

MERSEN & YOU

No. 38 — SEPTEMBER 2017

MERSEN'S LETTER TO SHAREHOLDERS

MESSAGE FROM THE CEO

Dear fellow shareholder,

In the first half of 2017, Mersen's like-for-like sales rose by almost 5% year on year to €412 million, coupled with a sharp rise in profitability. Reflecting the hard work of all our teams over the past two to three years, these highly satisfactory results demonstrate the effectiveness of our new organization, which has enabled us to significantly improve our operating and sales performance.



Taking into account these solid results, as well as confidence in our organization, we have raised our financial targets for the full-year. Our growing markets will continue to contribute to this sound performance and we also expect further strong growth of our sales in Asia.

Our solid results and encouraging outlook have been well received by the financial markets, triggering a sharp rise in our share price. It is good to see our efforts being rewarded at last.

And we are maintaining this momentum to lay the groundwork for the years ahead.

Thank you for your confidence in Mersen.

LUC THEMELIN,
Chief Executive Officer

KEY FIGURES FIRST-HALF 2017

€412

MILLION IN SALES

€36.6

MILLION IN OPERATING
INCOME BEFORE
NON-RECURRING ITEMS

8.9%

OPERATING MARGIN
BEFORE NON-
RECURRING ITEMS

THE BIG PICTURE

GLASS MOLDING FOR SMARTPHONE SCREENS

Without knowing it, millions of hi-tech aficionados around the world carry a little bit of Mersen technology in their pocket every day.



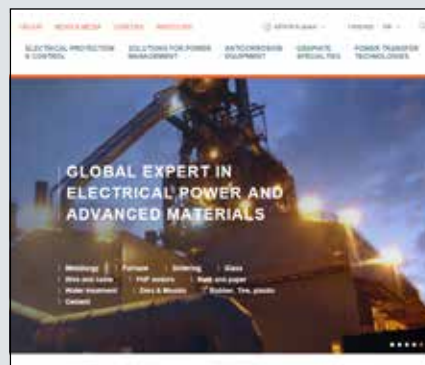
The Group supplies the isostatic graphite used to manufacture molds for the plastic components of Samsung's Galaxy smartphones, in particular the Galaxy Note Edge released in 2014 – the first smartphone with a curved screen.

This technical prowess was developed following three years of research to identify the exact grade of graphite required to produce this type of glass.

Perfectly curved screens are formed through an extremely demanding glass molding process. This process requires graphite that is highly resistant to oxidation, abrasion and thermal shocks, which few market players are capable of providing.

WEBSITE SCAN

Our new website is live! To better meet the needs of our business partners, suppliers, future employees and other users, Mersen recently launched a new website. The updated site features a more modern interface and new characteristics and functions aligned with the latest developments in web technology. Let's take a closer look.



OPTIMIZED BILINGUAL PORTAL

In addition to its more modern look, the new website provides easier access to content in both English and French thanks to the development of powerful internal search engines. This makes it easier for users to access the information of their choice, whether they want to know more about the Group, its products or the career opportunities.



LOCALIZED COUNTRY SITES

Alongside the Group portal, country websites in local languages have also been developed to provide a forum for communicating information and job offers to local users. Five country sites – China, France, Germany, India and the United States – are already online, and others will follow in the coming months.

MERSEN 101

CORPORATE GOVERNANCE**Changes to the Board of Directors**

At the Annual General Meeting of May 18, 2017, Olivier Legrain became the new Chairman of Mersen's Board of Directors. Mr. Legrain, 65, began his career with Rhône-Poulenc, where he held executive positions in various business units. He then joined Lafarge as a member of its executive committee, in charge of specialty materials and strategy. He later became Chairman of Materis, after organizing its exit from the Lafarge group.



At the same meeting, two new directors also joined the Board: **Bénédicte Levinson**, who replaces Philippe de Verdalle as the permanent representative of Fonds Nobel, shareholder of the company, and **Michel Crochon**, who replaces Jean-Paul Jacamon.

He later became Chairman of Materis, after organizing its exit from the Lafarge group.

**CORPORATE VIDEO****Mersen Inside / Inside Mersen**

To accompany its development, Mersen recently produced a new corporate video.

The three-minute video offers a side-by-side view of Mersen's expertise (Inside Mersen) and the resulting technological applications in the Group's leading markets (Mersen Inside). Translated into six languages, the video is available on Mersen's YouTube channel.

**RESPONSIVE DESIGN FOR DEVICE COMPATIBILITY**

In line with today's mobile world, the Mersen website was designed to provide users with an optimum experience in terms of browsing and readability regardless of the device used – computer, smartphone or tablet.

**A MORE INTERACTIVE SHAREHOLDERS' SECTION**

The enhanced shareholders' section now offers a direct link to BNP Paribas' Plan-etShares management application for registered shareholders. Also available via smartphone or tablet, the application enables users to manage their shares directly, for greater speed and convenience.

**SHARING VIA SOCIAL NETWORKS MADE EASIER**

A social sharing function makes it easy for users to share content from our website, including job offers, technical information and even educational videos and animations.

FINANCIAL BRIEFING

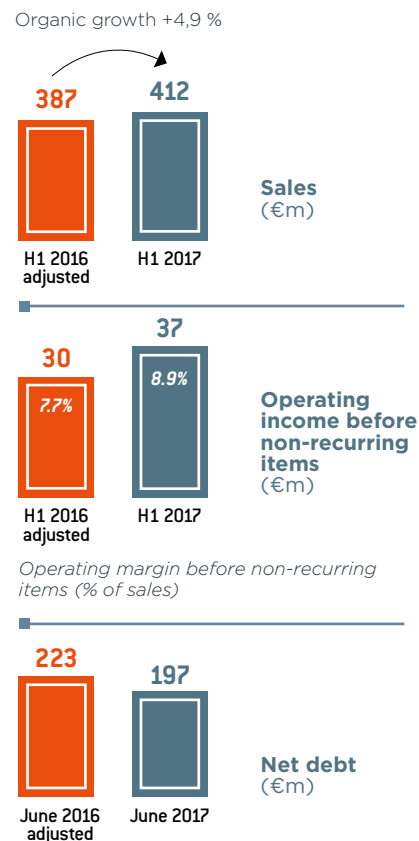
STRONG GROWTH IN SALES AND RESULTS IN THE FIRST HALF OF 2017

Mersen recorded consolidated sales of €412 million in the first half of 2017, an organic increase of 4.9% compared with the same period last year. Both Asia and Europe contributed strongly to growth. Operating income before non-recurring items came to €36.6 million, yielding an operating margin of 8.9% that represented a sharp improvement from first-half 2016 (7.7% of sales). The improvement was mainly attributable to higher volumes and and the benefits of the competitiveness plan. Net income for the first half of 2017 came in at €19.1 million, an increase of more than 50% compared with the prior-year period. Operating activities generated more than €15 million in net cash flow during the period,

before capital expenditure. This high level of cash flow for the first half of the year was also achieved despite €8 million in cash outlays related to the competitiveness plan. Net debt was reduced during the period, leading to a net debt-to-EBITDA ratio of 1.8, which confirms Mersen's solid financial position.

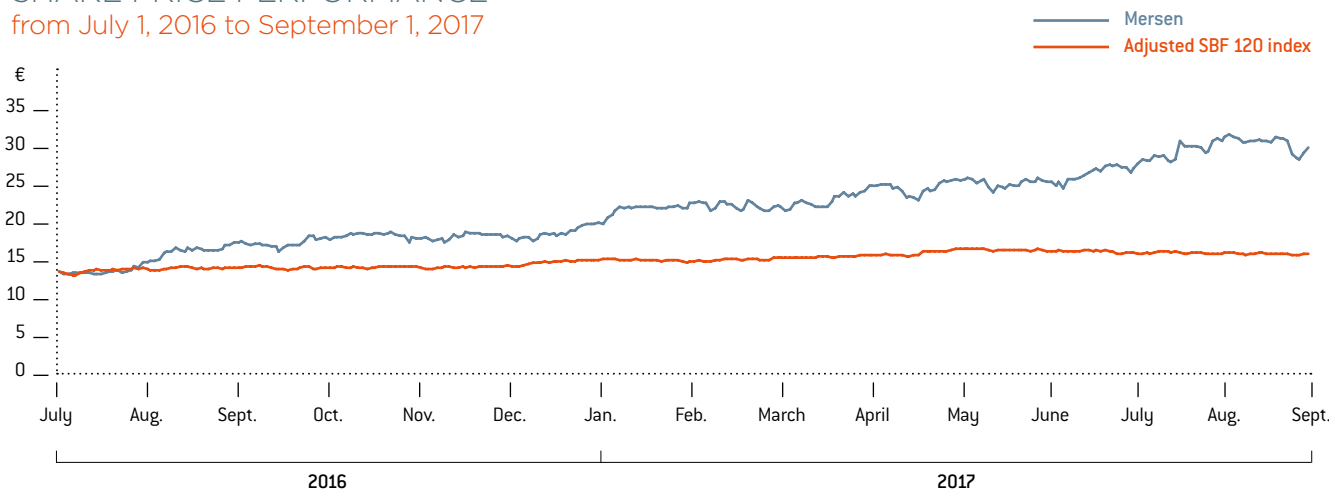
OUTLOOK

Based on these good results and the encouraging outlook for the second half, Mersen has raised its full-year guidance for 2017. The Group now expects organic sales growth of between 3% and 5% and an operating margin before non-recurring items of between 80 and 130 basis points.



SHARE PRICE PERFORMANCE

from July 1, 2016 to September 1, 2017



LISTING

Compartment B of Euronext Paris

ISIN CODE

FR0000039620
TICKER MRN

NUMBER OF SHARES

20,541,596
AT JUNE 30, 2017

SHARE PRICE

AT SEPT. 1, 2017
€31,82

CONTACT

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DIARY DATES*

OCTOBER 3, 2017
Shareholders' meeting in Lille

OCTOBER 25, 2017
(after market close)
Third-quarter 2017 sales

DECEMBER 19, 2017
Shareholders' meeting in Strasbourg

* Indicative dates

Document published by Mersen, Financial Communication department.
Director of publication: Véronique Boca.
Design and production: La Machine à Ecrire.
Photo credits: Thomas Gogny, Getty Images, Fotolia.