



MERSEN: A SUSTAINABLE GROWTH TRAJECTORY

2018 H1 RESULTS

July 31, 2018

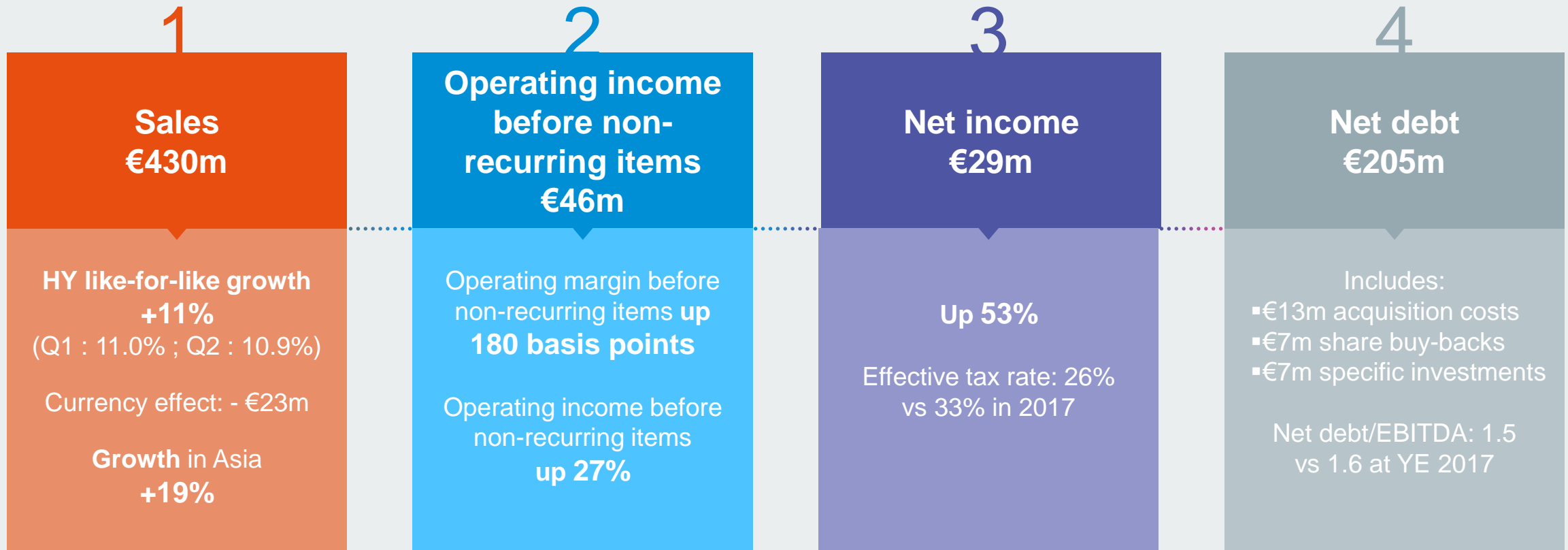


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2018 H1 RESULTS

H1 2018: ANOTHER SEMESTER OF GROWTH



A SEMESTER THAT SAW A ROBUST GROWTH IN ALL GEOGRAPHIES

NORTH AMERICA +7%

- Growth in electronics and process industries
- Increase in electrical distribution (however lower than Group's growth)

SOUTH AMERICA & AFRICA +9%

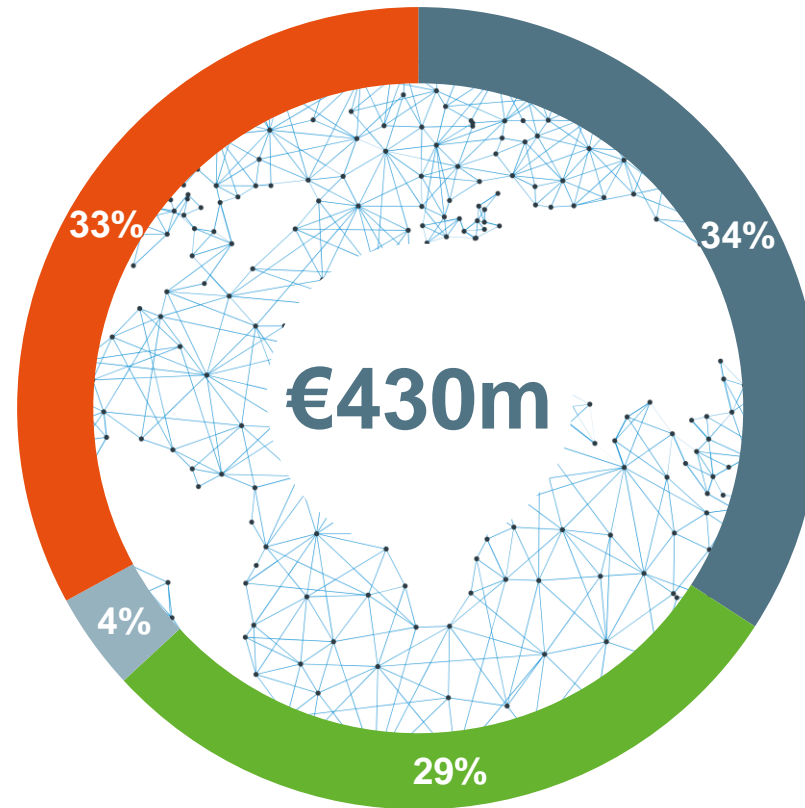
- Improvement of the situation in Brazil

EUROPE +8%

- Good performance from transportation and process industry sectors

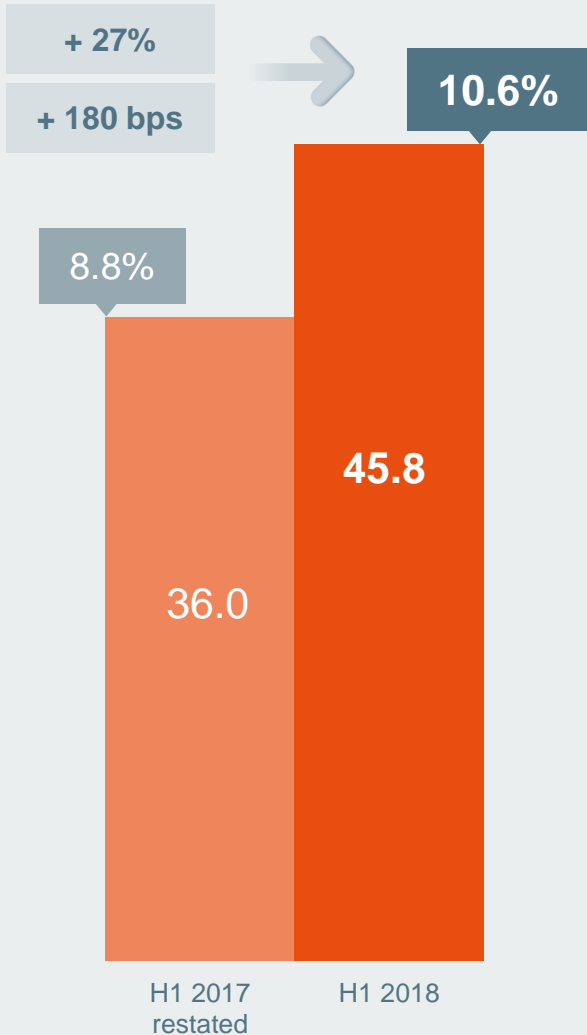
ASIA +19%

- Growth in renewable energies, electronics and chemicals



Sales H1 2018 in €m – organic growth vs H1 2017

SHARP INCREASE IN PROFITABILITY...



in % of sales

Restated H1 2017 operating margin before non-recurring items 8.8%

Volume / mix effects +2.3%

Price impact +1.6%

Raw materials impact -1.2%

Impact of competitiveness plans +1.7%

Cost Inflation -1.4%

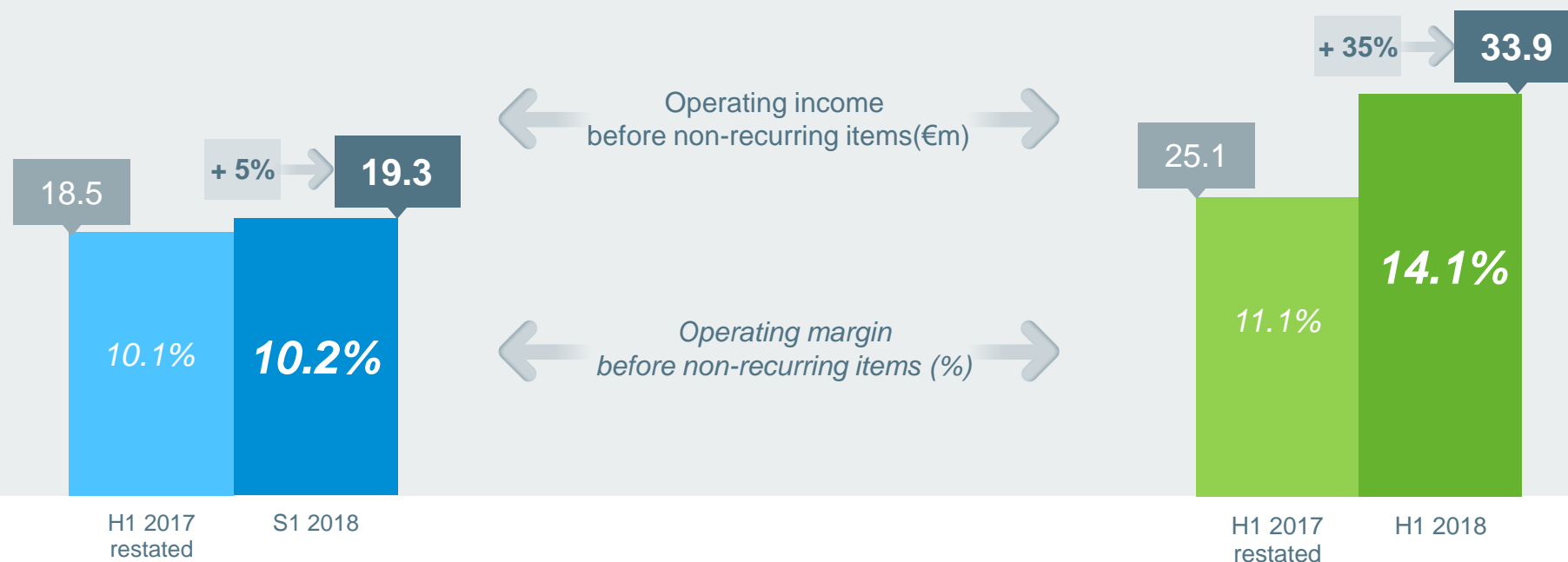
Currency, perimeter and other -1.2%

H1 2018 operating margin before non-recurring items 10.6%

Price/raw materials: net positive

Inflation offset by the competitiveness plan

... THANKS TO THE AM SEGMENT'S SIGNIFICANT CONTRIBUTION...



ELECTRICAL POWER

Productivity gains
 Rise of some raw material costs (to be offset by price increases)
 Negative currency effect

H1 2018 EBITDA MARGIN

12.5%

ADVANCED MATERIALS

Productivity gains
 Price increase higher than raw material increase
 Positive volume effect

H1 2018 EBITDA MARGIN

20%

... AND THE COMPETITIVENESS PLAN, ON SCHEDULE

	2016	2017	H1 2018	2018 estimated	TOTAL
Cost savings (€m)	16.5	16	7	[12-14]	>45
P&L impact before tax (€m)	(22)	(9)	(1)	(2)	(33)
Cash-flow Impact (€m)	(5)	(11)	(6)	(14)	(35)
<i>Including Capex</i>		(1)	(3)	(7)	(8)

STRONG INCREASE IN NET INCOME

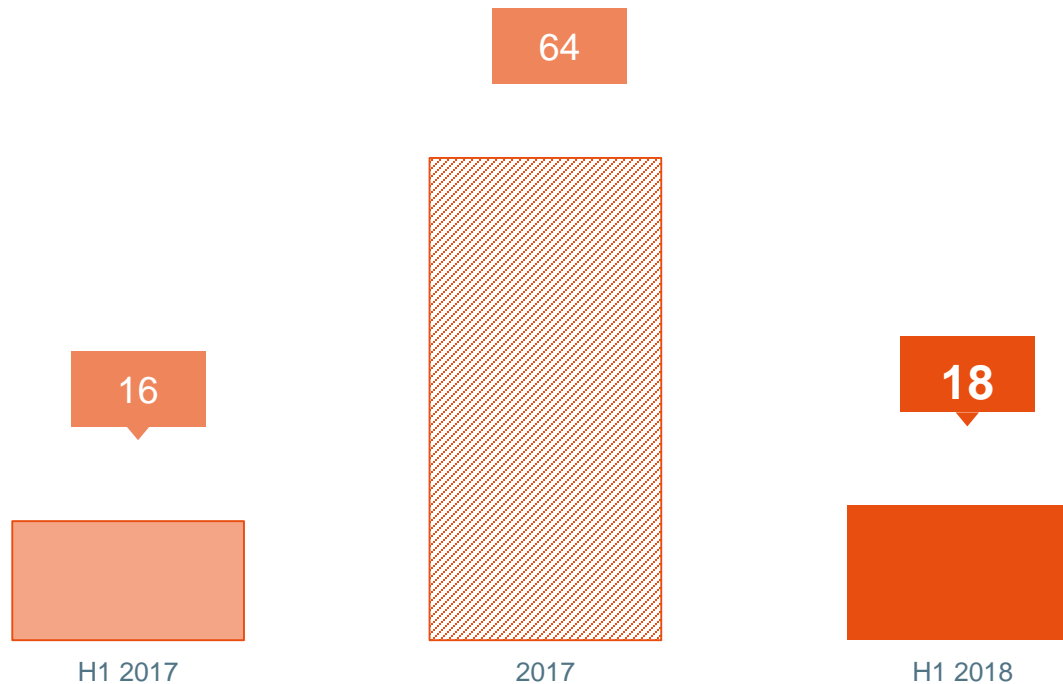
In €m	H1 2017 restated	H1 2018	
Operating income before non-recurring items	36.0	45.8	
Non-recurring income and expense	(2.0)	(1.5)	
Net financial income/(loss)	(5.4)	(4.7)	
Income tax	(9.3)	(10.3)	
Net income/(loss) on assets held for sale	(0.2)	0.0	
Net income	19.1	29.3	+53%
Attributable to owners of the parent	18.1	27.9	

Lower financial expenses
(currency effect)

Strong decrease in the effective income tax rate
26% vs 33%
(impact of US tax reforms)

SOLID OPERATING CASH-FLOW

Cash flow before capital expenditure (€m)



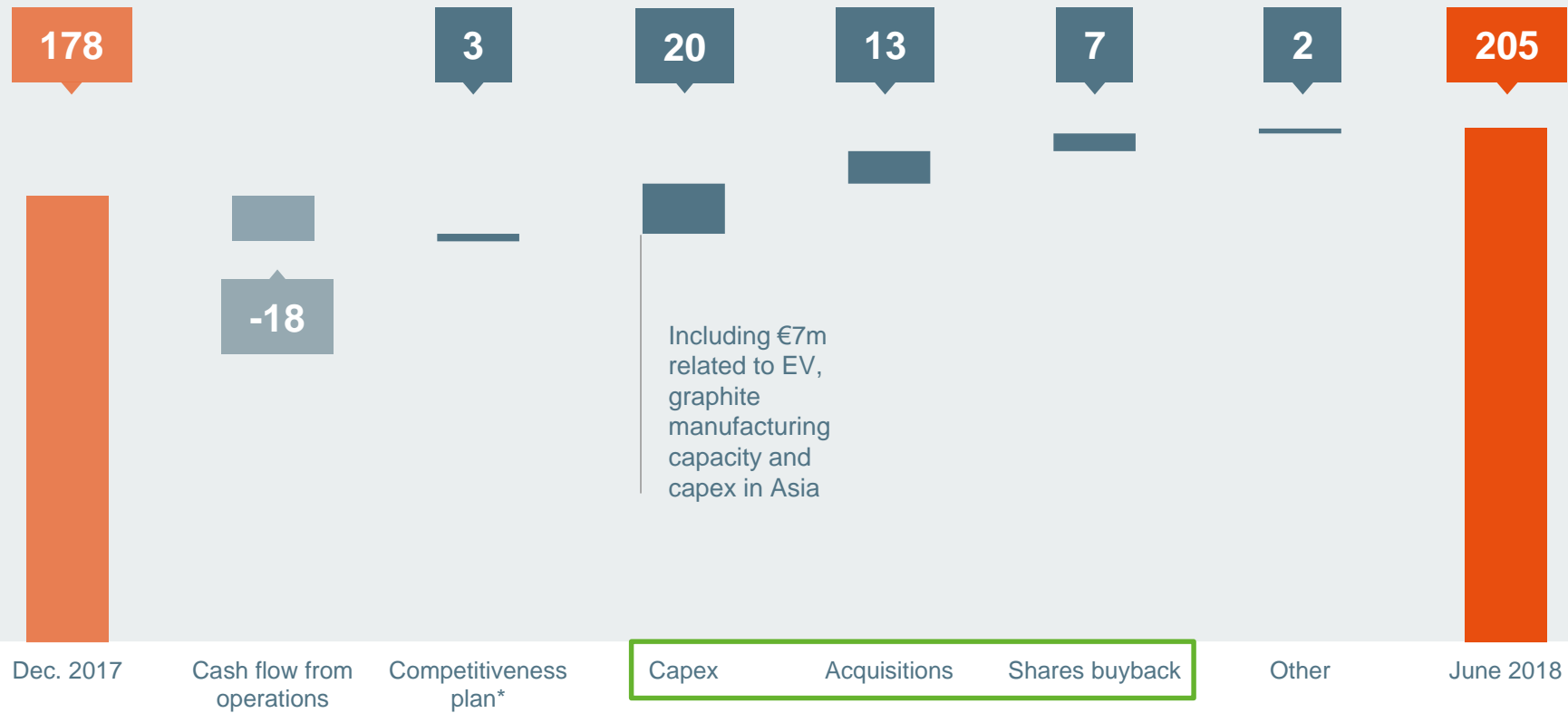
Operational cash flow **increase** in a context of growth in business activity

Increase in WCR in line with business activity growth and seasonality effect

WCR at **22.6% of sales** (impact of contracts in progress in the chemical business)

DELEVERAGING DESPITE SIGNIFICANT INVESTMENT (CAPEX, ACQUISITIONS AND SHARE BUY-BACKS)

in €m



NET DEBT /EBITDA

1.6

NET DEBT/
EQUITY

37%

* Excluding Capex

1.5

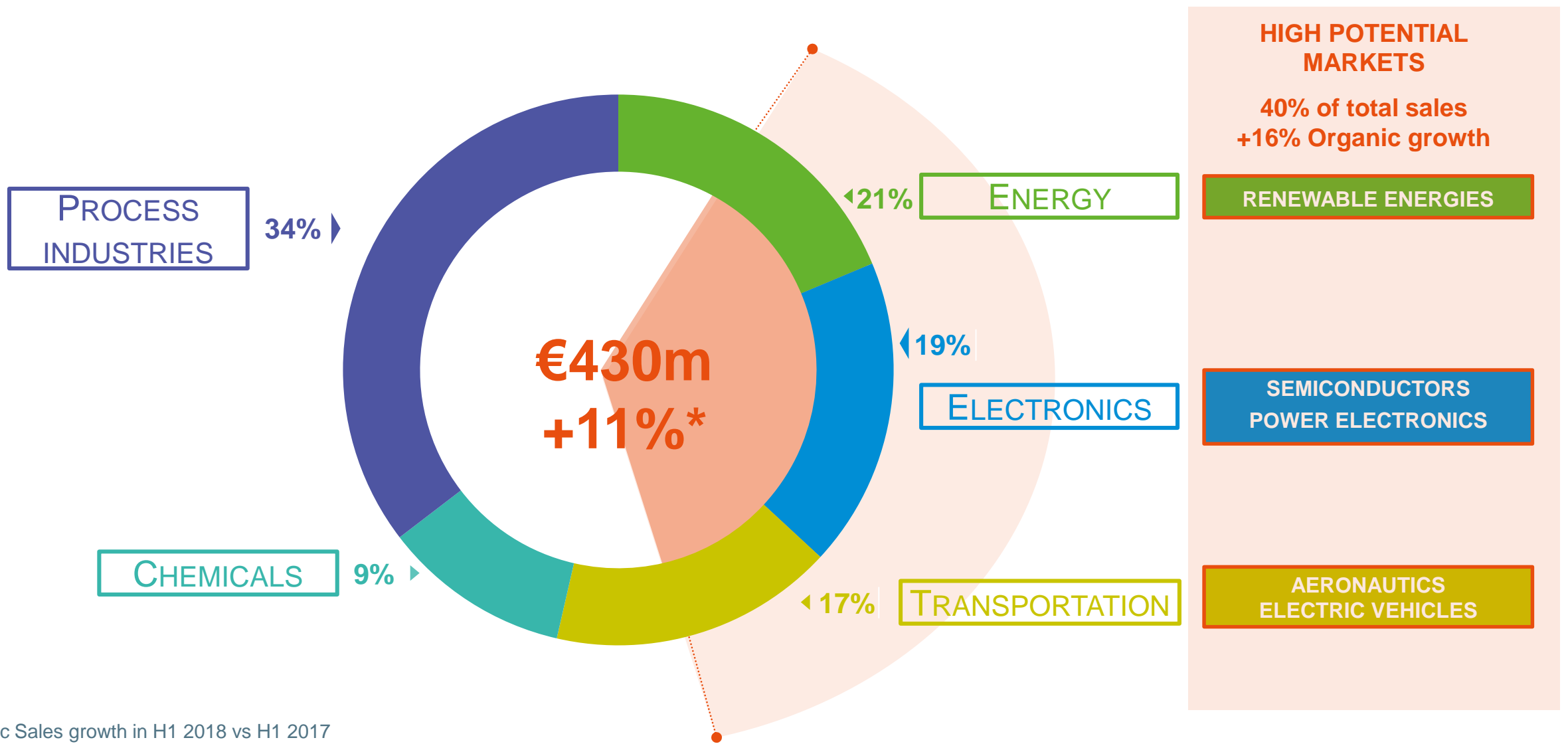
40%

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FY 2018 OUTLOOK

MARKETS WITH HIGH GROWTH POTENTIAL SUPPORTED BUSINESS GROWTH IN H1



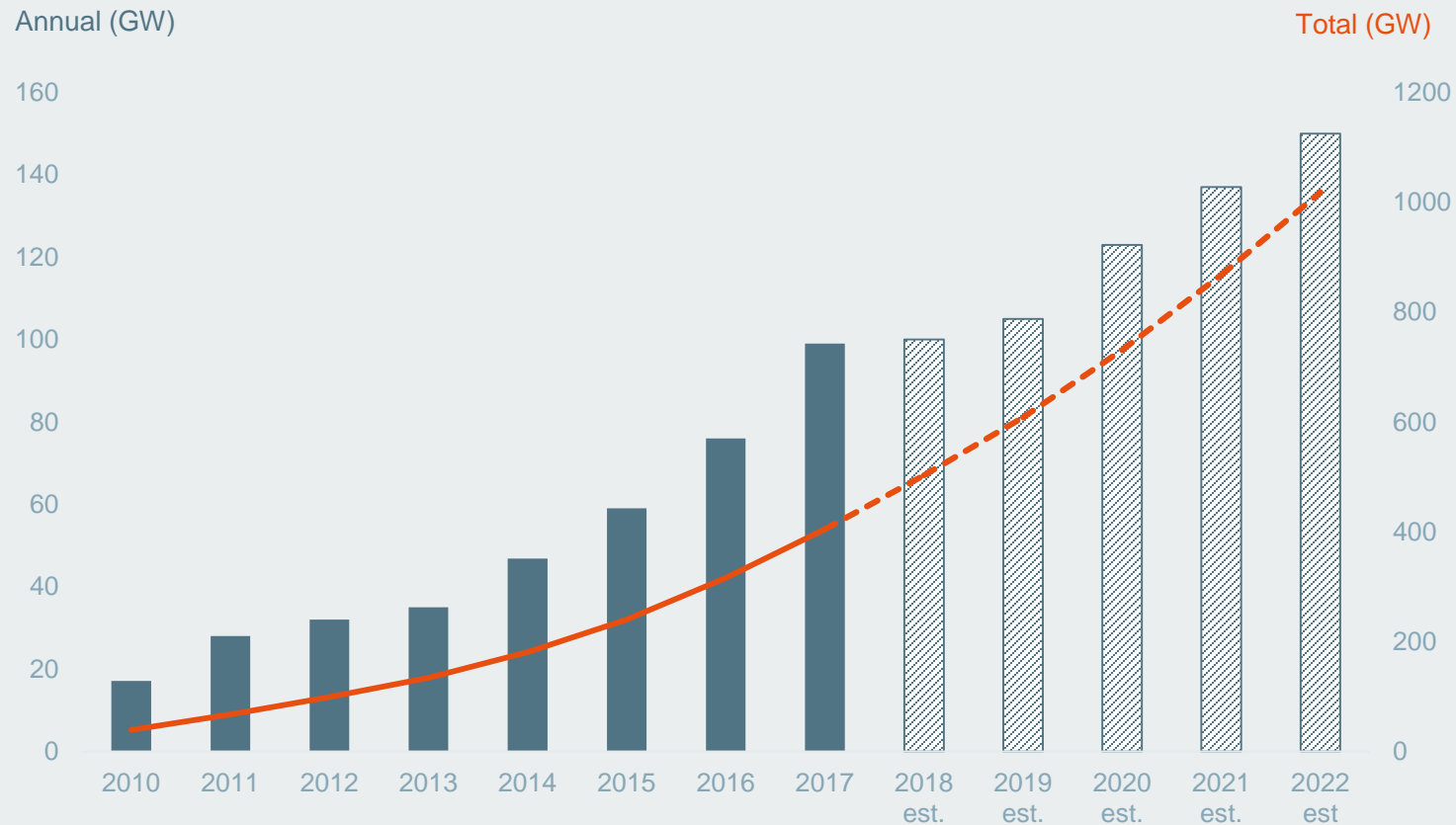
* Organic Sales growth in H1 2018 vs H1 2017

THIS TREND SHOULD CONTINUE IN THE MID-TERM AN UNFAVOURABLE BASE EFFECT IN H2

	ENERGY	ELECTRONICS	TRANSPORTATION
MID-TERM TREND	RENEWABLE ENERGIES	ENERGY EFFICIENCY DIGITIZATION PROCESSING POWER	URBANIZATION MOBILITY ELECTRIFICATION
2018 H2 TREND	PV Solar in China : project rescheduling under discussion Wind: recovery in orders in H1, after a very low H2 2017	Strong growth in semicon manufacturing A large number of projects in power conversion	Electric vehicles: qualification of samples in progress Aeronautics/Space: on-going growth

SOLAR POWER: MAJOR POTENTIAL FOR THE LONG TERM

INSTALLATIONS PROGRESSING AT A **SUSTAINED LEVEL**
DESPITE RECENT ANNOUNCEMENT FROM THE CHINESE GOVERNMENT



Source : IHS Markit, Global Solar Market Outlook 2018-2022, scénario median

THE LOWEST ENERGY
PRODUCTION COST

-20%

vs natural gas

3x cheaper

than nuclear energy

Source: Lazard's 2017 Levelized Cost of Energy Analysis

CHINESE GOVERNMENT ANNOUNCEMENT
(JUNE 1ST 2018)

- Reduce subsidies on certain solar projects in 2018

Installations in China should reach about 35GW vs 50GW in 2017

MERSEN'S STRENGTHS IN THE SOLAR POWER MARKET

POLYSILICON PRODUCTION



Graphite anticorrosion systems for HCl synthesis

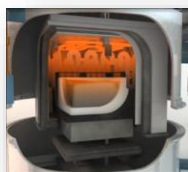


Insulation



Graphite electrodes

INGOTS PRODUCTION



DSS Technology

Graphite resistance, graphite machined parts and crucible; Furnace linings and insulation.



CZ Technology

WACKER

HSC

OCI



LONGI 隆基

Jinko Solar



ELECTRICAL PROTECTION



Fuses and fuse holders



Surge protection



Smart switches

TOSHIBA

TMEIC
We drive industry

SAMSUNG

ENERGY CONVERSION



Bus bars

Fuses for semiconductors

Cooling solutions

STRONG PRESENCE IN ASIA (70% of customer base) in particular on CZ technology, more efficient and using more graphite

FORMULATION of graphite applications

EXPERTISE in increasingly large parts

PRODUCTION CAPACITY (no 1 worldwide) which can be used in other markets

GLOBAL PRESENCE (local market of panel builders)

RELATIONS with energy conversion OEMs

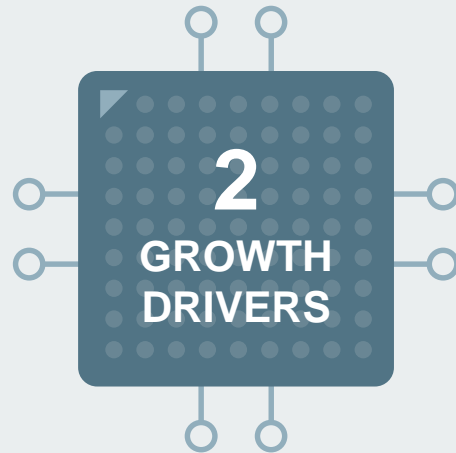
COMPREHENSIVE PROTECTION OFFERING for solar power

INNOVATIVE PRODUCTS for a market of the future: battery-based energy storage

THE ELECTRONICS MARKET DRIVEN BY 2 MAIN FACTORS

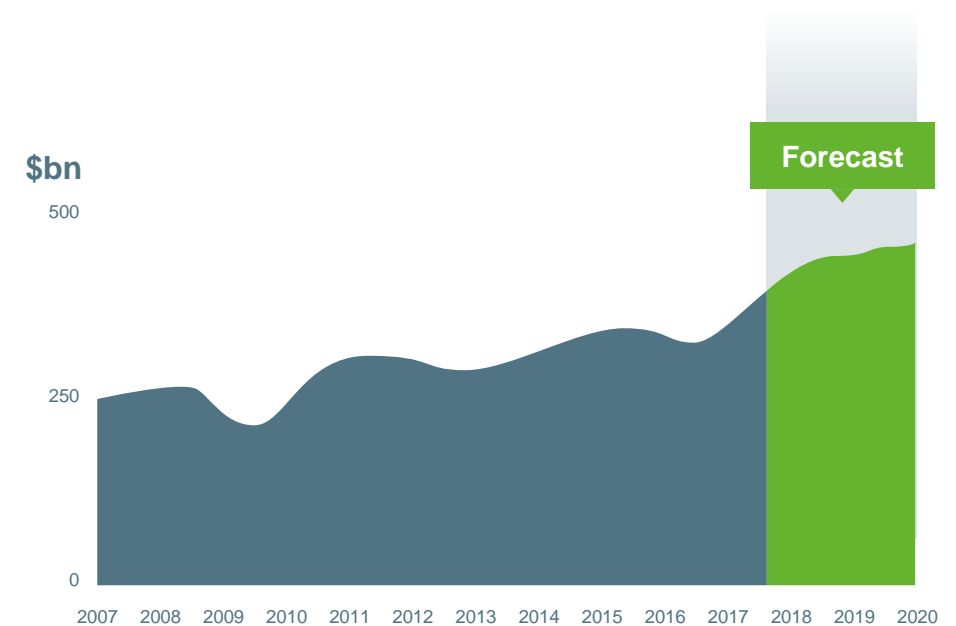
Growing digitization

Big data, mobility, Smartphone, IoT,
Artificial intelligence



Energy savings and power conversion

GLOBAL SEMICONDUCTORS MARKET



Source: WSTS

+20% **+12%**

IN 2017

IN 2018 (estimate)

MERSEN'S STRENGTHS IN THE ELECTRONICS MARKET

SI AND SIC INGOT PRODUCTION



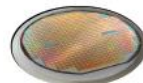
WAFER



Graphite windows for ion implant



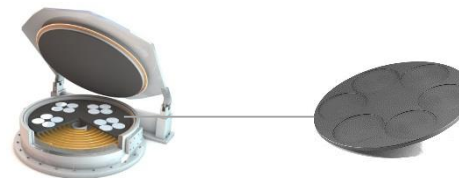
Electrosatic chucks for photo-lithography



Wafer carriers in ultra-pure graphite for plasma etching



EPITAXY



High-purity SiC coated graphite carriers



ENERGY CONVERSION



Bus bars
Semiconductor fuses
Cooling solutions
Capacitors



Power semiconductor
Photo : Semikron



Diode SiC
Photo : Cree

UNIQUE EXPERTISE for **SiC semiconductor** manufacturing,
a very high-growth market for power electronics

PRESENCE IN THE UNITED STATES for the OEM market (semiconductors)

PRESENCE IN ASIA for the replacement parts market (semicon fab in Taiwan and South Korea)

UNIQUE OFFERING
of passive components
for OEMs

DESIGN CAPABILITIES
for OEMs

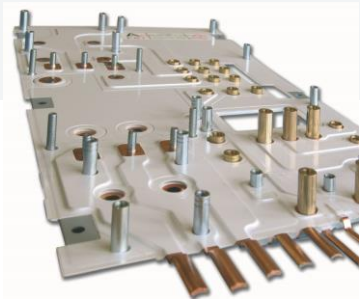
THE LATEST ACQUISITIONS WILL SUPPORT THE POWER ELECTRONICS MARKET AT MEDIUM TERM

IDEALEC

100% acquisition

CONSOLIDATION in the *bus bars* segment

IMPACT IN 2018
2018 sales: €4m (9 months)
Debt: ns



High speed fuses



Cooling devices

Power conversion module

FTCap

100% acquisition

EXTENSION of the product offer to *capacitors*

IMPACT IN 2018
2018 sales: €10m (6 months)
Debt: €23m



HIGH-END EV: AN IMPORTANT MILESTONE REACHED



Photo Porsche Macan



High voltage
circuit
Protection
800V

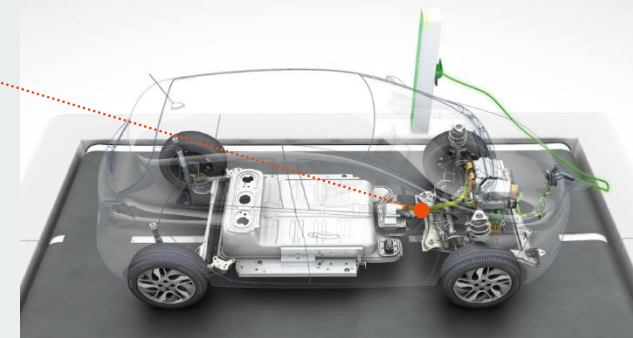


Illustration courtesy of Renault™

To come

*Manufacturing of
qualification samples*

*Certification of the
production line*

Deliveries?

2018

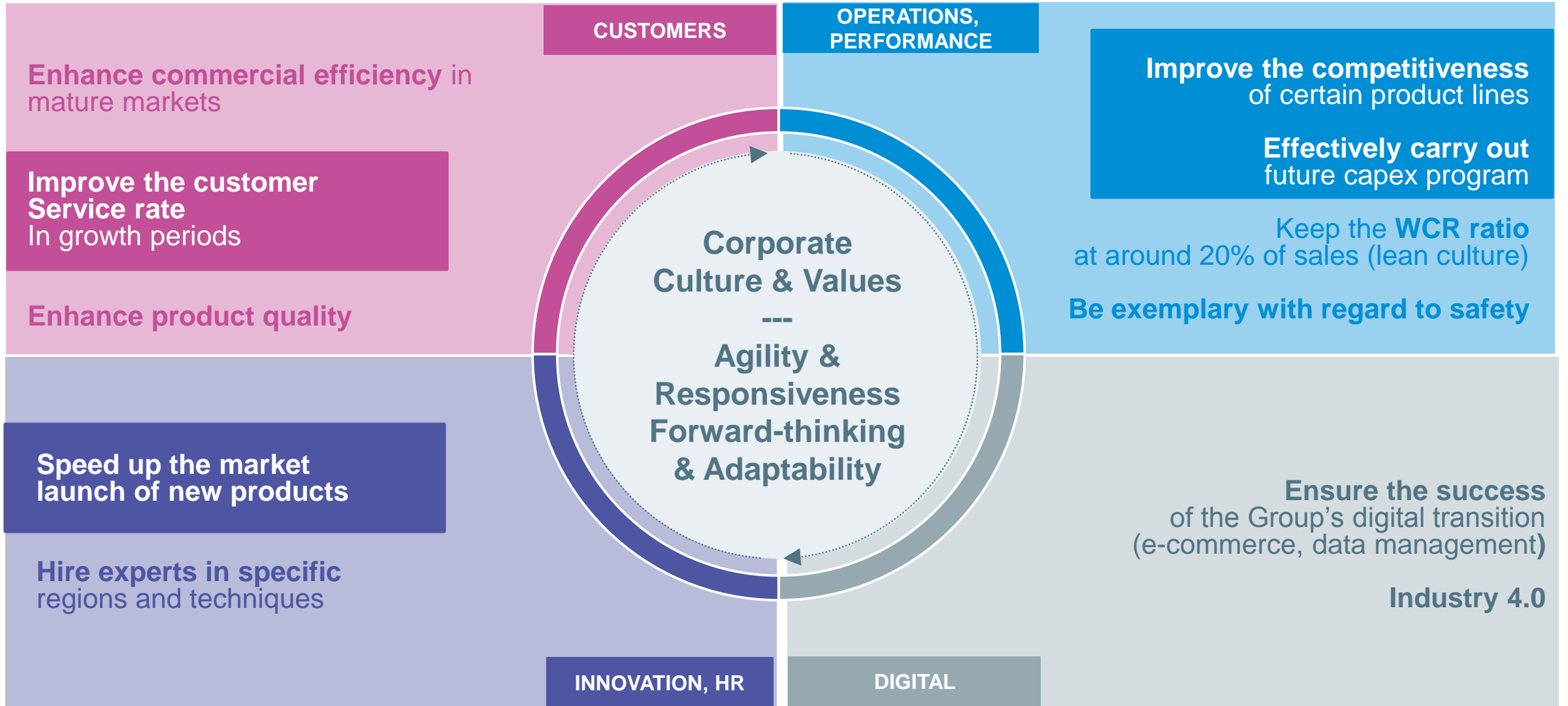
2019

2020



Mersen has been nominated in the frame of the Porsche-VW PPE program to develop Sample-A battery protection solution

ON-GOING MERSEN EXCELLENCE JOURNEY



2018: FY GUIDANCE RAISED

2018

LIKE-FOR-LIKE GROWTH*
VS 2017

**OPERATING MARGIN
BEFORE NON-RECURRING ITEMS**

Announced in
March 2018

Between 3 and 6%

Released in
July 2018

**BETWEEN
7% AND 9%**

+2% contribution of
the acquisitions

Excl. currency effect

Between 9.6 et
10.1% of sales
(vs 9.2% in 2017)

**BETWEEN 10.1%
AND 10.4% OF
SALES**

including impact of
acquisitions

* Excluding currency and scope of consolidation impact