



November 2020

SG – European ESG-SRI Conference

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 efficiency

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

A longstanding CSR strategy



History

2010

2018



Climate Change
Water Security

What's next?

Focus on
H&S and
Human
Capital



Set-up of a global CSR
reporting

Formalization of
longstanding practices

ESG governance
improvements

Improved Group's
governance

CSR Materiality matrix

CSR roadmap and mid-term
targets

GHG emission
reduction

and more to come

Code of Ethics
Anti-corruption code of conduct
Environment commitment

HSE committee
Compliance committee
CSR committee

Quantitative CSR objectives for LTI for senior executives

Identification of sustainable development topics at Mersen followed by interviews with stakeholders in order to prioritize them

Priority commitments:

- Ecological footprint of our products
- Ecological footprint of our facilities
- CSR footprint of our suppliers
- Health & Safety of our employees
- Human capital

A recognized commitment



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

MSCI
ESG RATINGS



CCC | B | BB | **BBB** | A | AA | AAA

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

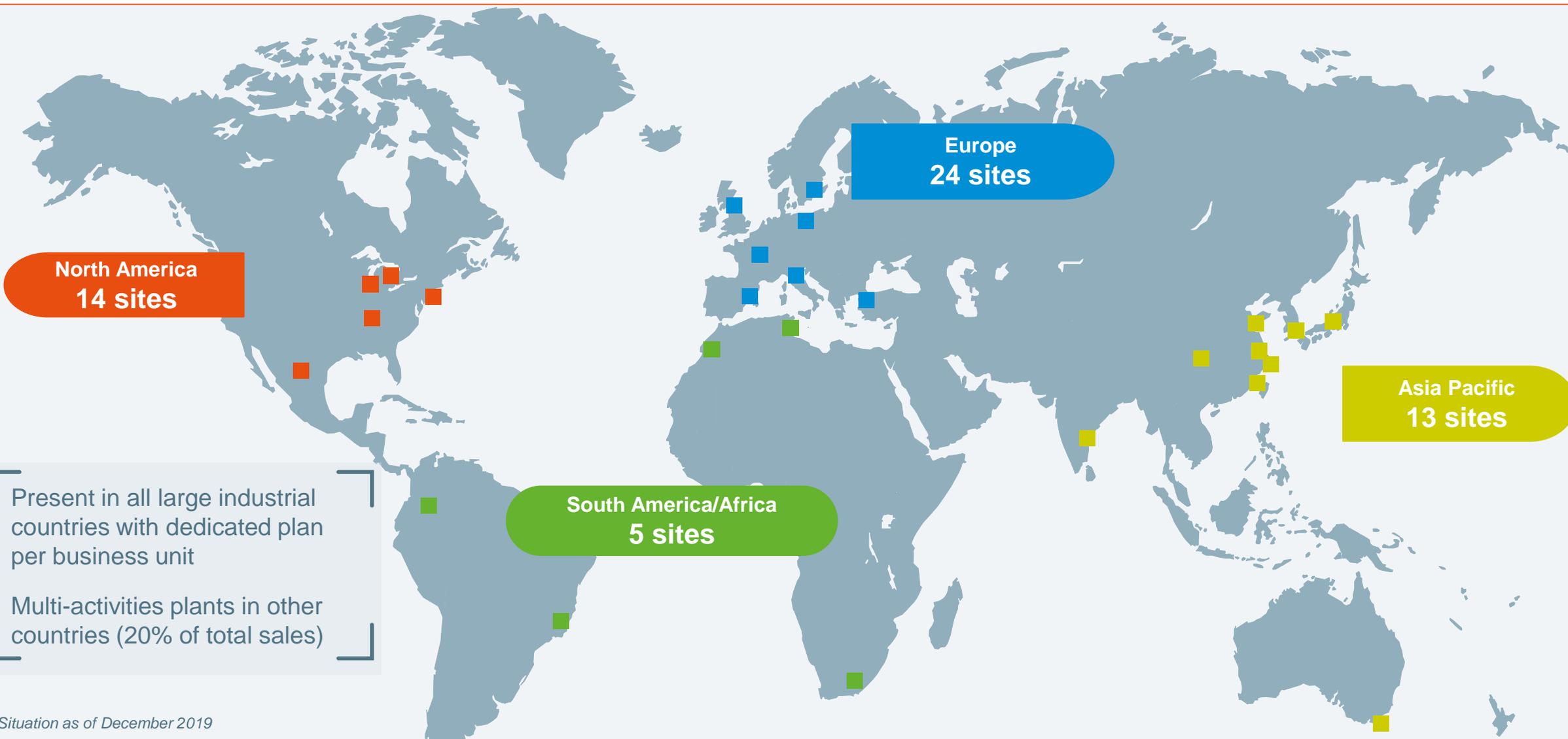


Capacitors

Only customized offering of bundled passive components on the market

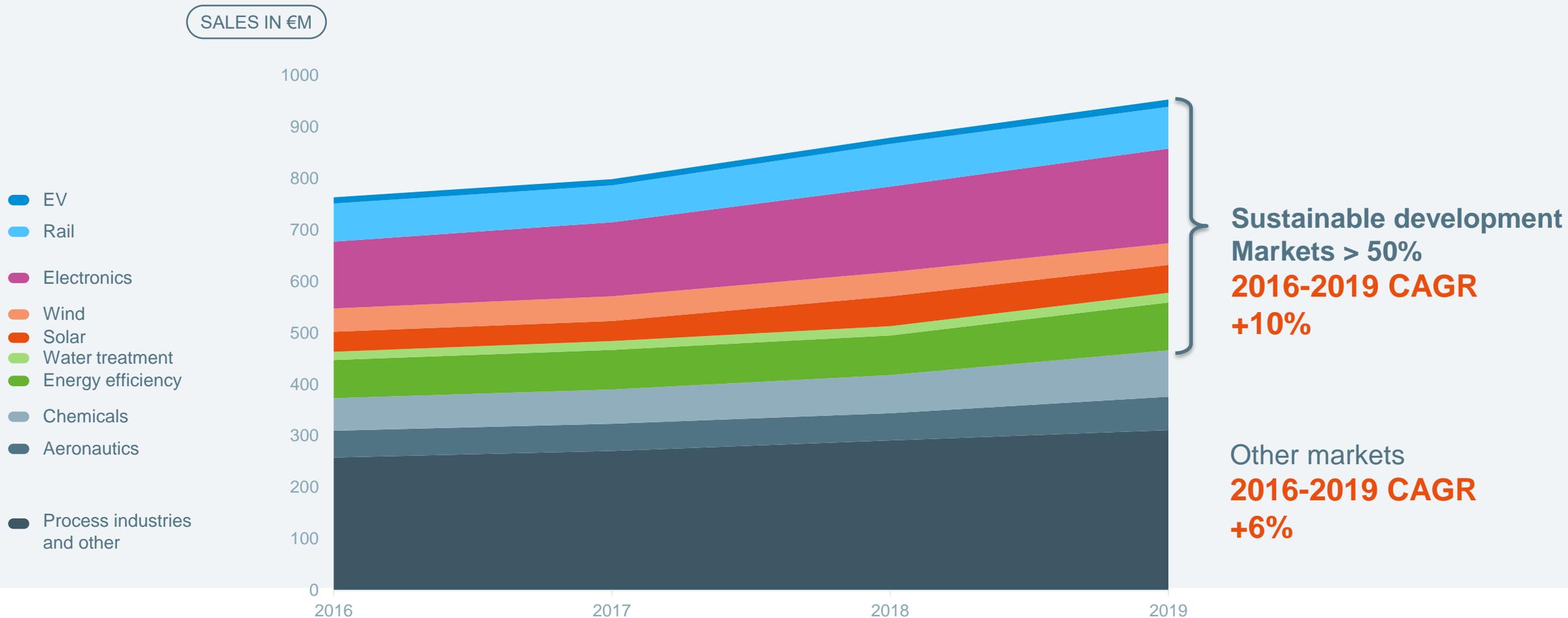
Competitors: Eaton (US), Rogers (US), Methode (US), Lytron (US), Cornell Dubilier (US), Panasonic (Jp)

A global footprint to maximize customer intimacy



Situation as of December 2019

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



Accretive acquisitions



**COLUMBIA
AGM ITALY
AMERICARB**



**MERSEN GALAXY
CIRPROTEC
MERSEN HATAN**



**FTCAP
IDEALEC
CALY TECHNOLOGIES**



**LGI
GAB NEUMANN**

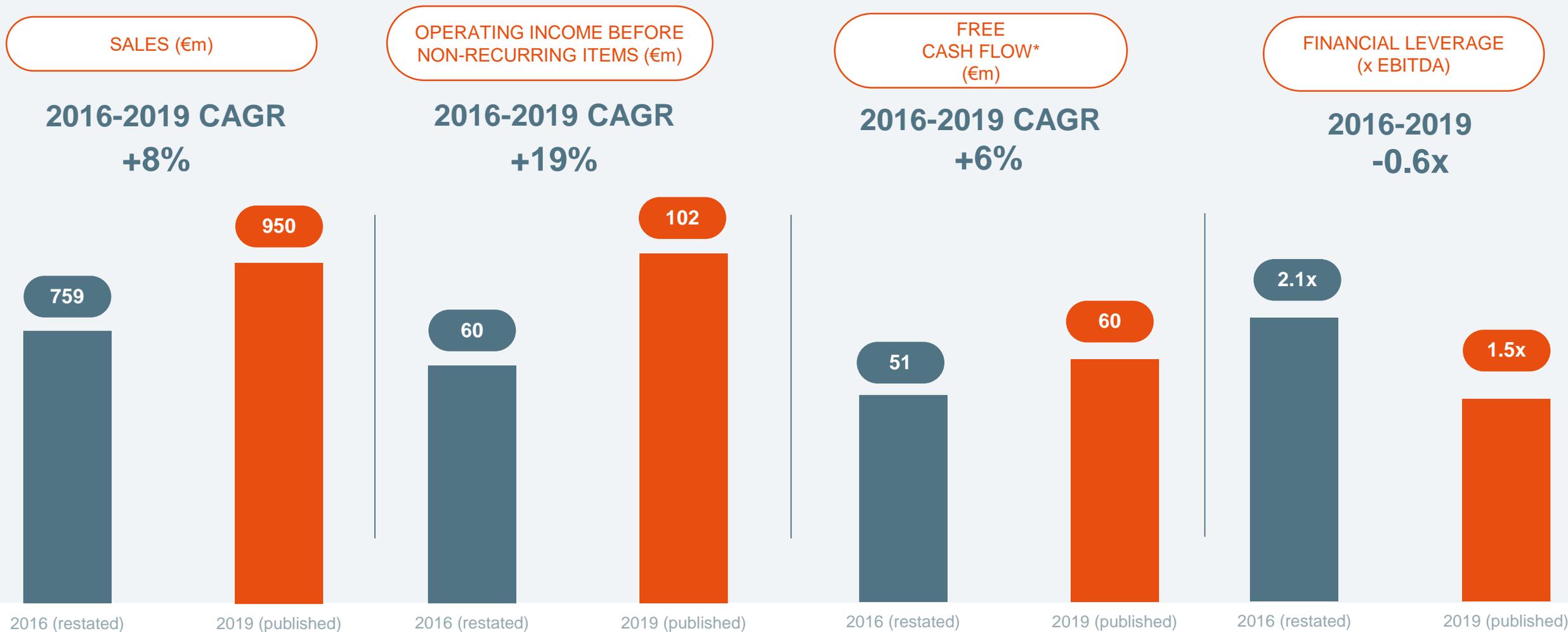
**SHAPE
THE FUTURE**
by acquiring
production capacity

ACCELERATE EXPANSION
in sustainable development
markets

**STRENGTHEN
EXPERTISE**
and accelerate innovation

**DEVELOP
A SERVICES BUSINESS**
for the chemicals industry

Four years of development and transformation strengthened Mersen



*Operating cash flow after capital expenditure

01

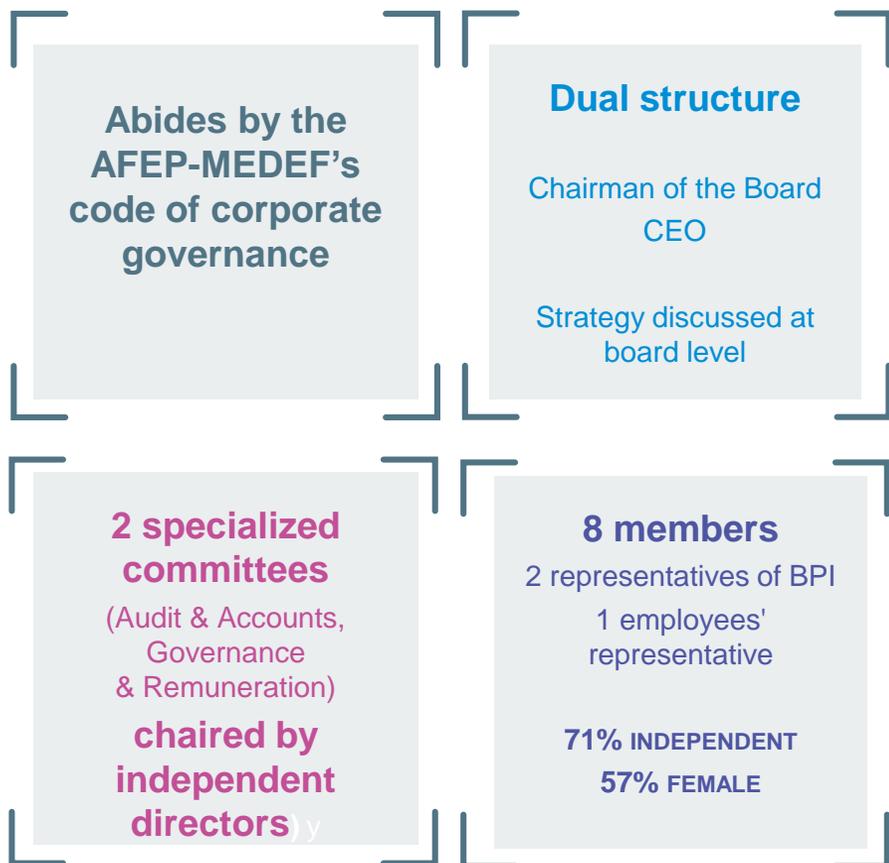
A long standing CSR strategy

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

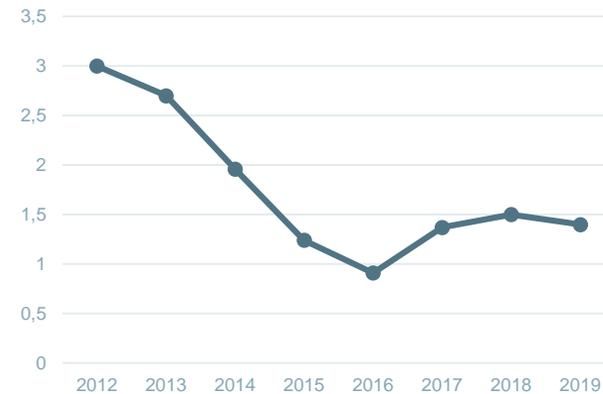
■ Governance

- 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

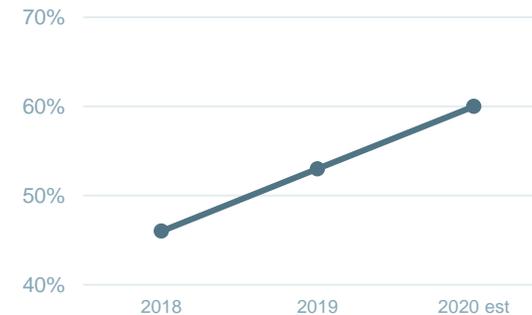
■ Training and shared best practices and initiatives

■ 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

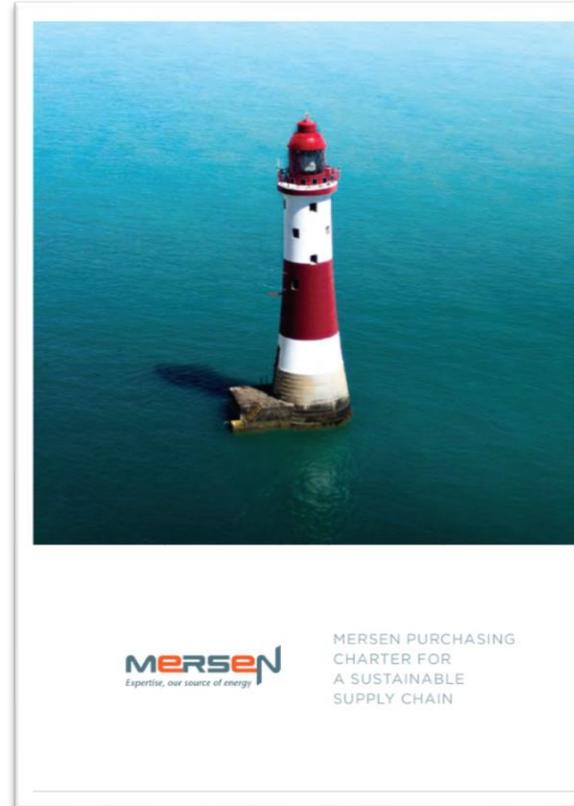
Managing our suppliers

■ 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)

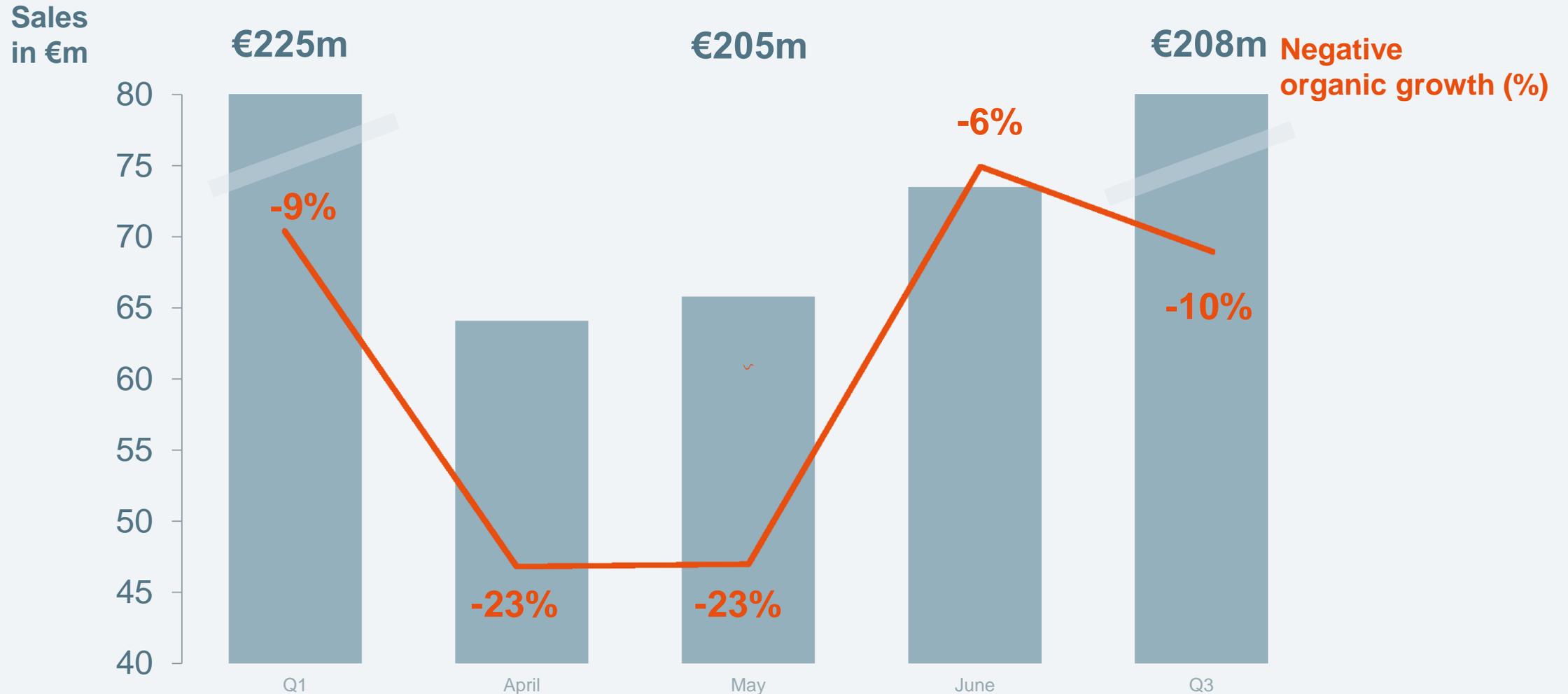
02

9 months 2020 Business Performance

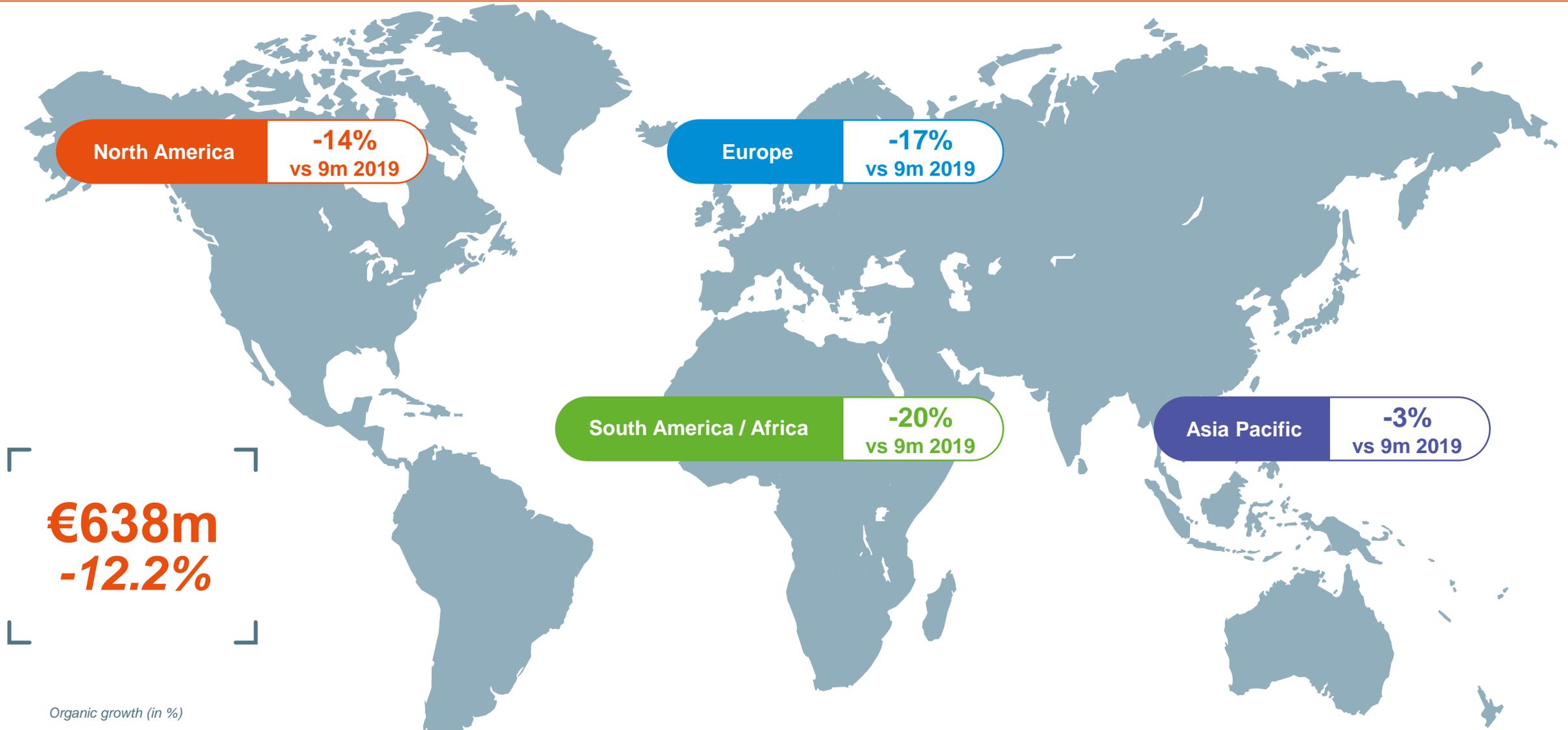
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The Covid-19 impact was particularly significant in April and May – Slight rebound in Q3



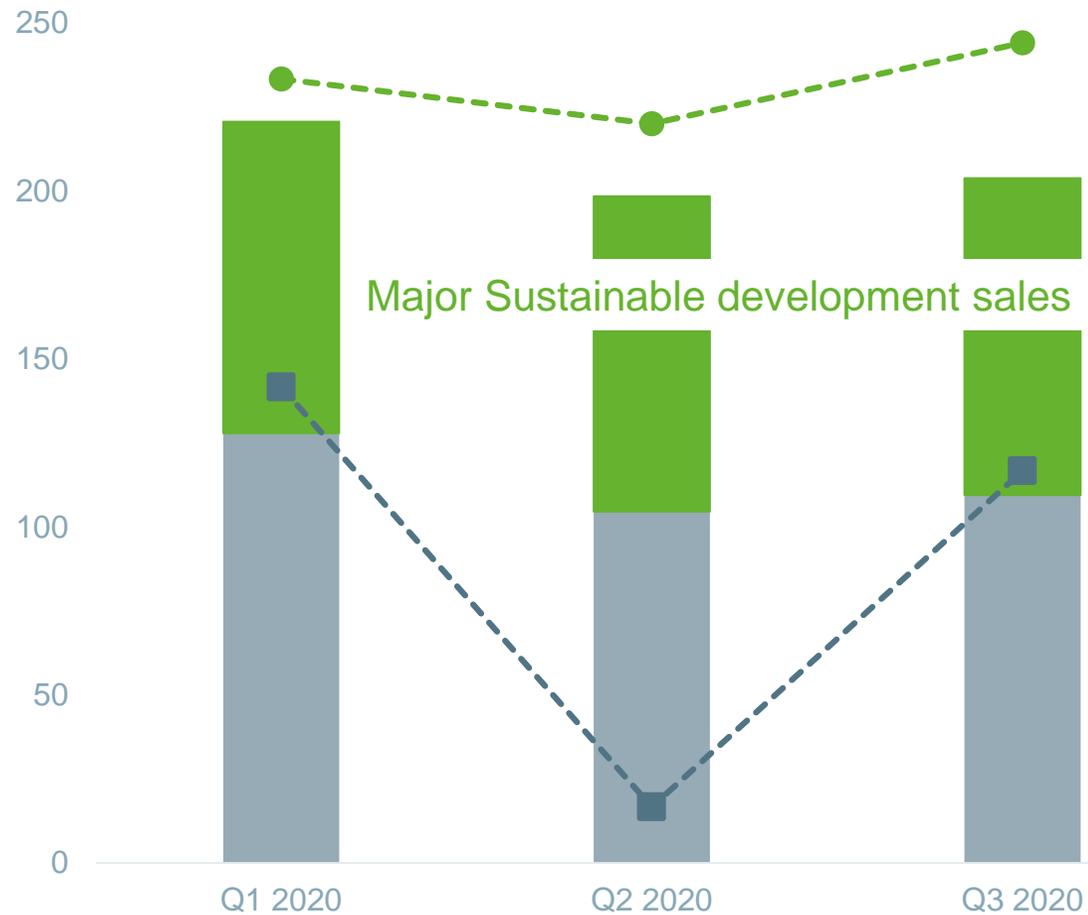
Mersen's 9 months 2020 Sales by geography: Asia stands out



Organic growth (in %)

Sustainable development markets are showing more resilience

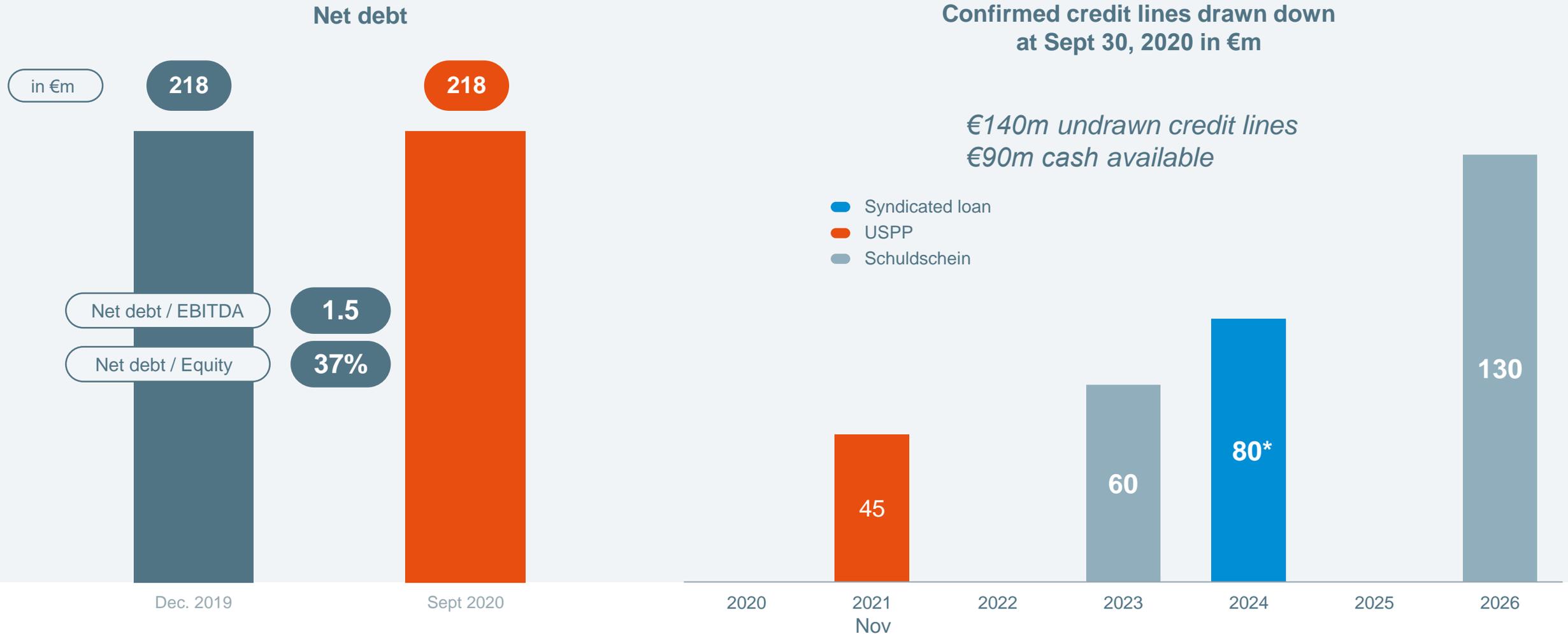
Sales in €m



Organic growth



Strong financial leverage and solid balance-sheet



* Including €40m for NeUCP backup

03

2020 Guidance



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
 - €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

04

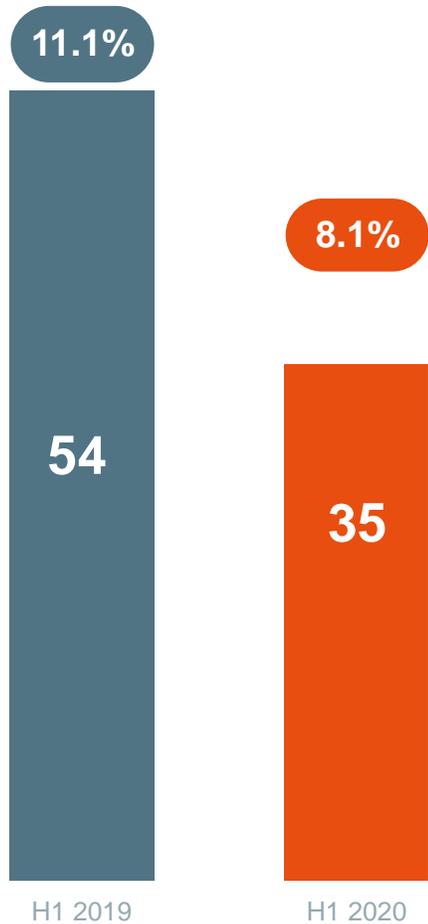
Appendix

Rapport des CAC



A largely negative volume effect partly offset by cost flexibilization

Current Operating result in €m

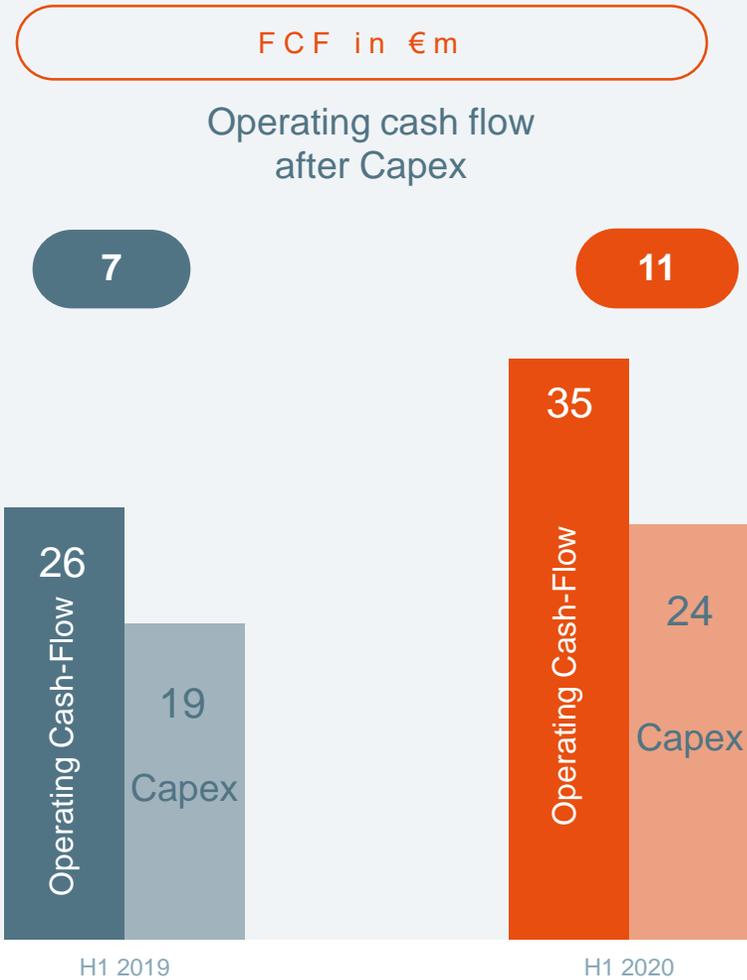


in %

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

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

