

### FEATURE

➤ Mobilized to maintain operations

PAGE 2

### FIRST-HALF 2020 RESULTS

➤ Insight from Thomas Baumgartner

PAGE 4

### ANNUAL GENERAL MEETING

➤ Annual General Meeting in minutes

PAGE 5

### CSR COMMITMENTS

➤ Sustainable development

PAGE 6

### MESSAGE FROM THE CEO

## MOBILIZED TO TACKLE THE CRISIS



“ Mersen is a key player in sustainable development markets and, as such, is committed to monitoring and supporting their growth.

Luc Themelin,  
CEO

The crisis we are experiencing has affected all the countries where the Group operates. First impacting our business in China in the second half of January, the pandemic then began escalating rapidly around the world in February as the virus passed from one region to another, prompting governments to impose safety measures to contain its spread. During this period, our priority was to ensure business continuity while protecting the health and safety of our employees, in strict compliance with local laws and regulations. We are fortunate to be able to rely on the remarkable dedication of our

teams, and I would like to take this opportunity to thank them. Another of our strengths is that we are active in 35 countries, which is a major asset in the current environment.

The world has collectively come to the realization that we are fragile and that there will inevitably be sweeping changes in the way we produce and consume. This will give a boost to markets such as green transportation, renewable energies and energy efficiency, where the Group is well positioned. It is our responsibility to deliver the best technologies to all our customers working in these promising growth industries. ●

**+ MERSEN  
WORLDWIDE**

**6,800**  
employees

**55**  
industrial sites

Present in  
**35**  
countries

 Find out more at [www.mersen.com/group/about-us](http://www.mersen.com/group/about-us)

## NEWS

Find out more: for all the latest news, go to [www.mersen.com](http://www.mersen.com)

### MERSEN & YOU

#### IS GOING DIGITAL

The 43<sup>rd</sup> edition of Mersen & You will be the last to be printed.

Join the digital revolution and **subscribe now** to be notified when it goes online and receive future editions by email.



Visit the registration page  
[www.mersen.com/lettre-aux-actionnaires-abonnement](http://www.mersen.com/lettre-aux-actionnaires-abonnement)

### CORPORATE

#### MERSEN GROUP IN IMAGES

Find out everything you need to know about the Group in just two minutes with this lighthearted video. Available in over 15 languages, it covers Mersen's history, its locations, its two segments with cutting-edge expertise, its assets, and above all its future-oriented applications markets.



Learn about the Group, its two segments and five business units in images: [www.youtube.com/user/MersenGroup](https://www.youtube.com/user/MersenGroup)



#### How to contact us?

WEBSITE  
[www.mersen.com](http://www.mersen.com)

PHONE  
+33 (0)1 46 91 54 49

FACEBOOK  
Mersen

EMAIL  
[dri@mersen.com](mailto:dri@mersen.com)

LINKEDIN  
[@company/mersen](https://www.linkedin.com/company/mersen)

YOUTUBE  
MersenGroup



Faced with the sudden economic slowdown linked to Covid-19, Mersen's teams mobilized to effectively mitigate its social and economic impact.

LUC THEMELIN



COVID-19

# OUR TEAMS MOBILIZED TO MAINTAIN OPERATIONS

Our overriding priority during the pandemic was the health and safety of all our employees, in strict compliance with measures imposed by national governments in the countries where we do business. Home working was put in place for most of the Group's functions, and the operations of our plants were adapted. As a result, 85% of Group sites were operational at the height of the crisis.

01-03

Protective measures in workshops (France, Brazil and the United States)





04

Masks compulsory in offices (China)

05

Disinfection of elevators (China)



06-07

Temperature checks on entry to workshops (China)

08

Masks compulsory (China)

BEST PRACTICES

PREVENTION BY VIDEO



A video presentation on best practices for limiting the spread of the virus was produced in North America. The six-minute clip emphasizes the importance of certain protective measures, such as testing, wearing a mask, respecting social distancing, maintaining good personal hygiene and cleaning workstations. I would also like to highlight the benefits of communication between the Group's plants, which enabled us to anticipate and reduce risks.

Claudio Clemente, Manager, Organizational Excellence, PTT North America



We used the video to depict situations that employees may face in workshops and offices and help them respond accordingly. In the simulation, the virus is symbolized by gold glitter, which provides a simple way to show how it spreads between people and surfaces. As a result, everyone is aware of this specific risk. The video was shared with all employees returning to work on site.

Morgane Golvet, Manager, QHSE, Saint-Bonnet- de-Mure (France)

## SOLID RESULTS DESPITE UNPRECEDENTED CIRCUMSTANCES

**M**ersen's consolidated sales amounted to €430 million for the first six months of 2020, down 13.4% on an organic basis compared with first-half 2019 (down 11.1% on a reported basis). The fall in sales came to around 23% in April and May, at the height of the crisis. June was better oriented, with a limited drop of 6%. Overall, the sustainable development markets were more resilient over the first half of 2020, with a decrease limited to 3%, compared with a 20% drop for other markets. Group EBITDA amounted to €61.9 million, 14.4% of sales, a decrease of almost 22% and 200 basis points compared with last year. This margin was largely impacted by lower volumes. However, the Group was able to very rapidly flexibilize costs thanks to careful management of its operating costs and to furlough schemes set up in some countries. In addition, productivity efforts made it possible to offset the effects of inflation. Prices had a favorable impact. These effects enabled us to limit the impact of the crisis on the Group's profitability.

Operating income before non-recurring items stood at €34.7 million in the first half of 2020, yielding a margin of 8.1% of sales (down from 11.1% in first-half 2019). Net income for the first six months of 2020 came in at €17.8 million, versus €33.7 million for the same period one year earlier.

### Higher cash flow generation than in first-half 2019, in spite of the context

Mersen's operating activities generated nearly €35 million in cash, making it possible to finance capital expenditure (€24 million). This mainly concerned specific Group development projects related to solar energy and the semiconductors market. At June 30, 2020, the Group's net debt came to €228 million, compared with €218 million at December 31, 2019. Mersen has a solid financial structure, with €130 million in undrawn credit lines and €90 million in cash at June 30, 2020 to see it through the current crisis. ●



The Group's financing

position is robust, with a debt maturity of around 4.5 years. In addition, we have no significant debt repayments due before November 2021.

Thomas Baumgartner,  
Chief Financial Officer

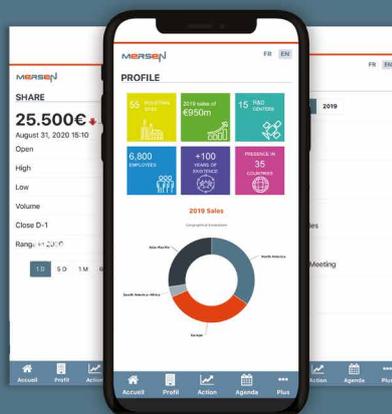
### New Mersen IR - Finance app

Mersen has just launched an app for smartphones and tablets specially designed for the Group's shareholders and investors.

Mersen for Investors gives you easy access to such key information as:

- current and historical share prices;
- press releases;
- financial calendar, and more.

You can also turn on notifications to keep up to date with the latest news.



Download the application by scanning the QR code

### + FIRST-HALF 2020 KEY FIGURES

Sales

€430M

Operating income before non-recurring items

€35M

Leverage (net debt/EBITDA)

2x

Share price

€25.95

August 28, 2020

## STRONG SUPPORT FOR RESOLUTIONS

Mersen's Annual General Meeting was held on May 14 at the Group's headquarters, behind closed doors to comply with the health measures decided by the French government.

**T**hanks to the digital system put in place, shareholders were able to vote electronically and follow the meeting online. All of the resolutions were adopted, with the following items in particular receiving more than 96% of votes in their favor: the 2019 financial statements; compensation components for corporate officers; the compensation policy for corporate officers and members of the Board of Directors for 2020; the share repurchase program; and the financial delegations of authority to the Board of Directors.

Olivier Legrain, Chairman of the Board of Directors, thanked all the shareholders for their remote participation in the meeting and for their confidence in this turbulent period. ●



**Replay in French**  
[www.mersen.com/investors/general-meeting-2020](http://www.mersen.com/investors/general-meeting-2020)



## Shareholder question

### WHAT WILL HAPPEN IN TERMS OF THE DIVIDEND PAYMENT?

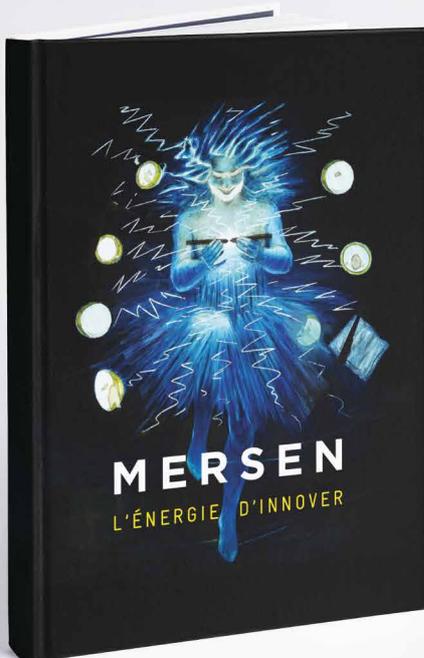


Given the health situation and its consequences, the Board of Directors announced in a press release published on April 6 that it had decided not to pay a dividend for 2019, in order to maintain the Group's financial flexibility for the future.

This measure was accompanied by the cancellation of free share plans for managers for the year and a reduction in the fixed compensation of the Chief Executive Officer and members of the Board. These decisions are a concrete expression of stakeholder solidarity.

### BOOK

## MERSEN, ENERGY TO INNOVATE, FROM 1889 TO TODAY



**M**ersen's story is exceptional in more ways than one. First, it took root at the end of the 19<sup>th</sup> century, a period marked by the rise of a new source of energy, electricity, which would become a common thread throughout Mersen's history. The Group has also nurtured a culture of innovation from its very inception, continuously improving its processes and honing its capacity for technological disruption, all while adapting to the needs of its customer through R&D. Finally, Mersen made the choice to tackle markets from a global perspective, first in Europe, then very shortly afterward in North America and later in Asia. This early international outlook fueled the Group's growth while helping to forge its identity.



From its beginnings through to today, Mersen's story has always been about having the energy to innovate in a global environment.

To mark Mersen's 10<sup>th</sup> anniversary, the Group is putting this fascinating story into print and offering a personal copy to the first 50 shareholders who submit their request.



**Contact Laurence Lamy**  
 on +33 (0)1 46 91 54 49 or at mail to [laurence.lamy@mersen.com](mailto:laurence.lamy@mersen.com)

# SUSTAINABLE DEVELOPMENT FOR RESPONSIBLE GROWTH

As a committed core technology provider, Mersen partners companies around the world that drive today’s industry and shape tomorrow’s sustainable society. Its development is part of a commitment to corporate social responsibility shared by all its employees. This approach, present at every level of the business, helps the Group grow while remaining faithful to its values, as shown in the examples below.



**+ INTEGRATION**

**In-house machining school**  
 Mersen plays an active role in training, integration and job retraining. As the level of expertise expected from employees is high, the Group invests in dedicated programs. For example, the Mersen site in Gennevilliers, France, has set up an in-house school to train machining specialists, offering a work-study certificate program in partnership with a professional training body. The course is geared toward job seekers, but is also open to Mersen employees who wish to earn an additional qualification.



**+ SAFETY**

**Health and safety at work**  
 Because we are convinced that all accidents can be avoided and every risk preempted, we have made the quest for health and safety excellence in the workplace a constant priority. This approach involves a strong commitment from managers, employee awareness and training, as well as regular audits, in order to guarantee the best possible working environment for everyone.

Find out more at [www.mersen.com/group/corporate-social-responsibility](http://www.mersen.com/group/corporate-social-responsibility)

**+ DIVERSITY**

**Gender equality**  
 One of Mersen’s priorities is to recruit more women in all positions, including production jobs. The Group has implemented a whole series of recruitment, equal pay, career path and manager awareness initiatives.

## Objectives

### Our five commitments for responsible development

1	2	3	4	5
<b>Develop innovative products that contribute to the ecological transition</b>	<b>Reduce the environmental impact of our industrial sites</b>	<b>Improve and secure the social and environmental performance of our supplier base</b>	<b>Consolidate the culture of health and safety across the Group</b>	<b>Develop human capital</b>
<b>2021 OBJECTIVE:</b> Increase sales in sustainable development markets to <b>55%</b> .	<b>2021 OBJECTIVE:</b> An additional <b>15 points</b> of waste recovered or recycled.	<b>2021 OBJECTIVE:</b> <b>Evaluate the CSR practices</b> of our strategic suppliers.	<b>2021 OBJECTIVE:</b> • Lost-time accident frequency rate <b>≤ 1.4</b> ; • Severity rate <b>≤ 60</b> .	<b>2022 OBJECTIVE:</b> • <b>Train 100% of managers</b> in the Open Manager program; • <b>Employ a workforce</b> in which <b>25% to 30%</b> of managers and executives are women.