



Global Expert in Electrical Power and Advanced Materials

NOVEMBER, 2022

A GLOBAL PLAYER AT THE HEART OF TECHNOLOGIES WHO DRIVES THE INDUSTRY FORWARD AND SHAPES A MORE SUSTAINABLE SOCIETY

KEY FIGURES 2021



SALES
€923m



EBITDA
16.1% OF SALES



R&D CENTERS
18



EMPLOYEES
7,000



COUNTRIES
35

RECOGNIZED **CSR** COMMITMENT AND STRATEGY

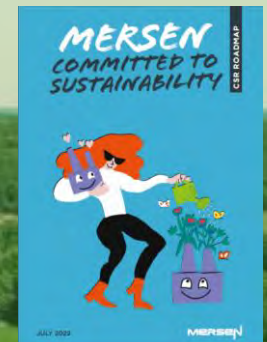
MSCI
ESG RATINGS



CCC B BB BBB A **AA** AAA



WE SUPPORT



ADVANCED MATERIALS: HIGH VALUE-ADDED CUSTOMIZED SOLUTIONS RELYING ON A UNIQUE MATERIALS EXPERTISE

GRAPHITE SPECIALITIES

#1-2
WORLDWIDE



Crucible in graphite



Electrode in graphite for edm



Wafers carrier in graphite for Semicon



Carbon insulation for high temperature furnaces



Laser galvo scanning mirrors in Sintered SiC

MAIN COMPETITORS

SGL Carbon (Ger), Tokai Carbon (Jp), Toyo Tanso (Jp), Schunk (Ger)

POWER TRANSFER TECHNOLOGIES

#1-2
WORLDWIDE

Brushes and brush holders



Pantograph strips



Slip-rings



MAIN COMPETITORS

Morgan Advanced Materials (UK), Schunk (Ger)

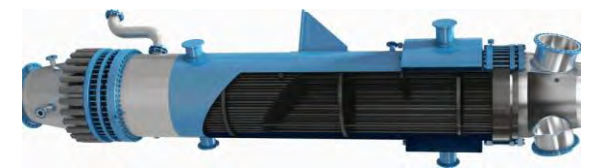
ANTICORROSION EQUIPMENT

#1-2
WORLDWIDE

Engineering systems



Heat exchangers



MAIN COMPETITORS

SGL Carbon (Ger)

ELECTRICAL POWER: A UNIQUE PORTFOLIO SERVING TWO KEY APPLICATIONS

ELECTRICAL PROTECTION

#2
WORLDWIDE
IN INDUSTRIAL FUSES

Coverage of all standards worldwide: UL, IEC, DIN, etc.



Fuses

Surge protection devices

MAIN COMPETITORS

Eaton(US), Littelfuse (US)

POWER CONVERSION

#2
WORLDWIDE
COMPONENTS



Busbars

Capacitors

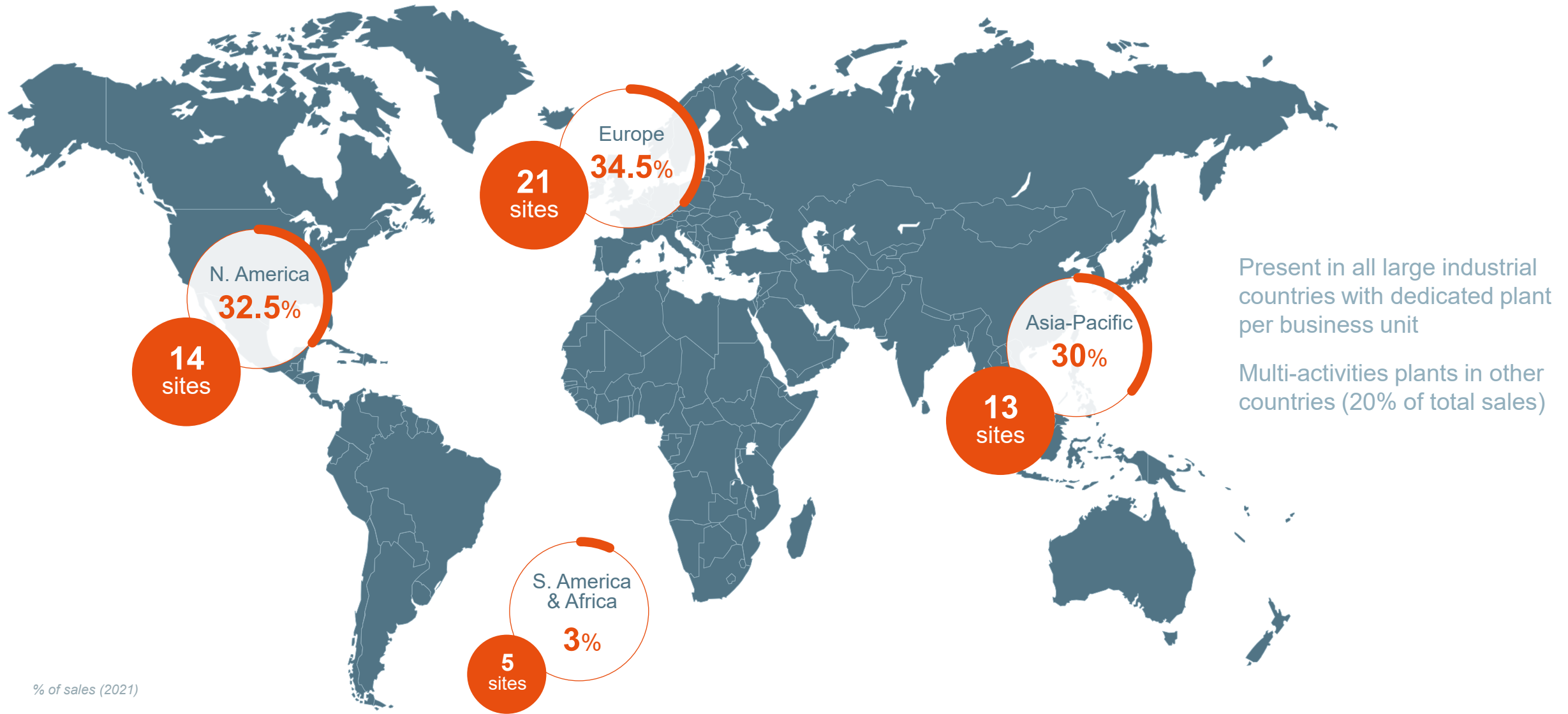
Cooling devices

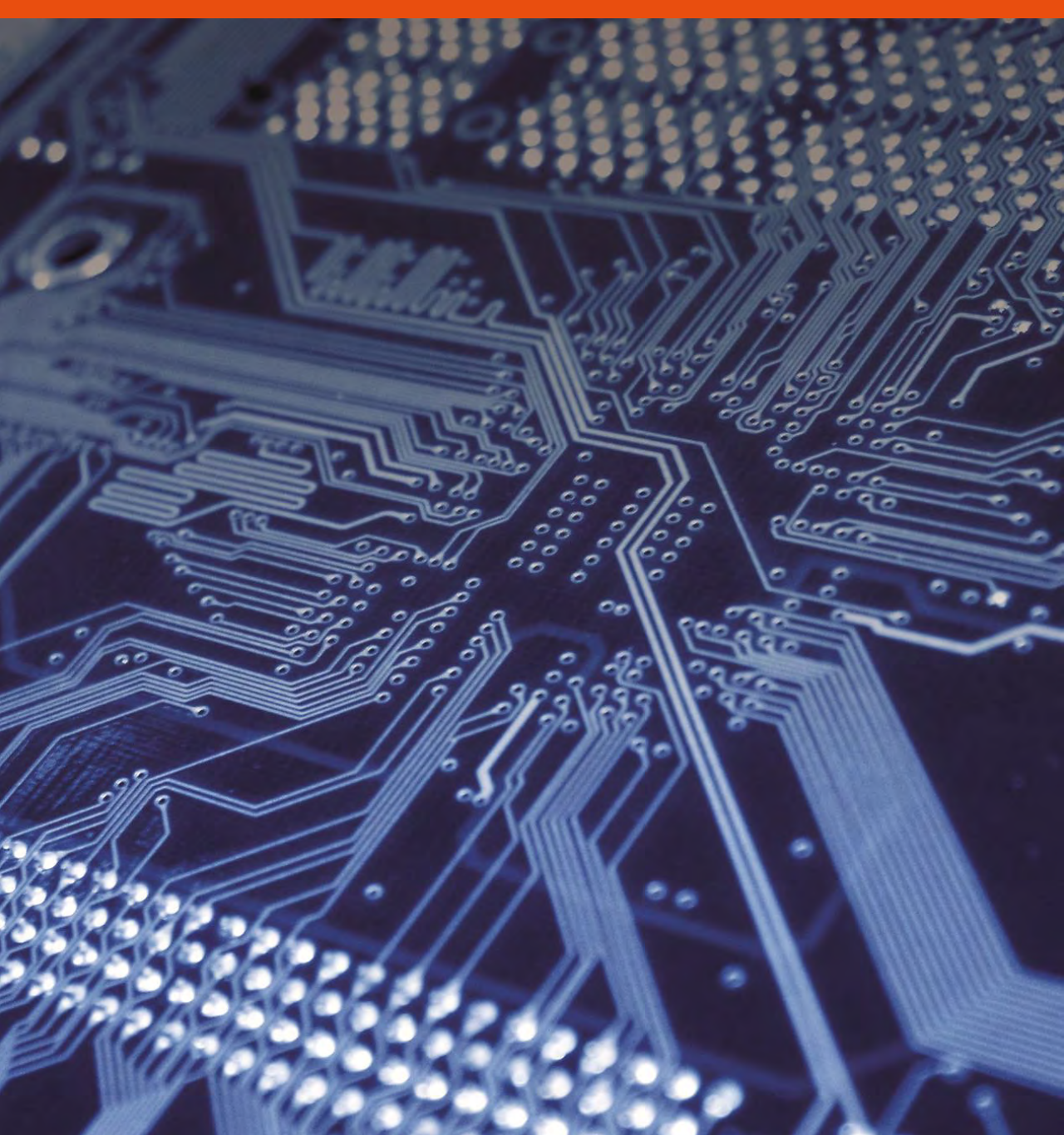
Fuses for semiconductors

MAIN COMPETITORS

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

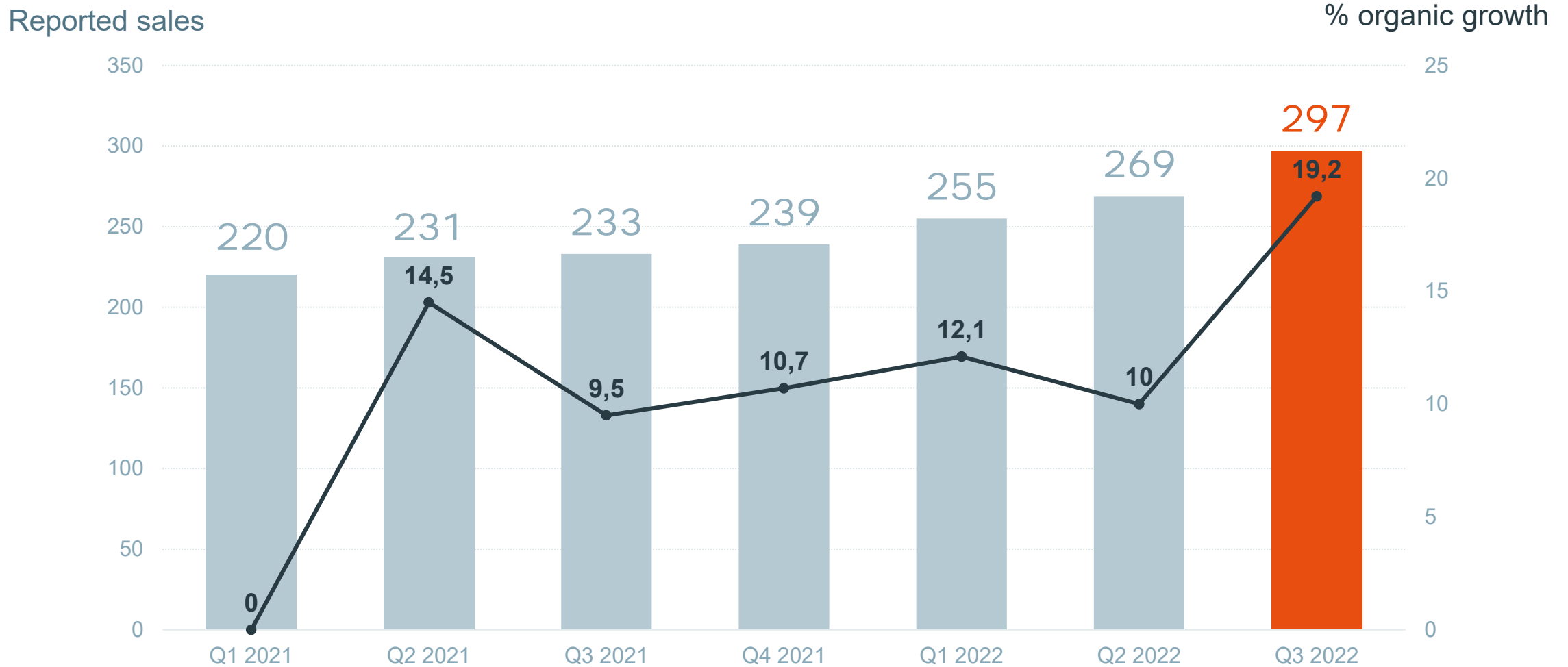
A GLOBAL FOOTPRINT TO MAXIMIZE CUSTOMER INTIMACY, LIMIT INTER-CONTINENTAL TRANSFERS AND EXCHANGE RATE EXPOSURE



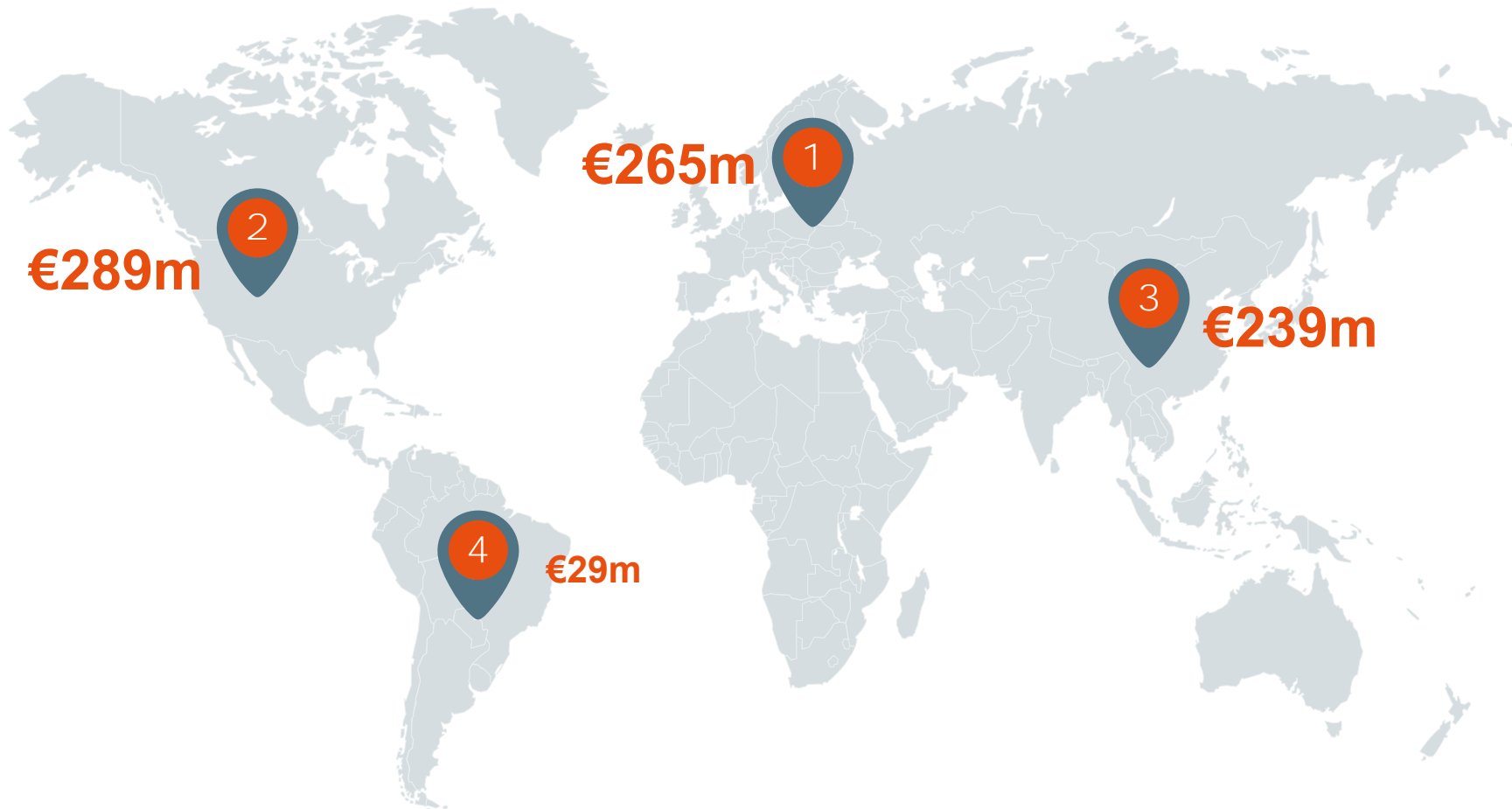


Dynamic Markets in 2022

6 CONSECUTIVE QUARTERS OF STRONG GROWTH



RECORD SALES IN THE FIRST 9-MONTH 2022: SHARP GROWTH IN ALL GEOGRAPHIES

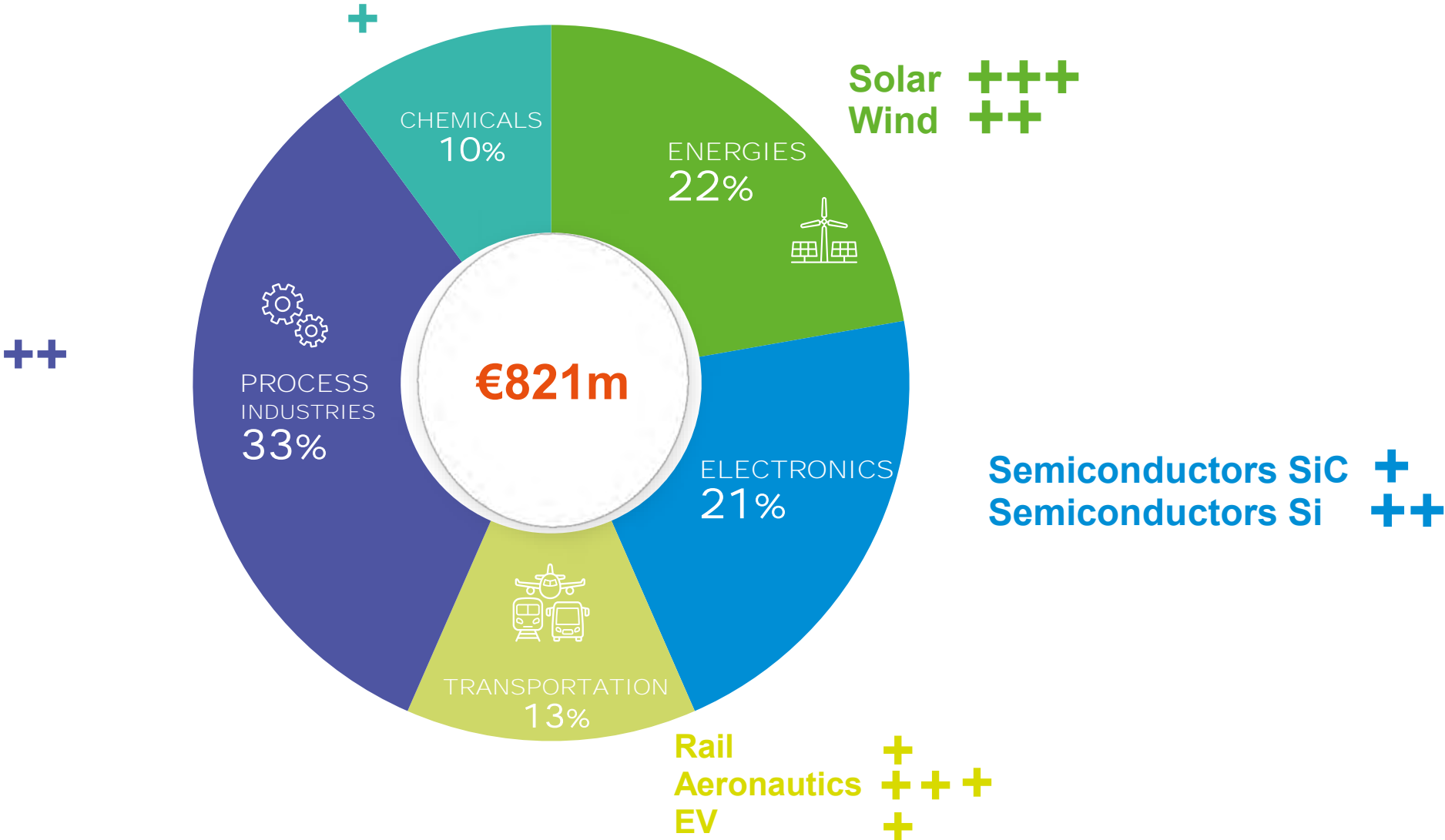


€524m

- 1 **Europe**
+11% vs. 9-m 2021
- 2 **North America**
+18% vs. 9-m 2021
- 3 **Asia-Pacific**
+11% vs. 9-m 2021
- 4 **South America – Africa**
+16% vs. 9-m 2021

Organic growth (%)

DYNAMIC MOMENTUM ACROSS ALL MARKETS, IN PARTICULAR RENEWABLE ENERGIES AND SEMICONDUCTORS



GROWTH MARKET POTENTIAL CONFIRMED

Sales growth 9-months 2022 Outlook Q4 2022 - 2023

SOLAR POWER



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Limited graphite volume allocation for the solar industry

SI SEMICONDUCTOR MANUFACTURING



+++

++

Significant medium-term potential for Mersen.
Increase capacity in South Korea

SIC SEMICONDUCTOR MANUFACTURING



++

+++

Very high order intake, for after 2022
Increase capacity in Columbia

ELECTRIC VEHICLES



+

++

Several important awards in the first 9 months

SOLAR: A MAJOR SUPPLIER ACROSS THE VALUE CHAIN



PROCESS
STAGE



MERSEN
EXPERTISE



CUSTOMERS

LONGI 隆基

中环
ZHONGHUAN

Solar
Jinko

EIFFAGE
CLEMESSEY

VINCI

shoals
INVENTING SIMPLE®

**SOLAR
BOS**



SIEMENS

TMEiC
We drive industry

POWER ELECTRONICS
PURE ENERGY

ABB

northvolt®



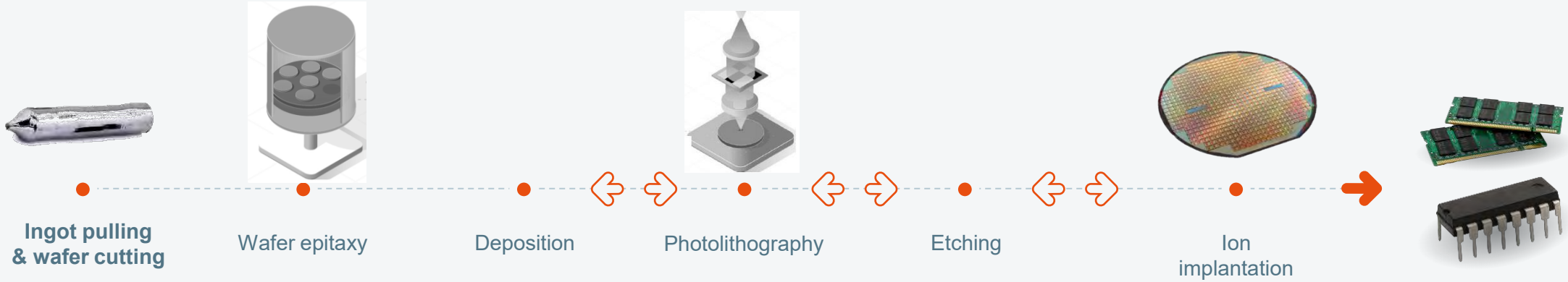
2021 SALES
€71m

2025 EST. SALES
€100m

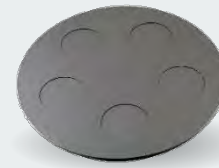
ESSENTIAL MATERIALS EXPERTISE IN THE SI SEMICONDUCTOR MANUFACTURING PROCESS



PROCESS STAGE



MERSEN EXPERTISE



CUSTOMERS



2021 SALES
€47m

2025 EST. SALES
€60m

UNIQUE POSITION IN THE SOPHISTICATED AND INTRICATE SIC MANUFACTURING PROCESS



PVT
PROCESS

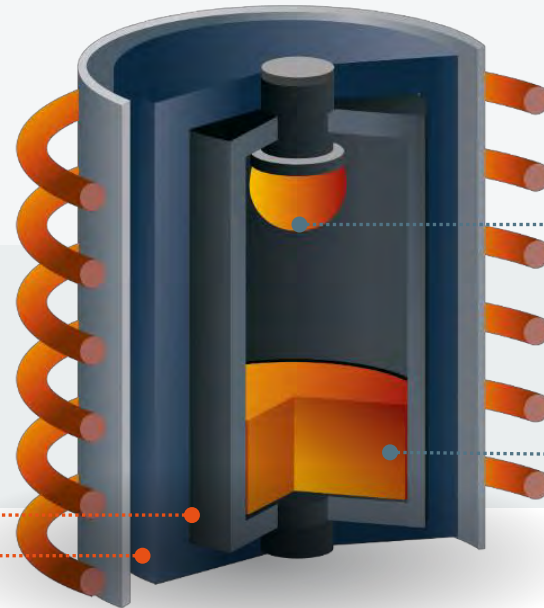
2,400°C +/- 1°C



MERSEN
EXPERTISE



CUSTOMERS



Monocrystalline
SiC ingot



Wafer
epitaxy

SiC wafer



Ion
implantation

Power
semiconductors



TOSHIBA



SICC



SiCrystal
A ROHM Group Company



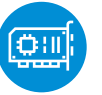
2021 SALES

€36m

2025 EST. SALES

€80m

SOITEC PARTNERSHIP: DEVELOPING A NEW RANGE OF SUBSTRATES FOR THE EV MARKET



SiC ingot



Monocrystalline SiC wafer



P-SiC wafer

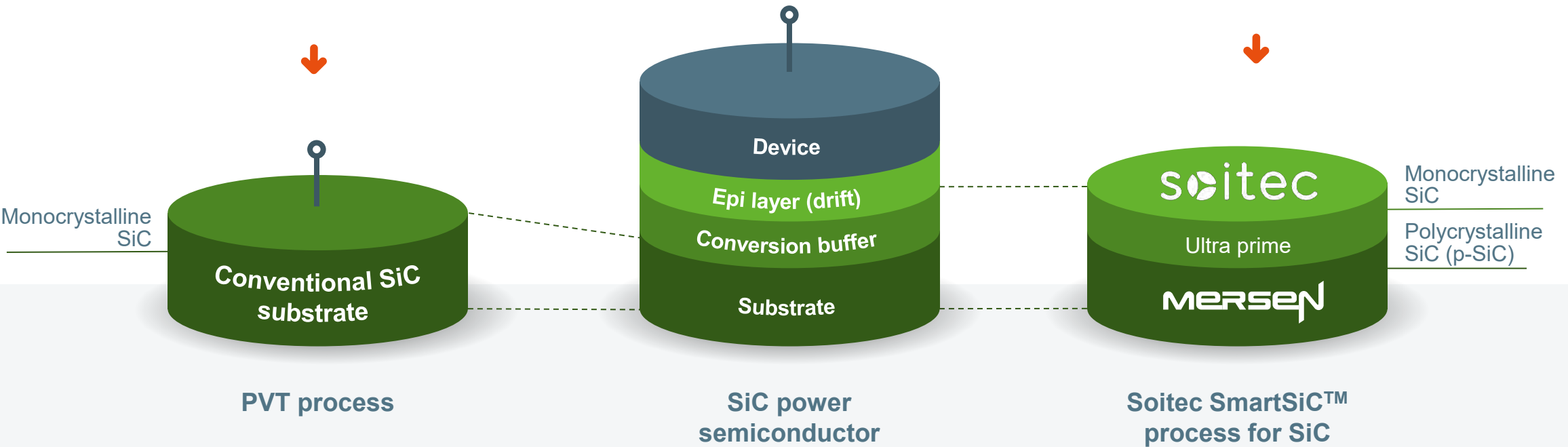


2021 SALES

€0m

2025 EST. SALES

€30m



MERSEN'S OFFERING FOR EV/HEV APPLICATIONS



MERSEN
EXPERTISE

Inverter

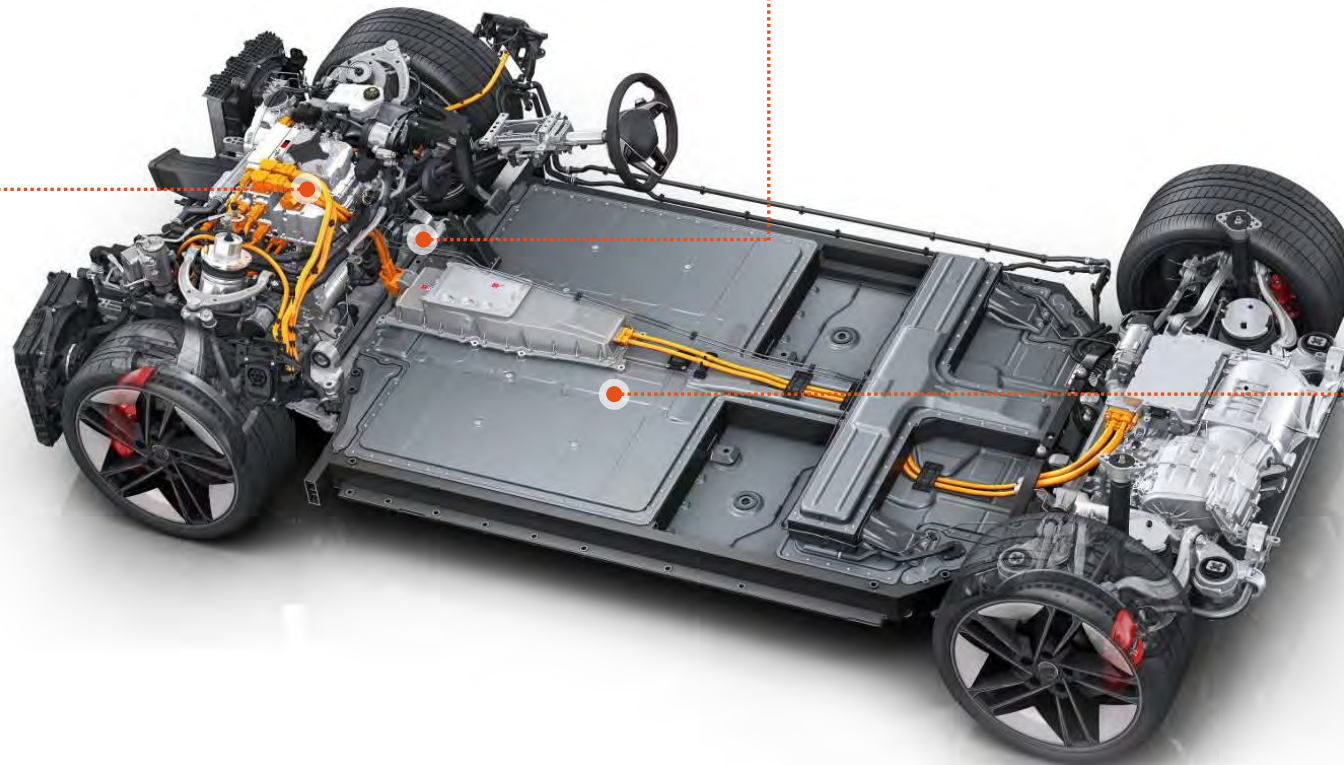


Electrical circuit
protection
Courtesy: Würth Electronic



Battery

Courtesy: Exagon



2021 SALES

€16m

2025 EST. SALES

€40-70m

THE MEANS TO GROW



A powerful industrial tool

3 sites IATF-qualified or in progress - **fuses** (Shanghai, Juarez, Kaposvar)

1 site IATF-qualified - **bus bars** (Angers)



A dedicated product range

Fuses
Bus bars



Partnerships with industry manufacturers

Autoliv

€10-€1,000 per vehicle



A strengthened team

50 people (in the 3 regions) at end-2021

80 people by end-2022



Quality references

Rivian
Lucid
BAE
Marquardt
Panasonic
Arrival
Lordstown



A DIVERSIFIED ACCESSIBLE MARKET FOR MERSEN



Car
manufacturers

Tier-1
suppliers

Battery module
manufacturers

New entrants



STELLANTIS



APTIV

Webasto

preh

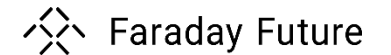


CATL

SAMSUNG SAMSUNG SDI

Litens

LUCID



LORDSTOWN

ARRIVAL



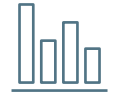



PROTERRA

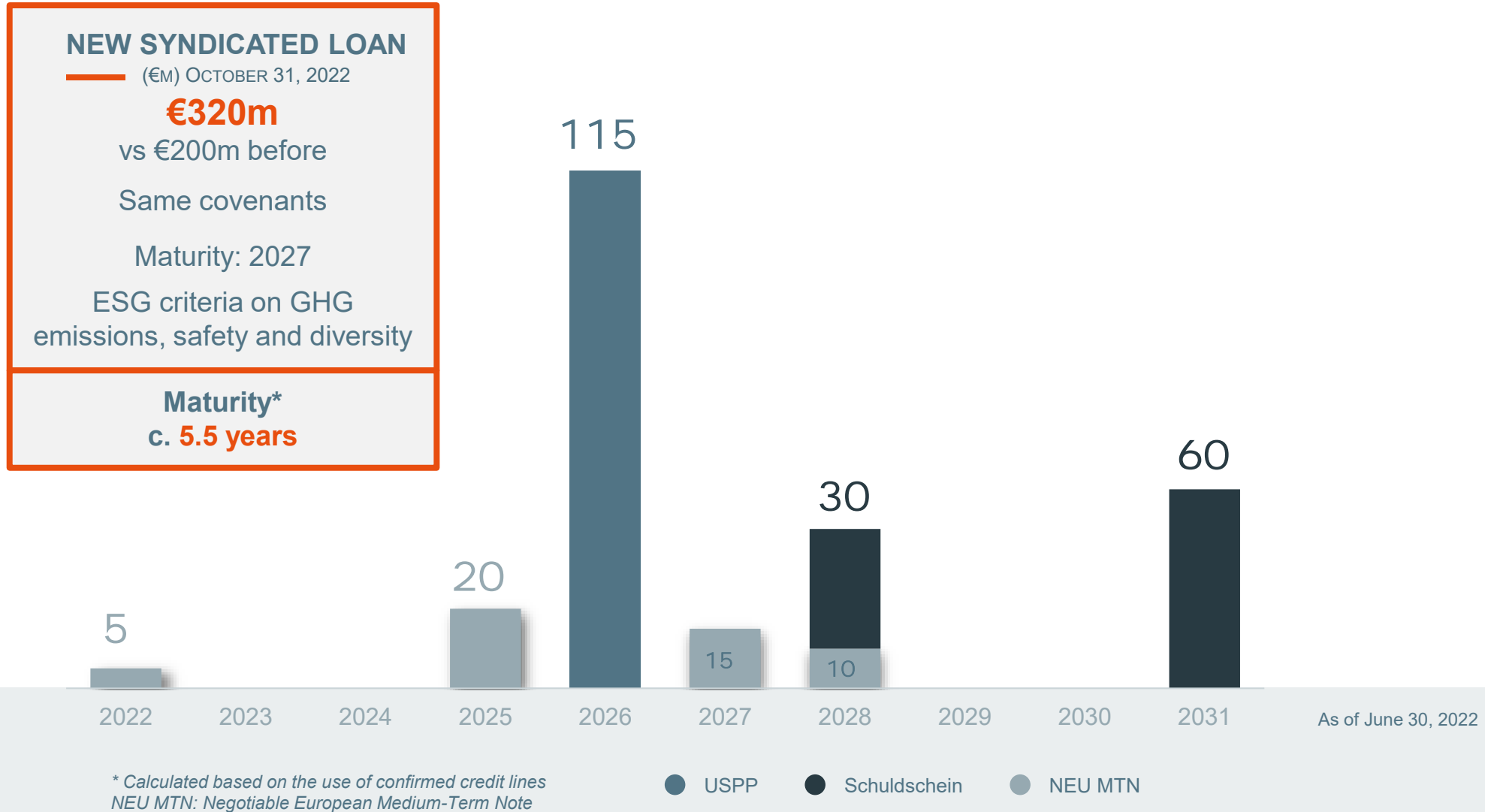


Outlook

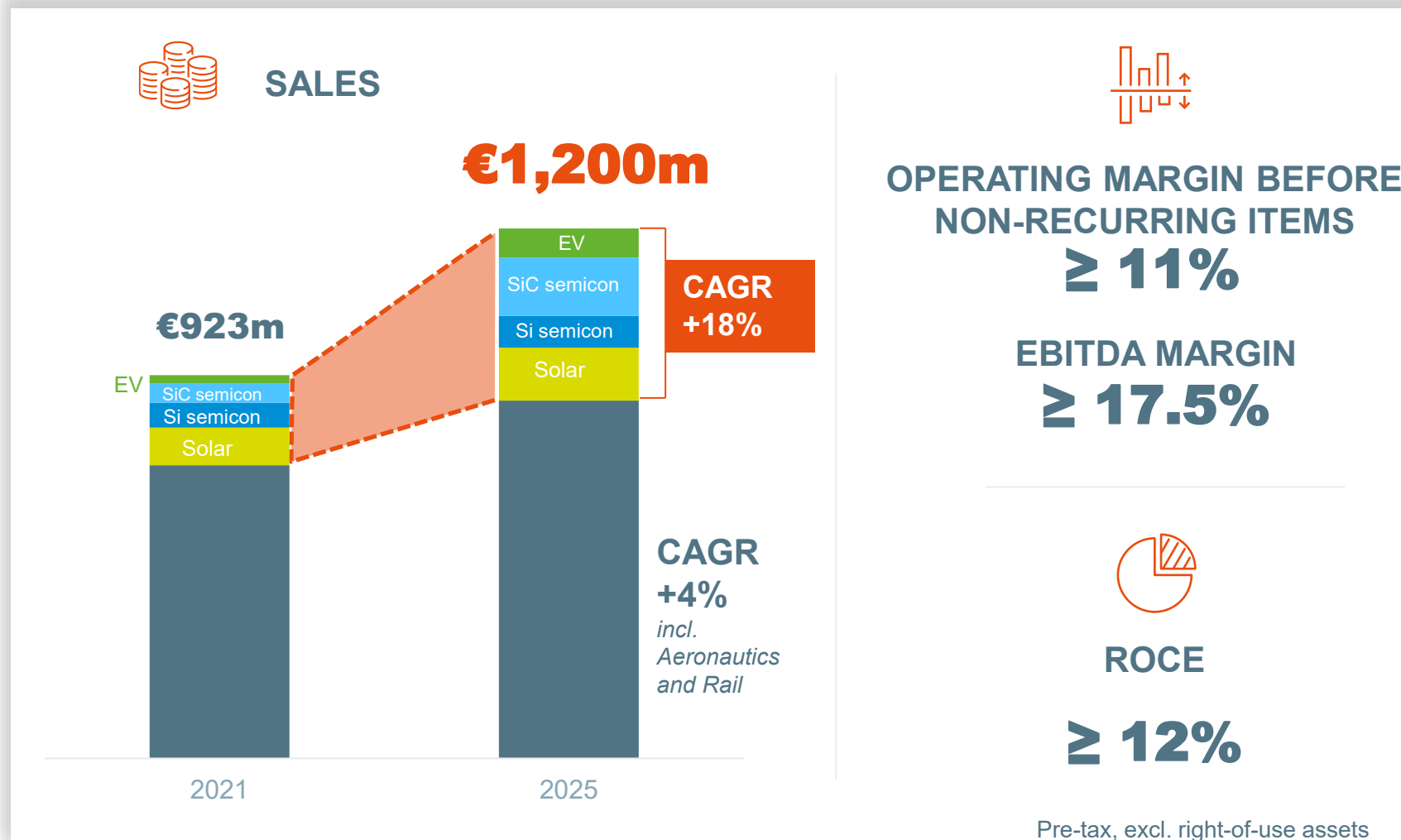
2022 TARGETS RAISED FOR THE 2ND TIME, BASED ON EXCELLENT PERFORMANCE FOR THE FIRST 9-MONTHS

	 SALES	 OPERATING MARGIN BEFORE NON-RECURRING ITEMS	 CAPITAL EXPENDITURE	 EBITDA MARGIN
MARCH	Organic growth of between 3% and 6%	Around 10%	Around €80m-€85m	Growth of 20-30 bps
JULY	Organic growth of between 8% and 10%	Around 10.5%	Around €85m-€90m	Growth of around 50 bps
OCTOBER	Organic growth around 13%	Around 10.8%	Around €90m	Growth of around 50 bps

INCREASED LEVEL OF FINANCING AND IMPROVED FINANCING MATURITY WITH THE NEW SYNDICATED LOAN



AMBITIOUS MEDIUM-TERM PLAN ANNOUNCED IN MARCH 2022



*To be revisited
in Q1 2023*

COMMITTED TO SUSTAINABILITY: 2022-2025 ROAD-MAP

RESPONSIBLE PARTNER

Mersen meets the expectation of suppliers, users, partners and other stakeholders across the value chain, driven by a commitment to progress for all and guided by strict ethical principles.



ENSURING RESPONSIBLE PURCHASING

- Supplier CSR self-assessment
- 100%** of suppliers in 2022
- Supplier map
- Supplier CSR progress measured through audits and action plans



LIMITING OUR ENVIRONMENTAL IMPACT

Mersen has a responsibility to limit the environmental impact of its operations, particularly by reducing CO₂ emissions.



LIMITING GREENHOUSE GAS EMISSIONS

- Reduce GHG emission intensity by **20%** (vs. 2018)



RECYCLING WASTE

- Increase the share of waste recycled to **75%**



LIMITING WATER CONSUMPTION

- Reduce water consumption by **10%** (vs. 2018)



HUMAN CAPITAL

Around the world, Mersen strives to help employees, communities and talent grow while paying the utmost respect to human rights, health and safety, and diversity.



PROMOTING EQUAL OPPORTUNITY AND DIVERSITY

- Encourage gender diversity in the workplace:
 - % women in senior management positions: **25%**
 - % women engineers and managers: **> 25%** in 2022
- Improve inclusion of people with disabilities: increase their number **x2**



PROMOTING A SOCIAL RESPONSIBILITY POLICY FOR ALL

- Provide social protection with a universal indemnity in the event of death in service
- Standardize profit-sharing schemes
- Adopt a minimum amount of paid leave in all countries

Employee beneficiaries **100%**



PROMOTING WELL-BEING, HEALTH AND SAFETY AT WORK

- Keep LTIR $\leq 1,8$ and SIR ≤ 60
- Continue prevention efforts: increase the number of management safety visits by **20%**

ETHICS AND COMPLIANCE CULTURE

Mersen owes its development to a great extent to the trust and confidence that the Group inspires in its stakeholders.



- Compulsory ethics training for new hires
Compulsory refresher training every 2 years (individual or theme-based training by site)
- Compulsory cybersecurity training for employees with a personal computer

KEY TAKEAWAYS

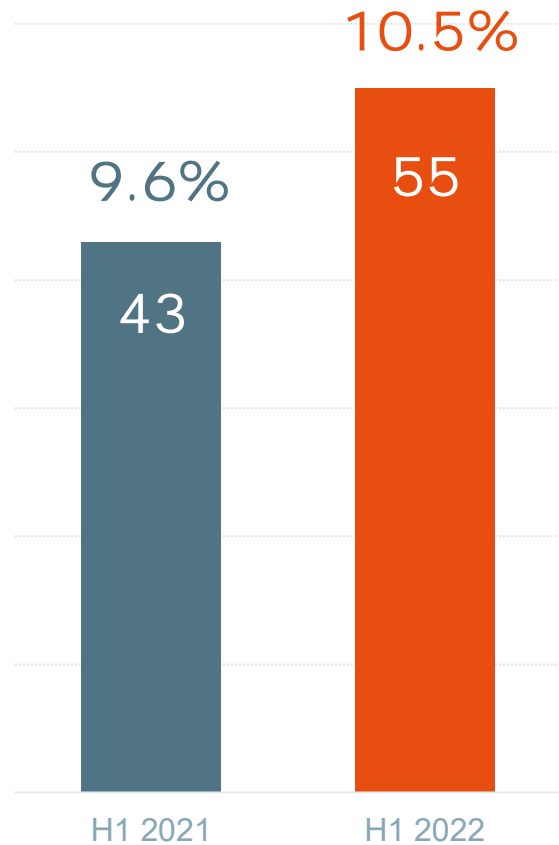
- Strong growth drivers for the **semiconductors** industry despite temporary slowdown
- **EV** very active in terms of nomination - production will start beginning of 2024
- **Solar** sales very high
- Still high level of **orders**
- **Price increase** passed on to customer so far
- **Energy costs** in Europe to be managed in 2023 (even if the impact should be moderate for the Group because the most energy-intensive sites are not in Europe)
- Acceleration of **strategic investment in Columbia** (USA): building additional capacities in iso graphite to meet market demand
- **Increase liquidity** to finance growing business
- Committed to **sustainability** for long-term business and stakeholder value



First-Half 2022 Results

Summary

SHARP IMPROVEMENT IN OPERATING MARGIN BEFORE NON-RECURRING ITEMS THANKS TO VOLUMES AND PRICING



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

H1 2021 operating margin before non-recurring items

9.6%

In percentage points

Volume/mix effect

+2.9

Price effect

+2.9

Raw material/energy inflation

-2.3

Productivity gains

+1.1

Inflation (mainly wages)

-1.8

-0.1

Columbia start-up, EV team

-1.2

Depreciation and amortization

-0.5

Other (including currency effect)

-0.2

H1 2022 operating margin before non-recurring items

10.5%

OPERATING CASH FLOW IMPACTED BY HIGH WORKING CAPITAL REQUIREMENT

In €m

H1 2021

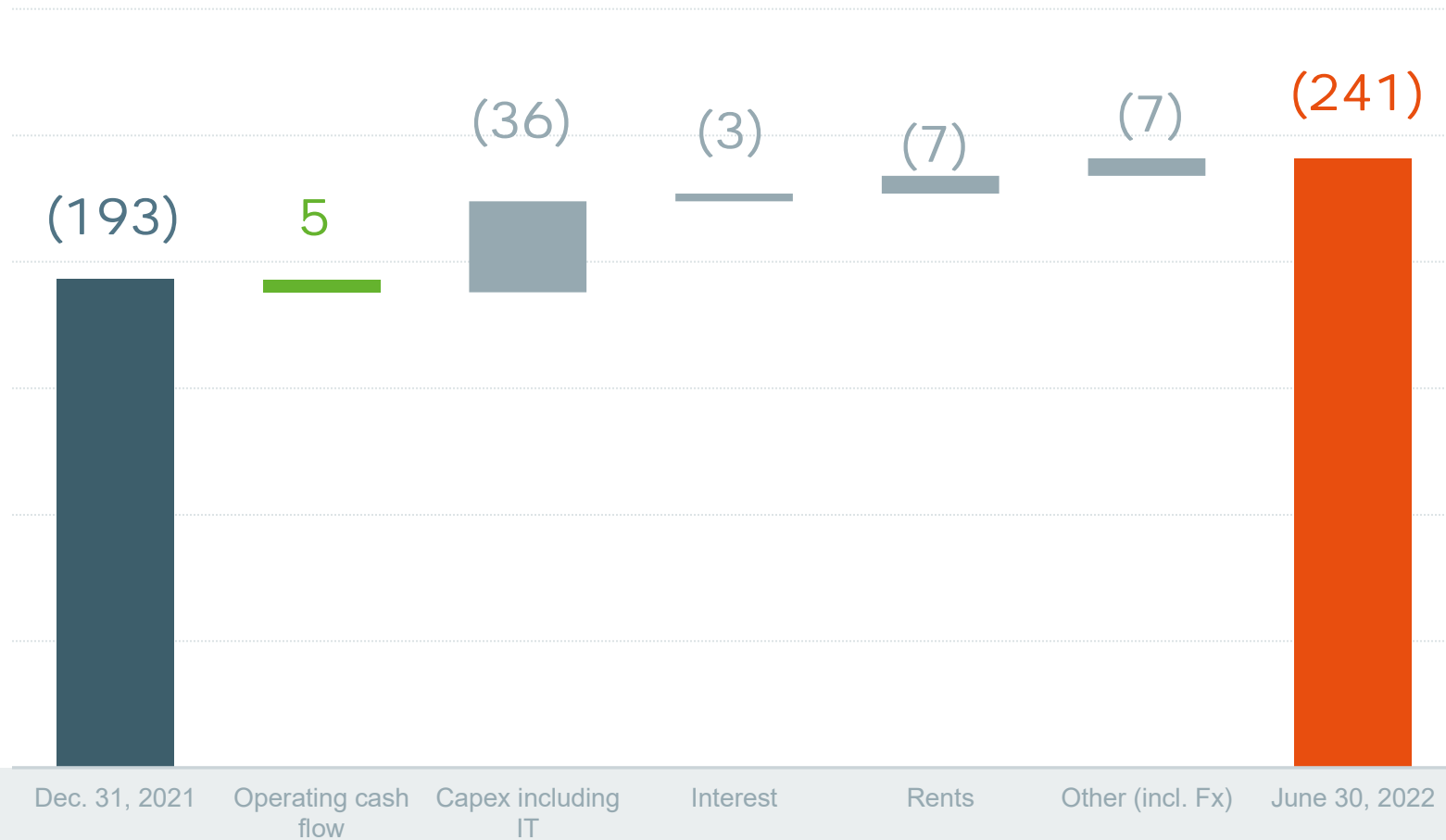
H1 2022

Operating cash flow before change in WCR	64.0	82.0
Change in WCR	(7.3)	(70.6)
<i>o/w change in inventories</i>	(8.6)	(55.2)
Income tax paid	(10.5)	(6.1)
Operating cash flow	46.2	5.3

- Very favorable cash seasonality in 2021. Payment in 2022 of very high 2021 bonuses
- Increase in inventories due to demand and industrial projects, e.g., Columbia, site relocation in South Korea, and increase in safety stocks

SOLID FINANCIAL STRUCTURE

NET DEBT (€m)



Net debt/
EBITDA

1.53

Net debt/
equity

34%

Using the bank covenant method

Not including

Lease liabilities:

€54m (vs. €53m at Dec. 31, 2021)

Provisions for pension obligations:
€35m (vs. €49m at Dec. 31, 2021)