



GLOBAL EXPERT IN ELECTRICAL POWER AND ADVANCED MATERIALS

OCTOBER, 2017



MERSEN: OUR MISSION

**WE DEVELOP
THE BEST TECHNOLOGIES FOR
THE INDUSTRIES OF THE FUTURE**



**WE PROVIDE INDUSTRIAL COMPANIES AROUND THE
WORLD WITH INNOVATIVE SOLUTIONS ENHANCING THE
PERFORMANCE OF THEIR PRODUCTS AND SERVICES**



OUR STRATEGIC PILLARS

Improve **synergies**
within and between the
business segments

Build on our **3 new positions**

Asia Technology &
 Innovation Operational
 Excellence

Maintain best **safety**
practices (TRIR <1)

Continue to deploy the
**Operational
Excellence plan**



Develop **talent
management**

Improve internal
collaboration

Expanding markets

Solar Wind Electronics

Electric vehicle

More efficient **innovation**

Targeted **acquisitions**

AN ORGANIZATION ALIGNED WITH OUR MARKETS AND DELIVERING SYNERGIES

ADVANCED MATERIALS

Anticorrosion equipment



Graphite specialties



Power transfer technologies



INDUSTRIAL SYNERGIES

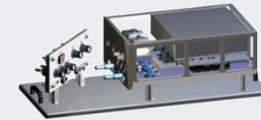
Lower capex

Production transfers

Electrical Protection & Control



Solutions for Power Management



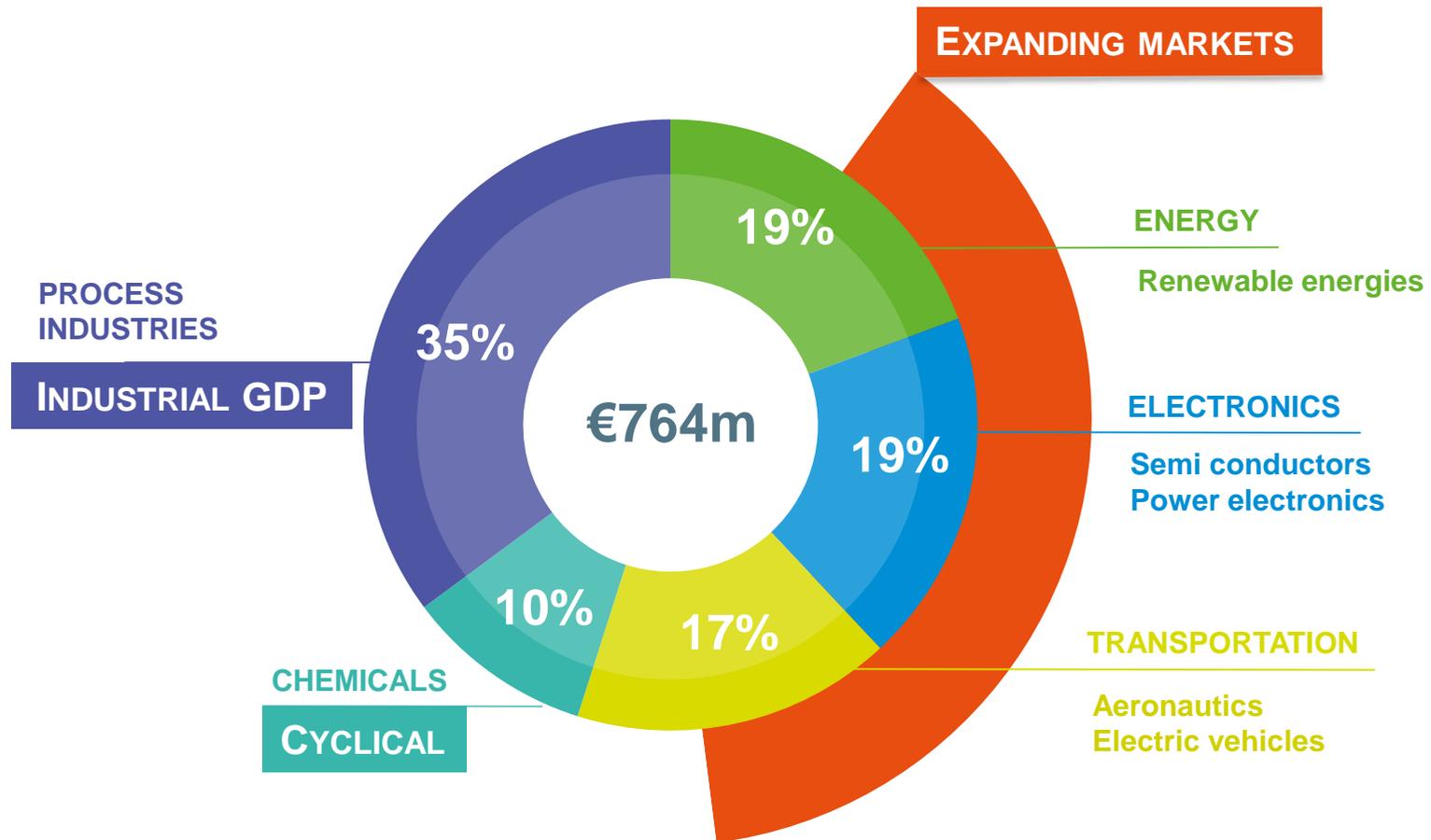
MARKETING & SALES SYNERGIES

Alignment with two sales models

Knowledge of the electrical market

ELECTRICAL POWER

POSITIVE LONG-TERM MARKET TRENDS



FY 2016 Sales in €million

... WITH A LARGE CUSTOMER'S PORTFOLIO

- **CLIENT PROXIMITY**
(**>65% "ON-DEMAND" PRODUCT**)
- **REGULAR AFTER MARKET REPLACEMENT (~65% OF SALES)**
- **HIGH BARRIER OF ENTRY**
 - High quality
 - Homologation & standards
 - Worldwide presence
- **LARGEST CUSTOMER:**
< 4% OF SALES
- **10 LARGEST CUSTOMERS:**
< 13% OF SALES

KEY CUSTOMERS

SAINT-GOBAIN	ALSTOM	ARKEMA	CREE	WACKER
ArcelorMittal	GE	AIR LIQUIDE	SIEMENS	NORDEX
BELMONT EQUIPMENT & TECHNOLOGIES Division of China Development, Ltd.	BOMBARDIER	Bayer	APPLIED MATERIALS	SIEMENS
SAMSUNG	BART	DOW CORNING	Infineon	LONGI 隆基
OI	THALES	KEM ONE	Schneider Electric	SMA
WESCO	SAFRAN AEROSPACE DEFENCE SECURITY		SAMSUNG	中环光伏 ZHONGHUAN SOLAR

Non exhaustive List

MORE EFFICIENT INNOVATION

TRANSFORMING R&D PROJECTS INTO COMMERCIAL SUCCESSES



Hybrid switch and
DC fuse for EVs



Optical mirrors
for laser
technologies



UL-standard surge
protection
solutions for the
US market

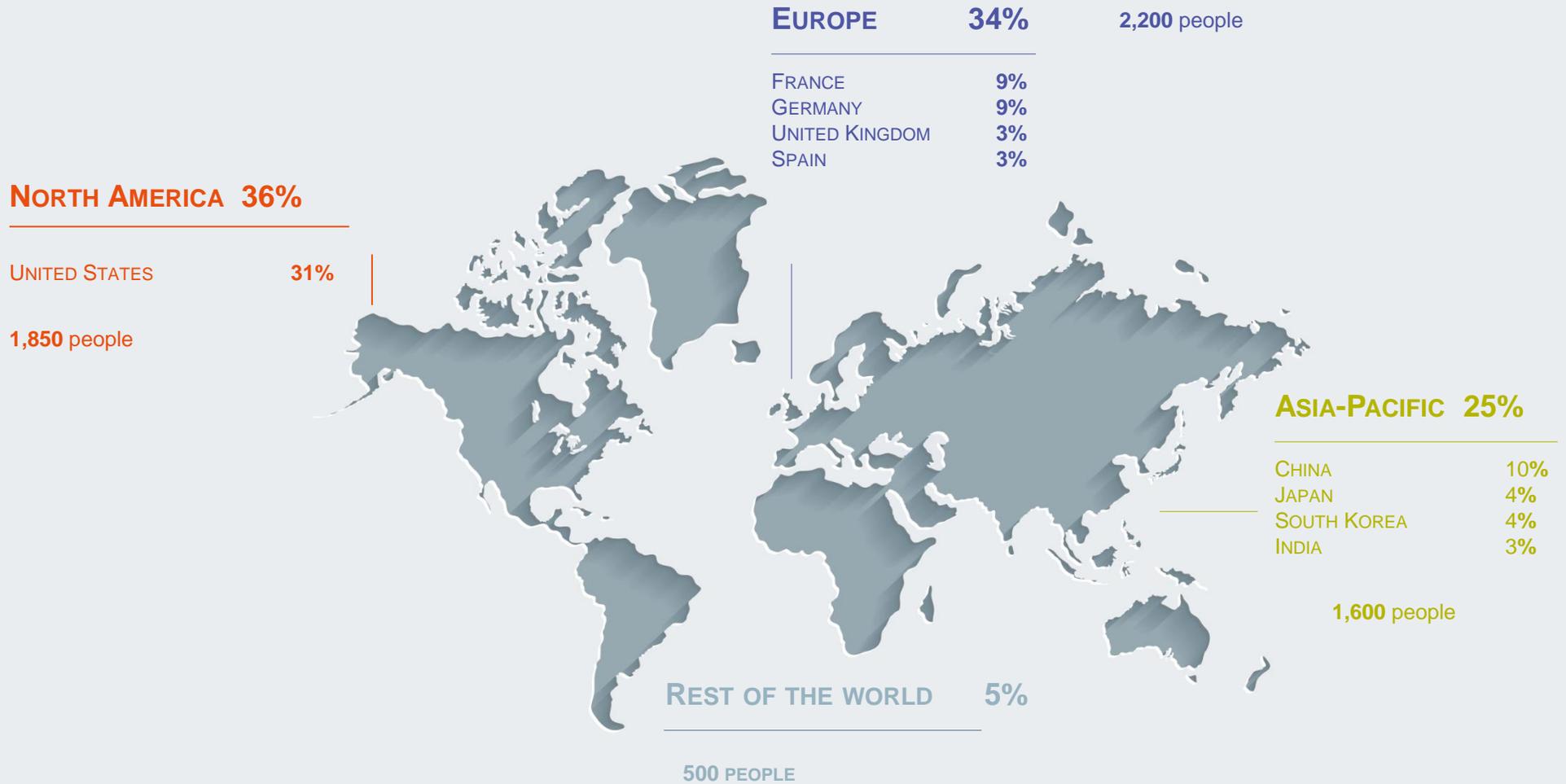


Flexible and rigid felt
insulation for
semiconductor
electronics



A new position (2016) to improve the efficiency of the Group's R&D

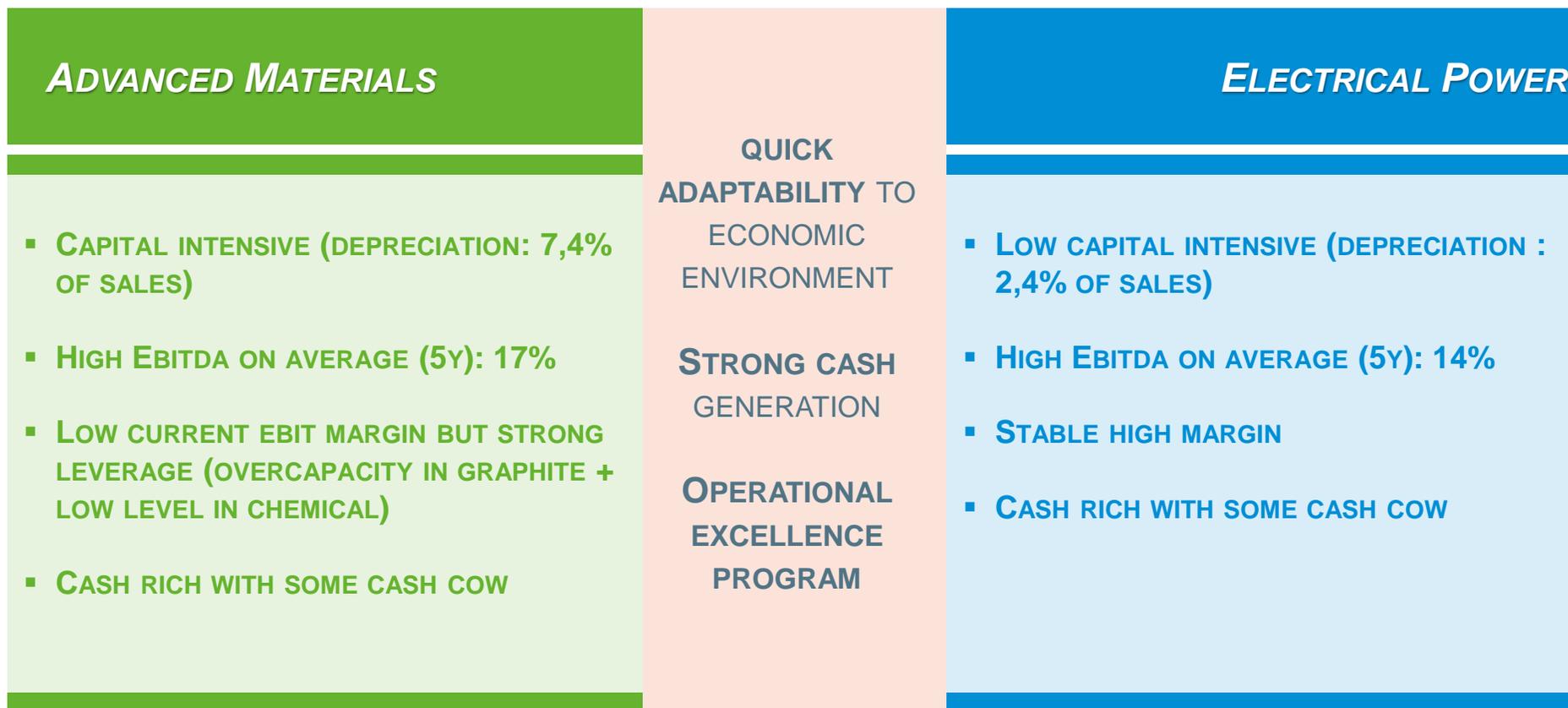
A GLOBAL FOOTPRINT, SOURCE OF STABILITY AND OPPORTUNITIES



Sales as a % of 2016 figures

Number of employees at December 31, 2016

FINANCIAL COMPLEMENTARY MODEL



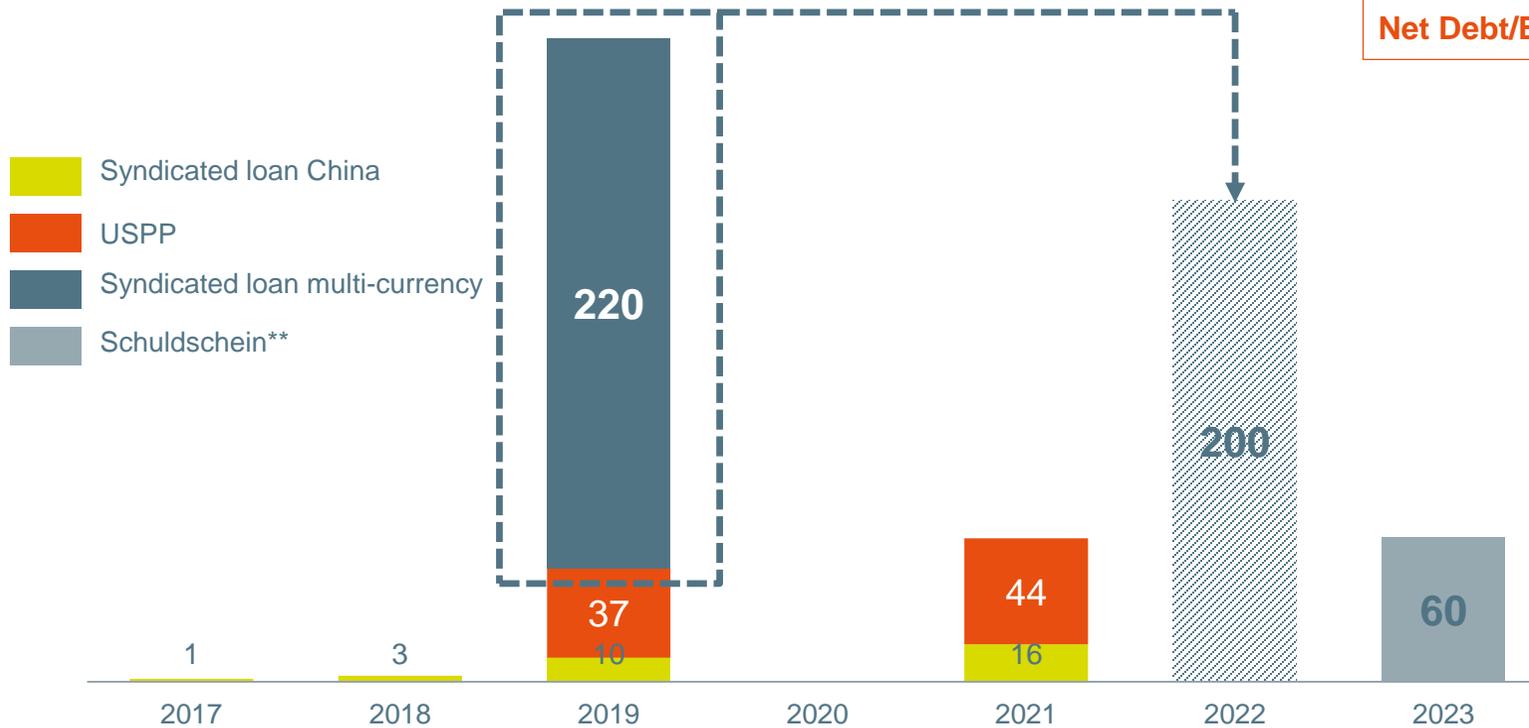
2016

Sales	€764m
EBITDA	€97m
EBITDA margin	13.6%
FCF*/sales	8%

* Operating cash-flow after Capex

A SOLID BALANCE SHEET WITH A RECENT EXTENSION OF THE DEBT MATURITY

CONFIRMED LINES IN €M AT JUNE 30, 2017, AFTER REFINANCING*



Net Debt at June 2017 | €197m

Net Debt/EBITDA | 1.8

Net Debt/Equity | 42%

After refinancing
Maturity > 5 years

Unused confirmed lines after commercial paper coverage: €170m

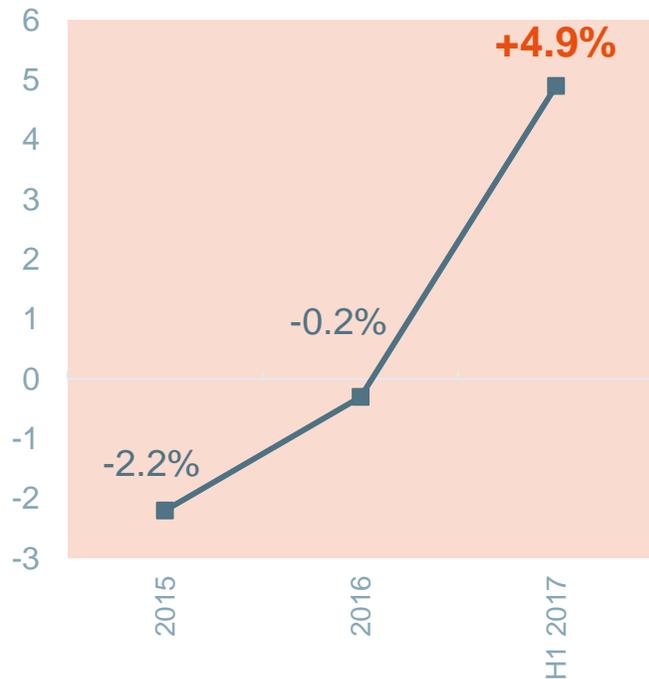
* July 18, 2017

** November 2016

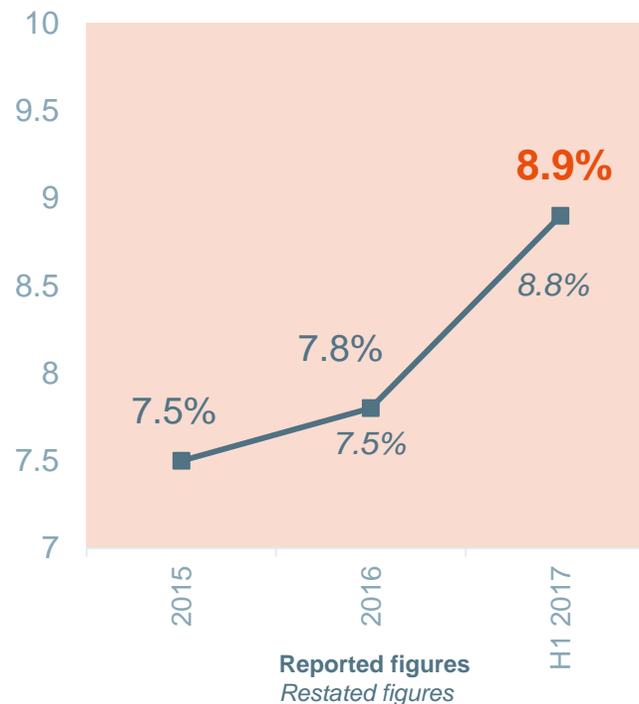
A RECENT TURN-AROUND ...

... THANKS TO THE EFFECTIVENESS OF MEASURES IMPLEMENTED FOR 2 YEARS (ORGANIZATIONAL STRUCTURE, COMPETITIVENESS PLANS)

ORGANIC GROWTH IN SALES



CURRENT OPERATING MARGIN



NET DEBT IN €M





THIRD QUARTER 2017

- SALES

- FY GUIDANCE

A SOUND ACTIVITY IN BOTH SEGMENTS

ELECTRICAL POWER

+11%

- Growth in Power Electronics, Transportation and Process Industries
- Electrical distribution back to growth

ADVANCED MATERIALS

+8%

- Growth in electronics, aeronautics, chemicals and process industries (notably, glass forging for smartphones and oil&gas)
- Renewable energies stable

€198m

+9%

Sales Q3 2017 in €million – organic growth vs Q3 2016

A HALF-YEAR MARKED BY A STRONG GROWTH IN ASIA AND AN IMPROVEMENT IN NORTH AMERICA



2017: ANNUAL ORGANIC GROWTH AND PROFITABILITY GUIDANCE RAISED AGAIN

- STRONG PERFORMANCE IN THE FIRST 9 MONTHS
- FAVORABLE ECONOMIC ENVIRONMENT
- PROMISING OUTLOOK FOR OUR GROWTH MARKETS
- ON-GOING COMPETITIVENESS PLANS

	DISCLOSED IN MARCH 2017	RELEASED ON JULY 19, 2017	RELEASED ON OCTOBER 25, 2017
ORGANIC GROWTH IN SALES	[0-2%]	[3-5%]	[7-8%]
CURRENT OPERATING MARGIN GROWTH	[50-100 POINTS]	[80-130 POINTS]	[150-170 POINTS]

2016 RESTATED* : 7.5%

* Disposal of high-power switch business

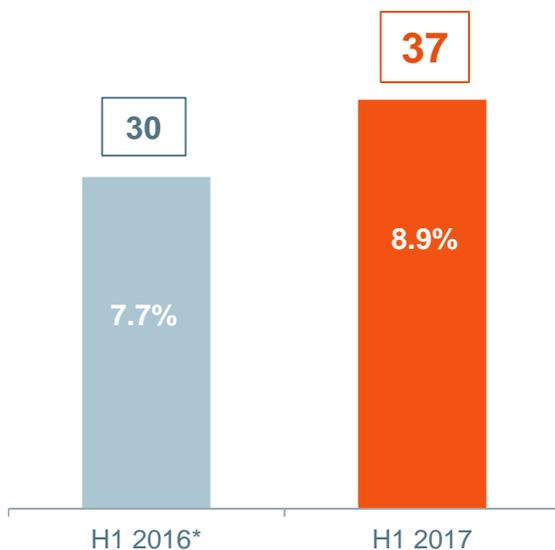


H1 RESULTS

- OPERATING INCOME
- COMPETITIVENESS PLAN
- CASH-FLOW
- NET DEBT

STRONG INCREASE IN PROFITABILITY

in €m and % of sales



In %

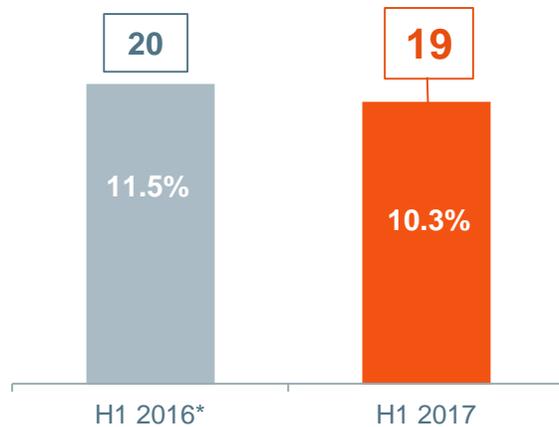
<i>EBITDA margin H1 2016*</i>	12.7%
Current Operating margin H1 2016*	7.7%
Volume /mix effects	+0.8%
Price impact	-0.4%
Competitiveness	+1.9%
Inflation	-1.1%
Current Operating margin H1 2017	8.9%
<i>EBITDA margin H1 2017</i>	13.6%

* Restated (cf. press release)

STRONG VOLUME IMPACT ON ADVANCED MATERIALS SEGMENT

■ ELECTRICAL POWER

IN €M AND % OF SALES



- UNFAVORABLE MIX EFFECTS
- LIMITED GAIN FROM COMPETITIVENESS PLANS

■ ADVANCED MATERIALS

IN €M AND % OF SALES

Current Operating Margin



- POSITIVE VOLUME EFFECT
- UNFAVORABLE GRAPHITE PRICE EFFECTS
- GAIN FROM COMPETITIVENESS PLANS

* Restated (cf. press release)

ON-GOING COMPETITIVENESS PLANS, IN LINE WITH THE OBJECTIVES

	2016	H1 2017	2017 announced*	2018 announced*	Total announced*
Cost savings (€m)	16.5	8	[13-16]	[11-13]	[43-45]
Impact on the P&L before tax (€m)	(22)	(3)	(10)		(32)
Impact on Cash- flow** (€m)	(5)	(8)	(25)	(5)	(35)

* announce in March 2017

** including capex

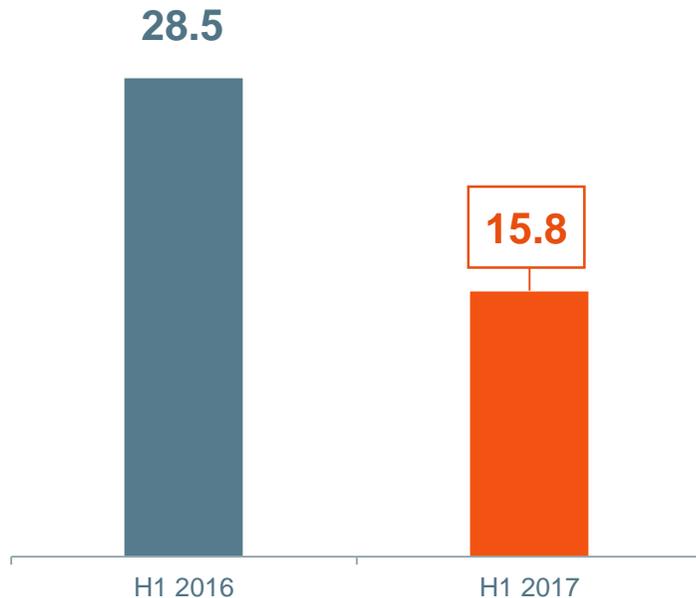
MORE THAN 50% RISE IN NET INCOME

in € million	H1 2017	H1 2016
Operating income before non-recurring items	36.6	29.9
% of sales	8.9%	7.7%
Non-recurring income and expense	(2.0)	(3.5)
Net financial income/(loss)	(5.4)	(6.0)
Income tax	(9.5)	(7.0)
Net income from continuing operations	19.7	13.4
Net income/(loss) on assets held for sale	(0.6)	(1.1)
Net income	19.1	12.3
Net income attributable to Mersen shareholders	18.1	11.3

■ Mainly costs linked to competitiveness plans
■ Effective tax rate 33%

HIGH OPERATING CASH-FLOW IN A PERIOD OF STRONG GROWTH

CASH-FLOW BEFORE CAPEX IN €M

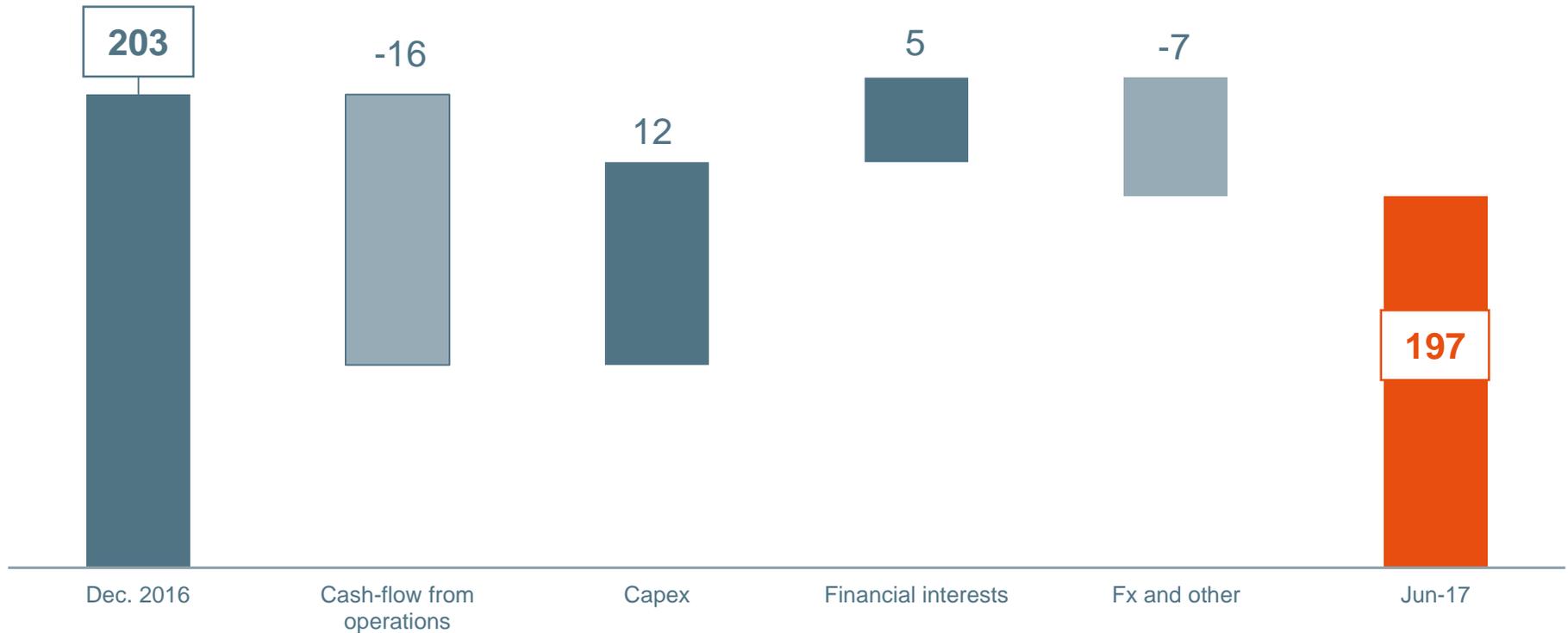


- **ONE-OFF CASH-OUT IN H1 2017 (€8M)**
 - Mainly linked to competitiveness Plans
- **WCR MAINTAINED AT A SOLID LEVEL (21% OF SALES)**
 - Growth in Inventories and Trade receivables due to strong sales growth

DECREASE IN NET DEBT

Net Debt/EBITDA	1.8
Net Debt/Equity	42%

IN €M





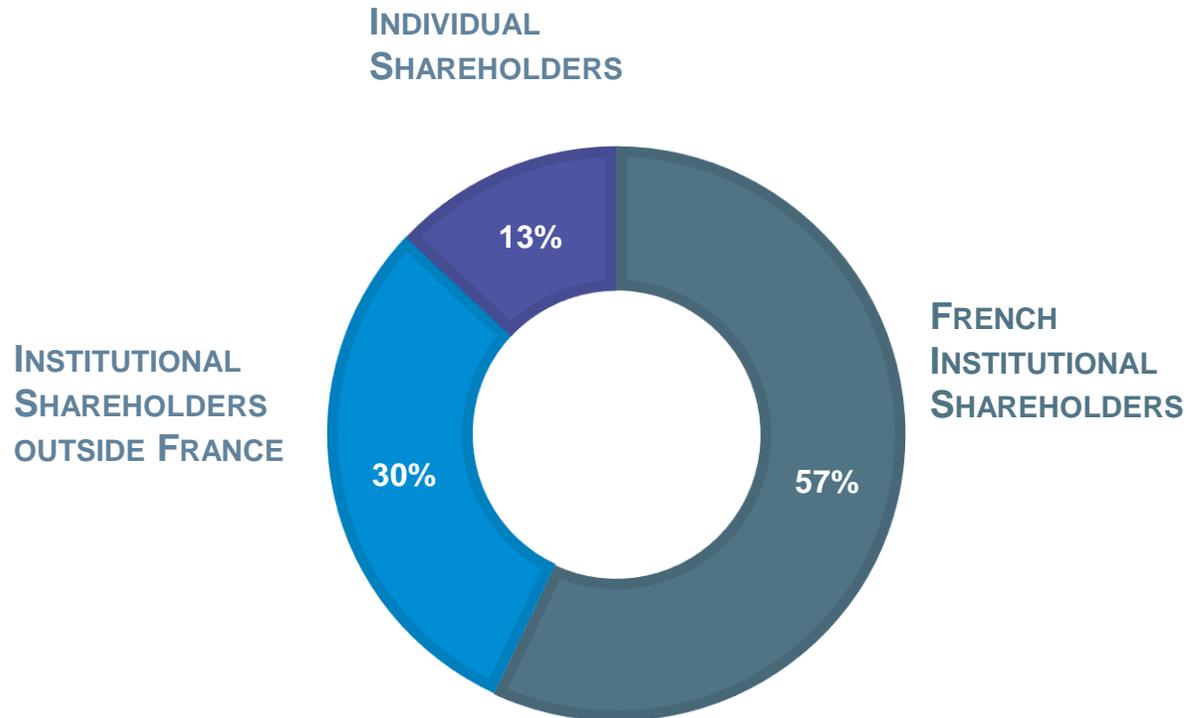
APPENDIX

- MAIN COMPETITORS
- SHAREHOLDING STRUCTURE
- MERSEN INSIDE
- H1 2017 FINANCIAL RESTATEMENT
- CONTACTS

MAIN COMPETITORS

<i>ADVANCED MATERIALS</i>	<i>ELECTRICAL POWER</i>
ANTICORROSION EQUIPMENT SGL CARBON (GER)	ELECTRICAL PROTECTION & CONTROL EATON/ BUSSMANN (US)
GRAPHITE SPECIALTIES TOYO TANSO (JP), TOKAI CARBON (JP), SGL CARBON (GER), SCHUNK (GER)	SOLUTIONS FOR POWER MANAGEMENT EATON (US), ROGERS (US), METHODE (US), LYTRON (US)
POWER TRANSFER TECHNOLOGIES MORGAN ADVANCED MATERIAL (UK), SCHUNK (GER)	

SHAREHOLDING STRUCTURE



Main shareholders As of June. 2017

➤ ARDIAN	17.7 %
➤ BPIFRANCE INVESTISSEMENT	15.5 %
➤ SOFINA	8.2 %

MERSEN IN THE SOLAR ENERGY (SALES €40M IN 2016)

CRYSTAL GROWTH

POLYSILICON MANUFACTURING

- Graphite anticorrosion systems for HCl synthesis
- Furnace insulation
- Graphite electrodes

INGOT MANUFACTURING

- Furnace insulation
- Graphite crucible
- Machined graphite parts
- Graphite heater
- Furnace lining

PANEL PROTECTION & PERFORMANCE

ELECTRICAL PROTECTION

- Fuses and fuse holders
- Surge protection
- Smart switches

POWER CONVERSION

- Bus bar
- Semiconductor fuse
- Cooling device

SOLAR ENERGY

The infographic features a 3D isometric illustration of a city skyline with solar panels and power lines, symbolizing the application of Mersen's products in the solar energy sector.

MERSEN IN THE WIND ENERGY (SALES €45M IN 2016)

WIND ENERGY

POWER GENERATION

- Slip ring assemblies
- Brush-holders
- Power and grounding brushes

BLADE ORIENTATION

- Carbon brushes for pitch motors
- Signal transfer systems
- Brush-holder and brush-rocker assemblies

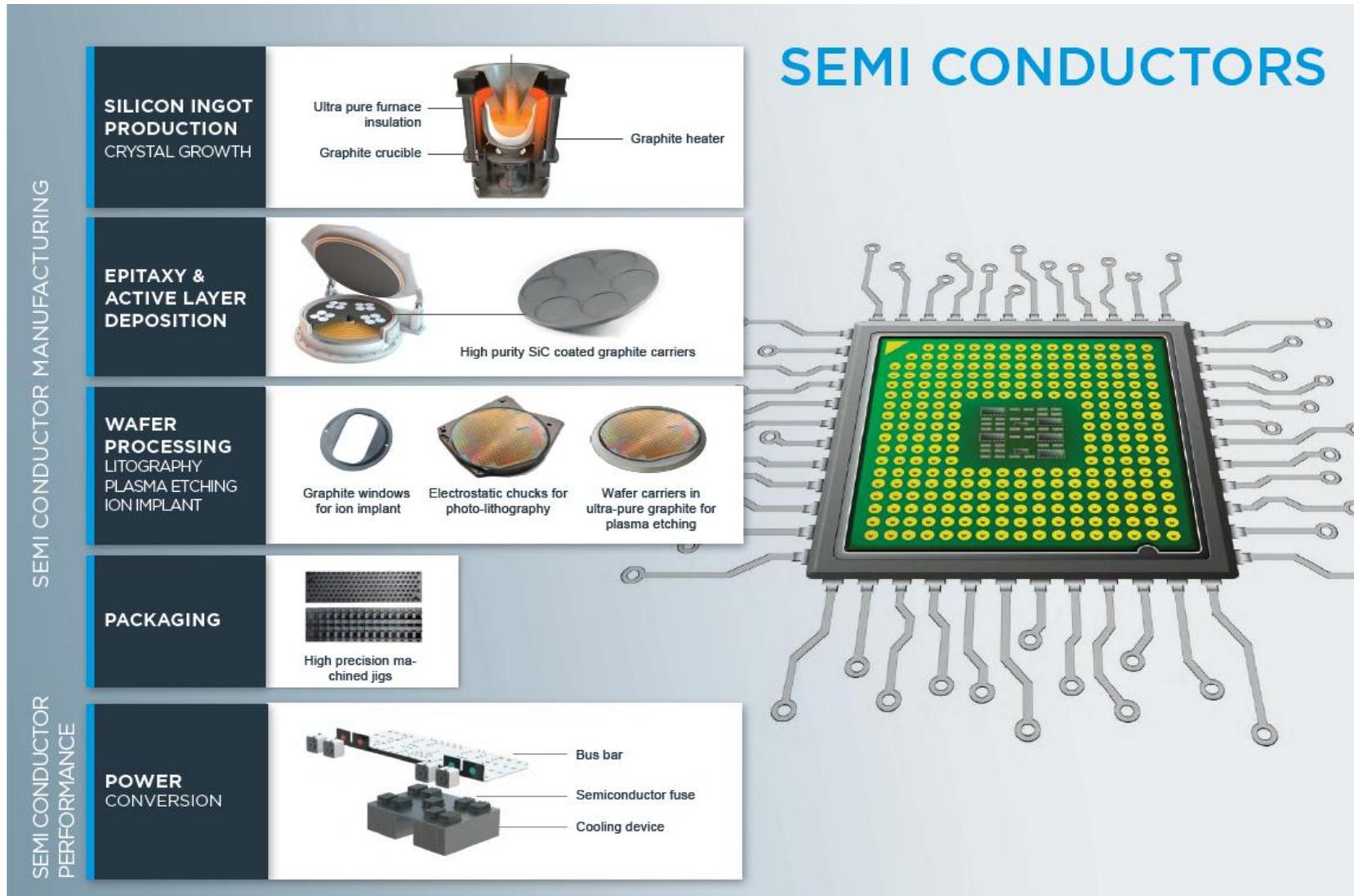
ELECTRICAL PROTECTION

- Bus bars
- Cooling devices
- Surge Protective Devices (SPD)
- Fuses and fuse gears

POWER CONVERSION

- Bus bar
- Semiconductor fuse
- Cooling device

MERSEN IN ELECTRONICS (SALES €140M IN 2016)



MERSEN IN THE AERONAUTICS (SALES €40M IN 2016)

AERONAUTICS

LIFE ON-BOARD	AUXILIARY MOTORS	ELECTRICAL POWER GENERATION AND DISTRIBUTION	AIR CONDITIONING							
	 Pump carbon brushes  Brush-holders  Flange gaskets	 Cooling devices  Bus bars	 Shaft seals  Dynamic seals  Bearing / Guides  Flange gaskets							
BRAKING	 Carbon / Carbon composite discs									
TECHNICAL PERFORMANCE	FLUID CONTROLS					STARTER / GENERATOR	ENGINE COMPONENTS		ACTUATION	
	 Bearing / Guides  Pump vanes  Bursting disks  Dynamic seals  Flange gaskets	 Carbon brushes  Brush-holders  Slip ring assemblies	 Vane guides  Shaft seals	 Carbon brushes  Brush-holders  Brakes / Torque limiters						

MERSEN IN THE ELECTRIC VEHICLE (SALES €10M IN 2016)

ELECTRIC VEHICLE

BATTERY MANAGEMENT

- Fuses
- Cooling devices
- Bus bars

BATTERY PROTECTION / SAFETY

- Hybrid DC protection
- Fuses

POWER CONVERSION

- Cooling devices
- Bus bars

MERSEN IN RAIL (SALES €75M IN 2016)



VIA POWER INVERTERS

- Bus bar
- Semiconductor fuse
- Cooling device

TO MOTORS

- Slip ring assemblies
- Brushes
- Brush-holders

POWER DISTRIBUTION TO MOTORS

- Current return
- Power Isolating switches
- Lighting arrestor
- Fuse box
- Surge Protective Device (SPD)
- 3rd rail collector
- 3rd rail shoe

MERSEN IN CHEMICALS (SALES €75M IN 2016)

FERTILIZER

PHOSPHORIC ACID CONCENTRATION



Graphite
Polytube



Graphite Polybloc
with Riglor®
reinforcement



Graphilor® 6-meter-long tubes
in a single piece with carbon
fiber-wrapping

PHOSPHORIC ACID DEFLUORATION



Graphite columns

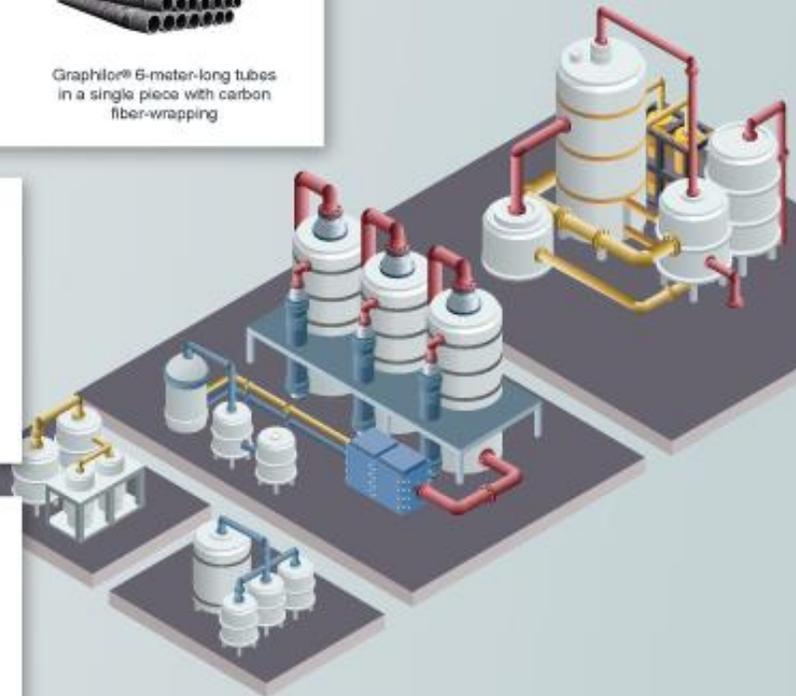


PTFE columns

PHOSPHORIC ACID PROCESS AND UTILITIES



Stainless steel, nickel alloys
or titanium shell and tubes
heat exchangers



RESTATEMENT

- DISCONTINUED OPERATION (HIGH-POWER SWITCHES AND CONTACTORS)
- AMORTIZATION OF REVALUED INTANGIBLE ASSETS NOW RESTATED IN CURRENT OPERATING INCOME (BEFORE NON-RECURRING ITEMS)

BEFORE

	H1 2016	H2 2016	2016
Sales	387.2	376.4	763.6
Current Operating Result	30.6	29.3	59.9
<i>Current Operating Margin</i>	7.8%	7.8%	7.8%
Non-recurring income and loss	(3.5)	(23.0)	(26.5)
Amortization of revalued intangible assets	(0.7)	(0.5)	(1.2)
Operating Result	26.4	5.8	32.2

AFTER

	H1 2016	H2 2016	2016
Sales	384.9	374.1	759.0
Current Operating Result	29.3	28.0	57.3
<i>Current Operating Margin</i>	7.6%	7.5%	7.5%
Non-recurring income and loss	(3.5)	(23.0)	(26.5)
Operating Result	25.8	5.0	30.8

CONTACTS

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