



HALF-YEAR RESULTS

JULY 31, 2019



VERY STRONG PERFORMANCE IN H1 2019



**THOMAS
BAUMGARTNER**
CFO



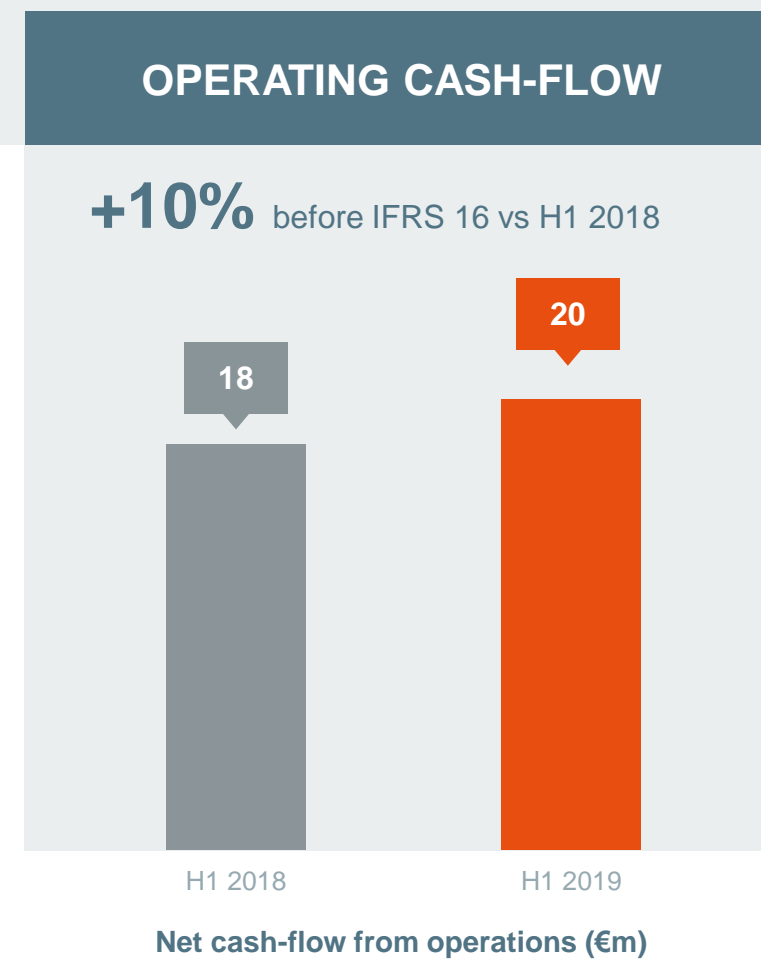
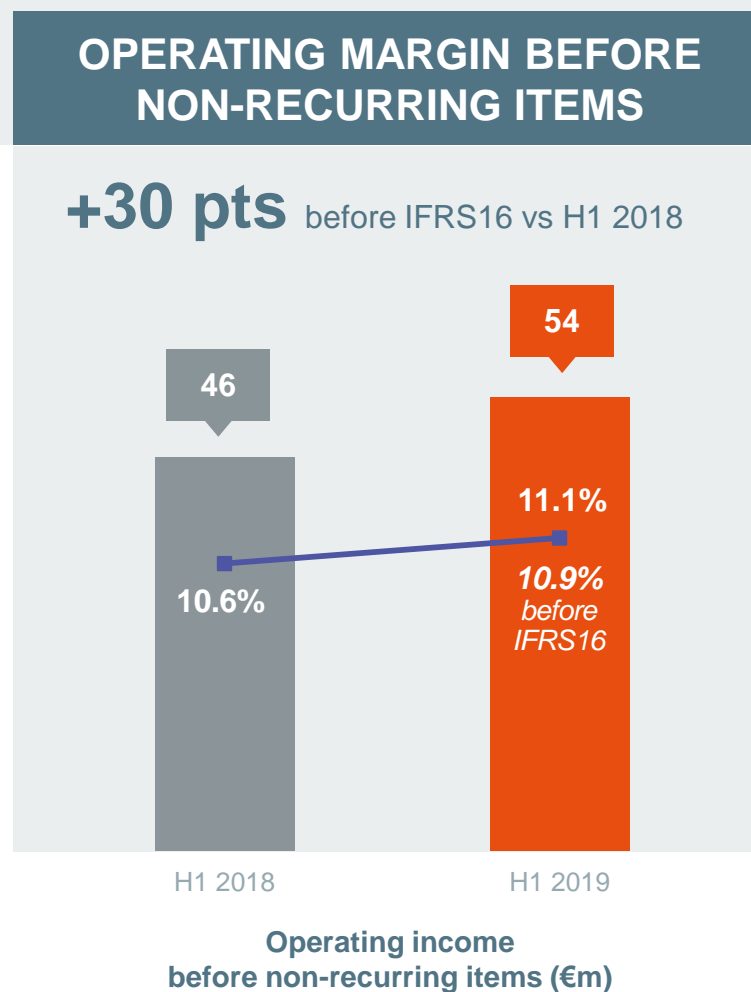
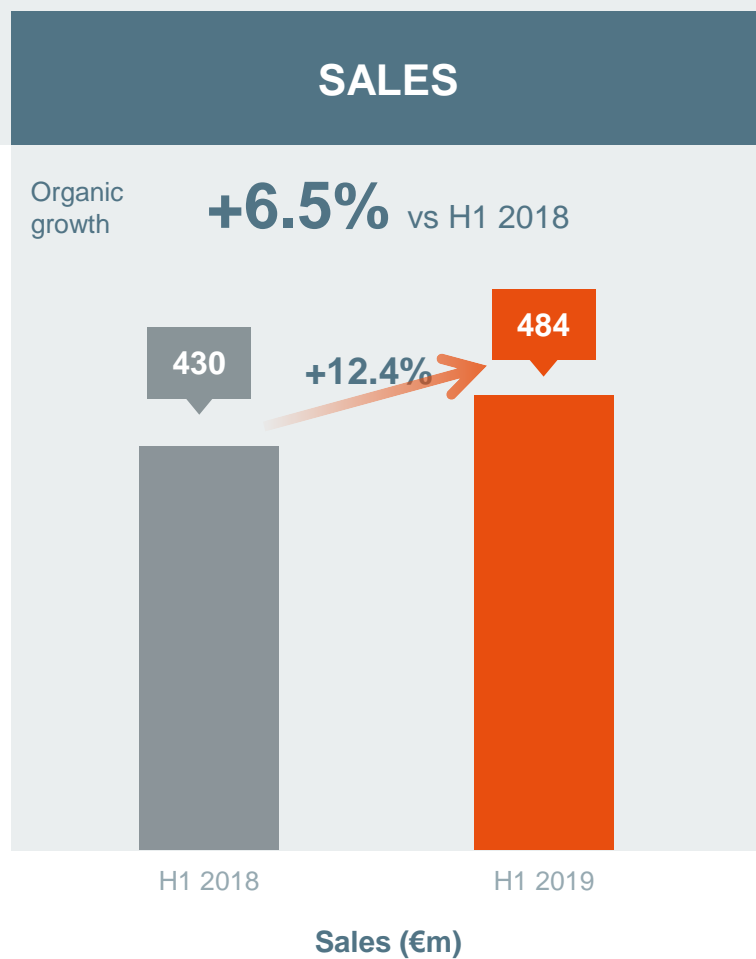
Further improvement in sales and operating results



10TH CONSECUTIVE QUARTER OF ORGANIC GROWTH IN SALES

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

A GOOD HALF-YEAR 2019



GROWTH IN ALL REGIONS

NORTH AMERICA
34.5%*

+10%
vs H1 2018

142

167

H1 2018

H1 2019

EUROPE
34.5%*

+6%
vs H1 2018

147

167

H1 2018

H1 2019

ASIA-PACIFIC
27%*

+2%
vs H1 2018

125

130

H1 2018

H1 2019

**SOUTH AMERICA
AFRICA**
4%*

+19%
vs H1 2018

€484m
+6.5%

* % of total sales

Like-for-like growth in H1 2019 (as a %)

RISE IN PROFITABILITY

As a %

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

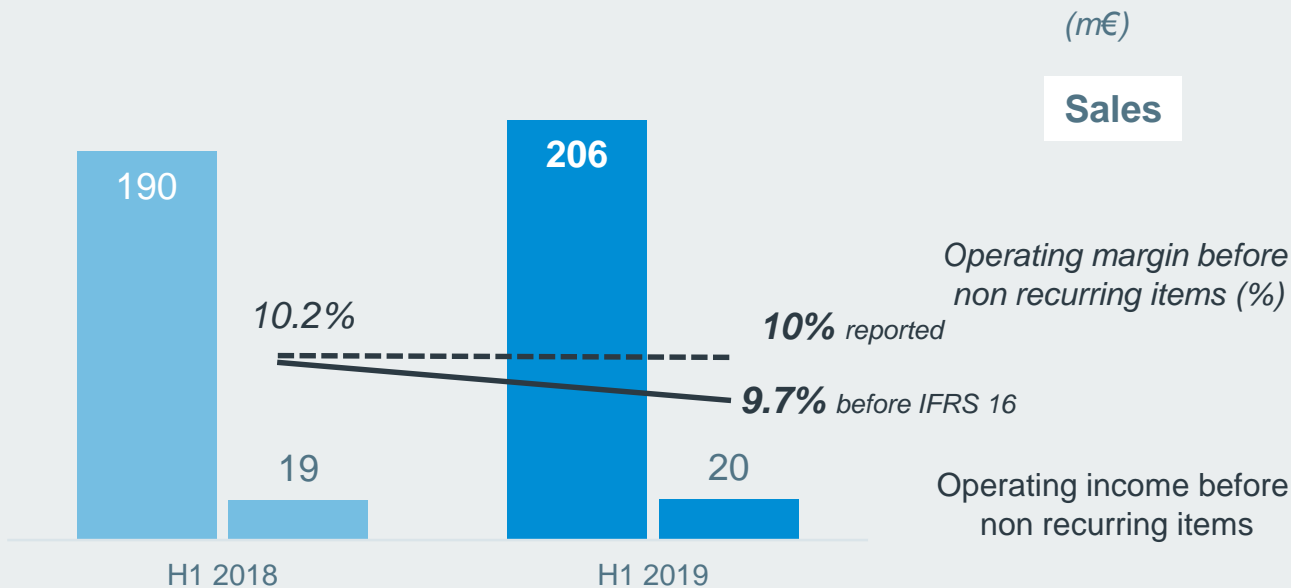
Higher prices to offset the increase in the cost of raw materials: **net positive**

Cost inflation offset by productivity plans

GROWTH IN MARGIN DRIVEN BY ADVANCED MATERIALS

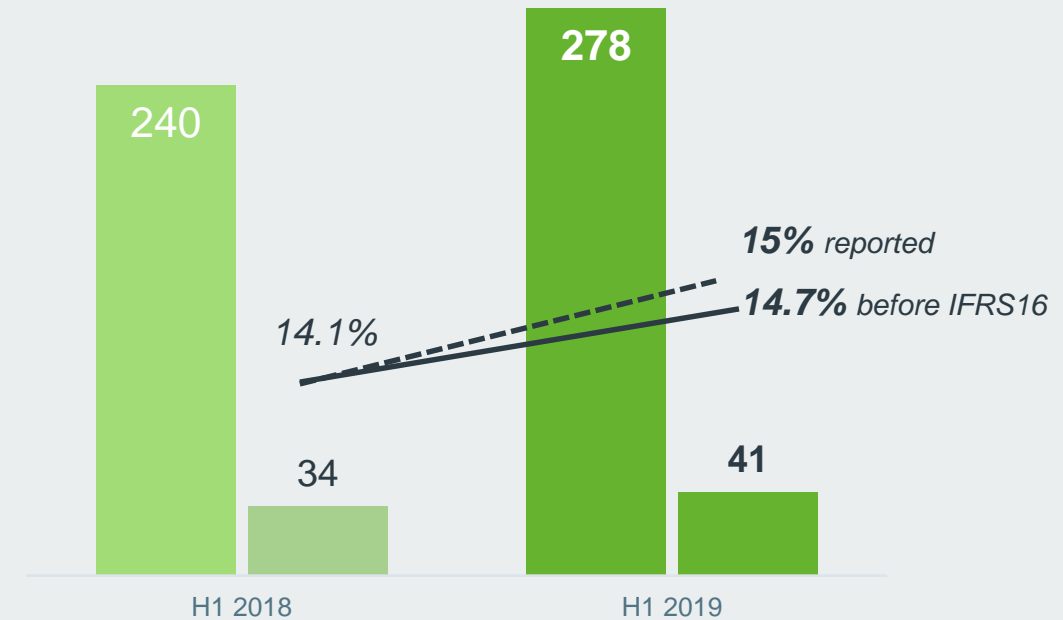
STEADY PERFORMANCE IN ELECTRICAL POWER

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

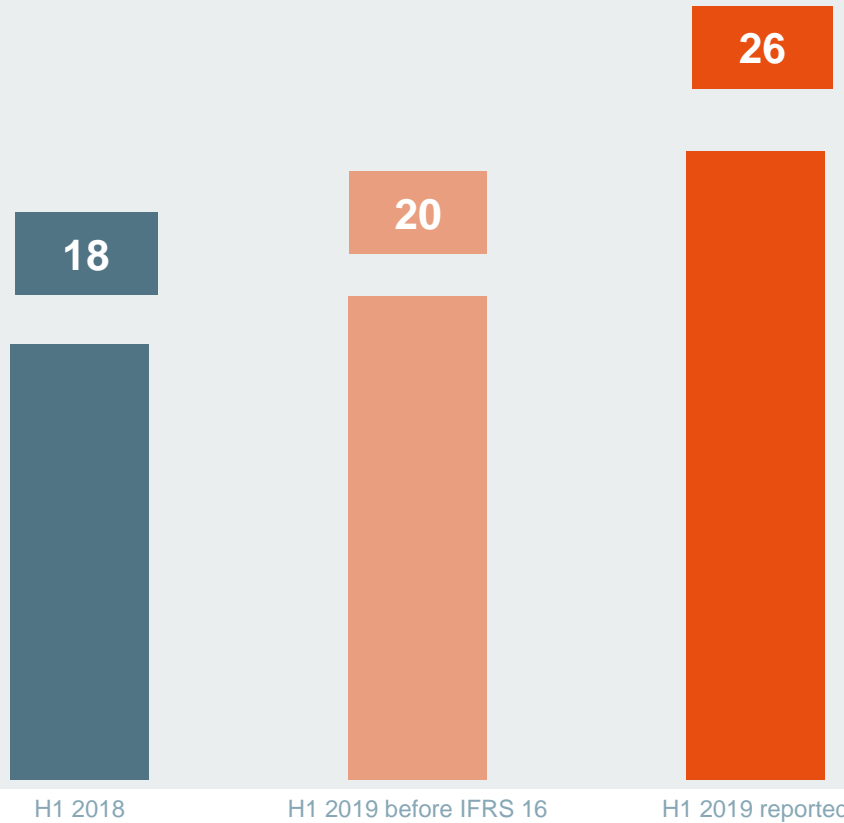
In €m	H1 2018	H1 2019 before IFRS 16	H1 2019	
Operating income before non-recurring items	45.8	52.6	53.6	
Non-recurring income and expenses	(1.5)	(3.2)	(3.2)	
Net financial income	(4.7)	(4.7)	(6.1)	
Income tax	(10.3)	(10.7)	(10.6)	
Net income	29.3	34.0	33.7	+16%
Attributable to owners of the parent	27.9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

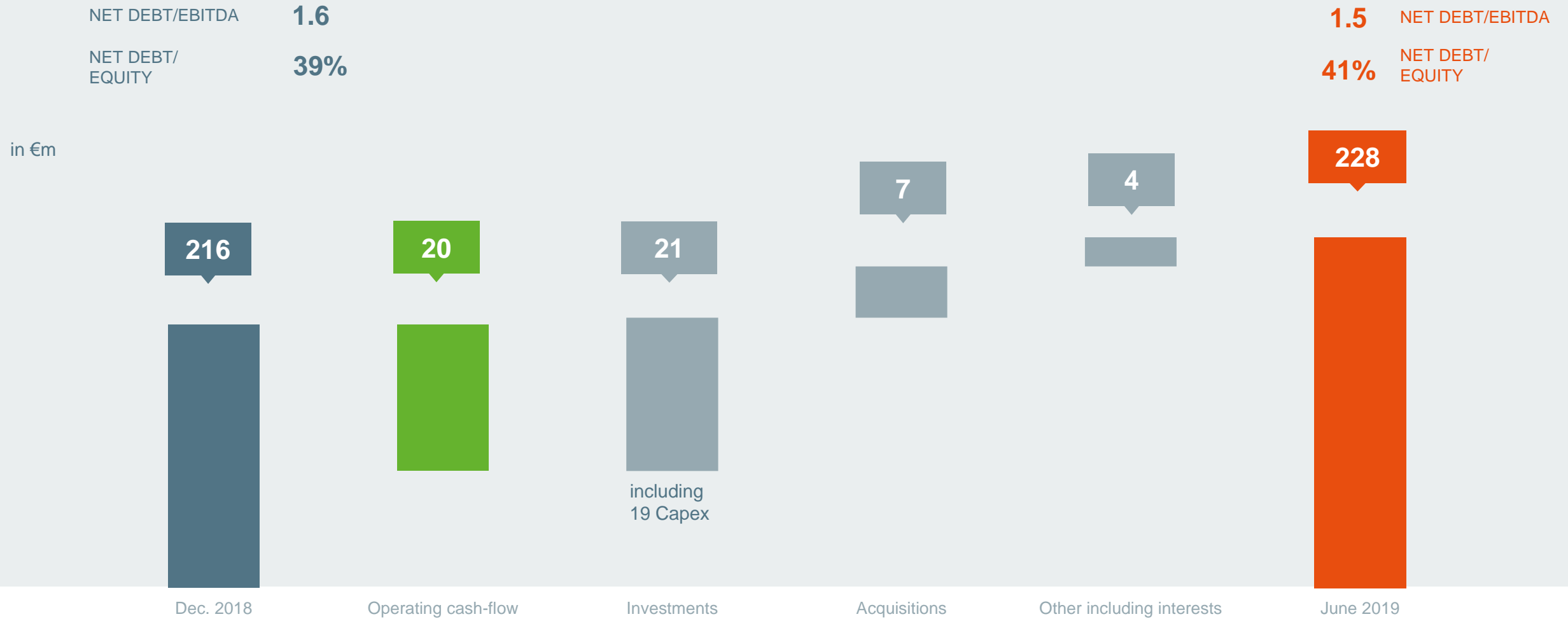
Operating cash-flow before capex, financial interest and acquisition



An improvement despite:

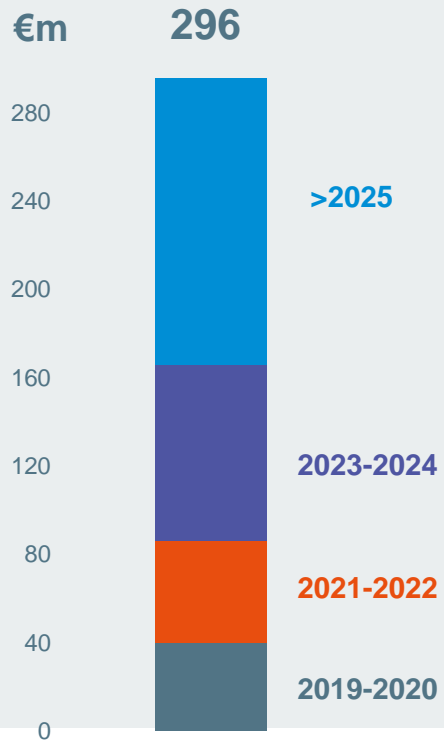
- Increase in raw materials inventories at the end of 2018 (paid in H1 2019)
- Increase in late payment at the end of June

STRONG FINANCIAL STRUCTURE



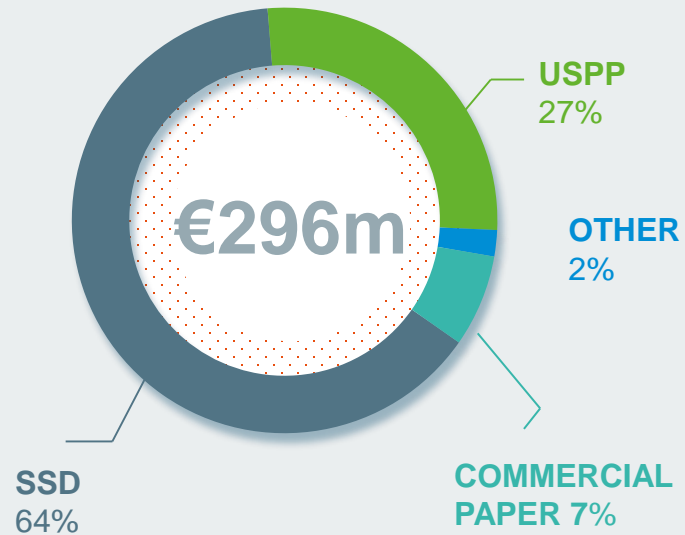
A SOLID BALANCE SHEET WITH DIVERSIFIED FINANCING

MATURITY PROFILE OF 5 YEARS*



Drawdown

SOURCES OF FINANCING (including commercial paper)



Figures at June, 30 2019

UNDRAWN CONFIRMED CREDIT LINES

€195m

(taking into account the back-up line available in the commercial paper program)

Fixed rates
for 59% of the total

* For credit lines drawn down

COMMITTED TO THE FUTURE



**LUC
THEMELIN**
CEO



Capex program for
growing markets



Columbia
A strategic acquisition



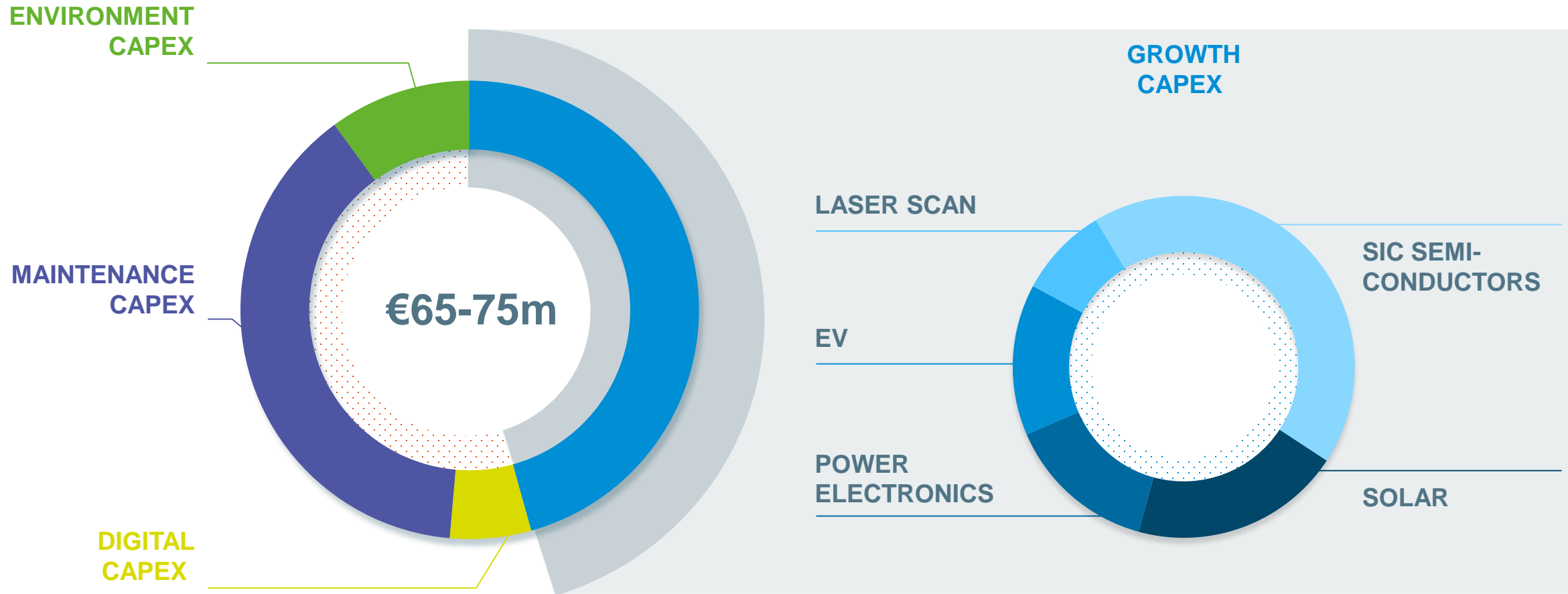
Progress made in
Electric Vehicle



**GROWTH POTENTIAL FOR THE MEDIUM TERM CONFIRMED
WITH 2019 GUIDANCE RAISED**

merseN

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



COLUMBIA MEETS SEVERAL STRATEGIC GOALS FOR MERSEN

LIMITED INITIAL INVESTMENT GIVEN THE QUALITY OF THE ASSETS



A gradual ramp up
in line with market
dynamics



**Access to complementary
isostatic graphite
production** capacity for a
much lower cost than
building a new factory

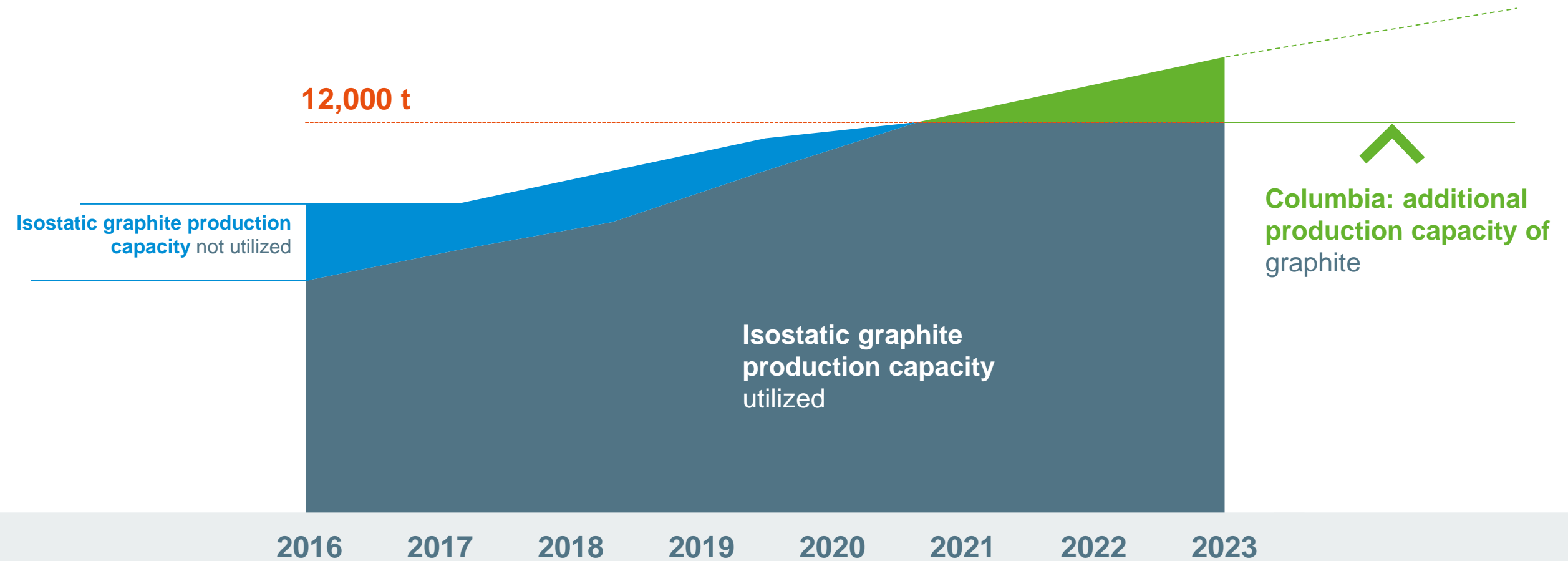


**Repatriation within the
Group of the production
of specialty extruded
graphite** which is currently
purchased from outside
suppliers and is used for
process industries, heat
exchangers and drill bits for
oil and gas



**Securing supply
and benefiting
from the associated
margins**

COLUMBIA: AN EXCELLENT OPPORTUNITY FOR MERSEN



COLUMBIA: A NEW INDUSTRIAL BASE FOR THE FUTURE



June 28, 2019

End of 2019

End of 2020

End of 2021

Commissioning

Production start

Closing
Cash-out 7 MUSD

CAPEX

€5m

~€10-15m

.....

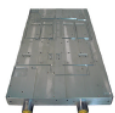


Decision
for additional capex

FURTHER PROGRESS IN EV

FOR HEAVY VEHICLES

Power conversion



Cooling devices

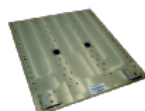


Bus bars

Battery management



Fuses



Cooling devices



Bus bars

Battery protection



Fuses

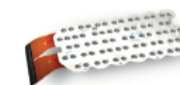


FOR HIGH-END PASSENGER CARS

Battery management



Fuses



Bus bars

Battery protection



DC hybrid Protection

Selected by a leading manufacturer



Fuses



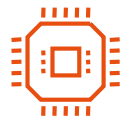
MARKET ENVIRONMENT



NO CHANGE IN THE MID-TERM MARKET PERSPECTIVES



Renewable energies



Semi-conductors



Electric Vehicles

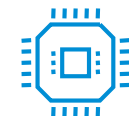
H2 2019



Expected recovery in the solar market



Lower growth in chemicals (strong H1)



Limited growth in SiC semicon (full production capacity) that does not offset slowdown in Si semicon

2019 OUTLOOK: FY GUIDANCE RAISED

**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

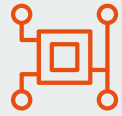
* Excluding foreign change and scope effects

UNTAPPED MID-TERM GROWTH POTENTIAL

GROWING MARKETS



Renewables



Electronics



**EV and
Aeronautics**

EXCELLENCE PROGRAM



Commercial efficiency

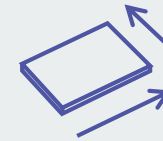
Competitiveness

Innovation

STRENGTHS



Leader:
#1 or #2
in our markets



> 65%
customized
products



Expertise:
high barriers
to entry

GLOBAL OPERATIONS



Customer proximity

Access to local markets

APPENDIX

■ IFRS 16 IMPACT

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	