

Mersen Full-year 2010 results



2010: Mersen beats its objectives

- **Effective growth drivers**

- Alternative energies/Sustainable development
- Asia
- Acquisitions
- Innovation

- **Finely-tuned business model**

- EBITDA margin back close to its pre-crisis level: **15.4%**
- Operating margin before non-recurring items at **10.5%**
- ROCE up **4 points**

- **Structural improvement in cash generation**

- Structural decline in inventories
- Free cash flow up **6%**



Free cash flow from continuing operations: Operating cash flow-working capital requirement-tax paid-net capital expenditures

EBITDA: Operating income before non-recurring items plus depreciation and amortization

ROCE: IFRS operating income/average capital employed (net non-current assets including goodwill + working capital requirement) - including the payment of the fine to the European Union in 2010

Effective growth drivers

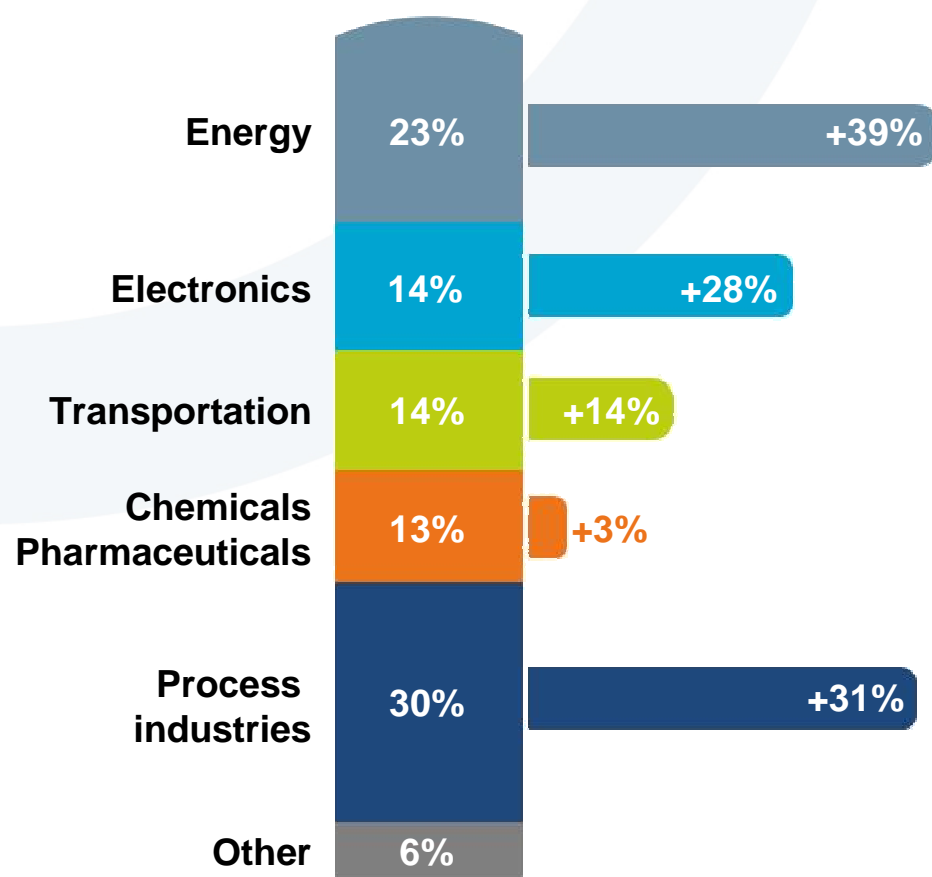
Expanding markets

- Analysis of sales by markets

**2010
Sales**

€741m

up 13%
like-for-like



- Dynamic performance in solar energy
- Rebound in semiconductor sales/Development of LEDs
- Impact of stimulus plans during the first half of 2010
- Cyclical effect (high 2009 basis effect)
- Restocking and recovery in process industries/Water treatment deal

Changes stated on a reported basis

Effective growth drivers

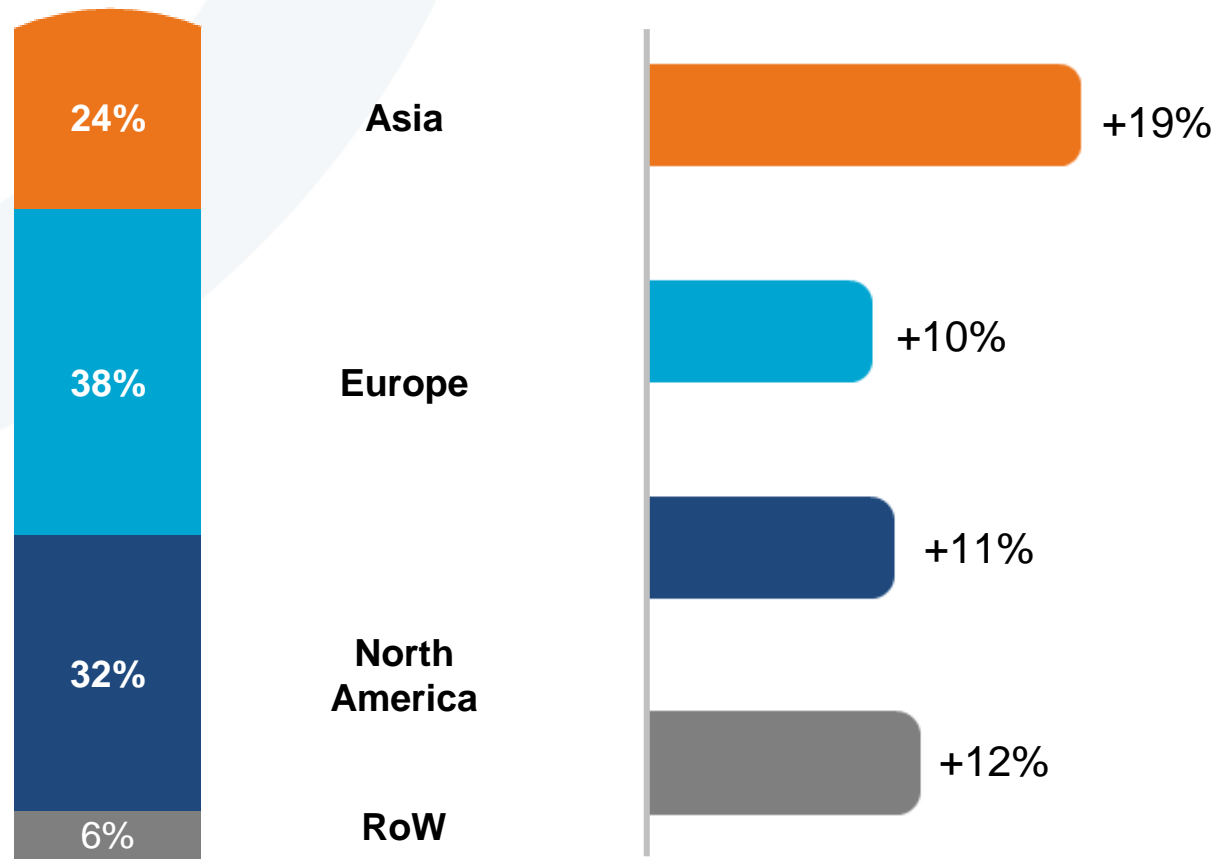
Strong growth in Asia

- Analysis of sales by geographical area

**2010
Sales**

€741m

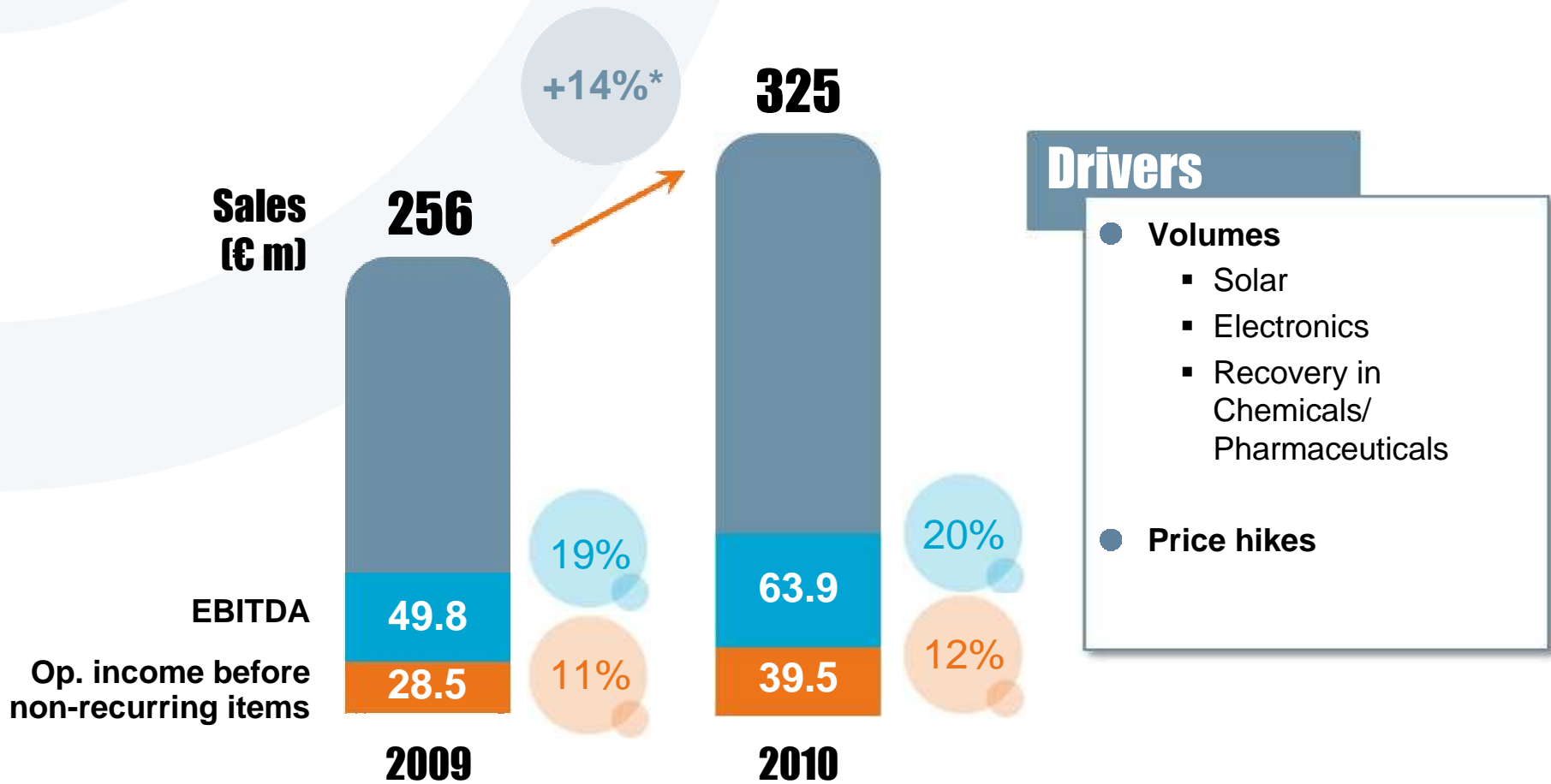
up 13%
like-for-like



Like-for-like change compared with 2009

Pertinent business model

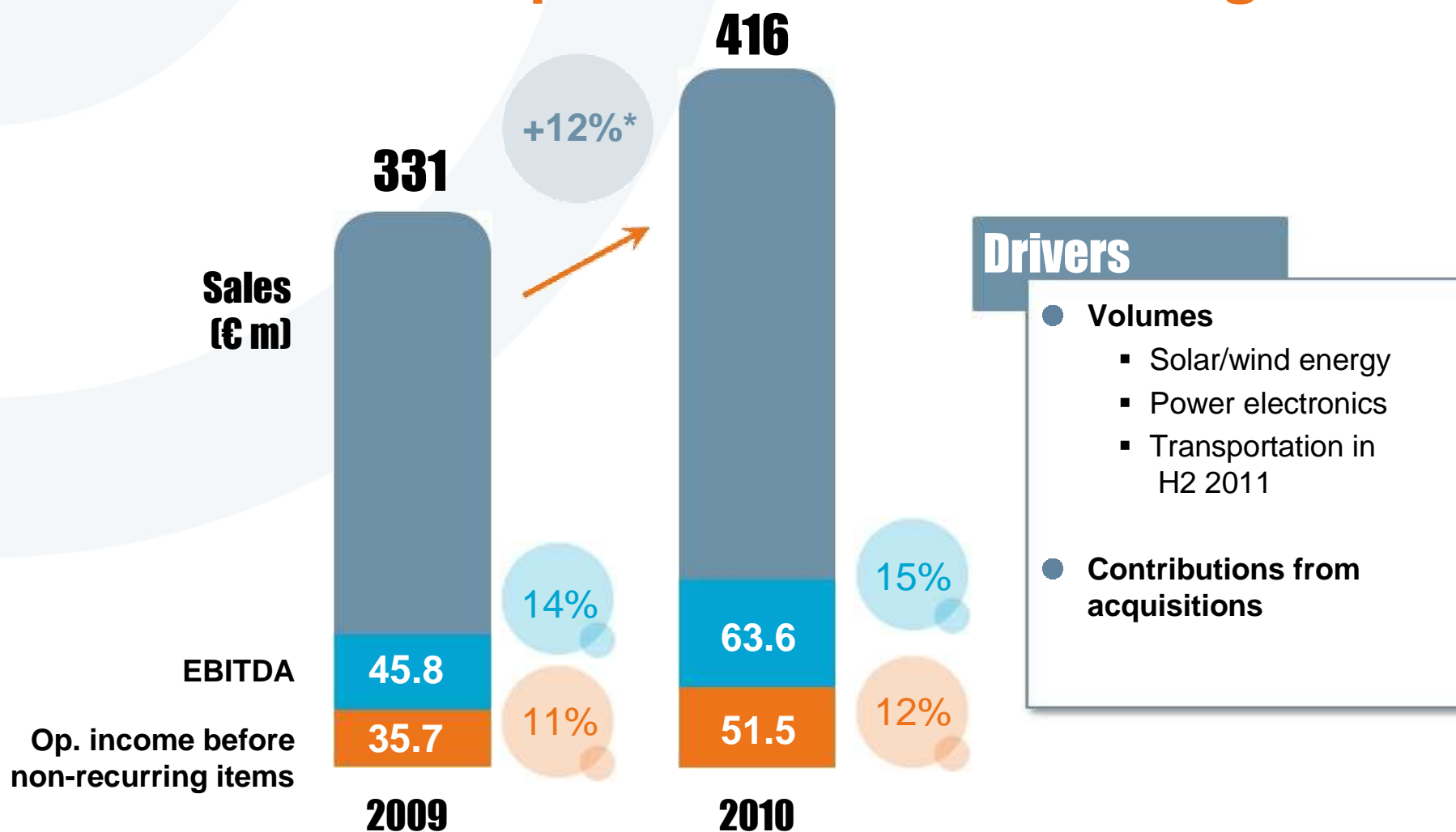
Advanced Materials and Technologies



*% change on a like-for-like basis

Pertinent business model

Electrical Components and Technologies

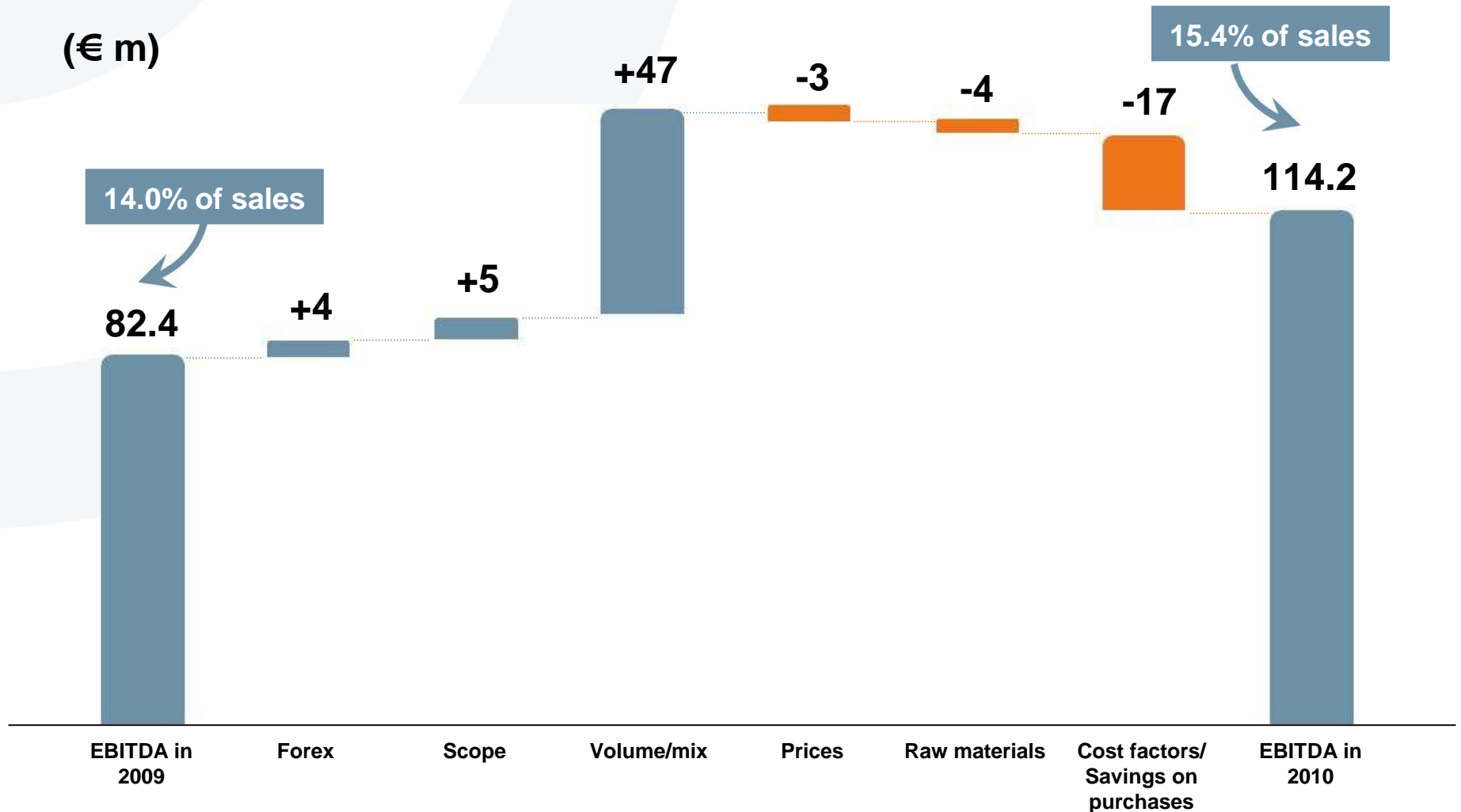


*% change on a like-for-like basis

Pertinent business model

Trend in 2010 EBITDA compared with 2009

(€ m)



EBITDA: Operating income before non-recurring items plus depreciation and amortization

Income statement

(€ m)	2009	2010
Sales	587	741
EBITDA*	82	114
<i>EBITDA/sales (%)</i>	<i>14%</i>	<i>15.4%</i>
Op. income before non-recurring items	51	78
<i>% of sales</i>	<i>8.7%</i>	<i>10.5%</i>
Non-recurring income and expense	(4)	(3)
Amortization of intangible assets	(1)	(1)
Operating income	46	74
Net finance income/(costs)	(10)	(11)
Current and deferred income tax	(10)	(20)
Net income from continuing operations	26	43
Net income from assets held for sale	(11)	(3)
Net income attributable to shareholders	15	40

*EBITDA: Operating income before non-recurring items plus depreciation and amortization

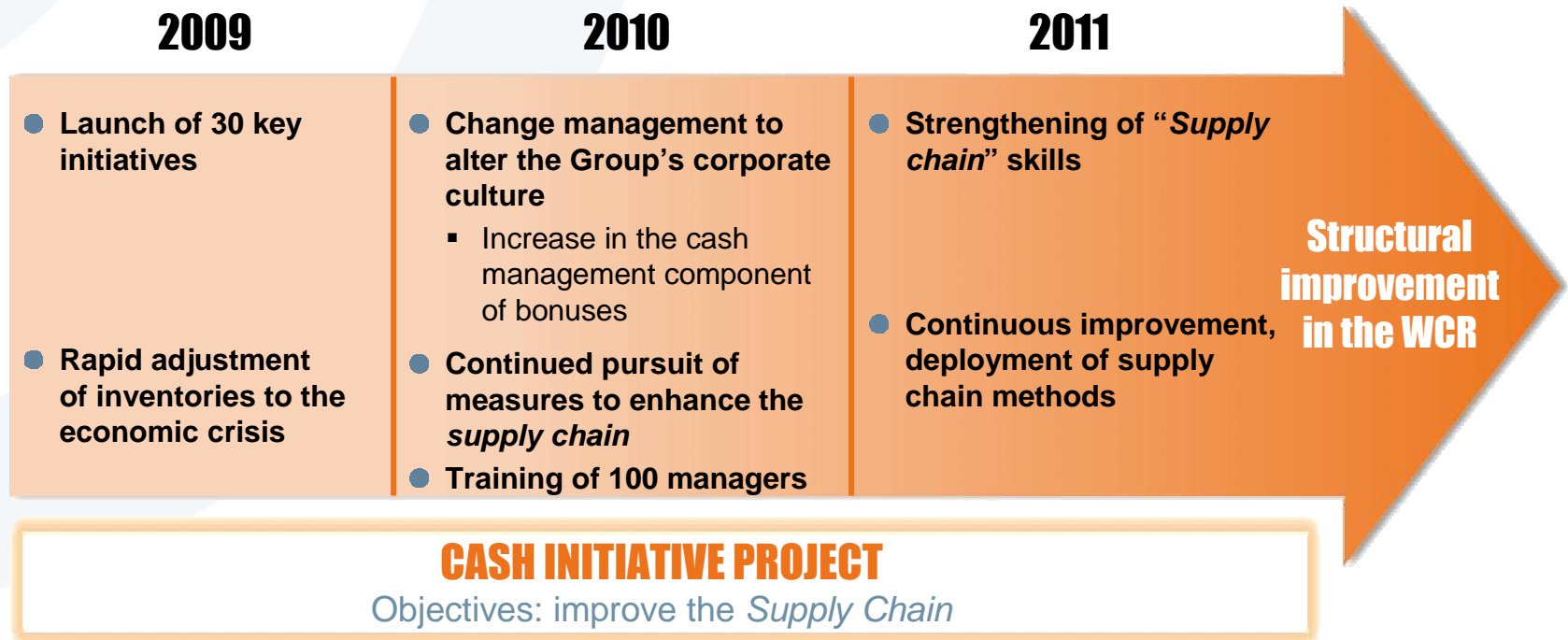
Structural improvement in cash generation: free cash flow

(€ m)	2009	2010
Operating cash flow	77	111
WCR	+43	-3
Income tax paid	-5	-10
Net capital expenditures	-50	-29
Free cash flow*	+65	+70

**10% reduction in inventories on a
comparable business basis to 2009**

**Continuing operations*

Structural improvement in cash generation: Cash initiative project



Examples

STREAMLINING OF PRODUCT RANGES

REDUCTION IN MANUFACTURING LEAD TIMES

SIMPLIFICATION OF PRODUCT FLOWS

CENTRALIZATION OF INVENTORIES

FOCUSING OF SLOW-MOVING INVENTORIES

OPTIMIZATION OF "SAFETY CUSHION" INVENTORIES

SALES AND OPERATIONS PLANNING

Steering of 2011 investments

Drivers

- Boom in solar energy
- Expansion in electronics
- Turnaround in process industries
- Growth in emerging markets

Priorities

- Demand for capacity on certain production lines:
 - Graphite/rigid fiber production
 - Finishing
 - Local networks

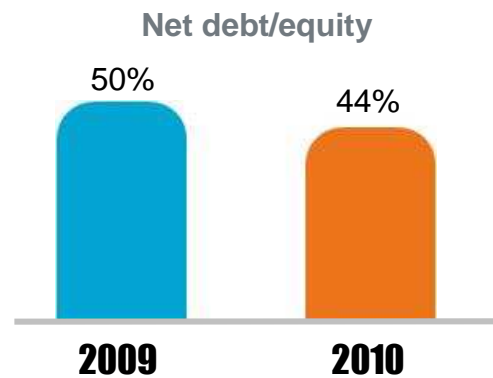
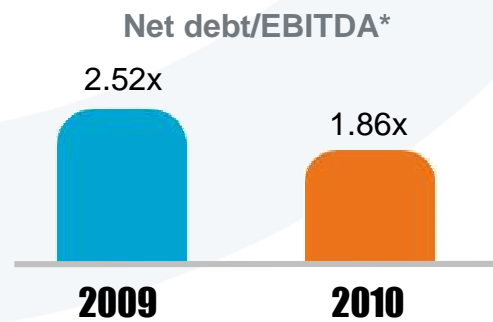
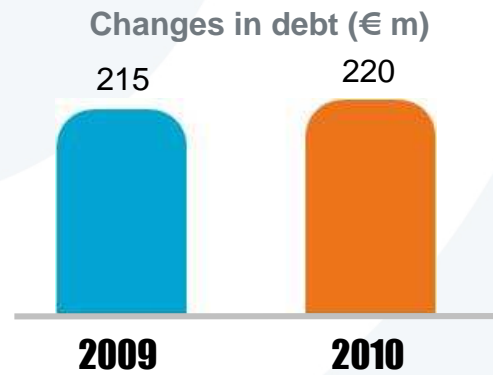
Steering method

- Modular investments based on growth forecast in markets
- Investment decisions representing a source of rapid growth

Budget of €45m to €55m*

**Based on 2010 scope*

Financial structure



SOLID FINANCES

- Debt under control
- Healthy balance sheet structure
- Refinancing in China
- Around €160m in unused credit lines

*ratios based on the method used for calculating covenants

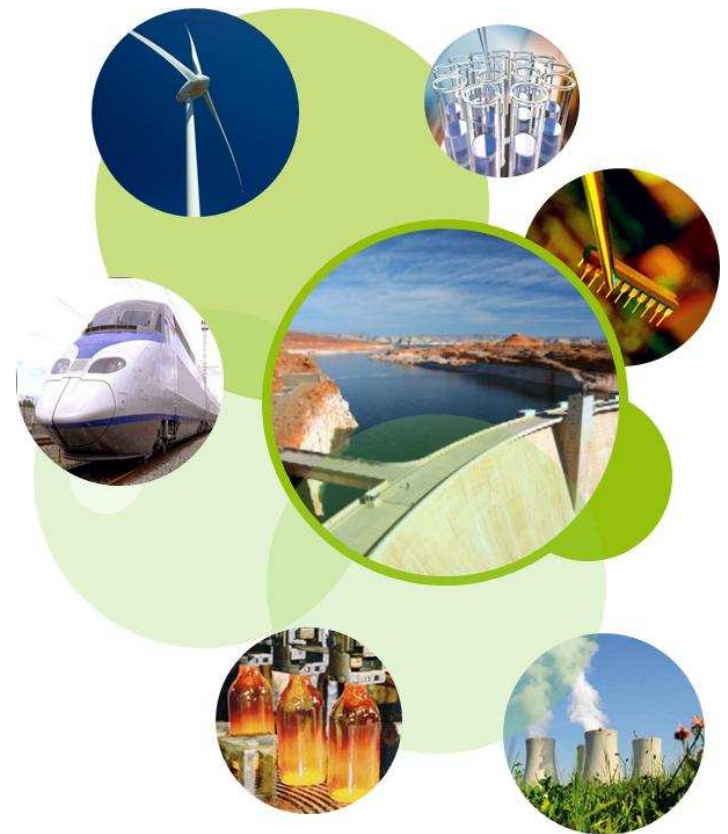
Objectives for 2011

Organic growth
over 5%

Operating margin before
non-recurring items over 11%

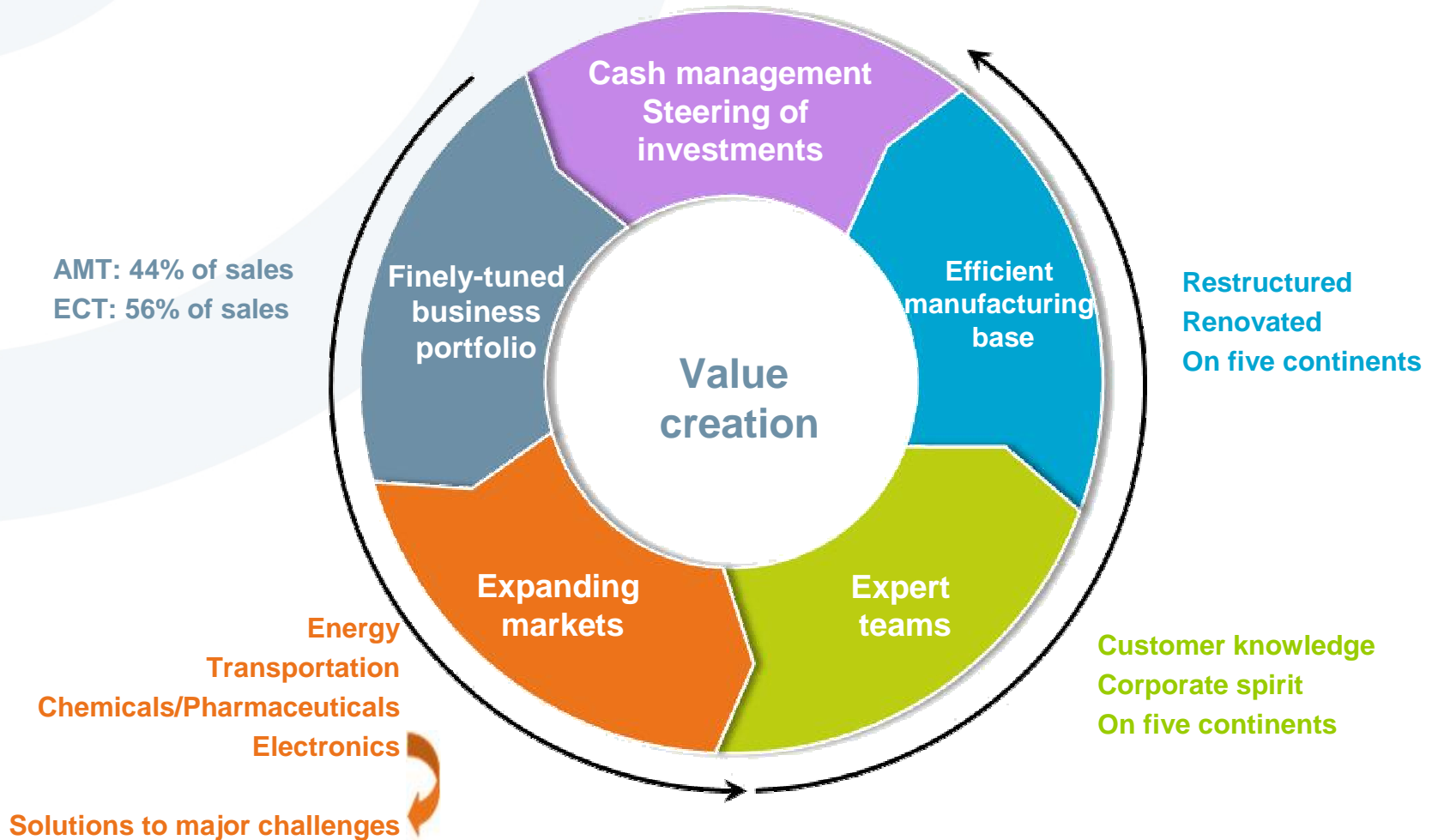


Mersen Sustainable growth drivers



Mersen,

A new name for a new chapter in the Group's history



Energy

Conventional, wind, nuclear



STAKES FOR 2011

- **Conventional energies**
 - Growth in demand for electrical protection solutions for power distribution grids
- **Wind energy**
 - Further expansion in replacement market
 - Growth in Asia, with the emergence of local players

MEDIUM-TERM STAKES

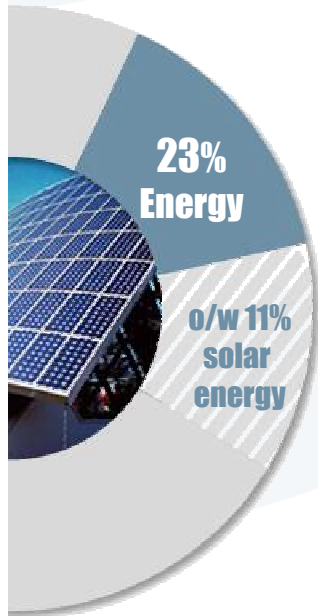
- **Wind energy**
 - Technological development
 - Demand for replacement items/services
 - Growth in China
- **Nuclear**
 - Maintenance in Europe
 - Expansion in China

MERSEN'S STRENGTHS

- **Conventional energies**
 - ECT product range
 - Coverage of all electricity standards (strong expansion in DIN)
 - Presence on five continents
- **Wind**
 - Service/spare parts
 - Presence in China
- **Nuclear**
 - Certification in Europe
 - Proficiency in the process
 - Certification ahead in China
 - Manufacturing base in China

Energy

Focus on solar energy



STAKES FOR 2011

- Steady growth in investments in polysilicon capacity
- Transition in the market towards replacement vs. Original equipment in ingot production

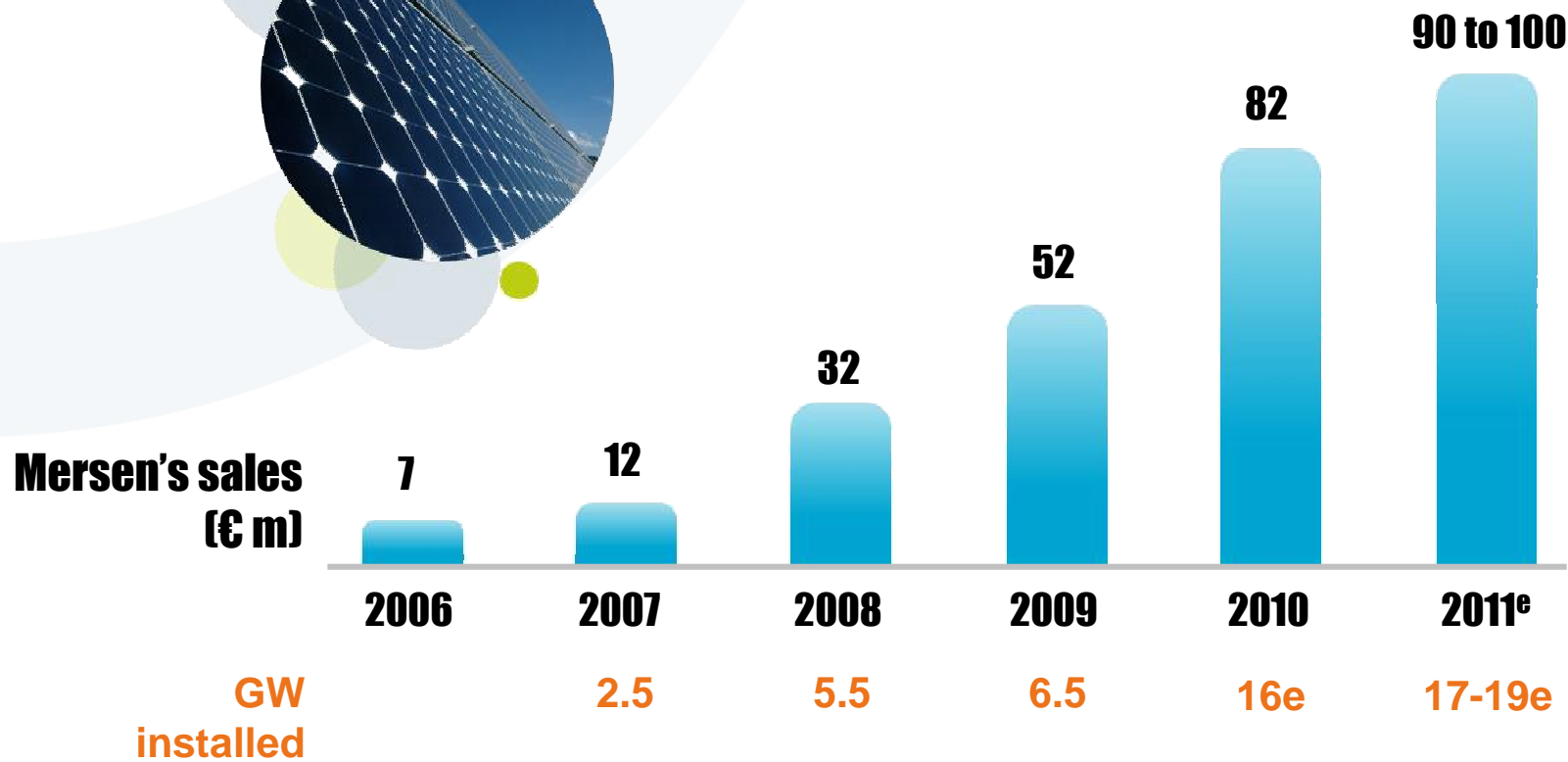
MEDIUM-TERM STAKES

- Doubling in GW installed worldwide in the medium term
- Growth in demand for electrical protection of grids
- Development of installations in China and the United States
- Achievement of grid parity

MERSEN'S STRENGTHS

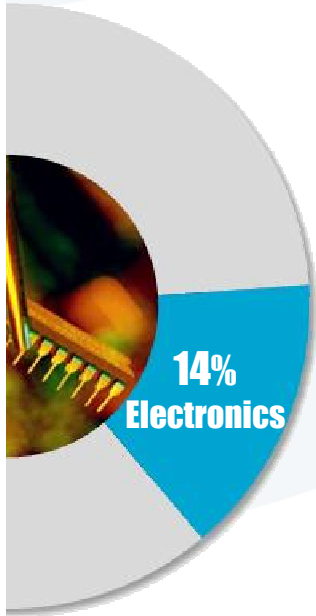
- Solar energy
 - Presence spanning the entire value chain and across all geographical regions, cushioning the impact of cyclical fluctuations
 - Unique product range
 - Support with lowering production costs
 - Presence in China
 - Production capacity geared to demand

Energy Focus on solar energy



Sources: EPIA - Mersen estimates

Electronics



STAKES FOR 2011

- Growth in demand for the protection of power electronics
- Further growth in LEDs
- Launch of power diodes

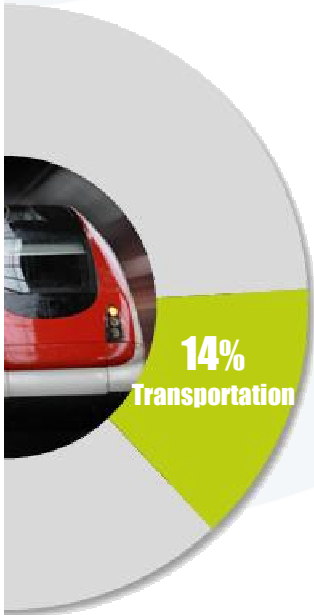
MEDIUM-TERM STAKES

- Continuous growth in LEDs
- Support the shift in the market towards Asia (LED)
- Growing demand in power conversion: boom in power diodes

MERSEN'S STRENGTHS

- Extensive product range
 - High value-added graphite equipment
 - Key components for power electronics
- Longstanding expertise/high barrier to entry
- Technical co-development with technological leaders
- Global presence

Transportation



STAKES FOR 2011

- Reduced impact of the stimulus plans during the first half of 2011
- Expansion in the market during the second half

MEDIUM-TERM STAKES

- Growth in the rolling stock market in emerging markets
- Growth in mass transit systems
- Investments in the refurbishment of rail networks and growth in emerging markets

MERSEN'S STRENGTHS

- **Area of expertise**
 - Power transmission
 - Electrical protection
 - Current conversion
 - Power supply for traction motors
- **Customized development**
 - Proficient at meeting the needs of manufacturers and operators
 - Certification market
- **Global presence and leadership in Asia**

Chemicals/Pharmaceuticals



STAKES FOR 2011

- Upturn in investments
- Growth in China and phosphoric acid market in the Middle East and Africa
- Stronger competition in certain regions and certain segments

MEDIUM-TERM STAKES

- Growth in emerging markets

MERSEN'S STRENGTHS

- Extensive range of graphite and other materials
- Turnkey systems
- Worldwide network and presence in expanding markets (China, the Middle East and Africa)
- World leader

Process industries



STAKES FOR 2011

- **Macroeconomic environment**
- **Brisk growth in China**
- **Non-recurrence of restocking effects**

MEDIUM-TERM STAKES

- **Increased demand for energy efficiency solutions**
- **Growth in China**
- **Industrialization of emerging markets (India)**
- **Growing demand for water treatment systems**

MERSEN'S STRENGTHS

- **Local customers**
 - Worldwide network
 - Manufacturing base strengthened in China
 - Expert team
- **Extensive product range**
- **Innovation**
 - Energy efficiency R&D program

Growth drivers

Value-creating acquisitions

- ROCE > 20% in the medium term
- Source of organic growth

FINANCIAL CRITERIA

- Significant input from senior managers
- Mersen's value: Human dimension

INTEGRATION CAPACITY

STRATEGIC CRITERIA

- Market: consolidation or development of our products in niche markets
- Product: Range extension-expertise-Innovation
- Geographical: positions strengthened and/or synergies with our network

Innovation The Group's DNA

- Wacker, Sovello, Hemlock
- Alstom, Toshiba, SMA, Schneider
- Nordex

**Joint development
Support for market
leaders**

- Development of graphite grades for solar energy and electronics
- Large blocks
- Change in grades for brushes for electric motors

**Over a hundred
years of
expertise
constantly
refreshed**

**Innovation
dedicated to
strategic
markets**

- Special coatings for solar equipment
- Protection and cooling of semiconductors for renewable energies
- Signal transmission for wind energy
- Ceramics for chemicals/ pharmaceuticals

**50% of innovation projects geared to
sustainable development**

Mersen

An expanding group

Acquisitions

Sustainable development

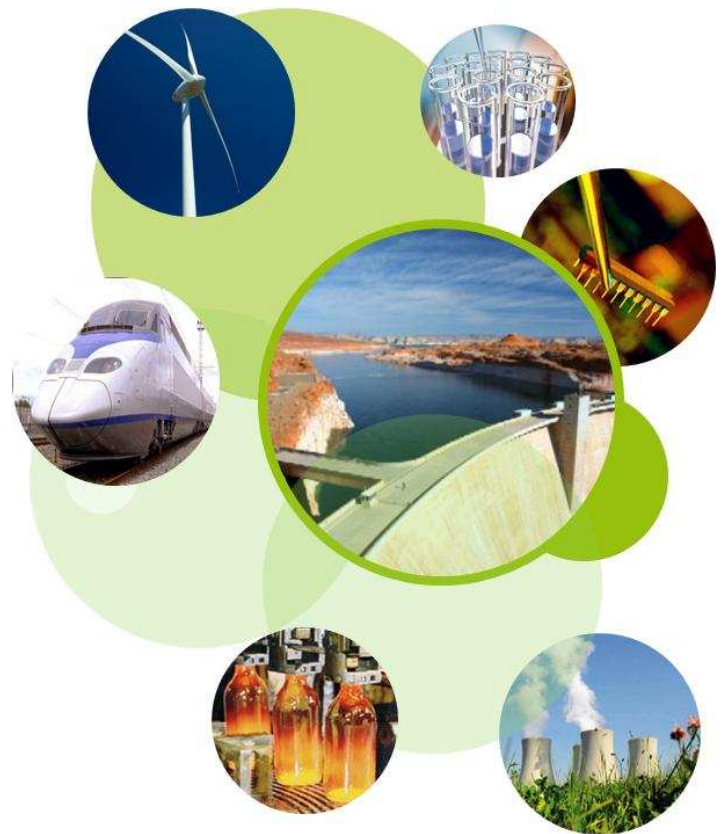
Innovation

Asia

Sustainable growth drivers

50% of sales linked to sustainable development priorities
25% in alternative energies
30% deriving from Asia

Appendix



Simplified balance sheet

	2009	2010
Non-current assets	577	628
Inventories	139	168
Trade and other receivables	108	136
Other assets	11	5
TOTAL ASSETS	835	937
Shareholders' equity	425	494
Provisions	1	5
Employee benefits	34	37
Trade and other payables	105	138
Other liabilities	55	43
Net debt	215	220
TOTAL LIABILITIES AND EQUITY	835	937