



# DEVELOPING THE BEST TECHNOLOGIES FOR THE INDUSTRIES OF THE FUTURE

JANUARY, 2020



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



## **KEY FIGURES AND PROFILE**

<b>SALES</b>	<b>€879M</b>
<b>EBIT MARGIN*</b>	<b>10.4%</b>
<b>EMPLOYEES</b>	<b>6,900</b>

2018 figures

\* Before non recurring items



# EXPERTISE WITH LEADERSHIP POSITIONS

## ELECTRICAL POWER – 45%\*

**NO. 2 WORLDWIDE**  
Industrial fuses



**ELECTRICAL PROTECTION & CONTROL**

EATON (US), LITTELFUSE (US)

**NO. 1 WORLDWIDE**  
Components for power electronics



**SOLUTIONS FOR POWER MANAGEMENT**

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

## ADVANCED MATERIALS – 55%\*

**NO. 1-2 WORLDWIDE**  
Graphite anticorrosion equipment



**ANTICORROSION EQUIPMENT**

SGL CARBON (Ger)

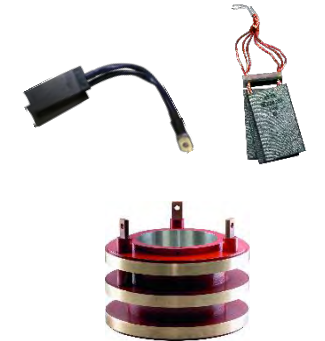
**NO. 1-2 WORLDWIDE**  
High-temperature applications



**GRAPHITE SPECIALTIES**

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

**NO. 1-2 WORLDWIDE**  
Brushes for industrial motors



**POWER TRANSFER TECHNOLOGIES**

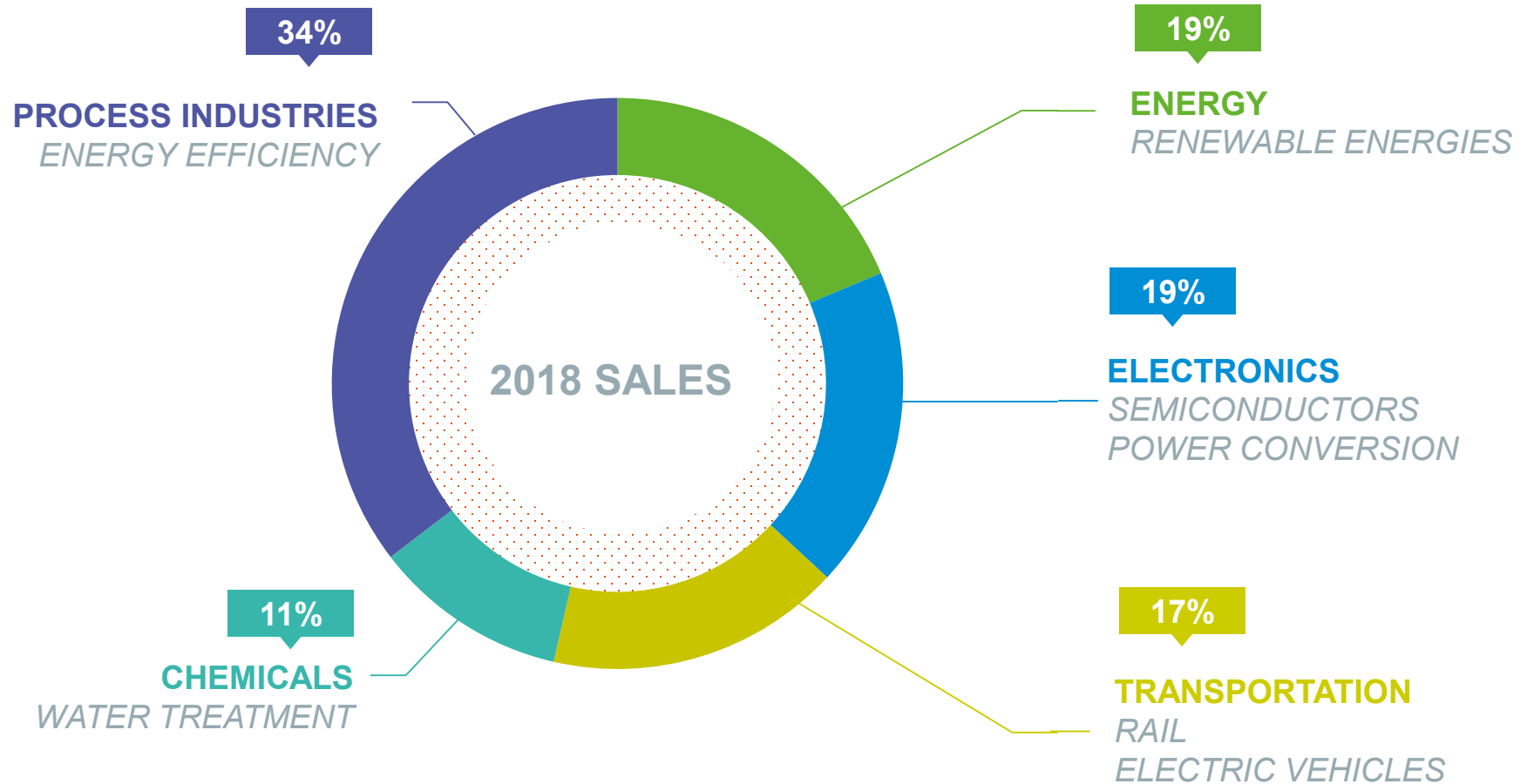
MORGAN ADVANCED MATERIALS (UK), SCHUNK (Ger)

\* 2018 Sales

Competition

# HALF OF MERSEN SOLUTIONS ARE FOR GROWING SUSTAINABLE DEVELOPMENT MARKETS

SUSTAINABLE DEVELOPMENT MARKETS ~50%



# FOR 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



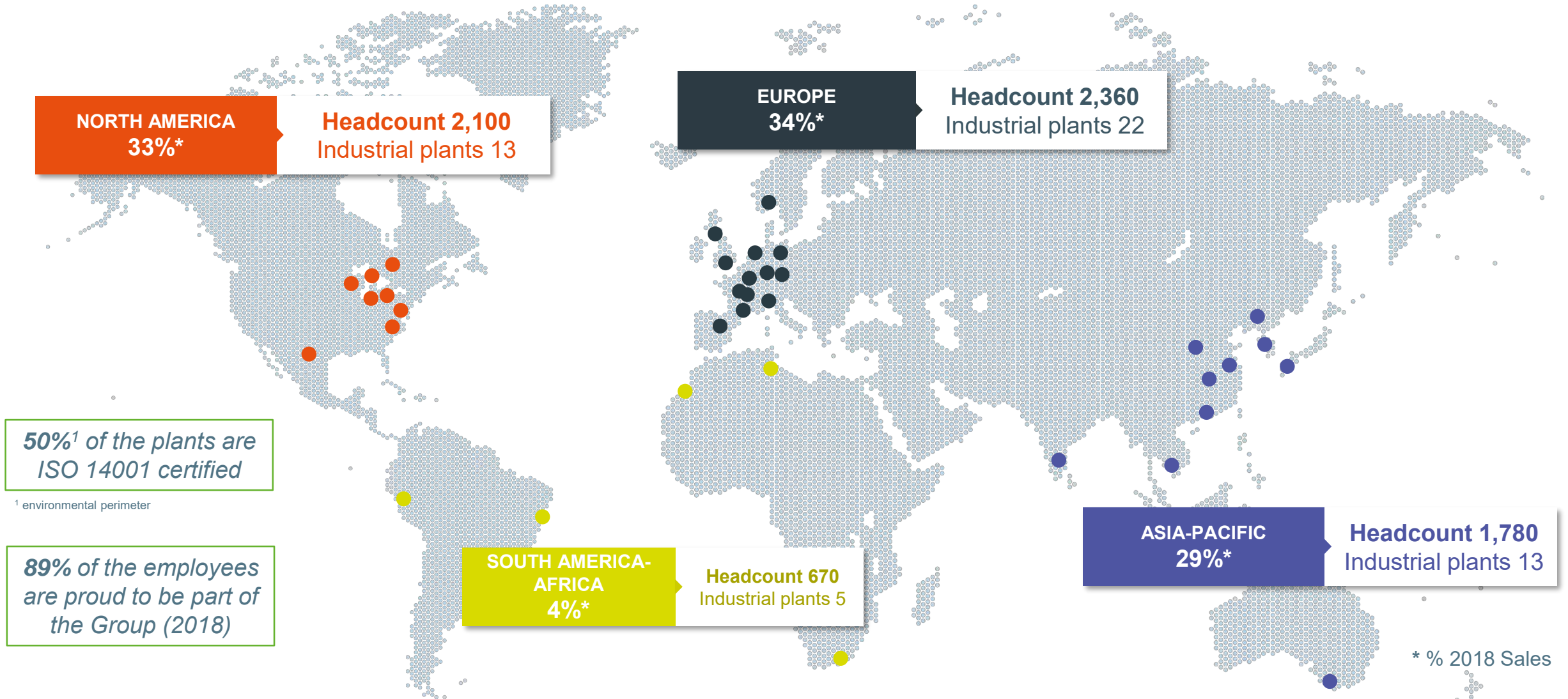
Vestas

SIEMENS

LONGi 隆基

HSC

# GLOBAL FOOTPRINT



# HUMAN CAPITAL: THE GROUP'S FOUNDATION



## PREVENTION AND PROTECTION

Develop and consolidate a culture of health and safety within the Group

Improve by **15%** the number of safety visits by 2021

Reach **LTIR** ≤ 1.4 and **SIR** ≤ 60 by 2021

## A SHARED CULTURE

Excellence, Collaboration, People conscious, Agility & Entrepreneurial Spirit, Partnering with our customers

**88%** human capital success rate in 2021 (85% in 2018)

**100%** of managers trained on the Open Manager program by 2021

## A WEALTH OF DIVERSITY

Teamwork and collaboration for creativity and a better understanding of customer needs worldwide

**25% to 30%** of women managers and professionals by 2022

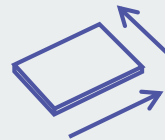
(20% in 2018)

# LEADERSHIP POSITIONS THAT ARE SOURCE OF PROFITABILITY

## STRENGTHS



**Leader :**  
#1 or #2  
in our markets

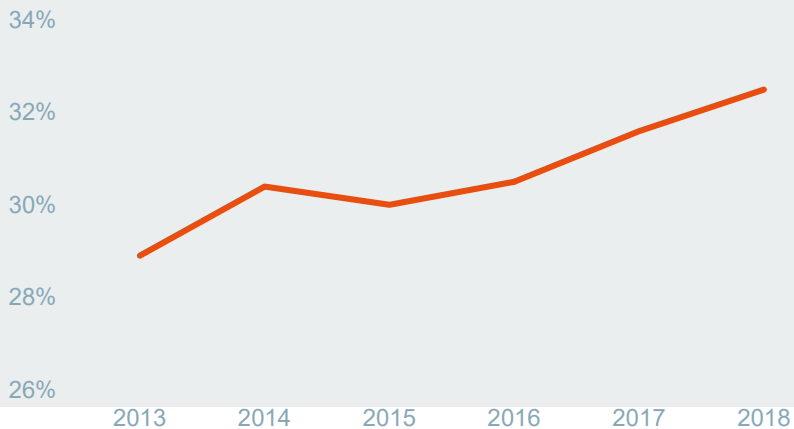


**>65%**  
customized  
products



**Expertise :**  
high barriers  
to entry

## HIGH GROSS MARGIN



## GLOBAL OPERATIONS



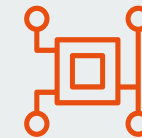
**Customer proximity**

**Access to local  
markets**

## SUSTAINABLE DEVELOPMENT MARKETS



**Solar  
Wind**



**Semicon**

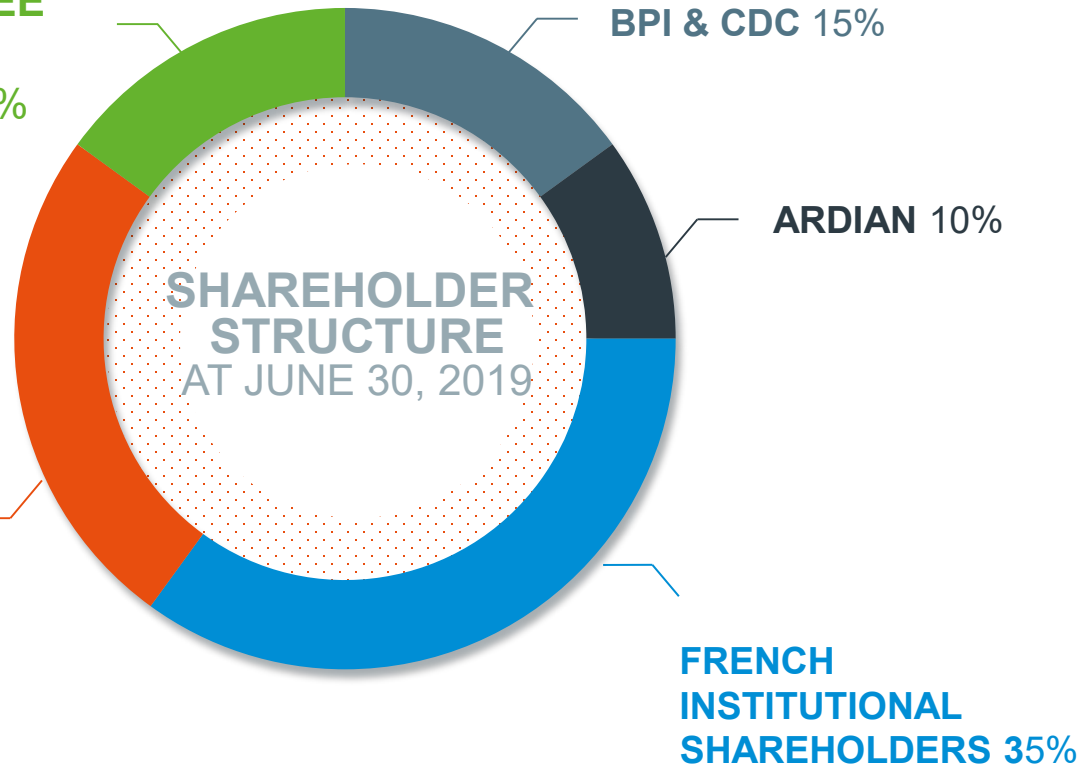


**EV**



# LONG-TERM RELATIONSHIPS WITH OUR SHAREHOLDERS

INDIVIDUAL & EMPLOYEE  
SHAREHOLDERS,  
TREASURY SHARES 15%



OTHER  
INSTITUTIONAL  
SHAREHOLDERS 25%

## BOARD OF DIRECTORS

**10 members**

2 representatives from Ardian  
2 representatives from BPI  
1 employee director

Independence: **55%**  
Women at the board: **44%**

Compliance with  
the **AFEP-MEDEF**  
corporate governance code

## COMMITTED TO THE FUTURE



## OUTLOOK



**Capex program** for  
growing markets

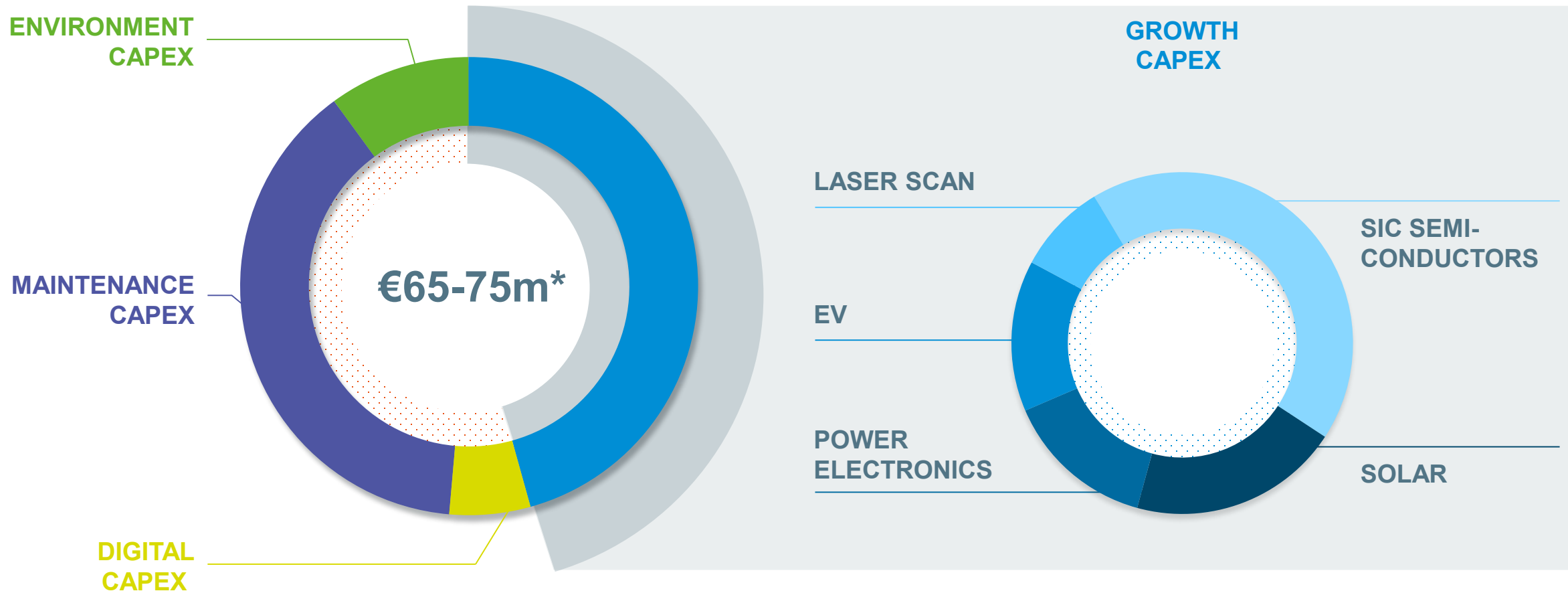


**Strategic acquisitions**  
in 2019



**GROWTH POTENTIAL FOR THE MEDIUM TERM CONFIRMED**

# A PROGRAM OF INVESTMENTS IN 2019 TO UNDERPIN MID-TERM GROWTH



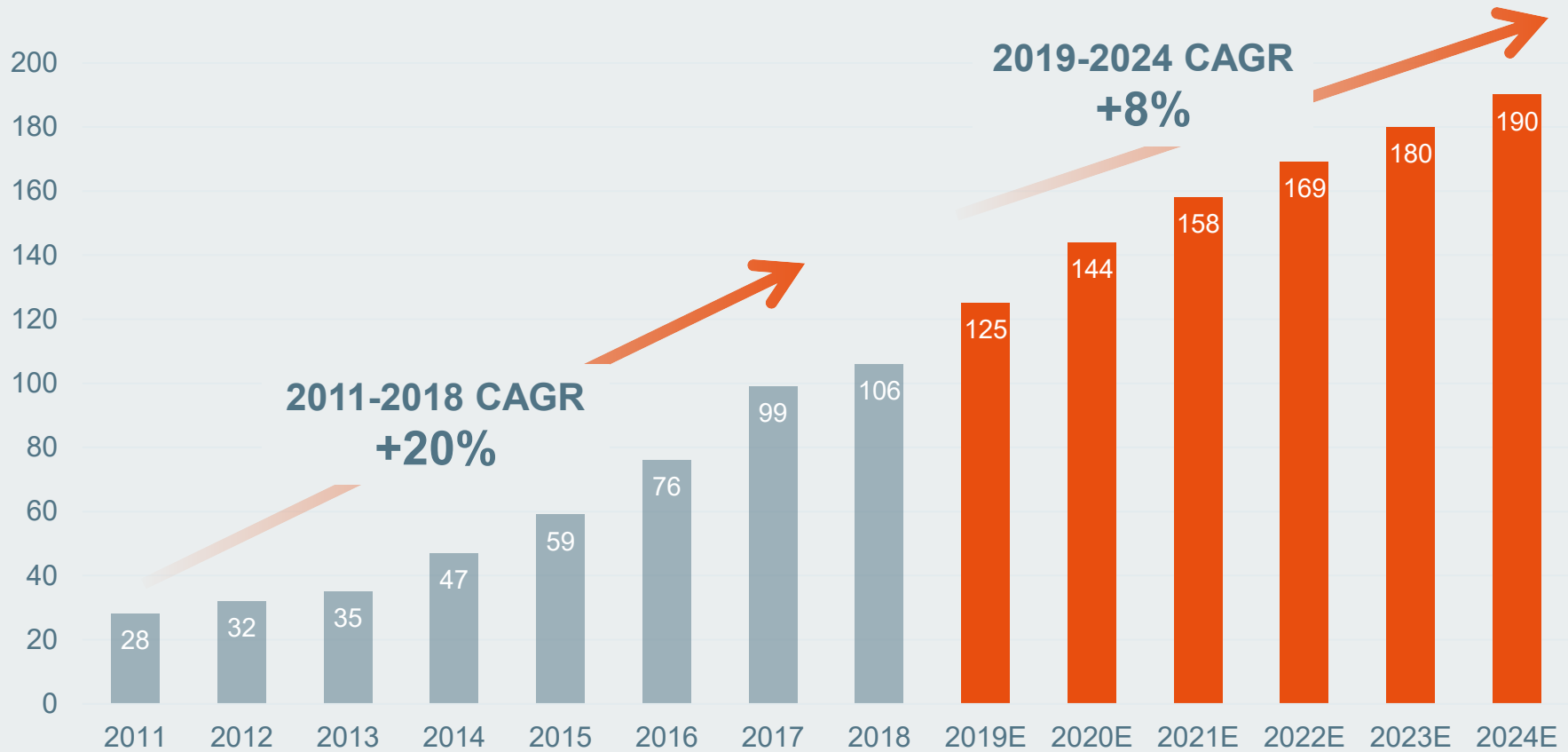
\* Columbia starting date delayed

## ...THAT WILL CONTINUE IN 2020-2021

# SOLAR: CONSISTENT GROWTH AHEAD

## NUMBER OF PANEL INSTALLATIONS GROWING EACH YEAR

Annual (GW)



Sources: IHS Markit, Exawatt, Bloomberg NEF, SolarPowerEurope, IEA

## MERSEN OFFER

FURNACE INTERNAL PARTS  
IN GRAPHITE

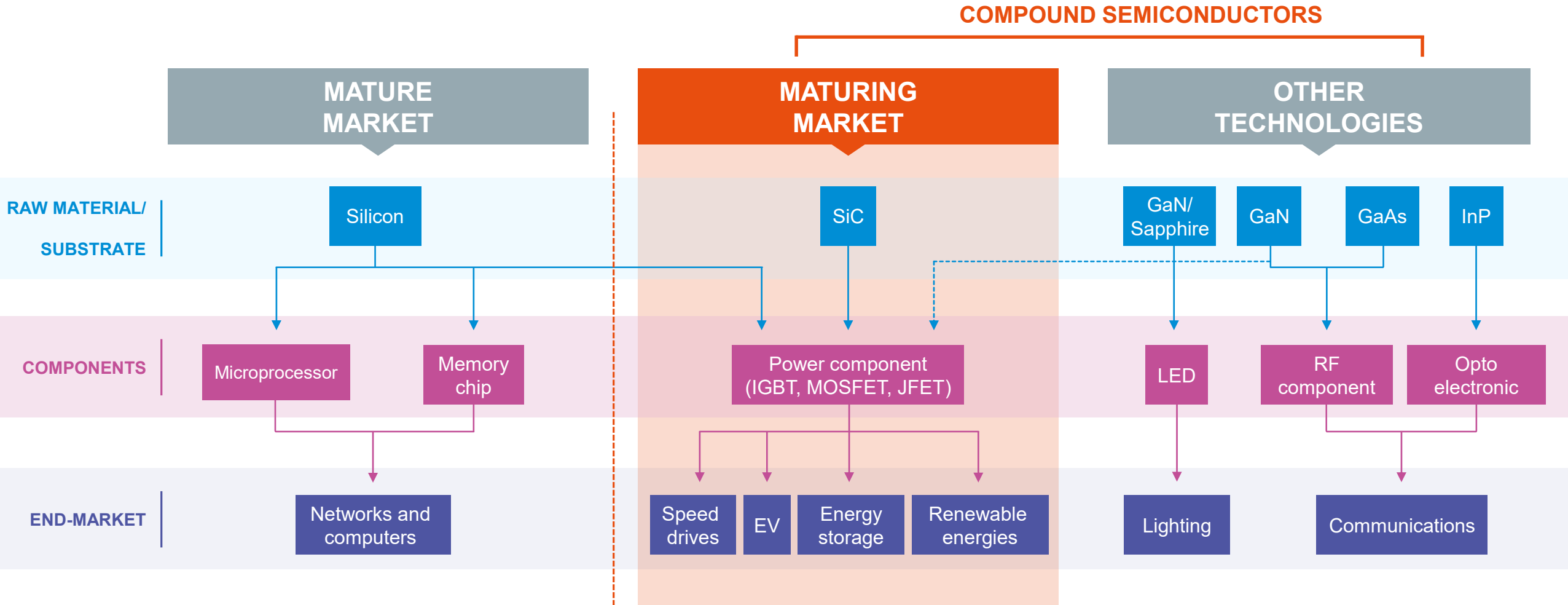
GRAPHITE RESISTANCE

CRUCIBLE SUPPORT  
IN C/C COMPOSITE

FLEXIBLE FELT  
INSULATION SOLUTIONS

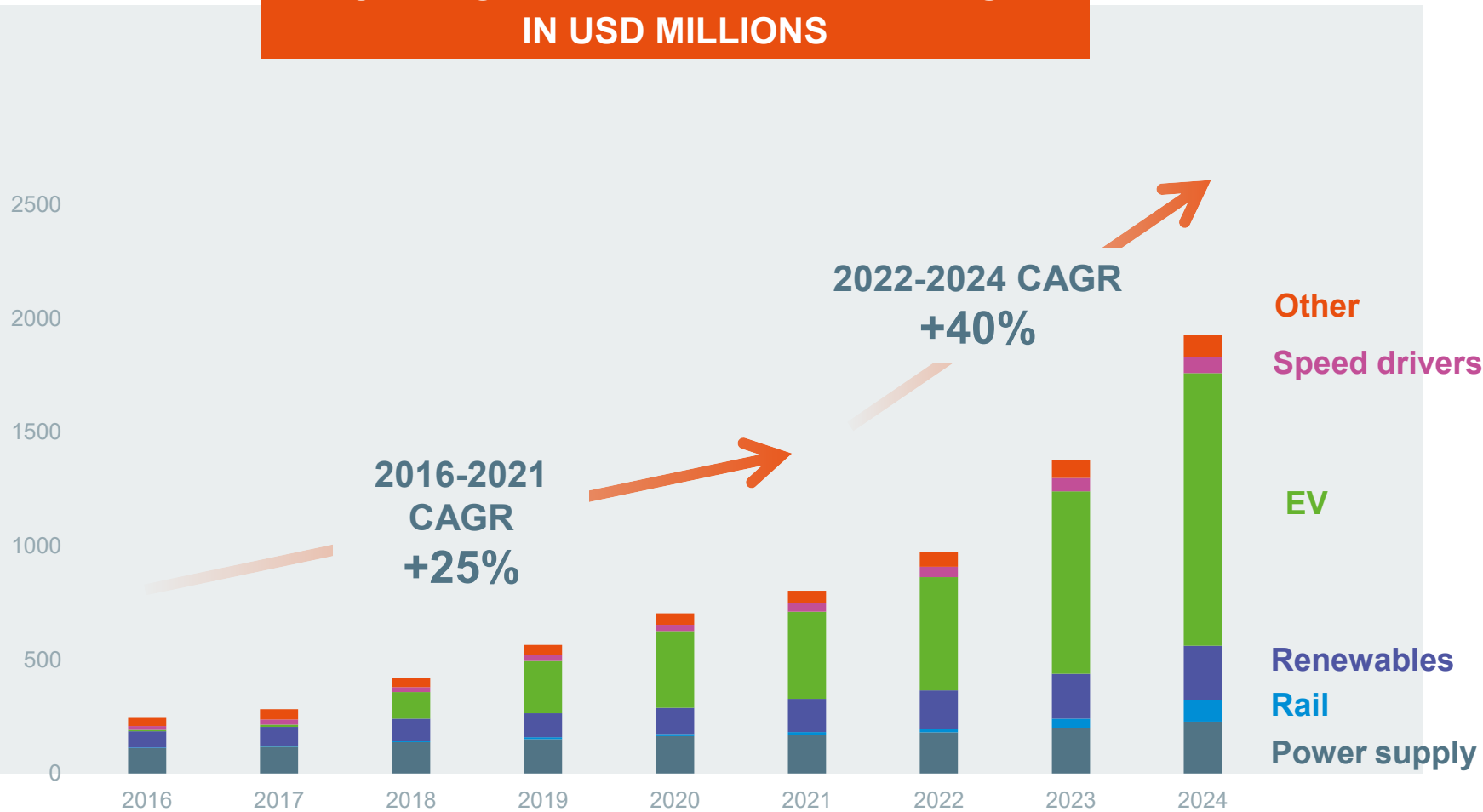


# INVESTMENTS FOR THE FAST-GROWING SiC SEMICONDUCTORS MARKET



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

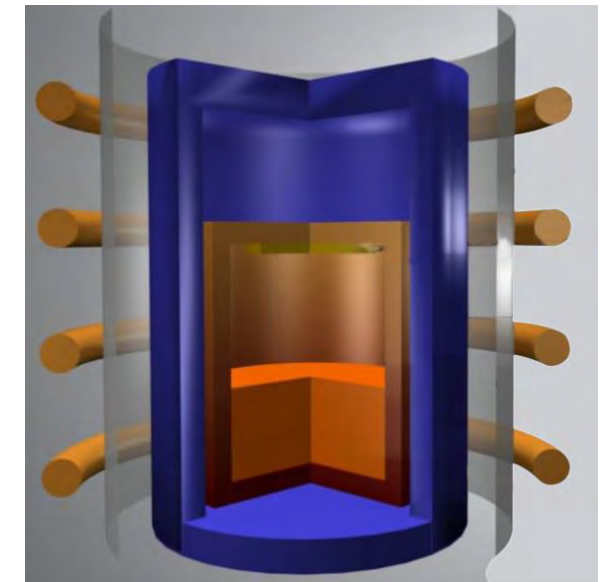
**POWER SiC DEVICE MARKET REVENUE  
IN USD MILLIONS**



Source: Yole Development, Power SiC 2017 for 2016&2017 Power SiC 2019 from 2018 to 2024

## MERSEN OFFER

**INSULATION  
GRAPHITE CRUCIBLE**



# FURTHER PROGRESS IN EV

## FOR HEAVY VEHICLES

### Power conversion



Cooling devices

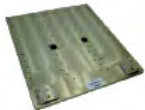


Bus bars

### Battery management



Fuses



Cooling devices



Bus bars

### Battery protection



Fuses



## FOR HIGH-END PASSENGER CARS

### Battery management



Fuses



Bus bars

### Battery protection



DC hybrid Protection

**Selected by a leading manufacturer**



Fuses



# STRATEGIC ACQUISITIONS IN 2019

## COLUMBIA

USA (Columbia)

### OBJECTIVE

- Access to **complementary isostatic graphite** production
  - Repatriation within the Group of the production of **specialty extruded graphite**



## AGM Italy

Italy (Malonno)  
Sales: ~€17m

### OBJECTIVE

- Capacity of **finishing** of customized extruded graphite parts
- Synergies with Columbia plant which will eventually supply with blocks



## GAB NEUMANN

Germany (Maulburg)  
Sales: ~10M€

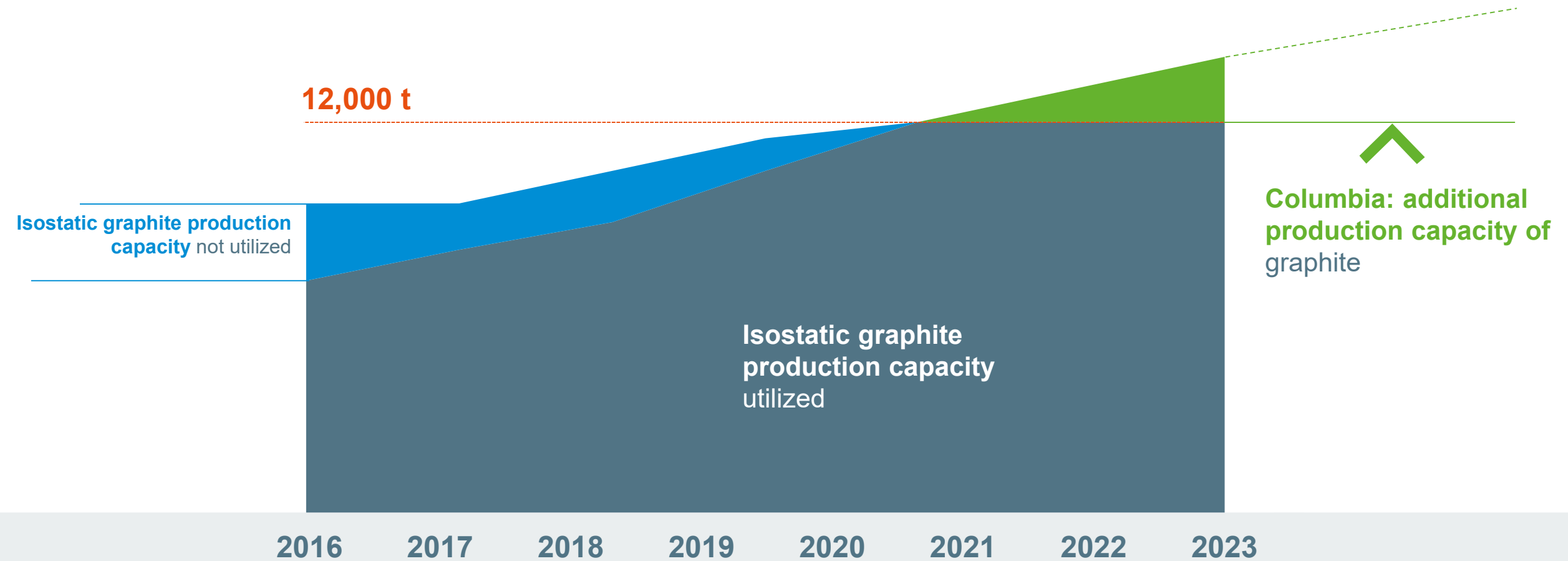
### OBJECTIVE

- **Strengthening** presence in specialty chemicals in the DACH countries
- **Broader expertise** in heat exchanger

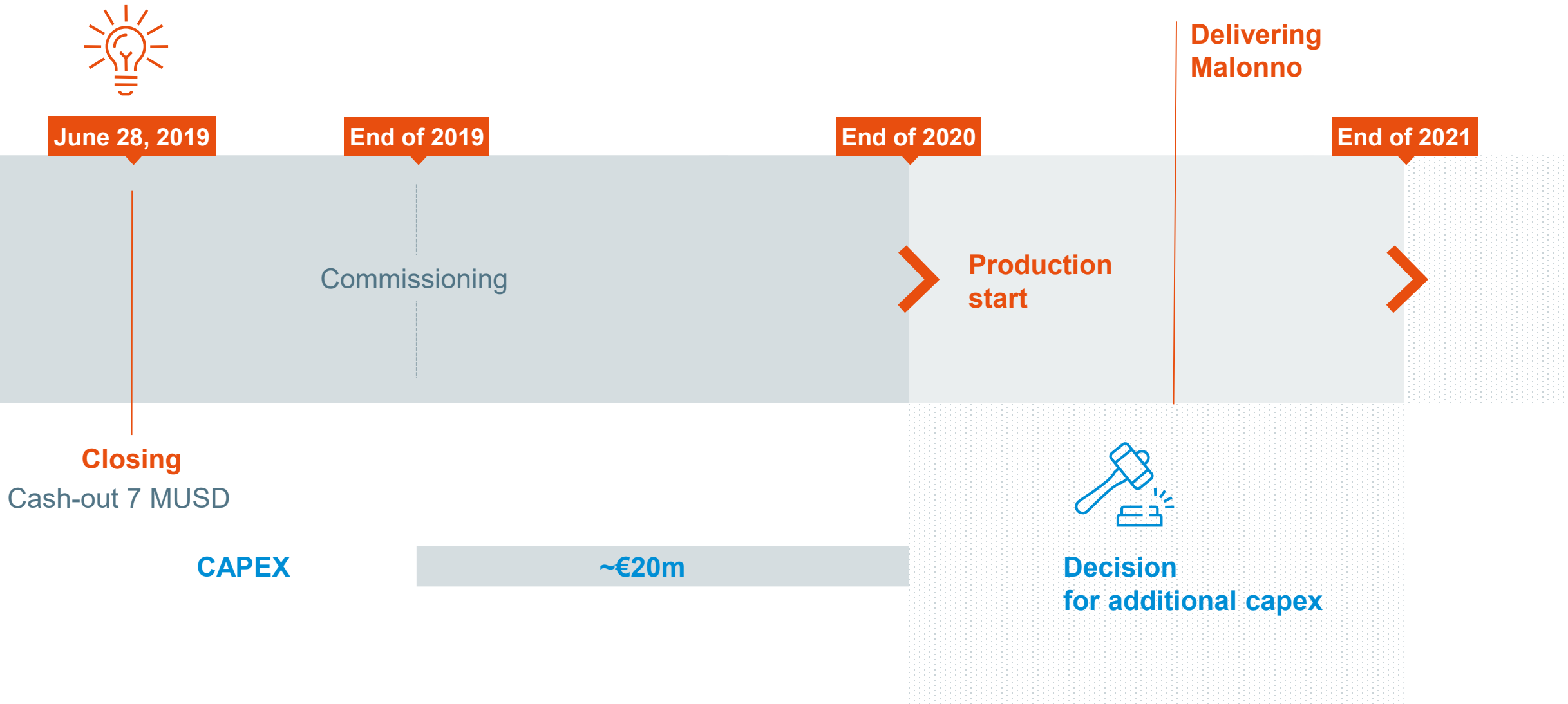




# COLUMBIA: AN EXCELLENT OPPORTUNITY FOR MERSEN



# COLUMBIA: A NEW INDUSTRIAL BASE FOR THE FUTURE



# 2019 OUTLOOK: FY GUIDANCE RAISED IN JULY 2019

**ORGANIC\* GROWTH in SALES  
VS 2018**

**INITIAL GUIDANCE**

between 2 and 5%

**CURRENT GUIDANCE**

between 4 and 5%

**GUIDANCE (BEFORE POSITIVE IMPACT OF IFRS16)**

between 10.5 et 10.7%

**OPERATING MARGIN BEFORE  
NON-RECURRING ITEMS**

**INITIAL GUIDANCE**

between €60m and €70m

between €65m and €75m (o.w. €5m for Columbia)

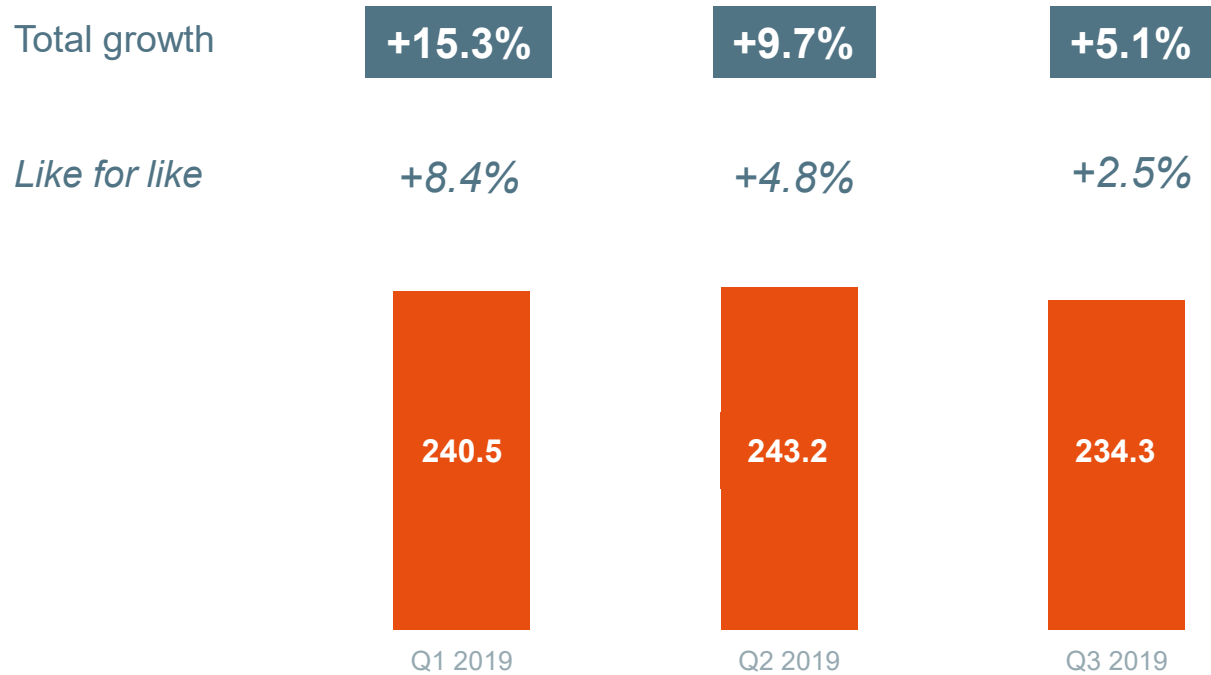
**CURRENT GUIDANCE**

**CAPEX**

\* Excluding foreign change and scope effects

# Q3 2019: STRONG PERFORMANCE IN THE CURRENT MACRO-ECONOMIC ENVIRONMENT

## 2019 QUARTERLY SALES



9-months sales figures  
**+10% vs 2018**

*Incl. +5% like-for-like*

*Organic growth in all regions:*  
*Europe: +5.7%*  
*Asia-Pacific: +0.4%*  
*North America: +8.4%*  
*Rest of the World: +7.1%*

## VERY STRONG PERFORMANCE IN H1 2019



**H1 2019**



**Further improvement in sales and operating results**



**10<sup>TH</sup> CONSECUTIVE QUARTER OF ORGANIC GROWTH IN SALES**

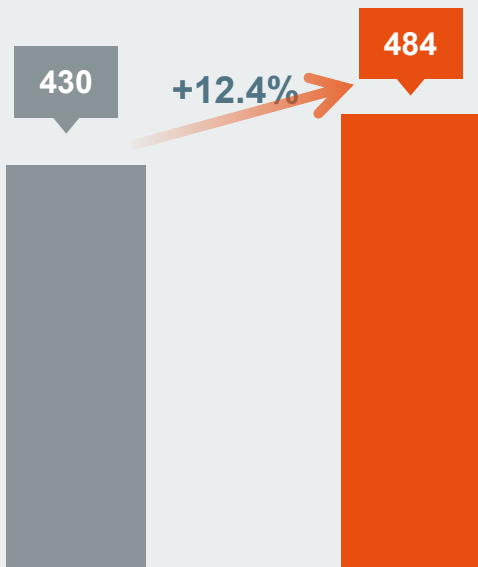
**7<sup>TH</sup> CONSECUTIVE HALF-YEAR OF GROWTH IN OPERATING RESULTS  
BEFORE NON-RECURRING ITEMS**

# A GOOD HALF-YEAR 2019

## SALES

Organic growth

**+6.5%** vs H1 2018



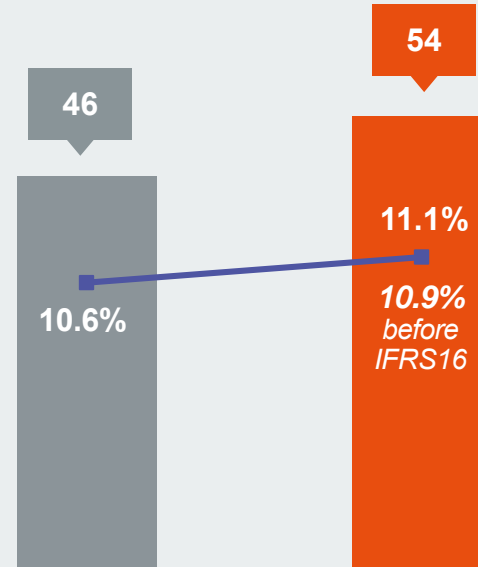
H1 2018

H1 2019

Sales (€m)

## OPERATING MARGIN BEFORE NON-RECURRING ITEMS

**+30 pts** before IFRS16 vs H1 2018



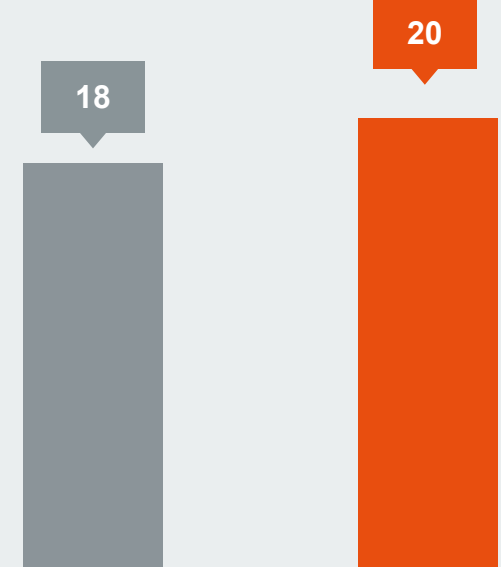
H1 2018

H1 2019

Operating income before non-recurring items (€m)

## OPERATING CASH-FLOW

**+10%** before IFRS 16 vs H1 2018



H1 2018

H1 2019

Net cash-flow from operations (€m)

# RISE IN PROFITABILITY

As a %

<b>H1 2018 operating margin before non-recurring items</b>	<b>10.6%</b>
Volume/mix effects	+0.8%
Price/raw materials net impact	+0.6%
Impact of productivity	<b>+1.6%</b>
Cost inflation	<b>-1.8%</b>
Impact of exchange rates, change in scope and other	-0.9%
<b>Comparable H1 2019 operating margin before non-recurring items</b>	<b>10.9%</b>
IFRS 16 impact	+0.2%
<b>H1 2019 operating margin before non-recurring items</b>	<b>11.1%</b>

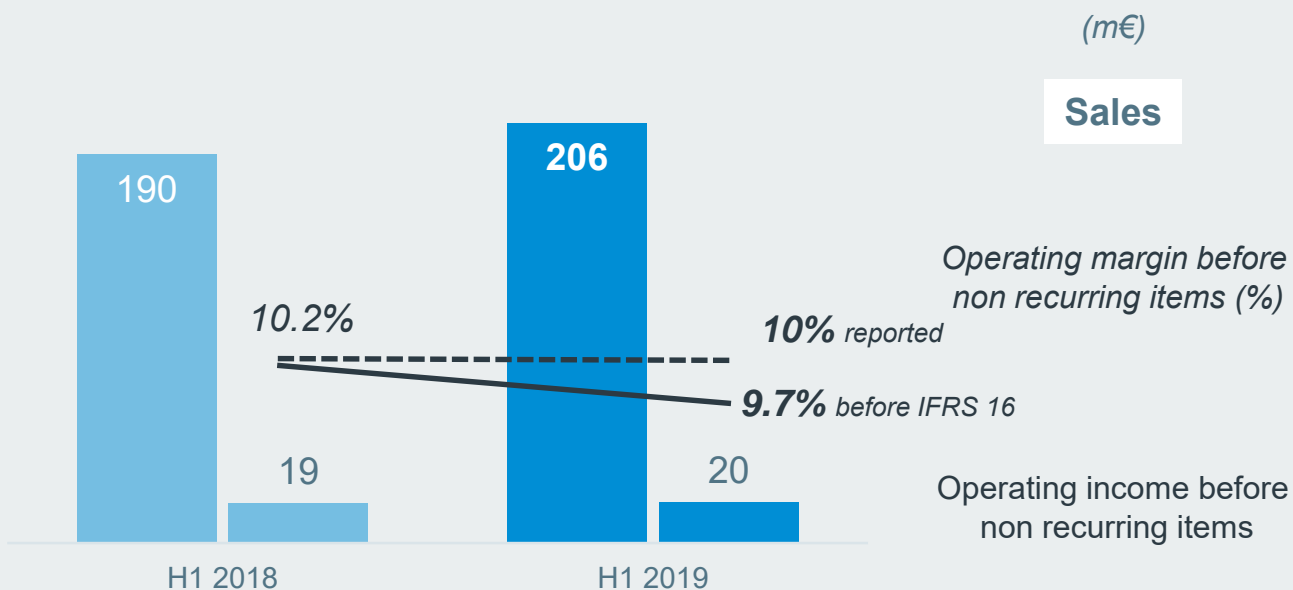
Higher prices to offset the increase in the cost of raw materials: **net positive**

**Cost inflation offset by productivity plans**

# GROWTH IN MARGIN DRIVEN BY ADVANCED MATERIALS

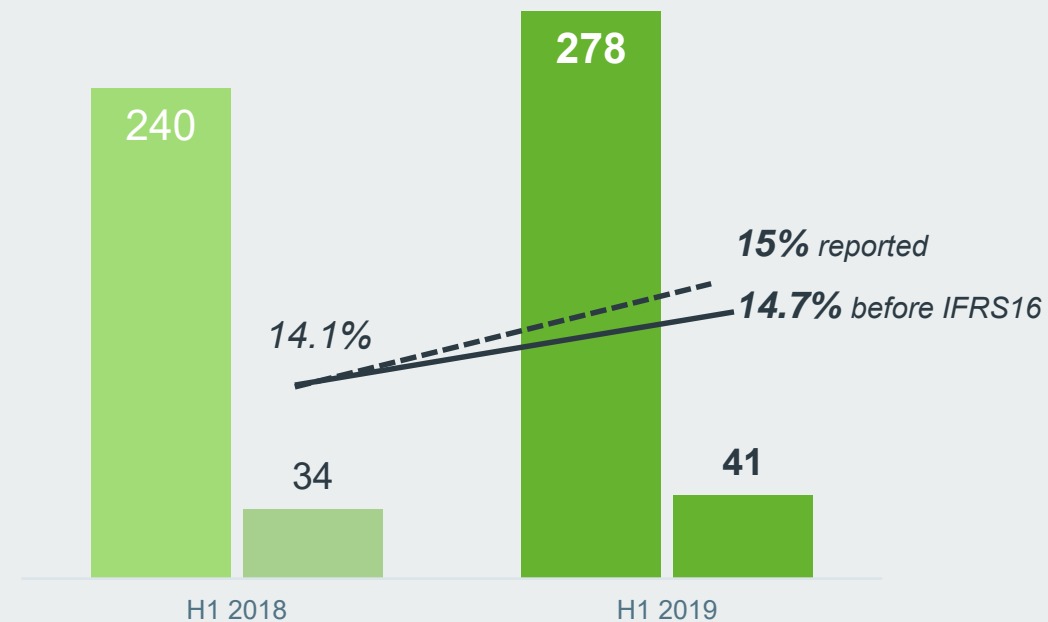
## STEADY PERFORMANCE IN ELECTRICAL POWER

### ELECTRICAL POWER



- **Dilutive effect** of acquisitions on margin (-0.3 pt)
- **Negative volume/mix** effect
- **Price increases**

### ADVANCED MATERIALS



- **Positive volume** effect
- **Price increases higher** than the rise in raw materials costs



# STRONG GROWTH IN NET INCOME

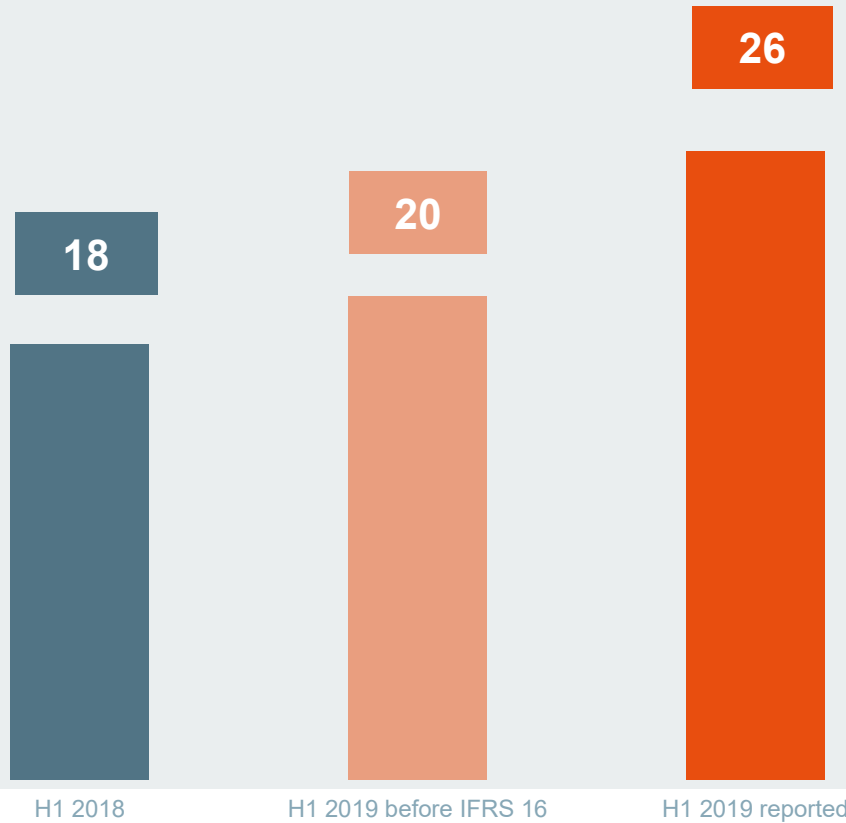
In €m	H1 2018	H1 2019 before IFRS 16	H1 2019	
Operating income before non-recurring items	45.8	52.6	53.6	
Non-recurring income and expenses	(1.5)	(3.2)	(3.2)	
Net financial income	(4.7)	(4.7)	(6.1)	
Income tax	(10.3)	(10.7)	(10.6)	
<b>Net income</b>	<b>29.3</b>	<b>34.0</b>	<b>33.7</b>	<b>+16%</b>
Attributable to owners of the parent	27.9	33.1	32.8	

**Non-recurring expenses** include restructuring charges, acquisition costs and provision for litigation

**Effective tax rate**  
24% (vs 26% in H1 2018)

# INCREASED OPERATING CASH-FLOW COMPARED TO H1 2018

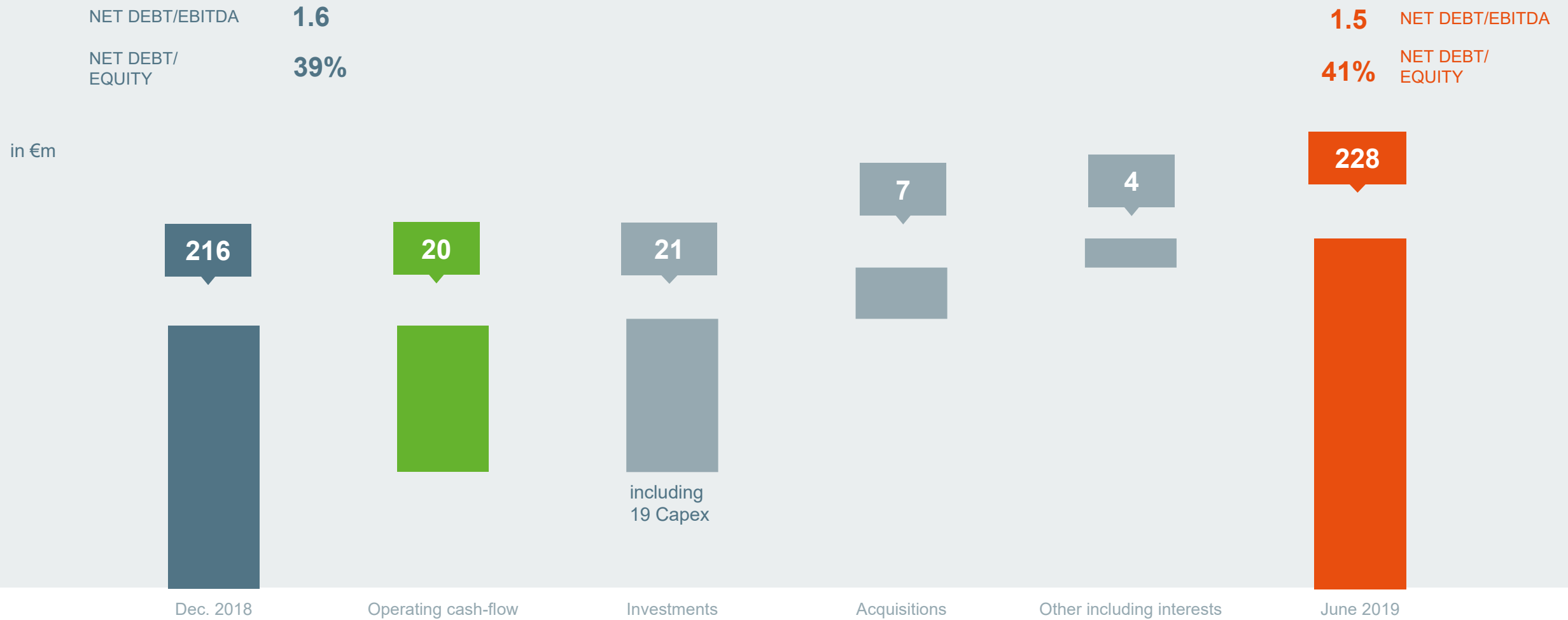
Operating cash-flow before capex, financial interest and acquisition



An improvement despite:

- Increase in raw materials inventories at the end of 2018 (paid in H1 2019)
- Increase in late payment at the end of June

# STRONG FINANCIAL STRUCTURE



# MAIN IMPACTS OF IFRS16 STANDARD APPLICATION

in €m	H1 2019 before IFRS 16	IFRS 16	H1 2019	
Operating income before non-recurring items	52.6	+1.0	53.6	Depreciation of lease liabilities
Financial income	(4.7)	-1.4	(6.1)	Interest charge
Net income	34.0	-0.4	33.6	Rental expenses
Depreciation	19.9	+5.5	25.8	Depreciation expense
EBITDA	72.5	+6.5	79.0	
Lease liabilities		+45	45	
Rights of use		+45	45	