



Core **Expertise**
in **Technology**

ANNUAL REPORT

20**13**

mersen

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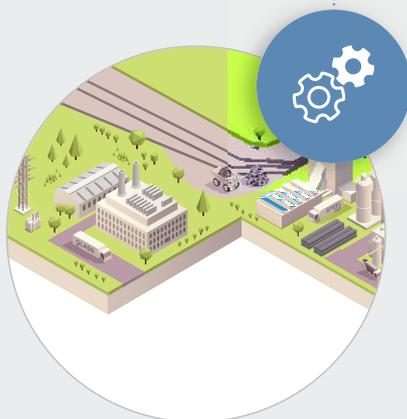
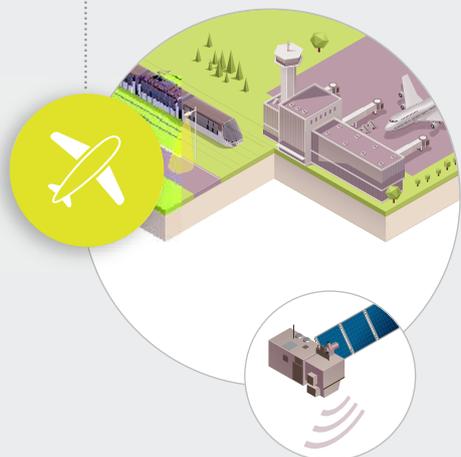
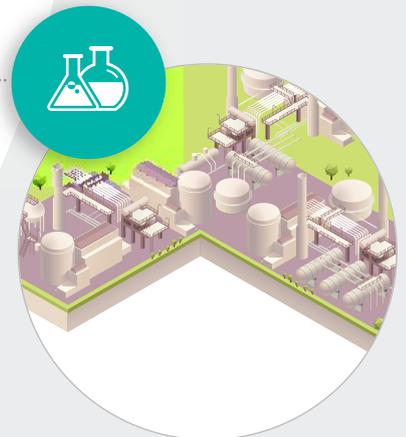
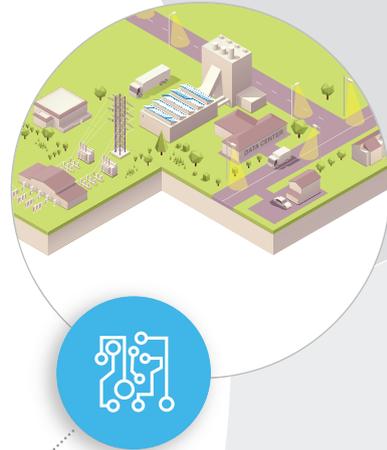
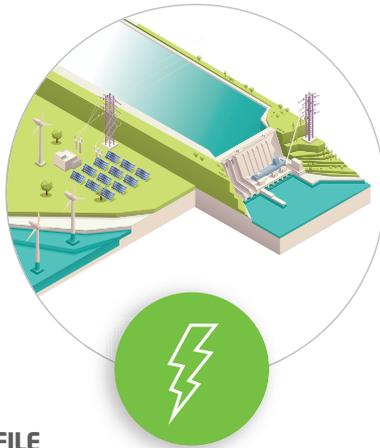
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Core expertise in technology

Chairman's message

How can you recognize a real technology leader?

A look at the current economic context provides an answer: **a real technology leader is a company capable of sustainably growing its business over time.** It's also a company capable of resisting less favorable environments while continuing to advance, innovate and support the constant shifts and changes in customer technologies.

While 2013 was an uneven year for Mersen, it also offered us an opportunity to reaffirm our positioning in all of our markets. We successfully preserved a base of robust business operations and initiated an in-depth transformation that will enable us to improve our competitiveness and meet our ambitious growth objective.

Behind this success, the most important factor has been our pragmatism. **We know our business inside out and are aware that we have everything we need to meet the expectations of the world's leading manufacturers,** and thereby gain significant market share. In driving this process, we can leverage three major competitive advantages.

The first is our approach to the business – a subtle combination of **technological expertise and continuous innovation**, backed by a robust R&D commitment that enables us to sustain our technological lead and serve emerging customer needs with truly innovative products. The second is our commitment to **local customer relationships**, based on the broad global footprint formed by our local teams and our seamless understanding of each country's regulatory environment and unique cultural characteristics, along with the expectations of its manufacturers. Lastly, our third advantage is of course our manufacturing organization built around **two segments and five promising markets**, reinforced by our solid positions in high potential markets like solar energy and power electronics. We're not just a supplier of industrial equipment. From enabling the emergence of alternative energies and new forms of mobility for people and goods to supporting the constant search for energy efficiency, Mersen is helping to drive deep-rooted changes in the way we live.

We are proud of our core expertise in technology.

Luc Themelin • *Chairman of the Management Board*

"Mersen has everything necessary to meet the expectations of the world's leading manufacturers"

CORPORATE PROFILE

Expertise,
our source of energy

"Serving five promising markets with performance and innovation"

As a global expert in electrical specialties and graphite-based materials, Mersen designs innovative solutions to address our customers' specific needs, enabling them to optimize their manufacturing processes in promising markets such as energy, transportation, electronics, chemicals and pharmaceuticals, and process industries. Our expertise is structured around two centers of excellence - the Advanced Materials and Technologies segment (Materials) and the Electrical Components and Technologies segment (Electrical) - in which we hold positions as leader or co-leader in the global marketplace. Combining performance and innovation, this organization is supported by efficient manufacturing facilities and an international sales network that guarantees quality and local customer service every day.

Corporate Profile

Materials Segment

A range of equipment based on graphite and ultra-high performance materials - including reactive metals and silicon carbide - for very demanding industrial environments that require resistance to high temperatures and corrosion.

#1 Worldwide in graphite-based anti-corrosion equipment

#2 Worldwide in high-temperature isostatic graphite applications

Electrical Segment

A range of electrical solutions and services for motors and generators that contribute to the safety and performance of electrical installations and power electronics.

#1 Worldwide in brushes and brush-holders for industrial electric motors

#2 Global independent supplier of industrial fuses

9 million in consolidated revenue in 2013

Presence in **35** countries **6,400** employees

in core technologies



Corporate Governance
Management Board
& Executive
Committee

Management Board

- 01 • **Luc Themelin** • *Chairman*
- 02 • **Thomas Baumgartner** • *Group Chief Financial Officer*
- 03 • **Christophe Bommier** • *Group Vice President, High Temperatures*
- 04 • **Didier Muller** • *Group Vice President, Electrical Applications and Chemical Equipment*
- 05 • **Marc Vinet** • *Group Vice President, Electrical Protection*

Executive Committee

- 06 • **Thomas Farkas** • *Group Vice President, Strategy and Development*
- 07 • **Estelle Legrand** • *Group Vice President, Human Resources*
- 08 • **Jérôme Sarragozi** • *Group Vice President, Legal*
- 09 • **Charles-Henri Vollet** • *Group Vice President, Purchasing and Information Systems*

Supervisory Board

- **Hervé Couffin** • *Chairman*
- **Henri-Dominique Petit** • *Vice-Chairman*
- **Jocelyne Canetti**
- **Yann Chareton**
- **Carolle Foissaud**
- **Dominique Gaillard**
- **Jean-Paul Jacamon**
- **Philippe Rollier**
- **Thierry Sommelet**
- **Marc Speckaert**
- **Ulrike Steinhorst**

FINANCIAL REVIEW

After a year shaped by a challenging environment, Mersen is affirming its new ambitions

In 2013, Mersen's business stayed on the general course already established in late 2012, tracking the geographic trends in demand, with slower growth in Asia, uneven markets in the United States and sustained sluggishness in Europe. But while business was sometimes challenging, we demonstrated solid resilience and successfully attenuated part of the impact of slowing demand in certain industries to report a 13.5% EBITDA margin and strong cash flow. Our presence in diversified markets and our global geographic footprint, close to the world's leading manufacturers, enabled us to deliver almost on-target revenue performance for the year. Most importantly, between new contracts and technological innovations, Mersen took advantage of the last months of the year to shape a promising vision for the years ahead, with the objective of reaching €1 billion in revenue by 2018.



Setting a course for 2018

"In a more favorable economic environment, our ambition is to deliver close to €1 billion in annual revenue five years from now. To meet this goal, we are implementing an optimized, competitive manufacturing organization, based both on plants acting as centers of excellence in our leading product lines and on low-cost production facilities. Our strong positions in our so-called "traditional" markets should allow us to finance our business in fast-growing markets, and we are also going to strengthen our presence in new emerging economies. What's more, we can leverage our forthcoming innovative new products as well as a few targeted acquisitions. Led by this dynamic, Mersen has the resources to report a recurring operating margin of more than 12% before the end of the period."

Luc Themelin • *Chairman of the Management Board*

SHARE price in 2013 (€)

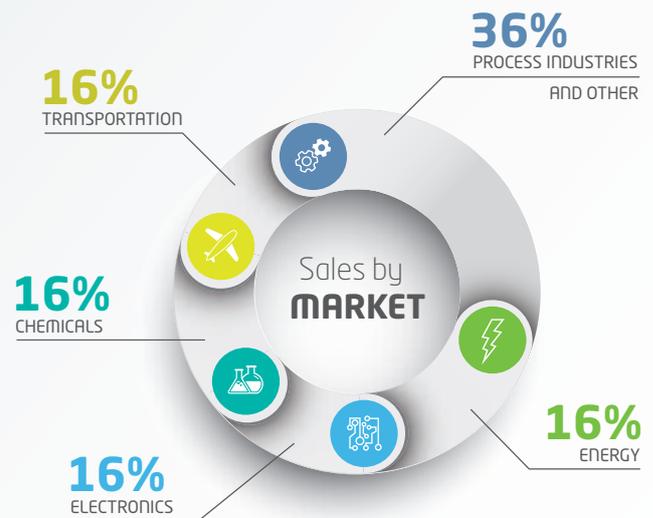
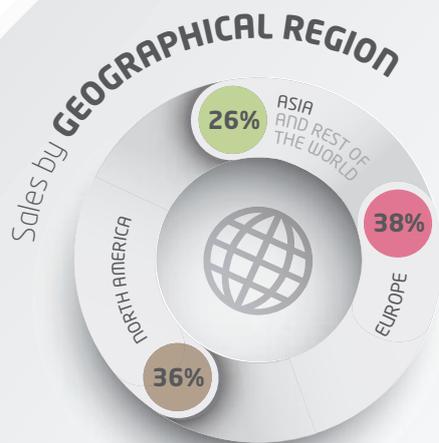




Adaptation and transformation

“In 2013, we pursued our adaptation plan designed to reduce our costs and optimize our supply chain. We also disposed of two non-strategic businesses. However, we need to transform our business to align it with our changing markets. This is the objective of the Transform plan undertaken in early 2014, which will enable us to enhance our competitiveness and flexibility.”

Thomas Baumgartner • Chief Financial Officer



Consolidated sales (in millions of euros)



Net cash generated by continuing operating activities*

(in millions of euros)



EBITDA margin (in % of sales)



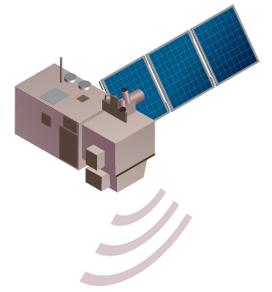
Dividend (in euros)



* before capital expenditures

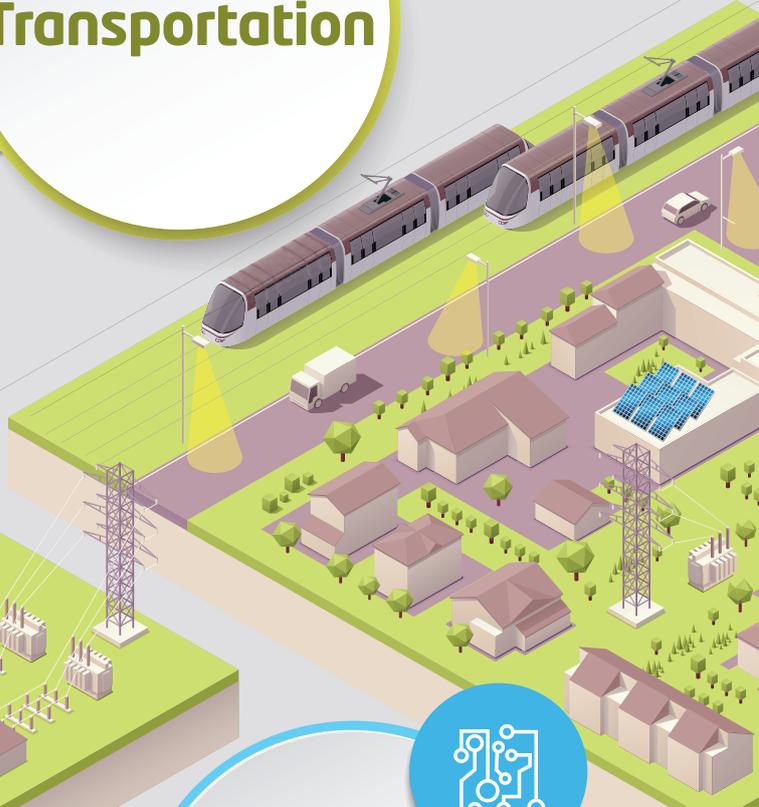
** subject to shareholders' approval

Core markets in 2013



Rail, air, space:
core expertise in
moving people and goods

Transportation



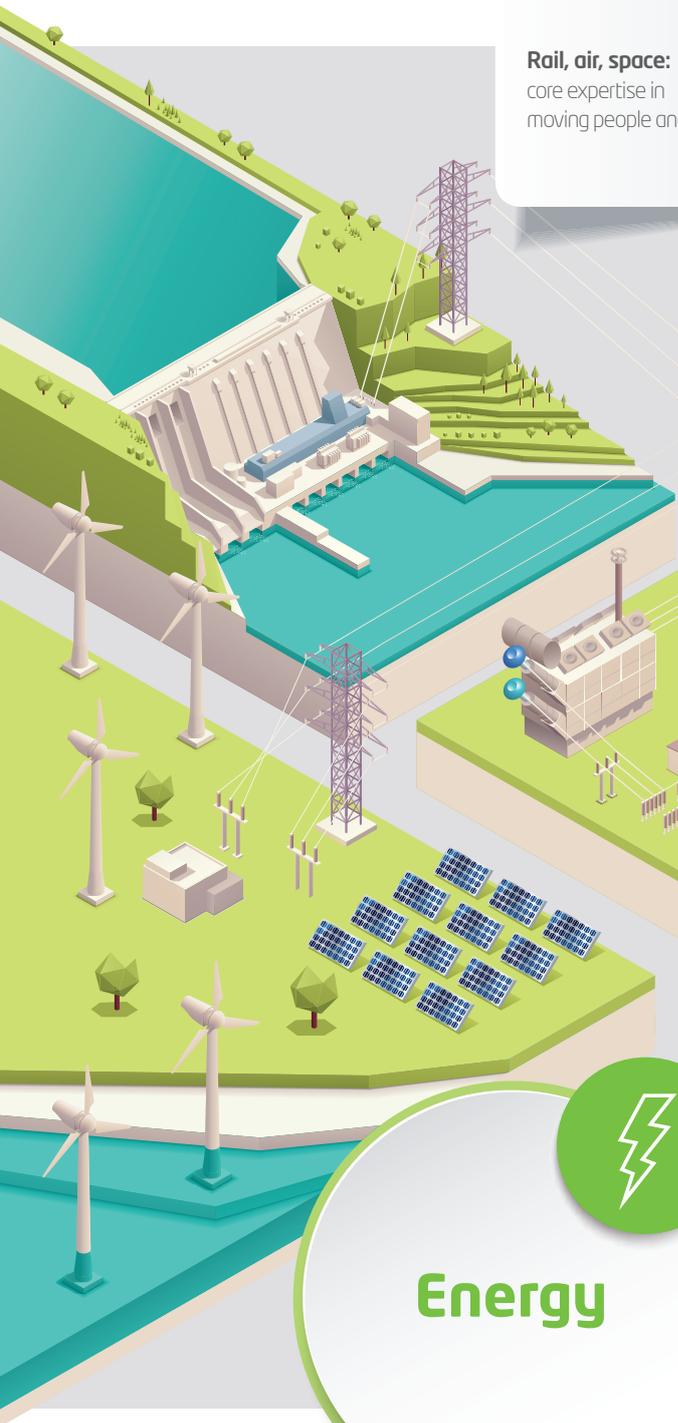
**High-performance
and power electronics
for every manufacturing
industry:**
core expertise in
technologies

Electronics



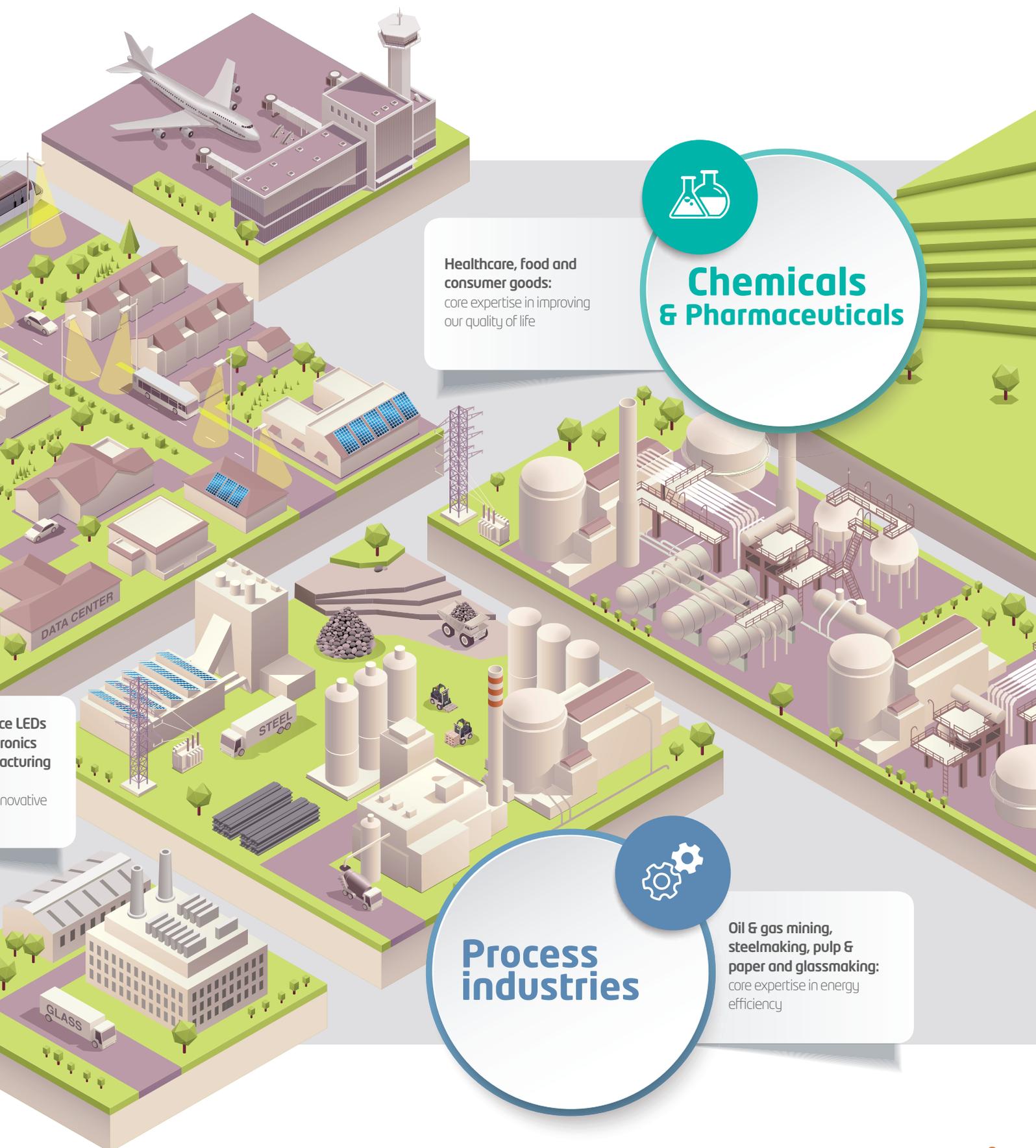
Energy

**Solar, wind,
hydroelectric,
fossil fuels:**
core expertise in every
form of alternative and
conventional energy



Energy. Transportation. Electronics. Chemicals and Pharmaceuticals. Process Industries.

Five distinct markets offering exceptional opportunities for Mersen, which met new challenges and consolidated its market share throughout 2013 despite the still unstable market environment. Perfect aligned with the needs of our customers, our innovative solutions have been acclaimed by manufacturers seeking to make their operations safer, more reliable and more efficient.



Healthcare, food and consumer goods:
core expertise in improving our quality of life



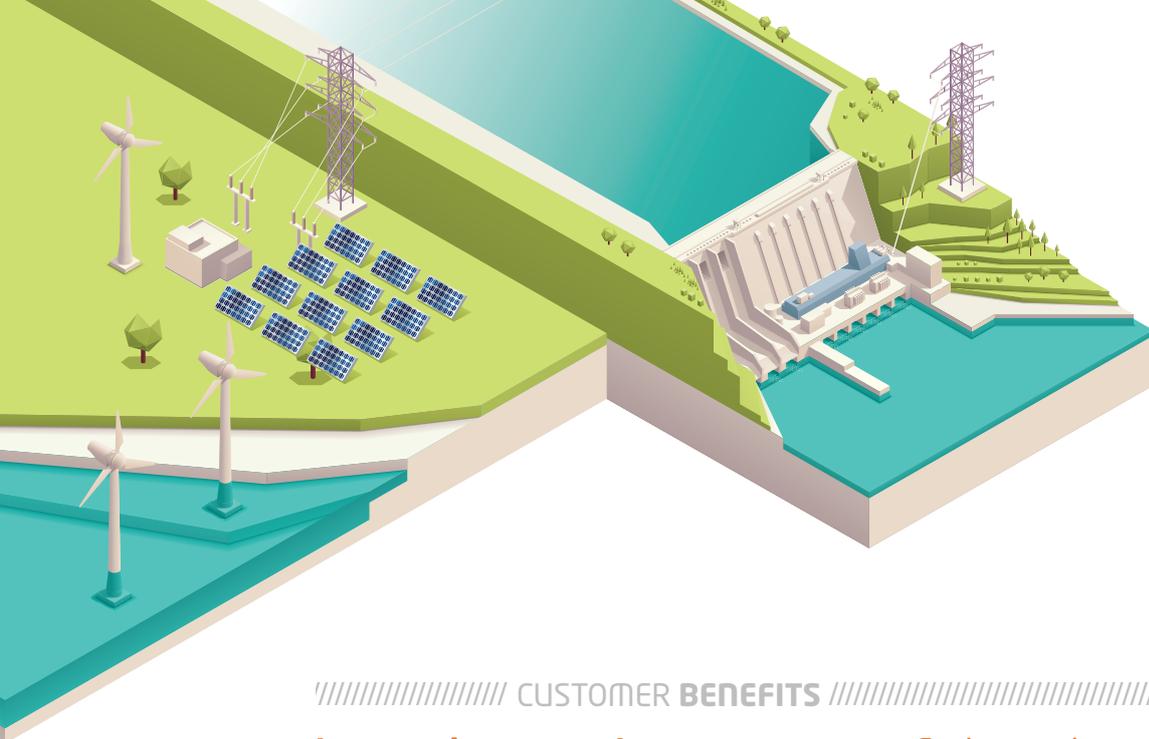
Chemicals & Pharmaceuticals

ce LEDs
ronics
acturing
novative



Process industries

Oil & gas mining, steelmaking, pulp & paper and glassmaking:
core expertise in energy efficiency



////////////////////////////////// CUSTOMER BENEFITS ////////////////////////////////////

Improved energy efficiency

Longer lasting consumables

Easier on-site equipment maintenance

Rock-solid component reliability



Energy



Core expertise in developing alternative energies

Over the medium term, the global energy industry has to address the dual challenge of planning ahead for peak oil while keeping up with the world's fast growing demand for energy. Leveraging its expertise, Mersen is supporting the development of alternative energies while guaranteeing the maintenance of conventional energy installations that are still vitally needed.

Solar: a new dawn

In 2013, Mersen continued to broaden and deepen its cooperation with industry leaders, even though its solar business has slowed sharply over the past two years. Already capable of supporting the entire solar cell manufacturing process and power distribution chain, we are continuing to invest in R&D to preserve the technological leadership that allows us to work in close collaboration with the industry's leading producers of polysilicon, wafers and inverters and front-ranked photovoltaic panel contractors.

Wind: making our mark

As a benchmark industry supplier both for generator power distribution systems and for yaw and pitch motors, Mersen successfully retained significant business in the United States in 2013 thanks to the replacement market. While demand in Europe was more hesitant, we were nevertheless awarded a €2.4-million contract to supply our cooler/busbar/fuse bundle for 600 to 700 of Siemens latest generation wind turbines assembled in Germany.

Hydroelectric: a nice fit between mature and emerging markets



In both mature markets (Europe and North America) and emerging economies (Brazil, India, China and Colombia), customers across the hydroelectric industry, from turbine manufacturers to powerplant operators, continued to call upon

Mersen's expertise in 2013. Our product innovations, such as large-diameter slip ring assemblies and dust aspiration systems, were widely acclaimed, as were our maintenance and technician training services.

Conventional energies: making maintenance easier

Although demand slowed during the year, Mersen continued to expand in the conventional energies segment in 2013 by differentiating itself with a pragmatic approach to maintenance issues, based on simpler processes and the development of custom and plug-and-play systems.

"In the midst of the energy transition, we have to demonstrate excellence in both alternative and conventional energies."



Expert's insight.....

Hydroelectric: leading the way in Brazil

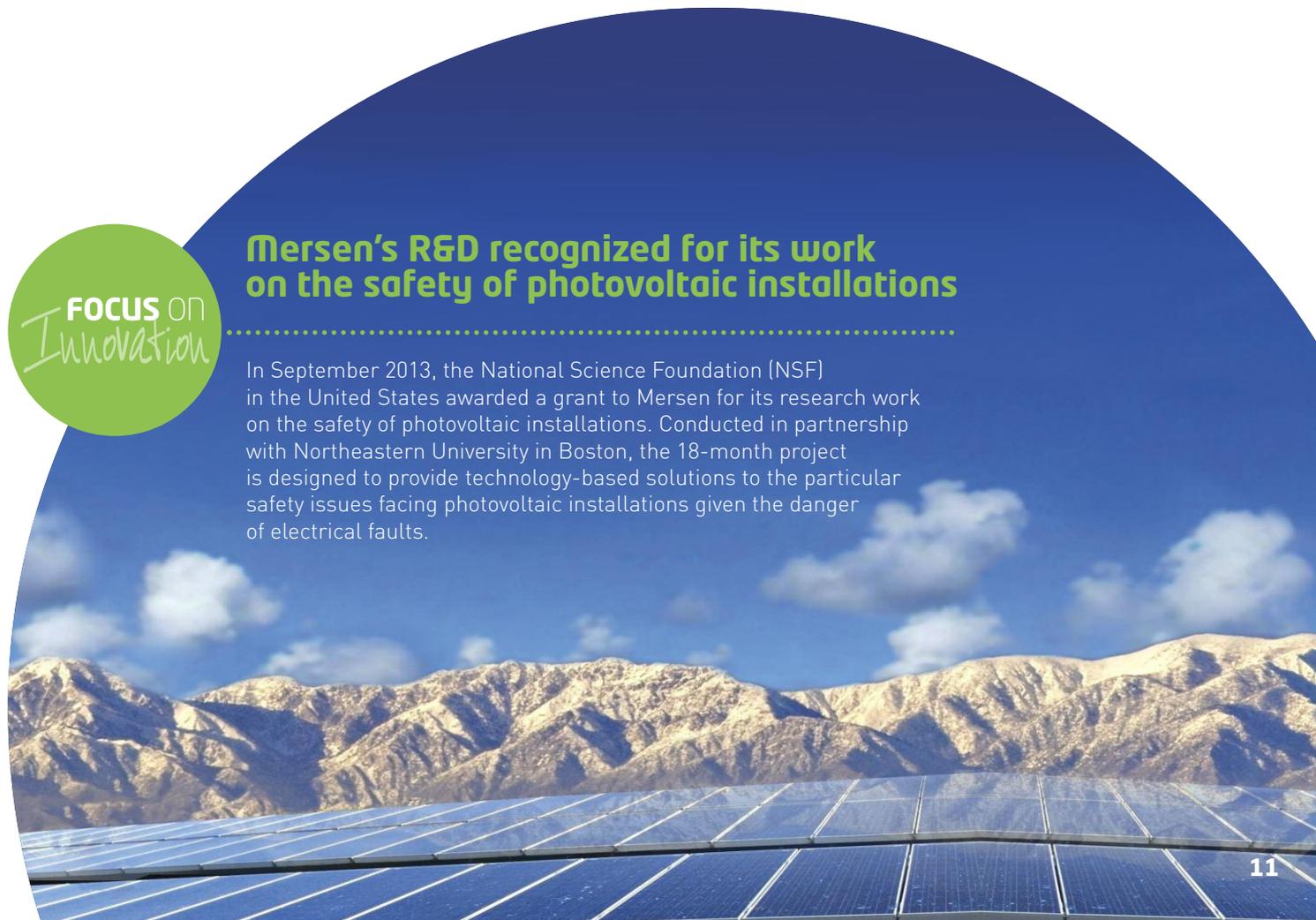
"There's a real culture of water power in Brazil, where hydro accounts for 80% of electricity generation and where some of the world's largest hydroelectric powerplants are located. This reflects the country's heavy investment in hydro facilities, with seven new plants coming on stream in 2013 and construction on 14 others scheduled to get underway beginning in 2014. Each time, the approach is the same – focus on tailor-made solutions because no two dams are alike. For Mersen, which has been supporting these developments since 2008, this is an exciting opportunity, because day after day, we have to adapt our expertise to new issues. And while we are the only ones in market capable of offering end-to-end solutions delivering top performance while reducing maintenance costs, we still had to invest in dedicated new machines and team training. But it's really paid off. Alstom certified us as the exclusive supplier of power slip rings and we enjoy unrivalled experience in the Brazilian market."

Silvana Machado • *General Manager, Mersen do Brasil*



Mersen's R&D recognized for its work on the safety of photovoltaic installations

In September 2013, the National Science Foundation (NSF) in the United States awarded a grant to Mersen for its research work on the safety of photovoltaic installations. Conducted in partnership with Northeastern University in Boston, the 18-month project is designed to provide technology-based solutions to the particular safety issues facing photovoltaic installations given the danger of electrical faults.





//////////////////////////////////// CUSTOMER BENEFITS //////////////////////////////////////

Ultra-pure materials for wafers

Longer lasting consumables

An unrivalled solution for improving power inverter performance



Electronics

Core expertise in innovative technologies

Embedded in the heart of the latest innovations that connect and brighten our lives, Mersen technologies are supporting the development of LEDs, enabling the design of smartphone and tablet components and providing the power electronics needed to distribute electricity.

Materials: LEDs everywhere

While Mersen primarily supplies high-grade and ultra-pure graphite for power semiconductors, the Materials segment remained sharply focused on the LED market in 2013. After the upsurge in demand driven by the planned phase-out of incandescent bulbs, the market is moving into a more orderly pattern, with certain manufacturers breaking out of the pack. This is particularly the case in the United States, where our support for the leading high-performance LED producers enabled us to capture the growth in the general lighting segment.

Electrical: new contracts and traditional partners

The postponement of certain investment projects due to the recession somewhat dampened the Electrical segment's performance in 2013, but Mersen was nevertheless able to score points in its traditional markets, as well as in some new ones. For example, after production capacity came on stream in China and South Korea in 2012, the first sales of locally produced laminated busbars got underway in 2013. Meanwhile in Europe, one of our traditional partners, Siemens, twice recognized our capabilities. In July, the Large Drives division voted Mersen "Top Supplier" in the "Best Technology" category, in recognition of our cooling technology for inverters used in the drive trains on the ICE high-speed trains. Then, in November, Siemens Wind Power chose Mersen to equip its latest generation of wind turbines, in a promising initial contract for our exclusive cooler/busbar/fuse power-electronics bundle.

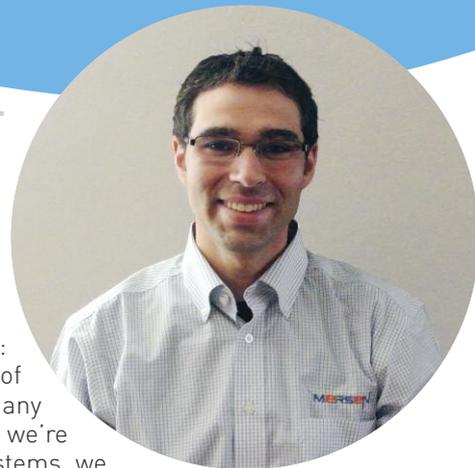


"In a world where technology is becoming more demanding by the day, you have to know how to be efficient and responsive, cost-effective and productive."

Expert's insight

A bundled solution without equal in the marketplace

"In the power electronic components market, Mersen is alone in offering a customized solution that bundles coolers, laminated busbars and fuses for semiconductors. In addition to the components' intrinsic quality, the use of simulation enables us to deliver real value-added to our customers. The principle is simple: instead of spending a lot of time and money building a series of prototypes, we use thermal simulation to identify and eliminate any potential design obstacles far upstream. This means that whether we're working on variable speed drives or power grid interconnection systems, we can optimize the size, weight and efficiency of each component. By reducing the cold plate, as well as, the busbar we can ultimately influence a smaller inverter package, all with a minimum of prototypes. In this way, the customer can be sure of getting a compact, bundled solution without losing any efficiency with optimal time-to-market."



Tom Giuliano • *Solution Engineer, Mersen, Rochester, NY (United States)*



Semiconductors: making products both efficient and affordable

Semiconductors are found everywhere these days, in LED lighting systems as well as in smartphones, tablets and other hi-tech devices. For these ultra-technical products, Mersen supplies complex, ultra-pure graphite components that are critical to making semiconductors both tinier and more efficient. While our components must comply with extremely tight tolerances (to within a micron), our productivity and responsiveness are two strengths, also acclaimed by our customers, that set us apart in a highly competitive market. Conducted in partnership with manufacturers, this process has driven the market emergence in just a few years of LEDs that offer ten times the performance at one-tenth the cost.



////////////////////////////////// CUSTOMER BENEFITS ////////////////////////////////////

Products suitable for a wide range of **international standards**

Turnkey equipment delivering **greater reliability**

Solutions that meet the **highest environmental standards**



Chemicals & Pharmaceuticals

Core expertise in improving our quality of life

Chemicals are everywhere in our daily lives, helping to drive progress in healthcare and nutrition, while improving the performance of consumer goods. As a key component of the global economy and a cornerstone of future developments, chemicals represent an extensive market for Mersen, whose business enjoyed another year of particularly dynamic activity in 2013.

Asia: rising demand for fertilizers and textiles

The Asian market, which is especially diverse, saw some of the fastest growth in the fertilizer segment in 2013. During the year, Mersen delivered Polytube® graphite tube heat exchangers to customers in China and Vietnam for use in producing phosphoric acid, a fertilizer feedstock. The viscose market was just as active, with large orders for hydrochloric acid production units and graphite tubes in Southeast Asia and India. Business in 2013 was also led by the delivery of a major portion of the record-setting, multimillion-euro contract signed in 2012 with Sabic to supply critical equipment in reactive metals for the manufacturing of high-performance plastics.

Middle East: gas, oil and sun

In 2013, Mersen solutions were in high demand in Middle Eastern markets, which have been particularly active in recent years. Deliveries included systems to produce hydrochloric acid for use in lifting oil and gas in Saudi Arabia and skid units to synthesize the hydrochloric acid used in the solar cell production process in Qatar.

Europe: the impact of forthcoming EC chlor-alkali standards

As of 2020, mercury-based electrolysis technologies will be banned in the European Union. Of the 80 chlor-alkali facilities now operating in Europe, 20 still need to commit the capital expenditure needed to convert to compliant technologies, offering a potentially large market for Mersen, which in particular supplies the burners needed to produce hydrochloric acid.



"Because chemicals are everywhere in our daily lives—in our healthcare products, our food and our consumer goods—they demand increasingly reliable production processes."



Expert's insight

A "Technology Provider" approach

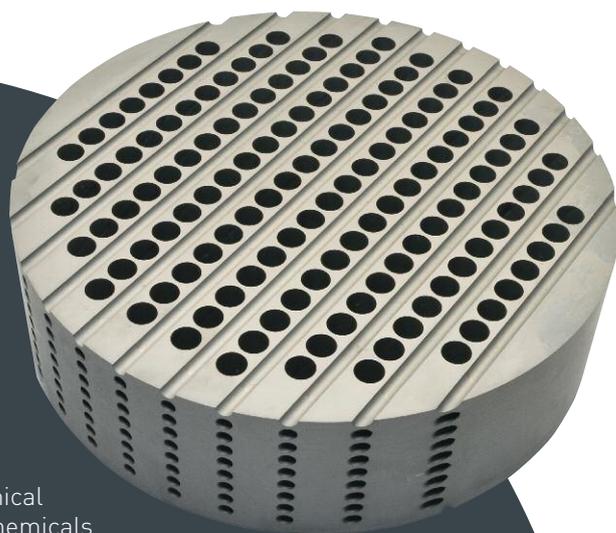
"For many years now, producers of fine chemicals, pharmaceuticals or agrifoods have considered Mersen as more than just an equipment vendor. Today, our approach is to act as a Technology Provider, offering our expertise and end-to-end process proficiency, as well as our understanding of the wide variety of legislation in effect around the world. In the healthcare and agrifoods industries, where "good enough" is not an option, we deliver turnkey solutions to produce the purest HCl in a reliable, secure environment."

Daniele Pedroni • Chlor-Alkali Market Manager, Mersen Italia

FOCUS on
Innovation

Plug-and-play heat exchangers for fine chemicals

Transferring heat is a key step in any industrial chemical process, especially in the fine chemicals, specialty chemicals and pharmaceuticals segments, which demand ultra purity. The result of two years of R&D, Mersen's silicon carbide (SiC) heat exchangers offer the advantages of avoiding any risk of particle contamination and considerably shortening the purifying and washing phases. For the customer, this saves time and money, while ensuring compliance with the demands of processes used to make very high value added products.





Transportation



////////////////////////////////// CUSTOMER BENEFITS ////////////////////////////////////

Higher performance and reliability
for every mode of transportation

Ability to work on-site anywhere in the world

Custom-designed for greater adaptability

Silicon carbide material ideal for space applications



Core expertise in moving people and goods

In a world where everything has to move more quickly, with uninterrupted service, total user safety and optimal performance, Mersen offers transportation professionals invaluable expertise in both products and innovative services. In this way, we are supporting the development of high quality air and rail transport that is both safer and more efficient, everywhere around the globe.

Railways: a year of transition before the rebound?

While the rail market was generally lackluster in 2013, Mersen set itself apart by winning a major contract with the Alstom-Bombardier consortium to supply current collectors for the new Montreal metro. After the London Tube and the Lille tramway (for which a new motor maintenance contract was signed in 2013), this new project offers compelling recognition of Mersen's customer-centric approach to business, which in this case enabled us to meet two critical needs: compliance with US standards and the ability to share manufacturing between France and Quebec.

Aerospace: a fast growing market

The aerospace market had another memorable year in 2013, just as in 2012. A supplier to tier-one subcontractors of the leading aircraft manufacturers, Mersen is continuing to gain market share thanks to the effectiveness of its solutions and its operational excellence, with technical components capable of resisting extreme environments in full compliance with the industry's highest safety standards.



Space: unique, widely recognized expertise

Mersen's expertise in sintered silicon carbide, a ceramic whose rigidity, low density and resistance to high temperatures have been acclaimed for use in space environments, was recognized across the industry when our Boostec unit was chosen by Airbus Defense and Space (formerly Astrium) to build the telescope mirrors and structures for the Euclid and IASI-NG projects.

"Both public transit and freight transportation have to combine technical content, performance and safety."

Expert's insight

Aerospace: making the difference with constant foresight and continuous improvement

"Certain aerospace companies, including the world's leading jet turbine manufacturers, have been using our services for more than 30 years. It's no secret why these relationships last so long – we always try to go the extra mile and offer our customers more quality and technical expertise. We know the market well and we constantly strive to foresee emerging needs, especially in the area of safety. That's THE sensitive issue in the industry. In response, we've introduced a series of ultra-comprehensive tests for our products, based on every possible scenario, like thermal conditions, load factors, leakage rates, etc. It can take years to custom-design and test a valve before it is finalized and implemented. But the result is that the customer is totally confident in the end product."

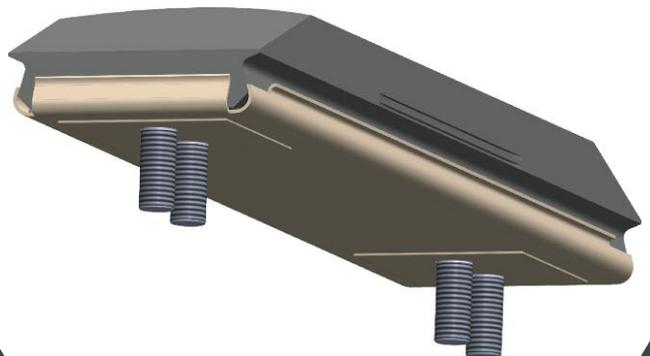


Richard King • *Head of Aerospace Market Development, Mersen UK*

FOCUS on
Innovation

Mersen innovation again honored at SIFER 2013

At the SIFER 2013 rail industry trade show, Mersen was awarded a new Innovation Trophy for its EcoDesign third-rail shoe. Designed to collect electric current in urban transportation systems, the entirely dismountable and recyclable EcoDesign shoe offers shock and mechanical stress resistance that amply exceeds that of any other solution on the market.





////////////////////////////////// CUSTOMER BENEFITS ////////////////////////////////////

Lower production costs

A significant improvement in the energy efficiency of production processes

A comprehensive range of services, including R&D, training and reengineering

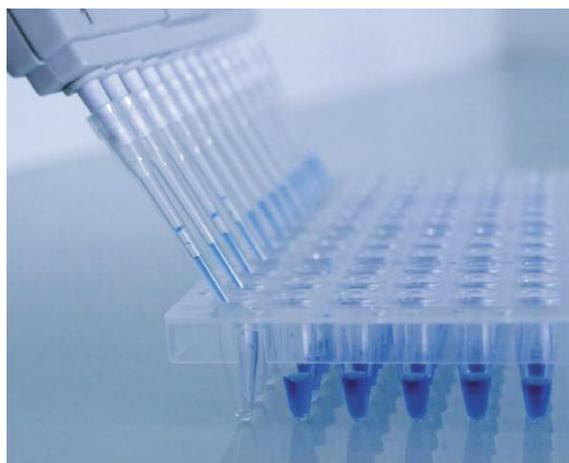


Process industries



Core expertise in energy efficiency

Process industries have been changing rapidly in recent years, and are now in the forefront of the global quest for energy efficiency. The oil and gas, mining, steelmaking, pulp and paper and glassmaking industries all call on Mersen's expertise to continuously improve their processes and sharply reduce their energy bill.



Target: optimized energy savings

In a sluggish economy, the process industries market contracted slightly in 2013, dampened by the slowdown in the metals and mining industries. Nevertheless, these high potential segments are still being driven by the search for energy savings over the medium and long terms, a major need that Mersen solutions address by helping to regulate and optimize motor performance.



Glass industry: high precision and a broad portfolio

In 2013, the global glass industry continued to demonstrate strong demand for Mersen's broad range of ultra high-performance carbon and graphite components. Our network's precision workshops locally machine parts that meet the highest standards for applications as varied as flat or hollow glass, laboratory glassware, pharmaceutical glassware, TV and lighting tubes, and optical fibers.

Service and Maintenance

Over the year, the services portfolio was broadened and enhanced, thereby enabling Mersen to successfully meet the needs of many manufacturers who are facing a dual dilemma: on the one hand, they are losing technical knowledge as their maintenance teams retire and on the other, they want to outsource certain services previously handled in-house. By developing on-site machining services, for example to maintain slip-ring assemblies without having to dismantle the machines, we were able to win a large number of assignments with such global market leaders as Arcelor Mittal, Constellium and Marcegaglia.

"While the primary objective is to deliver major energy savings, you also have to be able to maintain the resulting performance over the long-term."

Expert's insight

Glass industry: when Becton, Dickinson & Co. replaced conventional parts with graphite

"The glass industry is facing a dual challenge – to create containers made of lighter glass, so as to reduce production costs, and to do so without weakening the final product. This issue is even more critical when the glass components are small. That's why Becton, Dickinson & Co. (BD), the leading US producer of medical supplies, contacted Mersen to replace the traditionally used parts in its processes with graphite. Actually, compared with the conventional version, our graphite parts have a double advantage – they are self-lubricating and they retain their geometric stability. This enables glassmakers to produce superior quality glass, while limiting breakage and considerably reducing costs. The joint project with BD turned out to be a huge success, because we equipped four of their five medical glassware plants."



José Bonet • *Worldwide Market Manager Glass, Mersen Benelux*

FOCUS ON Innovation

Services: bridging the technical knowledge gap

Operating in both mature and emerging markets, Mersen has to be able to align its services with each country's business culture. While Asia takes a more corrective approach to maintenance and only requests servicing in the event of an incident, European manufacturers have long preferred preventive maintenance, but they are gradually losing their in-house expertise as more and more people retire. That's why they're increasingly calling on companies like Mersen. In both cases, our service specialists are dedicated to delivering the technical sophistication and responsiveness that all of these customers need.



An organization attuned to the challenges of the times

Mersen's ambitious vision is being fulfilled primarily by the men and women in our corporate community. They are the ones who apply their skills, support our customers and proudly demonstrate, every day, our values of expertise, quality, safety, compliance and the careful management of the impact of our business. Our results-oriented approach is founded on a strategy that is both socially responsible and environmentally sensitive – a strategy that is delivering its benefits day after day.

Safety

2.7

lost-time incidents per million hours worked, on average, in 2013 - a historically low figure that confirms Mersen's proactive approach to safety. This process was strengthened during the year with the deployment of new health and safety-related communication and prevention resources in every host country.

+ 25%

more monthly on-site safety reviews performed in 2013, with an average of three per month and per facility across the global operations base. The target is to eventually increase this number to four a month per facility.

14.6 ▶

hours of training per employee on average in 2013, reflecting the creation of Mersen Academy, a new e-learning portal allowing employees to custom design their own curriculum of general education and job skills enhancement courses. Among the most popular subjects in 2013 were safety, project management and cash management.



67%

of facilities with more than 125 employees have earned ISO 14001 certification, validating the effectiveness and reliability of their environmental management system. Some facilities are also involved in an OHSAS 18001* certification process covering workplace health and safety management.

*Occupational Health and Safety Assessment Series

KNOWLEDGE TRANSFER:

In the footsteps of one of the **last “carbon guys”**

In September 2013, Mersen signed the French government-mandated action plan concerning the cross-generation contract (*contrat de génération*), under which companies receive a subsidy if they hire a young person (aged 16 to 25) while retaining a senior (aged 57 and over) in employment. In this way, the program is expected to encourage the transfer of knowledge and skills. Mersen, however, did not wait for government incentives to deploy a Group-wide mentoring policy to structure the cross-generational transfer of business-critical expertise. Last year, for example, Daniel Lematte left the Amiens, France plant after a 38-year career in semi-finished products and 24 months spent training his two successors.



Why did you volunteer to train new technicians?

Daniel Lematte: After several of my coworkers retired, I felt like I was one of the last technicians who knew everything there is to know about semi-finished products. With the Amiens plant manager, we wanted to plan for my retirement and take advantage of the 24 months I had left to train two employees.

How did that work in reality?

D.L.: Very simply. The three of us set up in the same office and I taught them everything I know – theory of course, but most importantly practice, because it’s a job where know-how is essential. You have to know how to interpret test samples, and react to even the slightest unexpected data. We also implemented new internal decision-making processes to maintain the same production quality.

Besides your technical knowledge, what else did you try to teach them?

D.L.: The rigorous discipline that you have to demonstrate on the job every day. When it comes to semi-finished products, it’s all a matter of just the right degree of temperature and the right density. You can’t always depend on computers, even though they have revolutionized our jobs. A person’s eyes, experience and intuition are still important on the shop floor.

What are you leaving behind?

D.L.: A lot of exciting memories, and a book that the plant manager asked me to write last year. I called it “Mémoires d’un des Derniers Carboneux” (The Memoirs of One of the Last Carbon Guys). It’s around 200 pages of best practices, recommendations and stories that future technicians can consult in the years ahead.

Daniel Lematte

24 months spent training his two successors



CUSTOMER COMMITMENT

Understanding each market to better support our customers

"Canada isn't the United States – the business culture isn't the same and price isn't everything. On the contrary, **local support is essential, especially in a country with two official languages that don't coexist very well, five time zones and nearly 6,000 km from one coast to the other.** You can imagine the real challenges that have to be met every day in the supply chain and the selling process. You have to immerse yourself in the local culture, which varies widely between urban areas and the mines in Northern Quebec, where a salesman in a suit and tie isn't very welcome."

Marc Charlebois • Managing Director Mersen Canada Dn Ltd.



"The Brazilian regulatory and economic environment is fairly complex. We've been here since 1939, so we know all the ins and outs, which means that we can avoid a lot of red tape. **You also have to deal with a government that sets local content quotas on publicly financed projects.** This encourages the purchase of locally manufactured equipment and components, which validates our approach. In exchange, our customers really appreciate direct contact and a local presence, which is why it's important to have a nationwide sales force."

Silvana Machado • Managing Director, Mersen do Brasil



..... **Every market has its own culture and unique features.**

Present in 35 countries, Mersen relies on the expertise and field knowledge of its teams to effectively support the leading manufacturers in each segment, because business approaches are not the same from one country to another, from one continent to another or from an emerging market to a mature market.

"As a market, Europe is an extremely diverse region, **with segments varying in maturity depending on the country.** You just have to deal with it. Between the powerful economic engine that is Germany and the Eastern countries that are still building modern economies, we have to meet a very broad spectrum of demand, while complying with widely varying standards and extreme cultural differences from one country to the next. The secret of our success? **We know how to adapt to the local culture without losing either our identity** as an international corporation or our commitment to the highest standards, quality and compliance."

Massimo Neri • Supervisor, Europe

"China is a very peculiar market where **customer relationships are sometimes as important as product expertise or price.** The sales teams therefore have a critical role to play in day-to-day business, by building and nurturing customer relationships, and by staying in contact with local and national authorities, who always exert a lot of influence. In fifteen years here, Mersen has nevertheless forged a good reputation with Chinese manufacturers, particularly in the photovoltaic, optical fiber and die-casting sectors. But the market remains competitive and you constantly have to challenge yourselves to score points."

Benson Zhang • Sales Manager, Mersen Kunshan, China

"In recent years, the South African market has been upended by the arrival of new entrants looking to carve out a place for themselves. This hasn't had much impact on Mersen, however, because we've been here for 60 years and enjoy a well-established reputation for quality. Our skills are in high demand, especially in the mining industry. Also, **a lot of companies underestimate the major influence of BB-BEE*, which is designed to encourage the hiring of black people at every level of an organization.** There's no way you can ever hope to do business in South Africa without a serious empowerment process in place.

*Broad-Based Black Economic Empowerment

Eben Hattingh • Managing Director, Mersen South Africa



MAIN INDUSTRIAL FACILITIES

- Sites with more than 125 people
- Other major industrial sites



"We wish to warmly thank all those who have assisted in the production of this document"

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