

## MERSEN: FIRST QUARTER 2020 SALES OF €225 MILLION

- SALES DOWN 6.4% IN THE UNPRECEDENTED CONTEXT OF COVID-19; DECREASE OF 8.9% ON AN ORGANIC BASIS VS FIRST-QUARTER 2019
- PRIORITY GIVEN TO THE HEALTH AND SAFETY OF OUR EMPLOYEES AND BUSINESS CONTINUITY
- SOLID FINANCIAL STRUCTURE

**PARIS, APRIL 29, 2020** – Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, has reported consolidated sales of €225 million for the first quarter of 2020.

This figure corresponds to a 6.4% drop in sales compared with the first quarter of 2019 and takes into account a favorable currency effect linked primarily to the appreciation of the US dollar and the integration of companies recently acquired. Sales for the first three months of 2020 were down 8.9% on an organic basis vs the same period last year.

In millions of euros	Q1 2020	Q1 2019	Like-for-like growth	Scope effect	Currency effect	Reported growth
<i>Advanced Materials</i>	128.8	139.3	-11.0%	3.2%	0.3%	-7.5%
<i>Electrical Power</i>	96.4	101.2	-5.9%		1.3%	-4.7%
Europe	79.4	84.0	-10.6%	5.2%	-0.1%	-5.5%
Asia-Pacific	61.0	63.6	-4.7%	0.6%	0.0%	-4.1%
North America	77.5	83.7	-9.6%		2.7%	-7.5%
Rest of the World	7.3	9.1	-15.0%		-5.9%	-20.0%
<b>Group</b>	<b>225.2</b>	<b>240.5</b>	<b>-8.9%</b>	<b>1.9%</b>	<b>0.7%</b>	<b>-6.4%</b>

Unaudited figures

See glossary

Mersen’s Chief Executive Officer, Luc Themelin, said: “*The decline in sales reported in the first quarter reflects the first signs of the health and economic crisis that is now affecting all the countries in which we operate. To mitigate the consequences of this crisis, the Group has introduced strict controls on costs and capital expenditure, while also increasing monitoring of inventories and trade receivables. We are doing everything we can to protect Mersen and ensure the Group is in a position of strength in all its markets when activity recovers. Our priority remains the health and safety of our employees, who have ensured the continuity of operations since the beginning of the crisis. Once again, I would like to thank all the teams in all countries for their daily commitment.*”

## PERFORMANCE BY SEGMENT

Sales in **Advanced Materials** amounted to €129 million in the first quarter of 2020, down 11% on an organic basis in comparison with the same period last year. The renewable energies market remains well-oriented, while others are suffering from the global economic downturn. As previously reported, the comparable base is high in the chemicals market (particularly in Europe) and electronics market (mainly in North America).

**Electrical Power** sales amounted to €96 million for the quarter, down almost 6% on an organic basis. The transportation and process industries markets are in sharp decline across the Asia-Pacific and Europe regions. By contrast, electrical distribution in the United States has held up well since the beginning of the year.

## PERFORMANCE BY REGION

In **Europe**, the situation deteriorated in March, as a result of the lockdown measures taken in each country. The aeronautics and process industries markets have been the worst affected. In **Asia**, China reported growth of over 8% for the quarter, confirming a recovery in activity, particularly in the renewable energies market. The situation in Japan improved at the end of the quarter. However, business in India slowed significantly in March. Lastly, the decline reported for **North America** was mainly due to a very high comparable base, particularly in the electronics and process industries markets of the Advanced Materials segment. Business was strong for Electrical Power, notably through the electrical distribution market.

## BUSINESS REVIEW AND OUTLOOK

At April 29, 2020, approximately 85% of Group plants are operational, with some running at reduced capacity. The situation is still evolving at several facilities, in line with government decisions and regulations and the activity level of our clients and suppliers.

Based on the initial indications of the activity level in April, the Group expects the Covid-19 health crisis to have a significant impact in the second quarter, particularly in Europe and America. However, at this stage, the Group is not in a position to quantify the effects that the economic slowdown and the various government recovery plans will have on its business in 2020.

## STRONG FINANCIAL STRUCTURE

At the end of March, the Group's net debt had changed little since the end of December, with the fall in sales leading to lower working capital requirements in comparison with usual seasonal trends.

Mersen has a solid financial structure, with a total of €132 million in undrawn credit lines and €100 million in cash (including €30 million covering the maturities on the NEUCP commercial paper program) at end-April

2020, that will see it through this health crisis, even if it were to extend over several months. The Group has not yet noted any drift in payment terms.

The Group has no major debt maturities to be met before November 2021 other than those linked to the above-mentioned NEUCP program.

In addition, for its syndicated banking credit and USPP facilities, the Group has obtained, at its request, greater flexibility as regards the leverage test (ratio of net debt/EBITDA) of its financial covenant at June 30, 2020<sup>[1]</sup>, increasing the ratio to 4.5x versus 3.5x before the amendment. This mechanism allows the Group to approach this period with greater assurance, even if it does not currently anticipate reaching these levels.

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[1] The calculation of the covenant at end of June is made based on the EBITDA for the first half of the year, multiplied by 2

## GLOSSARY

Organic growth: determined by comparing sales for the year with sales for the previous year, restated at the current year's exchange rate, excluding acquisitions and/or disposals.

Scope effect: contribution from companies acquired in the year in relation to sales for the year.

- Advanced Graphite Materials Italy, a benchmark European player in finishing for customized extruded graphite parts has been consolidated since December 1, 2019.
- On February 28, 2020, the Group finalized the acquisition of GAB Neumann, a specialist in the design, manufacture and sale of graphite and silicon carbide (SiC) heat exchangers for the chemicals market. It has been consolidated since March 1, 2020.

Currency effect: calculated by comparing sales for the previous year at the exchange rate of the previous year with sales for the previous year at the exchange rate of the current year.

## FINANCIAL CALENDAR

*First-half 2020 results: July 31, 2020 before trading*

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## ABOUT MERSEN

A 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.

Mersen, with its 6,800 employees working across 35 countries, recorded sales of €950 million in 2019.

## MERSEN IS LISTED ON Euronext Paris – COMPARTMENT B

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