



MERSEN
Expertise, our source of energy

MAY 2021

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 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

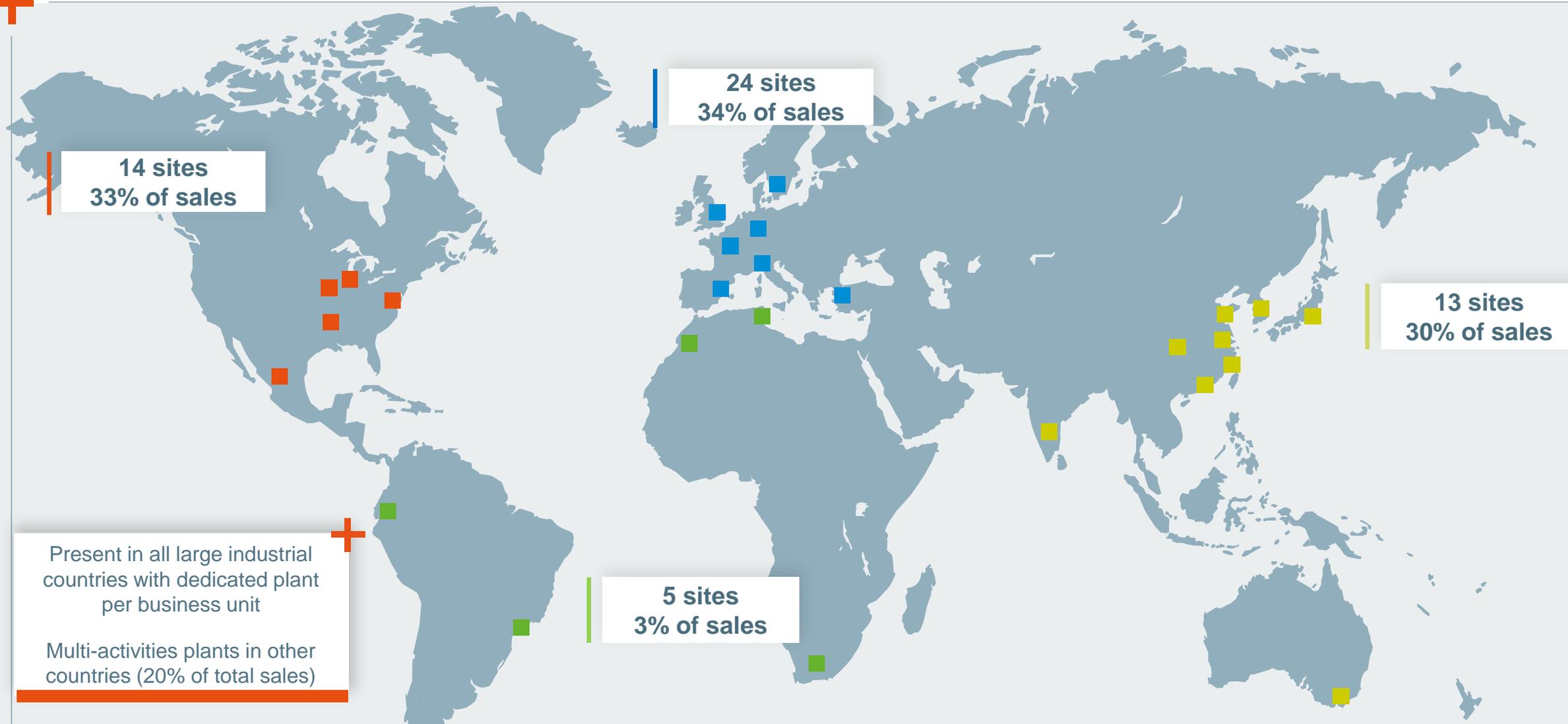
Cooling devices

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



Situation as of December 2020

A longstanding CSR strategy, ...



... demonstrated by recognized commitments



ISS QualityScore

Governance	2
Environment	3
Social	3

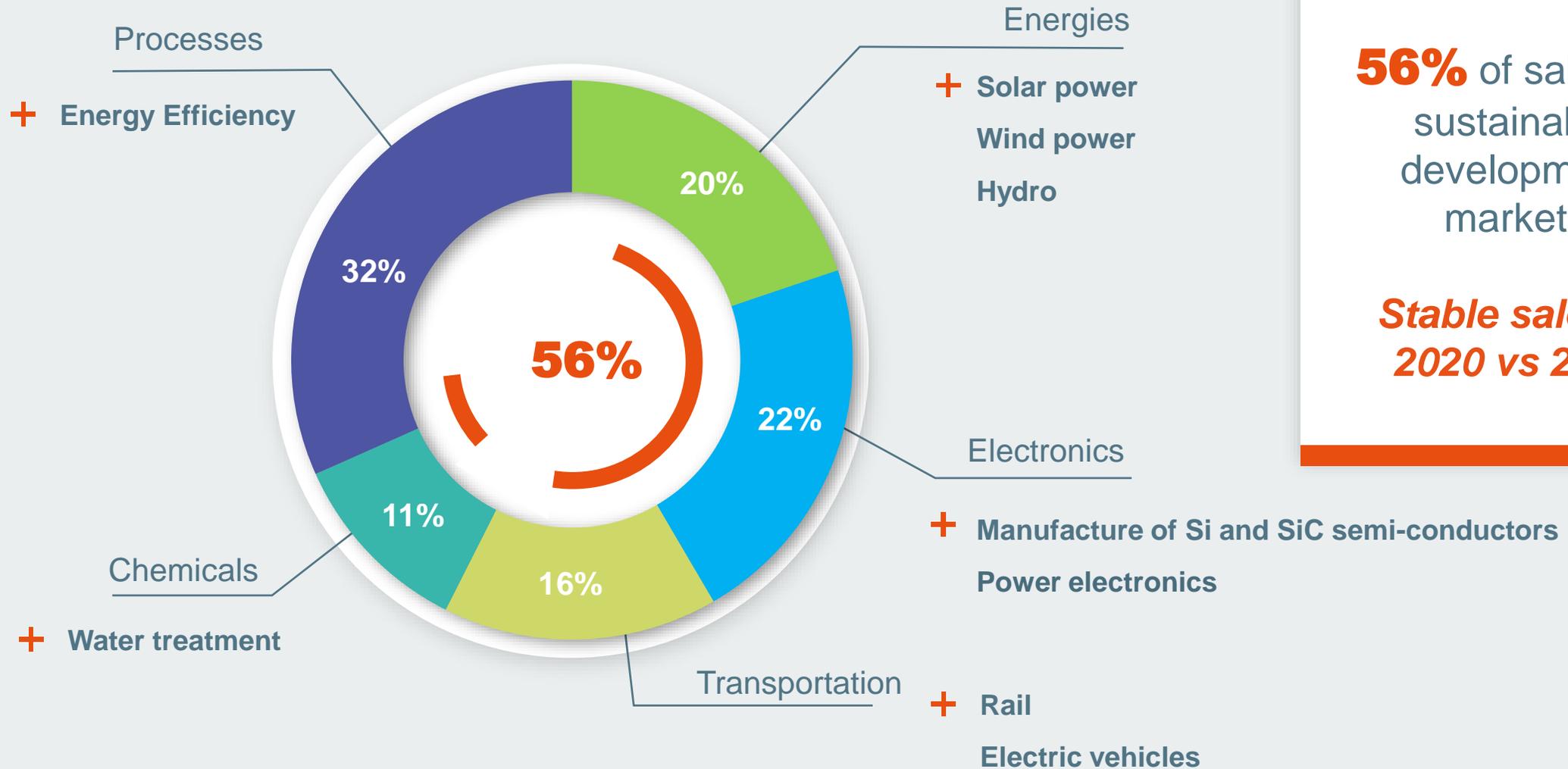
Lower Governance Risk = 1
 Higher Governance Risk = 10
 Higher E&S Disclosure = 1
 Lower E&S Disclosure = 10



01

**2021
priorities and
outlook**

Positioned on buoyant sustainable development markets



56% of sales for sustainable development markets

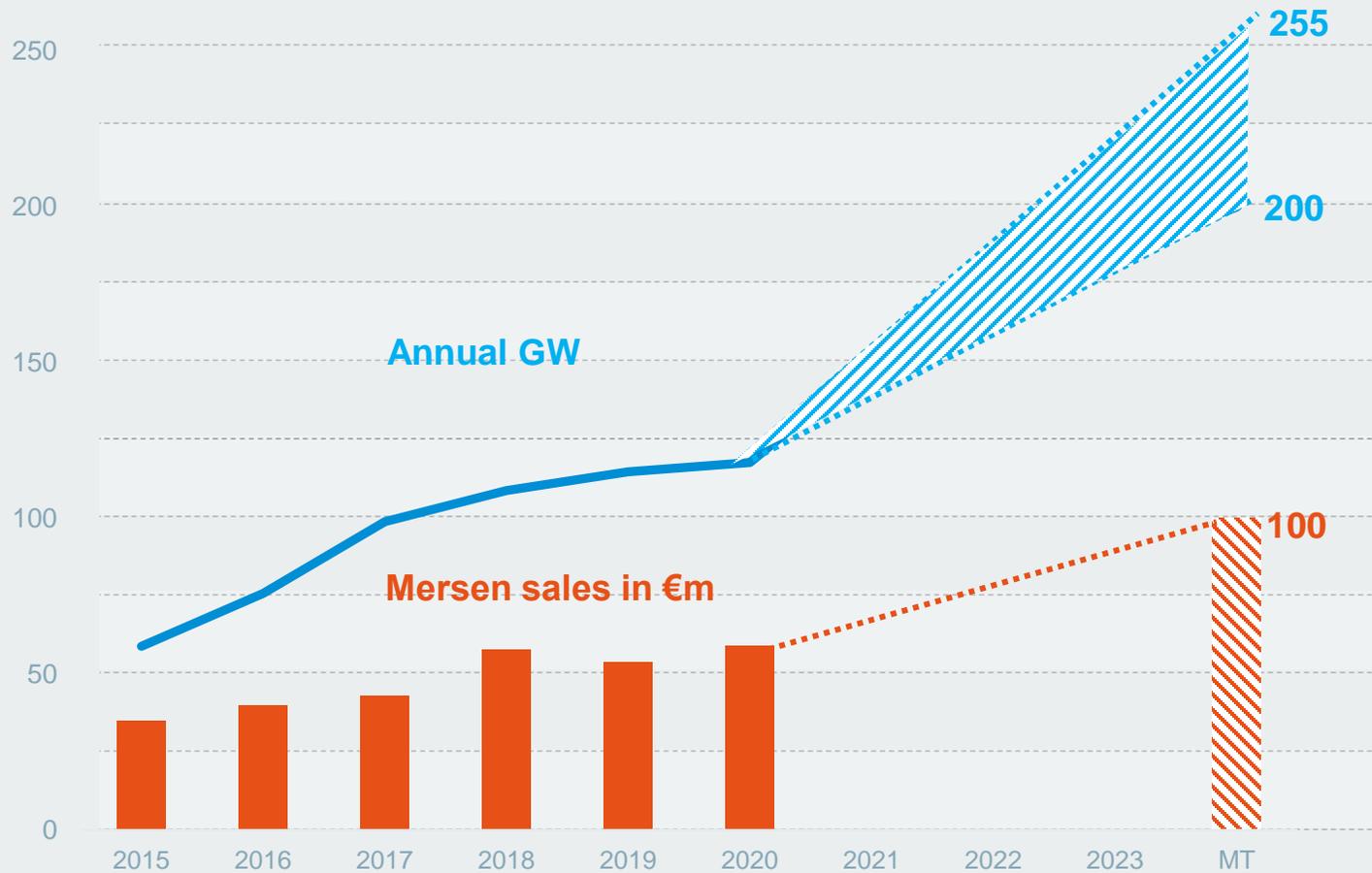
Stable sales in 2020 vs 2019

... offering growth opportunities in the short and medium-term



		2020	2021	2022-2023 trend
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	Process industries	↘ ↘ ↘	↗ ? ↗ ↗	↗

Solar: significant potential for Mersen by focusing on premium offer



Sources: IHS, Solar Power Europe October 2020

Expected market growth of **15% per year on average**

Developing technology: **Increase in size of cells (from 152 mm to 210 mm)**

Mersen's positioning on a comprehensive **premium offer**
Isostatic graphite, insulation, C/C composite
Electrical protection for high-power industrial facilities

Mersen's expertise applied to premium solar power

ADVANCED MATERIALS SEGMENT



Graphite anticorrosion systems for HCl synthesis



CVD reactors



Graphite electrodes

Polysilicon manufacturing



1,400°C CZ processes

Monocrystalline silicon ingot manufacturing

75% of business

WACKER

LONGi Solar
 中环
 ZHONGHUAN

Jinko Solar

ELECTRICAL POWER SEGMENT



Solar panel protection

Energy storage and conversion

25% of business

ENGIE

Schneider Electric

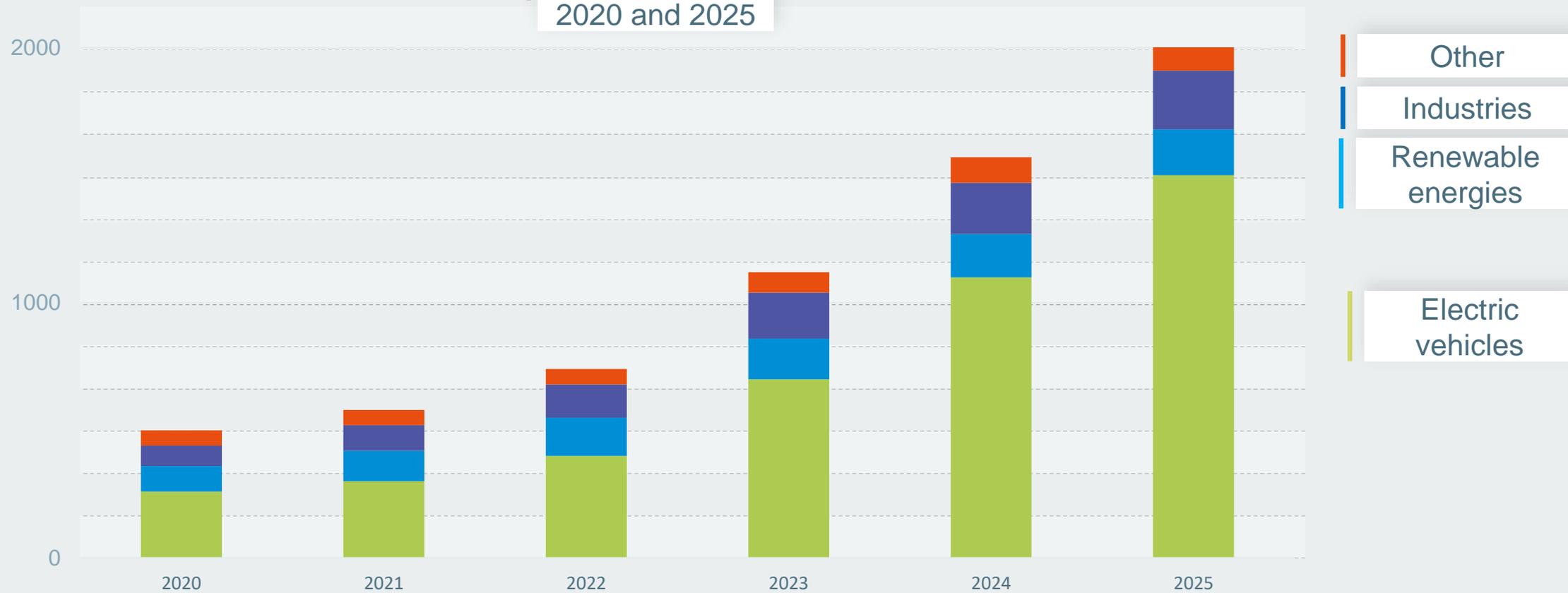
POWER ELECTRONICS

TMEiC

2020
 SALES
€60M

Growth of the SiC semiconductors market is set to **accelerate** in line with EV market growth

USD million

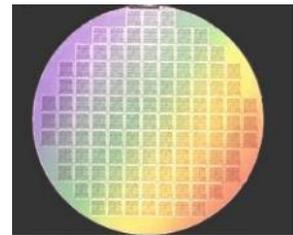


Source: Yole

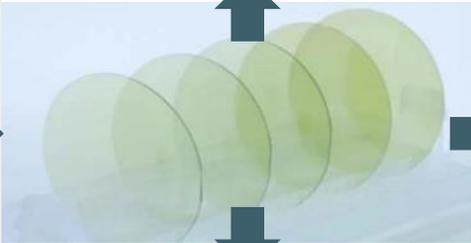
Mersen's expertise in SiC semiconductors



ADVANCED MATERIALS SEGMENT

GRAPHITE, INSULATION FOR FURNACES	GRAPHITE WAFER CARRIER
 Crystal growth	 Epitaxy Ion implantation Annealing
 	 
 	

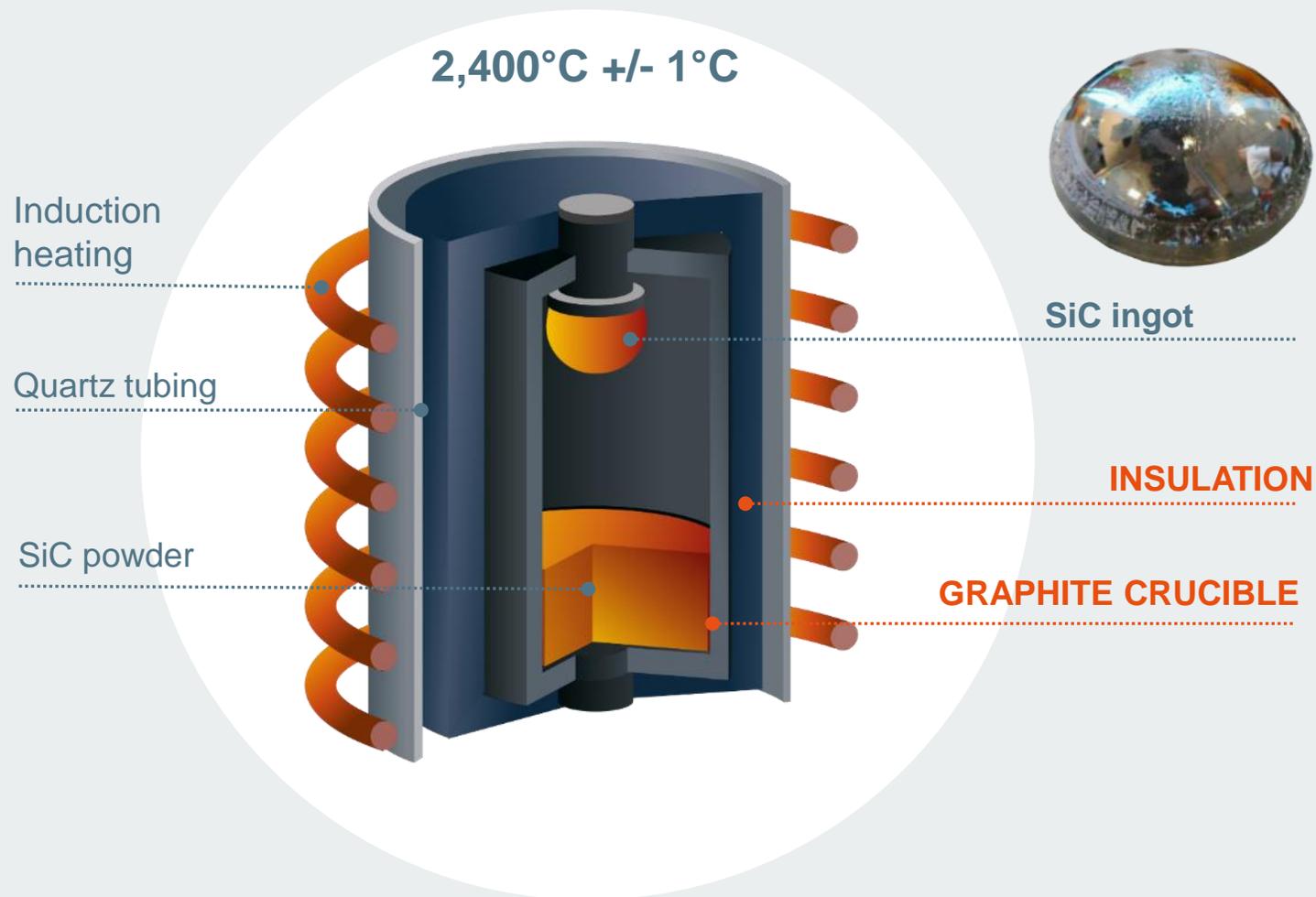
ELECTRICAL POWER SEGMENT

 Diode, transistor	COMPONENTS FOR INVERTERS
 Power module	 Inverter
  	 
   	    

End markets



Graphite and insulation determine the quality of silicon carbide wafers and therefore the **cost** of semiconductors



2020 SALES
€30M

Unique position in the sophisticated and intricate SiC manufacturing process



Key products for ingot quality

(and therefore process efficiency):

- Purity of graphite
- Insulation properties



Expertise through long-standing ties with pioneers in the industry for over 20 years



High-performance industrial system

in which we continue to invest

- Investments in Europe from 2019 to 2021: €12m
- Investments in Americas (Americarb + Columbia): €6m



Present across all geographies, close to industry players

- Long-standing leaders
- New entrants (China, 5G)
- Startups, universities, etc.

MID TERM
ANNUAL SALES
€50-60M

Electric vehicles: Market growth is accelerating



Number of electric vehicles
Individuals >400V sold per year
(thousands)



Source: Mersen estimates

+ Mersen's offering for EV/HEV applications

BATTERY MODULE



Fuse



Monitoring busbar

INVERTER



Capacitors



Busbar

ELECTRICAL PROTECTION OF VEHICLES



Main fuse



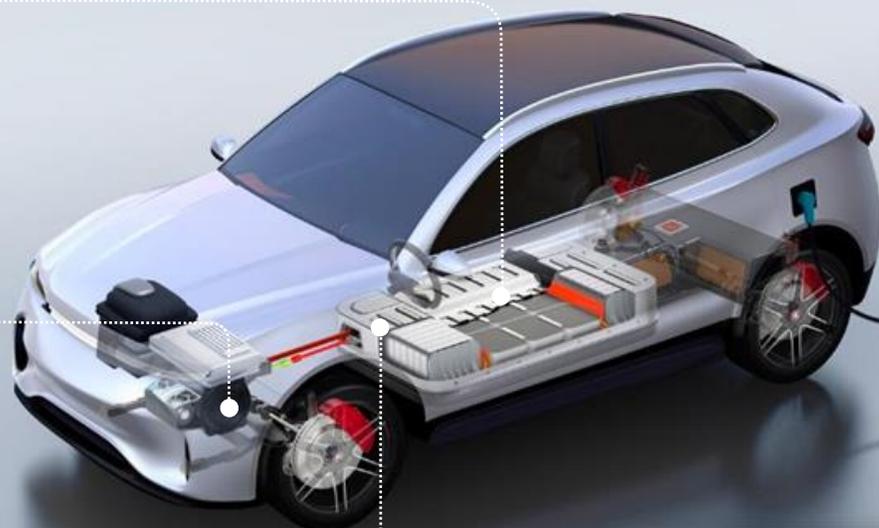
Hybrid fuse



Integrated by Autoliv



Auxiliary fuse



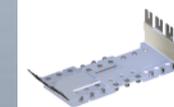
RAPID CHARGING STATION 50kW-100kW



SPD



Fuse



Busbar

2020 SALES
€15M

Mersen is successfully adapting to this **new market and these new customers**



RELATIONS WITH

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



FIRST CONTRACT WON

- **Marquardt**
- Contract over the duration of the platform (5 to 7 years)
- Production launch: 2022



TECHNICAL INNOVATION

- Joint collaboration with **Autoliv** on Hybrid fuse
- Target: EV>800V



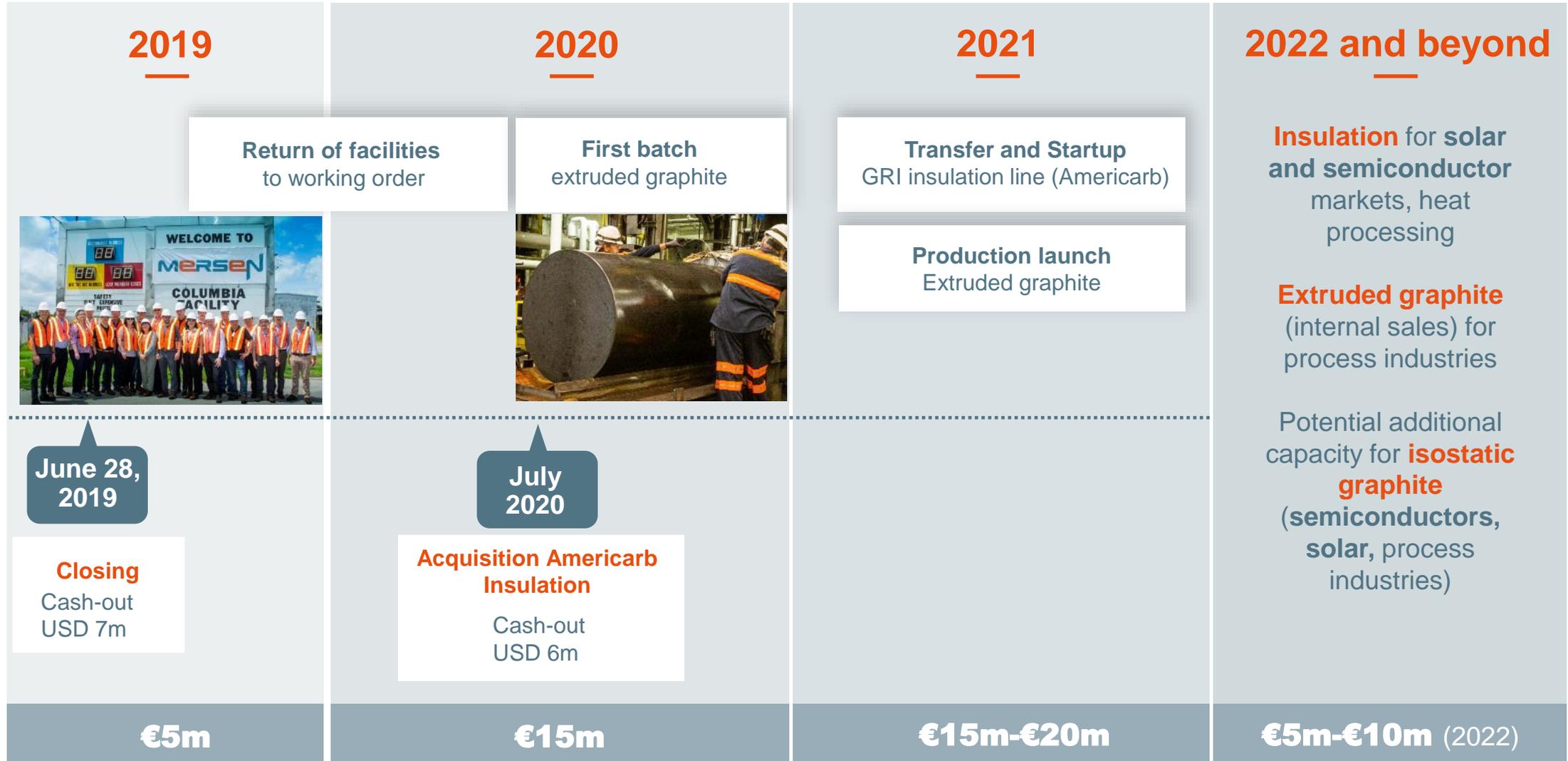
GLOBAL PRESENCE

- Eventually, 3 dedicated plants in 3 key regions
- Dedicated teams
- Certified sites

MID-TERM ANNUAL SALES

€40-70M

Columbia, additional capacity to serve our growth markets



Continued industrial optimization



HEALTH AND SAFETY: THE PRIORITY

- Accident frequency rate: 1.54 (medium-term target <1.4)
- Severity rate: 64 (medium-term target <60)



OPTIMIZATION OF INDUSTRIAL SITES

- Enhanced manufacturing efficiency on Europe's electric fuse market (Fusetech)
- Modernization of two plants in China (fuses, graphite for semiconductor market)
- Large digital projects and MES (Manufacturing Execution System)



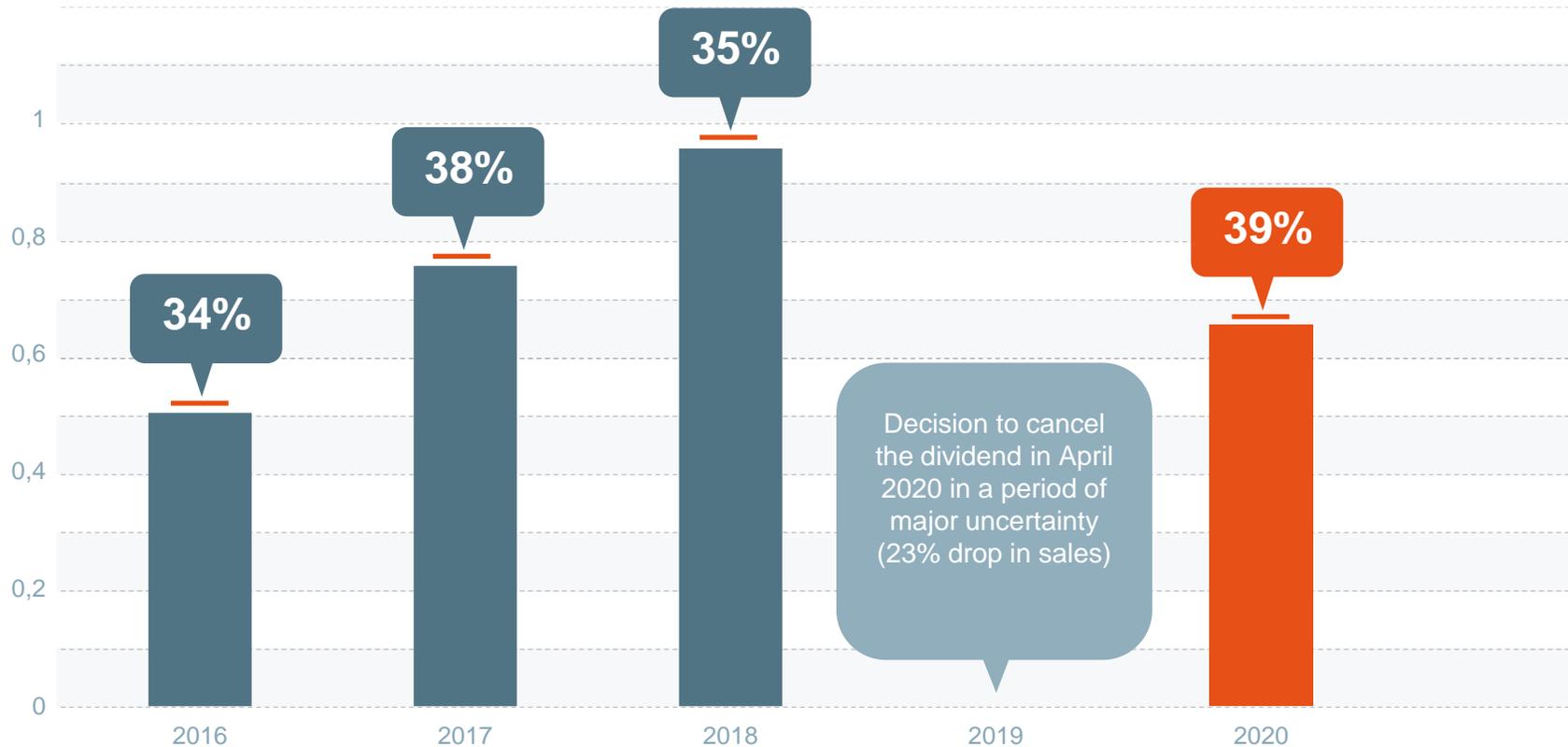
REDUCED ENVIRONMENTAL FOOTPRINT

- Target to reduce GHG emissions intensity by 20% by 2025
- Increase in waste recycling rate (60% in 2020 vs 46% in 2018)

Shareholder return: return to dividend payment: €0.65 per share



Dividend in €
Payout as a % of restated net income



DIVIDEND POLICY

Payout of between 30% and 40% of Group net income restated for non-recurring items

Operational priorities and outlook for 2021

Attentive to signs of recovery, especially in Europe and the United States

And subject to no major deterioration of public health conditions.

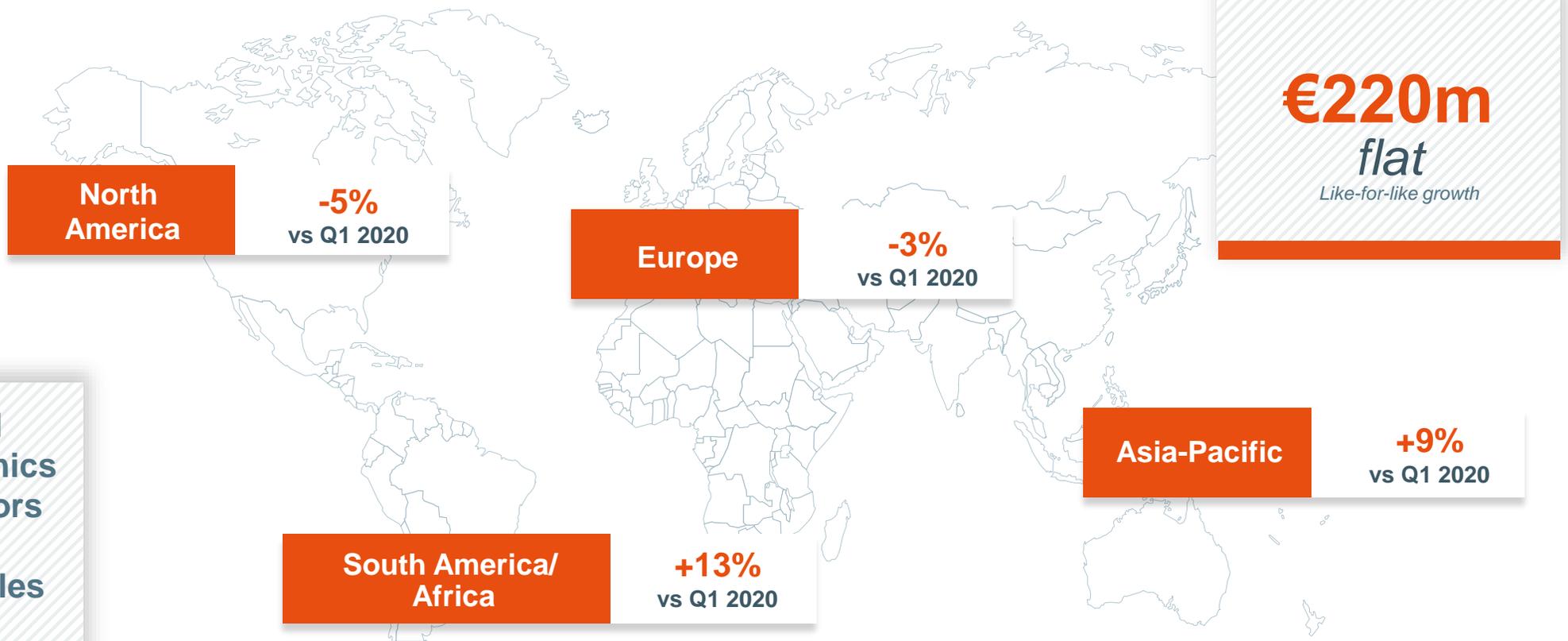
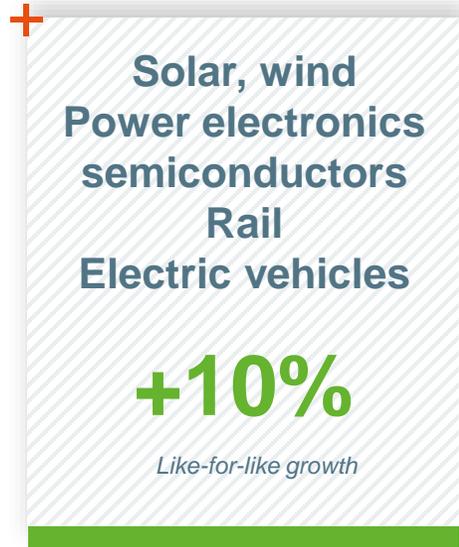
We continue to seize **growth opportunities**:
Solar, semiconductors, EV – by investing when necessary

Like-for-like sales growth of between 2% and 6%

We are accelerating our **response plans** to optimize our cost structure and boost our **industrial productivity**

Operating margin before non-recurring items of
between 8% and 8.8%
Capex between €70m and €80m

Asia still driving Group's growth in Q1, as well as markets linked to sustainable development



Like-for-like growth (as a %)



02

**2020
Results**



2020: Good performance in an unprecedented year



Sales: €847m down 11% vs 2019, with broadly stable sustainable development markets



Operating margin before non-recurring items: 8.1% of sales



Free cash flow: €76m* vs €60m in 2019, resulting in **record-low net debt**



Shareholder return:
Dividend of **€0.65/share**

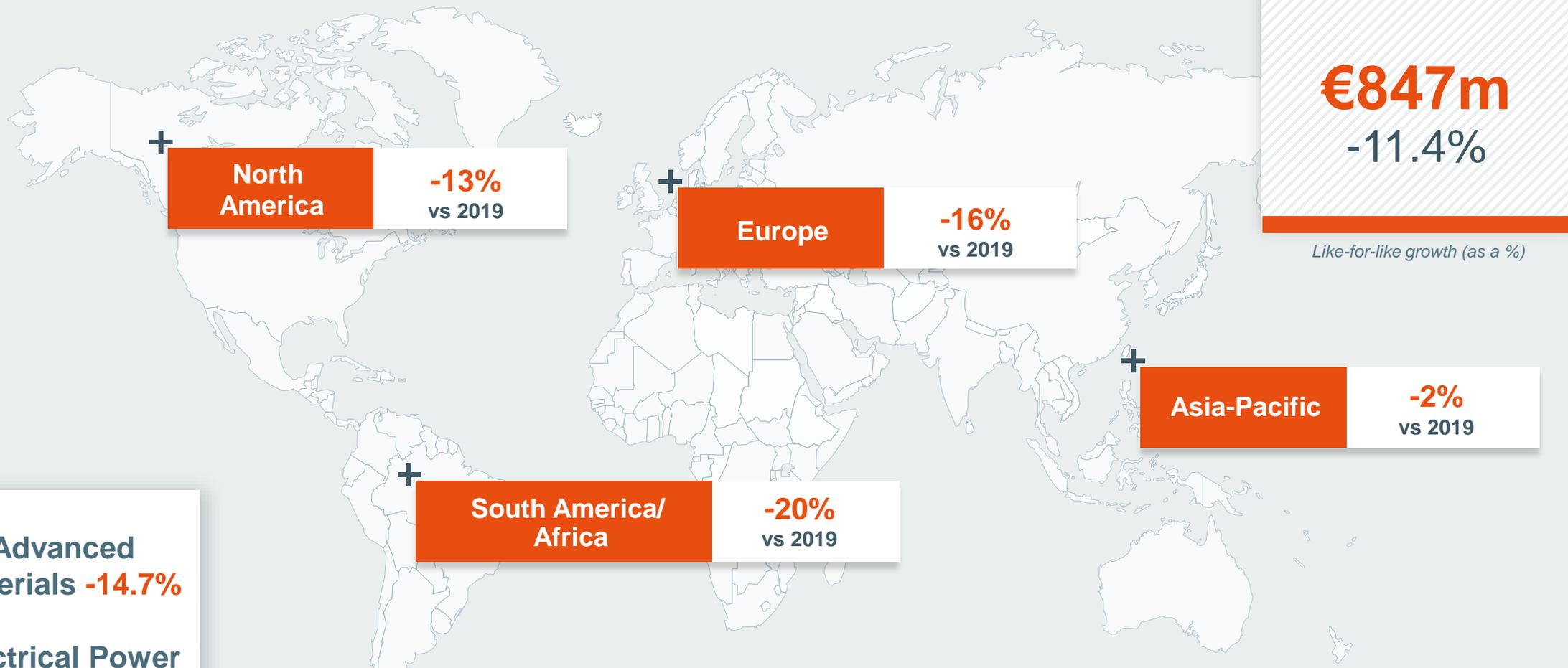
Targeted measures when needed: furlough and short-time working schemes, targeted restructuring

Continued strategic plans by segment: industrial optimization, investments

Committed teams:
even at the height of the crisis, **85%** of plants were operational
Motivated teams: **91%** proud to belong to the Group

* Cash-flow from operating activities after industrial capex

Contained decrease in 2020 sales



€847m
-11.4%

Like-for-like growth (as a %)

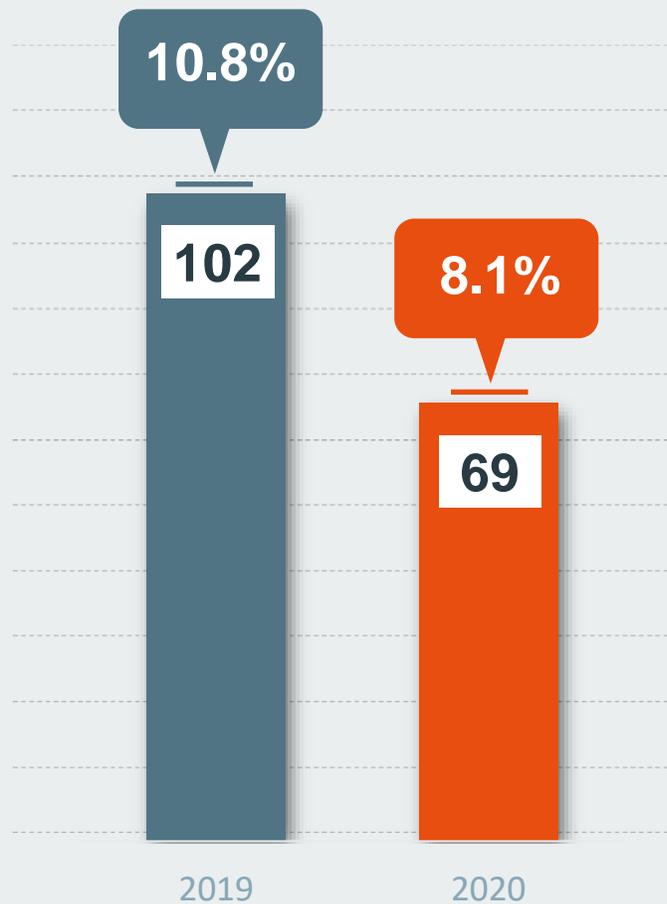


Advanced Materials -14.7%
Electrical Power -7.1%
Like-for-like growth (as a %)

The Asia-Pacific region stands out, with 8% growth in China

Profitability held up well

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



2019 operating margin before non-recurring items

10.8%

Volume/mix effects	-3.9
Net savings excluding additional costs linked to the health crisis	+1.4
Productivity gains	+1.1
Cost inflation	-1.1
Other	-0.2

2020 operating margin before non-recurring items

8.1%



2020 EBITDA
€123m
14.5% of sales

2019 EBITDA
 €155m
 16.3% of sales

Net income impacted by non-recurring items

In €m	2019	2020
Operating income before non-recurring items	102.2	68.6
Non-recurring income and expenses	(11.3)	(51.4)
Financial income	(13.2)	(12.0)
Income tax	(17.9)	(14.0)
Net income	59.8	(8.8)
Attributable to owners of the parent	57.3	(12.0)

Non-recurring expenses

Restructuring costs: €17m
 Impairment of under-used assets: €8m
 Goodwill impairment for ACE: €17m
 Litigation and acquisition costs: €8m

High effective tax rate

(2018 rate: 24% - 2019 rate: 23%)

Due to the recognition of non-deductible non-recurring expenses

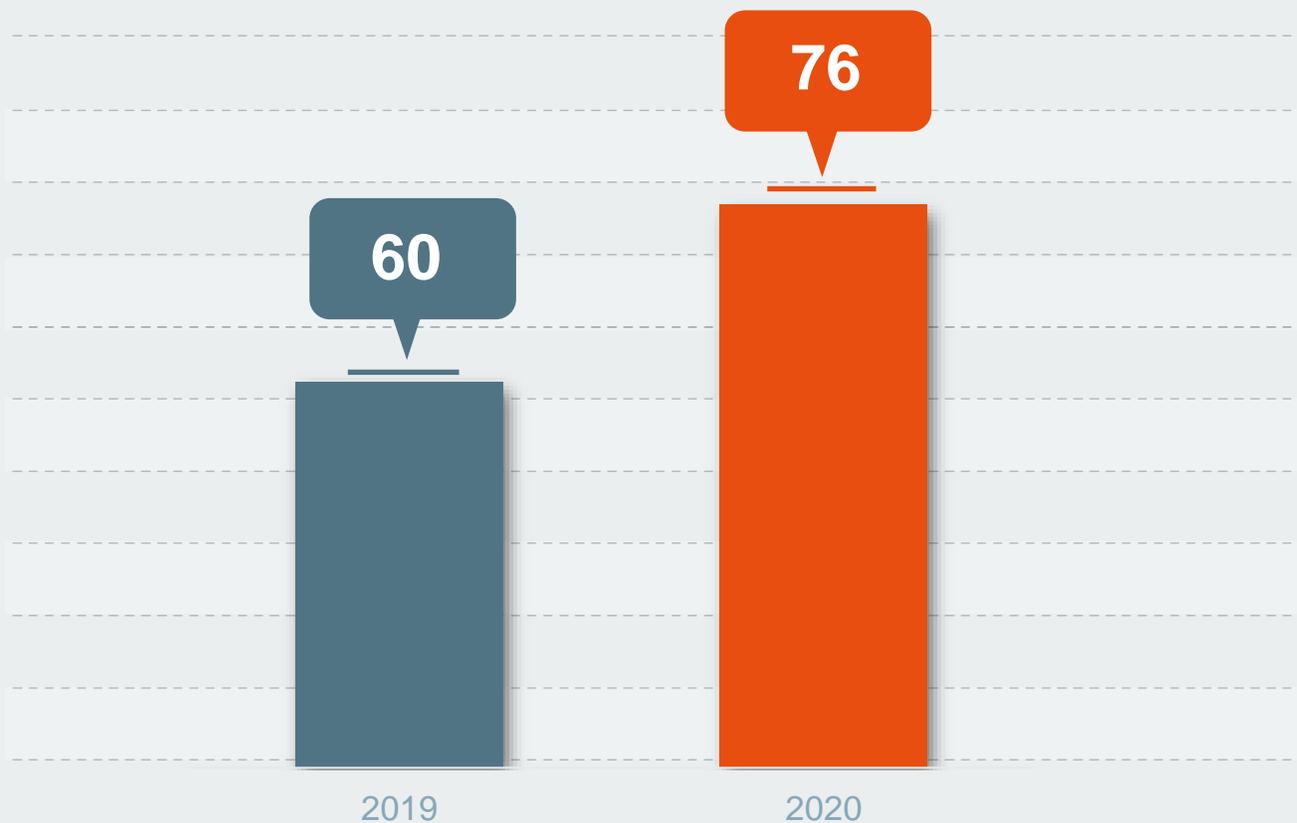
Impairment losses on deferred tax assets: €4m

Solid generation of **operating free cash flow**



FCF in €m

Free operating cash flow after capital expenditure



Cash flow conversion*

103%

(79% in 2019)

Funding for capex

€57m

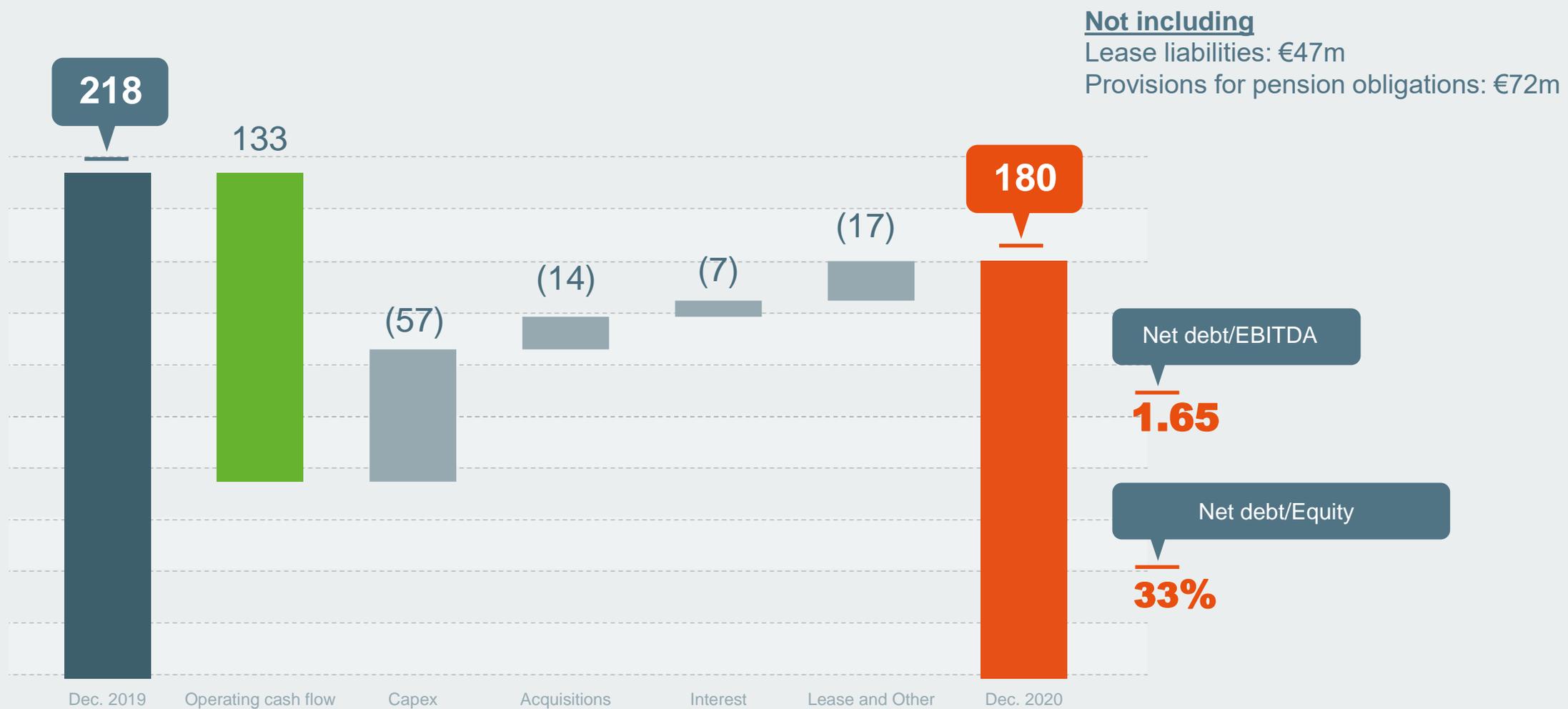


WCR 20.5% of sales

(22% in 2019)

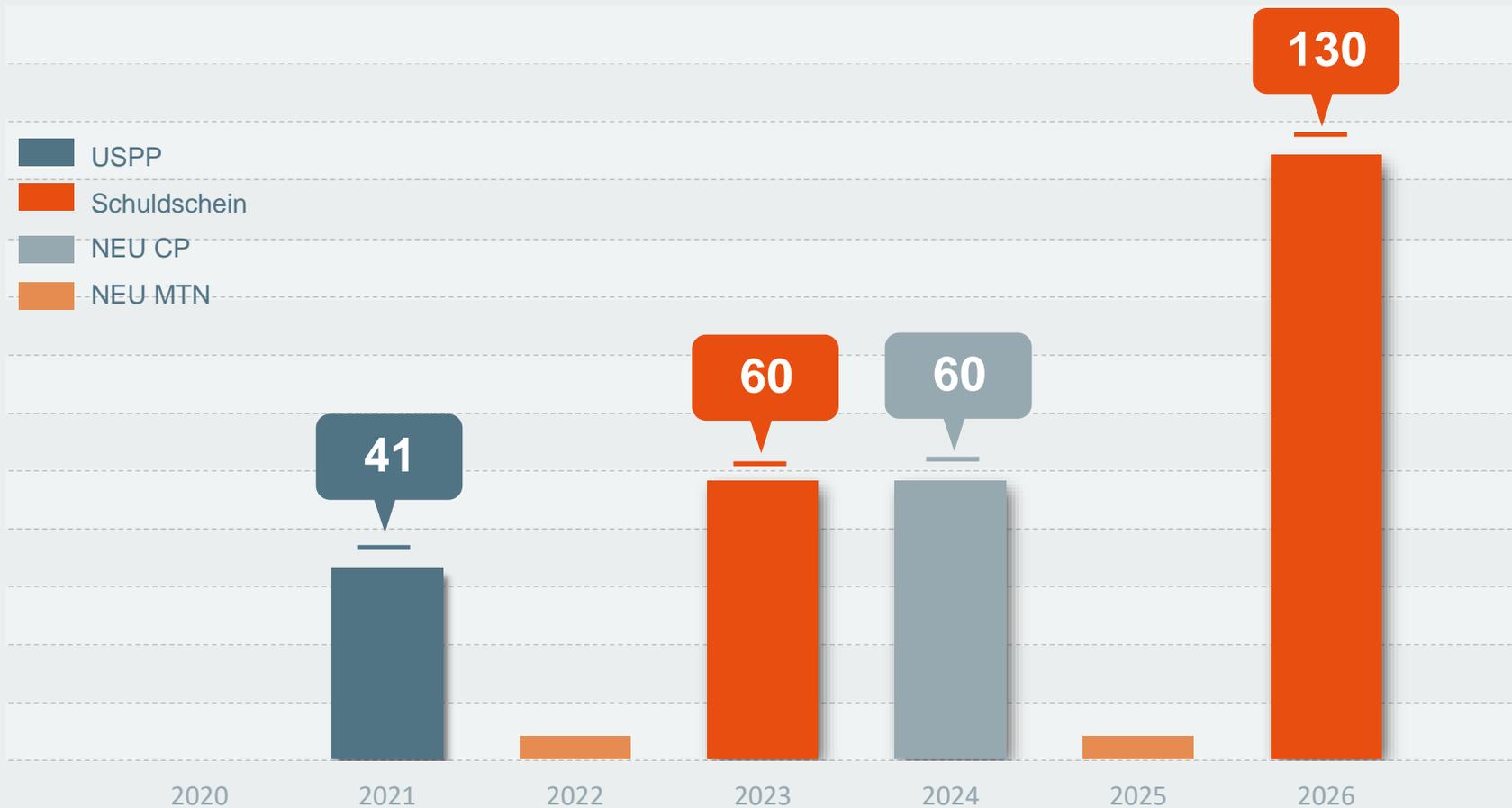
* Operating cash flow before capex/EBITDA

Significant reduction in net debt



A solid balance sheet with liquidity to cover repayments for the next few years

DRAWN CREDIT LINES
AT DECEMBER 31, 2020 IN €M



UNDRAWN
CREDIT
LINES
€160M

CASH
AVAILABLE
€110M

MATURITY
4 YEARS

NEU CP: Negotiable European Commercial Paper

SD 23°--'12.2"
TT 23°--'54.4"
WD-3 NVGT A

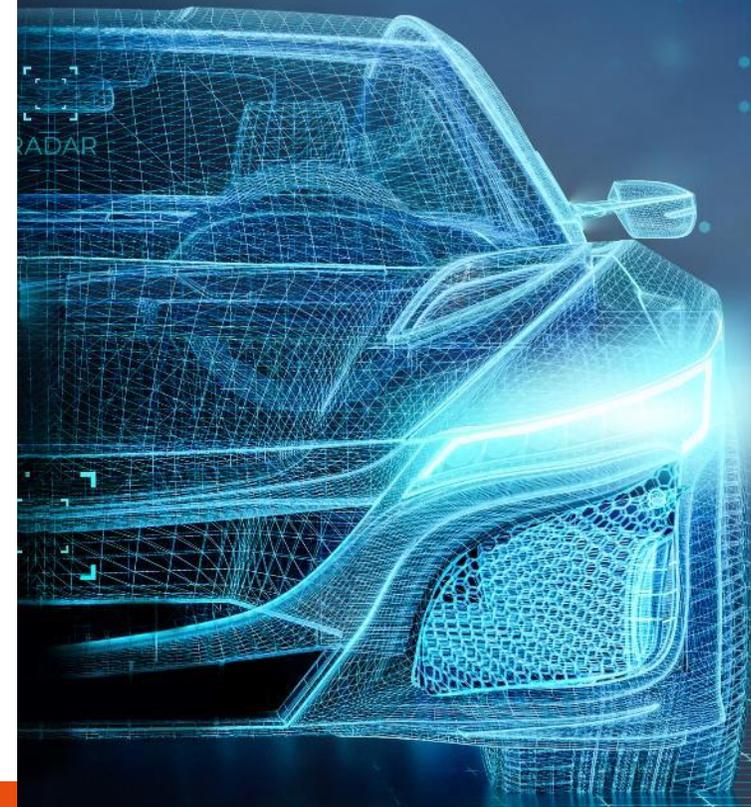
11.23

4.5.6 / 333.4.3
SENSOR

DOP.E.RETV

03

Appendix



AUTONOMOUS

SAFE
1G*2 +
TT FOUR

SENSOR
ACTIVE
INT*3 +
TTS SENSORGROUP 5-17

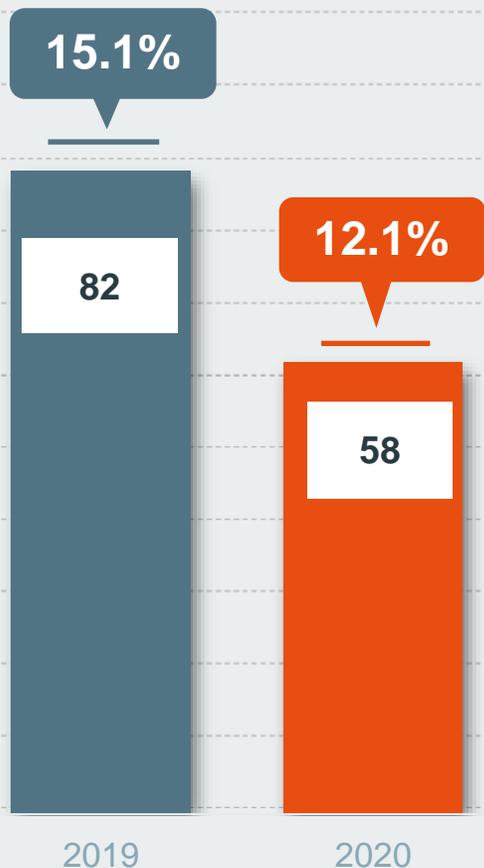
7A

8E.0

Both segments **contributed** to the Group's resilience

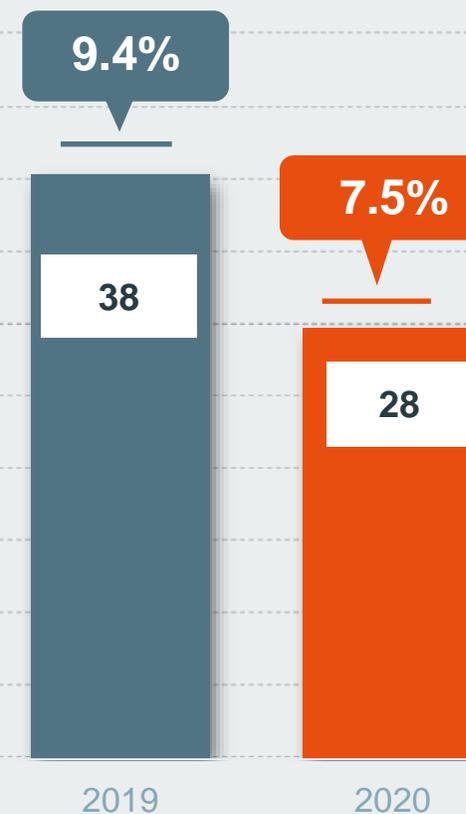
Operating income before non-recurring items (€m)
Operating margin before non-recurring items (% of sales)

Advanced Materials



- **Negative volume effect** – more significant in AM
- **Stable prices** in both segments
- High cost flexibility in both segments
- **Positive effect of the productivity plan** in EP segment

Electrical Power



Targeted adaptation plan



Strong downturn in the aeronautics and chemicals markets

Continued **review of operational efficiency** in the Electrical Power segment

Impact on P&L

€ millions	2020	2021	2022	Total
Adaptation plan	17	5		22
Total expected savings based on 2019 cost structure		10	16	16/y
Cash-out of adaptation plan	5	17		22

Investing to **build the future**



Columbia

Environment

Reduce GHG emissions intensity
Improve processes
St Bonnet solar power plants

2021
€70m-€80m

Growth

Electric vehicles
Solar: Galaxy extension (China)
Semiconductors: Expansion into South Korea
& India

Maintenance and Productivity

Including IT projects