



**EXPERTISE, OUR
SOURCE OF
ENERGY**

2012 INTERIM RESULTS

AUGUST 30, 2012

GROWTH STRATEGIES

- › **STRENGTH OUR AREAS OF EXPERTISE**

- › Increase offer differentiation
- › Improve operational excellence: quality, costs, services

- › **LEVERAGE OUR DIVERSIFIED, HIGH QUALITY CUSTOMER BASE**

- › Raise higher barriers to entry through innovations co-developed with customers

- › **EXPAND IN MARKETS OFFERING MEDIUM-TERM GROWTH POTENTIAL**

- › Solar, Electronics

- › **CAPITALIZE ON OUR GLOBAL PRESENCE**

- › Rapidly capture a share of buoyant markets in growth regions

- › **DEVELOP AN ALIGNED STRATEGY FOR EACH AREA OF EXPERTISE**

- › Focus on organic growth in AMT and acquisitions in ECT

AIMING FOR EXCELLENCE IN EACH AREA OF EXPERTISE



Advanced Materials and Technologies

No.1 WORLDWIDE for graphite anti-corrosion systems for the chemicals-pharmaceuticals industry



No.1 WORLDWIDE for isostatic graphite production*



BARRIERS TO ENTRY

Expertise in materials: *graphite formulation*

In-depth understanding of applications:

Co-development with customers

Products made to customer specifications

Global network of local entities

* High quality fine grain graphite



Electrical Components and Technologies

No.1 WORLDWIDE for power semi-conductor fuses



No.1 WORLDWIDE for carbon brushes for electric motors



No.2 WORLDWIDE for industrial fuses



BARRIERS TO ENTRY

Very challenging electrical standards

Efficient worldwide **distribution and logistics network**

In-depth understanding of applications and design capabilities

EXPANDING IN MARKETS THAT OFFER MEDIUM-TERM GROWTH POTENTIAL

MEDIUM-TERM
MARKET
GROWTH
POTENTIAL

=



**PROCESS
INDUSTRIES**

Steel
Paper
Ceramics
Metals
processing
Heat treatment
Etc.

+



**TRANSPOR-
TATION**

Rail
Air
Sea
Etc.

++



CHEMICALS

PVC
Epoxy
Polycarbonate
Fertilizer
Mining
Pharma-
ceuticals
Etc.

+++



ELECTRONICS

Power
electronics
Semi-
conductors
Polysilicon
wafers
Etc.

+++



ENERGY

Solar
Wind
Thermal
Nuclear
Hydraulic
Oil and gas
Etc.

LEVERAGING A HIGH QUALITY CUSTOMER BASE



SAINT-GOBAIN



ArcelorMittal



RioTinto Alcan

ceradyne, inc.



ALSTOM



BOMBARDIER

SIEMENS

THALES



DOW CORNING

سابك
sabic



SIEMENS



TOSHIBA



WACKER

MEMC
TECHNOLOGY IS BUILT ON US



SIEMENS

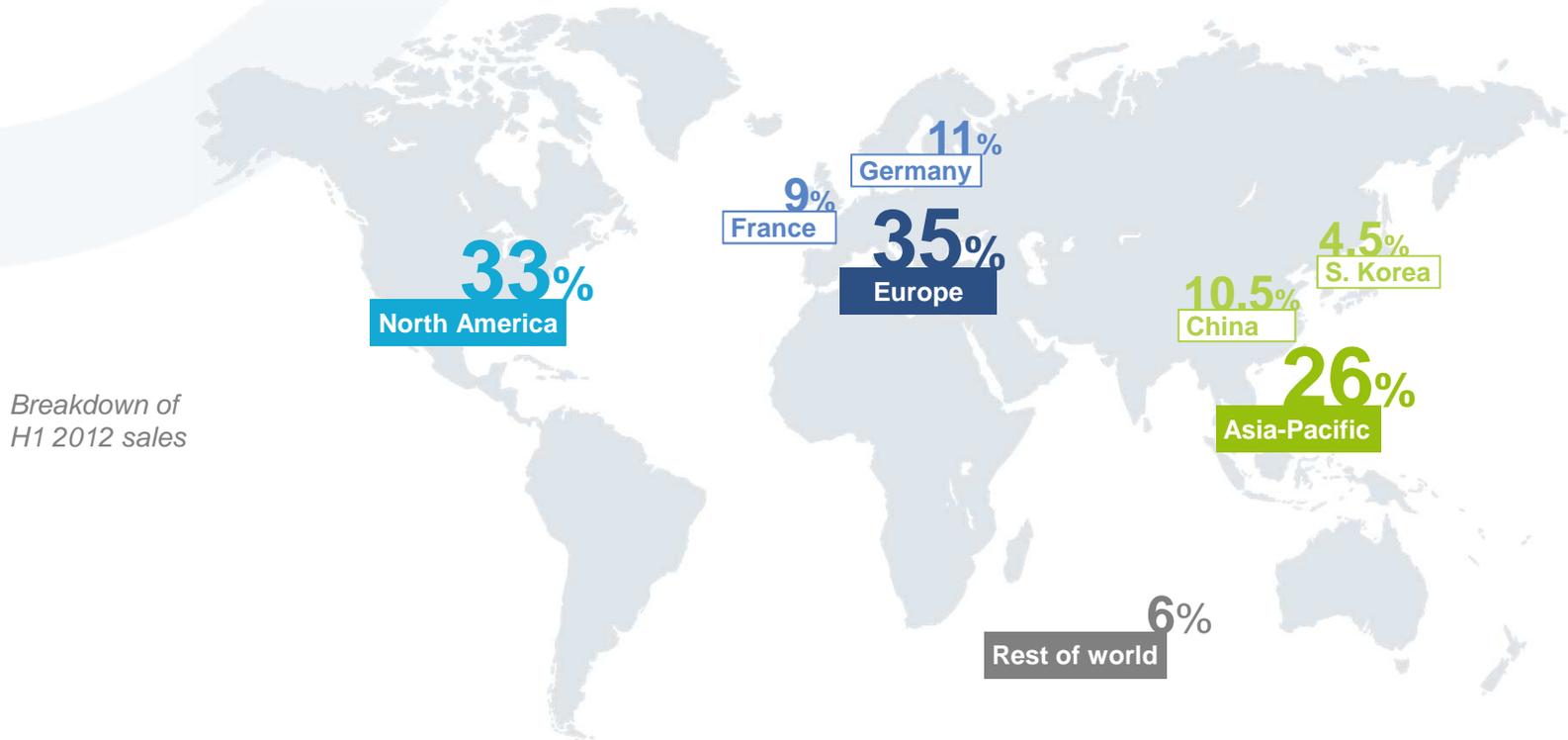


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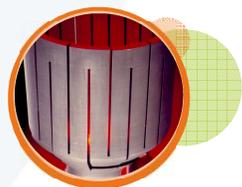
MERSEN

CAPITALIZING ON OUR GLOBAL PRESENCE

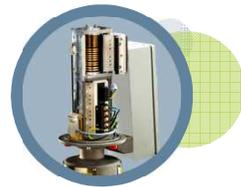


65% OF SALES GENERATED OUTSIDE EUROPE

AN ALIGNED STRATEGY FOR EACH AREA OF EXPERTISE FOCUSING ON ORGANIC GROWTH IN AMT AND ACQUISITIONS IN ECT



AMT



ECT

Capex

Align capacity with demand
Increase value added

Operational efficiency
Market consolidation

Acquisitions

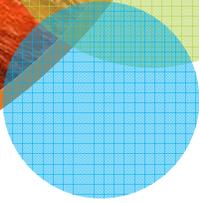
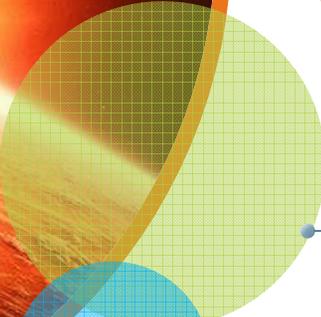
Faster geographic expansion
Acquire complementary skills

Faster geographic expansion
Acquire complementary skills

H1 2012

-  Maintenance capital expenditure
-  Increased purification capacity and new production shop for the electronics market (US)

-  Successful integration of Eldre and business development in China
-  Hunt for new targets with expertise in power electronics



MARKET FOCUS

Solar

Electronics

Chemicals

SOLAR: THIS YEAR'S DEMAND-DRIVEN SLOWDOWN COMING TO AN END

- NO RECURRING NEW EQUIPMENT SALES
- MANUFACTURERS HAVE BEEN ACCUMULATING EXCESS CELL INVENTORIES SINCE Q3 2011
- THE MAJOR POLYSILICON PRODUCERS (WACKER, HEMLOCK) ARE STILL INVESTING

**STEEP DROP IN
MERSEN'S SALES
IN H1**

- NEW SOLAR PANELS ARE STILL BEING INSTALLED (15GW EST. IN H1 2012)
- CHINESE MANUFACTURERS HAVE STEPPED UP THEIR CELL PRODUCTION SINCE Q2

**RECOVERY IN
GRAPHITE DEMAND
EXPECTED IN Q4**

SOLAR: MERSEN IS WELL PLACED TO PROFIT FROM UNDERLYING CHANGES IN THE MARKET



On-going
solar panel installations

15 GW* installed in H1 (up 50% vs. 2011)
34 GW* est. in 2012 (vs. 27GW in 2011)



Increase in the number of
installer countries

New growth drivers: China,
USA, Japan, India, Australia, the Sunbelt



Sharp **drop** in photovoltaic cell
and polysilicon prices in the
past two years

**Making solar power increasingly
profitable** (grid parity attained in many
countries)

Moderate impact on graphite prices



Since mid-2011, the majority of
photovoltaic cells are made in
China**

Mersen has a solid **manufacturing base** in
China and has been supplying local cell
manufacturers for many years

* Source: Photon July 2012

** Q-cells, Sovello and others have discontinued photovoltaic cell production

SOLAR: A ROBUST OUTLOOK



2011 Excess inventory
High sales of new equipment
2012 Cell inventories drawn down
2013 Upturn in production output. No new equipment sales

Sources : Photon 2012

ELECTRONICS, OFFERING POWERFUL GROWTH DRIVERS

2011 2012 BEYOND



Power electronics

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+

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- > Renewable energies (solar, wind)
- > Energy efficiency (HVDC lines, data center)
- > Transportation (rail)



Semi-conductor manufacturing equipment

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- > Energy efficiency and enhanced yields (new SiC diodes and power LEDs)

ELECTRONICS, IMPORTANT MILESTONES FOR MERSEN IN 2012



Power electronics

- Successful integration of Eldre and deployment in China
- Unique bundle offer put together



Semi-conductor manufacturing equipment

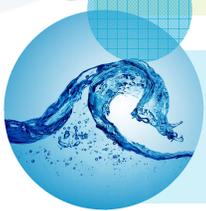
- Investment underway in capacity expansion (US)
- Sustained R&D effort, to keep pace with the market
- Replacement market emerging in China (LED)

A SIGNIFICANT ORDER BACKLOG IN THE CHEMICALS MARKET



› Energy, mining processes

- › Rare earths
- › Oil industries
- › Shale gas



- › Increasing demand for **fertilizers** (Morocco)

› Considerable investment in specialty chemicals processes

- › SABIC contract

ORDER BACKLOG

+25% SINCE DEC. 2011

+60% SINCE JUNE 2011



INTERIM RESULTS

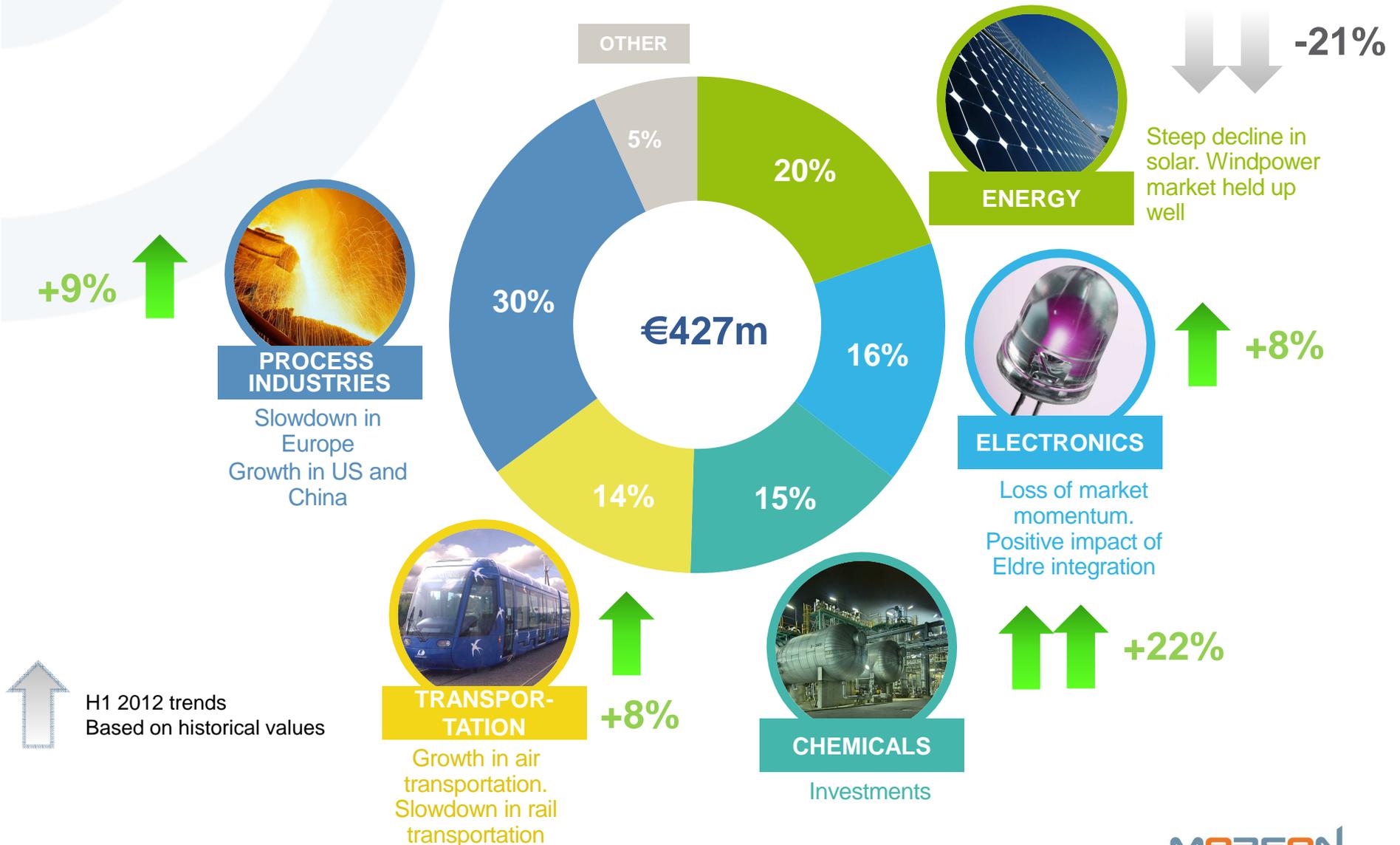
2012

H1 PERFORMANCE SHAPED BY MACRO-ECONOMIC ENVIRONMENT AND SOLAR TRANSITION PHASE

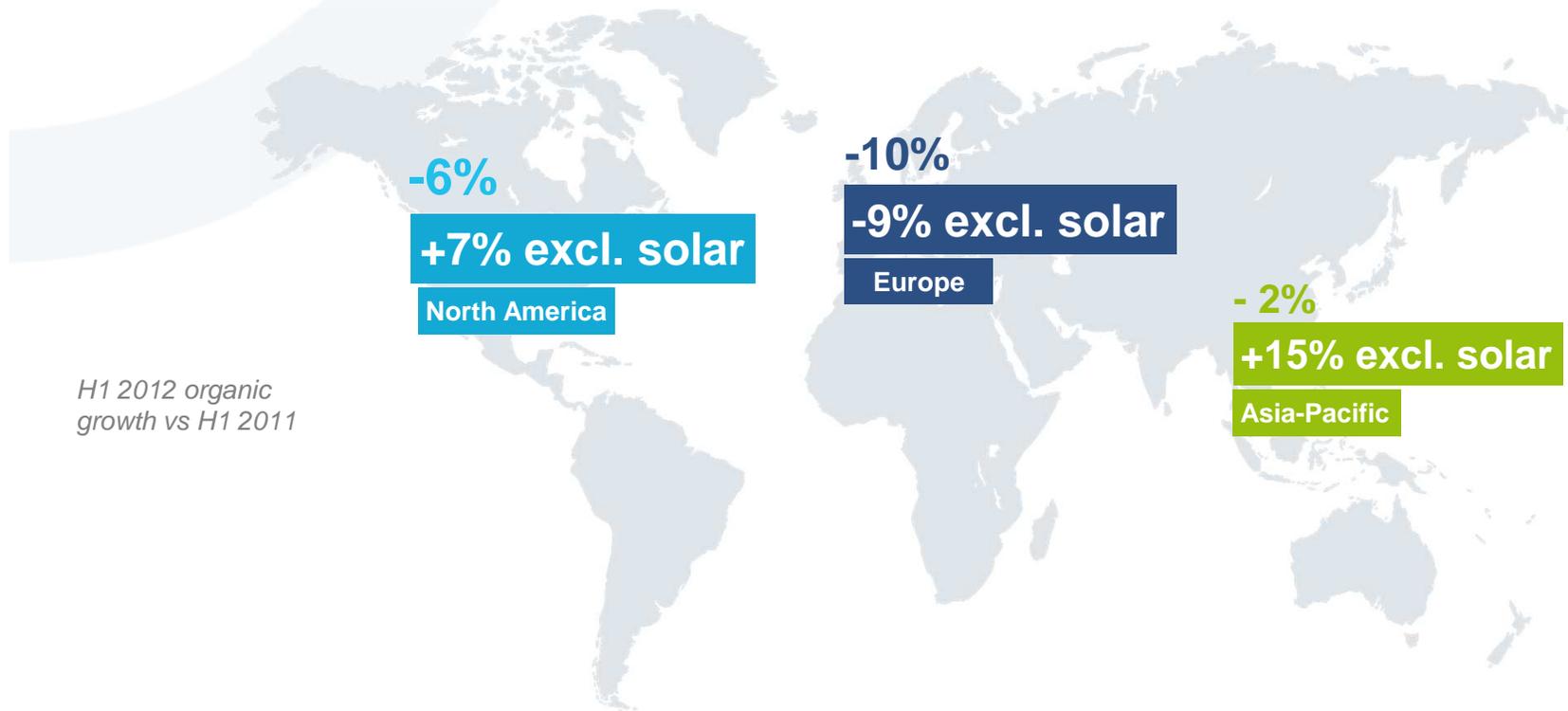


*Like-for-like: based on a comparable scope of consolidation and at constant exchange rates

VARYING SITUATIONS, DEPENDING ON THE MARKET

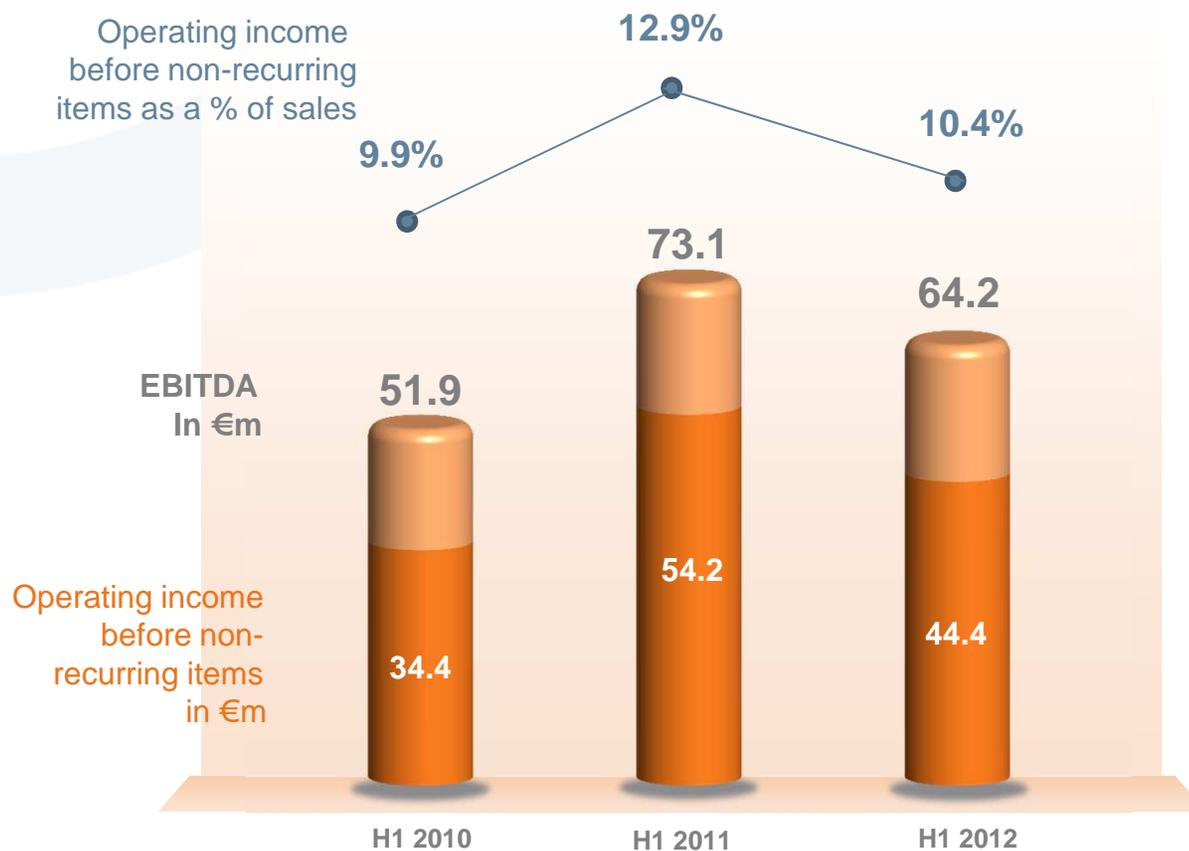


EXCLUDING SOLAR, SIGNIFICANT GROWTH IN ASIA AND NORTH AMERICA



H1 2012 organic growth vs H1 2011

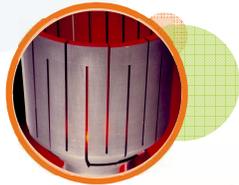
OPERATING INCOME PERFORMANCE CONFIRMING THE GROUP'S RESILIENCE



S1 2012

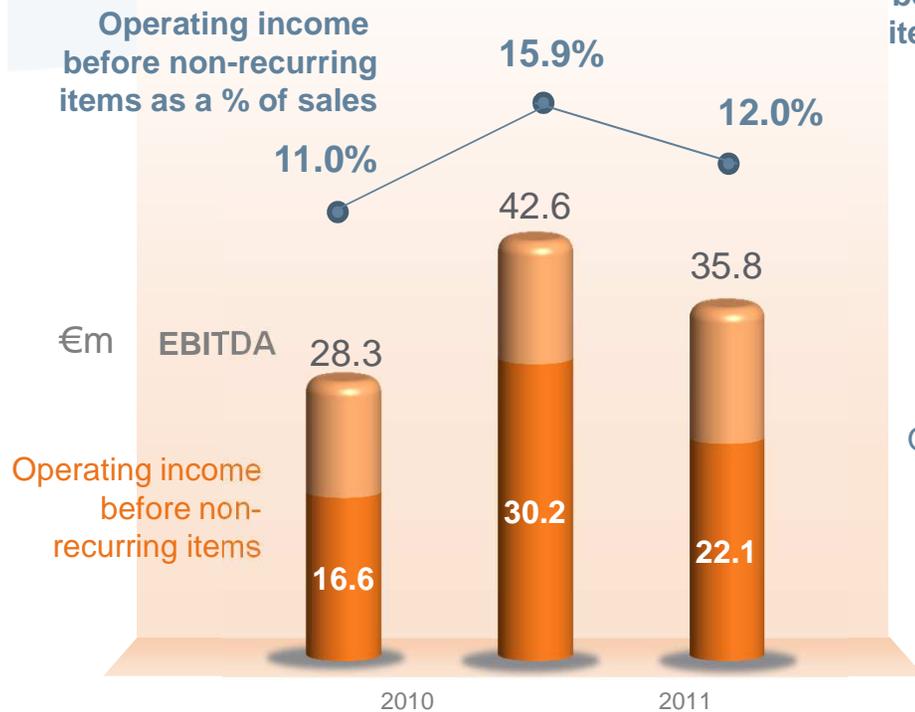
- › Lower volumes
- › Unfavorable product mix
- › €8m cost saving plan
- › Limited price and materials cost effect

BOTH DIVISIONS' PROFITABILITY WEAKENED BY LOWER VOLUMES



AMT

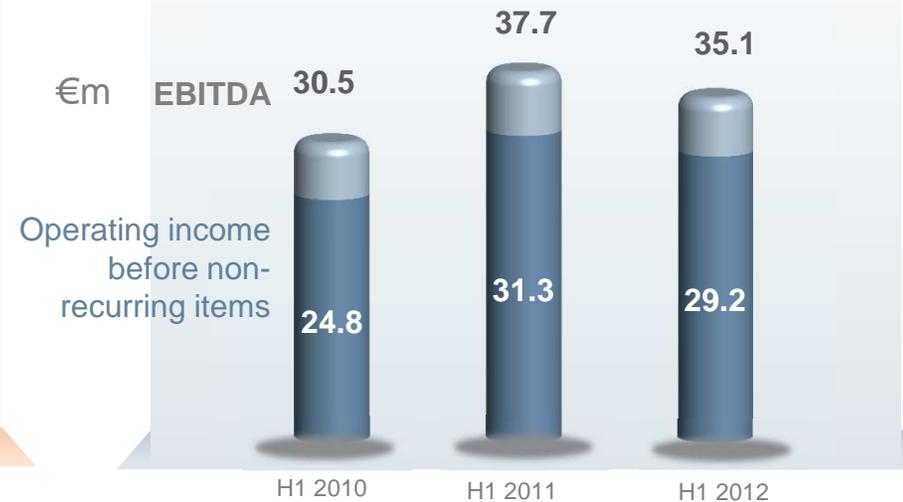
- Lower volumes
- Unfavorable product mix



ECT

- Lower volumes

Operating income before non-recurring items as a % of sales



STRONG CASH FLOW GENERATION*



H1 2012

- › On-going **cash-initiative program**
- › **No change** in late payments in China since December 2011
- › **Built up of inventories** ahead of expected recovery in solar orders

* Before capital expenditure

A SOUND FINANCIAL POSITION

NET DEBT AT JUNE 30, 2012: €255M

	RATIOS AT JUNE 30, 2012	MAXIMUM RATIOS SET IN DEBT COVENANTS
NET DEBT/EBITDA*	1.98	3.35
NET DEBT/EQUITY*	46%	130%

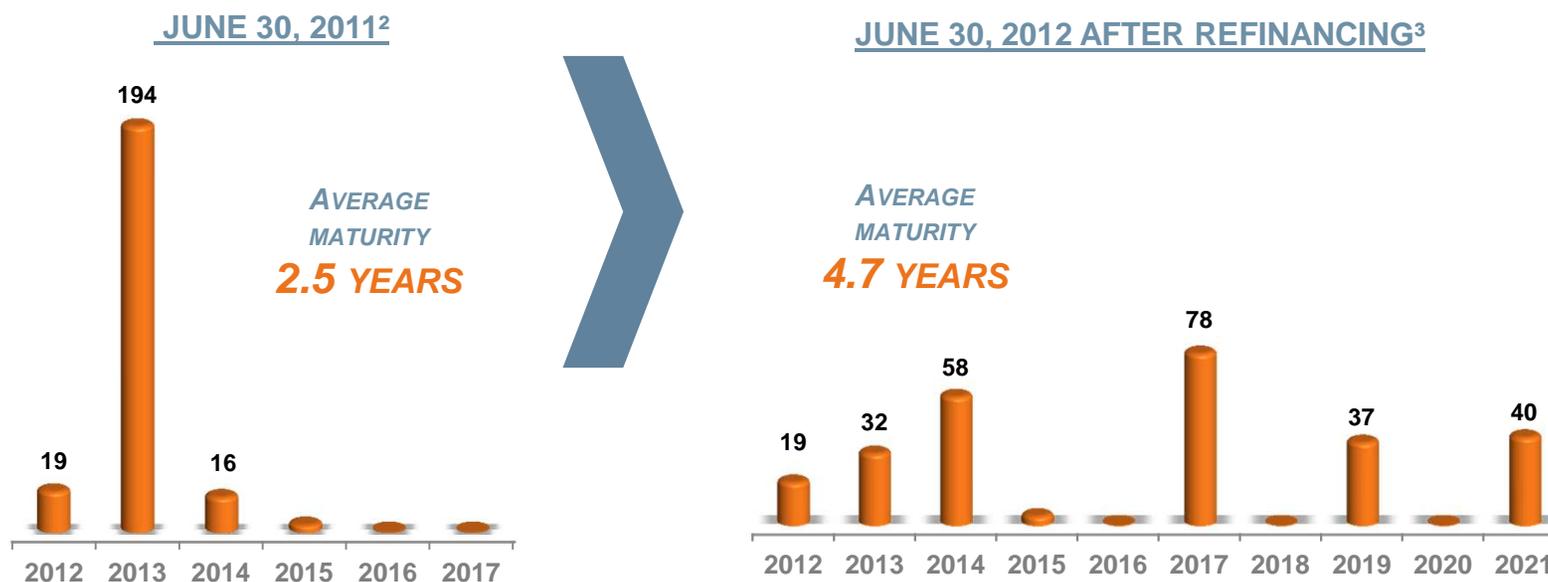
* Ratio calculated by the method specified in the covenants clauses for the November 2011 USD 100 million US private placement notes and the July 2012 syndicated credit facility.

DEBT MATURITIES EXTENDED ON ATTRACTIVE TERMS

- Sept. 11** CNY500m > Syndicated facility in China extended by one year to 2014
- Nov. 11** USD100m > US private placement notes (4.7% fixed rate - average maturity 9 years)
- July 12** EUR215m > Bank lines of credit (initial average spread close to 115 bps¹ - average maturity 4.8 years)

¹ Adjustable up or down based on the Group's net debt/EBITDA ratio

REPAYMENT PROFILE, COMMITTED LINES OF CREDIT (€M)



² Based on amounts drawn down at June 30, 2011, at June 30, 2012 exchange rates

³ Based on amounts drawn down at June 30, 2012

THE AVAILABLE DRAWING FACILITIES (€150M) SUFFICIENT TO COVER SHORT-TERM REPAYMENT OBLIGATIONS

MERSEN: A RESILIENT MODEL

- › **STRONG LEADERSHIP POSITIONS**
- › **SIGNIFICANT BARRIERS TO ENTRY**
- › **BROAD GEOGRAPHIC FOOTPRINT**
- › **NOT DEPENDENT ON A SINGLE MARKET OR CUSTOMER**

OUTLOOK



2ND HALF

Macro-economic environment will remain **difficult**

Recovery in **solar** order flow in Q4

Unfavorable **product mix**

Positive impact of adaptation plans



BEYOND

Momentum in **solar** and **electronics** markets

Significant backlog in **chemicals** market



APPENDICES

NET INCOME

In €m	H1 2012	H1 2011
Operating income	42	52
Net finance costs	(7)	(5)
Current and deferred income tax	(12)	(16)
Net income from continuing operations	23	31
Net income from discontinued operations	-	2
Net income	23	33
<i>Earnings per share (in €)</i>	1.1	1.6

NET CASH FROM OPERATING ACTIVITIES

In €m	H1 2012	H1 2011
Net cash from operating activities before WCR	61	72
Change in WCR	(8)	(38)
Income tax paid	(14)	(16)
Net cash from discontinued operations	(0)	(0)
Net cash from operating activities	40	18
Capital expenditure	(15)	(22)
Net cash from operating activities after capital expenditure	25	(4)

NET DEBT UP SLIGHTLY

Change in net debt, in €m

