

MERSEN & YOU

No. 39 – MARCH 2018

MERSEN'S LETTER TO SHAREHOLDERS

MESSAGE FROM THE CEO



Dear fellow shareholder,

2 017 was a year of growth for Mersen: like-for-like growth in sales which accelerated during the year, very strong growth in our operating margin before non-recurring items, and remarkable growth in net income. It was also an exceptional year for Mersen's share price, which increased by nearly 85% over the period.

These excellent results illustrate the efforts made over the past few years to improve our efficiency and fully capitalize on what is currently an extremely favorable economic backdrop.

Today, the Group's buoyant markets and positioning in high-growth regions mean it is firmly on track to another strong performance in 2018.

We will continue to pursue our excellence plan and to deploy it across all Group functions, driving improvement in competitiveness and agility at every level and ensuring we rank as the best in our fields of expertise and markets in the years ahead.

My sincere thanks for your support and confidence.

LUC THEMELIN,
Chief Executive Officer

KEY FIGURES 2017 ANNUAL RESULTS

€809

MILLION IN SALES

€40

MILLION IN NET
INCOME

€0,75

DIVIDEND PER SHARE*

* Subject to approval by the Shareholders Annual Meeting.

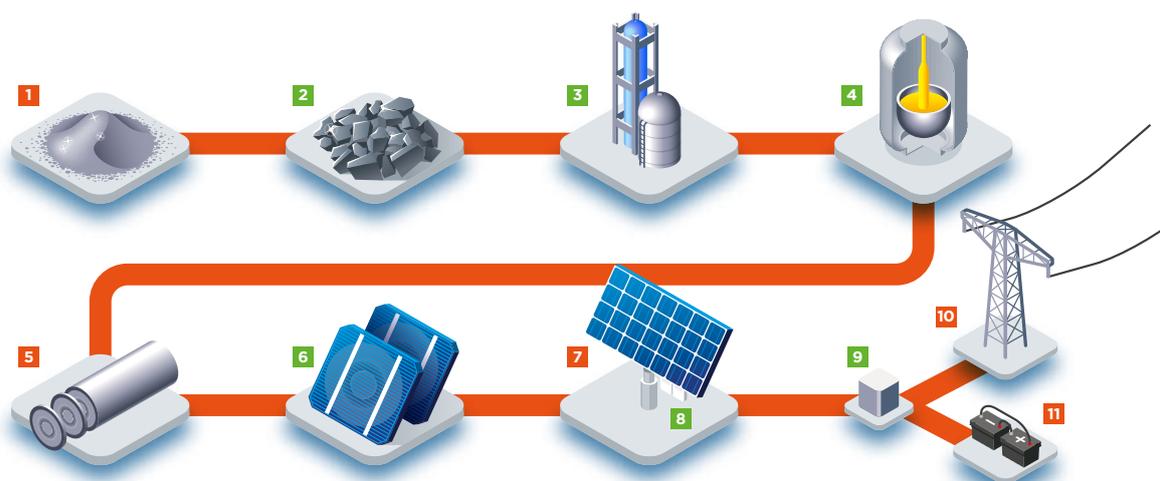
THE BIG PICTURE

MERSEN AND SOLAR POWER

The solar energy market represents over 5% of Mersen's sales. The Group offers a wide variety of products used throughout the solar cell production process. Our expertise ranges from the manufacture of graphite parts and insulation materials for polysilicon and solar cell production to electrical protection for panels and power conversion for electrical supply systems.

MERSEN IN THE SILICON PHOTOVOLTAIC PROCESS (■)

- 1- Quartz
- 2- Metallurgical-grade silicon
- 3- Polysilicon production
- 4- Ingot production
- 5- Ingot slicing
- 6- Cell manufacturing
- 7- Panel assembly
- 8- Electrical protection of panels
- 9- Power conversion
- 10- Electrical network
- 11- Batteries



MARKET SCAN

Process industries are not only the Group's historical markets, but also a core component in high tech product manufacturing, making them particularly dynamic in Asia. Mersen provides a wide range of customized products and solutions to address specific constraints and challenges arising from energy transition. Read on to discover some of the most striking examples...



GLASS FORMING AND SMARTPHONES

Mersen manufactures grades of graphite that are regularly used in the glass packaging industry for handling glass heated to 1,200°C. The Group also developed grades specially designed for the manufacturing of molds for the first smartphone with a curved screen. Perfectly curved screens require graphite that is highly resistant to oxidation, abrasion and thermal shocks, which few market players are capable of providing.



FURNACES

Mersen's synthetic graphite features exceptional properties, such as its resistance to high temperatures and long service life, making it a material of choice in the furnace industry. Mersen also offers a range of graphite and composite refractories as well as rigid or flexible thermal insulation components to meet each client's specific needs.

MERSEN 101

CONTRACTS

Rail Equipment Orders in the Arabian Peninsula

Doha subway (Qatar), Riyadh subway (Saudi Arabia), and the Dubai subway (United Arab Emirates); Lusail City tramway (Qatar): In 2017, Mersen won a series of equipment orders for rail projects in the Arabian Peninsula, confirming its status as the industry's go-to partner. These recent achievements are the result of the Group's close ties with some of the world's leading rail manufacturers who benefit from Mersen's expertise in engine power supply and energy distribution.



A Production Unit for Seed Treatment



The Group will provide a turnkey hydrochloric acid production unit as an integrated part of a seed treatment process developed by Cotton Seed Distributors (CSD), the specialist and sole supplier of cotton planting seeds for the Australian market.

Designed by the Group's engineers in close collaboration with CSD, and manufactured at the factory in Pagny-sur-Moselle, France, this unit matches the industrial company's performance and yield requirements. It also has the distinguishing feature of being able to limit water and energy consumption.

A Deeper Partnership for the Solar Energy Market in China

The Group recently reinforced its partnership with Longi, one of the world's leading manufacturers of high-efficiency solar cells, which is undertaking investments in new production furnaces in China to cater to the accelerated increase in solar panels worldwide.

Mersen, which will provide premium quality graphite parts to equip the new furnaces, is one of the rare market players capable of meeting the manufacturing requirements for this type of technology which uses large high-purity products.

**METALLURGY**

The metallurgy industry involves challenging operating conditions (foundries, rolling mills, galvanic lines, etc.) and demands solutions for withstanding extreme environments including high temperatures, humidity, dust, a corrosive atmosphere and undercharged or overcharged machinery, among others. Mersen's high-quality techniques and customized services address these constraints.

**PULP AND PAPER**

Whether it be pulp bleaching, waste water treatment or power transmission, Mersen's equipment and technologies are used in manufacturing processes exposed to a number of constraints, including varied operating cycles, high temperatures, humidity, dust and corrosive atmospheres.

**SINTERING**

Sintering is a process used to manufacture objects from ceramic or metal powders, using heat and/or pressure. For example, high pressure sintering is used to manufacture diamond tools (saw segments and drill bits). Spark Plasma Sintering (SPS) is a new technique known for its very high performance in the automotive and semiconductor industries.

Mersen supplies graphite and silicon carbide for withstanding extreme pressure and temperatures during the sintering process.

FINANCIAL BRIEFING

KEEPING UP MERSEN'S POSITIVE MOMENTUM

In 2017, Mersen generated consolidated sales of €809 million, representing strong like-for-like growth of 8% across all regions, particularly in Asia. Operating margin before non-recurring items also rose significantly to 9.2% of full year sales, versus 7.5% last year. This was well above early forecasts. The volume effect was very favorable, as was the impact of competitiveness plans.

Net income increased more than tenfold to €40 million, from €3.2 million in 2016.

The Group improved its financial structure, once again cutting debt by over €20 million to achieve a current net debt/EBITDA ratio of 1.6.

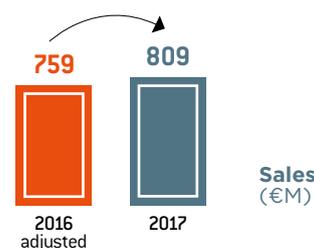
The current favorable economic environment suggests a new year of growth for Mersen in 2018 as the Group benefits from two drivers: growth in its key markets and strong dynamic activity across Asia.

The competitiveness plan will be finalized and Mersen will continue to deploy its Excellence Journey to improve its performance.

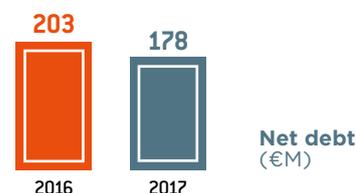
The Group anticipates like-for-like sales growth of between 3% and 6% in 2018 for a current operating margin of between 9.6% and 10.1% (9.2% in 2017).

These forecasts factor in an increase in prices within the Advanced Materials segment.

Like-for-like growth (+8%)



Operating margin before non-recurring items (% of sales)



SHARE PRICE PERFORMANCE

From January 1, 2017 to March 13, 2018



ANNUAL GENERAL MEETING

You are cordially invited to attend your company's Annual General Meeting, which will be held at 10:00 am on Thursday, May 17, 2018 at **Tour Eqho - 2, avenue Gambetta - 92400 Courbevoie - La Défense 5, France**

This invitation does not in any way replace the legal procedures you must take to be able to vote at the Meeting.

Please contact your custodian bank or broker for further details.

For further information, please call or email the Mersen Investor Relations Department, at the address given below.

COTATION Compartment B NYSE Euronext Paris	CODE ISIN FR0000039620 TICKER MRN	NOMBRE D'ACTIONS 20 637 041 au 31.12.2017	COURS au 31.12.2017 37,34 €
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DIARY DATES*

APRIL 25, 2018 after market close First-quarter 2017 sales	MAY 17, 2018 From 10:00 am to 12:00 pm Annual General Meeting	JUNE 19, 2018 Shareholders' meeting in Dijon	JULY 30, 2018 after market close First-half 2017 results
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*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, Shutterstock.