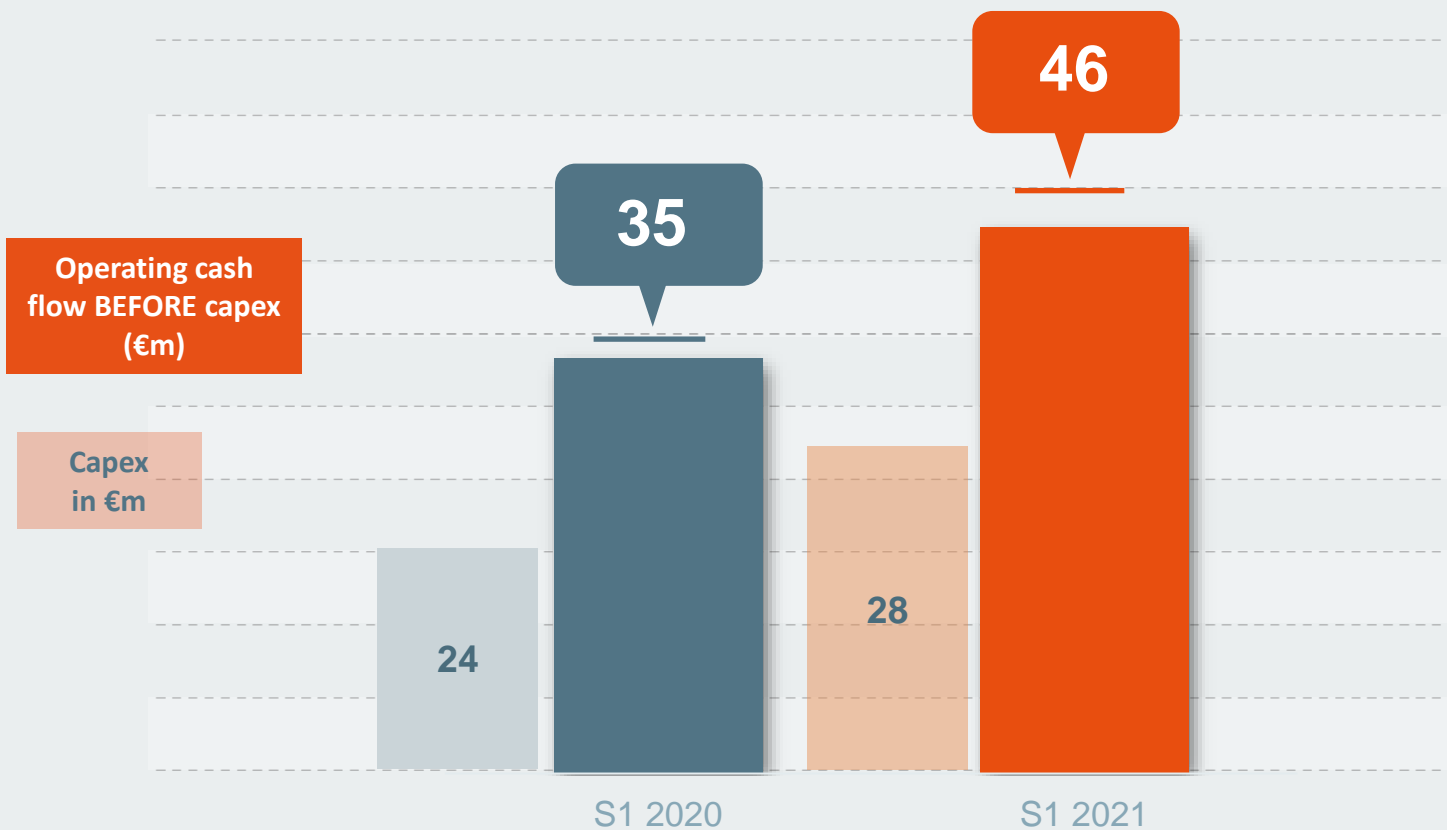


In €m	H1 2020	H1 2021
<b>Operating income before non-recurring items</b>	<b>34.7</b>	<b>43.3</b>
Non-recurring income and expenses	(4.9)	(1.6)
Net financial expense	(6.1)	(5.6)
Income tax	(5.9)	(9.0)
<b>Net income</b>	<b>17.8</b>	<b>27.1</b>
Attributable to owners of the parent	16.3	25.5

**Non-recurring expenses**  
*Mainly Columbia (USA),  
 restructuring costs partly offset by  
 favorable dispute settlements*


**Effective tax rate: 25%**  
*the same as in H1 2020*

# Higher operating cash flow generation



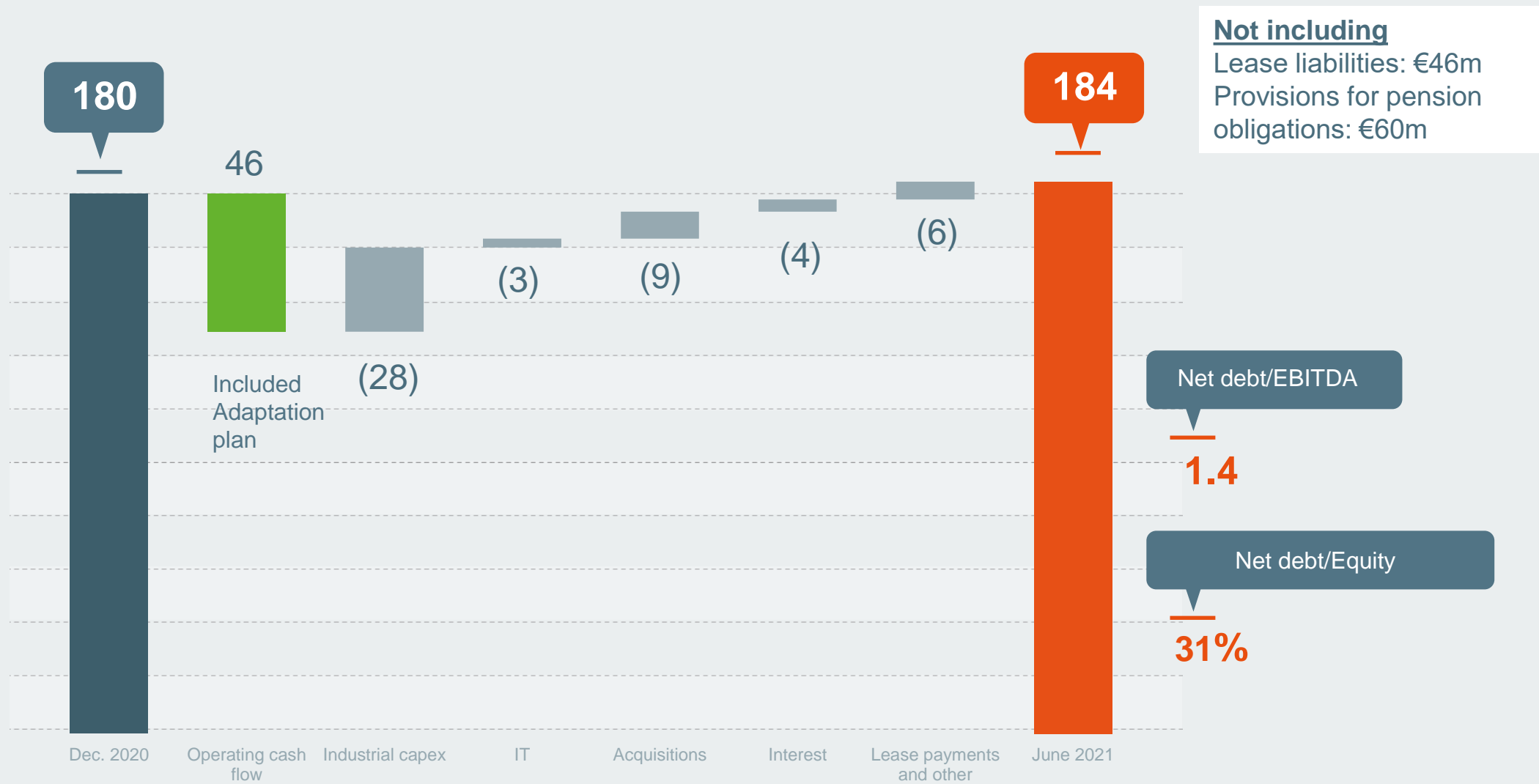
  
**Cash flow conversion\***  
**65%**

**Funding for capex**  
**€28m**

  
**WCR 20% of sales**  
(28% in H1 2020)

\* Operating cash flow before capex/EBITDA

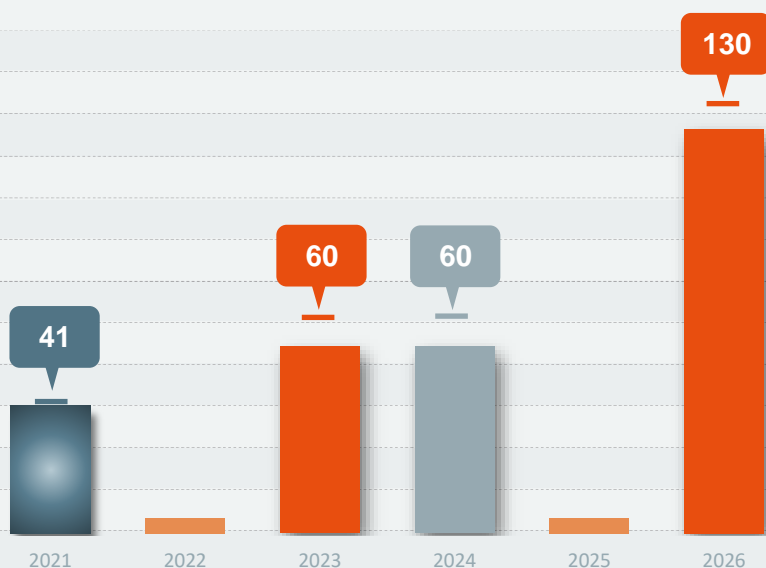
# Stable net debt, enabling the Group to finance its future growth



# A solid balance sheet with average debt maturity raised to 6 years after the new USPP

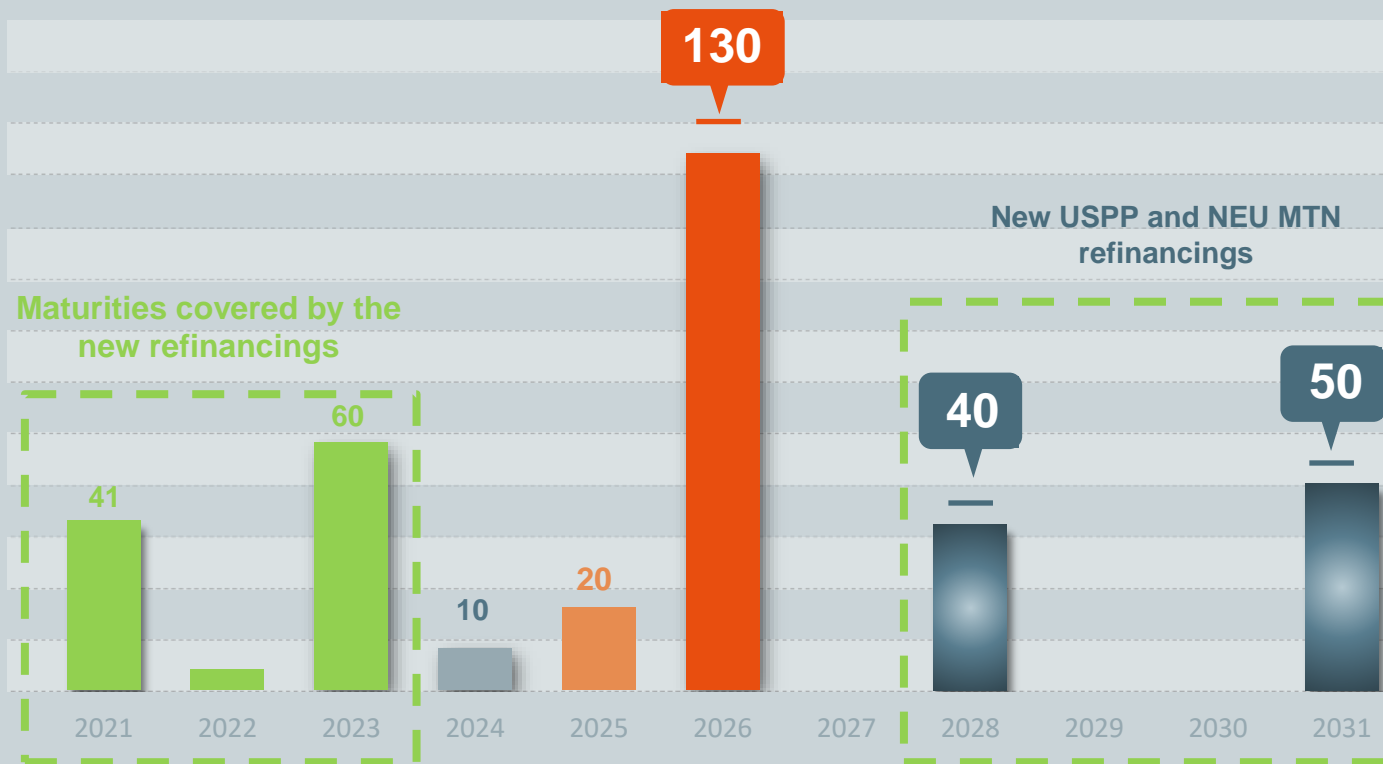


MATURITY SCHEDULE OF CONFIRMED FACILITIES DRAWN DOWN AT DECEMBER 31, 2020 (IN €M)



- USPP
- Schuldschein
- NEU CP and syndicated loan
- NEU MTN

REPAYMENT SCHEDULE OF COMMITTED FACILITIES DRAWN DOWN AT JUNE 30, 2021 INCLUDING A SIMULATION OF THE NEW USPP (IN €M)



+
 UNDRAWN COMMITTED FACILITIES (MATURING IN 2024) **€210M**
 AVAILABLE CASH **€81M**



# 2021 guidance revised upwards



**Guidance revised  
in early July  
based on trends  
observed in H1**

Original guidance:  
**Organic sales growth of between 2% and 6%**



Revision  
**Organic sales growth of between 6% and 8%**

Original guidance:  
**Operating margin before non-recurring items of between 8% and 8.8%**



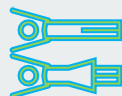
Revision  
**Operating margin before non-recurring items of between 9.2% and 9.6%**

An aerial photograph of a lush mangrove forest. The landscape is dominated by vibrant green vegetation, with numerous small, winding waterways and channels that create a complex, maze-like pattern. The water appears calm and reflects the surrounding greenery. A white rectangular box is overlaid on the left side of the image, containing the word 'Appendix'. A dark grey crosshair is visible in the top-left corner of the image.

# Appendix

# A strong commitment to **social responsibility**



		Target 2021	Achieved in 2020
 <b>PLANET</b>	<b>ECOLOGICAL TRANSITION</b> % of sales to sustainable dvpt	55%	56%
	<b>CLIMATE CHANGE</b> Intensity of GHG emissions (scopes 1 & 2)	- 20% by 2025 compared with 2018	<i>N/M. Target set up early 2021</i>
	<b>WASTE</b> Industrial waste recycling rate	+15-point	+14-point
	 <b>SUSTAINABLE SUPPLY CHAIN</b> Evaluation of suppliers	Evaluate our strategic suppliers	Charter signed by 46% of suppliers
 <b>PEOPLE</b>	<b>HEALTH &amp; SAFETY</b> LTIR, SIR, Safety visits	+15% in the number of safety visits LTIR ≤1.40 and SIR ≤60 in 2021	+ 10.9% LTIR = 1.54 and SIR = 64
	<b>OUTREACH</b> Human potential success rate	+3 point	+2 point
	<b>DIVERSITY</b> % women managers & executives	25% to 30% by 2022	24.2%
	 <b>TRAINING</b> % managers trained to Open Manager	100%	69%

## Diversified shareholding base

