Paris, August 31, 2011

First-half operating margin before non-recurring items of 12.9%
Mersen revises up its guidance for 2011

Key figures for the first half of 2011

Sales of €419 million up 16% on a like-for-like basis

Operating margin before non-recurring items up 3 points to 12.9%

Net income up 90% to €32.9 million

Free cash flow before capital expenditures[1] of €17.8 million compared with €30.4 million in H1 2010

Net debt of €229 million, up slightly compared with year-end 2010

Highlights

Strong growth in sales to the solar energy and electronics markets

Business boosted by renewed investment in the chemicals/pharmaceuticals sector

Significant improvement in the Group's profitability on the back of business volumes and positive pricing conditions

Buyout of minority interests in Mingrong Electrical Protection

Agreement with Corning to manufacture ceramic continuous flow reactors for the chemicals/pharmaceuticals sectors

Full-year 2011 objectives revised upwards

Double-digit organic growth

Operating margin before non-recurring items of at least 12%

Capital expenditures: around €60 million

Unless stated otherwise, changes are stated by comparison with the first half of 2010

Mersen's Supervisory Board met on August 30, 2011 and reviewed the financial statements for the first half as drawn up by the Management Board.

[1] After cash generated by discontinued operations

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Commenting on the results for the first half of 2011, Luc Themelin, Chairman of the Management Board, said: "Our interim results demonstrate the wisdom of our strategy and our ability to achieve and perhaps even exceed our objectives. During the first half, while the Group reaped the benefit of a supportive macro-economic environment, it capitalized first and foremost on its strategic positioning in markets related to sustainable development and its stronger presence in Asia. This contributed to help Mersen post sales of €419 million, up 16% on a like-for-like basis. This increase was achieved across all of the Group's geographical regions and across all of its markets.
The operating margin before non-recurring items beats its record level of 2008 and reached 12.9%. This performance was based on the continuous development of high value-added products catering to the needs of our customers. It also demonstrates the relevance of our strategy of selective investments in the latest industrial equipment, which has boosted our production capacity. Lastly, it was driven by the hard work put in by the Group's employees and by their backing for Mersen's values and strategy, which they have demonstrated on numerous occasions."

Condensed income statement

in millions of euros	**H1 2011**	**H1 2010**
Sales	**419.4**	**348.1**
EBITDA *% of sales*	**73.1** *17.4%*	**51.9** *14.9%*
Operating income before non-recurring items *% of sales*	**54.2** *12.9%*	**34.4** *9.9%*
Net income attributable to Mersen's shareholders	**32.9**	**17.3**

The Group's **consolidated sales** totaled €419.4 million. They increased by 20.5% on a reported basis and by 15.7% on a like-for-like basis.

EBITDA came to €73.1 million or 17.4% of sales compared with 14.9% in the first half of 2010. This represented an increase of 41%.

Operating income before non-recurring items came to €54.2 million, representing an operating margin before non-recurring items of 12.9%, up three points compared with the same period of 2010.

IFRS operating income stood at €51.8 million, after €2 million in non-recurring charges and €0.4 million in amortization of intangible assets.

Net income attributable to Mersen's shareholders came to €32.9 million, up from €17.3 million in the first half of 2010. This reflected a net gain of €1.6 million from discontinued operations owing chiefly to an earnout payment received from the buyer of the automobile activities sold in April 2009.

Advanced Materials and Technologies

The **Advanced Materials and Technologies** segment posted first-half 2011 sales of €189.4 million, up 19.7% on a like-for-like basis compared with the first half of 2010. On a reported basis, the segment's sales rose by 25.7% owing notably to the acquisitions of Yantai Zhifu Graphite and Boostec. Sales in the photovoltaic market grew rapidly compared with 2010. Until the end of June, they benefited from major original equipment deliveries to the Chinese solar industry. The very upbeat conditions in the replacement market also contributed to growth. The firm business trends in the process industries continued and sales to the electronics industry were again brisk, particularly in Asia. Business trends picked up significantly during the second quarter in the chemicals/pharmaceuticals market, especially in China and the phosphoric acid market.
EBITDA* came to €42.6 million or 22.5% of sales. This represented an increase of 50% compared with 2010 thanks to volume effects and a more favorable pricing environment. Operating income before non-recurring items came to €30.2 million, representing 15.9% of sales, up 82% compared with 2010.

Electrical Components and Technologies

The **Electrical Components and Technologies** segment recorded interim sales of €230 million, up 12.6% on a like-for-like basis compared with the first half of 2010. This represented a rise of 16.5% on a reported basis owing notably to the acquisition of M.Schneider. Sales held up well across all the segment's markets (energy, transportation, electronics and process industries) and in its three major geographical areas.
In the energy market, wind energy sales were again boosted by the development of the replacement market, while original-equipment sales recorded moderate growth. Solar energy sales were again very brisk in North America and Asia, while sales in certain European countries, such as Italy, were slower than at the beginning of the year.

EBITDA* came to €37.6 million or 16.4% of sales. This represented a rise of 23% on 2010 owing to the increase in sales volumes and firm pricing trends, which offset the impact of higher raw material costs.
Operating income before non-recurring items totaled €31.3 million. Operating margin before non-recurring items stood at 13.6% of sales, up one point from the first half of 2010.

Cash generated/(used) by operating and investing activities

Cash generated by operating activities before tax and change in the WCR came to €72.3 million in the first six months of the year, compared with €49 million in the first half of 2010.

Consumption of cash linked to the **working capital requirement** totaled €38 million compared with €15.9 million in the year-earlier period. This derived from the strong top-line increase, while the inventories/sales ratio was on a par with its year-end 2010 level and was far more favorable than at June 30, 2010.

Tax paid posted a significant increase to €16.3 million during the first half of the year owing to earnings growth and the use of tax losses in North America.

Net capital expenditures (excluding changes in the scope of consolidation) amounted to €18.4 million compared with €12.3 million in the first half of 2010.

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Debt and financial structure

At June 30, 2011, **net debt** stood at €228.8 million, compared with €220.1 million at December 31, 2010. In spite of a favorable currency effect, this represented a small increase owing notably to the acquisition debt resulting from the buyout of minority interests in Mingrong Electrical Protection (China).

The net debt/EBITDA ratio stood at 1.52x and the net debt/equity ratio came to 47%. At June 30, 2011, the Group held €130 million in confirmed bank lines not drawn down.

Dividend

A dividend of €0.75 per share was paid at the beginning of July. The option to receive payment of this dividend in shares was taken up by shareholders in respect of 70% of shares. Accordingly, 294,894 new shares were issued.

Subsequent events

At its meeting on August 24, 2011, the Supervisory Board decided to terminate Ernest Totino's duties as Chairman and Member of the Management Board. The Supervisory Board named Luc Themelin (who was already a member) as the new Chairman of the Management Board and appointed new members with immediate effect. The Management Board now also comprises Thomas Baumgartner, Group Vice President, Finance and Administration, Christophe Bommier, Group Vice President, High Temperatures, Didier Muller, Group Vice President, Electrical Applications, and Marc Vinet, Group Vice President, Electrical Protection.

2011 objectives

Mersen's business trends were boosted by brisk trends in most of its markets and by the geographical positioning adopted by the Group over the past few years. Given its upbeat sales performance and first-half results, Mersen is revising up its guidance for 2011, while continuing to watch the macro-economic environment very closely. It now forecasts double-digit organic growth in its sales and an operating margin before non-recurring items of at least 12%.

**Definitions:*

- EBITDA: Operating income before non-recurring items plus depreciation and amortization

Paris, August 31, 2011

Consolidated financial statements

Income statement

(€ m)	*H1 2011*	*H1 2010*
Sales	**419.4**	**348.1**
EBITDA*	**73.1**	**51.9**
% of sales	*17.4%*	*14.9%*
Operating income before non-recurring items	**54.2**	**34.4**
% of sales	*12.9%*	*9.9%*
Non-recurring income and expense	(2.0)	(1.0)
Amortization of remeasured intangible assets	(0.4)	(0.4)
Operating income	**51.8**	**33.0**
Net finance income/(costs)	(4.8)	(5.9)
Current and deferred income tax	(15.7)	(8.7)
Net income from continuing operations	**31.3**	**18.4**
Net income from assets held for sale	1.6	(1.1)
Net income attributable to Mersen's shareholders	**32.9**	**17.3**

**Operating income before non-recurring items + depreciation and amortization*

Segmental analysis excluding corporate expenses

In millions of euros	**Advanced Materials and Technologies**		**Electrical Components and Technologies**	
	H1 2011	H1 2010	H1 2011	H1 2010
Sales	**189.4**	**150.7**	**230.0**	**197.4**
EBITDA*	**42.6**	**28.3**	**37.6**	**30.6**
% of sales	*22.5%*	*18.8%*	*16.4%*	*15.5%*
Operating income before non-recurring items	**30.2**	**16.6**	**31.3**	**24.8**
% of sales	*15.9%*	*11.0%*	*13.6%*	*12.6%*

**Operating income before non-recurring items + depreciation and amortization*

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Statement of cash flows

(€ m)	*H1 2011*	*H1 2010*
Operating activities		
Operating cash flow before changes in the WCR	**72.3**	**49.0**
Change in the WCR	(38.0)	(15.9)
Income tax paid	(16.3)	(1.9)
Cash generated by discontinued operations	(0.2)	(0.8)
Operating cash flow	**17.8**	**30.4**
Investing activities		
Cash generated/(used) by investing activities excluding changes in scope	(18.4)	(12.3)
Changes in scope	0.9	(14.3)
Cash generated/(used) by investing activities	(17.5)	**(26.6)**
Cash generated/(used) by operating and investing activities	**0.3**	**3.8**

Simplified balance sheet

(€ m)	*June 30, 2011*	*Dec. 31, 2010*
Assets		
Non-current assets	600.4	627.6
Inventories	176.6	168
Trade and other receivables	159.5	135.5
Other assets	4.7	5.4
Total	**941.2**	**936.5**
Liabilities and equity		
Equity	479.7	493.7
Provisions	6.2	4.6
Employee benefits	36.6	36.7
Trade and other payables	142.2	138.4
Other liabilities	47.7	43
Net debt	228.8	220.1
Total	**941.2**	**936.5**
Net debt/equity	**47%**	**44%**
Net debt/EBITDA	**1.52x**	**1.86x**

The interim financial report is available for download from the Mersen and AMF websites.

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Paris, August 31, 2011

Diary dates

Third-quarter 2011 sales: October 25, 2011

About Mersen

Global expert in materials and solutions for extreme environments as well as in the safety and reliability of electrical equipment, Mersen designs innovative solutions to address its clients' specific needs to enable them to optimize their manufacturing process in sectors such as energy, transportation, electronics, chemical, pharmaceutical and process industries.

The Group is listed on NYSE Euronext Paris – Compartment B

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