



November 2020

**Developing the best technologies for the industries
of the future**

Mersen in a nutshell

🎯 A sustainable, growing and **profitable** company (€950m sales in 2019)

🎯 An **industrial** company with a human scale (6,500 employees around the world)

🎯 An energy to **innovate** for 130 years (16 R&D centers)

🎯 A company attentive to meet and anticipate **customer demands** for their mission-critical needs

🎯 A business respectful of **ethics** and **environment**.

What makes Mersen unique?

Expertise

Advanced Materials

Electrical Power

Efficient innovation

Competitive differentiation

High barriers of entry (graphite formulation, norms and regulations)

Customized products (>65%)

Global footprint

Positioned on attractive markets

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

Highly buoyant markets:
SiC semicon, EV

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

An historical and strong ESG approach

E
environment

Contribution to the ecological transition

Reduction of the environmental footprint of our plants

Social and Environmental performance of our supplier

S
social

Diversity

Health and Safety culture

Collective intelligence

G
governance

Ethical behavior

Risk management

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

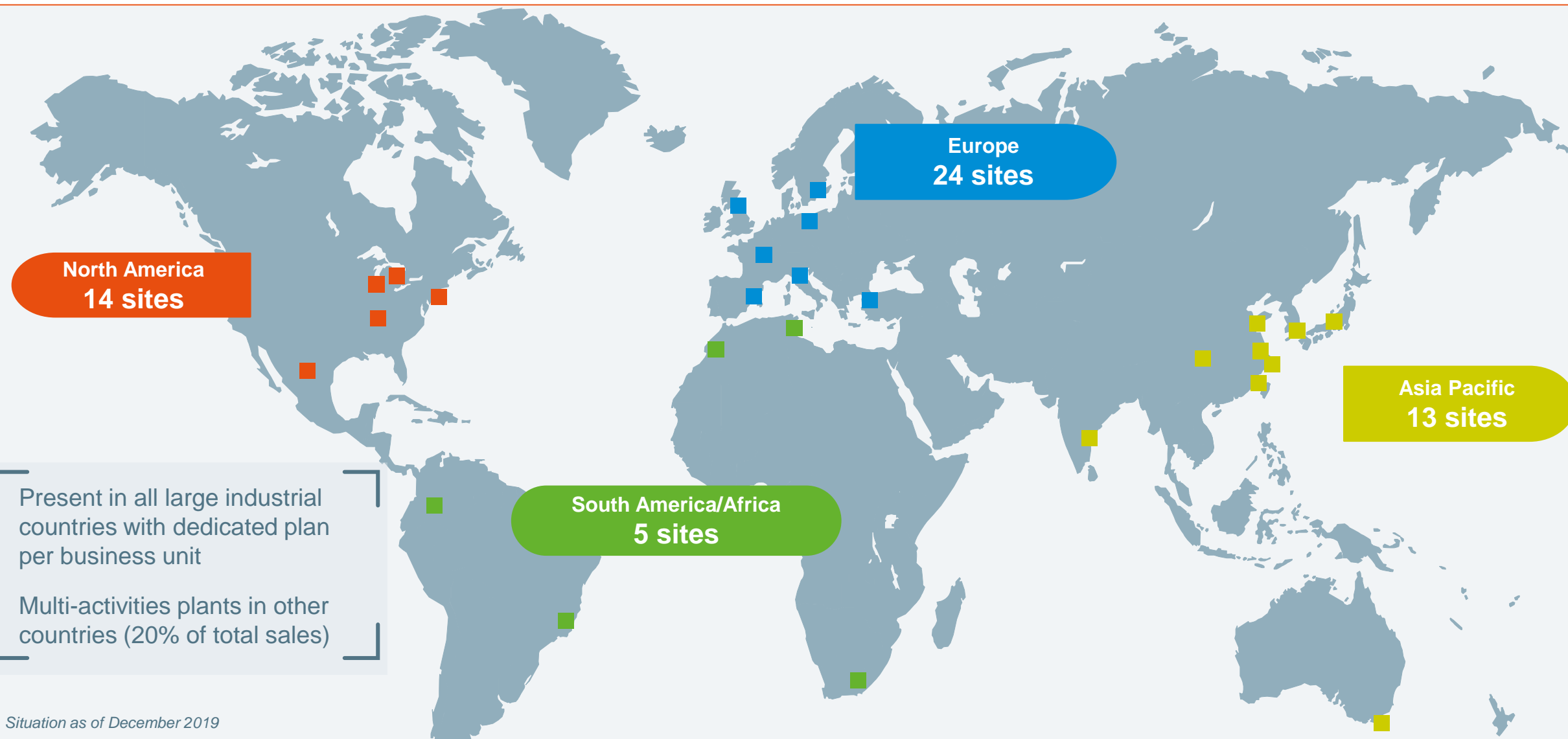


Capacitors

Only customized offering of bundled passive components on the market

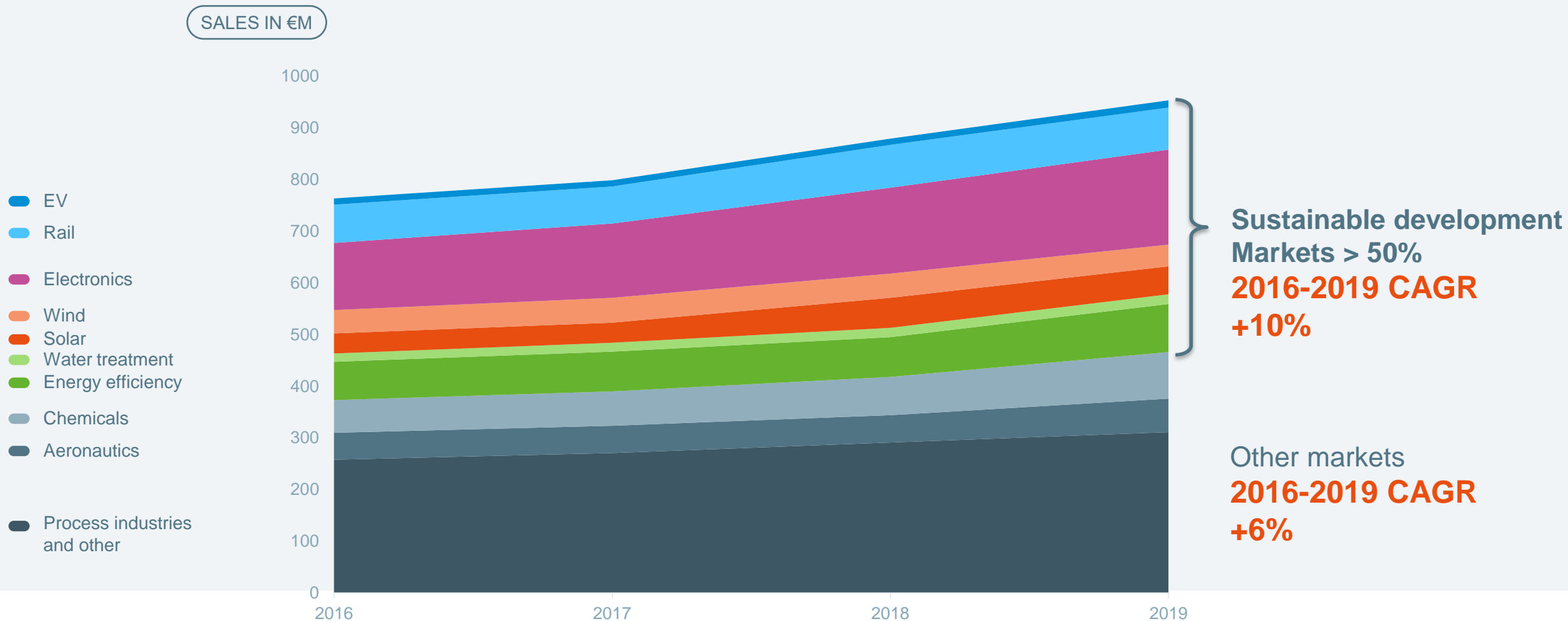
Competitors: Eaton (US), Rogers (US), Methode (US), Lytron (US), Cornell Dubilier (US), Panasonic (Jp)

A global footprint to maximize customer intimacy



Situation as of December 2019

Strong position in sustainable development markets, key drivers for the future



Acquisitions to speed up growth



**COLUMBIA
AGM ITALY
AMERICARB**

**SHAPE
THE FUTURE**
by acquiring
production capacity



**MERSEN GALAXY
CIRPROTEC
MERSEN HATAN**

ACCELERATE EXPANSION
in sustainable development
markets



**FTCAP
IDEALEC
CALY TECHNOLOGIES**

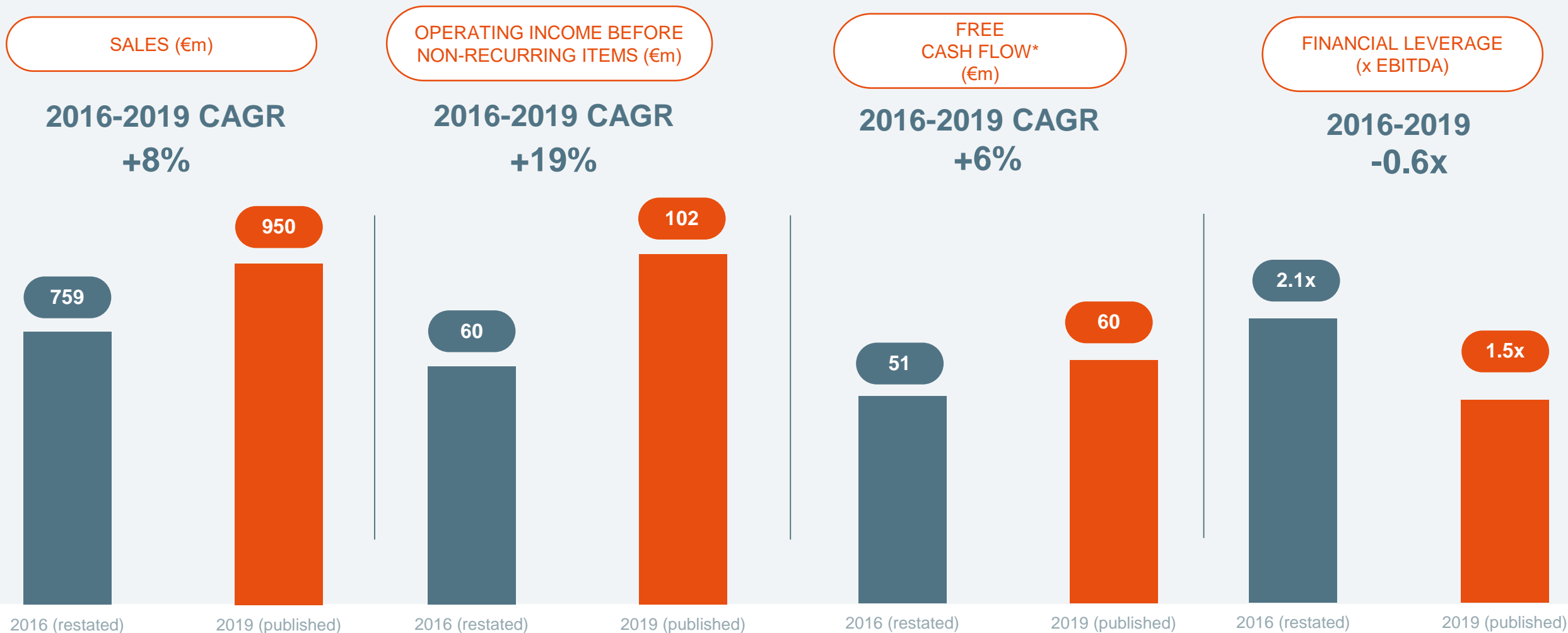
**STRENGTHEN
EXPERTISE**
and accelerate innovation



**LGI
GAB NEUMANN**

**DEVELOP
A SERVICES BUSINESS**
for the chemicals industry

Four years of development and transformation strengthened Mersen



*Operating cash flow after capital expenditure

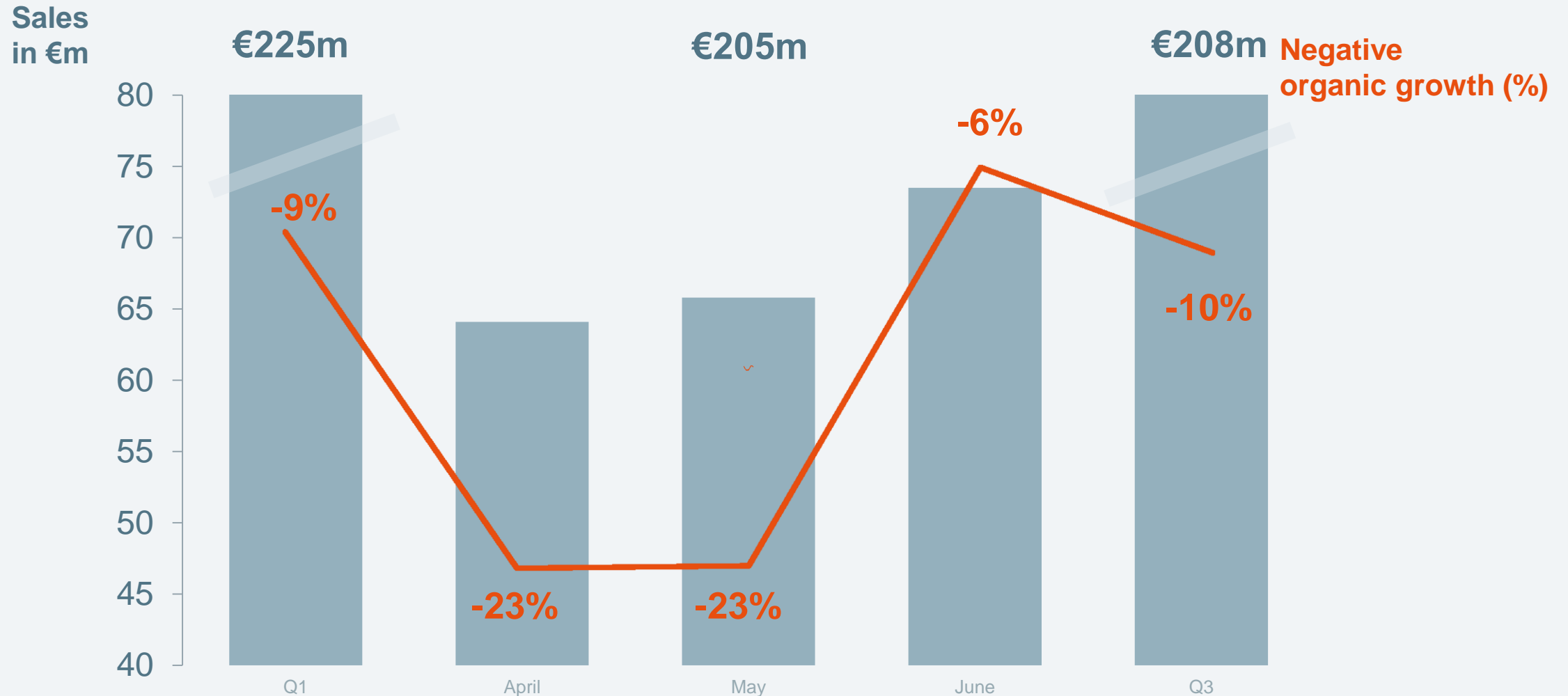
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9 months 2020 Business Performance

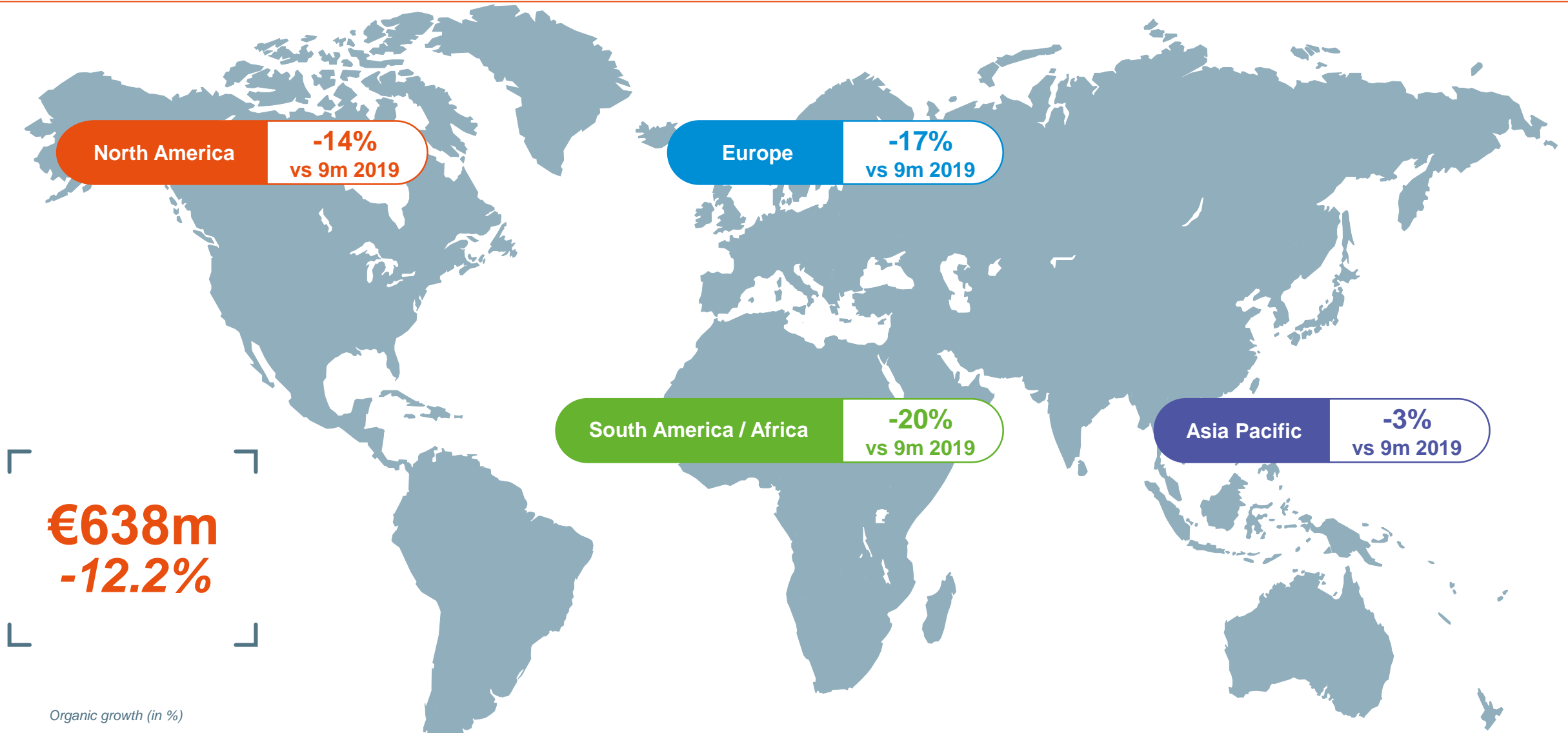
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The Covid-19 impact was particularly significant in April and May – Slight rebound in Q3

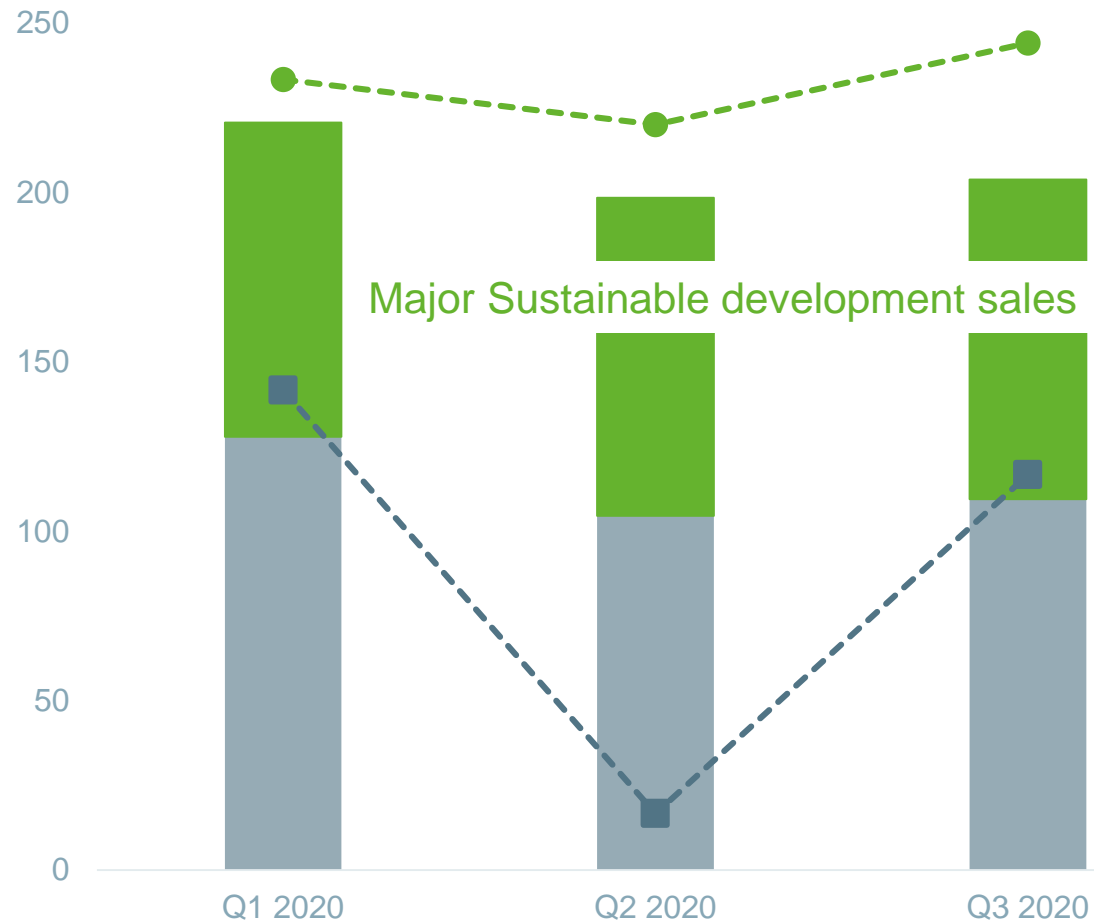


Mersen's 9 months 2020 Sales by geography: Asia stands out



Sustainable development markets are showing more resilience

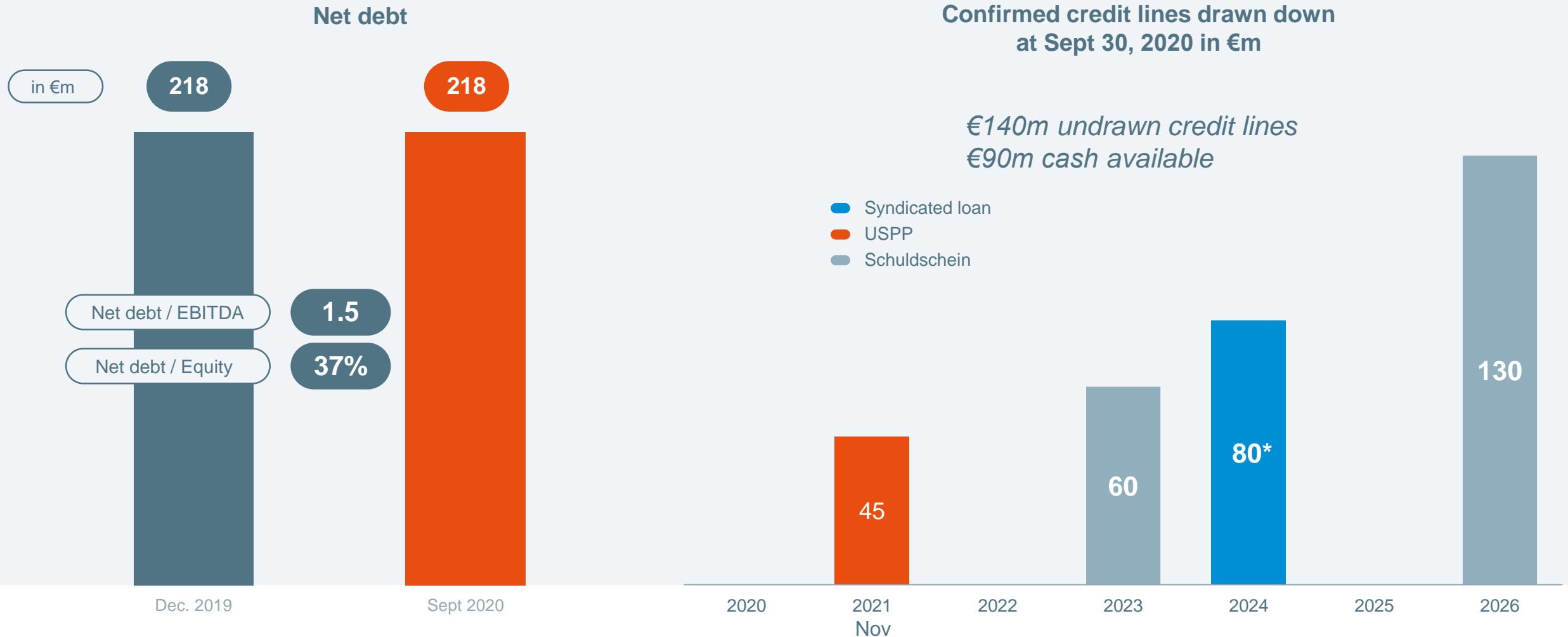
Sales in €m



Organic growth



Strong financial leverage and solid balance-sheet



* Including €40m for NeUCP backup

02

2020 Guidance



A contrasted picture calling for targeted actions (1)

Highly buoyant markets requiring on-going investment

■ SiC semicon:

- Investments underway in Europe for flexible and rigid insulating felt solutions to meet demand in Europe and Asia.
- Local production of felts for the semiconductor manufacturers in the US (Americarb)

■ **Electric Vehicles:** technical qualification process underway with car manufacturers

Continued implementation of the industrial strategy for the long term

- Center of excellence in Columbia in order to position the Group for the long term on graphite
- Gradual ramp-up

A contrasted picture calling for targeted actions (2)

Adaptation to structural decline: aeronautics, chemicals markets

- Restructuration on sites highly dependent on these markets

Addressing the current context

- Furlough measures when needed

Ongoing review of the industrial efficiency

- New modern plant in China for fuses
- Capacitors business line regrouped in Germany
- Efficiency measures, globally

2020 guidance

- Organic decrease of sales for the full year: between -12% and -14%
- Operating margin before non recurring items: between 7% and 8%
- **€55m of non-recurring costs (of which €30m are non cash)**
 - €20 m are linked to social costs and other
 - €20 m depreciation of goodwill + €10m depreciation of other assets
 - €5m already booked in H1 2020
- Capex: €[55-60]m + €[15-20]m for Columbia

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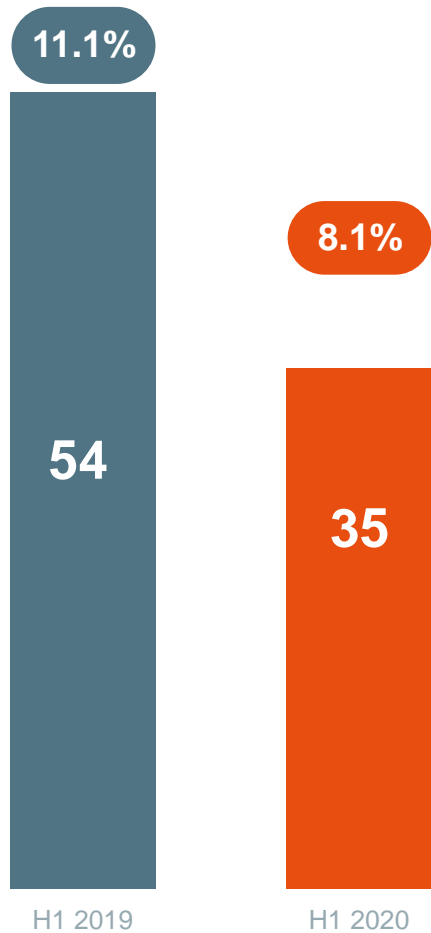
Appendix

Rapport des CAC



A largely negative volume effect partly offset by cost flexibilization

Current Operating result in €m

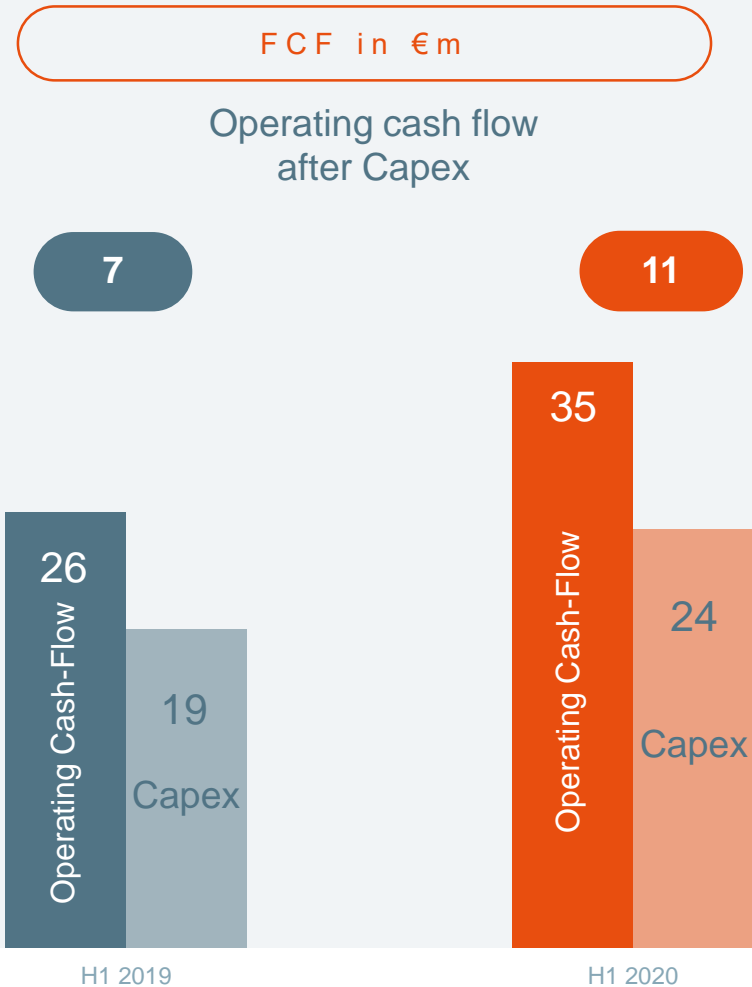


in %

H1 2019 Current Operating margin	11.1%
Volume effect	-5.3
Cost flexibilization	+1.3
Impact of productivity	+1.4
Cost inflation	-1.1
Impact of exchange rates, scope and other	+0.7
H1 2020 Current Operating Margin	8.1%

Price effect slightly positive
No mix effect
Stable raw material prices

Higher cash flow generation than in H1 2019, in spite of the context



Seasonality always unfavourable in the first half of the year



WCR: 28% of sales*

Safety stock build-up
Stable customer delays
Increase in trade receivables (seasonality)

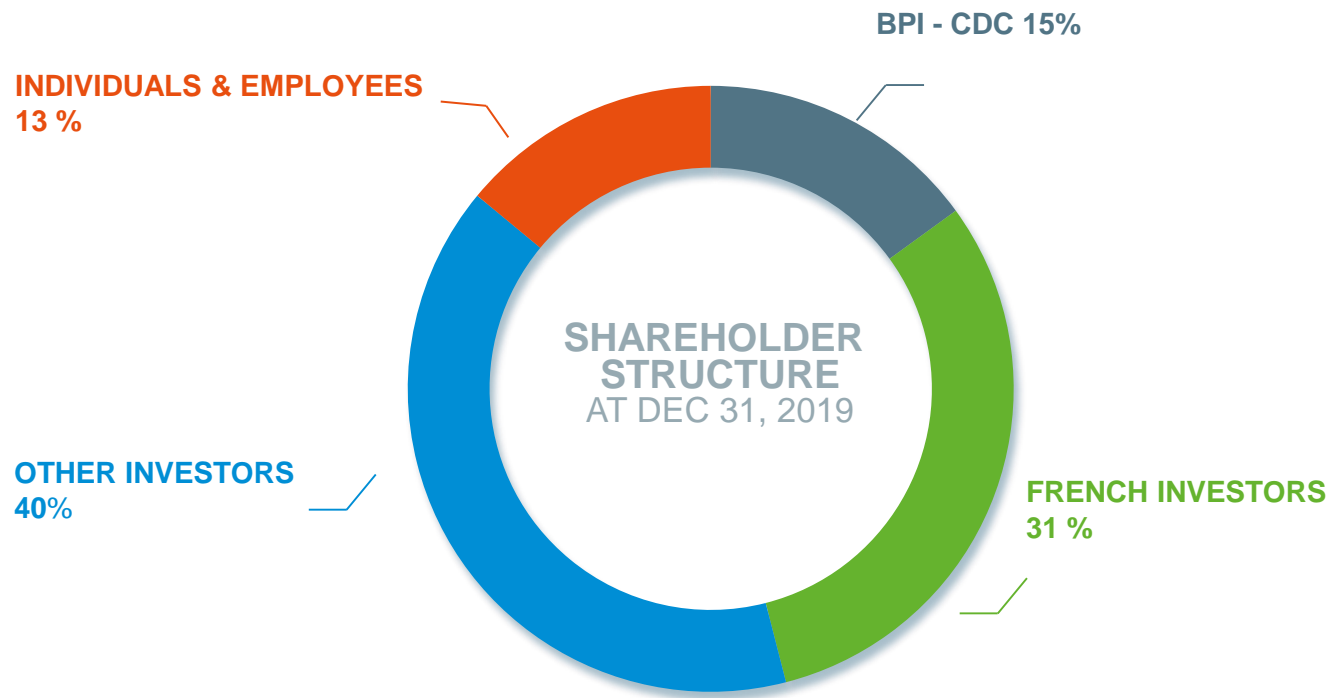


Capex contained

Slowdown of some projects due to the context.
Continuation of the Columbia project (€9m)

* Unfavourable calculation as it is based on 2nd quarter sales

Shareholding structure as of Dec. 2019



CORPORATE GOVERNANCE STRUCTURE

Abides by the AFEP-MEDEF's code of corporate governance



Dual structure
(Chairman of the Board, CEO)



2 specialized committees
(Audit & Accounts, Governance & Remuneration)



8 members
2 representatives of BPI
1 employees representative
71% INDEPENDENT
57% FEMALE

