MERSEN

Expertise, our source of energy

First-half 2021 results

First-half 2021: an excellent performance, enabling the Group to raise its full-year targets

Sales: €451m
+7% vs. H1 2020

Portion of sales for sustainable development markets: 56%

Operating margin before non-recurring items: 9.6% of sales

Ambitious CSR commitments

Growth in all geographic regions

Boost effect from **sustainable development markets: +11%** vs. H1 2020

Significant volume effect
Continuation of plans to optimize the manufacturing base

Improved CSR ratings

MSCI ESG RATINGS A
CCC | B | BB | BBB | A | AA | AAA

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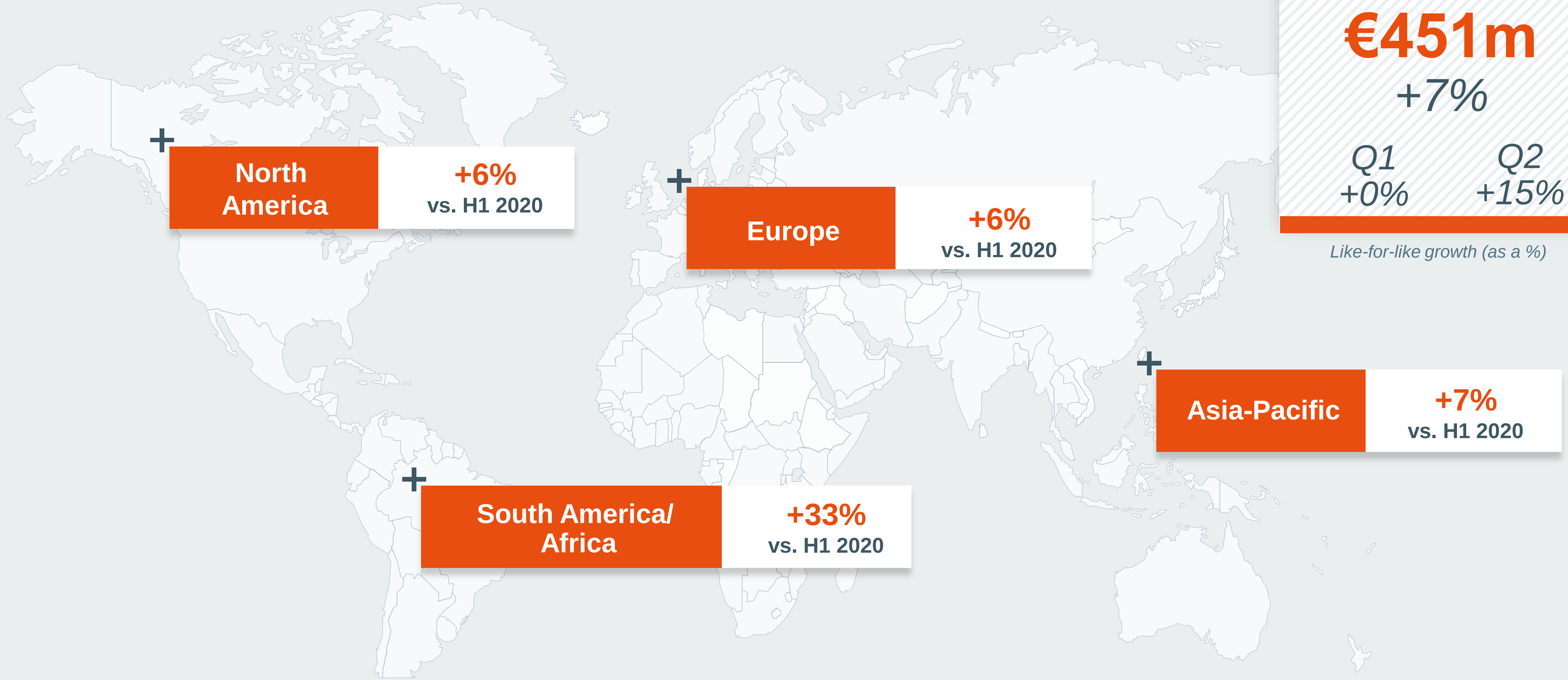
First-half 2021 results

Thomas Baumgartner

Return to growth in H1 2021, with an acceleration in the 2nd quarter



€451m

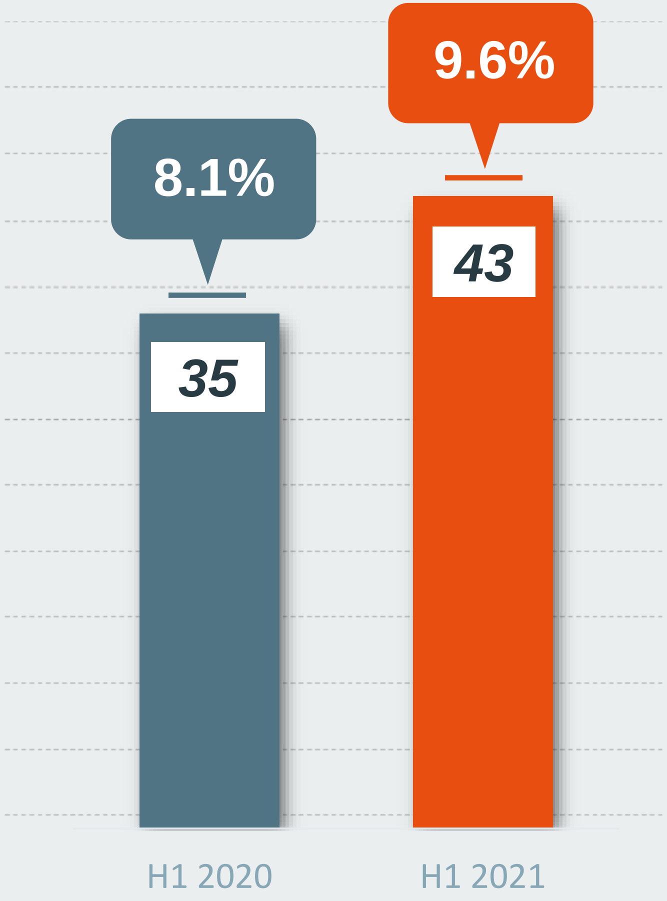
+7%

Q1 +0% | *Q2 +15%*

Like-for-like growth (as a %)

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)

millions d'€	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

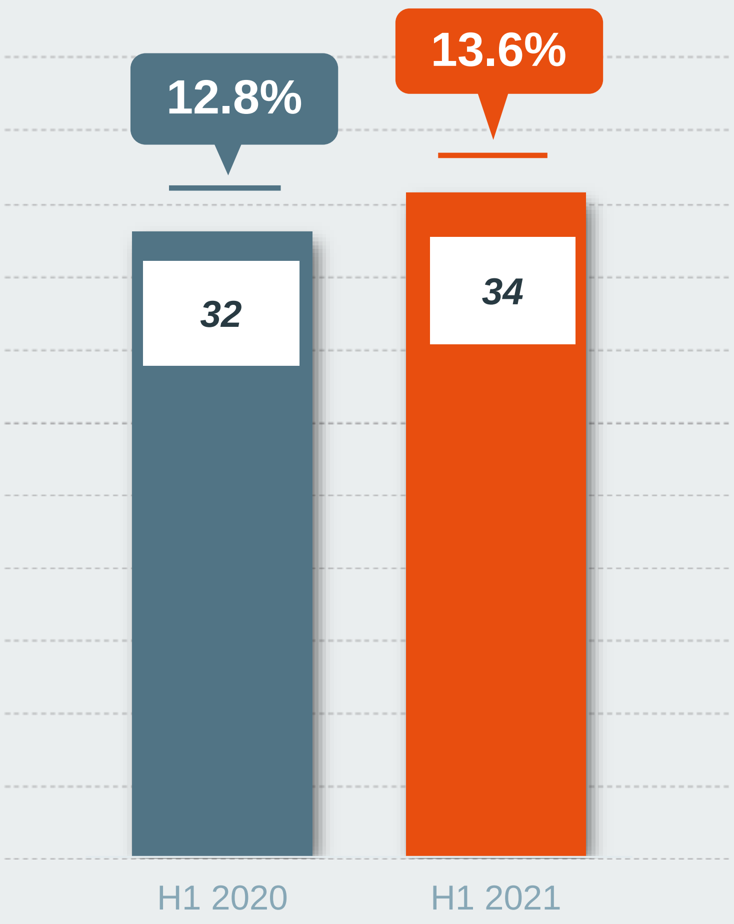
Out of Covid context

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

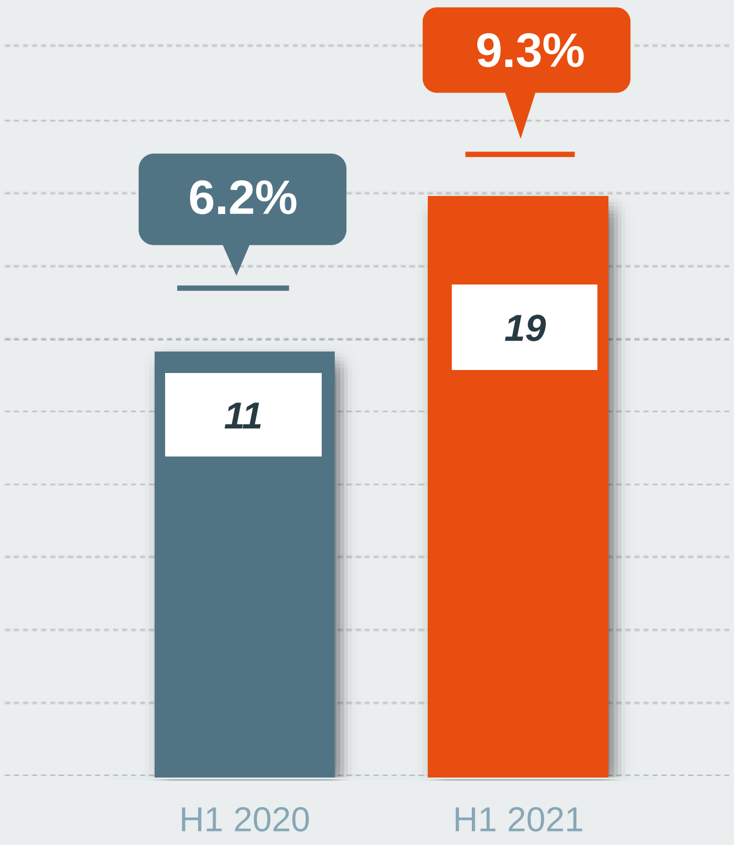
Operating margin before non-recurring items (% of sales)
Operating income before non-recurring items (€m)

Advanced Materials



- **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



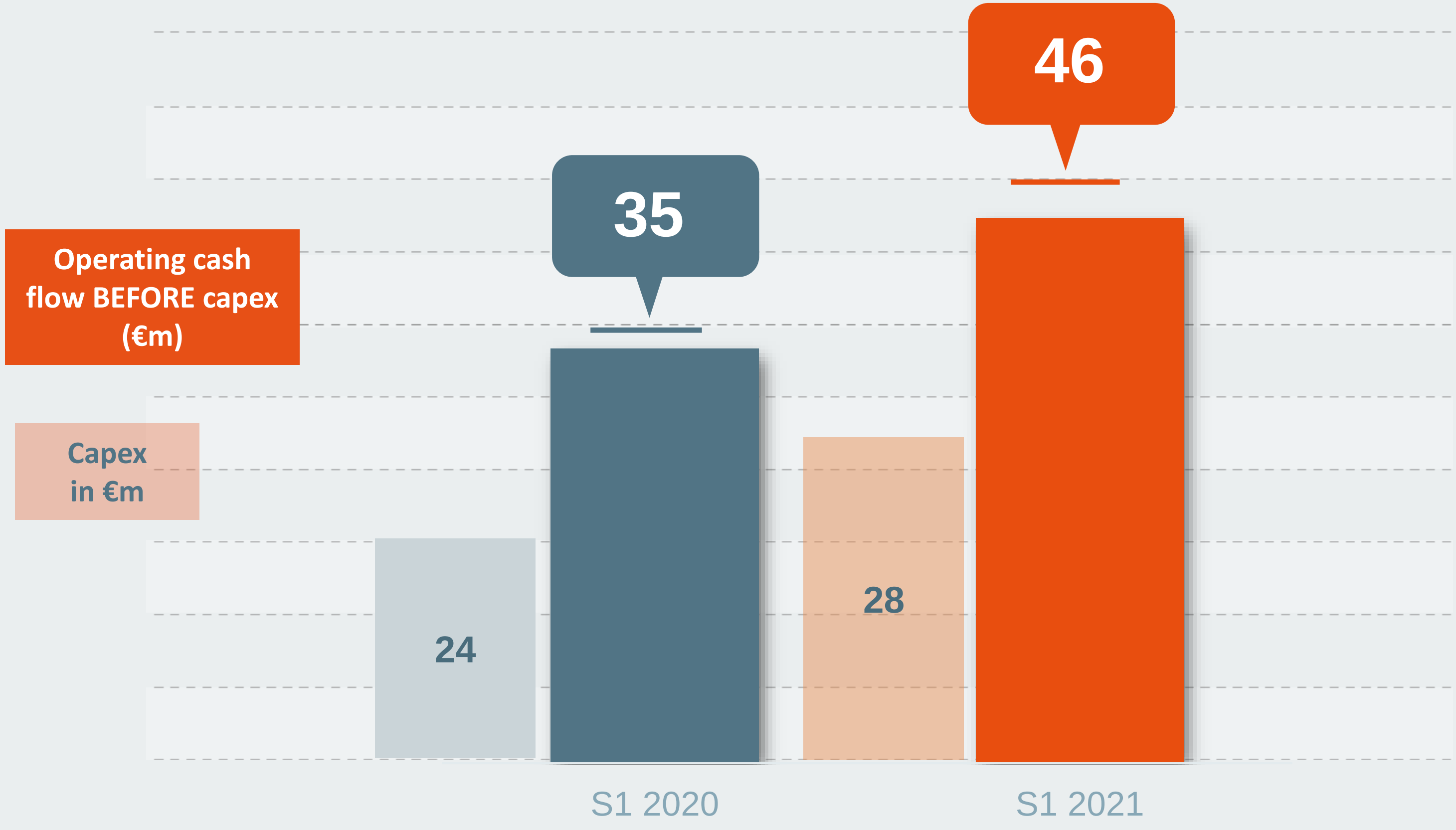
Net income up by more than 50%

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%

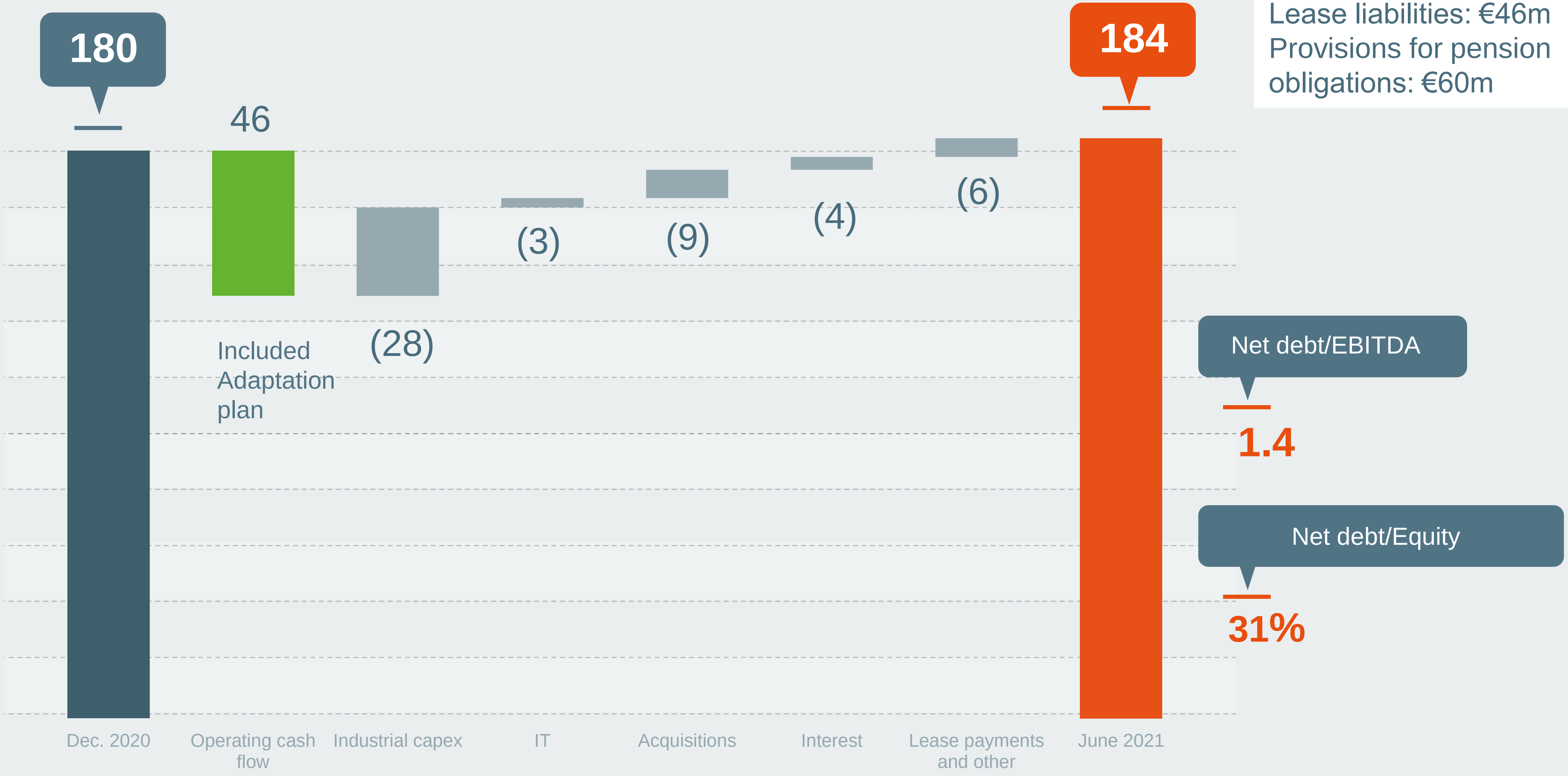
Funding for capex
€28m

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

Not including
Lease liabilities: €46m
Provisions for pension obligations: €60m



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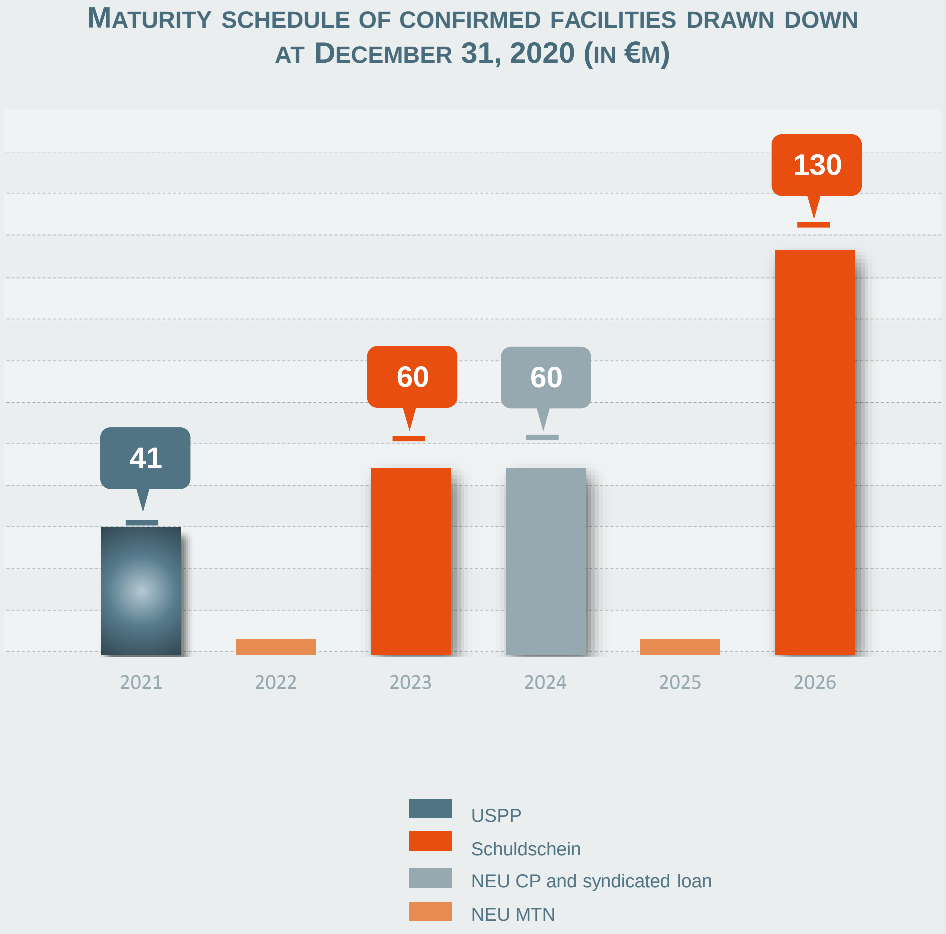
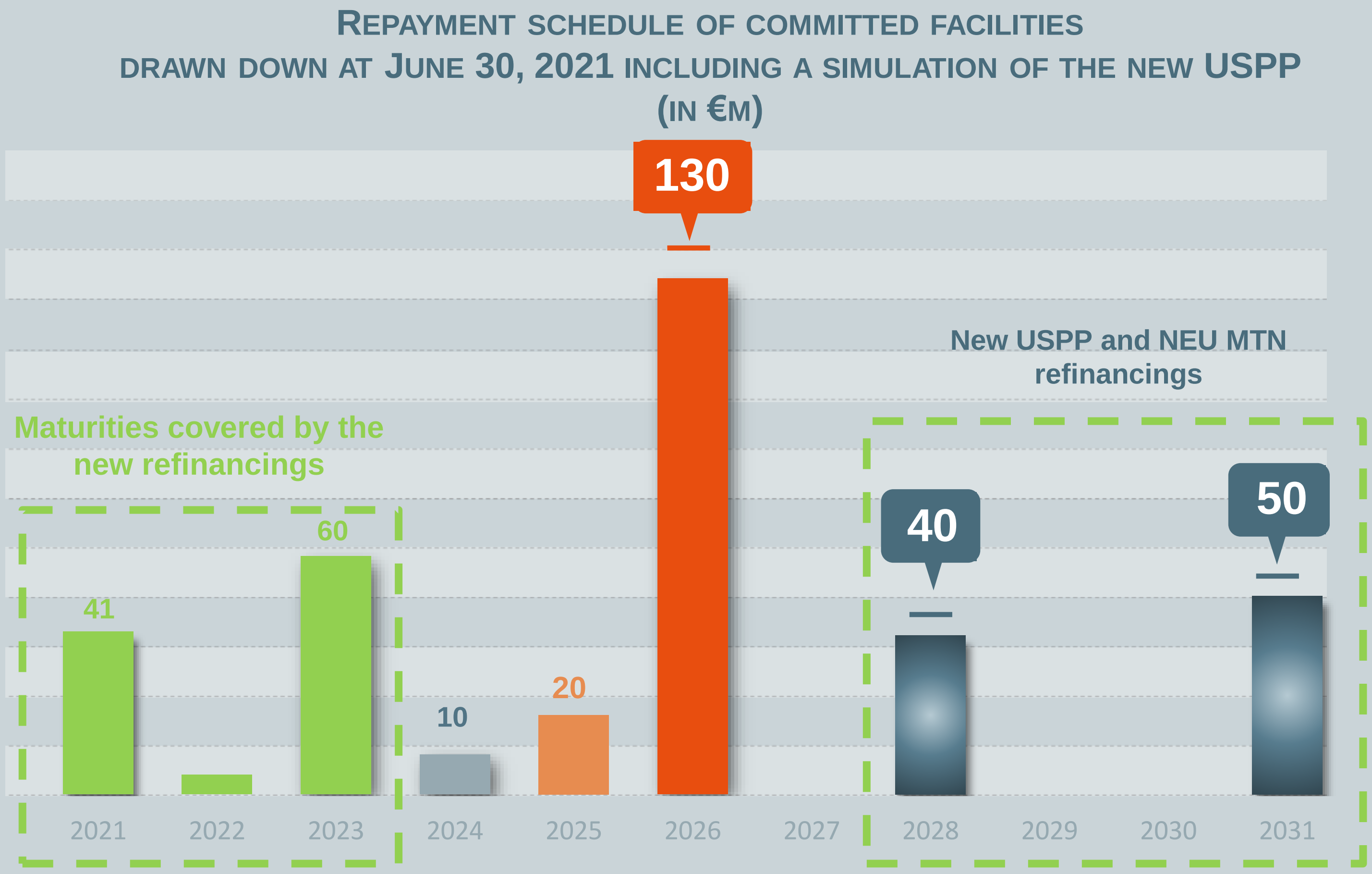
A solid balance sheet with average debt maturity raised to 6 years after the new USPP





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

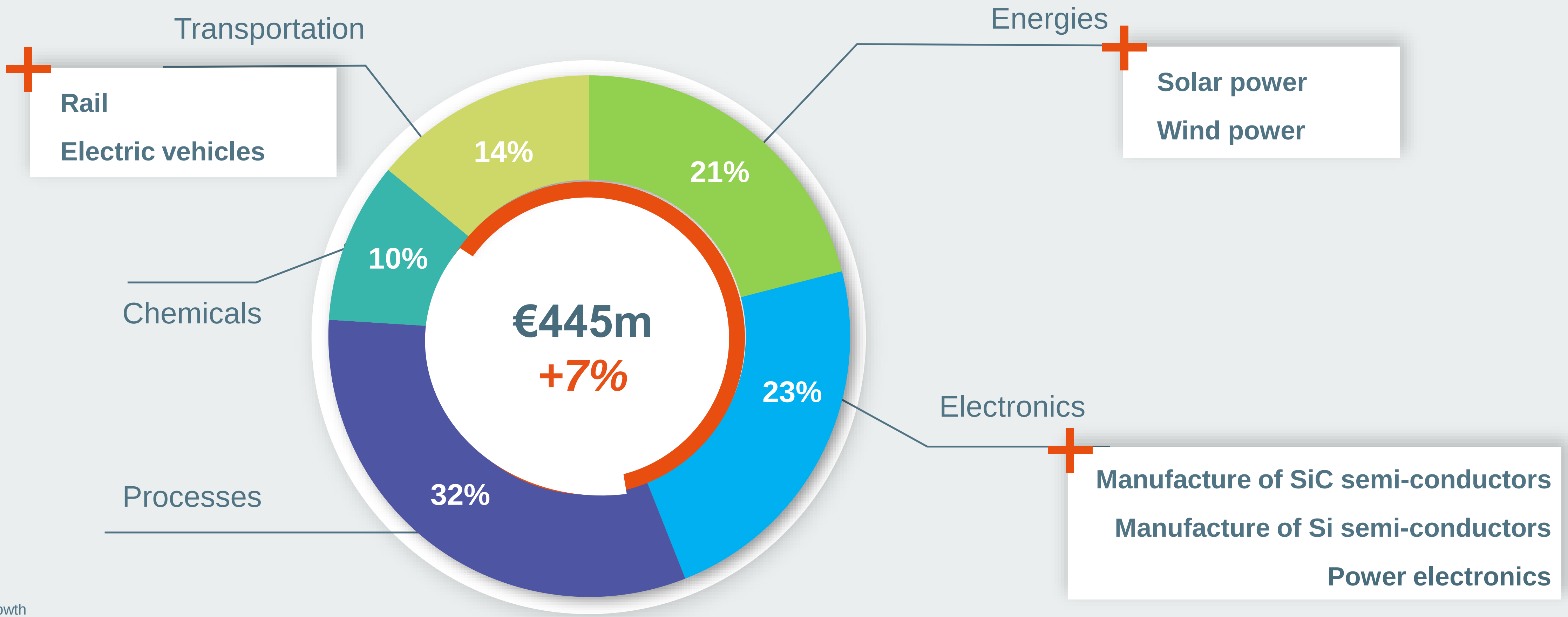
02

Our growth markets

Luc Themelin

Sustainable development markets are propelling growth

56% of sales linked to sustainable development markets
+11%* vs H1 2020



* Organic growth

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

		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, …	↗ ? ↗ ↗	↗ ↗

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

- H1 sales: €33m
- Strong growth in Q2 (up by >15%)
- H2 growth expected to be less strong due to temporary shortages of polysilicon

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

- H1: €20m
- Very strong growth in H1 2021 (>+50%)
- Ongoing robust business levels expected in H2

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

- H1 sales: €8m
- Strong growth in H1
- H2: continued buoyant business

MID-TERM ANNUAL REVENUE

€40-70M

MERSEN

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

Ambitious CSR commitments

2018-2021 roadmap: quantifiable objectives in **5 areas**

Climate change: a published objective of reducing the intensity of GHG emissions by 20% by 2025

Committed managers: 30% of LTI criteria based on CSR commitments

A **recognized commitment**: EcoVadis, MSCI, CDP

TARGETED AREAS

Ecological transition

Sustainable supply chain

Health & safety

Diversity & training

Waste recycling

+ Climate change

2021 guidance revised upwards

Guidance revised in early July based on trends observed in H1

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

Revision
Organic sales growth of between 6% and 8%

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

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

03

Appendix

CSR targets

	Roadmap	Achieved in 2020	Trend
Ecological transition	Reach 55% of the Group's sales related to sustainable development in 2021	56% of the Group's sales related to sustainable development	✓
Climate change	Reduce by 20% the intensity of GHG emissions related to the Group's operations (Scopes 1 and 2) by 2025 compared with 2018	N/M. Target set up early 2021	
Sustainable supply chain	Evaluate our strategic suppliers by 2021	Charter signed by 46% of suppliers	Difficulties related to the Covid-19 pandemic
Health & safety	15% increase in the number of safety visits in 2021 LTIR ≤1.40 and SIR ≤60 in 2021	up 10.9% in 2020 LTIR = 1.54 and SIR = 64	✓
Diversity & training	3-point increase in human potential success rate in 2021 25% to 30% women managers and executives by 2022 100% of managers to receive Open Manager training by 2021	2-point increase vs. 2020 24.2% in 2020 69% in 2020	✓
Waste recycling	15-point increase in industrial waste recycling rate in 2021	14-point increase in 2020, i.e., 60% of waste recycled	✓

***91%** of employees proud to be part of the Group*