2013

HALF-YEAR RESULTS

MERSEN

HALF-YEAR REVIEW

H1 shaped by the economic environment...

- Economic environment sluggish, in particular in Europe
- Solar: lacklustre market on hold until final decisions on anti-dumping measures

**Sales in line with the H2 2012
and down on H1 2012**

… allowing Mersen to strengthen its position through

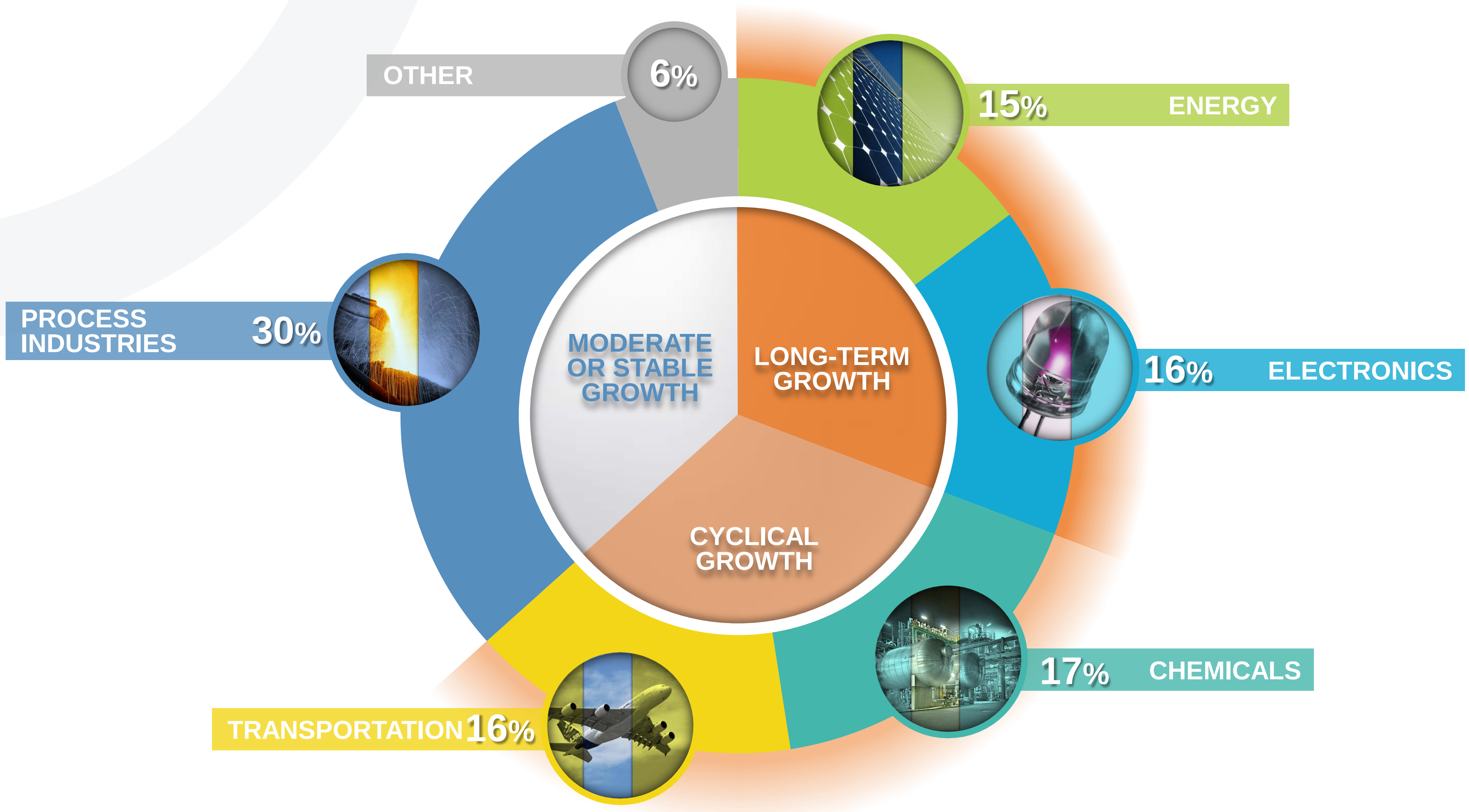
- Manufacturing adjustments
- Workforce reductions
- Divestments

An operating margin* of 8.1% of sales
Cost base reduced by €8m net

* Before non-recurring items

MERSEN

A SOLID GROUP WITH A PRESENCE ON MARKETS WITH STRONG GROWTH POTENTIAL



60% OF SALES IN SECTORS WITH STRONG GROWTH POTENTIAL

Breakdown of H1 2013 sales

A SOLID GROUP WITH A BALANCED PRESENCE OVER ITS 3 GEOGRAPHIC AREAS

€136m
NORTH AMERICA
36%

€143m
EUROPE
38%

€98m
ASIA
& rest of world
26%

MERSEN ESTABLISHES OPERATIONS CLOSE TO CUSTOMERS AND NEW PRODUCTION AREAS

Breakdown of H1 2013 sales

OPTIMIZED STRUCTURE

Production relocated and logistics improved

- **Relocation** of industrial fuse production from the United States to Mexico
- **Closure** of an industrial site in Germany
- **Extension** of fuse production platform in Hungary

Product portfolio rationalized

- **Activity sold to Nawi Group** (announced July 08, 2013):
  Site based in Grésy (France) specializing in boilermaking equipment for the nuclear market
- **Divesture in progress:**
  Site based in Brignais (France) specializing in welded plate heat exchangers and mixers

An effective adjustment plan

WORKFORCE REDUCTIONS

NET COST REDUCTIONS

in H1 2013

260
jobs cut
i.e. **-4%**

-3%
announced
in March

€8m saved

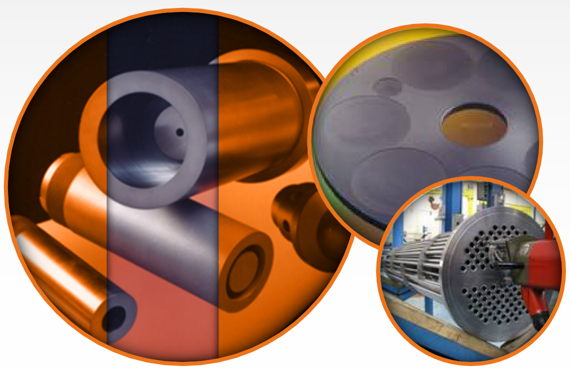
-€10m
for the FY
announced
in March

Plans more effective than expected

A SOLID GROUP BASED ON 2 AREAS OF EXPERTISE

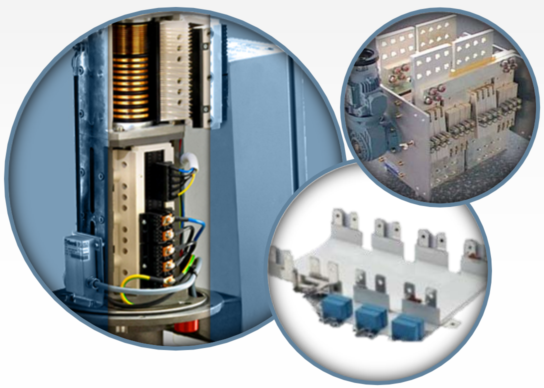
MATERIALS 41%

- **High-tech markets:** tailored products for our customers, for extremely demanding industries



ELECTRICAL 59%

- in-depth **application knowledge** and recognized design capabilities
- **Strong knowledge of norms** and standards, particularly in Europe and North America



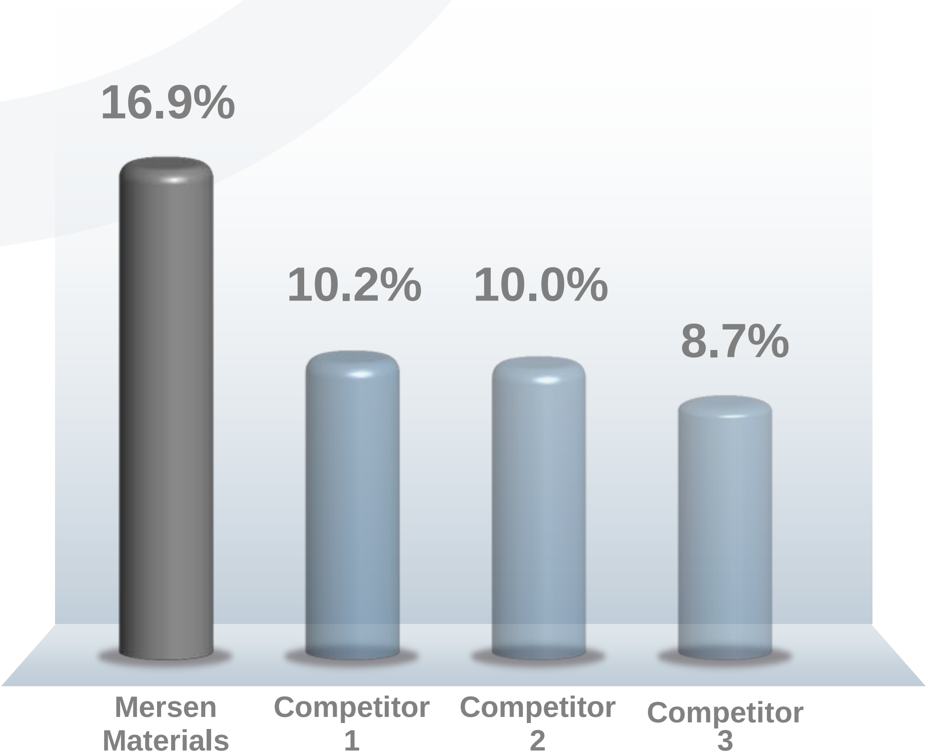
CLOSE PROXIMITY TO THE MAIN INDUSTRIAL LEADERS WORLDWIDE

APPROXIMATELY 25% MARKET SHARE WITH LEADING POSITIONS WORLDWIDE

MERSEN

MATERIALS: RESILIENT IN AN UNFAVORABLE ENVIRONMENT

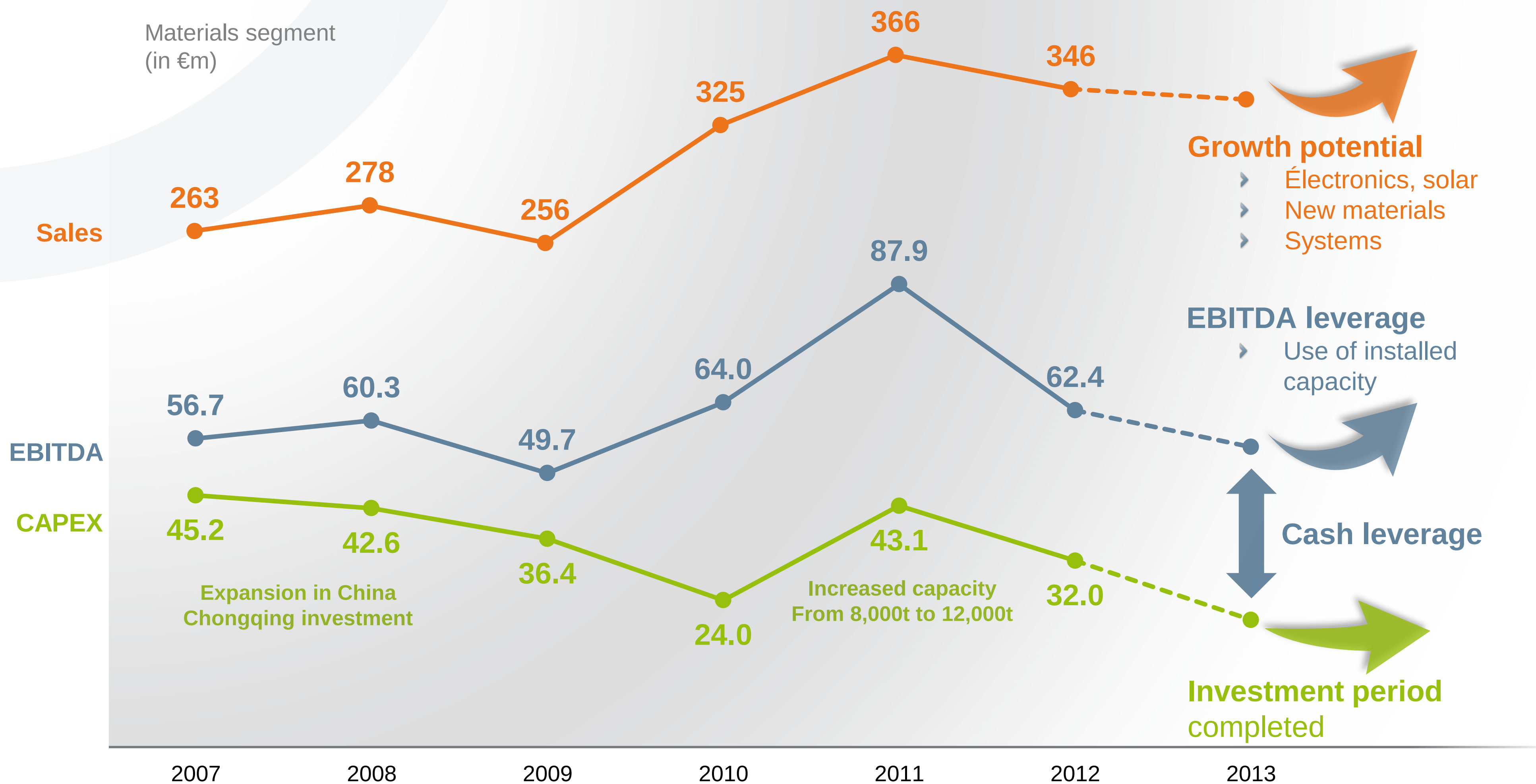
EBITDA margin as a % of sales
H1 2013



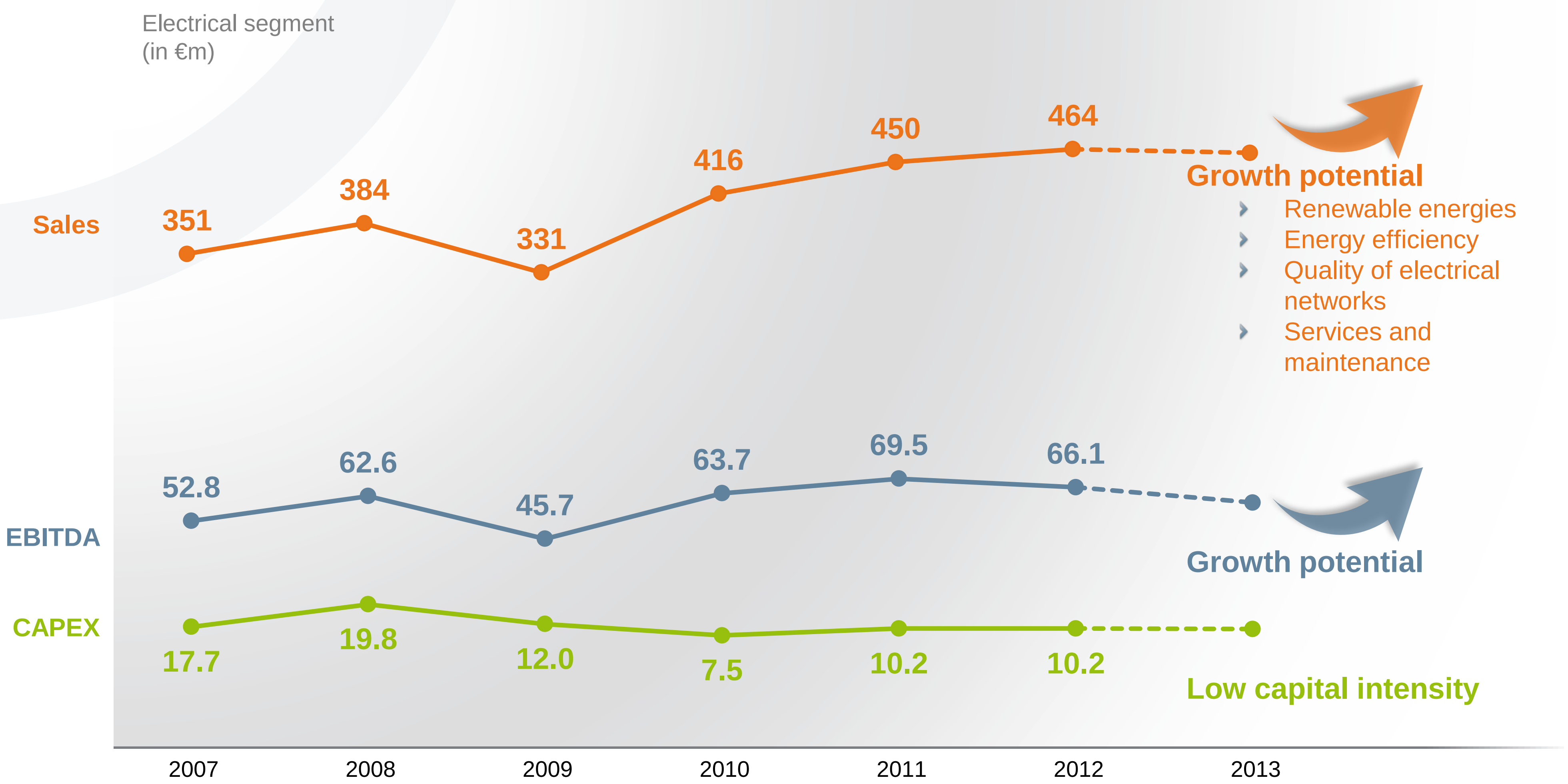
- **International presence in diverse markets**
- **Strong position with our customers: limited price reductions**
- **Competitive industrial sites** (particularly in the United States)
- **Responsiveness to adaptation plans**

Source: websites, corporate annual reports

MATERIALS SEGMENT: LEVERAGE IN PLACE



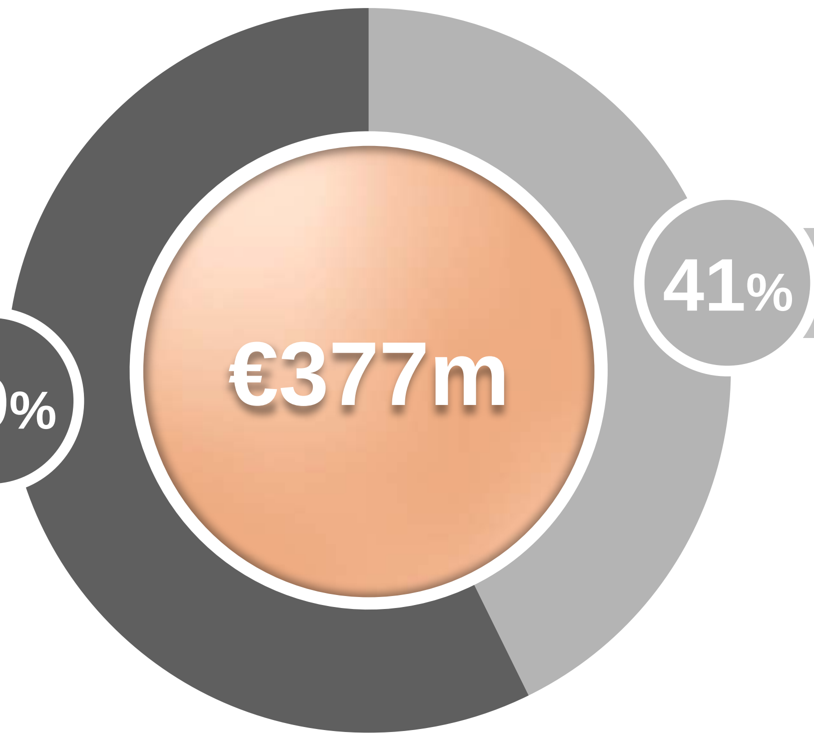
ELECTRICAL SEGMENT: HIGH CASH AND EBITDA GENERATION



HALF-YEAR RESULTS 2013

H1 SALES 2013

down 9.1% lfl compared to H1 2012
down 0.4% lfl sequentially (compared to H2 2012)



ELECTRICAL
down 7% lfl on H1 2013

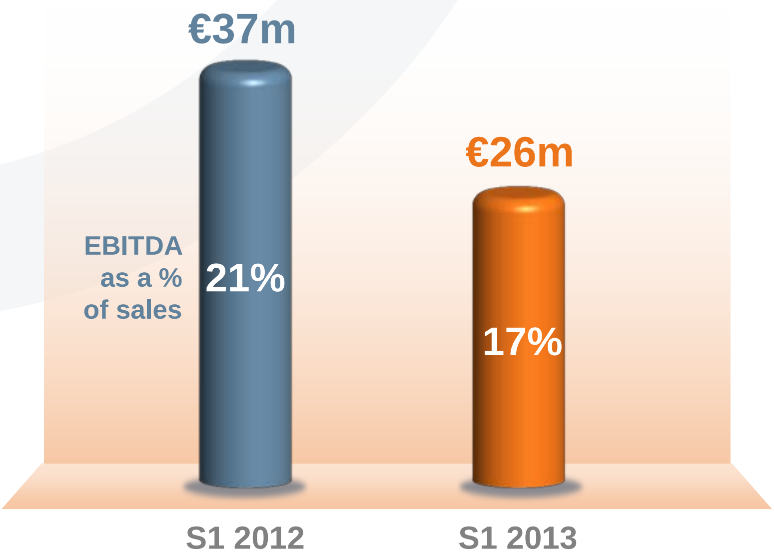
- Drop in Europe, particularly in process industries
- Downturn in wind sector due to non-recurring OEM contracts
- Fewer electricity network projects
- Stability in rail transportation

MATERIALS
down 13% lfl

- Drop in sales to polysilicon manufacturers
- Downturn in Europe
- Ongoing large deliveries in Chemicals
- Growth in air transportation activity

EBITDA TRENDS BY DIVISION

MATERIALS



- **Unfavorable volume effect and mix**
  - Average 50-60% production capacity utilization in H1
  - Unfavorable product mix: larger contribution from Chemicals, a lower-margin activity
  - Pressure on prices
- **Positive effects of adjustment plans**

ELECTRICAL

- **Negative volume effect**
- **Pricing power** (maintaining prices in an unfavorable environment)
- **Positive effects of adjustment plans**

GROUP EBITDA: 13.5%

EBITDA TREND

As a %	
EBITDA margin in H1 2012	**15.9%**
Volume effect/mix	-3.9%
Net impact of pricing and raw materials	-0.6%
Impact of adjustment plans (net of inflation)	+2.3%
Impact of currency movements and changes in scope of consolidation	-0.2%
EBITDA margin in H1 2013	**13.5%**

- **Unfavorable volume effect**
- **Limited price reductions**
- **Effectiveness of adaptation plans**

NET INCOME

In €m	H1 2012 restated	H1 2013
Operating income before non recurring items	**46.9**	**30.6**
Net finance costs	(2.3)	(4.4)
Current and deferred income tax	(0.4)	(0.6)
Operating income	**44.2**	**25.6**
Net finance costs	(6.6)	(5.6)
Current and deferred income tax	(11.9)	(6.3)
Net income from continuing operations	**25.7**	**13.7**
Net income from discontinued operations	(2.3)	(1.7)
Net income	**23.4**	**12.0**
Net income attributable to equity holders	***23.0***	***11.5***

- **Current operating margin: 8.1%** in H1 2013
- **Non recurring charges:** mainly restructuring
- **Reduction in average net debt →** interest payments down
- **Effective tax rate: 31%** (33% in 2012)

MERSEN

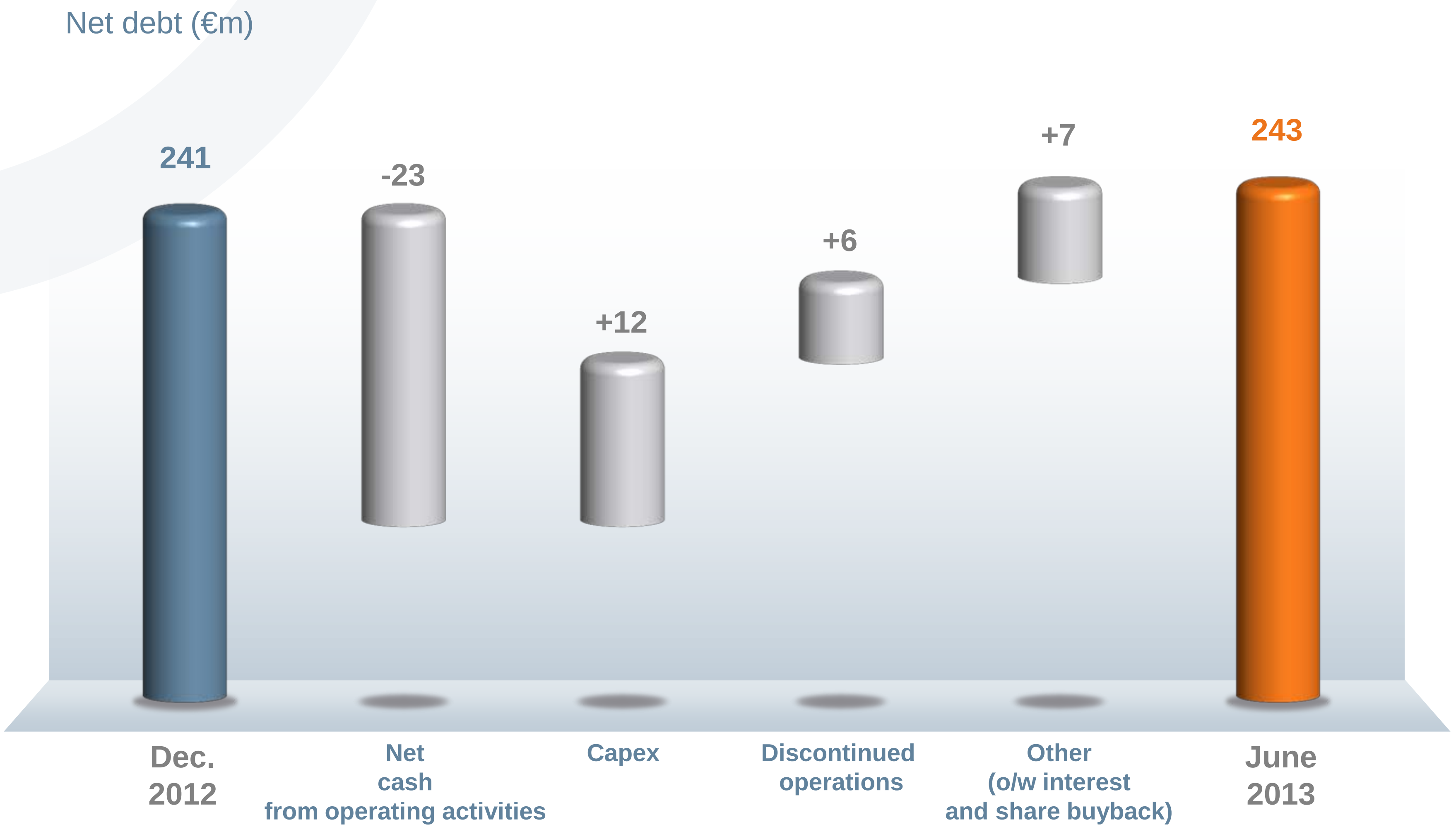
OPERATING CASH-FLOW AFTER CAPITAL EXPENDITURE*

- **Changes in H1 2013**
  - **Temporary increase in change in working capital (7M€)** due to unfavorable sequencing of cash flows for Sabic in H1
  - **Slowdown in capital expenditure** (€12m vs. €15m in H1 2012—most expenditure was posted in H2)
  - On-going **cash initiative** program
  - **Reduction in late payments in China**

*** Continuing operations**

H1 2012 and H1 2013 (IFRS 5 restatement)

NET DEBT AT STABLE LEVELS



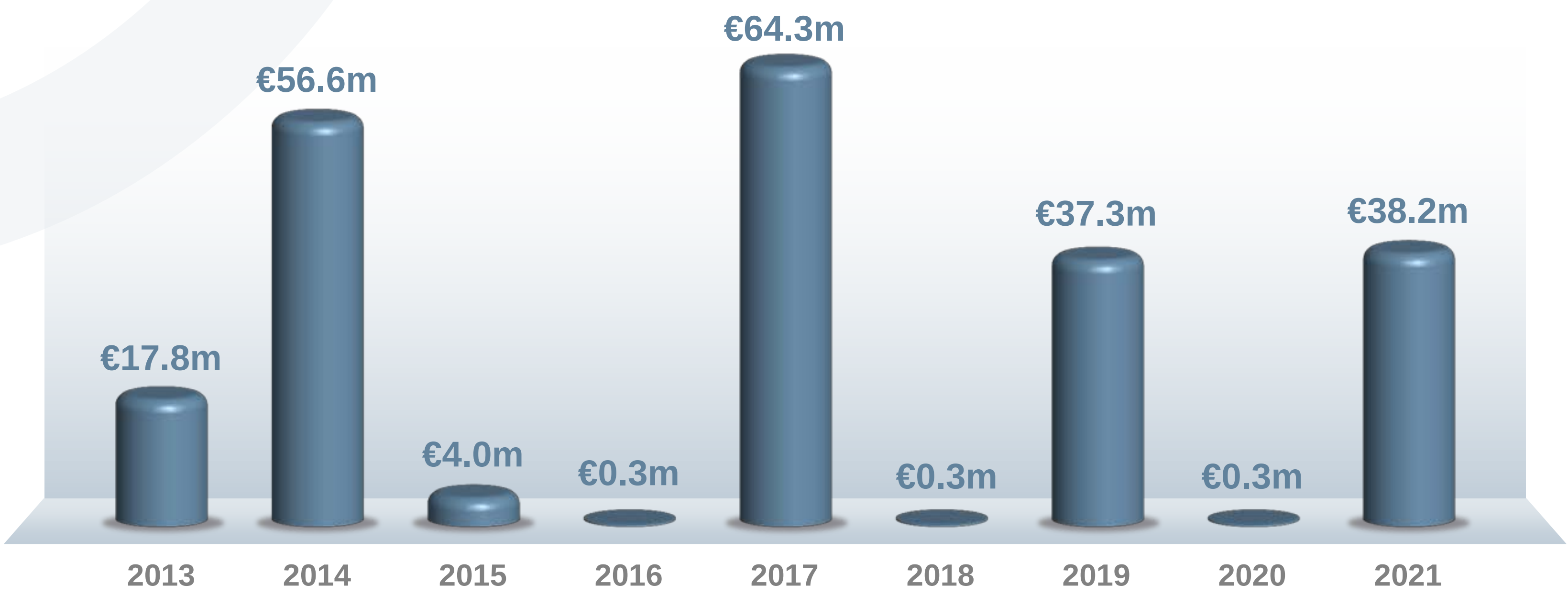
A SOUND FINANCIAL STRUCTURE

	Ratios at 30 June 2013	*Maximum ratios set in debt covenants*
Net debt/EBITDA	**2.3**	***3.5***
Net debt/Equity*	**47%**	***130%***

Ratio calculated by the method specified in the covenants clauses for the €350m syndicated credit facility

MERSEN

CONFIRMED REPAYMENT PROFILE ON CREDIT FACILITIES*



Average maturity 4.3 years

The available drawing facilities (€181m) are sufficient to cover short-term repayment obligations

** Based on amounts drawn down at 06/30/2013*

TARGETS FOR 2013:

- Activity down 5% on a constant consolidation scope and exchange rate
- EBITDA between 13% and 13.5% of sales
- Operating income between 8% and 8.5% of sales
- Cash flow from operating activities stepped up in H2

MERSEN

QUESTIONS ?