

MERSEN STEPS UP ITS OPERATIONAL EXCELLENCE PLAN

- PLAN TO REORGANIZE MANUFACTURING UNITS ADDRESSING THE CHEMICALS MARKET AND CERTAIN PRODUCT LINES IN THE ELECTRICAL POWER SEGMENT
- CUMULATIVE COST SAVINGS OF €40-45 MILLION BY 2018

PARIS, 13 SEPTEMBER 2016 - Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, has announced its intention to step up the Operational Excellence plan that it began in early 2016. This will enable Mersen to become more competitive with more efficient industrial processes and cost base reduction. With this plan, which is subject to a disclosure and consultation process involving staff representative bodies, the Group will reorganize:

- Its manufacturing units addressing the chemicals market in order to adjust them to the level of activity. That will involve transfers of product lines and an adjustment of the workforce.
- Product lines in the Electrical Power segment that are not sufficiently profitable or competitive. That will lead to an industrial reorganization, with some production being transferred and the workforce adjusted.

Luc Themelin, Mersen's Chief Executive Officer, declared: *"the decision to step up our Operational Excellence plan supplements the series of measures we have taken in the last two years in order to meet the challenges in our various markets. Firstly, the Transform plan simplified Mersen's industrial organization, particularly in Europe; we then reorganized our two business segments in order to bolster synergies, commercial effectiveness and innovation; and in early 2016 we announced the launch of an Operational Excellence plan, the pace of which can now increase under the new organization. Our first-half results provided initial evidence that measures we have already taken are proving effective and are important in an environment that remains complex. The Group is fully aware of the social impact of this plan, but this new phase is necessary for Mersen to take full advantage of the potential in our growth markets and to make the Group more solid."*

The new measures would involve the termination of around 130 positions in France at the Pagny-sur-Moselle and Saint-Bonnet-de-Mure sites. Employee support measures will be proposed and discussed within each entity concerned, with regard to both the Group's legal obligations and local practices. Mersen will carry out the plan in accordance with its policy of ensuring high-quality social dialogue.

The Operational Excellence plan, which includes the measures announced in March, will reduce the Group's cost base by €40-45 million between now and 2018; some of those savings were already included in the 2016 guidance set at the start of the year. Overall, the plan in place since the

beginning of the year will reduce Group headcount by around 300. The overall cost, including employee benefits costs, is estimated at €35 million (€30 million net of tax), mainly in cash. The cost will be recognized under non-recurring expenses, mainly in the Group's 2016 financial statements.

As part of its product portfolio management, Mersen has decided to begin discussions with a view to selling the high-voltage switches business at the Saint-Loup-de-Naud site in France, since it generates few synergies with the Electrical Power segment's other businesses. Mersen has signed an exclusivity agreement with a European specialist in this business area, which could result in the business being sold by the end of the year. In accordance with IFRSs, the business will be classified under discontinued operations in the Group's 2016 financial statements. The transaction would reduce sales by €5 million and net income by €6 million, mainly because of asset impairment charges.

The Group is maintaining its guidance for 2016, i.e. full-year sales similar to 2015 at constant scope and exchange rates, and operating margin before non-recurring items around 7.5% of sales.

ABOUT MERSEN

Global expert in electrical power and advanced materials, Mersen designs innovative solutions to address its clients' specific needs to enable them to optimize their manufacturing performance in sectors such as energy, electronics, transportation, chemicals & pharmaceuticals and process industries.

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