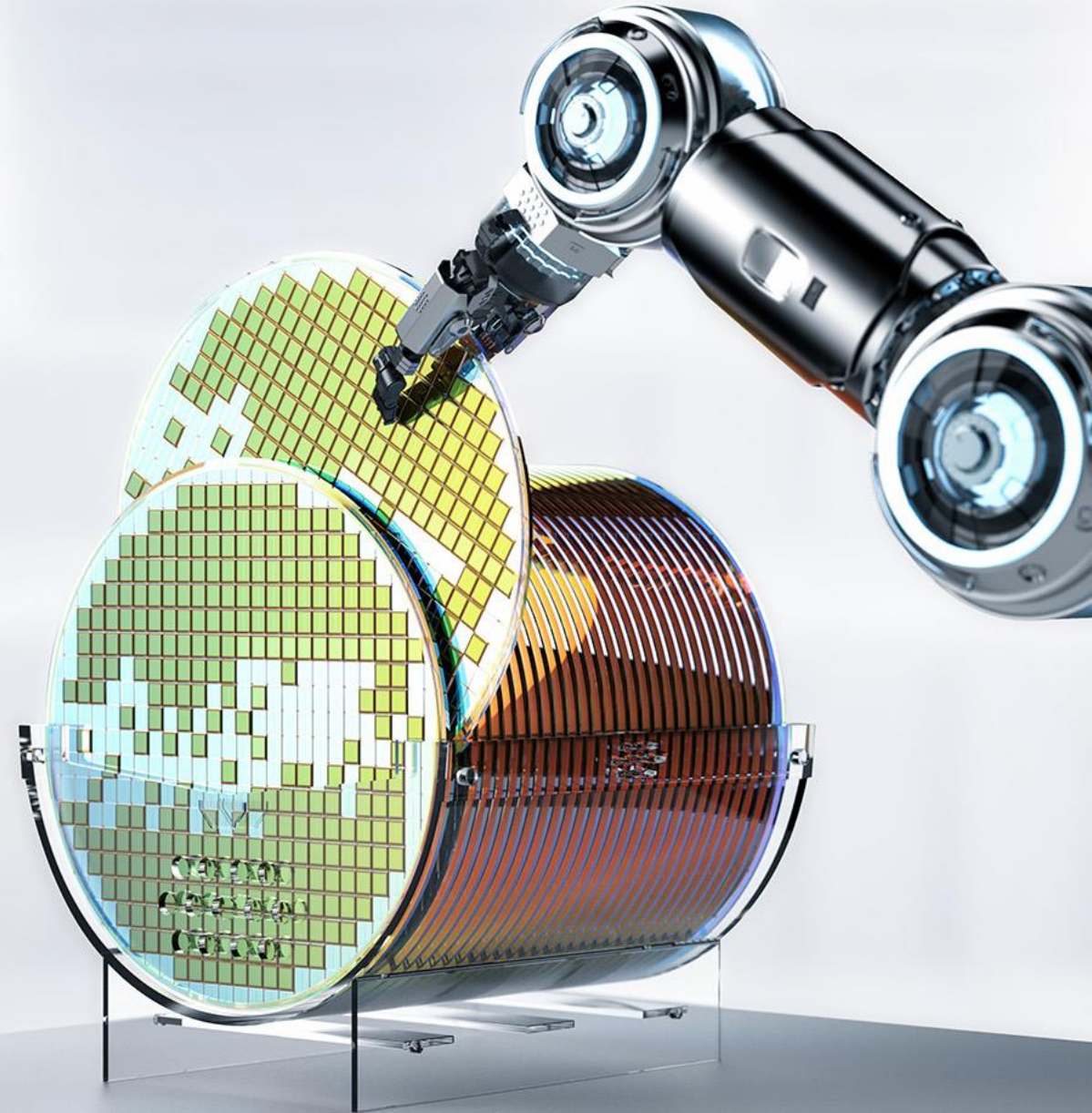


# 2022 Full-Year Results

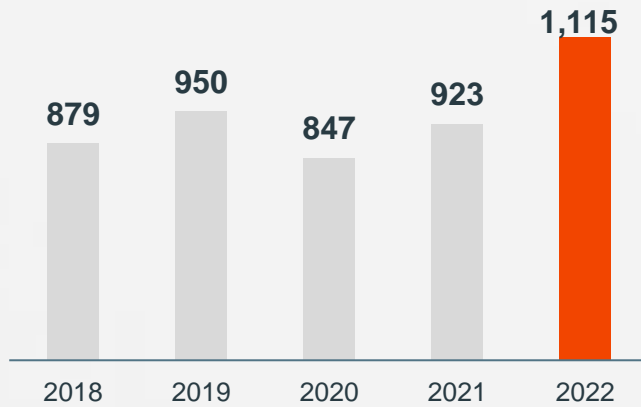
MARCH 15, 2023

**MERSEN**

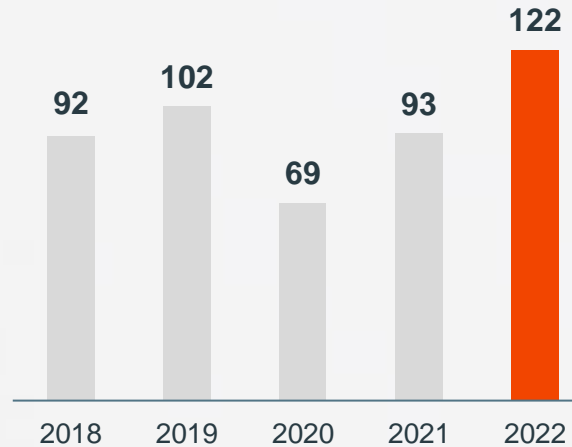


# 2022, a record year for the Group

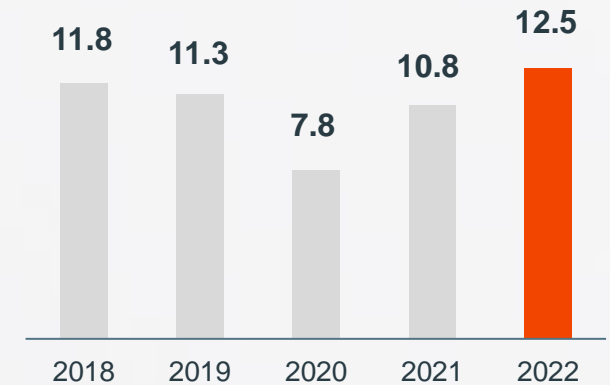
Sales (€m)



Operating income before non-recurring items (€m)



ROCE (%)

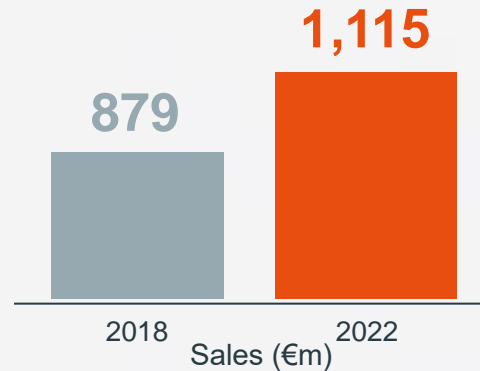


AND A GROWING COMMITMENT TO CSR THAT HAS GAINED INCREASED RECOGNITION



# Judicious strategic choices driving the entire Group forward

  
GEOGRAPHIES



 **+€236m**

  
MARKETS

 **+€106m**

North America  
CAGR18-22: +8%

 **+€60m**

Europe  
CAGR18-22: +5%

 **+€70m**

Asia-Pacific  
CAGR 18-22: +6%

 **+€105m**

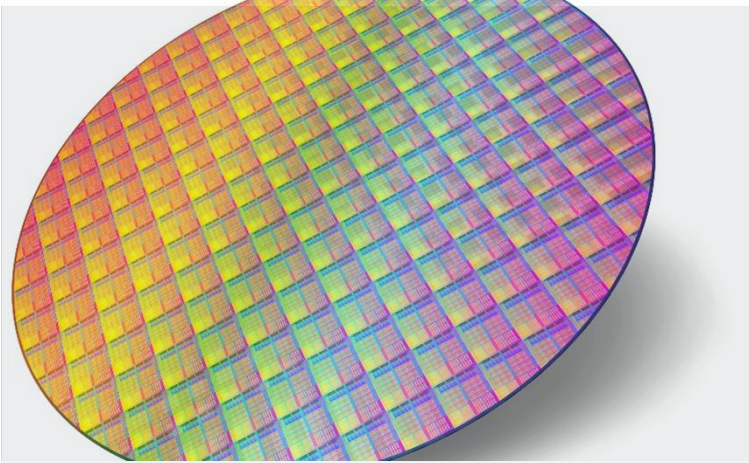
4 buoyant markets\*  
CAGR 18-22: +12%

 **+€131m**

Other markets  
CAGR 18-22: +4%

\* Renewable energies, Si and SiC semiconductors, EVs

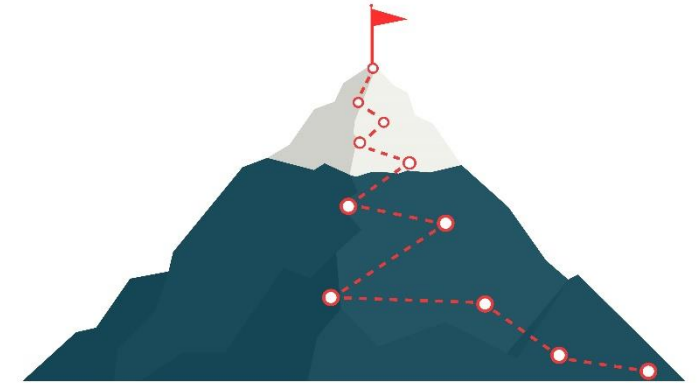
# Solid foundations for a new dimension



Smart  
**STRATEGIC  
POSITIONING**  
in buoyant markets



**MAJOR CONTRACTS**  
to accelerate Mersen's  
positioning in energy  
transition markets

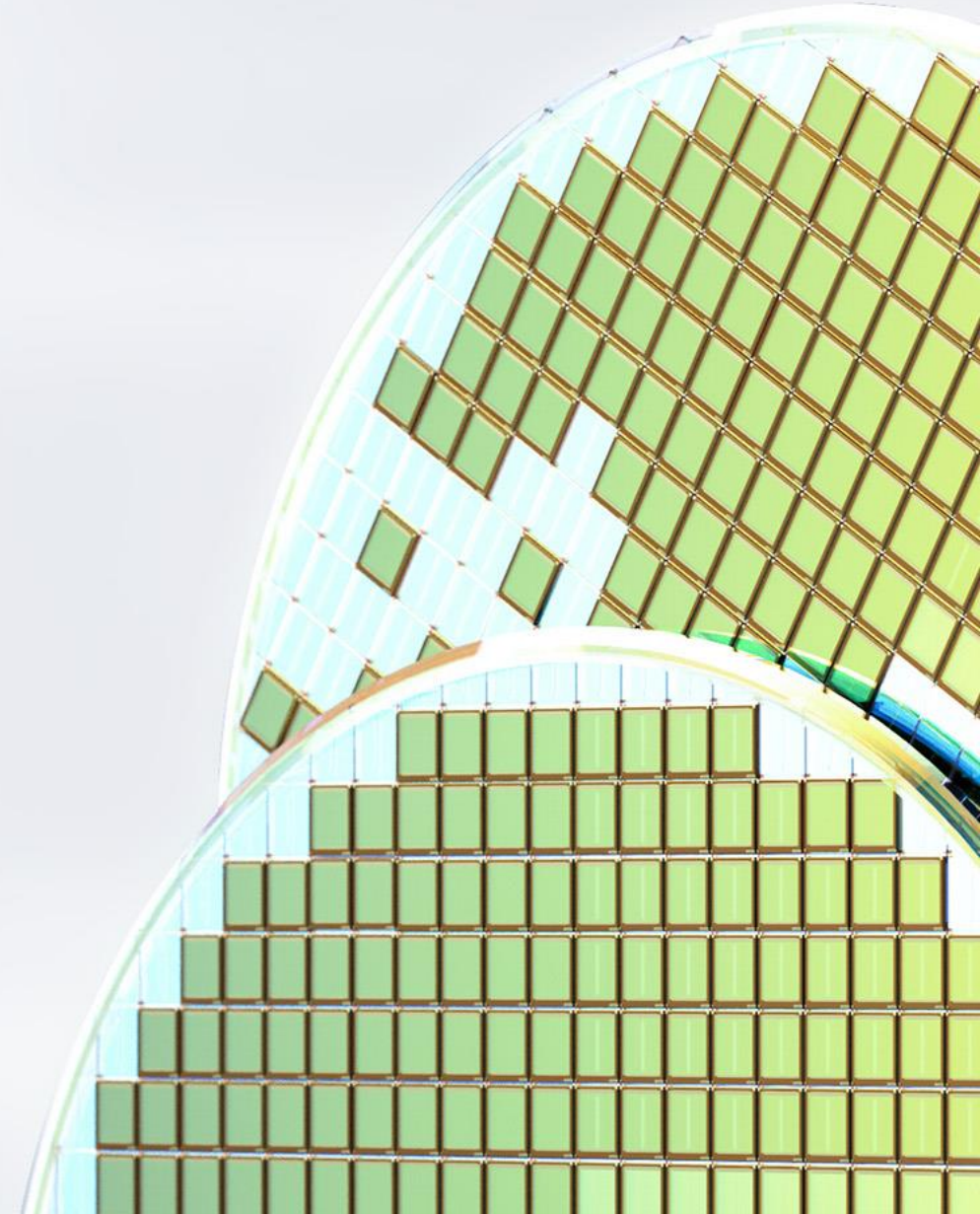


**NEW AMBITIONS**  
for 2023 and  
beyond



# 2022 FINANCIAL RESULTS

THOMAS BAUMGARTNER



# Dynamic growth in all markets, particularly **semiconductors, electric vehicles and solar**

 **Chemicals**

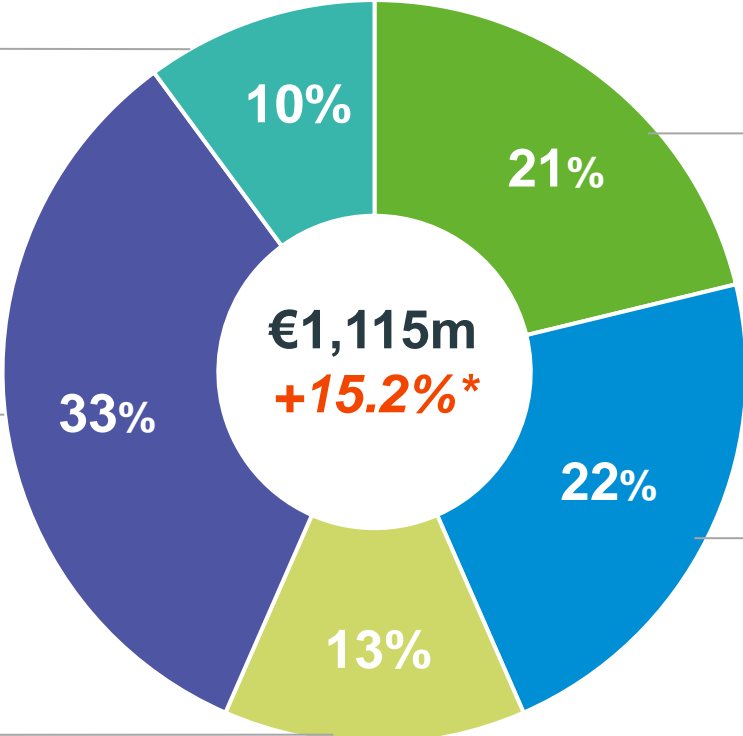
+

 **Process industries**

++

 **Transportation**


Rail   
 Aeronautics   
 EV 



 **Energies**

Solar   
 Wind 

 **Electronics**

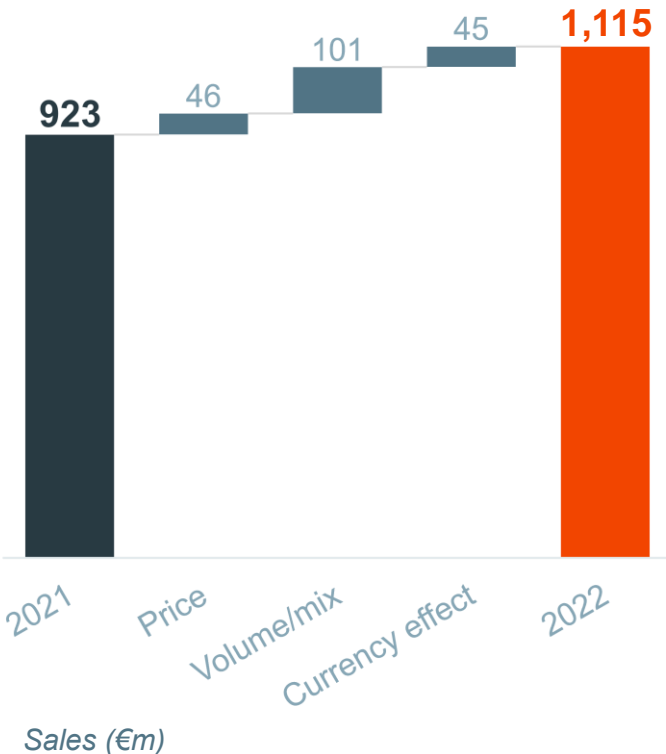
SiC semiconductors   
 Si semiconductors 

*Organic growth – 2022 vs. 2021*  
 +++ >+20%  
 ++ +15%; +20%  
 + +10%

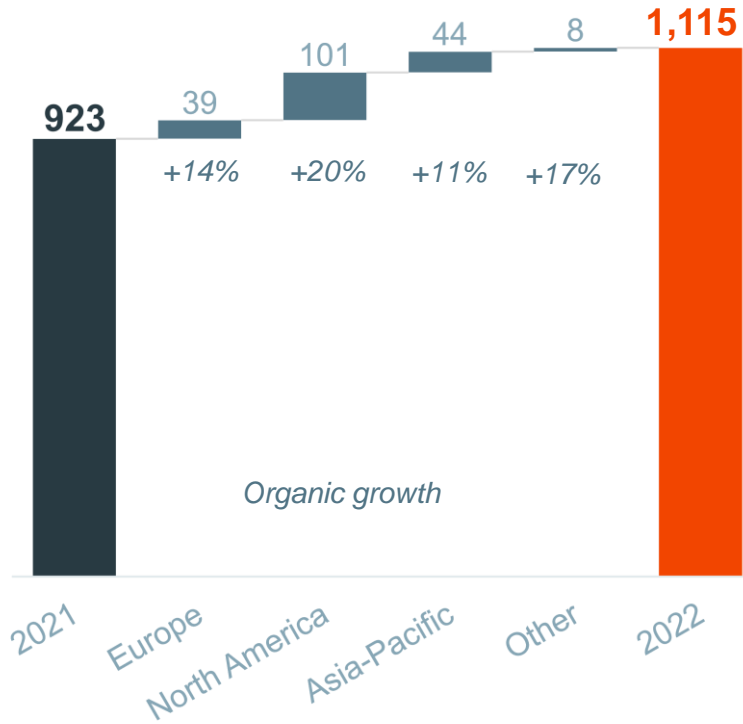
\* Organic growth - 2022 vs 2021

# Balanced sales growth

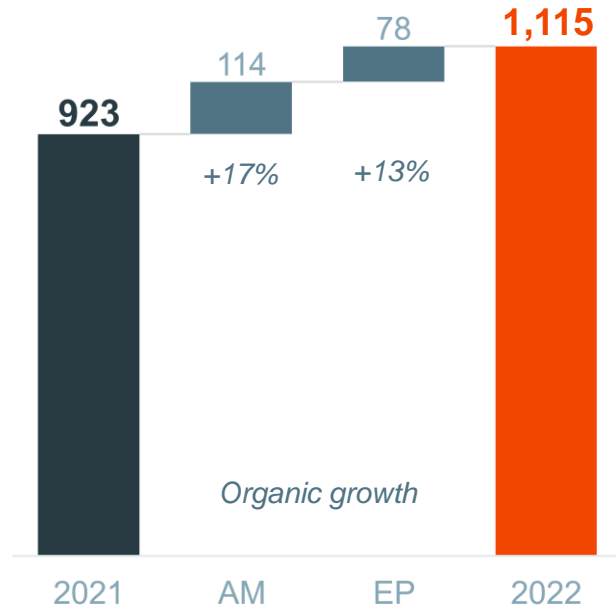
Price/volume change



Change by geographical area



Change by segment



# Strong growth in profitability

(€m)	2021	2022	
<b>EBITDA before non-recurring items</b>	<b>148.8</b>	<b>186.4</b>	<b>+25%</b>
<i>Recurring EBITDA margin</i>	16.1%	16.7%	
<b>Depreciation and amortization</b>	<b>(56.2)</b>	<b>(64.8)</b>	
<b>Operating income before non-recurring items</b>	<b>92.6</b>	<b>121.6</b>	<b>+31%</b>
<i>Operating margin before non-recurring items</i>	10.0%	10.9%	

- Increase in depreciation and amortization due to the major investment program since 2018



# Strong pricing power and ability to pass on inflation

		(% points)
<b>2021 operating margin before non-recurring items</b>		<b>10.0%</b>
Volume/mix effect		+3.1
<b>Price effect</b>		<b>+3.7</b>
<b>Raw material/energy inflation</b>		<b>-2.3</b>
<b>Productivity gains</b>		<b>+0.9</b>
<b>Wage inflation</b>		<b>-2.2</b>
Columbia start-up, EV team		-1.4
Depreciation and amortization		-0.5
Other (including currency effect)		-0.4
<b>2022 operating margin before non-recurring items</b>		<b>10.9%</b>

	<b>+0.1</b>	High-tech customized products with limited cost versus total cost
		Operational excellence, purchasing optimization
		+5% on average over the year

# Net income up by a sharp 27%

(€m)	2021	2022
<b>Operating income before non-recurring items</b>	<b>92.6</b>	<b>121.6</b>
Non-recurring income and expenses	(4.9)	(11.4)
Net financial expense	(10.7)	(12.9)
Income tax	(18.6)	(23.0)
<b>Net income</b>	<b>58.4</b>	<b>74.3</b>
Attributable to Mersen shareholders	54.4	67.7

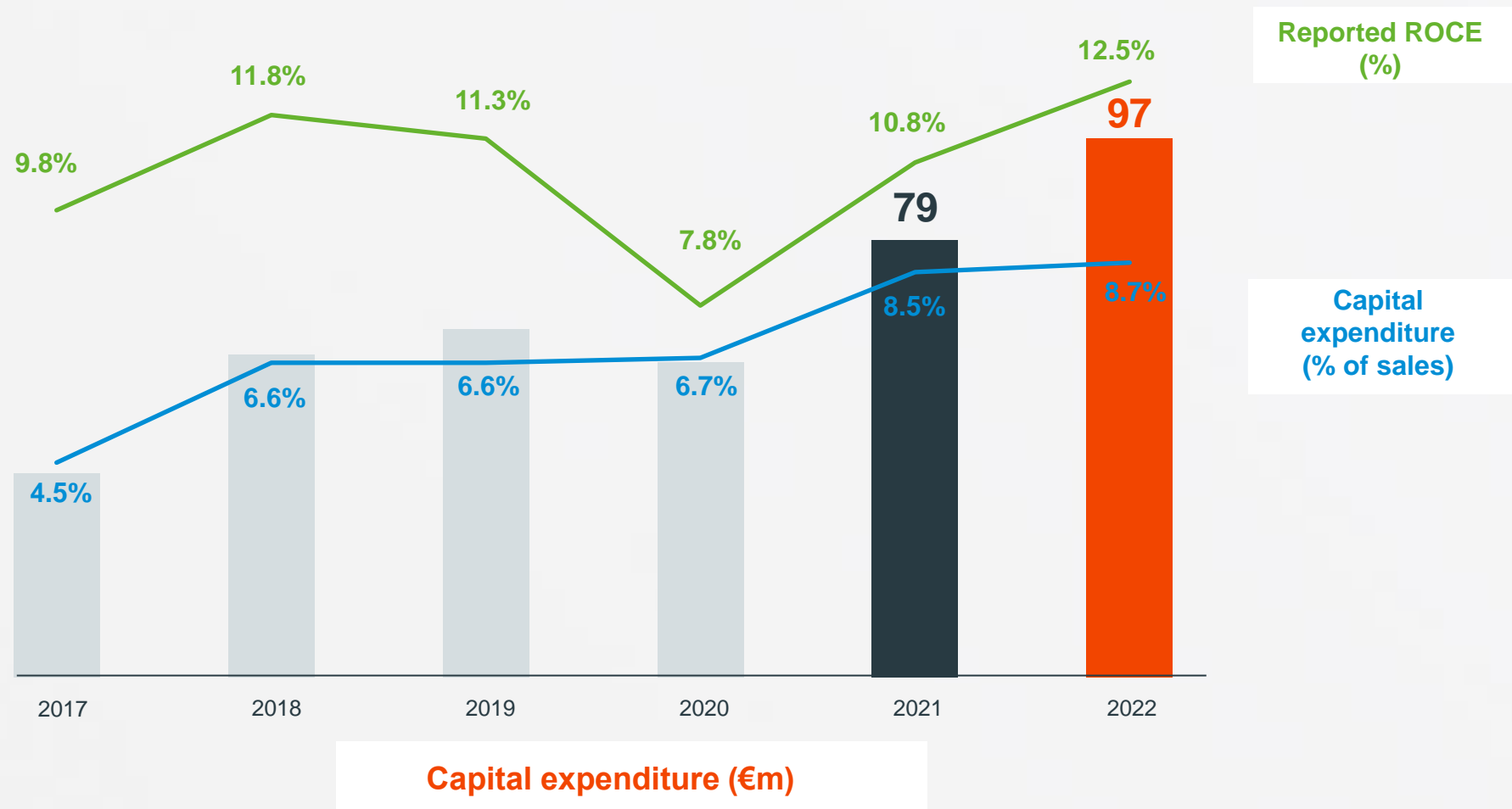
- Non-recurring income and expenses: mainly non-cash ACE goodwill impairment (chemicals market) due to the increase in WACC to 8.3%
- Effective tax rate of 24% (21% excluding the impact of goodwill impairment)

# Operating cash flow impacted by a higher working capital requirement

(€m)	2021	2022
<b>Operating cash flow before change in WCR</b>	<b>138.4</b>	<b>180.8</b>
Change in WCR	(5.9)	(63.2)
<i>o/w change in inventories</i>	(24.7)	(69.7)
Income tax paid	(15.7)	(12.1)
<b>Operating cash flow</b>	<b>116.8</b>	<b>105.5</b>

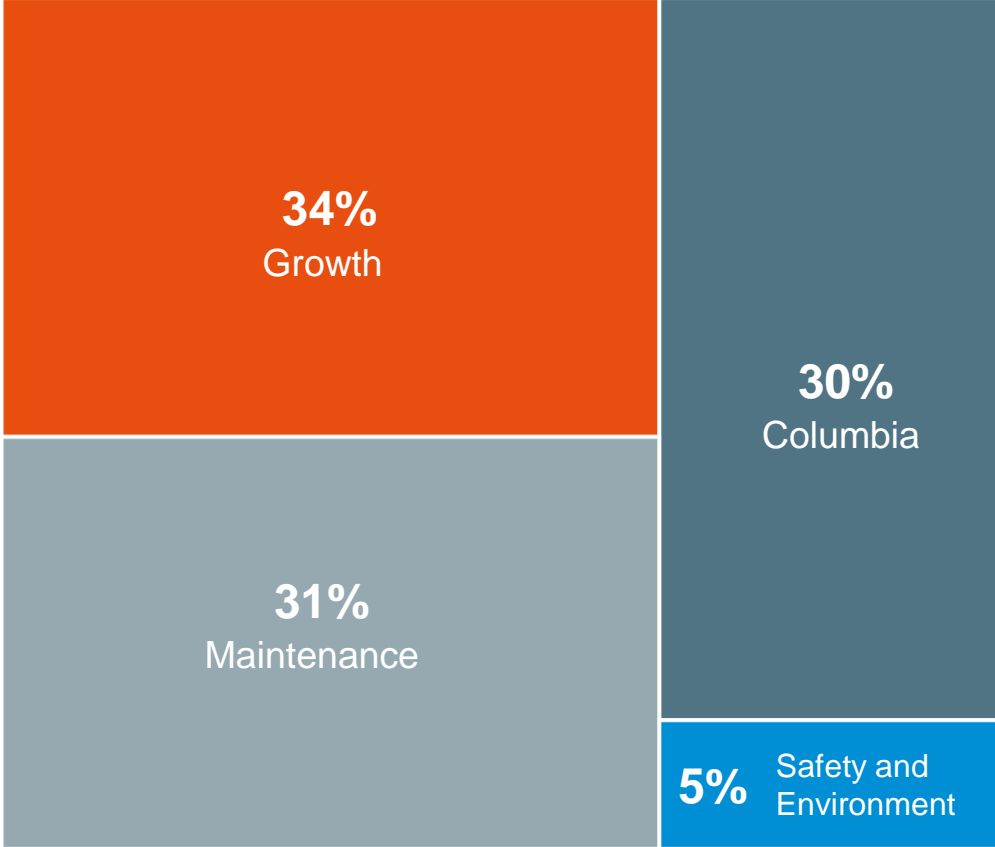
- Rise in inventories due to demand, industrial projects (Columbia) and increased buffer inventory
- WCR ratio: 20.7% (vs 19.4% in 2021)
- Income tax paid down sharply, as the Group benefited from accelerated tax depreciation in the United States linked to investments made at its Columbia site.

# ROCE up despite increased capex to anticipate future growth



# Key investments in 2022

€97m



South Korea plant

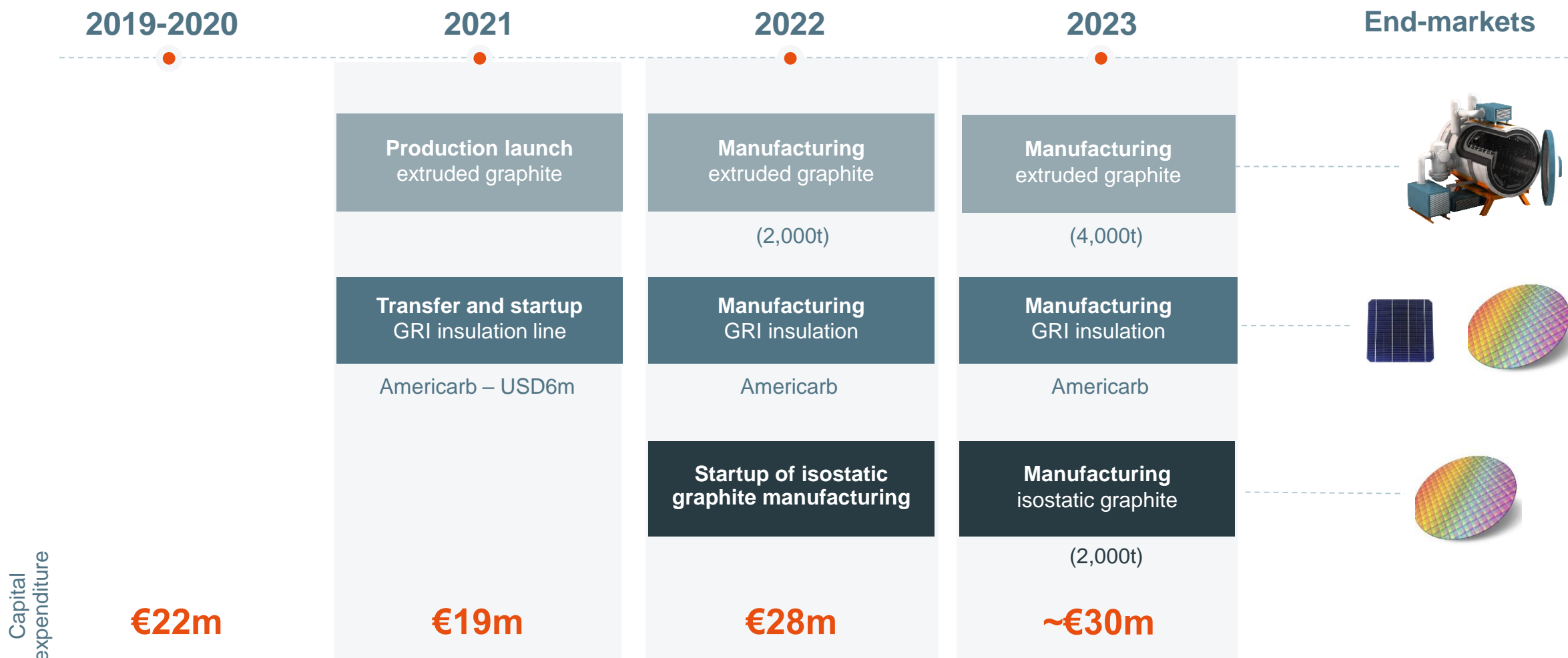


New Thermal Treatment project in Amiens



Columbia plant (USA)

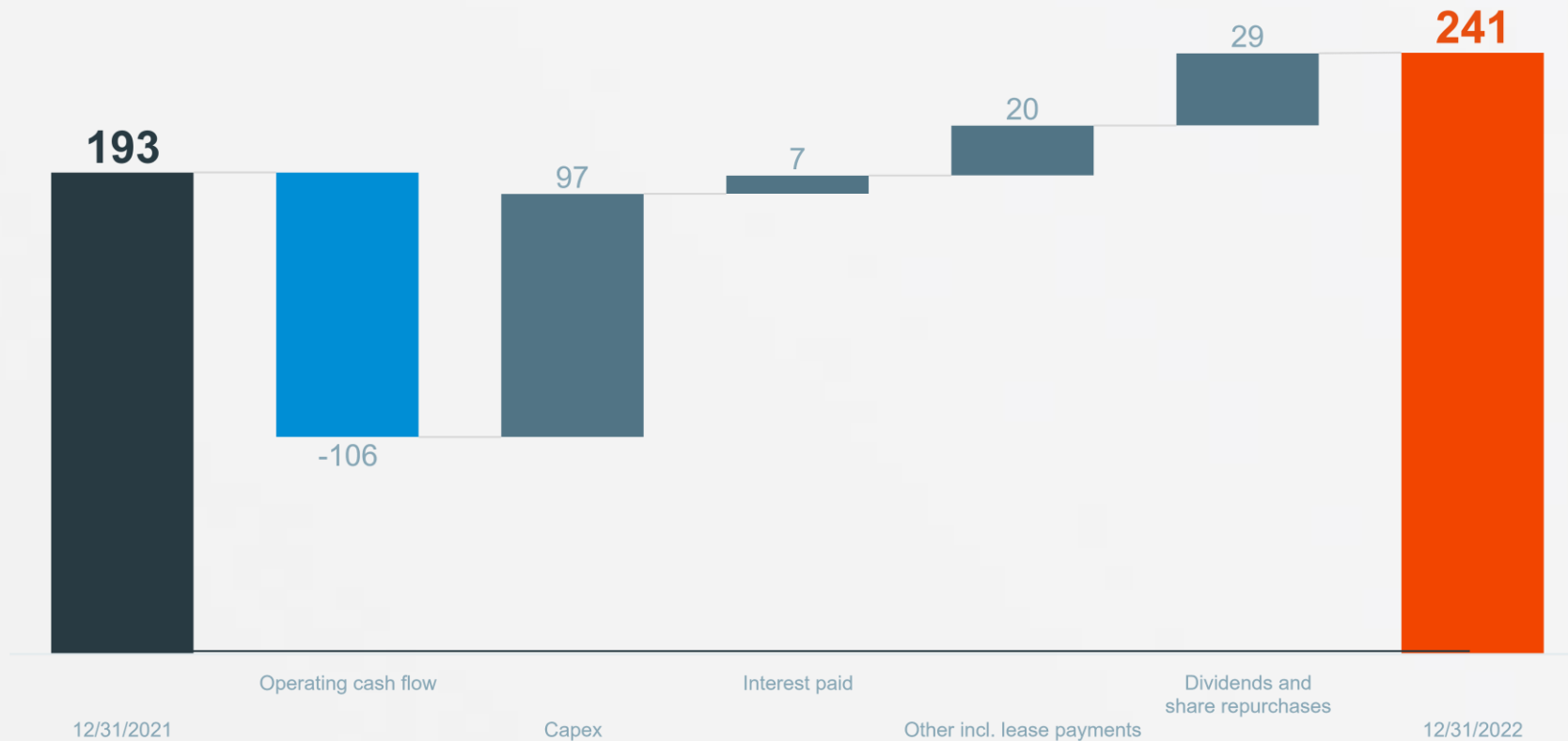
# Columbia, a strategic plant for our markets, especially SiC semiconductors





# Solid, well-controlled leverage

Net debt (€m)



**Leverage: 1.36x**  
(1.42x in 2021)

Does not include lease liabilities

**€55m**

(vs. €53m at Dec. 31, 2021)

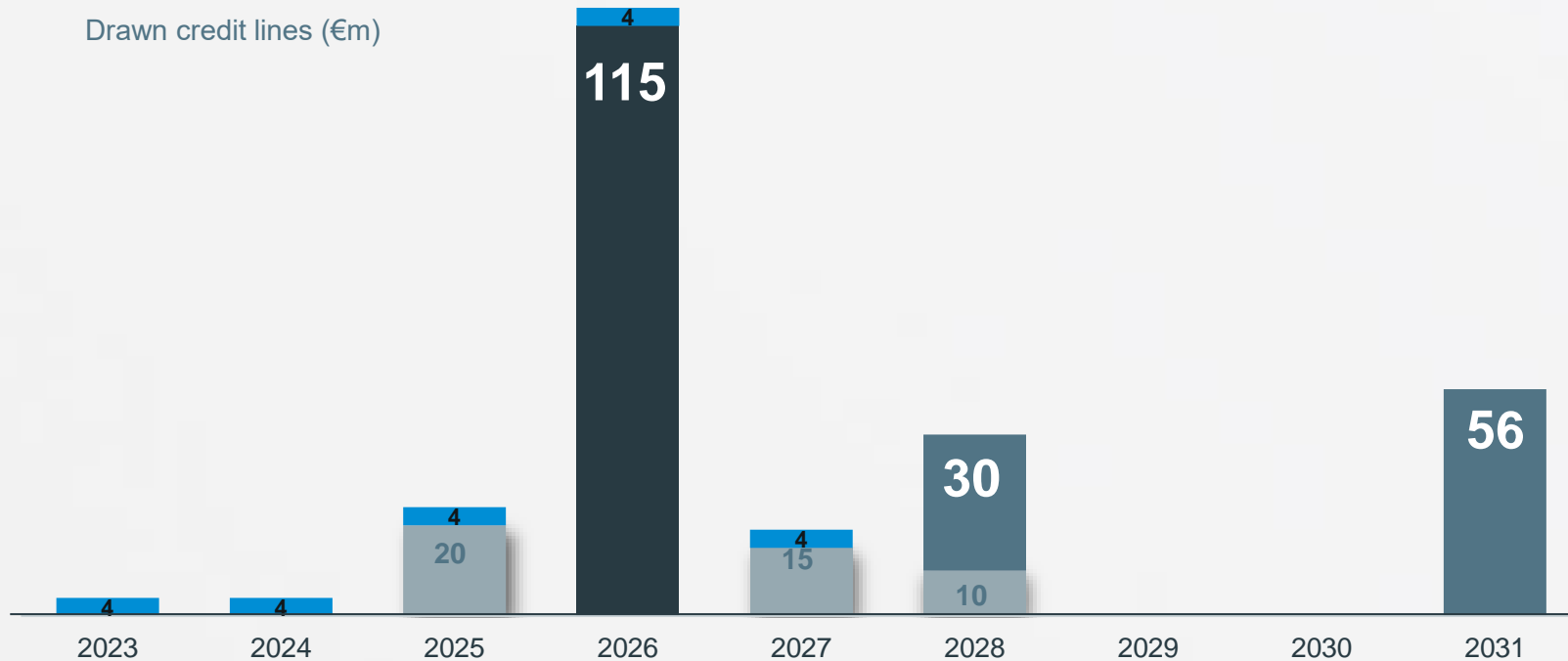
and pension obligations

**€39m**

(vs. €49m at Dec. 31, 2021)

# No significant refinancing before 2026

Drawn credit lines (€m)



\* Calculated based on the use of committed credit lines.  
NEU MTN: Negotiable European Medium-Term Note

● USPP ● Schuldschein ● NEU MTN ● BPI

## UNDRAWN COMMITTED CREDIT LINES

(€m) DECEMBER 31, 2022

**~€265m**

**~€60m**

Available cash

**Maturity  
~5 years\***

**Fixed rate  
~66% of gross debt**

# Corporate social responsibility in all areas

## Roadmap

### Responsible partner:

ensure responsible purchasing, by obtaining a self-assessment of our suppliers and then monitoring improvement plans

**100%** of CSR self-assessments completed

### Limiting our environmental impact:

reduce CO<sub>2</sub> emissions intensity, recycle waste, reduce water consumption

**-38%** GHG emissions intensity vs. 2018

### Developing human capital:

promote equal opportunity, diversity, a social responsibility policy for all and well-being and safety at work

**25.3%** of women engineers and managers

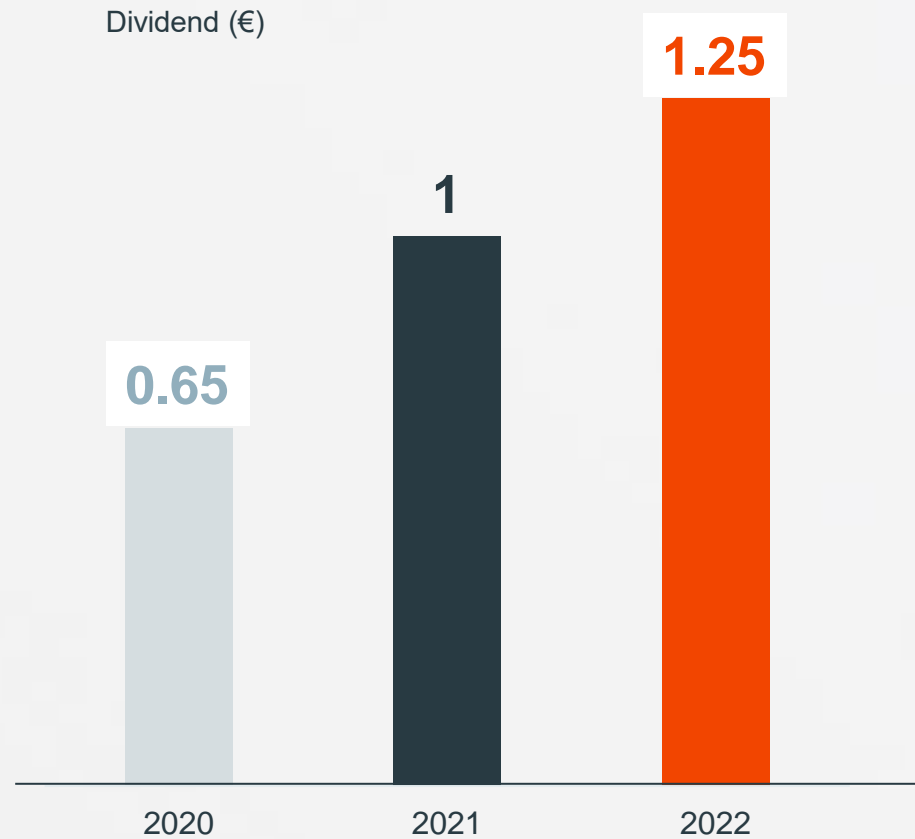
### Promoting an ethics and compliance culture:

develop training in ethics and cybersecurity

**>90%** targeted employees trained

**91% of employees proud to work at Mersen (2022 survey)**

# 25% increase in shareholder return



**Payout\* 33%**

In line with the Group's dividend policy (30% to 40% payout)

\* Dividend per share / Attributable net income adjusted for goodwill impairment

# 2023 objectives



## SALES

Organic growth  
of between  
**5% and 10%**

- Strong growth in SiC semiconductors market
- Voluntarily moderate growth in the solar market
- Growth in the EV market
- Growth in process industries linked to the economic environment



## OPERATING MARGIN BEFORE NON-RECURRING ITEMS

Between  
**10.5% and 11%**  
of sales

- Wage and energy inflation partially offset by price increases
- Additional resources for EV
- Increase in depreciation and amortization



## CAPITAL EXPENDITURE

Between  
**€150m and €200m**

- As part of the 2027 medium-term plan:
  - Columbia (USA)
  - Automated workshop in St Bonnet (France),
  - New equipment for the SiC market (France, USA)

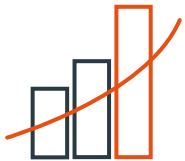


# A NEW DIMENSION

LUC THEMELIN



# Why “a new dimension”?



## 2022

good results thanks to  
judicious strategic  
choices



**56%** of sales  
generated in  
sustainable  
development markets

Sharp acceleration in  
**4 buoyant markets\***  
representing **27% of  
2022 sales**

\* Renewable energies, Si and SiC semiconductors, EVs



**Ahead of  
plan** on our  
2022-2025  
roadmap



**New  
objectives for  
2027**

# Mersen is ideally positioned to capture growth in the EV market, both upstream and downstream

## MATERIALS EXPERTISE

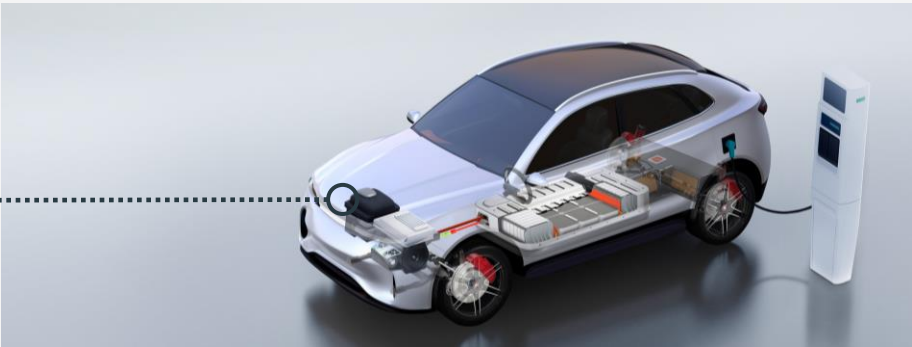


SiC wafer



SiC power semiconductor

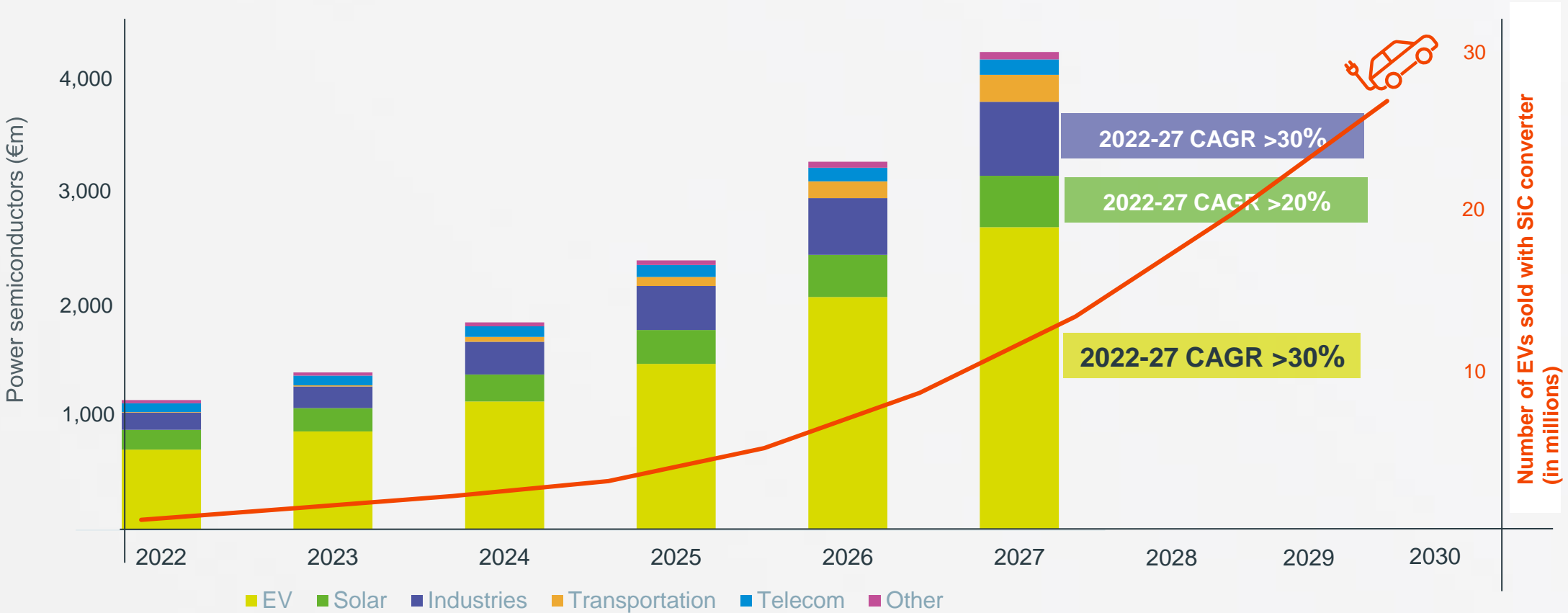
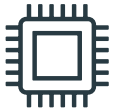
## ELECTRICAL EXPERTISE



Electric vehicles



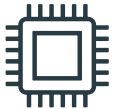
# SiC power semiconductors: ramp-up thanks to electric vehicles



Source SiC semicon: YOLE Research, Compound Monitor Q3, 2021  
 Source EV: Exawatt

Note: Industries include UPS, speed drives, industrial power supplies, LIDAR and EV charging stations

# Mersen's unique position in the complex manufacturing process for SiC – PVT process

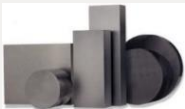


2022 sales  
**€52m**

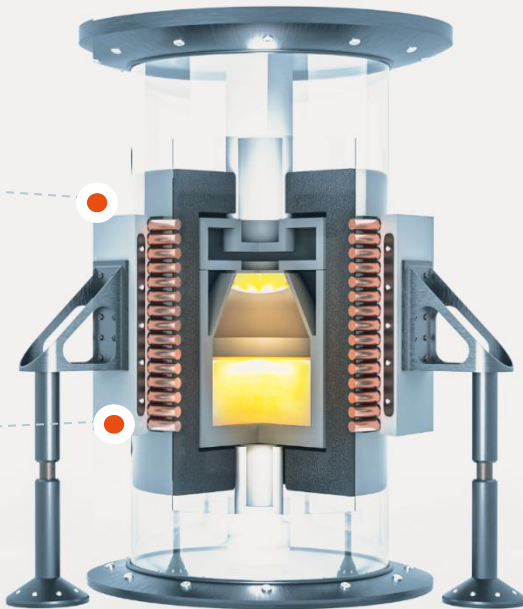
SILICON INGOT SUBLIMATION



**INSULATION FELT**  
 (flexible or rigid)



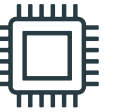
**PURIFIED ISOSTATIC**  
 (crucibles, guides, etc.)



POWER SEMICONDUCTORS



# A major contract with Wolfspeed to accelerate the energy transition



Leader in SiC technologies, a longstanding partner of Mersen



Major investments in progress (USA, Germany)



Agreements with EV players: BorgWarner, ZF, Mercedes Benz, Jaguar Land Rover ...

Sales potential over 5 years

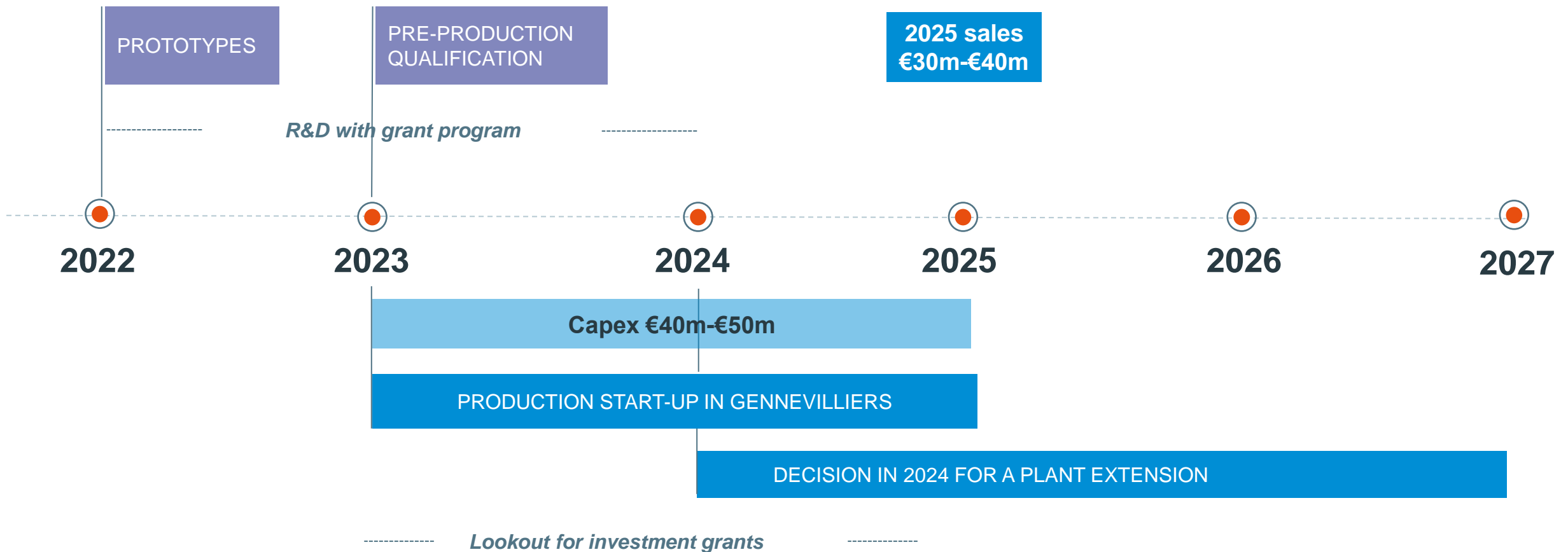
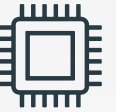
**USD400m**

Capital expenditure (2023-2025)

**USD120m**

Creation of **200 jobs** mainly in the United States

# Partnership with Soitec: another technology serving the SiC power semiconductor market

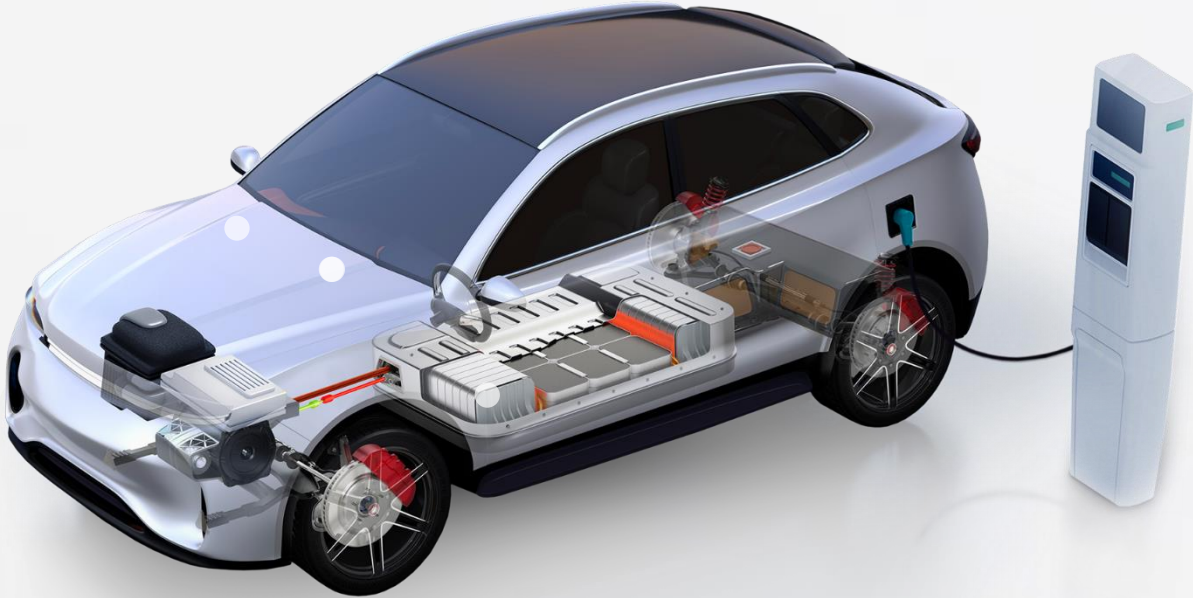




# Mersen's electric vehicle offering



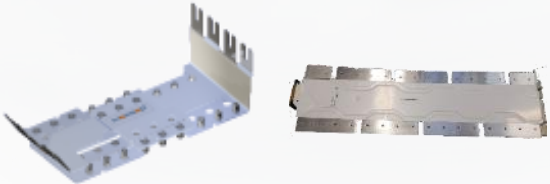
Mersen sales potential per car  
**€15-€300**



Mersen 2022 sales  
**€20m**

**2** PRODUCT LINES

Busbars



Fuses



# Mersen focused on the high-tech EV market



Source: based on a Yole Development study

## TARGET MARKET

- About 20% of the world market
- Selection by country and vehicle type

## PRODUCTION FACILITIES

- 3 fuse production units qualified (or in progress): Mexico, China, Hungary
- 2 busbars production units qualified (or in progress): France

## CUSTOMERS



**AND A DEDICATED TEAM (100 PEOPLE)**

# ACC contract: first major contract with a battery manufacturer



Location of the future Gigafactory in Douvrain (France)



Smart laminated busbars for ACC modules

Sales potential over 7 years

**€200m**

Investments for a dedicated workshop in St Bonnet (France) 2023-2024

**€15m-€20m**

# Two other growth markets

## Silicon semiconductors

Investments ongoing (e.g., TSMC, Samsung, Intel, SMIC, SKhynix)

Mersen positioned on the most sophisticated stages of the manufacturing process (ALD, Ion implant)



2022 sales

**€60m**

## Solar

Voluntarily limited production capacity in China  
*Ongoing:* recently announced investments in the United States and India

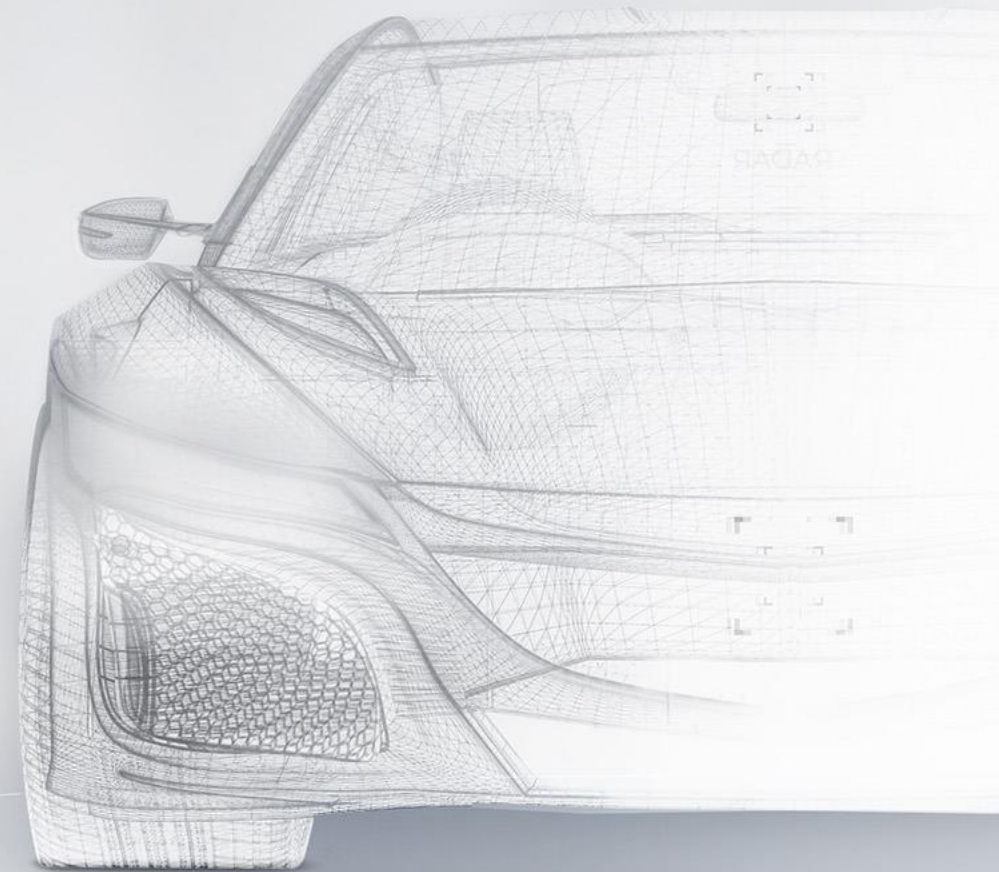


2022 sales

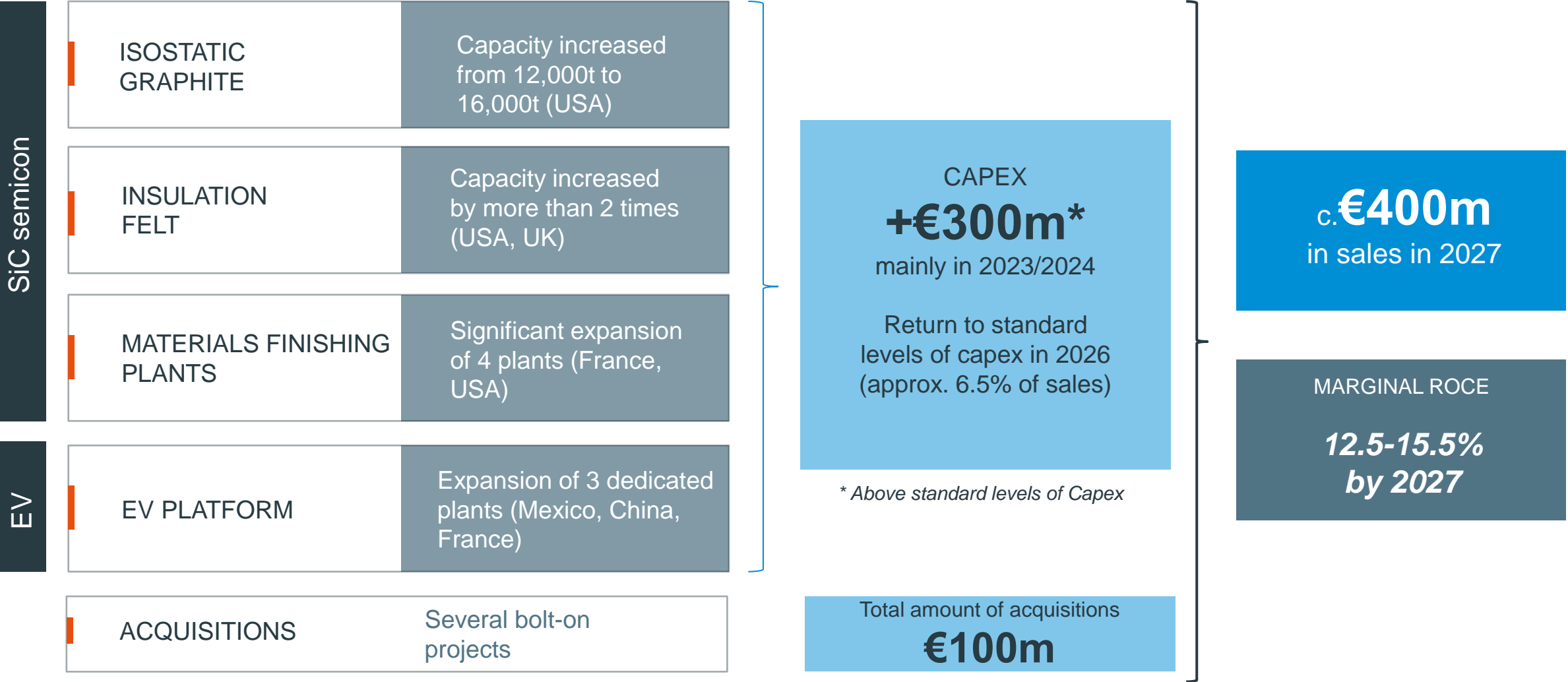
**€101m**

# MEDIUM-TERM OUTLOOK

LUC THEMELIN

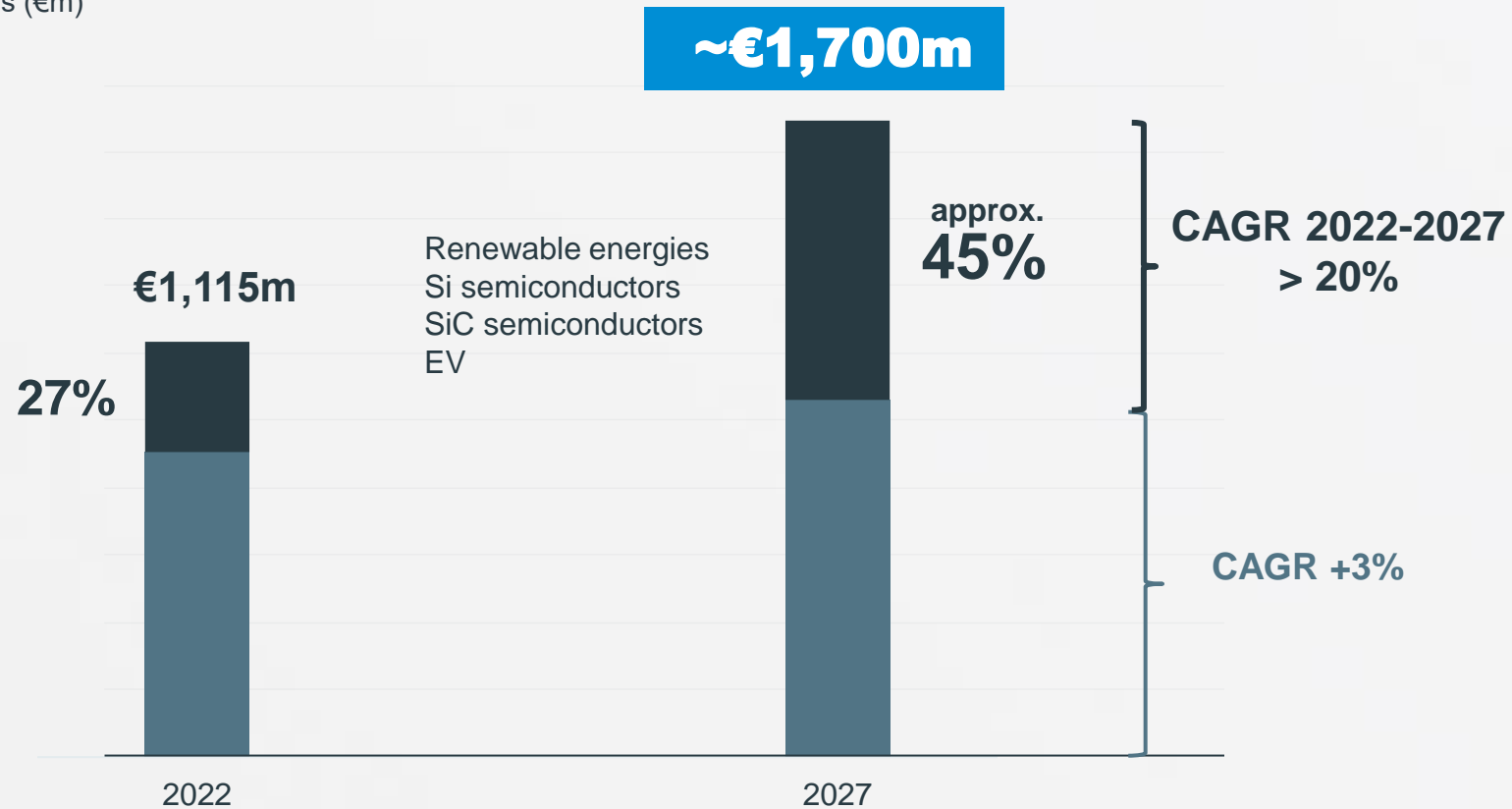


# An investment plan to support this strong growth



# 2027: a new dimension

Sales (€m)



By 2027

OPERATING MARGIN BEFORE  
NON-RECURRING ITEMS

**12% ±50pts**

RECURRING EBITDA MARGIN

**19% ±50pts**

ROCE

**13% ±50pts**



# A new dimension

## A **controlled** acceleration...

**+ In high tech segments**

**+ To serve energy transition markets**

**... by drawing on the Group's strengths:**  
international presence, leadership, expertise, close relationships with customers



# APPENDIX



# Mersen's markets

	END MARKETS	SUSTAINABLE DEVELOPMENT MARKETS	GROWING MARKETS
<b>Energy</b>	Renewables energies (solar, wind, hydro), Conventional énergies, Energy storage	Renewables energies (solar, wind, hydro), Energy storage	Renewables energies (solar, wind, hydro),
<b>Electronics</b>	SiC Semiconductors, Si Semiconductors, Power Electronics	SiC Semiconductors, Si Semiconductors, Power Electronics	SiC Semiconductors, Si Semiconductors
<b>Transportation</b>	Rail, Aeronautics, Electric Vehicles (EV)	Rail, Electric Vehicles (EV)	Electric Vehicles (EV)
<b>Corrosive chemicals</b>	Chlore-alkali, API, Specialty chemicals	API	
<b>Process industries</b>	Heat treatment, Water treatment, Glass, Molding industries, Metallurgy, ....	Heat treatment, Water treatment,	
<b>In 2022</b>	<b>100%</b>	<b>56%</b>	<b>27%</b>