SG – European ESG-SRI Conference
Mersen in a nutshell

- A sustainable, growing and **profitable** company (€950m sales in 2019)
- An **industrial** company with a human scale (6,500 employees around the world)
- An energy to **innovate** for 130 years (16 R&D centers)
- A company attentive to meet and anticipate **customer demands** for their mission-critical needs (presence in 35 countries)
- A business respectful of **ethics** and **environment**. (50%+ of sales in sustainable development markets)
What makes Mersen unique?

**Expertise**
- Advanced Materials
- Electrical Power
- Efficient innovation

**Competitive differentiation**
- High barriers of entry (graphite formulation, norms and regulations)
- Customized products (>65%)
- Global footprint

**Positioned on attractive markets**
- Sustainable development markets (Renewable energies, Electronics and green Transportation)
- Highly buoyant markets: SiC semicon, EV

**Excellence to drive efficiency**
- Solid balance sheet and cash generation
- High gross margin
- Lean culture deployment
- CSR commitments for overall improvement

#1 or 2 on each activity with c. 15-30% market share
## A longstanding CSR strategy

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<td>Set-up of a global CSR reporting</td>
<td>Improved Group’s governance</td>
<td>GHG emission reduction and more to come</td>
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<td>Compliance committee</td>
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<td>- Ecological footprint of our products</td>
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<td>CSR committee</td>
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<td>- Ecological footprint of our facilities</td>
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**2010**
- History

**2018**
- Improved Group’s governance
- ESG governance improvements
- CSR Materiality matrix
- CSR roadmap and mid-term targets
- Identification of sustainable development topics at Mersen followed by interviews with stakeholders in order to prioritize them
  - Priority commitments:
    - Ecological footprint of our products
    - Ecological footprint of our facilities
    - CSR footprint of our suppliers
    - Health & Safety of our employees
    - Human capital
A recognized commitment
Advanced Materials: High value-added customized solutions relying on a unique materials expertise

**ANTICORROSION EQUIPMENT**
N° 1-2 Worldwide

- Engineering systems
- Columns, reactors and pressure vessels
- Heat exchangers

**GRAPHITE SPECIALTIES**
N° 1-2 Worldwide

- Laser galvo scanning mirrors in Sintered SiC
- Ultra pure graphite electrodes for polysilicon production
- Wafers carrier in ultra pure graphite for Semicon
- Carbon insulation for high temperature furnaces

**POWER TRANSFER TECHNOLOGIES**
N° 1-2 Worldwide

- Brushes and brush holders
- Slip-rings
- Total Monitoring & DustCollector
- Lubricating sticks & applicators for wheel/rail contact

**Competitors**

- SGL Carbon (Ger)
- SGL Carbon (Ger), Tokai Carbon (Jp), Toyo Tanso (Jp), Schunk (Ger)
- Morgan Advanced Materials (UK), Schunk (Ger)
Electrical Power: A unique portfolio serving two key applications

**ELECTRICAL PROTECTION**
N°2 Worldwide in industrial fuses

- Fuses and fuse holders
- Surge protection devices

Coverage of all standards worldwide: UL, IEC, DIN, etc.

*Competitors: Eaton (US), Littelfuse (US)*

**POWER CONVERSION**
N°2 Worldwide (components)

- Fuses for semiconductors
- Busbars
- Cooling devices
- Capacitors

Only customized offering of bundled passive components on the market

*Competitors: Eaton (US), Rogers (US), Methode (US), Lytron (US), Cornell Dubilier (US), Panasonic (Jp)*
A global footprint to maximize customer intimacy

North America
14 sites

Europe
24 sites

Asia Pacific
13 sites

South America/Africa
5 sites

Present in all large industrial countries with dedicated plan per business unit

Multi-activities plants in other countries (20% of total sales)

Situation as of December 2019
Strong position in sustainable development markets, key drivers for the future

- Sustainable development Markets > 50%
  - 2016-2019 CAGR +10%
- Other markets
  - 2016-2019 CAGR +6%
Accretive acquisitions

- Shape the future by acquiring production capacity
- Accele rate expansion in sustainable development markets
- Strengthen expertise and accelerate innovation
- Develop a services business for the chemicals industry

COLUMBIA AGM ITALY AMERICARB
MERSEN GALAXY CIRPROTEC MERSEN HATAN
FTCAP IDEALEC CALY TECHNOLOGIES
LGI GAB NEUMANN
Four years of development and transformation strengthened Mersen

**SALES (€m)**

2016-2019 CAGR
+8%

**OPERATING INCOME BEFORE NON-RECURRING ITEMS (€m)**

2016-2019 CAGR
+19%

**FREE CASH FLOW* (€m)**

2016-2019 CAGR
+6%

**FINANCIAL LEVERAGE (x EBITDA)**

2016-2019
-0.6x

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*Operating cash flow after capital expenditure*
A long standing CSR strategy
High quality board and management team

**ROBUST GOVERNANCE STRUCTURE**

- Abides by the AFEP-MEDEF’s code of corporate governance
- 2 specialized committees (Audit & Accounts, Governance & Remuneration) chaired by independent directors
- Dual structure
  - Chairman of the Board CEO
  - Strategy discussed at board level
- 8 members
  - 2 representatives of BPI
    - 1 employees’ representative
  - 71% INDEPENDENT
  - 57% FEMALE

**EXPERIENCE AND SKILLS**

*Independent members*

- **O. Legrain** (chairman of the board): Previous executive with global listed companies
  - Strategy, Shareholder expertise, industrial expertise, experience in Materials market,

- **Denis Thiery** (chairman of the Audit and Account committee): Previous CEO/CFO with global listed company

- **Ulrike Steinhorst** (chairman of Governance, Nomination & Remuneration committee): Experience with global entities-working abroad
  - Strategy, Experience in industrial markets, Industrial expertise, CSR

- **Michel Crochon**, Experience with global companies, working abroad:
  - Strategy, experience in electrical markets, industrial expertise

- **Carolle Foissaud**: Experience with global companies:
  - experience in industrial markets, Industrial expertise

**MANAGEMENT TEAM**

- A diversity of characters and profiles
  - 45% have more than 20 years experience at Mersen.
  - 25% have less than 5 years experience at Mersen
  - 2 based in the US
Ethics and compliance

- **Governance**
  - Chief Compliance Officer reporting to the Audit & Account committee
  - Quarterly Ethics & Compliance committee
  - Whistleblowing system (global and local – France, China, USA)

- **Training programs**
  - Ethics: for all employees
  - Anti-corruption: for the positions especially concerned

- **Compliance is part of the review of internal control.**

Available in 14 languages
Human Capital

- Governance
  - HR roadmap presented to the CGNR committee

- Training programs & skills
  - Mersen Academy
  - Open Manager

- Diversity
  - Local management
  - Gender balance

- A new values and engagement survey launched

- Part of LTI criteria for senior managers

Mid-term targets set in 2018

- 25% to 30% female Managers & professionals by 2022
Health and Safety

- Governance
  - Monthly HSE committee
  - Safety Council
  - Health and safety management system
  - Network of health & safety managers on site
  - Committed managers (One of the bonus criteria is health & Safety)

- Training and shared best practices for all employees

- Part of LTI criteria for senior managers

Mid-term targets set in 2018

- Increase the number of Management Safety visits by 15% between 2018 and 2021
- Attain a Lost-time Injury rate of less or equal to 1.4 in 2021
- Attain a Severity Injury rate of less than or equal to 60 in 2021
Environment

- **Governance**
  - Monthly HSE committee
  - Presentation to the committees of the Board
  - Environmental management system
  - Network of environmental managers on site

- Training and shared best practices and initiatives

- Part of LTI criteria for senior managers

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- **Industrial plants**
  - incl. 15 with more than 125 employees
  - ISO14001 certified 59%

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**Increased Recycled Waste Ratio**

Mid-term targets set in 2018

+15 points of recycled waste ratio by 2021
Managing our suppliers

- **Governance**
  - 1 Supplier supervisor by segment
  - Reporting to the CSR committee

- **Implementation of a corruption risk assessment process**

- **Commitment to Conflict minerals control**

**Mersen purchasing charter finalized in 2019**

CSR questionnaire available in our SRM solution

Available in 5 languages (French, English, Chinese, German, Spanish)

**Mid-term targets set in 2018**

Assess the sustainable performance of strategic suppliers (making at least 80% of the value of material purchased)
9 months 2020 Business Performance
The Covid-19 impact was particularly significant in April and May – Slight rebound in Q3
Mersen’s 9 months 2020 Sales by geography: Asia stands out

- Europe: -17% vs 9m 2019
- Asia Pacific: -20% vs 9m 2019
- South America / Africa: -20% vs 9m 2019
- North America: -14% vs 9m 2019

€638m -12.2%
Sustainable development markets are showing more resilience.

Sales in €m

- Q1 2020: 220
- Q2 2020: 160
- Q3 2020: 200

Organic growth

- 250% growth in Q1 2020
- 20% growth in Q2 2020
- 0% growth in Q3 2020
Strong financial leverage and solid balance-sheet

Net debt

Dec. 2019: €218
Sept. 2020: €218

Net debt / EBITDA: 1.5
Net debt / Equity: 37%

Confirmed credit lines drawn down at Sept 30, 2020 in €m

- €140m undrawn credit lines
- €90m cash available

Confirmed credit lines drawn down:

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit Lines</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Syndicated loan</td>
<td>45</td>
<td>60</td>
<td>80*</td>
<td></td>
<td></td>
<td></td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>USPP</td>
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<td></td>
<td>Schuldschein</td>
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* Including €40m for NeUCP backup
2020 Guidance
A contrasted picture calling for targeted actions (1)

Highly buoyant markets requiring on-going investment

- **SiC semicon:**
  - Investments underway in Europe for flexible and rigid insulating felt solutions to meet demand in Europe and Asia.
  - Local production of felts for the semiconductor manufacturers in the US (Americarb)

- **Electric Vehicles:** technical qualification process underway with car manufacturers

Continued implementation of the industrial strategy for the long term

- Center of excellence in Columbia in order to position the Group for the long term on graphite
- Gradual ramp-up
A contrasted picture calling for targeted actions (2)

Adaptation to structural decline: aeronautics, chemicals markets
- Restructuration on sites highly dependent on these markets

Addressing the current context
- Furlough measures when needed

Ongoing review of the industrial efficiency
- New modern plant in China for fuses
- Capacitors business line regrouped in Germany
- Efficiency measures, globally
2020 guidance

- Organic decrease of sales for the full year: between -12% and -14%

- Operating margin before non recurring items: between 7% and 8%

- €55m of non-recurring costs (of which €30m are non cash)
  - €20m are linked to social costs and other
  - €20m depreciation of goodwill + €10m depreciation of other assets
  - €5m already booked in H1 2020

- Capex: €[55-60]m + €[15-20]m for Columbia
A largely negative volume effect partly offset by cost flexibilization

Current Operating result in €m

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Operating margin</td>
<td>11.1%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

In %

<table>
<thead>
<tr>
<th></th>
<th>H1 2019 Current Operating margin</th>
<th>H1 2020 Current Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume effect</td>
<td>-5.3%</td>
<td></td>
</tr>
<tr>
<td>Cost flexibilization</td>
<td>+1.3%</td>
<td></td>
</tr>
<tr>
<td>Impact of productivity</td>
<td>+1.4%</td>
<td></td>
</tr>
<tr>
<td>Cost inflation</td>
<td>-1.1%</td>
<td></td>
</tr>
<tr>
<td>Impact of exchange rates, scope and other</td>
<td>+0.7%</td>
<td></td>
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Price effect slightly positive
No mix effect
Stable raw material prices
Higher cash flow generation than in H1 2019, in spite of the context

Operating cash flow after Capex

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2020</th>
</tr>
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<tr>
<td>Operating Cash-Flow</td>
<td>26</td>
<td>35</td>
</tr>
<tr>
<td>Capex</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>FCF in €m</td>
<td>7</td>
<td>11</td>
</tr>
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</table>

WCR: 28% of sales*
- Safety stock build-up
- Stable customer delays
- Increase in trade receivables (seasonality)

Capex contained
- Slowdown of some projects due to the context.
- Continuation of the Columbia project (€9m)

* Unfavourable calculation as it is based on 2nd quarter sales

Seasonality always unfavourable in the first half of the year
Shareholding structure as of Dec. 2019

- **BPI - CDC**: 15%
- **French Investors**: 31%
- **Other Investors**: 40%
- **Individuals & Employees**: 13%