



October 2021

A **global player** at the heart of **technologies** who drives the industry forward and shapes a **more sustainable society**

Key figures

€ 847m 2020 sales

€ 123m 2020 EBITDA
14.5% of sales

6,400 employees

16 R&D centers

35 countries

Commitments for sustainability

Sustainable development



56%

of sales linked to sustainable dvpt

Waste recycling



60%

Safety at work



1.54
LTIR

Human capital richness



91%

of employees proud to be part of the Group

Diversity



35%

Women in the workforce

Recognition



MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

What makes Mersen unique?



Expertise

**Advanced
Materials**

Electrical Power

Efficient innovation

Competitive differentiation

High barriers of entry (graphite formulation, electrical regulations and standard)

Customized products (>65%)

Global footprint

Positioned on attractive markets

Sustainable development markets (Renewable energies, Electronics and green Transportation)

Highly buoyant markets:
SiC semicon, EV, Solar

Excellence to drive cash-flow

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

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



Present in all large industrial countries with dedicated plant per business unit

Multi-activities plants in other countries (20% of total sales)

Situation as of December 2020

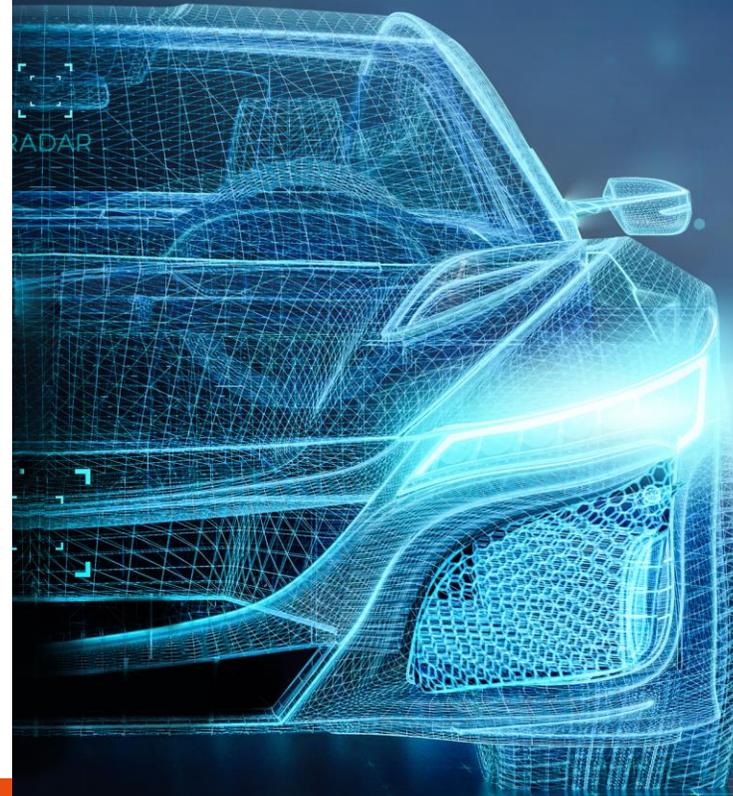
Prestigious and exacting customers



	PROCESS INDUSTRIES	CHEMICALS	TRANSPORTATION	ELECTRONICS	ENERGY
> 65% customized products	 		 	 	
Replacement market 65% of sales	 	 	 	 	
Largest client ~3% of sales			 	 	
Longstanding ties	 		 		

01

Our growth markets



AUTONOMOUS

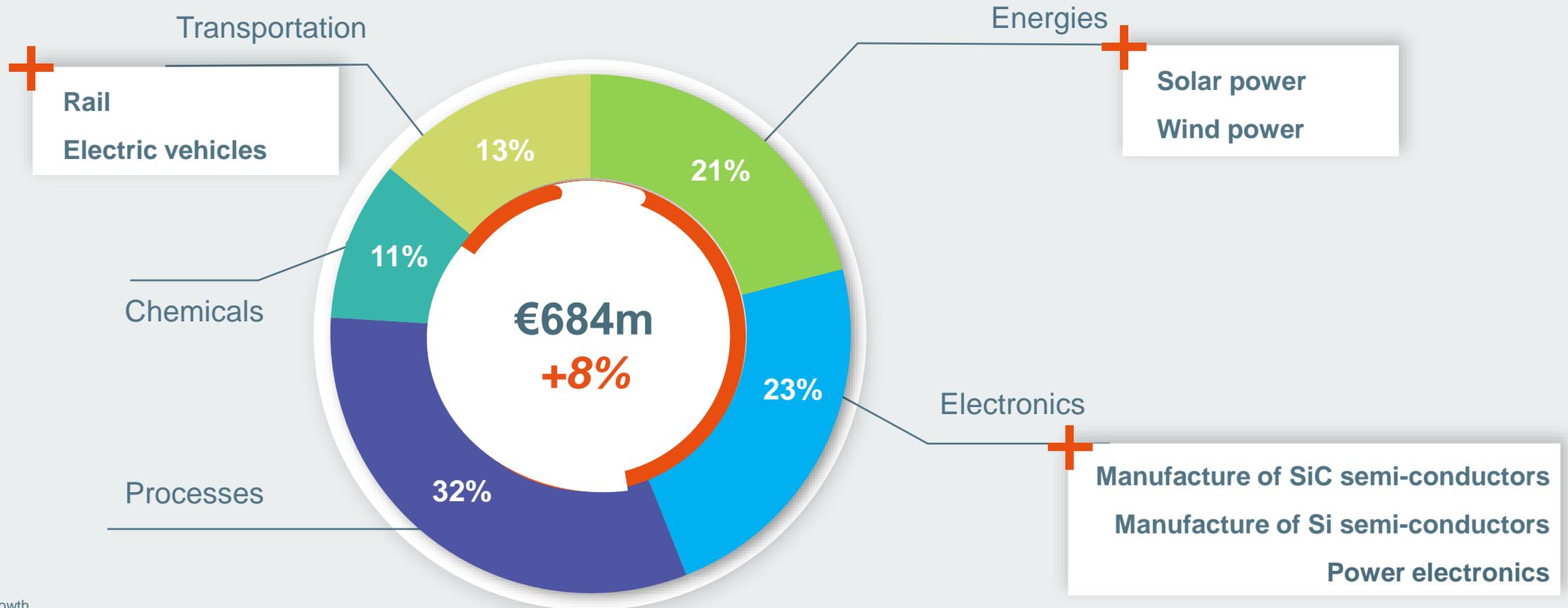
SAFE
1G*2 +
TT: F004

SENSOR
ACTIVE
INT*3 +
TT: SENSOR GROUP 3-TZ

7A

Sustainable development markets are propelling growth

Sales linked to sustainable development markets
+10.5%* vs 9m 2020



* Organic growth

Strong first-half performances, enabling the Group to raise its objectives for 2021 in July



		2021 Original forecasts	2021 New forecasts
Energy	+ Solar power	↗ ↗	↗ ↗
	+ Wind power	→	→ ↗
	Conventional energy	→	→
Electronics	+ Manufacture of SiC semi-conductors	↗ ↗	↗ ↗ ↗
	+ Manufacture of Si semi-conductors	→ ↗	↗
	+ Power electronics	→ ↗	↗
Transportation	+ Rail	→	→ ↘
	Aeronautics	↘ ↘	↘ ↘
	+ Electric vehicles	→	↗ ↗
Chemicals	Corrosive chemicals	→	→ ↘
Processes	Metallurgy Heat treatment Ceramics Glass, ...	↗ ? ↗ ↗	↗ ↗

Trends confirmed over 9 months



		2021 Original forecasts	2021 New forecasts	9 months
Energy	+ Solar power	↗ ↗	↗ ↗	↗ ↗
	+ Wind power	→	→ ↗	→
	Conventional energy	→	→	→
Electronics	+ Manufacture of SiC semi-conductors	↗ ↗	↗ ↗ ↗	↗ ↗ ↗
	+ Manufacture of Si semi-conductors	→ ↗	↗	↗
	+ Power electronics	→ ↗	↗	↗ ↗
Transportation	+ Rail	→	→ ↘	↘ ↘
	Aeronautics	↘ ↘	↘ ↘	↘ ↘
	+ Electric vehicles	→	↗ ↗	↗ ↗
Chemicals	Corrosive chemicals	→	→ ↘	→ ↘
Processes	Metallurgy Heat treatment Ceramics Glass, ...	↗ ? ↗ ↗	↗ ↗	↗ ↗

A very good third quarter



Organic growth



Q3 2021

- Europe +14.5%
- Asia-Pacific +9%
- North America +7%

Solar power: significant potential for Mersen **by focusing on premium quality**



A GROWING MARKET

- Expected installations in 2021: 145 GW
- Mid-term growth: 15% on average/year



TRUSTED RELATIONS WITH CUSTOMERS across the whole value chain

- Solar cell manufacturers:
 - Jinko, Longi, Zhonghuang
 - New Chinese entrants
- Inverters
 - TMEIC
 - Power Electronics
 - Fronius



CONTINUED TECHNICAL INNOVATIONS

- Increasing the size of cells for more yield
- Local insulation and composite offerings (Mersen Galaxy)



2021

- 9m sales: **€53m**
- Strong growth (up by >15%)



MID-TERM ANNUAL REVENUE

€100M

The power semiconductor market is growing fast and is preparing for the needs of the EV market



A UNIQUE EXPERTISE

- Key products for the SiC ingot manufacturing process (graphite, insulation)
- Positioned in the innovative domains of the future: Expertise in SiC substrates (European Transform project)



OPERATING ACROSS ALL GEOGRAPHIES, CLOSE TO INDUSTRY PLAYERS

- Long-standing market players (including pioneers in SiC semiconductors)
- New players in China (5G applications)
- Start-ups, new entrants (Europe, South Korea, Japan, etc.)



2021

- 9 months **€28m**
- Very strong growth (>+35%)



MID-TERM ANNUAL REVENUE

€50-60M

EV: **major** steps forward



RELATIONS WITH

- Traditional car manufacturers
- New players
- Tier-one suppliers for manufacturers
- Battery manufacturers



PARTNER OF THE AUTOMOTIVE INDUSTRY

- Contract with Marquardt, production to start-up in 2022
- Strategic partnership with Autoliv (target: vehicles over 800V)



2021

- 9 months sales **€12m**
- Strong growth (>+20%)



MID-TERM ANNUAL REVENUE

€40-70M

Continued optimization of the manufacturing base to prepare for the future



Semiconductor market

- Project for a new extended plant in South Korea

Electric vehicle market

- Strengthened dedicated team
- Large-scale production of EV fuses in China and Mexico

Columbia (USA)

- Start-up of the GRI insulation line (Americarb)
- Start-up of extruded graphite production (process industries)



Operating efficiency of EP segment

- European production of DIN-standard fuse switch disconnectors grouped at the Fusetech site in Hungary (closure of the Czech Republic plant)

- Transfer of production of surge protection products from Guangzhou to the new ChangXing site that opened in 2020 in China

Information Systems

- New Group ERP version
- *Customer Relationship Management (CRM)*
- *Manufacturing Execution System (MES)*
- Process digitalization

2021 guidance revised upwards



1st guidance revised in early July based on trends observed in H1

2nd revision at the end of October for the current operating margin, based on favorable product-mix

Original guidance Organic sales growth of between 2% and 6%

Revision 1 Organic sales growth of between 6% and 8%

Revision 2 **Organic sales growth at the upper end of the guidance range**

Original guidance: Operating margin before non-recurring items of between 8% and 8.8%

Revision 1 Operating margin before non-recurring items of between 9.2% and 9.6%

Revision 2 **Operating margin before non-recurring items slightly higher than guidance**

Original guidance Capex between €70m and €80m

Revision **Capex at the upper range of the guidance range**

Save the date



December 7, 2021 at 3:30pm CET: 100% digital event dedicated to Mersen's strategy in the semiconductor market

« *Chip-chat: An Hour With Mersen On Its Semiconductor Strategy* »



January 27, 2022 after market close: 2021 FY Sales



March 16, 2022 before market open: 2021 FY results

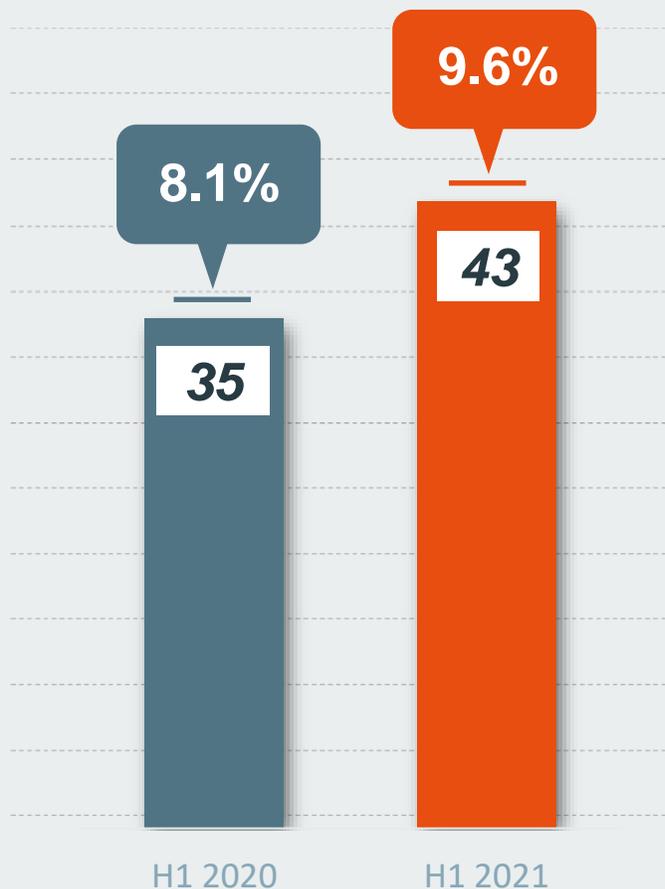
A person wearing a blue lab coat, a blue surgical cap, and a white face mask is holding a large, circular, blue-tinted object. The person is standing in a laboratory or cleanroom environment, with a glass partition visible in the foreground. The background is slightly blurred, showing industrial equipment and a clean, bright environment.

02

**First-half
2021 results**

Significant increase in profitability

Operating margin before non-recurring items (% of sales)
 Operating income before non-recurring items (€m)



H1 2020 operating margin before non-recurring items

8.1%

Volume/mix effects	+2.1
Structural savings (adaptation plan)	+1.1
Net temporary savings	-0.2
Productivity gains	+1.0
Cost inflation	-0.9
Raw material effect (net of prices)	-0.5
Bonus, profit-sharing	-0.6
Depreciation, fx, scope	-0.5

H1 2021 operating margin before non-recurring items

9.6%

H1 2021 EBITDA
€71m
15.7% of sales

H1 2020 EBITDA
 €62m
 14.4% of sales

Structural and temporary impacts



Structural savings (Adaptation plan)

<i>millions d'€</i>	2020	H1 2021	FY 2021	2022	Total
Restructuring cost (P&L)	17	2	5		22
Expected savings compared with the 2019 cost structure		4	10	16	16/y
Cash-out	5	5	10	7	22

Plan on track (costs, savings)
Postponement of some cash payments to 2022

Temporary Impacts (Covid crisis)

H1 2021 vs H1 2020

- Reduction in travel expenses, Trade shows, ...
- Non-renewal of Covid-related financial aids
- Additional costs from Covid not renewed in part

Net impact : -€1m

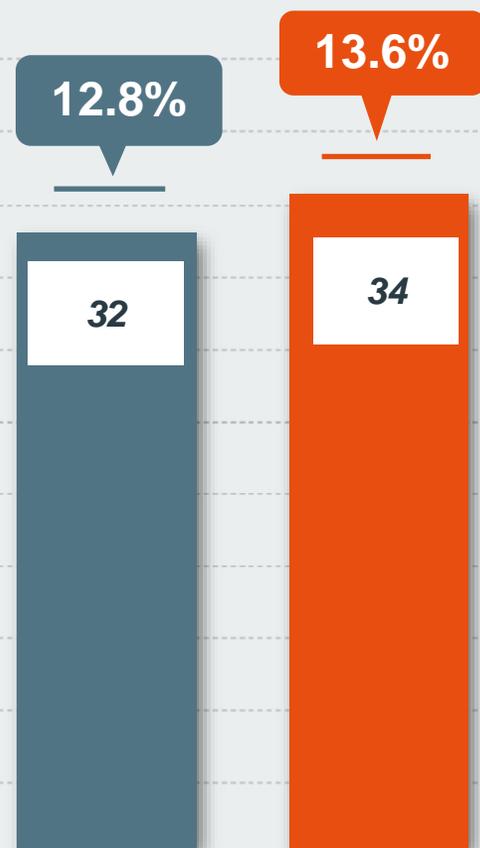
Out of Covid context

Return of travel and marketing expenses mostly offset by expected savings from the adaptation plan

Both of the Group's segments contributed to **profitability growth**

Operating margin before non-recurring items (% of sales)
Operating income before non-recurring items (€m)

Advanced Materials

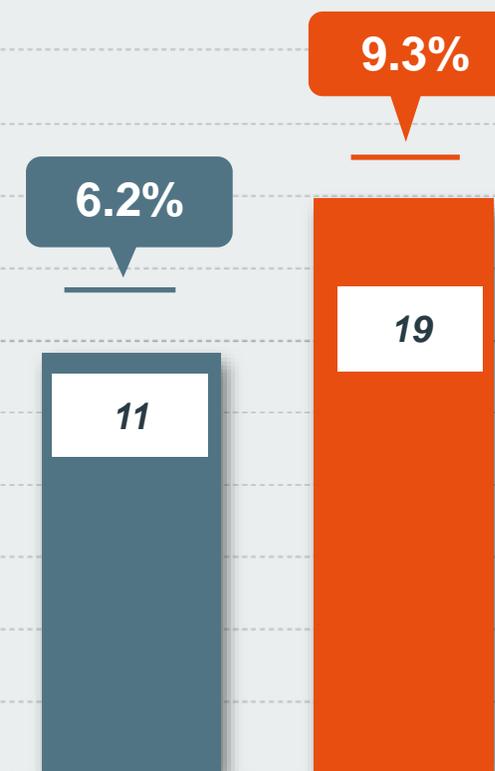


H1 2020

H1 2021

- **AM segment**
 - Slight positive volume effect
 - Positive effect of adaptation plan
- **EP segment**
 - Important positive volume effect
 - Favourable mix effect
 - Positive effect of adaptation plan
 - Negative raw materials impact partially offset by price increase

Electrical Power



H1 2020

H1 2021

Net income up by more than 50%

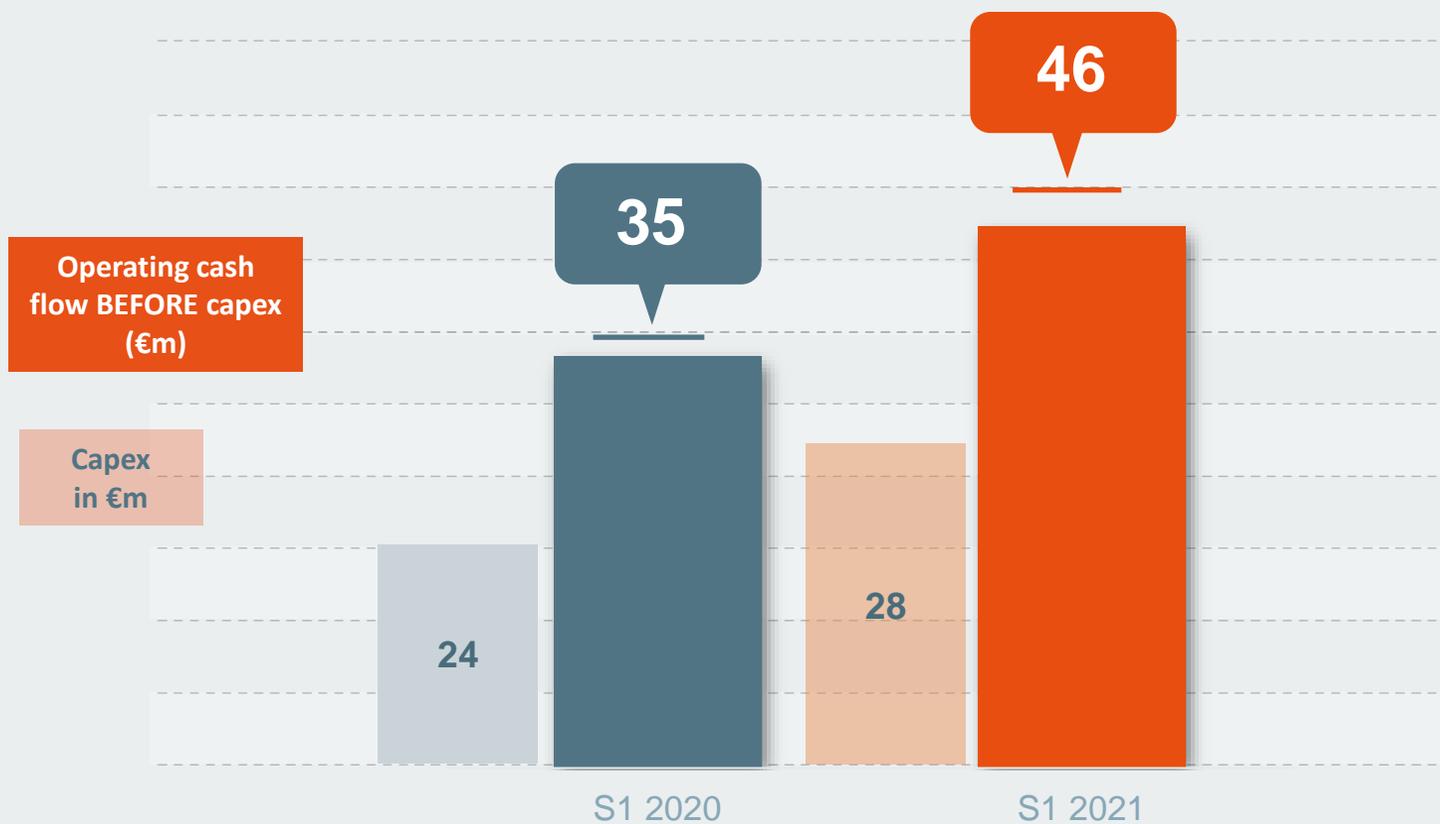


In €m	H1 2020	H1 2021
Operating income before non-recurring items	34.7	43.3
Non-recurring income and expenses	(4.9)	(1.6)
Net financial expense	(6.1)	(5.6)
Income tax	(5.9)	(9.0)
Net income	17.8	27.1
Attributable to owners of the parent	16.3	25.5

Non-recurring expenses
*Mainly Columbia (USA),
 restructuring costs partly offset by
 favorable dispute settlements*

Effective tax rate: 25%
the same as in H1 2020

Higher operating cash flow generation



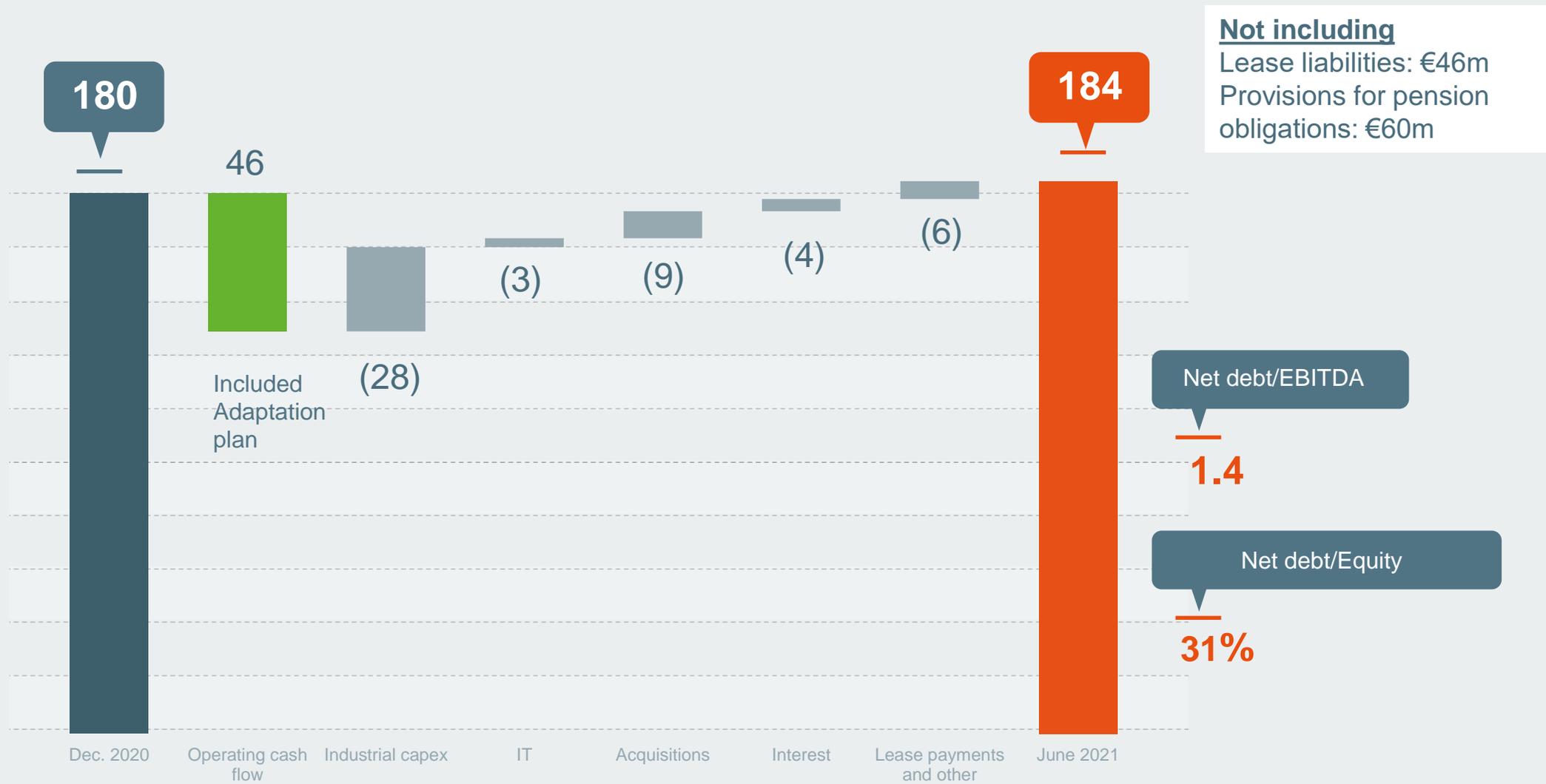

Cash flow conversion*
65%

Funding for capex
€28m


WCR 20% of sales
(28% in H1 2020)

* Operating cash flow before capex/EBITDA

Stable net debt, enabling the Group to finance its future growth



A solid balance sheet with average debt maturity raised to 6 years after the new USPP



MATURITY SCHEDULE OF CONFIRMED FACILITIES DRAWN DOWN AT DECEMBER 31, 2020 (IN €M)



- USPP
- Schuldschein
- NEU CP and syndicated loan
- NEU MTN

REPAYMENT SCHEDULE OF COMMITTED FACILITIES DRAWN DOWN AT JUNE 30, 2021 INCLUDING A SIMULATION OF THE NEW USPP (IN €M)



+
 UNDRAWN COMMITTED FACILITIES (MATURING IN 2024) **€210M**
 AVAILABLE CASH **€81M**

An aerial photograph of a lush mangrove forest. The landscape is dominated by vibrant green vegetation, with numerous small, interconnected waterways and canals winding through the trees. The water appears a light, milky blue-green color. The overall scene is a complex, organic pattern of land and water.

Appendix

A longstanding sustainability strategy



2010

Set-up of a sustainability report

Formalization of longstanding practices

Corporate governance improvements

2018

Sustainability Materiality matrix

Sustainability roadmap and mid-term targets on:

- Ecological transition
- Waste
- Supply chain
- Health & Safety
- Outreach
- Diversity
- Training

2021

New non financial objectives on:

- Climate change
- Diversity in senior management

2022

Update of Sustainability materiality matrix

New mid-term roadmap

Diversified shareholding base

