2020 Annual Results
AND 2021 PRIORITIES
2020: Good performance in an unprecedented year

Sales: €847m down 11% vs 2019, with broadly stable sustainable development markets

Operating margin before non-recurring items: 8.1% of sales

Free cash flow: €76m* vs €60m in 2019, resulting in record-low net debt

Shareholder return: Dividend of €0.65/share

Targeted measures when needed: furlough and short-time working schemes, targeted restructuring

Continued strategic plans by segment: industrial optimization, investments

Committed teams: even at the height of the crisis, 85% of plants were operational

Motivated teams: 91% proud to belong to the Group

* Cash flow from operating activities after industrial capex
2020 Results
Thomas Baumgartner
Contained decrease in 2020 sales

North America -13% vs 2019
Europe -16% vs 2019
Asia-Pacific -2% vs 2019
South America/Africa -20% vs 2019

€847m -11.4%

The Asia-Pacific region stands out, with 8% growth in China

Advanced Materials -14.7%
Electrical Power -7.1%

Like-for-like growth (as a %)
Profitability held up well

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>102</td>
<td>10.8%</td>
</tr>
<tr>
<td>2020</td>
<td>69</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

2019 operating margin before non-recurring items

- Volume/mix effects: -3.9%
- Net savings excluding additional costs linked to the health crisis: +1.4%
- Productivity gains: +1.1%
- Cost inflation: -1.1%
- Other: -0.2%

2020 operating margin before non-recurring items

- 8.1%

2020 EBITDA
- €123m
- 14.5% of sales

2019 EBITDA
- €155m
- 16.3% of sales
Both segments **contributed** to the Group's resilience

- **Advanced Materials**
  - 2019: 82
  - 2020: 58
  - Operating margin before non-recurring items: 15.1% (2019), 12.1% (2020)
  - Negative volume effect – more significant in AM
  - Stable prices in both segments
  - High cost flexibility in both segments
  - Positive effect of the productivity plan in EP segment

- **Electrical Power**
  - 2019: 38
  - 2020: 28
  - Operating margin before non-recurring items: 9.4% (2019), 7.5% (2020)

Operating income before non-recurring items (€m)
Operating margin before non-recurring items (% of sales)
### Net income impacted by non-recurring items

<table>
<thead>
<tr>
<th>In €m</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income before non-recurring items</td>
<td>102.2</td>
<td>68.6</td>
</tr>
<tr>
<td>Non-recurring income and expenses</td>
<td>(11.3)</td>
<td>(51.4)</td>
</tr>
<tr>
<td>Financial income</td>
<td>(13.2)</td>
<td>(12.0)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(17.9)</td>
<td>(14.0)</td>
</tr>
<tr>
<td>Net income</td>
<td>59.8</td>
<td>(8.8)</td>
</tr>
<tr>
<td>Attributable to owners of the parent</td>
<td>57.3</td>
<td>(12.0)</td>
</tr>
</tbody>
</table>

#### Non-recurring expenses
- Restructuring costs: €17m
- Impairment of under-used assets: €8m
- Goodwill impairment for ACE: €17m
- Litigation and acquisition costs: €8m

#### High effective tax rate
(2018 rate: 24% - 2019 rate: 23%)
- Due to the recognition of non-deductible non-recurring expenses
- Impairment losses on deferred tax assets: €4m
Adaptability in human resources in 2020

-7% reduction in the number of employees and temporary workers

Flexibility through short-time working and furlough schemes (maximum 10% of employees at the height of the crisis)

* At constant scope of consolidation (excluding GAB Neumann)
**Targeted adaptation plan**

<table>
<thead>
<tr>
<th>Impact on P&amp;L</th>
<th>€ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Adaptation plan</td>
<td>17</td>
</tr>
<tr>
<td>Total expected savings based on 2019 cost structure</td>
<td>10</td>
</tr>
<tr>
<td>Cash-out of adaptation plan</td>
<td>5</td>
</tr>
</tbody>
</table>

**Strong downturn** in the aeronautics and chemicals markets

**Continued review of operational efficiency** in the Electrical Power segment

**Strong downturn in the aeronautics and chemicals markets**

**Continued review of operational efficiency** in the Electrical Power segment
## Solid generation of operating free cash flow

<table>
<thead>
<tr>
<th>Year</th>
<th>FCF in €m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>60</td>
</tr>
<tr>
<td>2020</td>
<td>76</td>
</tr>
</tbody>
</table>

- **Cash flow conversion**: 103% (79% in 2019)
- **Funding for capex**: €57m
- **WCR**: 20.5% of sales (22% in 2019)

* Operating cash flow before capex/EBITDA
Significant reduction in **net debt**

<table>
<thead>
<tr>
<th>Operating cash flow</th>
<th>Capex</th>
<th>Acquisitions</th>
<th>Interest</th>
<th>Lease and Other</th>
<th>Dec. 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>218</td>
<td>133</td>
<td>(57)</td>
<td>(14)</td>
<td>(7)</td>
<td>180</td>
</tr>
</tbody>
</table>

Not including:
- Lease liabilities: €47m
- Provisions for pension obligations: €72m

- Net debt/EBITDA: **1.65**
- Net debt/Equity: **33%**
A solid balance sheet with liquidity to cover repayments for the next few years

**Drawn credit lines at December 31, 2020 in €M**

- **USPP**
- **Schuldschein**
- **NEU CP**
- **NEU MTN**

### Undrawn Credit Lines
- **€160M**

### Cash Available
- **€110M**

### Maturity
- **4 YEARS**

**NEU CP:** Negotiable European Commercial Paper
2021 priorities and outlook

Luc Themelin
Positioned on buoyant sustainable development markets

56% of sales for sustainable development markets

Stable sales in 2020 vs 2019

Like-for-like growth vs 2019
... offering growth opportunities in the short and medium-term

<table>
<thead>
<tr>
<th>Sector</th>
<th>2020</th>
<th>2021</th>
<th>2022-2023 trend</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solar power</td>
<td>🟢</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Wind power</td>
<td>🟡</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Conventional energy</td>
<td>🟡</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td><strong>Electronics</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Manufacture of SiC semi-conductors</td>
<td>🟢</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Manufacture of Si semi-conductors</td>
<td>🟡</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Power electronics</td>
<td>🟡</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail</td>
<td>🟡</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Aeronautics</td>
<td>🟢</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td>Electric vehicles</td>
<td>🟢</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td><strong>Chemicals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrosive chemicals</td>
<td>🟢</td>
<td>🟢</td>
<td>🟢</td>
</tr>
<tr>
<td><strong>Processes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process industries</td>
<td>🟢</td>
<td>🟢</td>
<td>🟢</td>
</tr>
</tbody>
</table>
Solar: significant potential for Mersen by focusing on premium offer

**Annual GW**

- **2015**: 0
- **2016**: 25
- **2017**: 50
- **2018**: 100
- **2019**: 200
- **2020**: 255

**Mersen sales in €m**

- **2015**: 20
- **2016**: 40
- **2017**: 60
- **2018**: 80
- **2019**: 100
- **2020**: 120
- **MT**: 150

**Sources:** IHS, Solar Power Europe October 2020

**Expected market growth of 15% per year on average**

**Developing technology:**

- Increase in size of cells (from 152 mm to 210 mm)

**Mersen’s positioning on a comprehensive premium offer**

- Isostatic graphite, insulation, C/C composite
- Electrical protection for high-power industrial facilities
Mersen’s expertise applied to **premium solar power**

ADVANCED MATERIALS SEGMENT

- Graphite anticorrosion systems for HCl synthesis
- CVD reactors
- Graphite electrodes
- Polysilicon manufacturing
- Monocrystalline silicon ingot manufacturing
- 1,400°C CZ processes

ELECTRICAL POWER SEGMENT

- Solar panel protection
- Energy storage and conversion
- 25% of business

2020 Sales

€60M

20% of business

75% of business
Growth of the SiC semiconductors market is set to accelerate in line with EV market growth.

USD million

x4 between 2020 and 2025

Source: Yole
Mersen’s expertise in SiC semiconductors

**ADVANCED MATERIALS SEGMENT**
- GRAPHITE, INSULATION FOR FURNACES
  - Crystal growth
- GRAPHITE WAFFER CARRIER
  - Epitaxy
  - Ion implantation
  - Annealing

**ELECTRICAL POWER SEGMENT**
- Diode, transistor
- Power module
- Inverter

**End markets**
- COMPONENTS FOR INVERTERS
  - COMPANIES: CREE, II-VI, STMicroelectronics, Infineon, SEMIKRON, Wolfspeed, ALSTOM, Rockwell Automation, BOSCH, TMEIC, ABB, SIEMENS
Graphite and insulation determine the quality of silicon carbide wafers and therefore the cost of semiconductors.

Induction heating
Quartz tubing
SiC powder

2,400°C +/- 1°C

SiC ingot

INSULATION

GRAPHITE CRUCIBLE

2020 Sales
€30M
Unique position in the sophisticated and intricate SiC manufacturing process

Key products for ingot quality (and therefore process efficiency):
- Purity of graphite
- Insulation properties

Expertise through long-standing ties with pioneers in the industry for over 20 years

High-performance industrial system in which we continue to invest
- Investments in Europe from 2019 to 2021: €12m
- Investments in Americas (Americarb + Columbia): €6m

Present across all geographies, close to industry players
- Long-standing leaders
- New entrants (China, 5G)
- Startups, universities, etc.

MID TERM ANNUAL SALES
€50-60M
Electric vehicles: Market growth is accelerating

Number of electric vehicles
Individuals >400V sold per year (thousands)

- **x2** between 2020 and 2024
- **x3** between 2024 and 2030

Source: Mersen estimates
Mersen’s offering for EV/HEV applications

- **BATTERY MODULE**
  - Fuse
  - Monitoring busbar

- **INVERTER**
  - Capacitors
  - Busbar

- **ELECTRICAL PROTECTION OF VEHICLES**
  - Main fuse
  - Hybrid fuse
  - Auxiliary fuse

- **RAPID CHARGING STATION**
  - 50kW - 100kW

- **2020 SALES**
  - €15M
Mersen is successfully adapting to this new market and these new customers

- Traditional car manufacturers
- New entrants
- Tier-one suppliers for manufacturers
- Battery manufacturers

- Marquardt
- Contract over the duration of the platform (5 to 7 years)
- Production launch: 2022

- Strategic partnership on Hybrid fuse
- Target: EV>800V

- Eventually, 3 dedicated plants in 3 key regions
- Dedicated teams
- Certified sites

Mid-term annual sales: €40-70M
Columbia, additional capacity to serve our growth markets

2019
- Return of facilities to working order
- Acquisition Americarb Insulation
  - Closing: Cash-out USD 7m
  - June 28, 2019

2020
- First batch extruded graphite
  - July 2020
- Acquisition Americarb Insulation
  - Cash-out USD 6m

2021
- Transfer and Startup
  - GRI insulation line (Americarb)
  - Production launch
    - Extruded graphite

2022 and beyond
- Insulation for solar and semiconductor markets, heat processing
- Extruded graphite (internal sales) for process industries
- Potential additional capacity for isostatic graphite (semiconductors, solar, process industries)

CAPEX
- €5m
- €15m
- €15m-€20m
- €5m-€10m (2022)
**Continued industrial optimization**

**HEALTH AND SAFETY: THE PRIORITY**

- Accident frequency rate: 1.54 (medium-term target <1.4)
- Severity rate: 64 (medium-term target <60)

**OPTIMIZATION OF INDUSTRIAL SITES**

- Enhanced manufacturing efficiency on Europe’s electric fuse market (Fusetech)
- Modernization of two plants in China (fuses, graphite for semiconductor market)
- Large digital projects and MES (Manufacturing Execution System)

**REDUCED ENVIRONMENTAL FOOTPRINT**

- Target to reduce GHG emissions intensity by 20% by 2025
- Increase in waste recycling rate (60% in 2020 vs 46% in 2018)
Shareholder return:
return to dividend payment: €0.65 per share

Dividend in €
Payout as a % of restated net income

Payout of between 30% and 40% of Group net income restated for non-recurring items

Decision to cancel the dividend in April 2020 in a period of major uncertainty (23% drop in sales)
Operational priorities and outlook for 2021

We continue to seize **growth opportunities**: Solar, semiconductors, EV – by investing when necessary

Like-for-like sales growth of between 2% and 6%

We are accelerating our **response plans** to optimize our cost structure and boost our **industrial productivity**

Operating margin before non-recurring items of between 8% and 8.8%

Capex between €70m and €80m

**Attentive to signs of recovery**, especially in Europe and the United States

And subject to no major deterioration of public health conditions.
Appendix
Investing to **build the future**

**Columbia**

**Environment**
- Reduce GHG emissions intensity
- Improve processes
- St Bonnet solar power plants

**Growth**
- Electric vehicles
- Solar: Galaxy extension (China)
- Semiconductors: Expansion into South Korea & India

**Maintenance and Productivity**
- Including IT projects

**2021**
- €70m-€80m