



January 2021

**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
(presence in **35 countries**)

 A business respectful of **ethics** and **environment**.
(**50%+ of sales** in sustainable development markets)

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

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

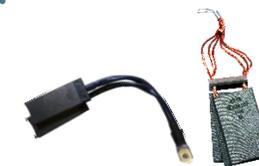


Ultra pure graphite electrodes for polysilicon production



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

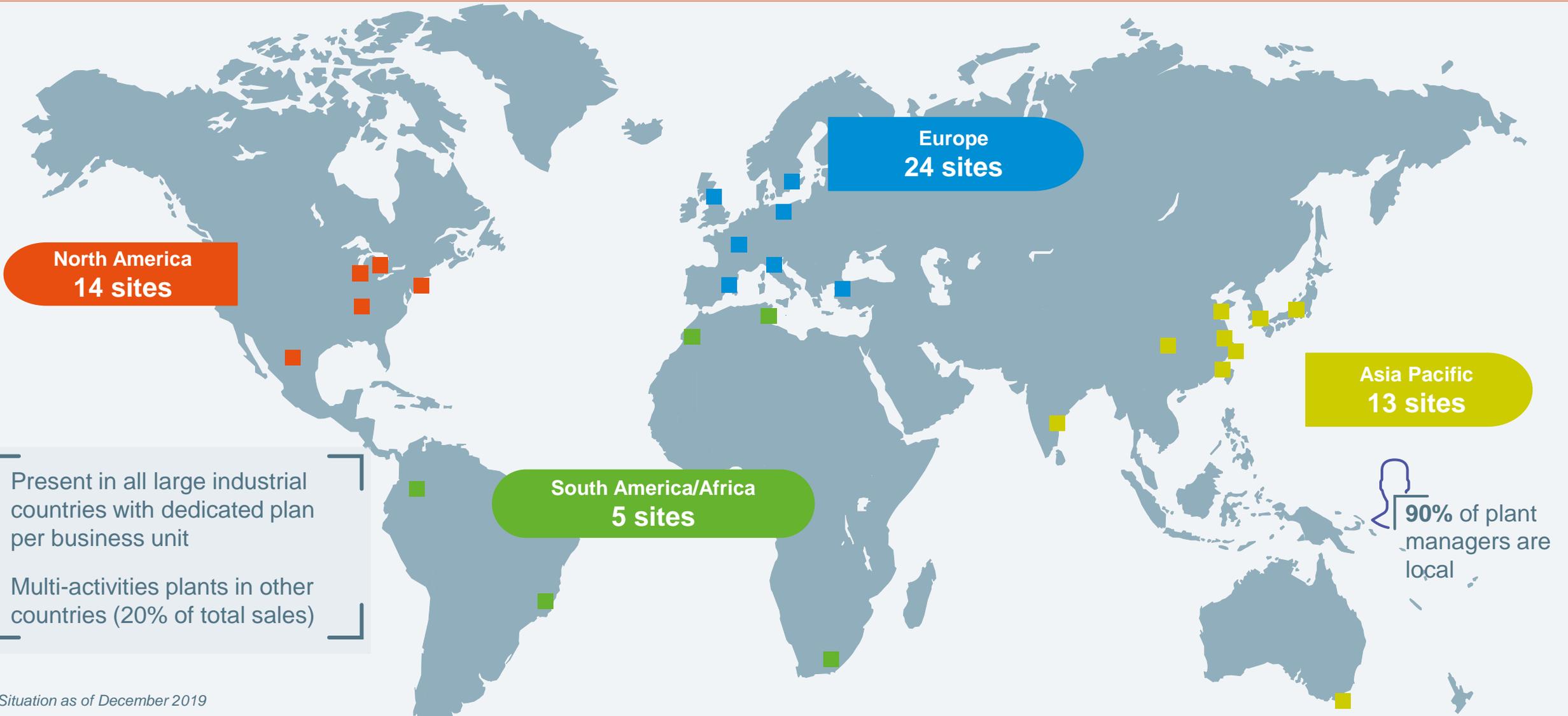
Cooling devices

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



For prestigious and exacting customers

as a % of sales in 2019

34%

PROCESS INDUSTRIES

12%

CHEMICALS

17%

TRANSPORTATION

20%

ELECTRONICS

17%

ENERGY

> 65% customized products

Replacement market
65% of sales

Largest client
~3% of sales

Longstanding ties



ALSTOM



BOMBARDIER



AIRBUS

THALES

SIEMENS



ABB



TMEIC

WACKER



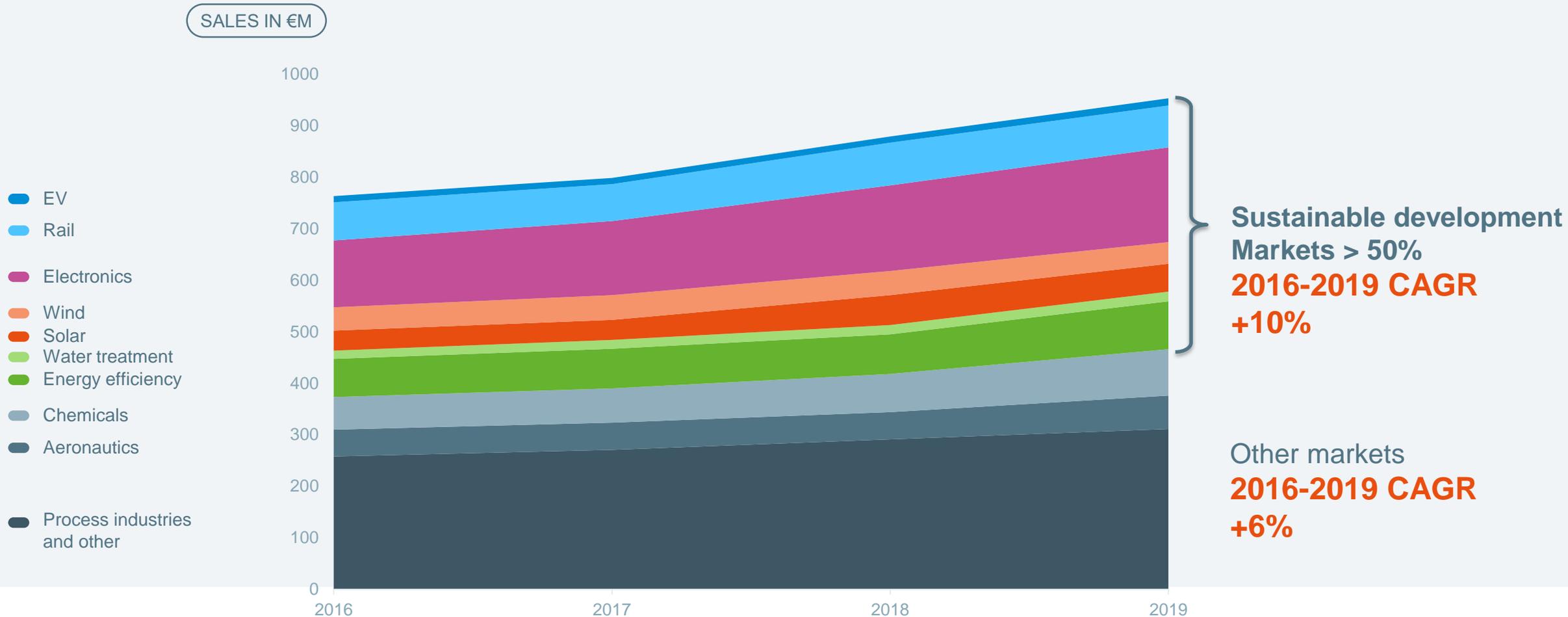
Vestas

SIEMENS

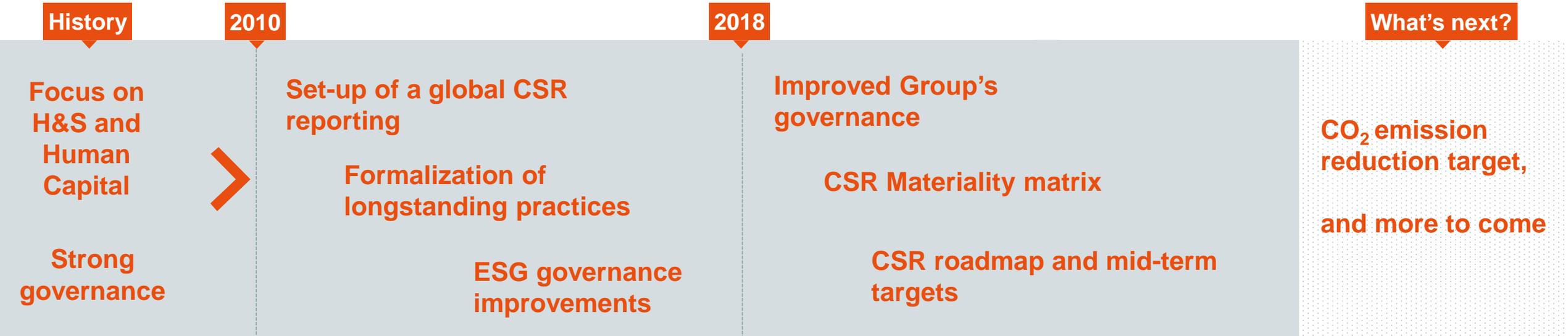
LONGi 隆基

GlobalWafers

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



A longstanding CSR strategy, ...



... demonstrated by recognized commitments



ISS QualityScore

Governance	2
Environment	3
Social	3

Lower Governance Risk = 1
 Higher Governance Risk = 10
 Higher E&S Disclosure = 1
 Lower E&S Disclosure = 10

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**

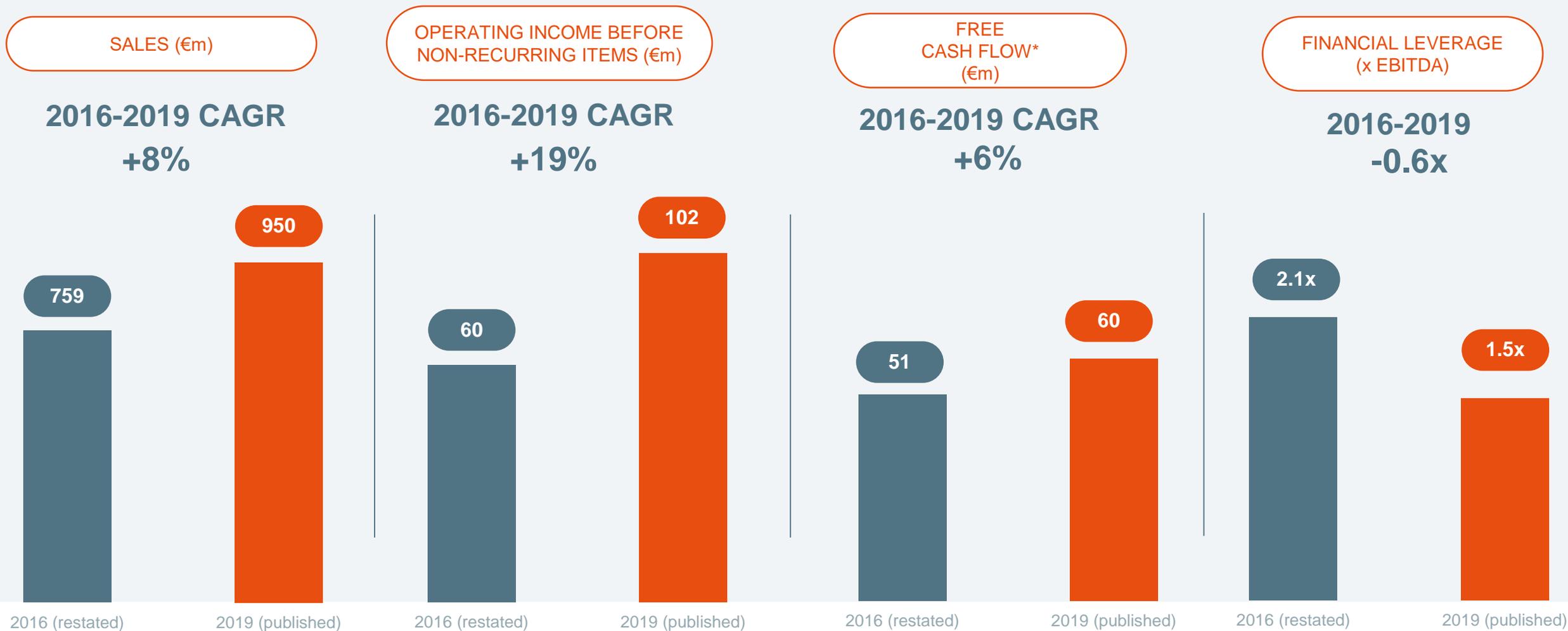
**STRENGTHEN
EXPERTISE**
and accelerate innovation



**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

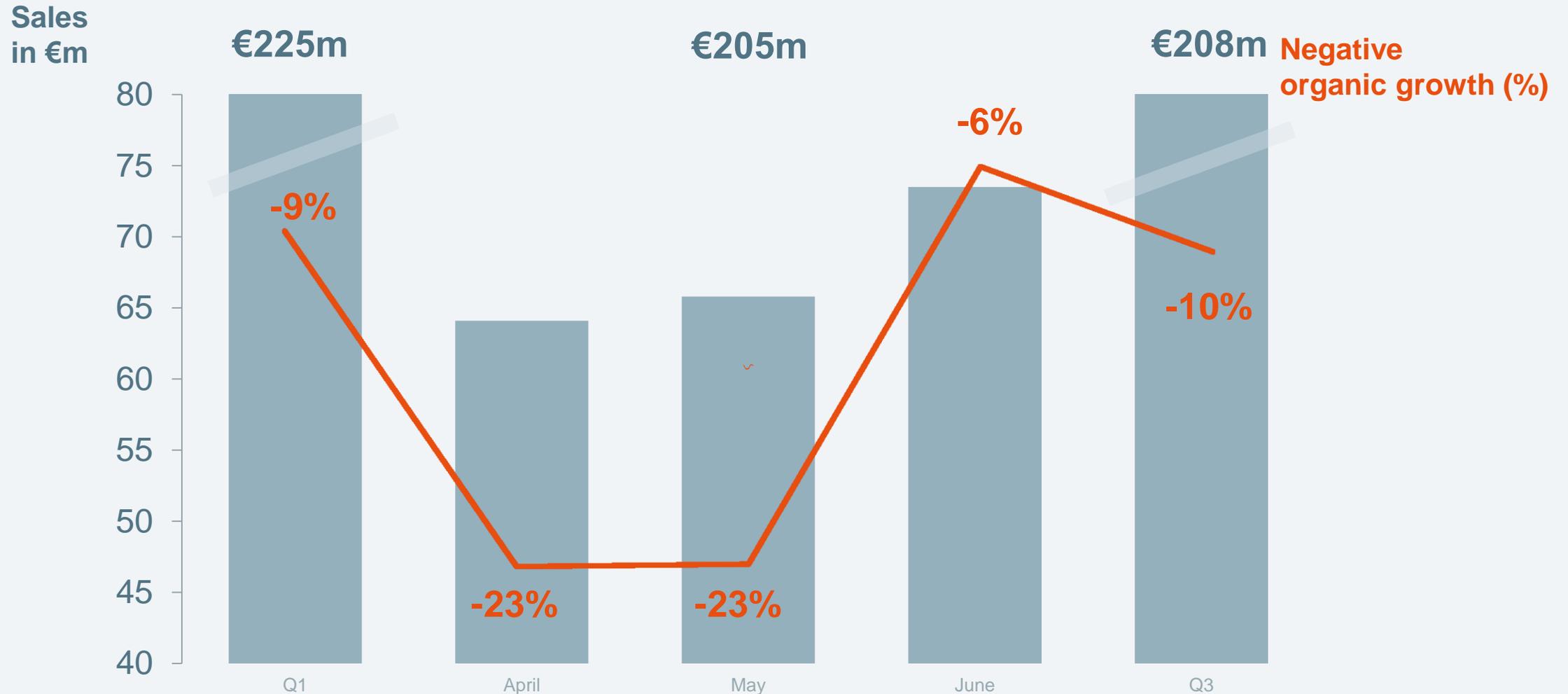


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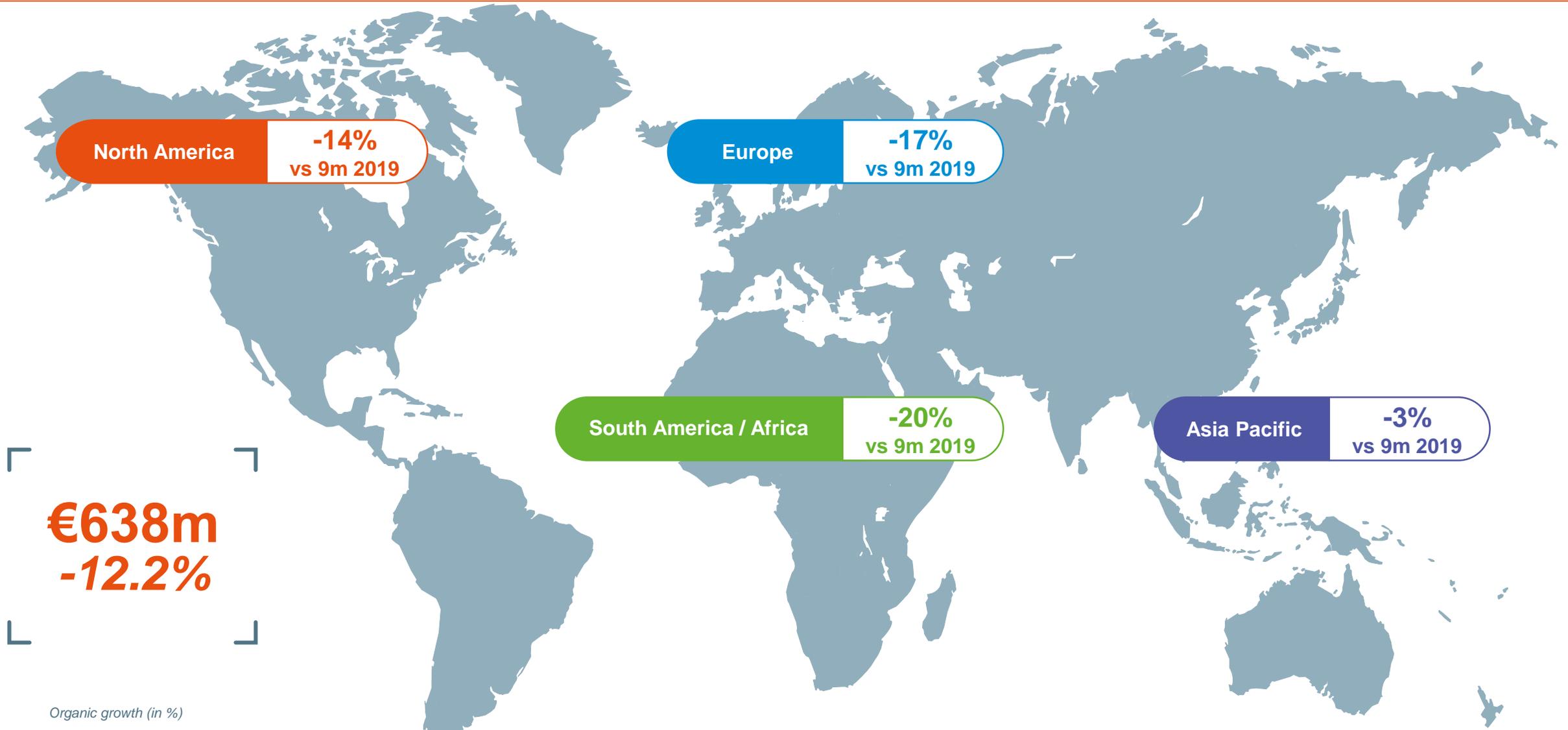
**2020
9-months Business
Performance & FY
Guidance**

merseN

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



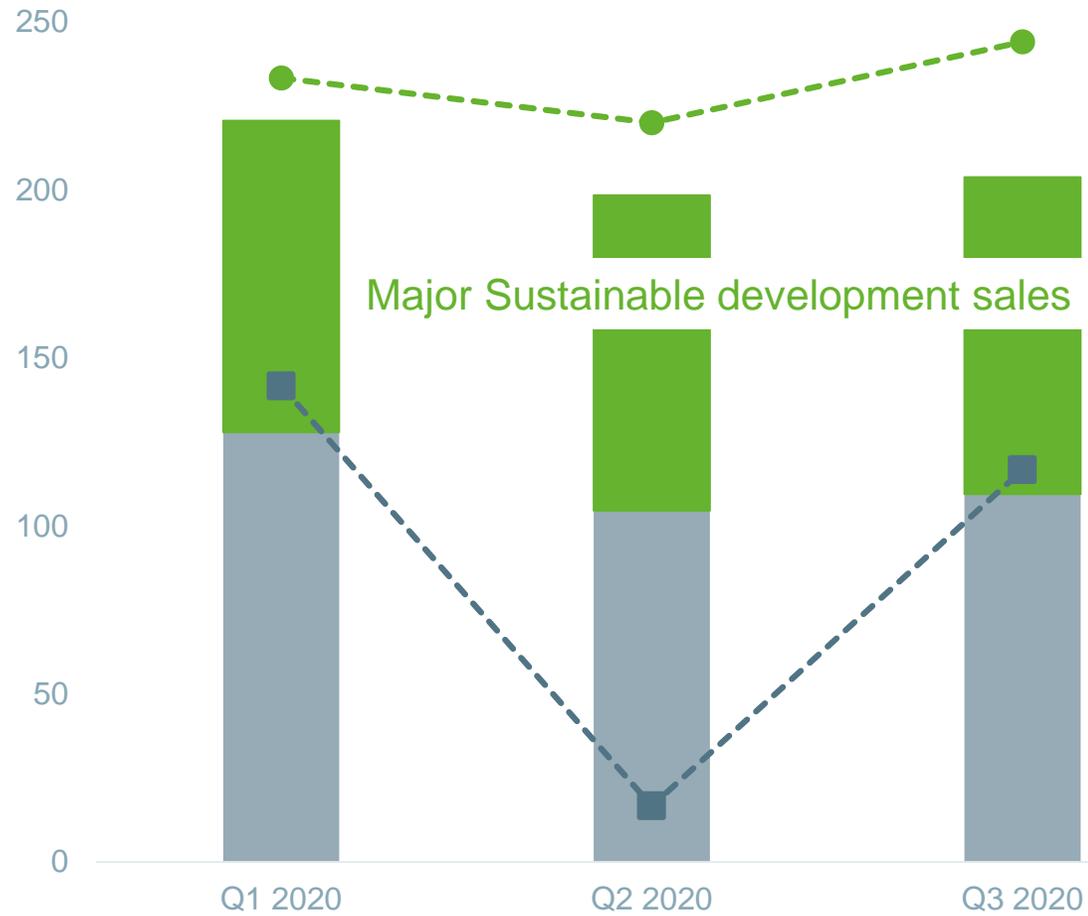
Mersen's 9 months 2020 Sales by geography: Asia stands out



Organic growth (in %)

Sustainable development markets are showing more resilience

Sales in €m



Organic growth



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 (expected gains: €16 million on a FY basis)
 - €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**

Strong financial leverage and solid balance-sheet



* Including €40m for NeUCP backup

02

An emblematic
growth driver

merseN

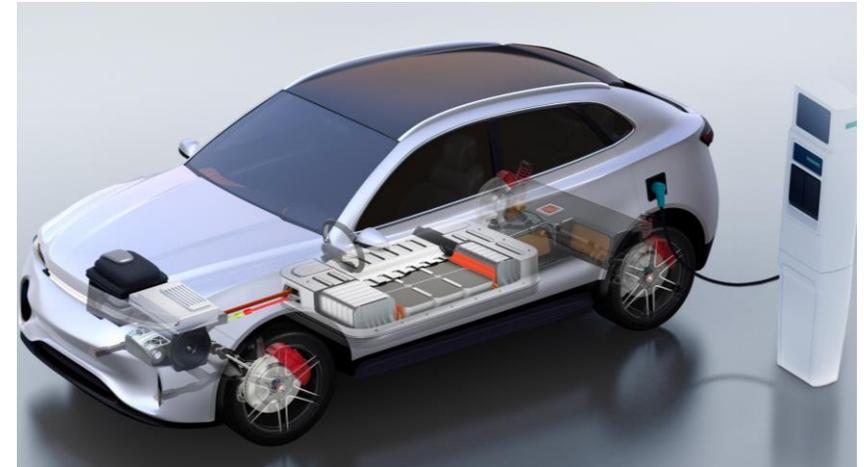


Mersen in the EV market: across all the value chain

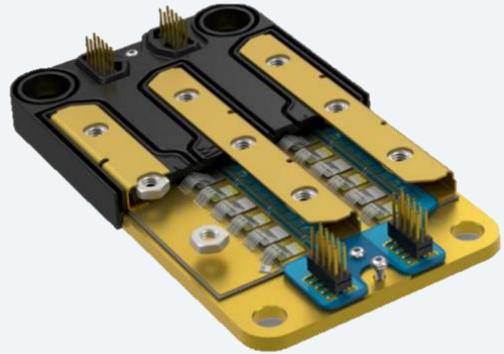
Manufacturing of SiC devices
Advanced Materials expertise



Protection of the battery
Electrical Power expertise



Why SiC devices?



Performance

Superior high-temperature,
high-frequency, and high-voltage performance

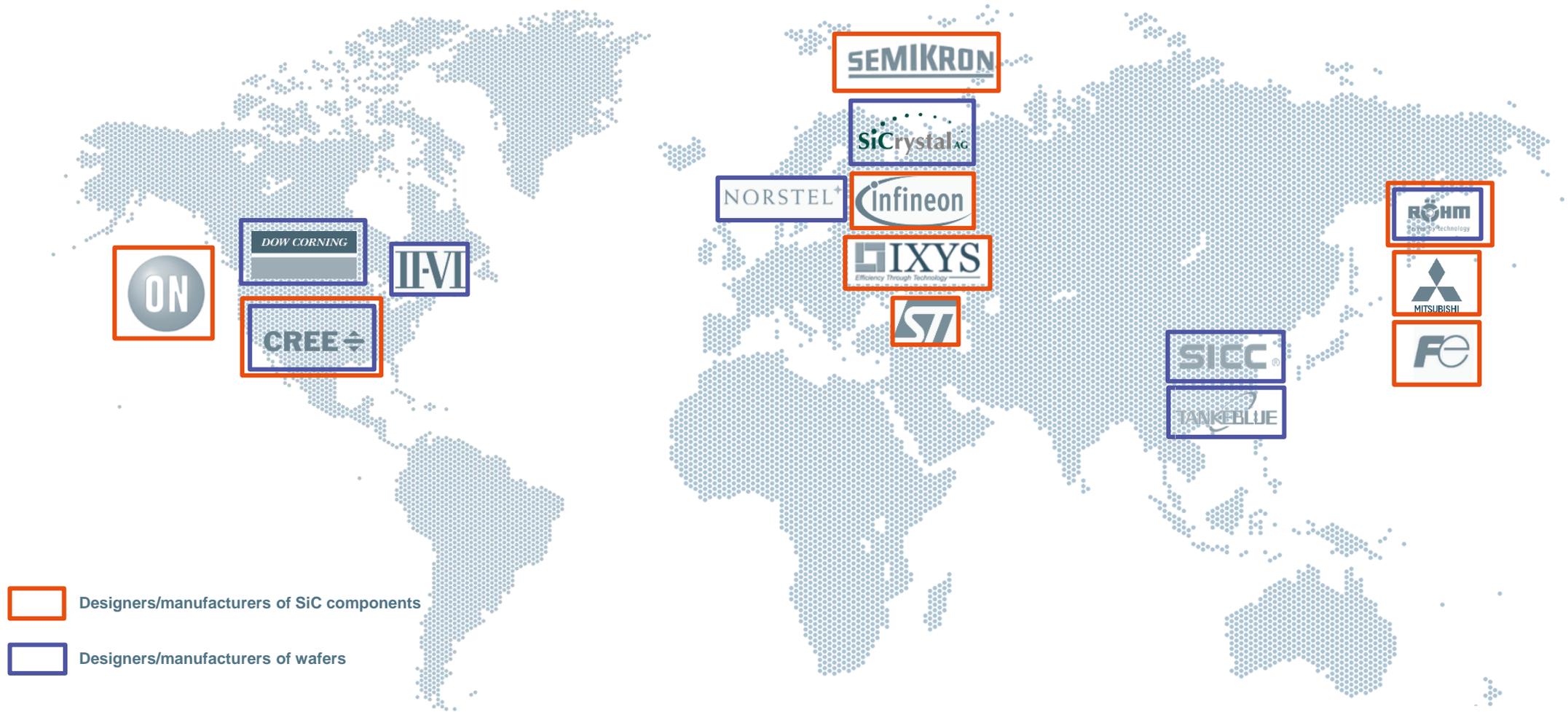
Drivers

Energy saving, size reduction, system integration
and improved reliability

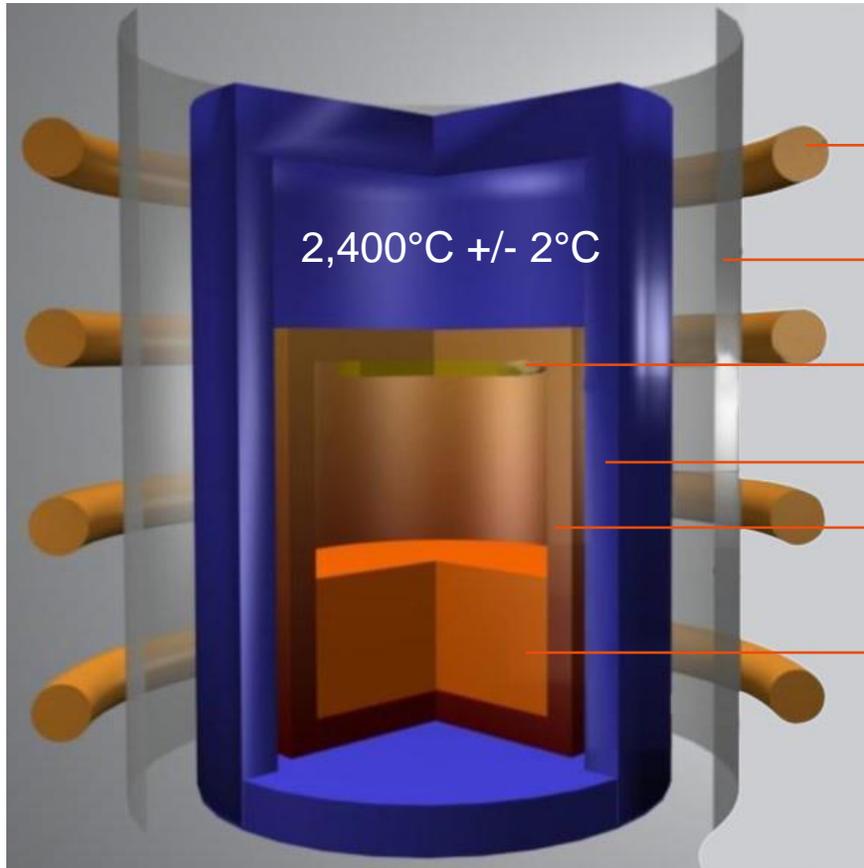
End-markets

EV, Energy storage, Renewable energies
(Solar, Wind), Data center, Telecom 5G,
drives motors, Marine, ...

SiC devices: a global market for wafers and components



Mersen solutions for SiC cristal growth, a highly demanding process



- Induction coil
- Quartz tubing
- SiC
- **INSULATION**
- **GRAPHITE CRUCIBLE**
- Reservoir of SiC powder

2019 Sales: € 30m

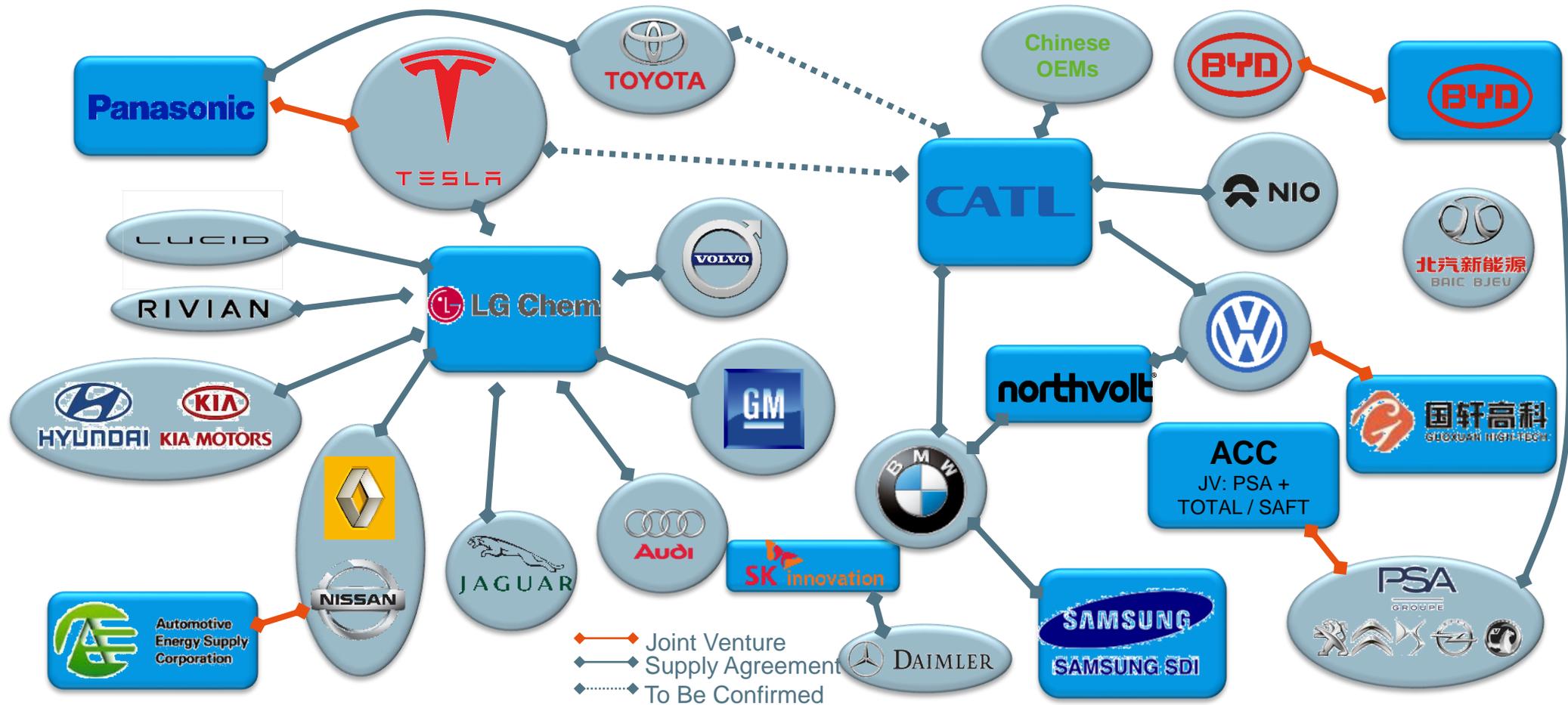
GRAPHITE
COMPONENTS
Crucible

RIGID FELT
HIGH-TECH INSULATION



SiC ingot

EV market: a mix of traditional players and new comers from battery makers to car manufacturers

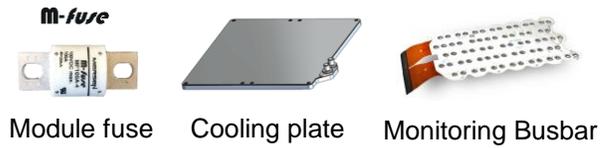


Mersen solutions in EV/HEV applications

PDU: Power Distribution Unit
 BDU: Battery Disconnect Unit
 SPD: Surge Protection Device

2019 Sales: € 15m
 (Heavy cars mainly)

BATTERY MODULE



BATTERY PACK / BDU



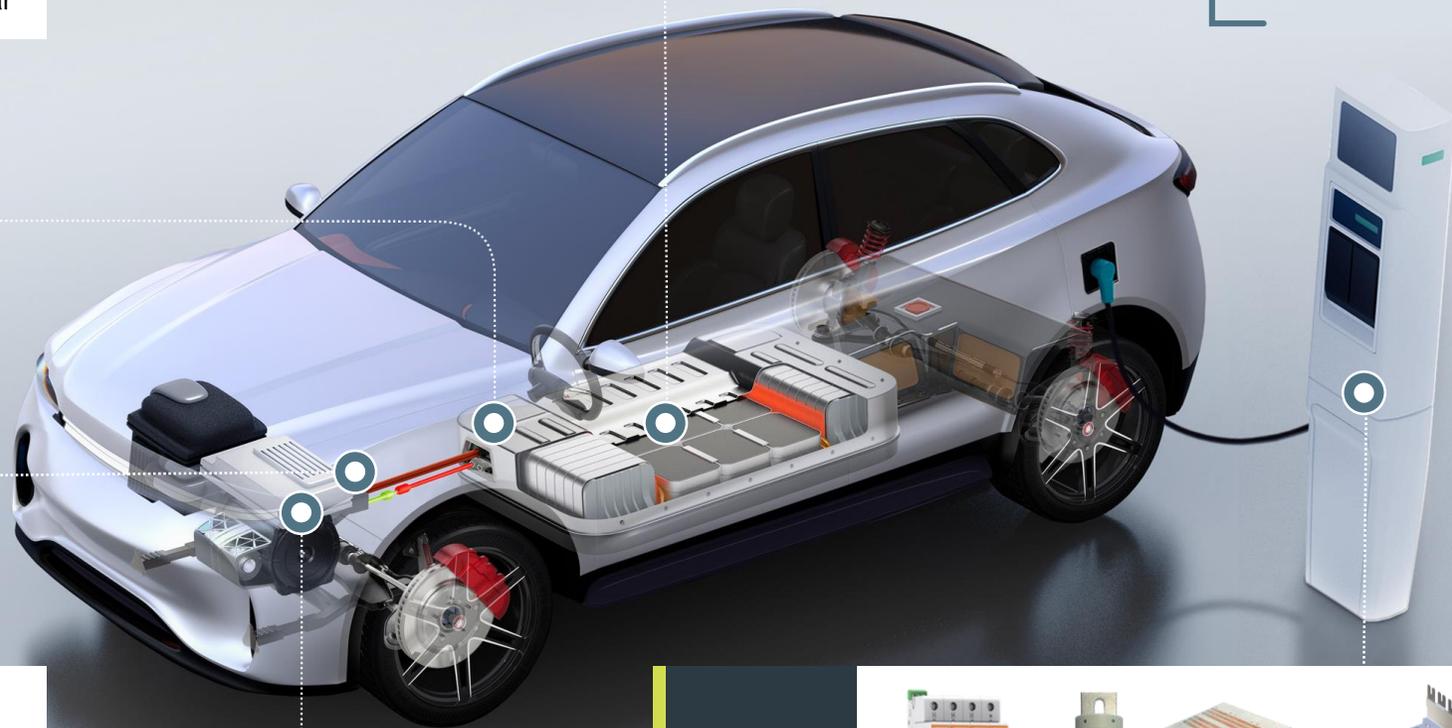
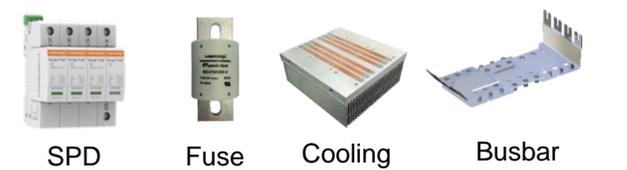
JUNCTION BOX / BDU



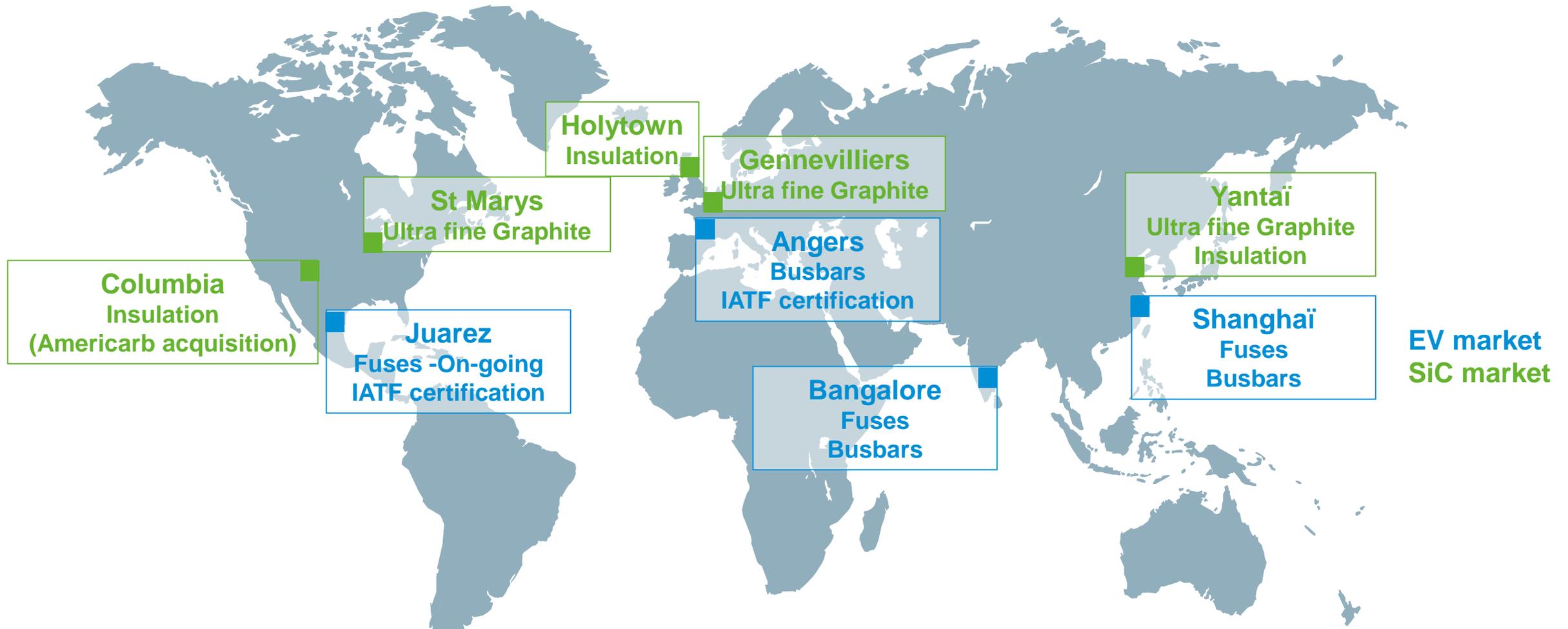
INVERTER / PDU



CHARGING STATION



Manufacturing strategy: building a local presence for a global reach



03

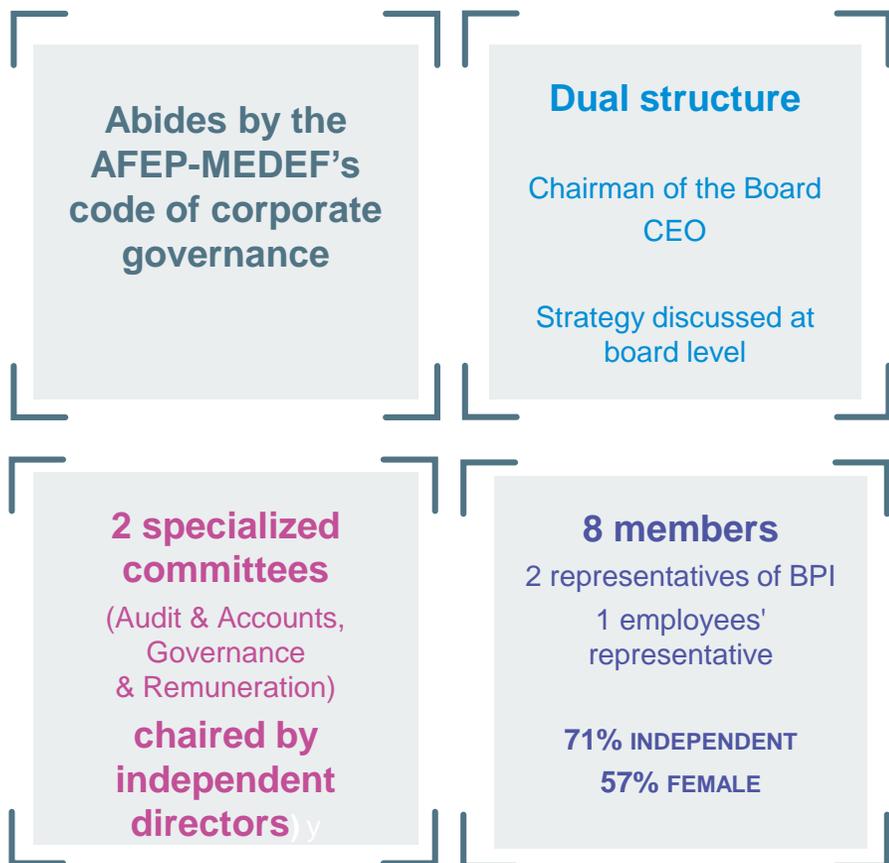
A longstanding CSR strategy

merseN



High quality board and management team

ROBUST GOVERNANCE STRUCTURE



EXPERIENCE AND SKILLS

Independent members

O.Legrain (chairman of the board): Previous executive with global listed companies
Strategy, Shareholder expertise, industrial expertise, experience in Materials market,

Denis Thiery (chairman of the Audit and Account committee): Previous CEO/CFO with global listed company

Ulrike Steinhorst (chairman of Governance, Nomination & Remuneration committee):
Experience with global entities-working abroad
Strategy, Experience in industrial markets, Industrial expertise, CSR

Michel Crochon, Experience with global companies, working abroad: Strategy, experience in electrical markets, industrial expertise

Carolle Foissaud: Experience with global companies: experience in industrial markets, Industrial expertise

MANAGEMENT TEAM

A diversity of characters and profiles

45% have more than 20 years experience at Mersen.

25% have less than 5 years experience at Mersen

2 based in the US

Ethics and compliance



Available in 14 languages

■ Governance

- Chief Compliance Officer reporting to the Audit & Account committee
- Quarterly Ethics & Compliance committee
- Whistleblowing system (global and local – France, China, USA)

■ Training programs

- Ethics: for all employees
- Anti-corruption: for the positions especially concerned

■ Compliance is part of the review of internal control.

Human Capital

■ Governance

- HR roadmap presented to the CGNR committee

■ Training programs & skills

- Mersen Academy
- Open Manager

■ Diversity

- Local management
- Gender balance

■ A new values and engagement survey launched

■ Part of LTI criteria for senior managers



👍 89% of employees stated that they were proud to be part of the Group in 2018

Mid-term targets set in 2018

25% to 30% female Managers & professionals by 2022

Health and Safety

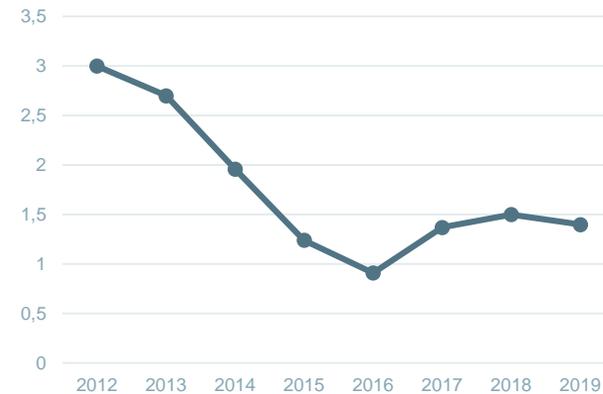
■ Governance

- Monthly HSE committee
- Safety Council
- Health and safety management system
- Network of health & safety managers on site
- Committed managers (One of the bonus criteria is health & Safety)

■ Training and shared best practices for all employees

■ Part of LTI criteria for senior managers

Lost-time Injury rate



Mid-term targets set in 2018

- Increase the number of Management Safety visits by 15% between 2018 and 2021
- Attain a Lost-time Injury rate of less or equal to 1.4 in 2021
- Attain a Severity Injury rate of less than or equal to 60 in 2021

Environment

■ Governance

- Monthly HSE committee
- Presentation to the committees of the Board
- Environmental management system
- Network of environmental managers on site

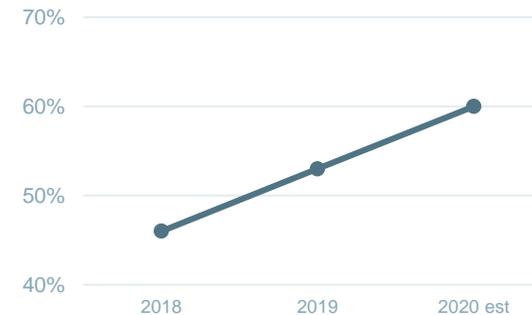
■ Training and shared best practices and initiatives

■ Part of LTI criteria for senior managers

55
Industrial plants

incl. **15**
with more than
125 employees

59% ISO14001 certified



**Increased
Recycled
Waste Ratio**

Mid-term targets set in 2018

+15 points of recycled waste ratio by 2021

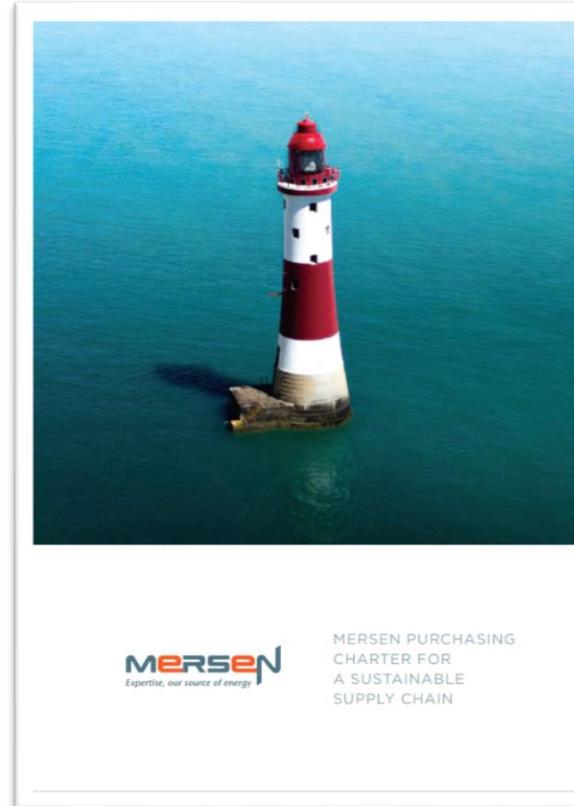
Managing our suppliers

■ Governance

- 1 Supplier supervisor by segment
- Reporting to the CSR committee

■ Implementation of a corruption risk assessment process

■ Commitment to Conflict minerals control



*Mersen purchasing charter finalized in 2019
CSR questionnaire available in our SRM solution*

Available in 5 languages
(French, English, Chinese, German, Spanish)

Mid-term targets set in 2018

Assess the sustainable performance of strategic suppliers
(making at least 80% of the value of material purchased)

Appendix

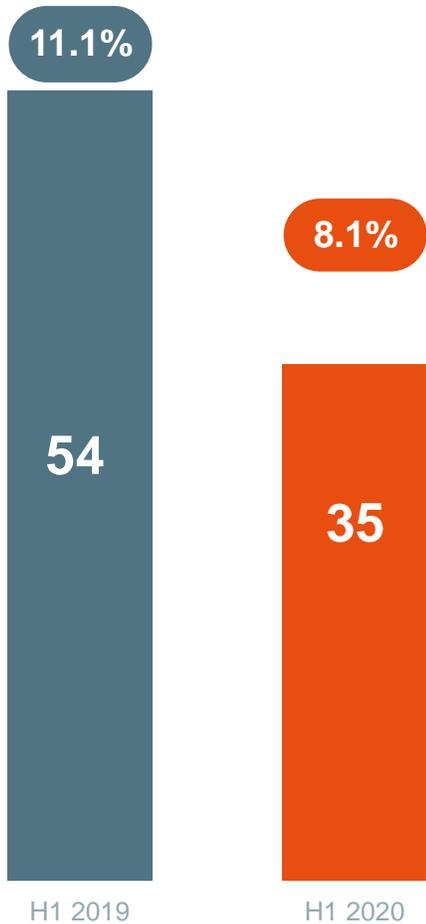
Cash Flow

Operating result

Shareholding

H1 2020: A largely negative volume effect partly offset by cost flexibilization

Current Operating result in €m

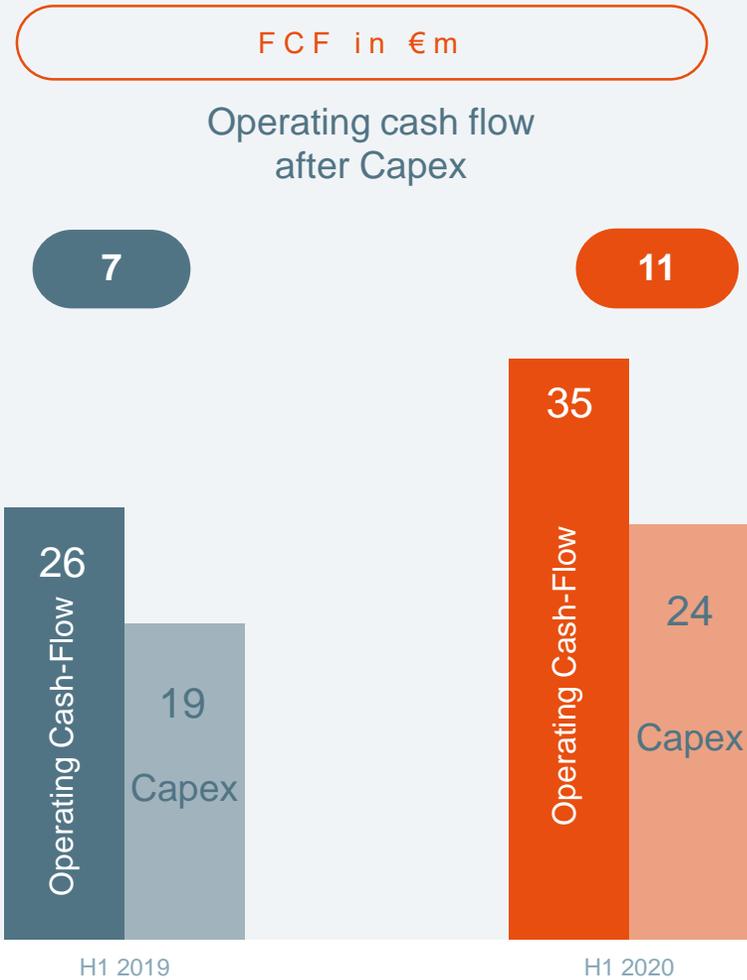


in %

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

H1 2020: 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)

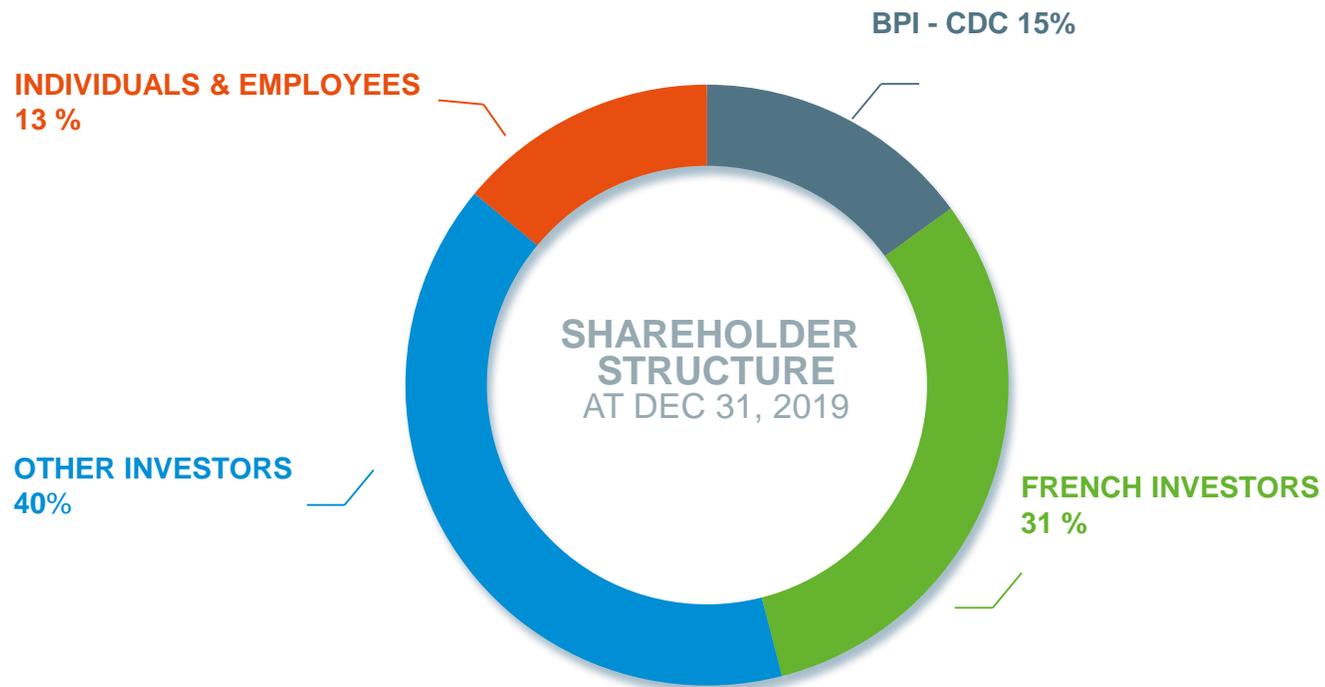


Capex contained

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

