



A SUSTAINABLE GROWTH

MAY, 2019

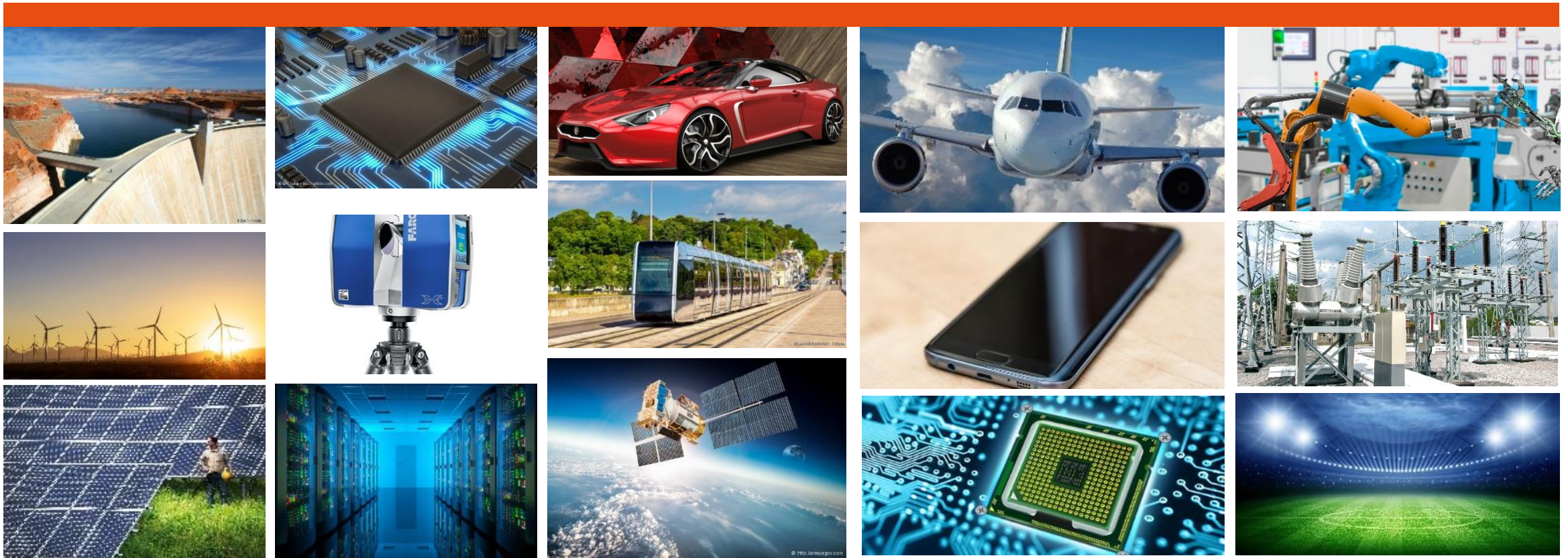


MERSEN: OUR MISSION, TECHNOLOGICAL PROGRESS

WE ARE DEVELOPING
THE **BEST TECHNOLOGIES**
FOR THE INDUSTRIES OF THE FUTURE



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



EXPERTISE WITH LEADERSHIP POSITIONS

ELECTRICAL POWER

NO. 2 WORLDWIDE
Industrial fuses



ELECTRICAL PROTECTION & CONTROL

EATON (US), LITTELFUSE (US)

NO. 2 WORLDWIDE
Components for power electronics



SOLUTIONS FOR POWER MANAGEMENT

EATON (US), ROGERS (US), METHODE (US), LYTRON (US), CORNELL DUBILIER (US), PANASONIC (JP)

ADVANCED MATERIALS

NO. 1-2 WORLDWIDE
Graphite anticorrosion equipment



ANTICORROSION EQUIPMENT

SGL CARBON (Ger)

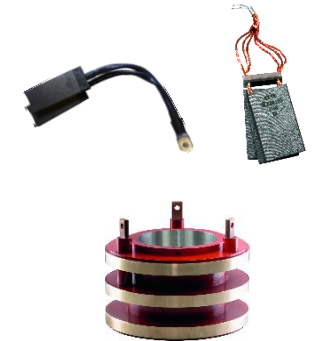
NO. 1-2 WORLDWIDE
High-temperature applications



GRAPHITE SPECIALTIES

TOYO TANSO (JP), TOKAI CARBON (JP), SGL CARBON (Ger), SCHUNK (Ger)

NO. 1-2 WORLDWIDE
Brushes for industrial motors

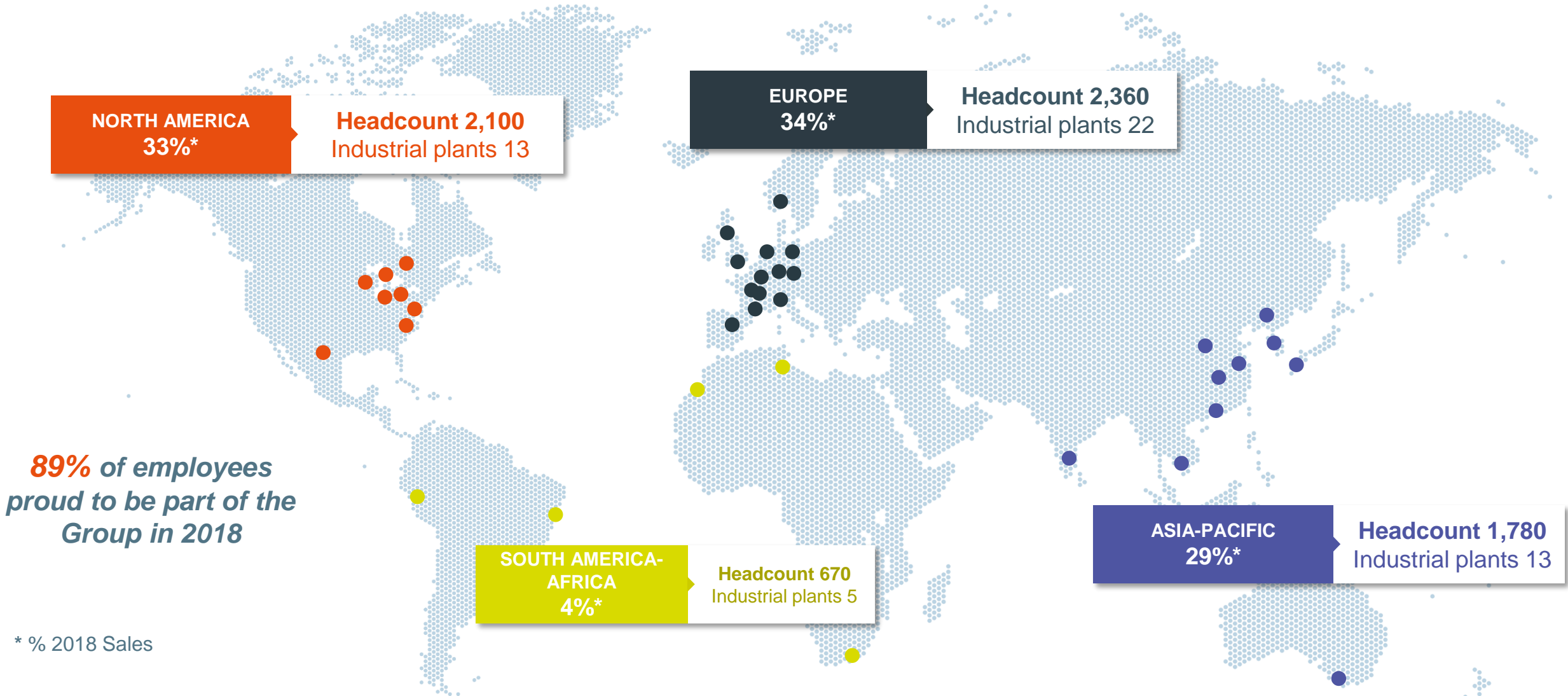


POWER TRANSFER TECHNOLOGIES

MORGAN ADVANCED MATERIALS (UK), SCHUNK (Ger)

Competition

THE GROUP'S FOUNDATION



PRESTIGIOUS AND EXACTING CUSTOMERS

as a % of sales in 2018

34%

PROCESS INDUSTRIES

11%

CHEMICALS

17%

TRANSPORTATION

19%

ELECTRONICS

19%

ENERGY

> 65% customized products

Replacement market
65% of sales

Largest client
~3% of sales

Longstanding ties



ALSTOM



BOMBARDIER

AIRBUS



THALES

SIEMENS



ABB



SEMIKRON
innovation+service

WACKER



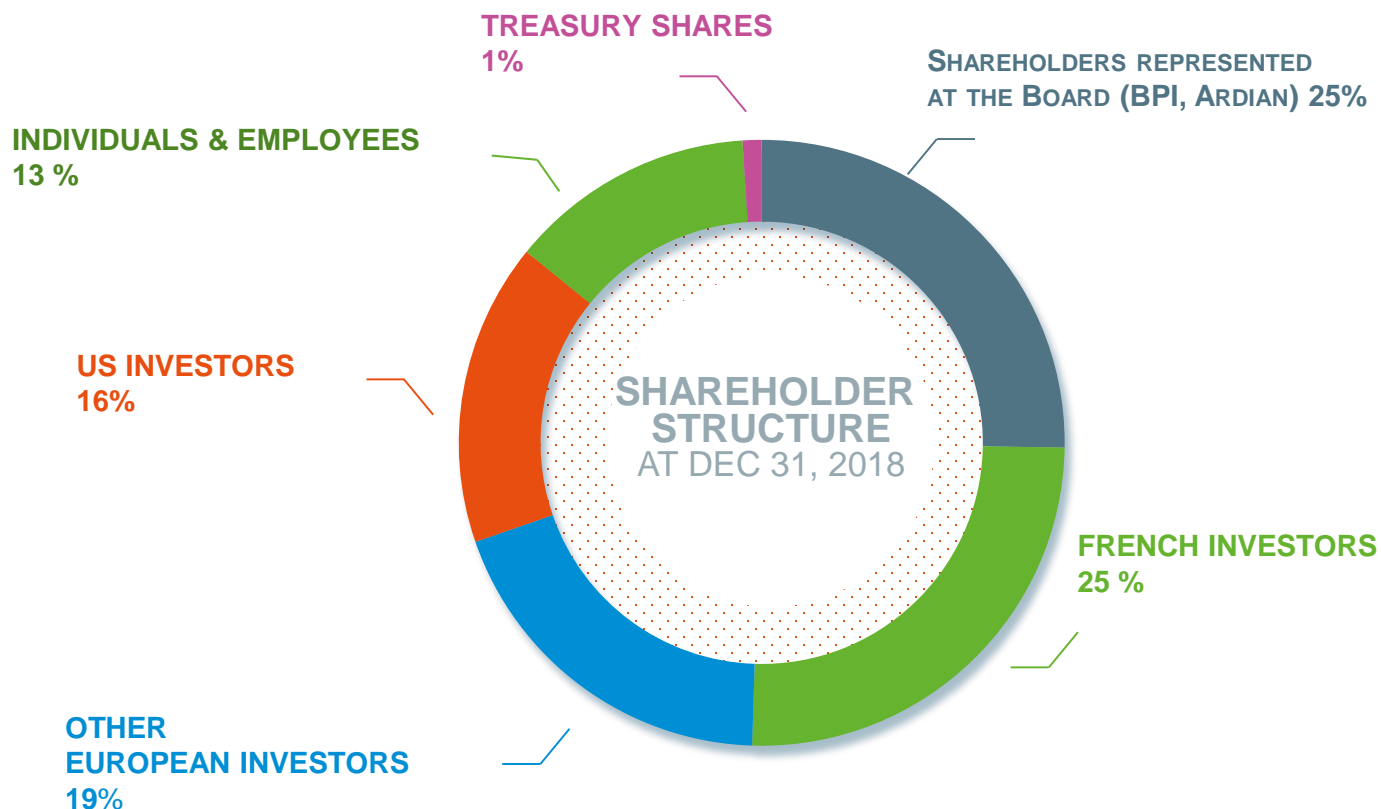
Vestas

SIEMENS

LONGi 隆基

HSC

SHAREHOLDING STRUCTURE AS OF DEC 2018



* Before the AGM to be held on May 17, 2019

CORPORATE GOVERNANCE STRUCTURE



Abides by the AFEP-MEDEF's code of corporate governance



Dual structure
(Chairman of the Board, CEO)



2 specialized committees
(Audit & Accounts, Governance & Remuneration)



11 members
2 representatives of Ardian
2 representatives of BPI
1 employees representative
60% INDEPENDENT*
50% FEMALE*

PARTNERS THAT ARE CRITICAL TO OUR DEVELOPMENT

FINANCIAL PARTNERS

Long-term relationships
Diversified sources of financing

Net debt/EBITDA ratio: **1.6***

Net Debt/Equity: **0.4***

SUPPLIERS

Specific focus on our suppliers practices
Documented in a specific charter

CSR Evaluation process of
our strategic suppliers**

Collaboration with local
suppliers

REGIONS

Extensive delegation
of responsibilities across each entity
Respect for cultural differences

53 plants

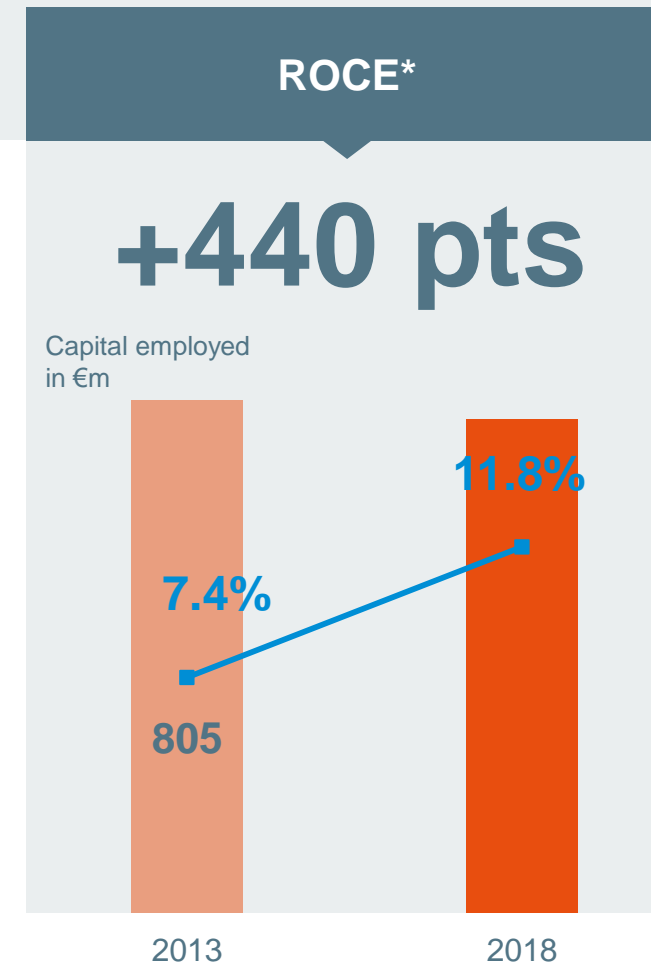
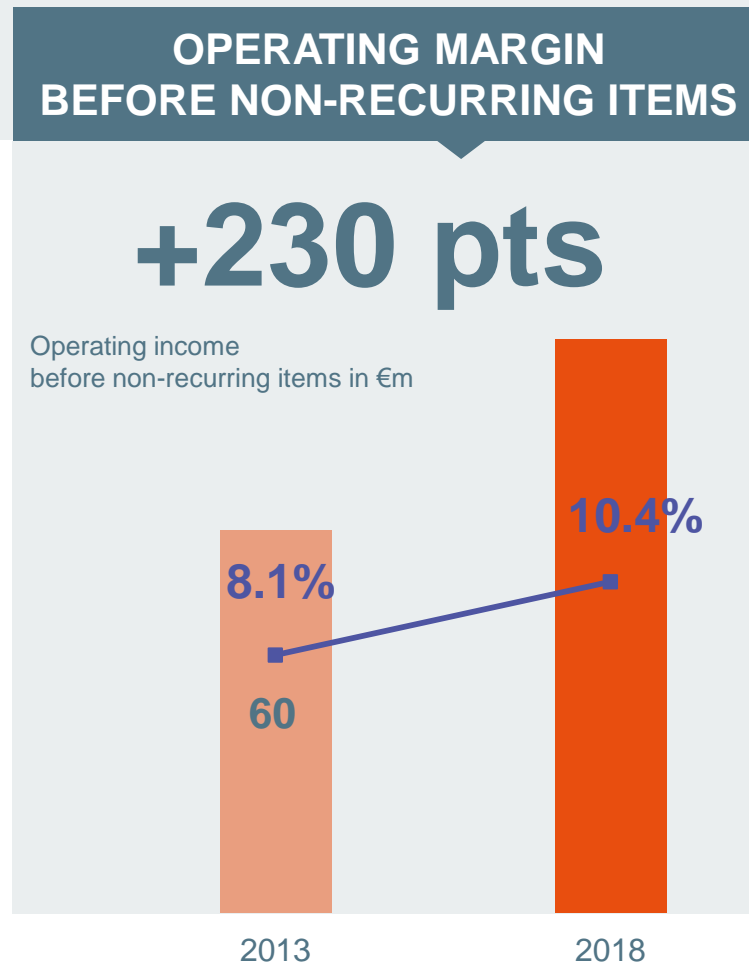
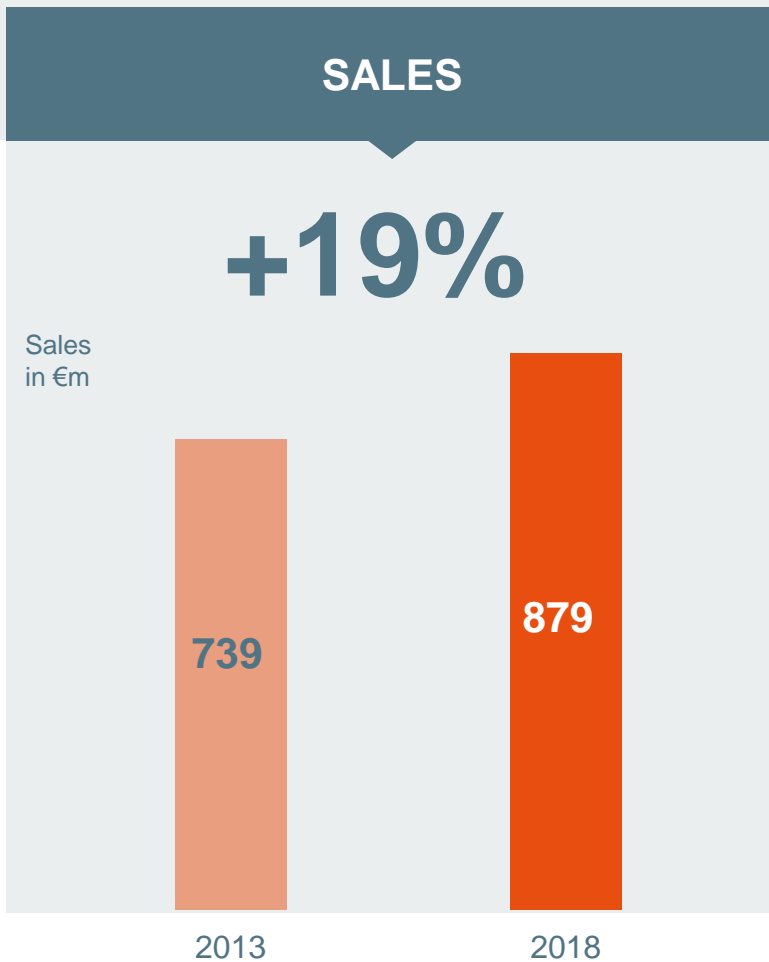
90% of plant managers are locals

Responsible taxpayer

* At Dec 2018 – Maturity on authorized lines

** represent a minimum of 80% of all materials purchased

PROFITABLE GROUP WITH STRONG GROWTH



* Operating income before non-recurring items/average weighted capital employed

FUNDAMENTALS OF MERSEN'S CSR POLICY

AN AMBITIOUS APPROACH



A SOCIALLY RESPONSIBLE GROUP

Building on fundamentals and showcase its approach



FOCUSED MARKETS AND PRODUCTS

Sustainable development markets
High performance and innovative products



REDUCE ENVIRONMENTAL FOOTPRINT

Strengthen best practices



SHARED CSR CULTURE

Give teams the autonomy they need to implement this policy

CSR MID-TERM COMMITMENTS

Ecological footprint
of our products

55% of sales linked to sustainable development by 2021

Ecological footprint
of our plants

Improve by +15 pts the part of waste recovered by 2021

CSR footprint of our
suppliers

Evaluate our strategic suppliers by 2021

Health and Safety of
our employees

Improve by 15% the nbre of safety visits by 2021
FR1 \leq 1,4 - SR \leq 60 by 2021

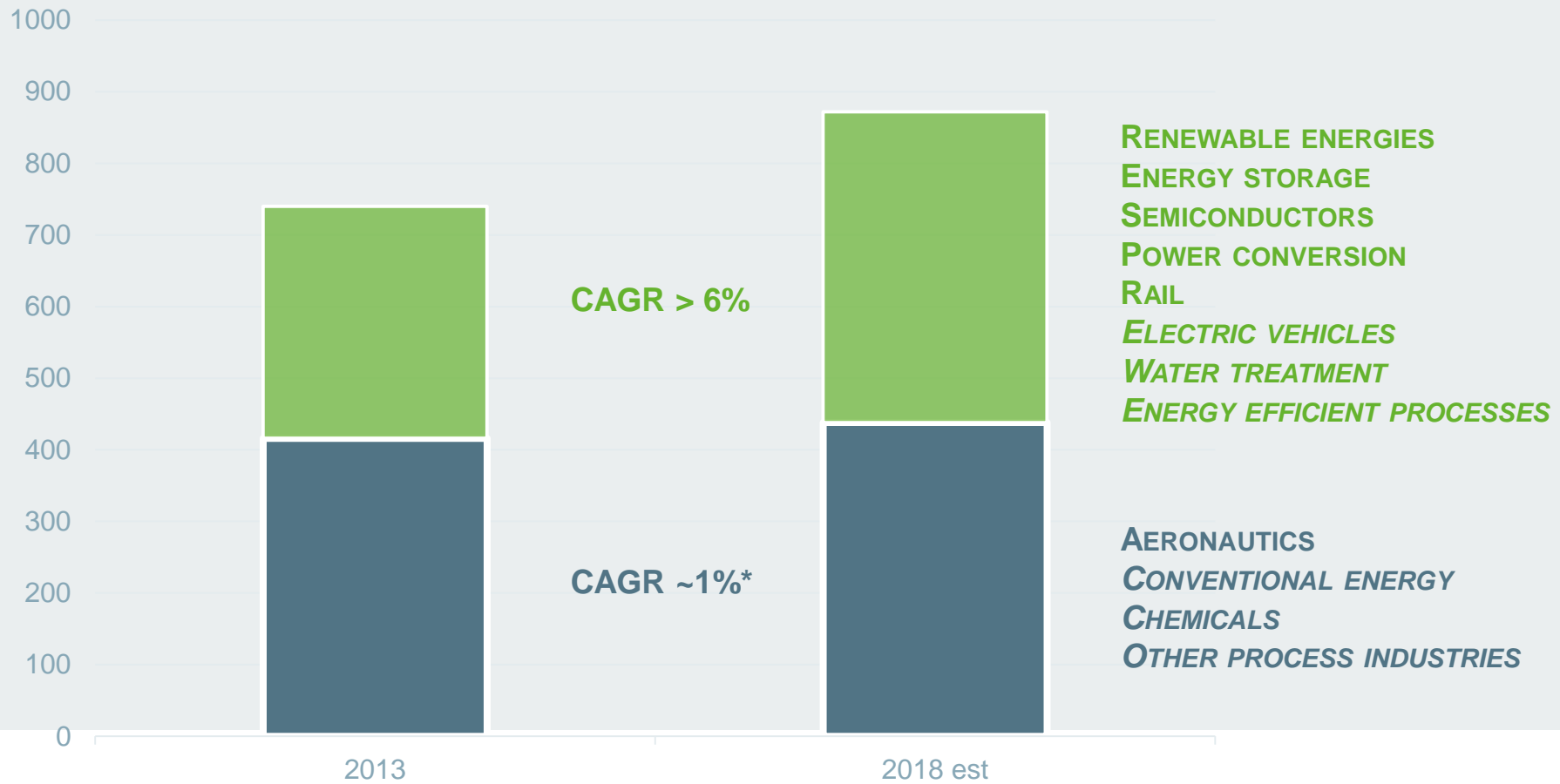
Human Capital
development

Human Capital success rate: +3 pts by 2021
25 to 30% female managers & professionals by 2022
100% managers having completed the Open Manager programs



*CSR objectives now
included in LTI criteria for
senior executives*

SUSTAINABLE DEVELOPMENT MARKETS WITH MAJOR GROWTH POTENTIAL IN THE MEDIUM TERM



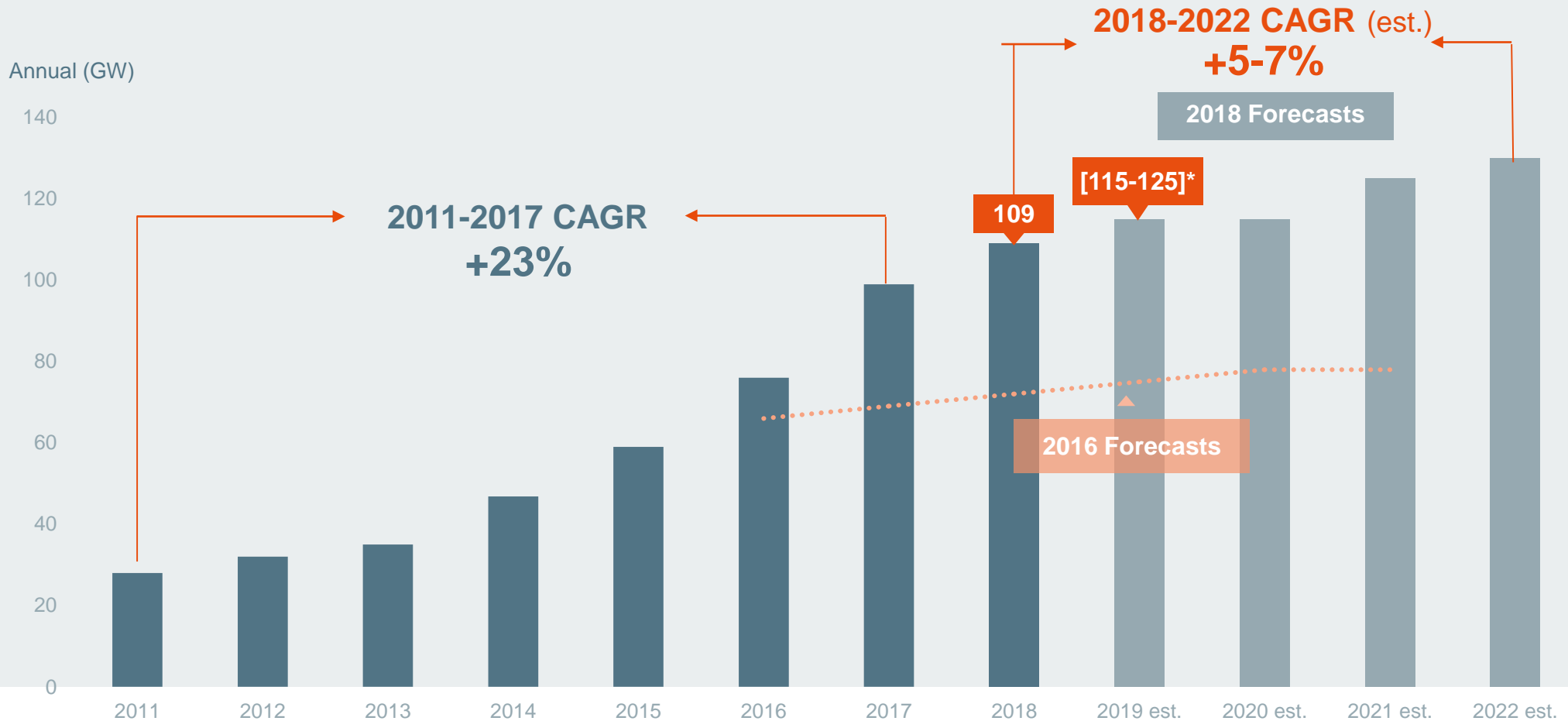
*including -5% of CAGR for chemicals over the period



FOCUS ON CERTAIN SUSTAINABLE DEVELOPMENT MARKETS

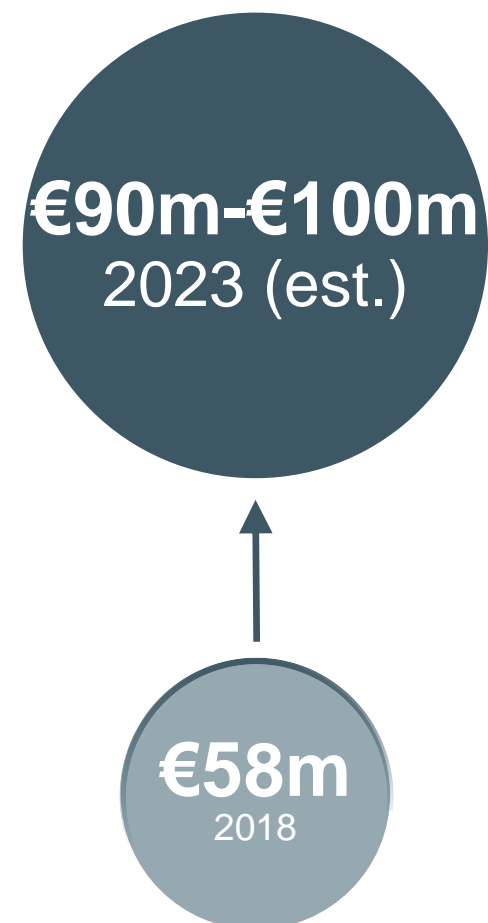
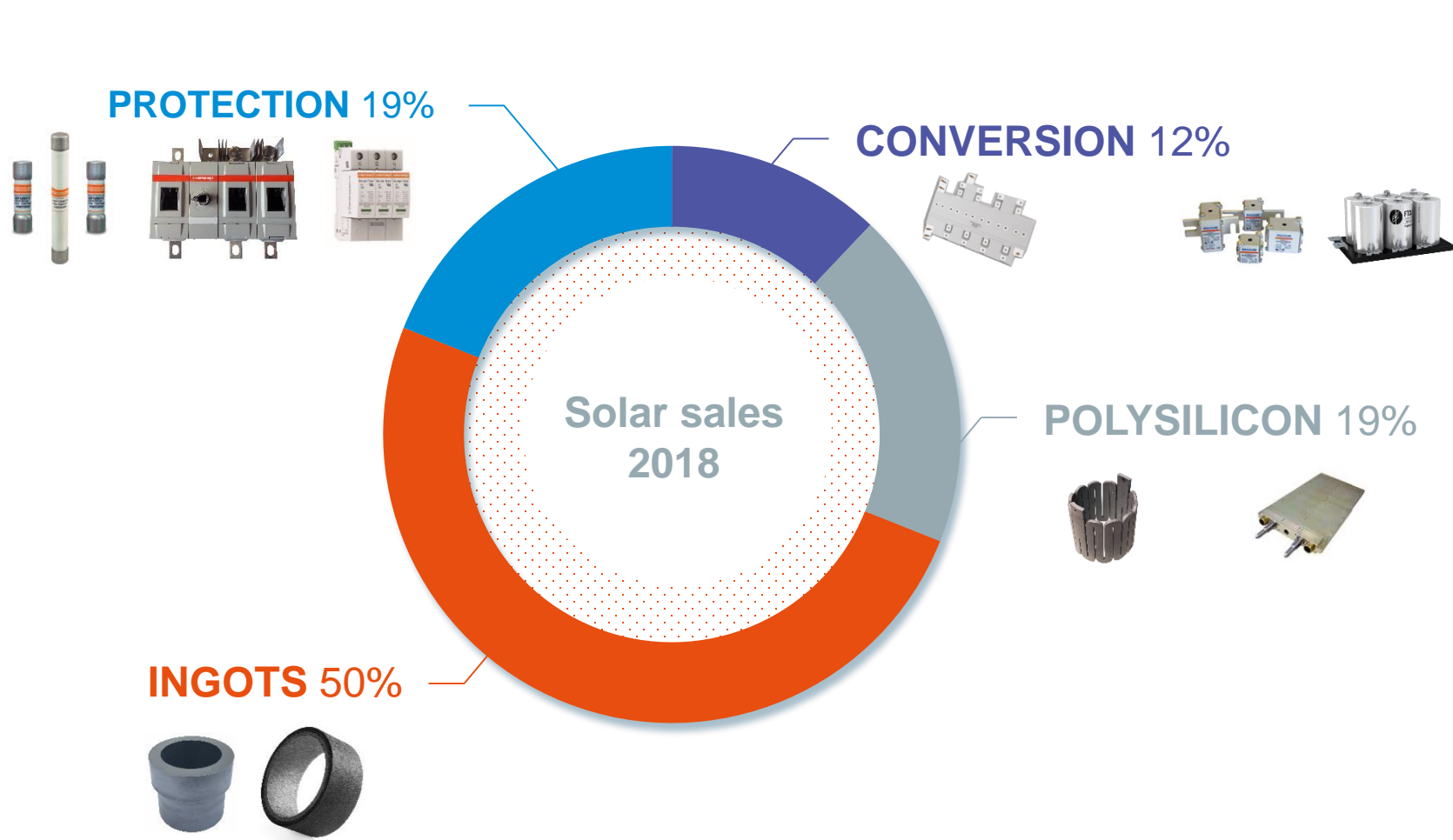
SOLAR: AN ENERGY SECTOR SEING STRONG GROWTH

NUMBER OF PANEL INSTALLATIONS GROWING SHARPLY



Source: IHS Markit, Exawatt, Mersen estimates
* New forecasts early 2019

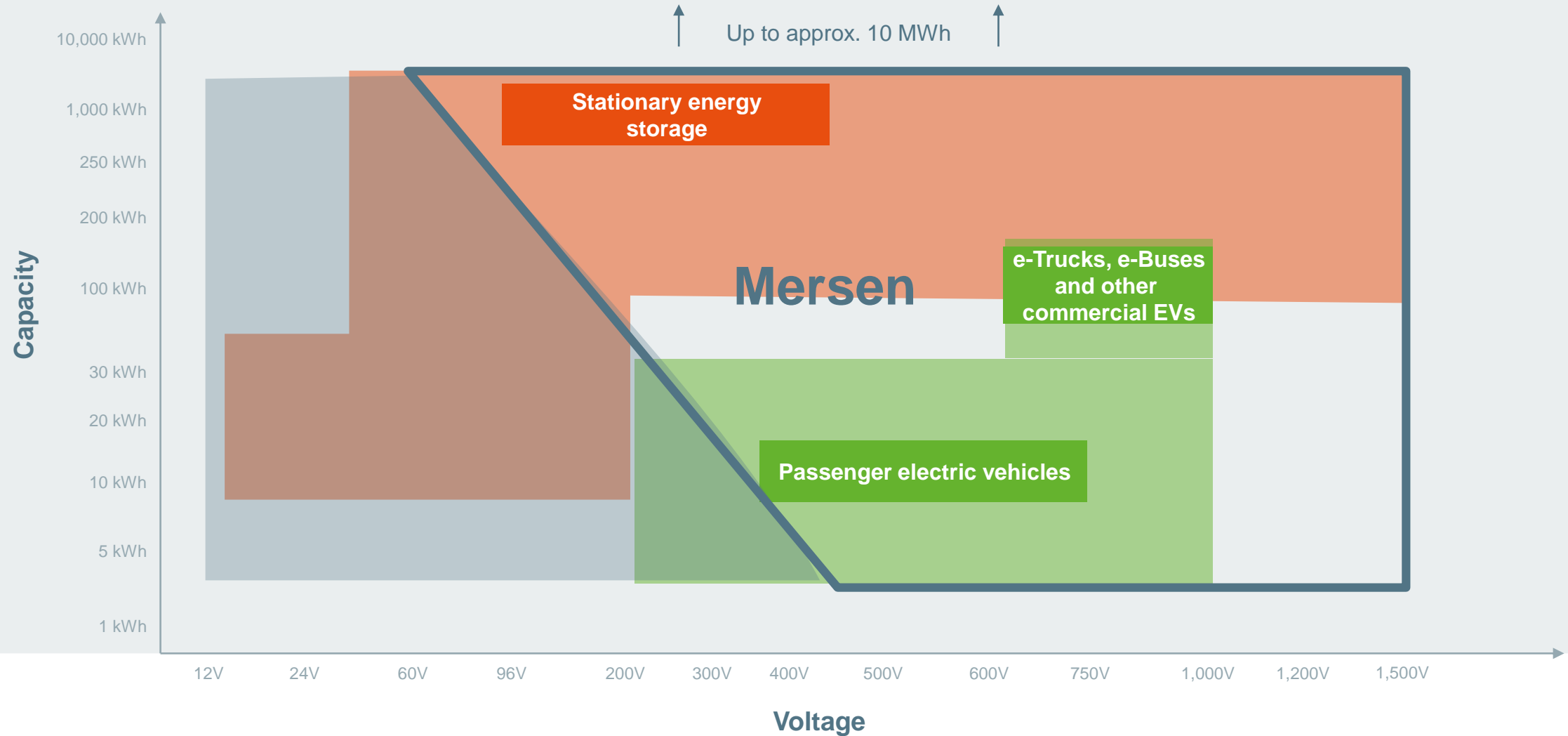
HIGH GROWTH POTENTIAL IN THE SOLAR SECTOR PARTICULARLY FOR PROTECTION AND CONVERSION SOLUTIONS



MERSEN EXHAUSTIVE OFFER IN HIGH-YIELD CZ TECHNOLOGY FOR SOLAR CELL PRODUCTION

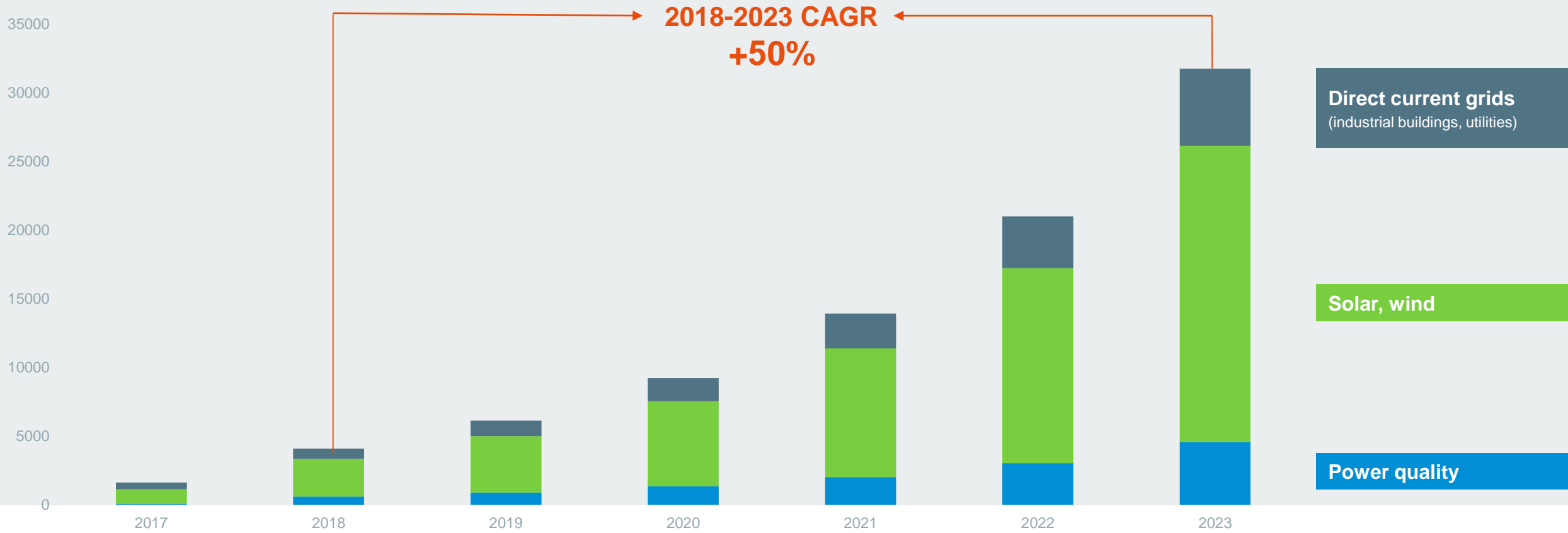


ENERGY STORAGE, A BOOSTER FOR SOLAR



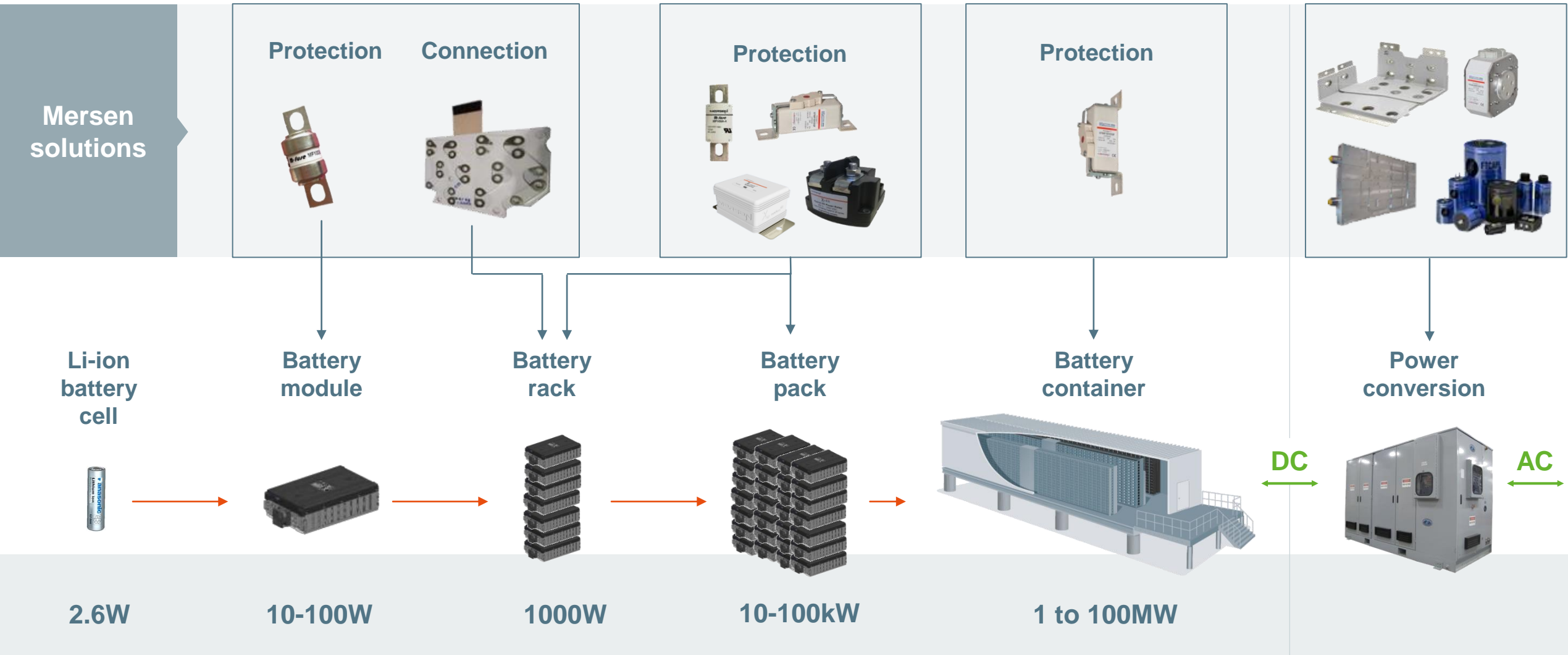
A STATIONARY BATTERY MARKET DRIVEN BY SOLAR AND WIND POWER IN THE MEDIUM TERM

ANNUAL INSTALLED CAPACITY OF STATIONARY BATTERIES IN MWh



Source: Yole Development, 2017 – residential segment excluded (< 20 kWh)

MERSEN SOLUTIONS FOR STATIONARY STORAGE BATTERIES



CHANGE IN OUR OFFER FOR E-VEHICLES



HYBRID PROTECTION

End to technical development partnership
with the VW Group
following changes in specifications

Developments to be continued with four
leading international manufacturers

Product changes planned for the VW Group



FUSES

Strong demand for battery
protection solutions and
auxiliary circuits
from 150 V and up

Expansion of our range
for 500 V and similar

New innovative design
at 800 V



BUSBARS – CAPACITOR- COOLING DEVICES

Clear increase in demand for
battery connection solutions
(including monitoring functions)

Development of a dual offer:
[busbars + capacitors]
for power converters

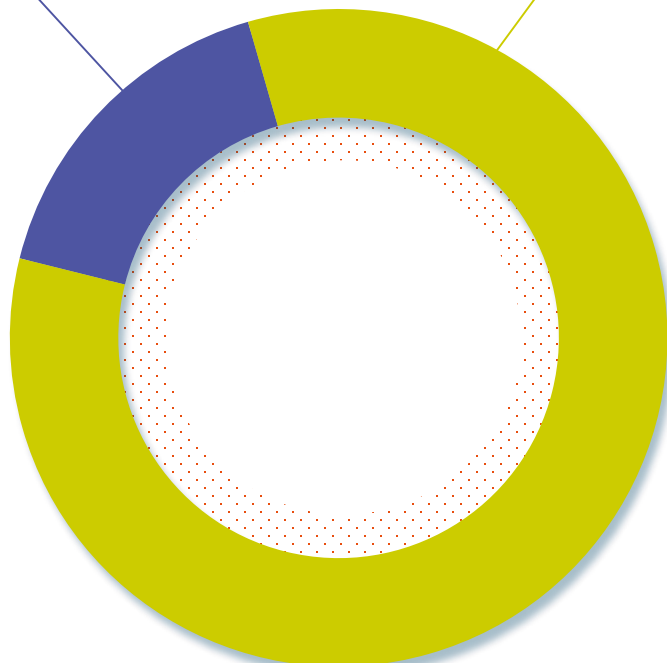


STRONG POTENTIAL IN ENERGY STORAGE

STATIONARY
BATTERIES
20%



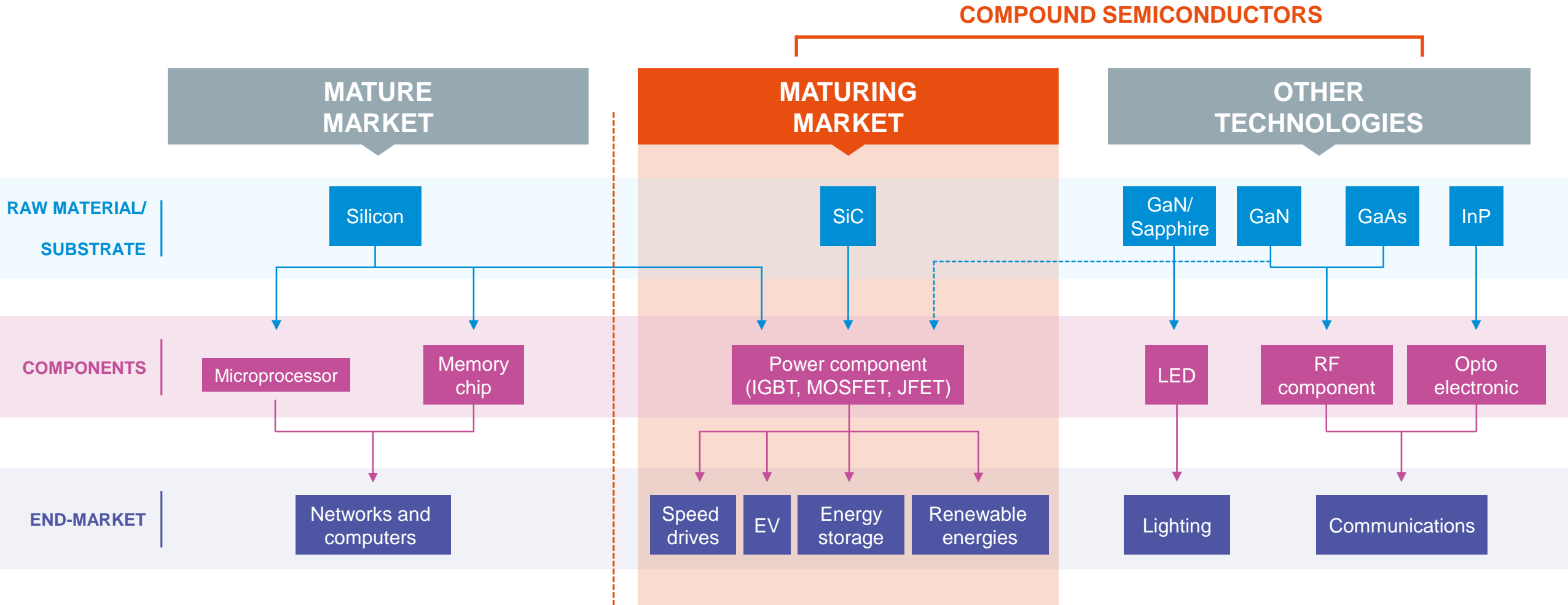
E-VEHICLES
80%



€40m-€60m
2023 (est.)

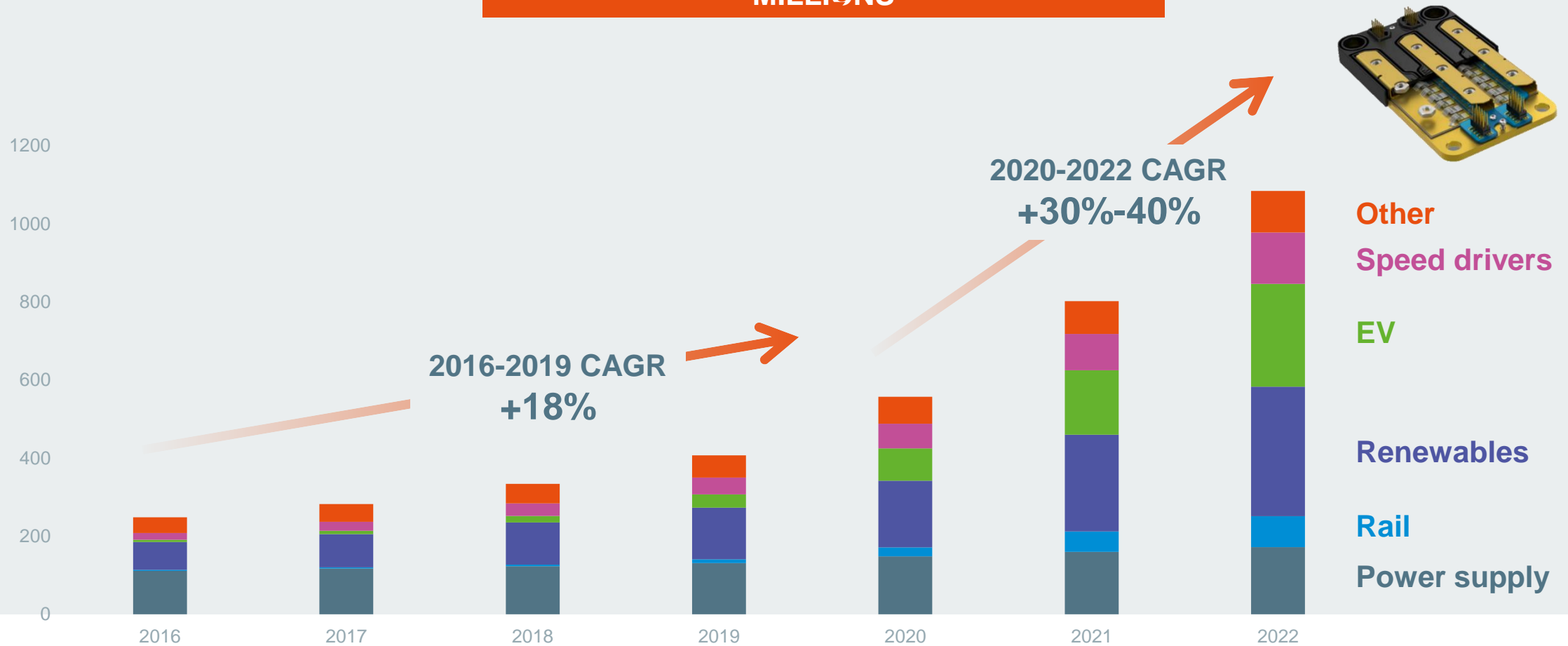


STRONG POSITION ON SEMICONDUCTORS MARKET



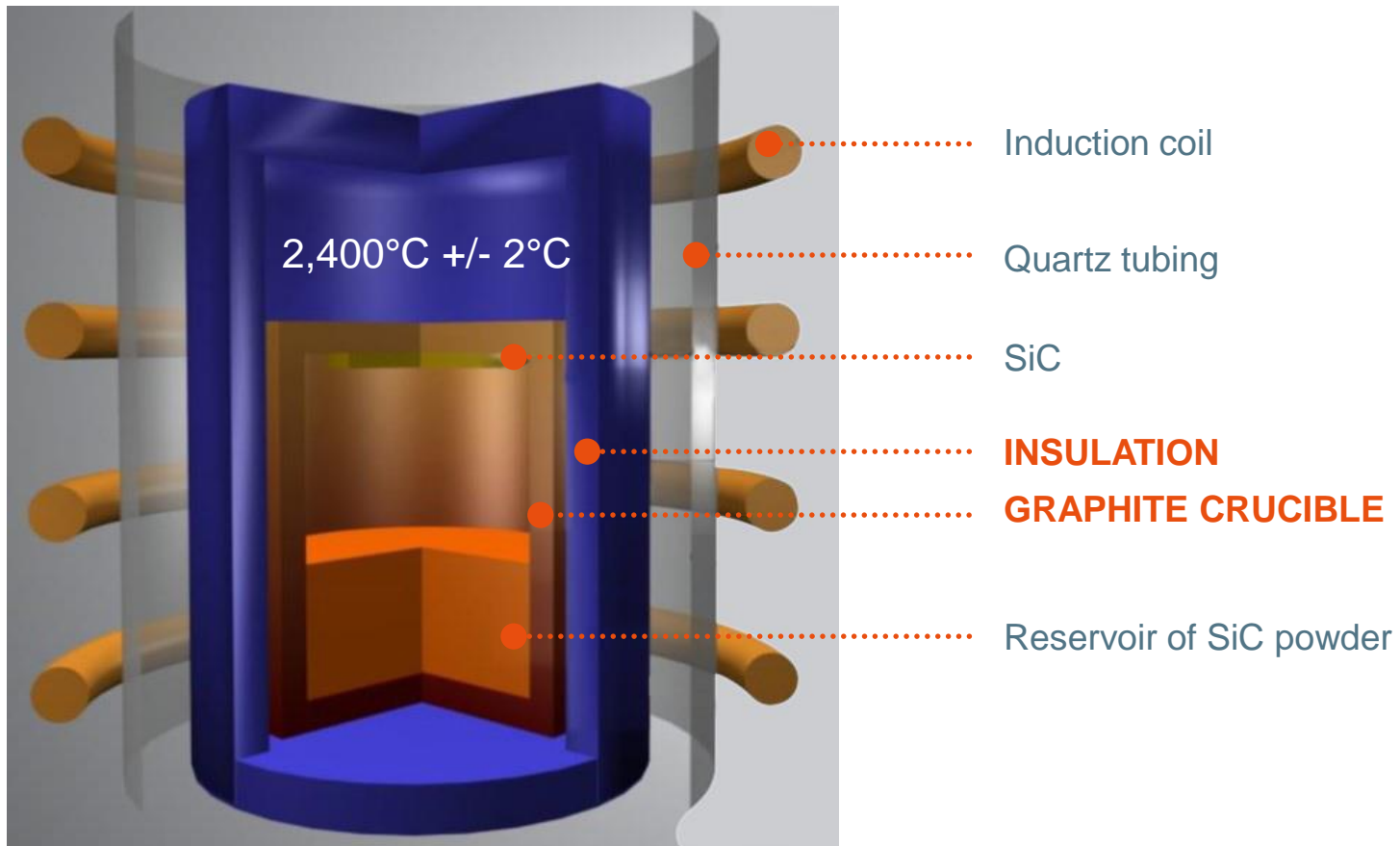
SiC SEMICONDUCTORS MARKET SET TO ACCELERATE AFTER 2020-2022 IN LINE WITH EV MARKET GROWTH

SIC COMPONENTS MARKET IN USD MILLIONS



Source: Yole Development, Power SiC 2017 – Materials, Devices and Applications

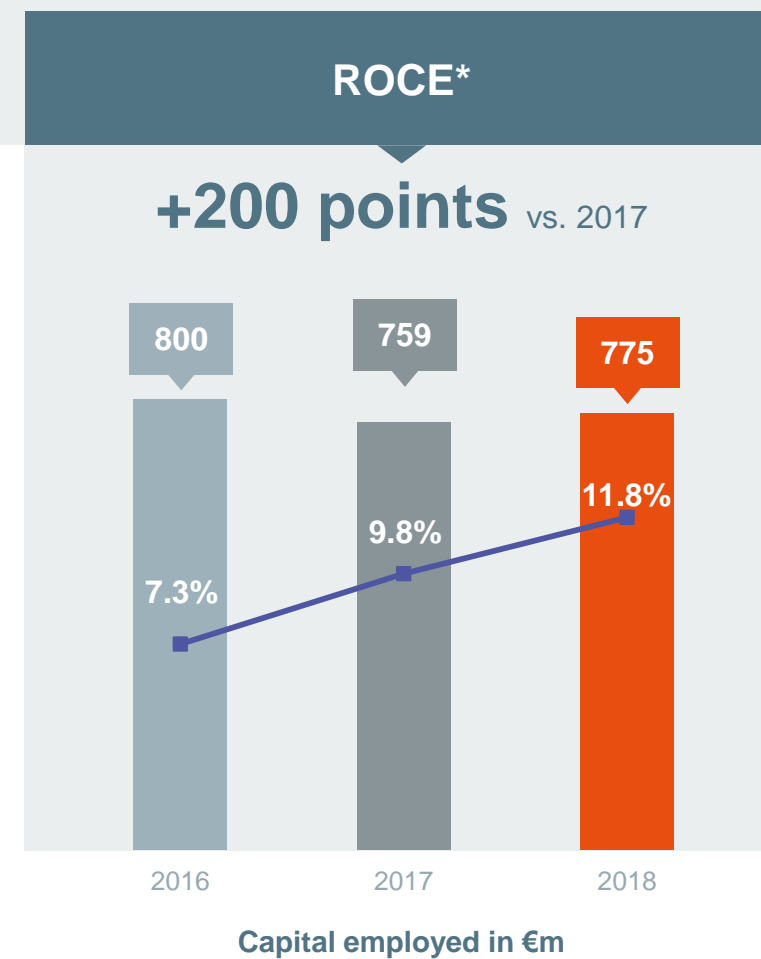
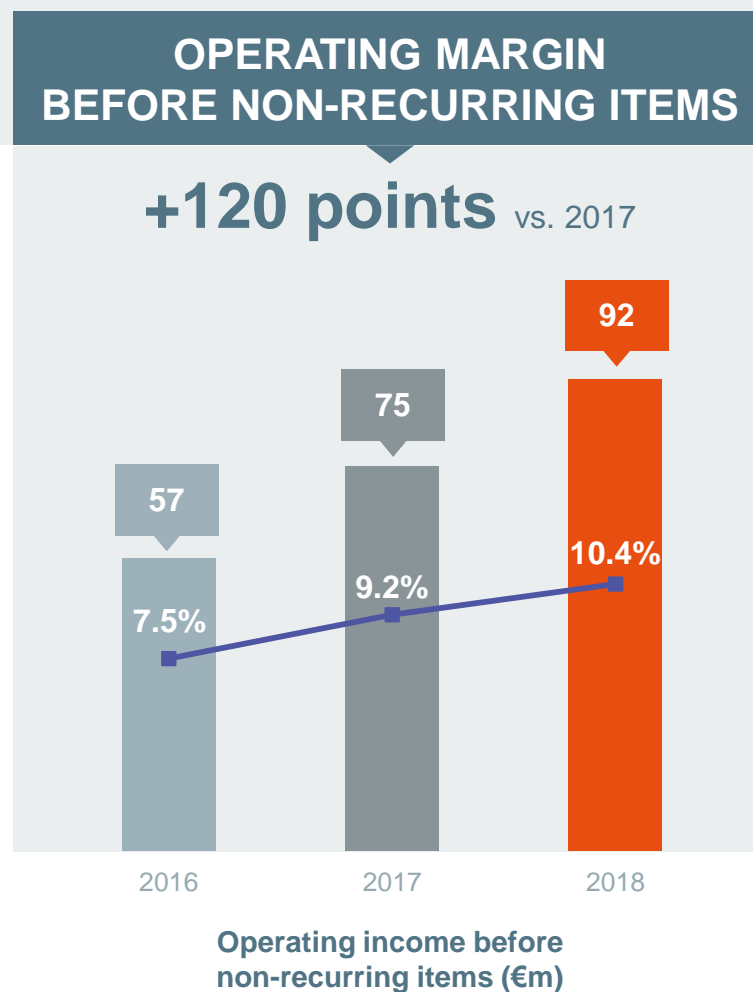
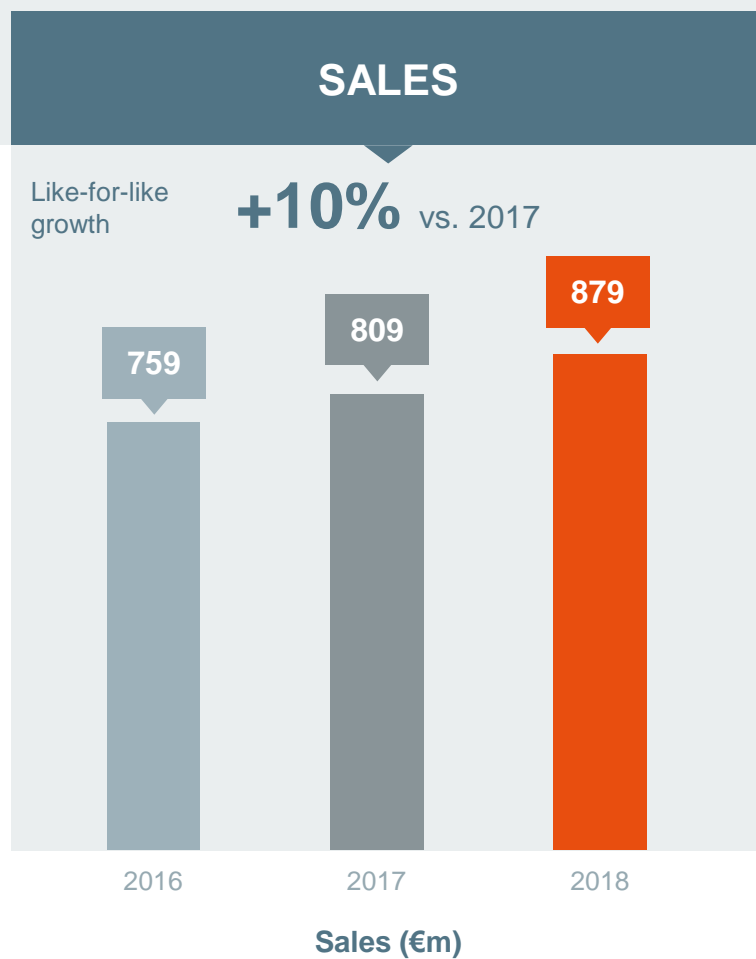
MERSEN MONOCRYSTALLINE SiC SOLUTIONS





RÉSULTATS FINANCIERS 2018 OBJECTIFS 2019

2018: AN EXCELLENT YEAR...



* Operating income before non-recurring items/average weighted capital employed

... BUSY IN TERMS OF EXTERNAL GROWTH

FTCAP IDEALEC

100% Acquisition

To look to the future



MERSEN GALAXY

Joint venture
60% Mersen

To capture the solar market growth



CALY TECHNOLOGIES

Partnership

To drive innovation



LGI

100% Acquisition

To develop Mersen's
services for the
chemicals industry



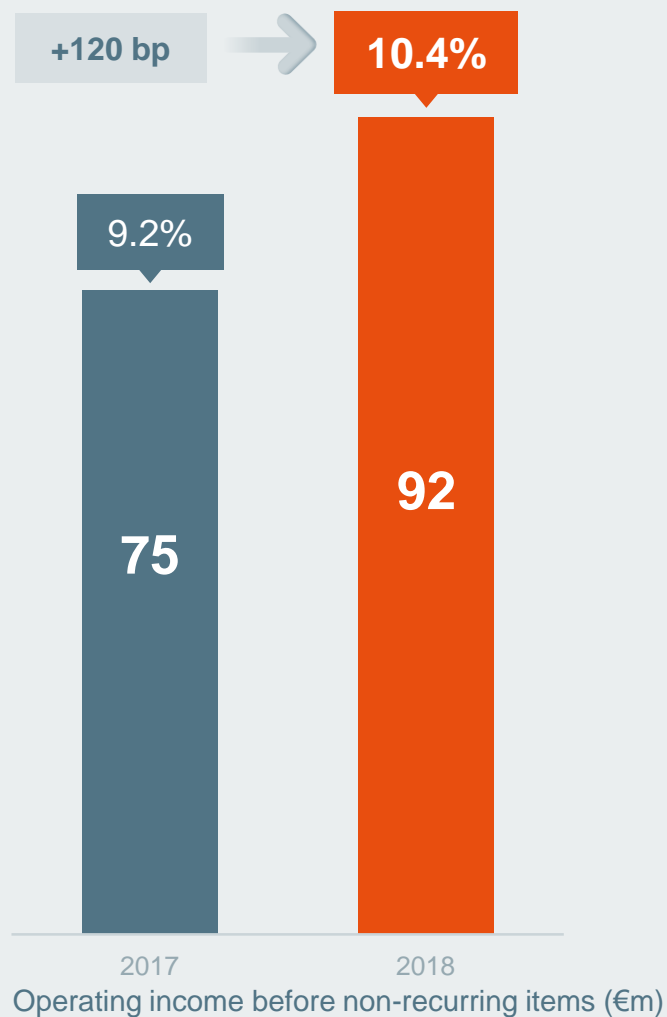
CIRPROTEC

Minority stake

To step up global
sales



SHARP RISE IN PROFITABILITY



As a %

2017 operating margin before non-recurring items	9.2%
Volume/mix effects	+1.7%
Price effect	+1.2%
Raw material impact	-0.8%
Impact of the competitiveness plan*	+1.8%
Inflation, costs	-1.5%
Impact of exchange rates, change in scope and other	-1.2%
2018 operating margin before non-recurring items	10.4%

Higher prices to offset the increase in the cost of raw materials: net positive

Increase in costs (mainly payroll) offset by **the competitiveness plan**

CONTRASTED PERFORMANCES BY SEGMENT

ELECTRICAL POWER

Operating income before non-recurring items (m€)

40

39

Operating margin before non-recurring items (%)

11.0%

10.0%

2017

2018

- Positive **volume effect**
- **Dilutive effect** of acquisitions and exchange rates
- **Increase** in the cost of certain raw materials with **no increase in prices**
- **Additional resources** set aside for energy storage and power electronics

ADVANCED MATERIALS

Operating income before non-recurring items (m€)

50

69

Operating margin before non-recurring items (%)

11.1%

14.1%

2017

2018

- Positive **volume effect**
- **Productivity gains** that outperform inflation
- Price increases are **higher** than the increase in raw materials costs

STRONG GROWTH IN NET INCOME

In €m	2017	2018	
Operating income before non-recurring items	74.6	91.6	
Non-recurring income and expenses	(10.3)	(3.8)	
Net financial income/(costs)	(10.0)	(10.3)	
Income tax	(15.1)	(18.3)	
Net income on assets held for sale and discontinued operations	0.8	0.0	
Net income	40.0	59.2	+48%
Attributable to owners of the parent	37.6	56.5	

Non-recurring expenses contained

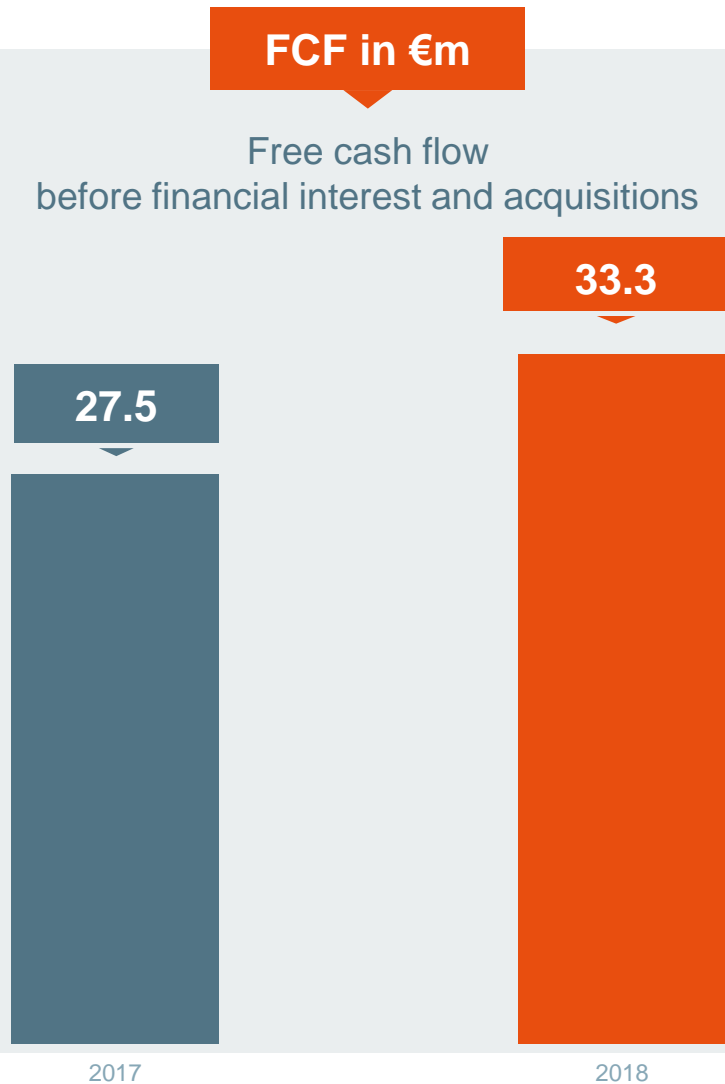
(end of the competitiveness plan)

Sharp drop in effective income tax rate

(24% vs. 32%)

(Impact of US tax reforms)

IMPROVED FREE CASH FLOW EVEN WITH INCREASE IN INVESTMENTS



Positive **volume effect**

Drop in **tax paid**

Drop in exceptional* costs (€7m vs. €14m in 2017)

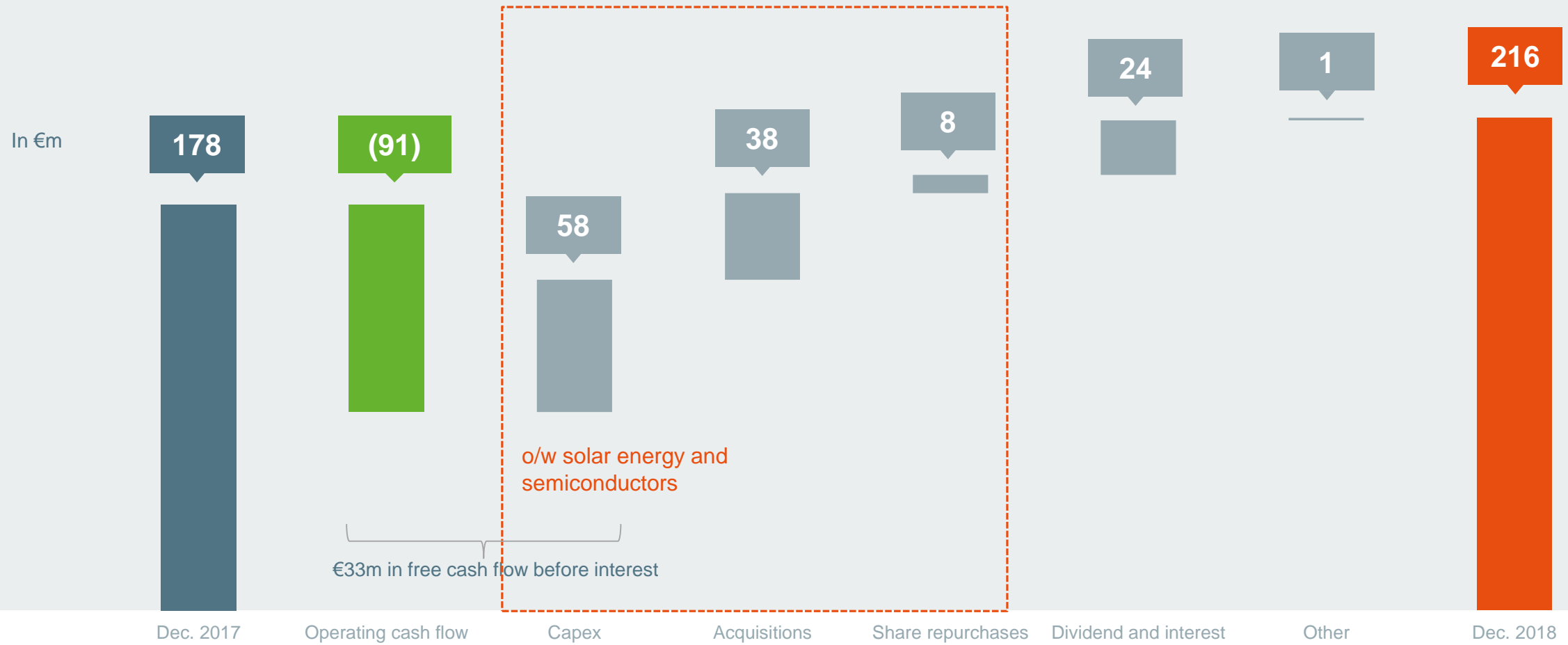


Slight increase in **WCR** (21% of sales vs. 20% in 2017)

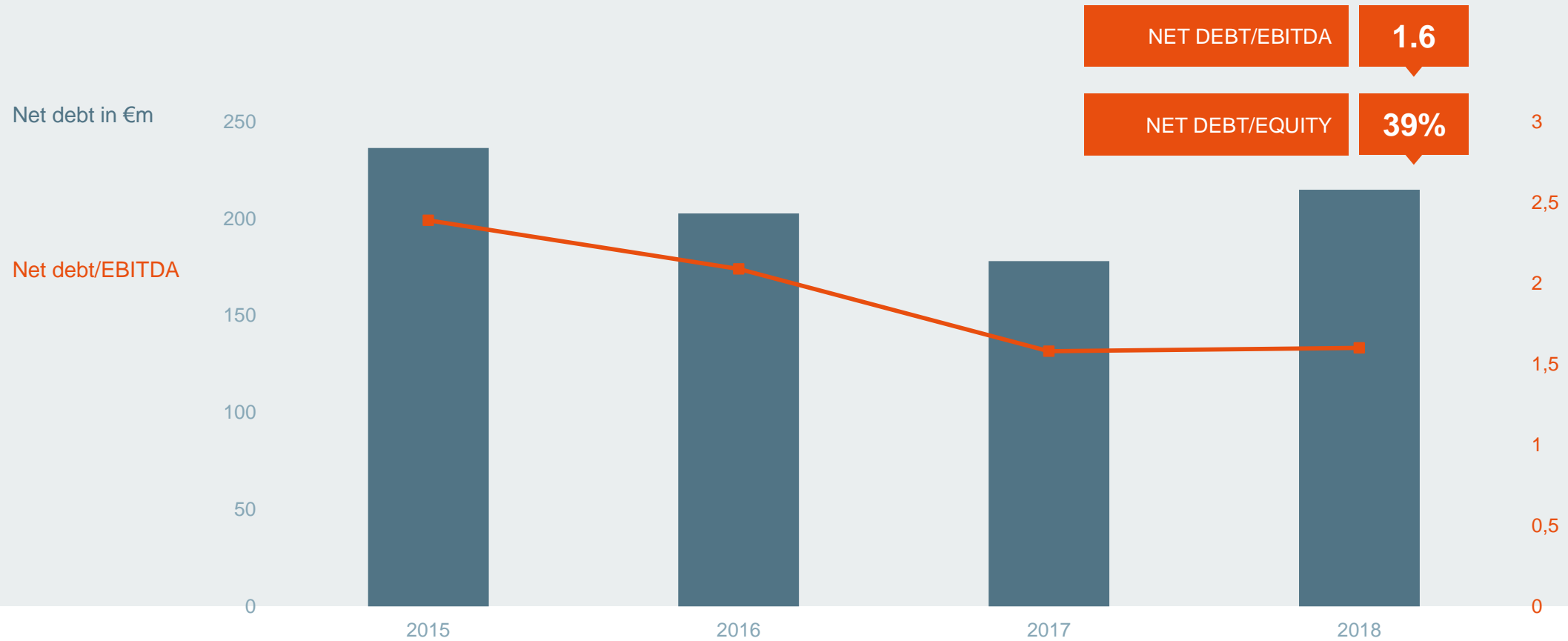
Capex increase (€58m vs. €37m)

* exceptional: restructuring and litigation

MAJOR INVESTMENT IN 2018 (CAPEX, ACQUISITIONS AND SHARE REPURCHASES)

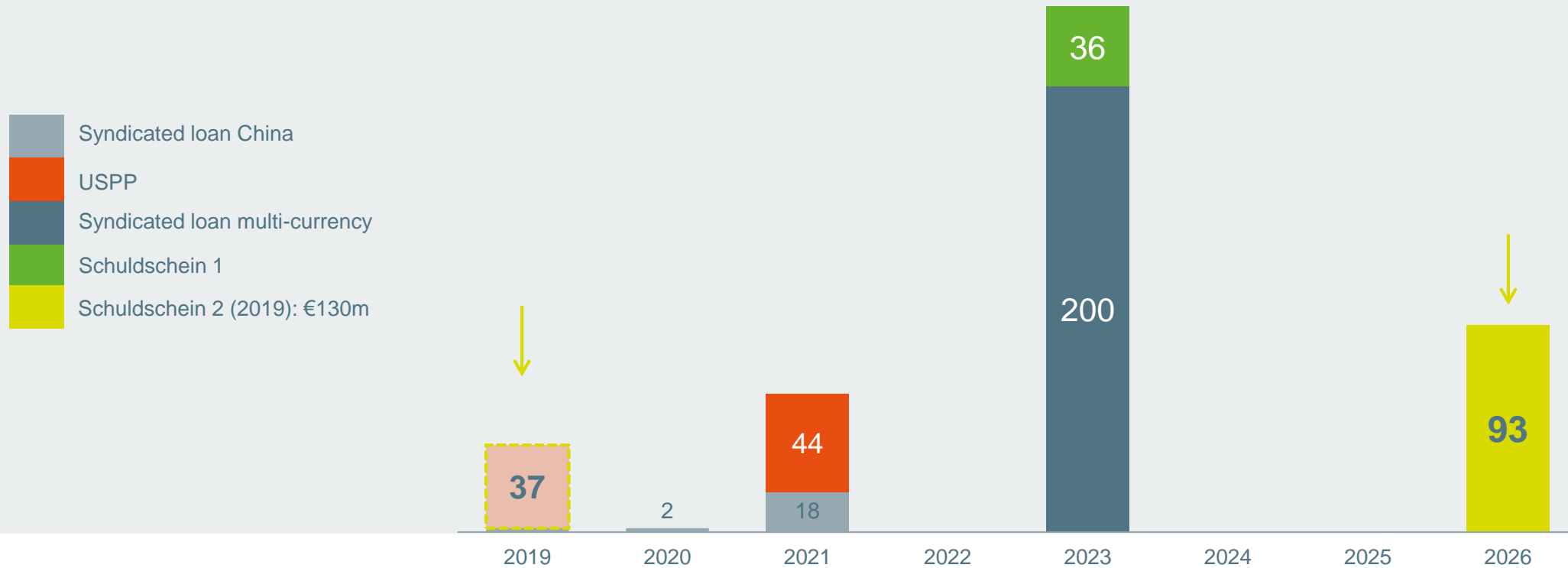


STRONG FINANCIAL STRUCTURE



SUCCESSFUL PRIVATE PLACEMENT AT COMPETITIVE CONDITIONS

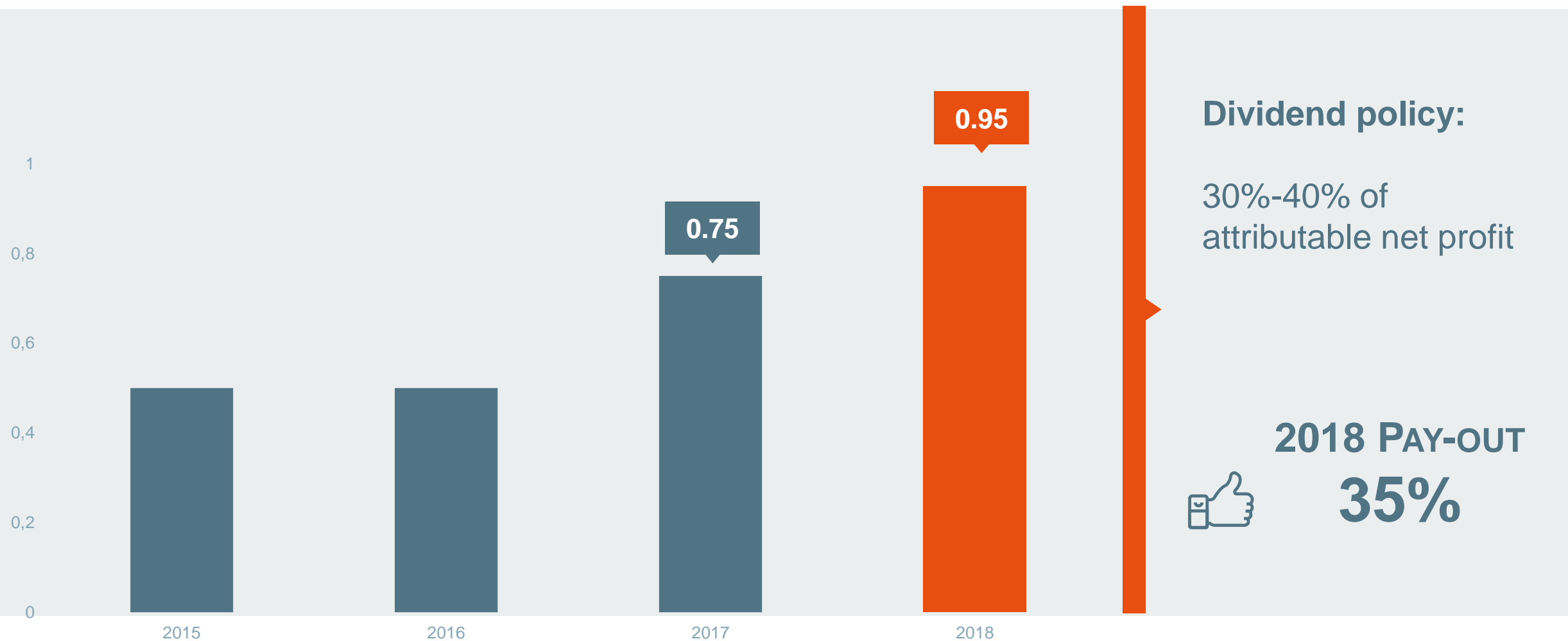
COMMITTED LINES IN €M AT DECEMBER 31, 2018, AFTER REFINANCING (APRIL 25TH)



AFTER REFINANCING
MATURITY > 5 YEARS

UNUSED COMMITTED LINES AFTER COMMERCIAL PAPER COVERAGE: €170 M

RETURN TO SHAREHOLDER: DIVIDEND UP BY +27%



2019 OBJECTIVES

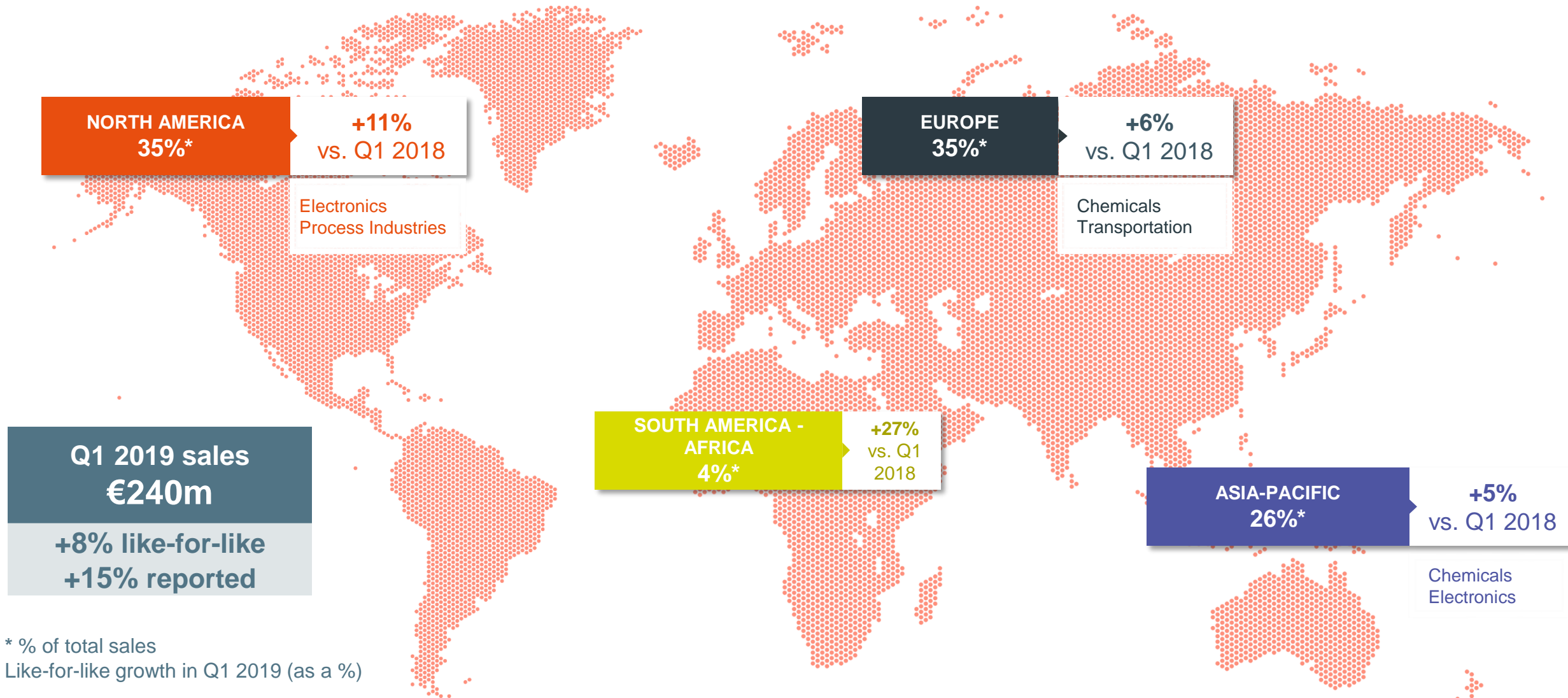


* At constant exchange rates and scope of consolidation

PROGRAM OF INVESTMENTS TO UNDERPIN GROWTH IN 2020-2022



2019 Q1 SALES: GROWTH IN ALL REGIONS

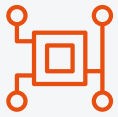


CONTINUED CONFIDENCE IN THE GROUP'S MEDIUM-TERM POTENTIAL

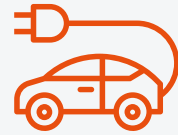
GROWING MARKETS



Renewables



Electronics



**EV and
Aeronautics**

EXCELLENCE PROGRAM



Commercial efficiency

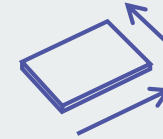
Competitiveness

Innovation

STRENGTHS



Leader:
#1 or #2
in our markets



> 65%
customized
products



Expertise:
high barriers
to entry

GLOBAL OPERATIONS



Customer proximity

Access to local markets