



SHAREHOLDERS' ANNUAL GENERAL MEETING

MAY 17, 2019



AGENDA

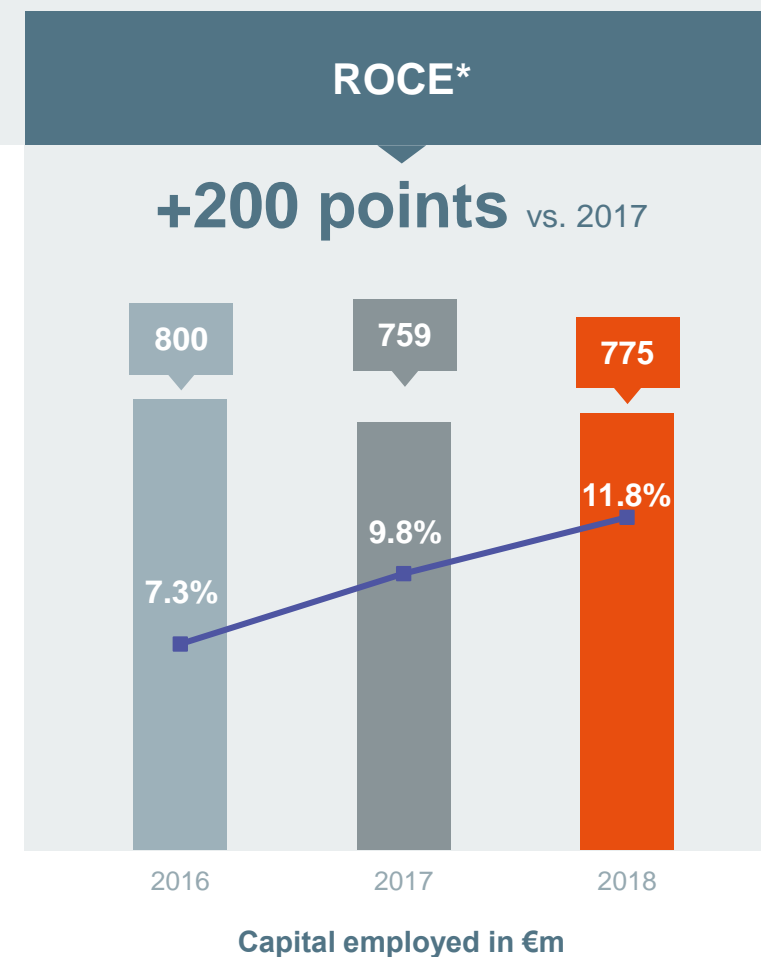
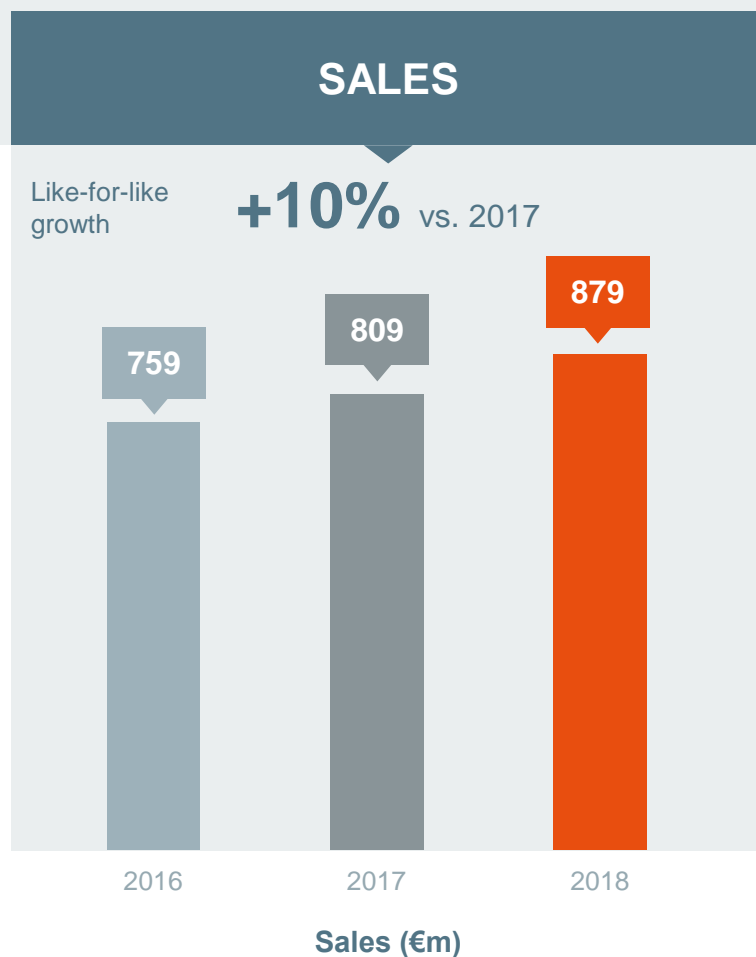
- **INTRODUCTION**
- **STRATEGY: A SUSTAINABLE GROWTH TRAJECTORY**
- **2018 RESULTS**
- **REPORT BY THE BOARD AND THE COMMITTEES**
- **REPORT BY THE STATUTORY AUDITORS**
- **SUMMARY PRESENTATION OF RESOLUTIONS**
- **DIALOG WITH SHAREHOLDERS**
- **VOTE OF RESOLUTIONS**



A SUSTAINABLE GROWTH TRAJECTORY



2018: AN EXCELLENT YEAR...



* Operating income before non-recurring items/average weighted capital employed

... BUSY IN TERMS OF EXTERNAL GROWTH

FTCAP IDEALEC

100% Acquisition

To look to the future



MERSEN GALAXY

Joint venture
60% Mersen

To capture the solar market growth



CALY TECHNOLOGIES

Partnership

To drive innovation



LGI

100% Acquisition

To develop Mersen's
services for the
chemicals industry



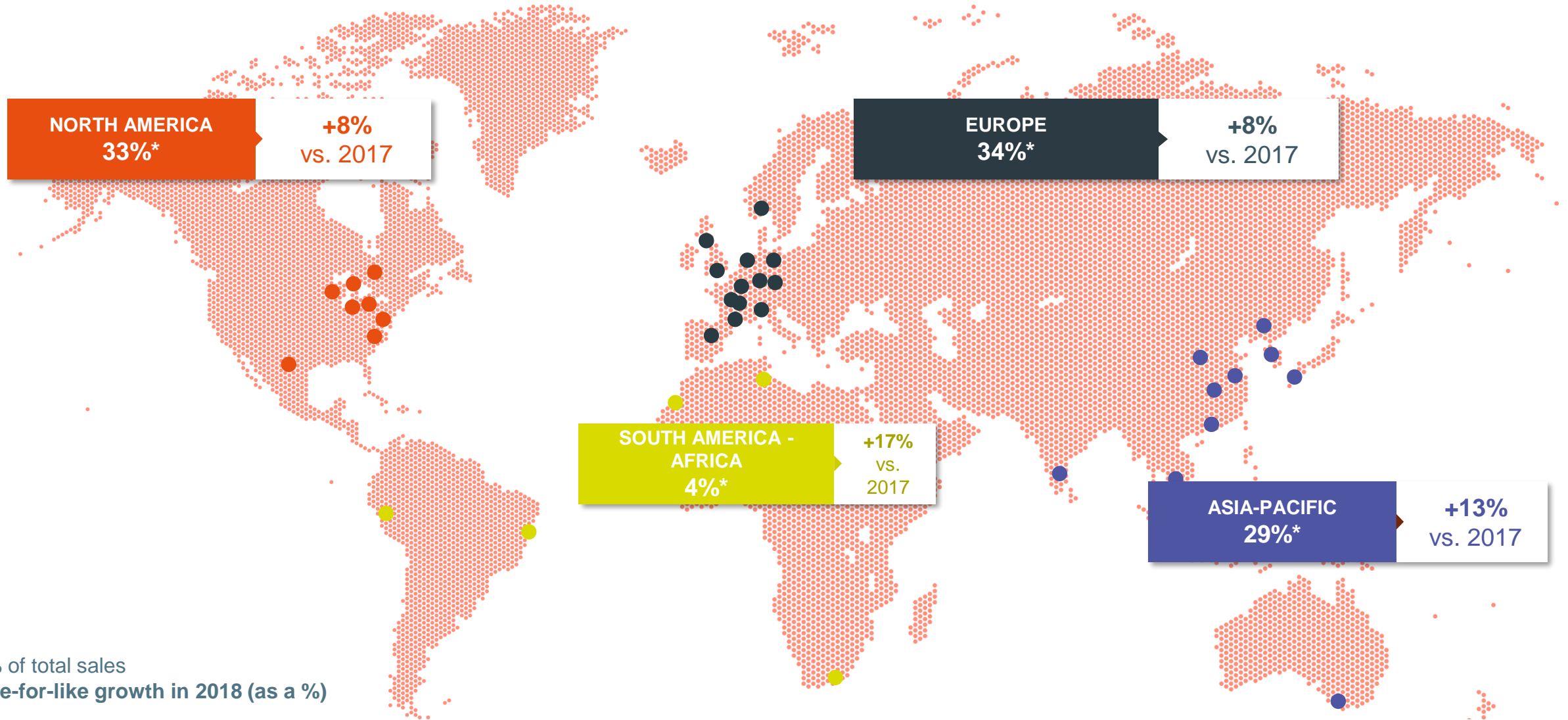
CIRPROTEC

Minority stake

To step up global
sales

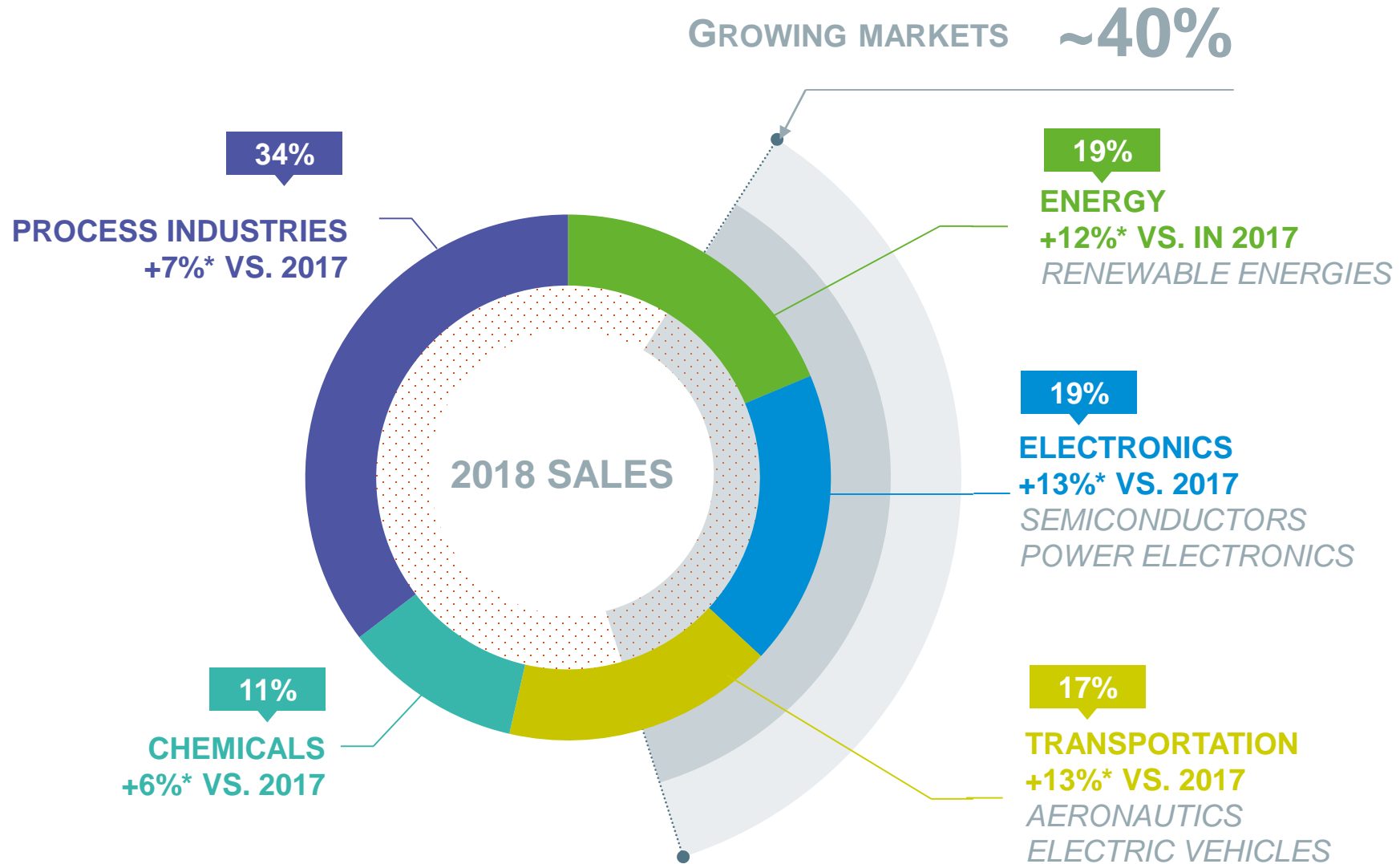


GROWTH ACROSS ALL REGIONS LEADING TO A BALANCED BREAKDOWN...



* % of total sales
Like-for-like growth in 2018 (as a %)

... THANKS TO A BRISK MOMENTUM IN ALL MARKETS, PARTICULARLY OUR GROWING MARKETS



*Like-for-like growth

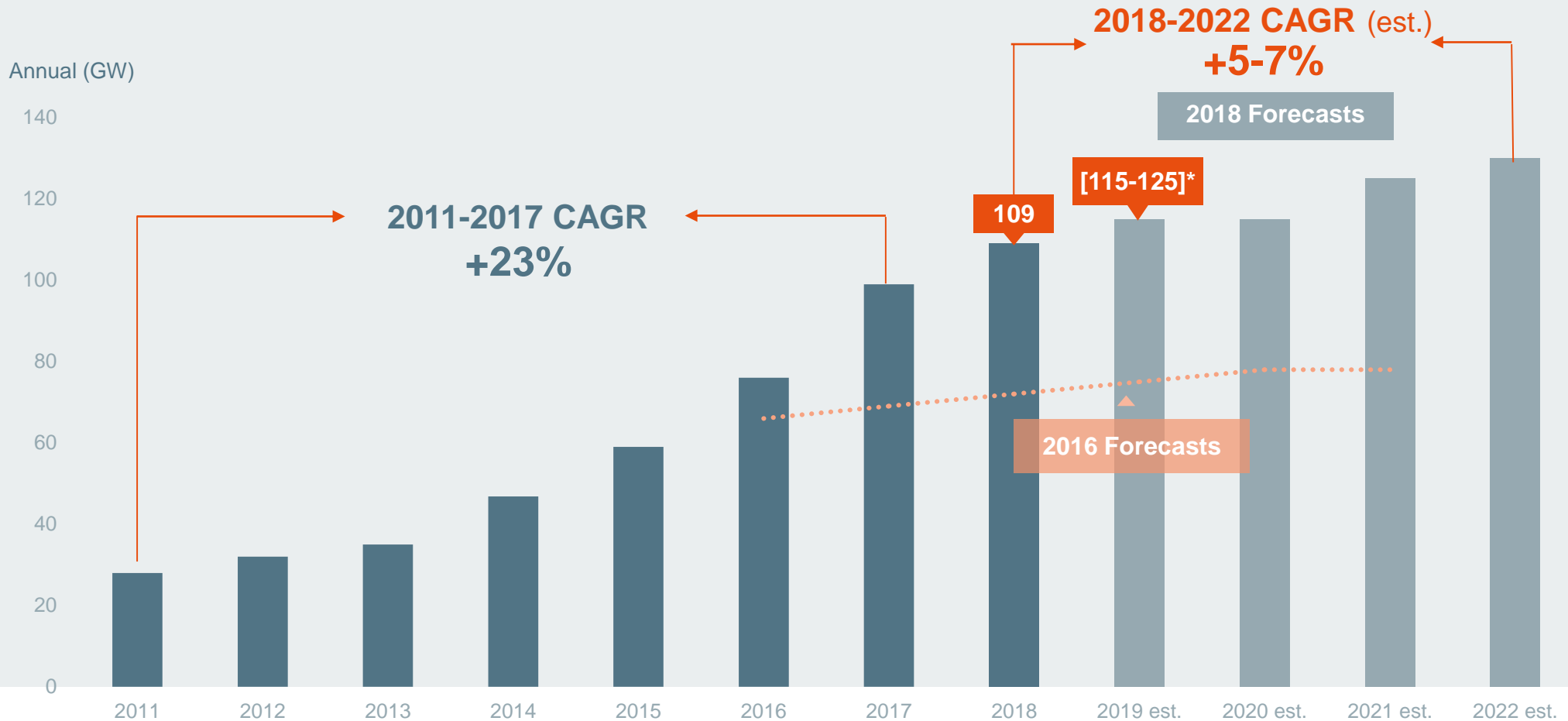


FOCUS ON CERTAIN GROWING MARKETS

merseN

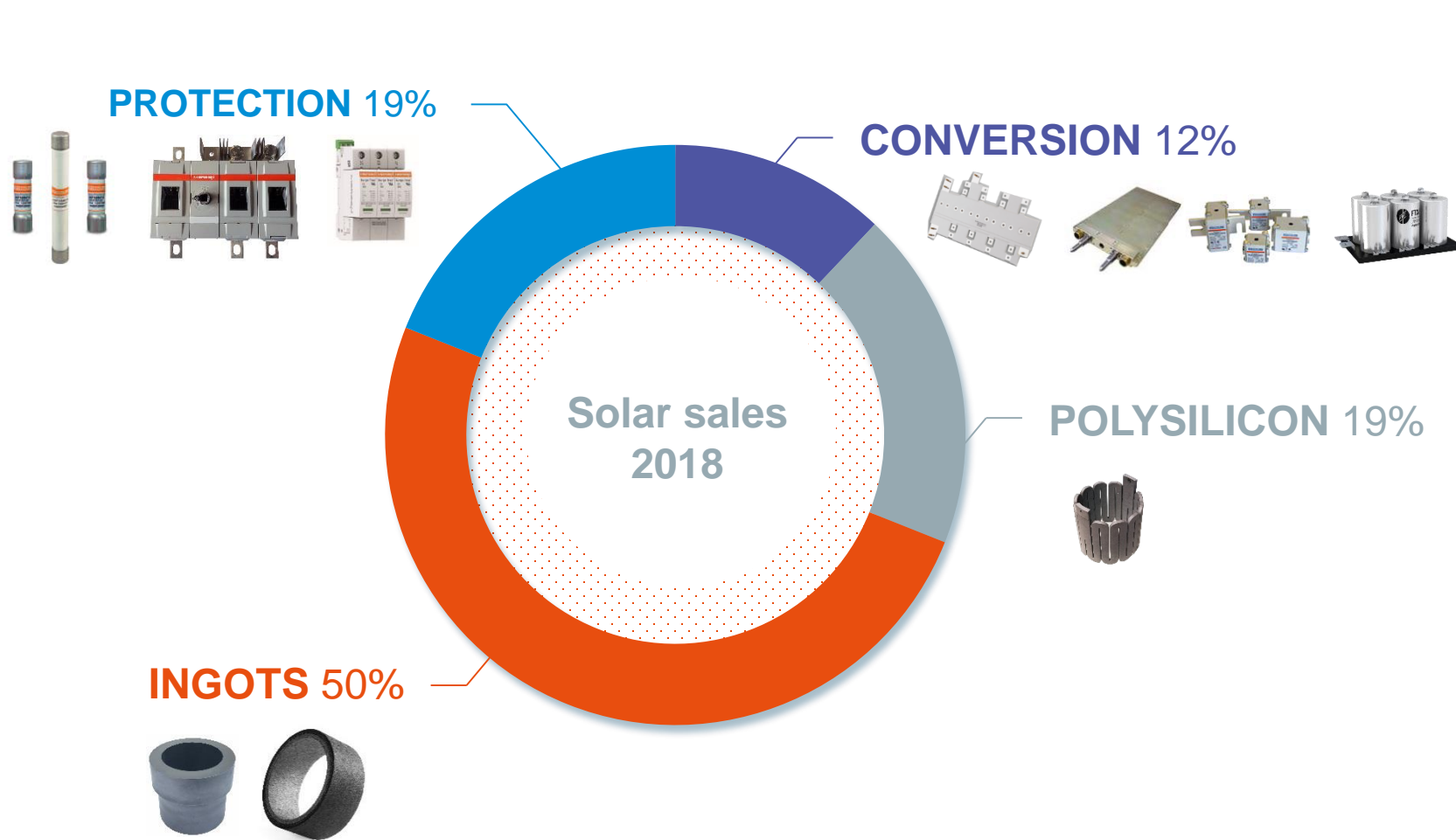
SOLAR: AN ENERGY SECTOR SEING STRONG GROWTH

NUMBER OF PANEL INSTALLATIONS GROWING SHARPLY



Source: IHS Markit, Exawatt, Mersen estimates
* New forecasts early 2019

HIGH GROWTH POTENTIAL IN THE SOLAR SECTOR PARTICULARLY FOR PROTECTION AND CONVERSION SOLUTIONS

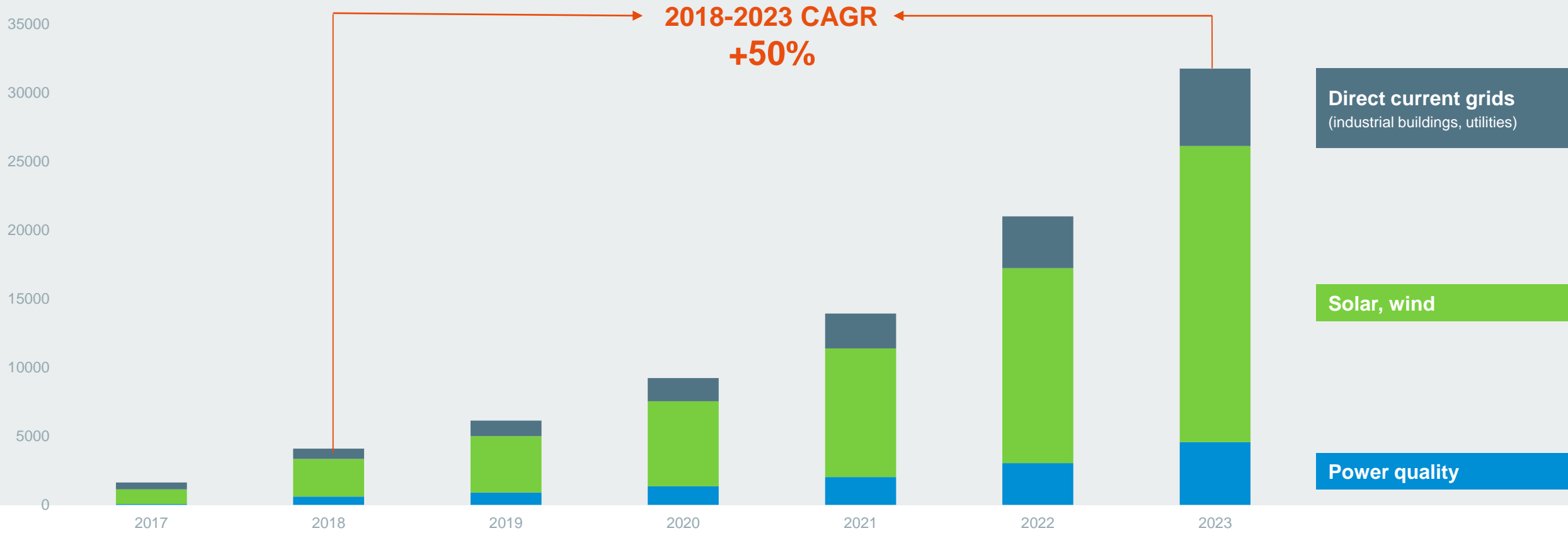


€90m-€100m
2023 (est)

€58m
2018

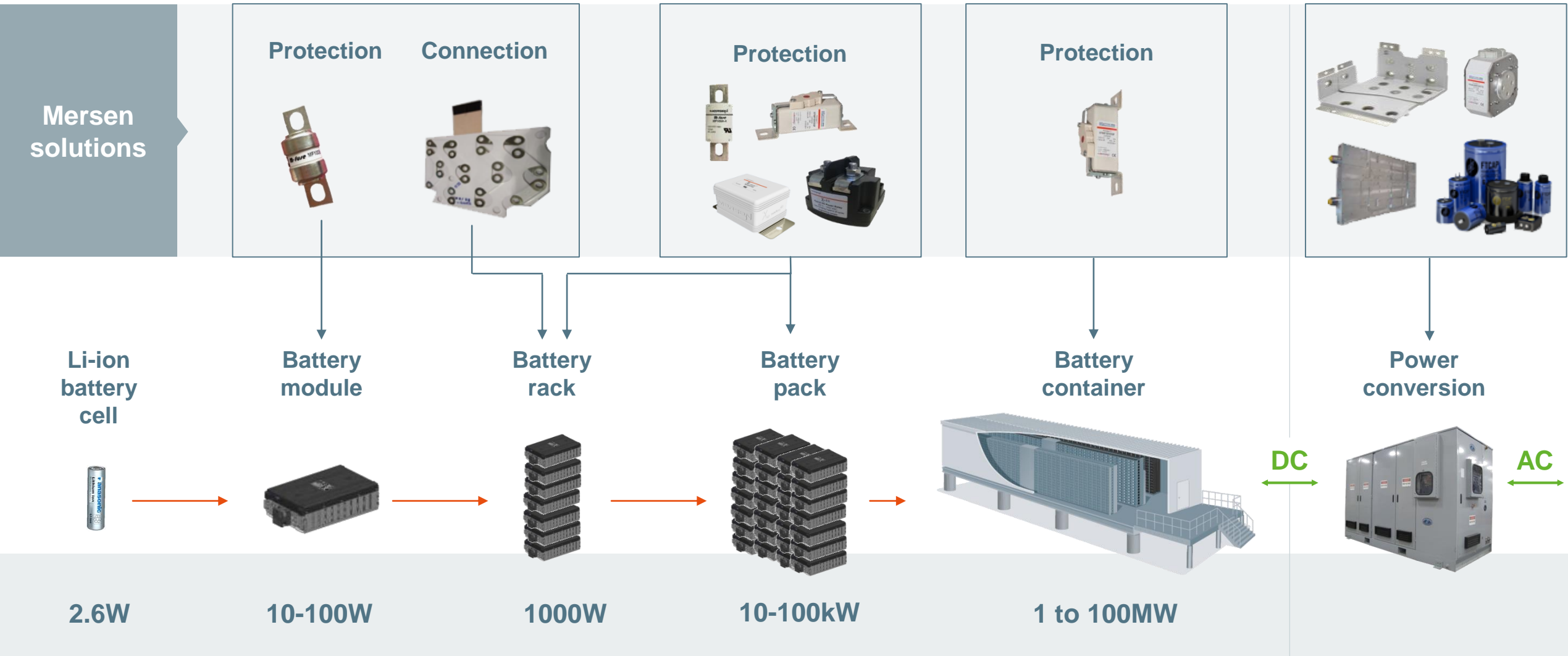
A STATIONARY BATTERY MARKET DRIVEN BY SOLAR AND WIND POWER IN THE MEDIUM TERM

ANNUAL INSTALLED CAPACITY OF STATIONARY BATTERIES IN MWH



Source: Yole Development, 2017 – residential segment excluded (< 20 kWh)

MERSEN SOLUTIONS FOR STATIONARY STORAGE BATTERIES



CHANGE IN OUR OFFER FOR E-VEHICLES



HYBRID PROTECTION

End to technical development partnership with the VW Group following changes in specifications

Developments to be continued with four leading international manufacturers

Product changes planned for the VW Group



FUSES

Strong demand for battery protection solutions and auxiliary circuits from 150 V and up

Expansion of our range for 500 V and similar

New innovative design at 800 V



BUSBARS – CAPACITOR- COOLING DEVICES

Clear increase in demand for battery connection solutions (including monitoring functions)

Development of a dual offer: [busbars + capacitors] for power converters

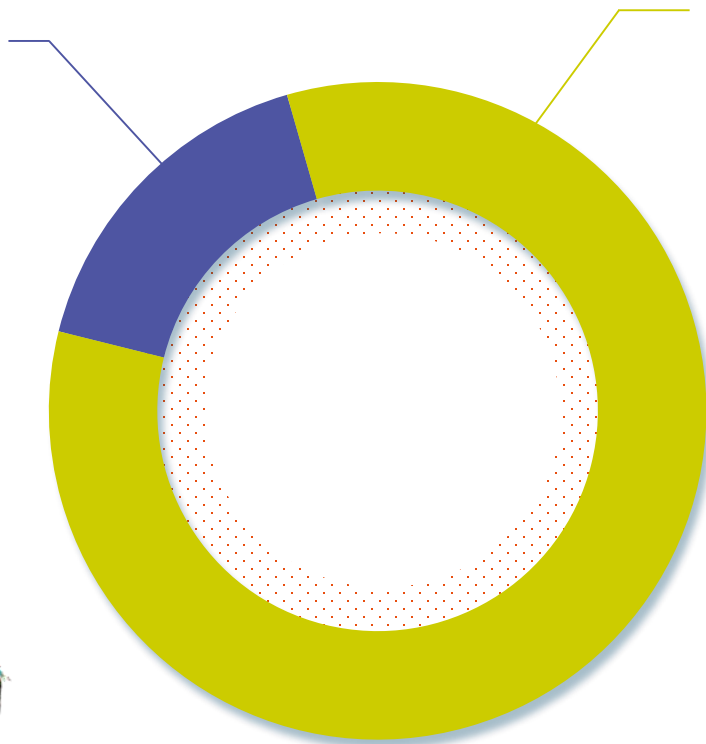


STRONG POTENTIAL IN ENERGY STORAGE

STATIONARY
BATTERIES
20%



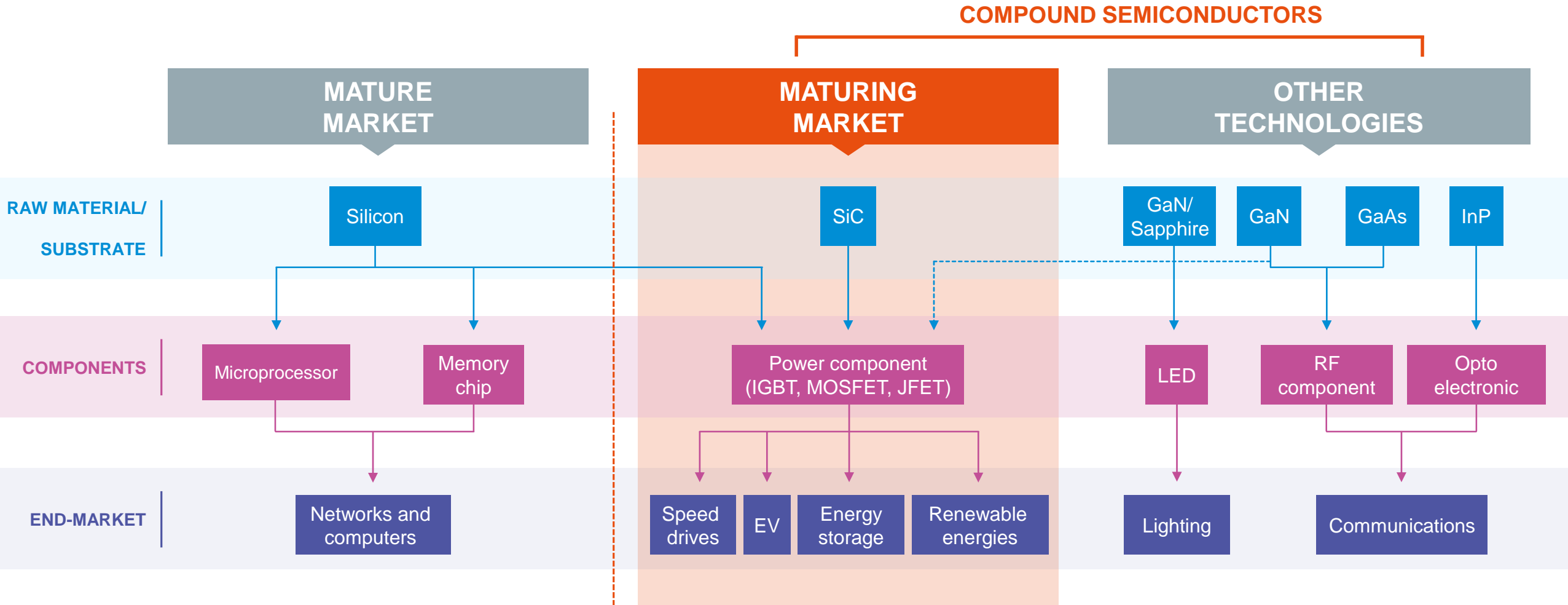
E-VEHICLES
80%



€40m-€60m
2023 (est.)

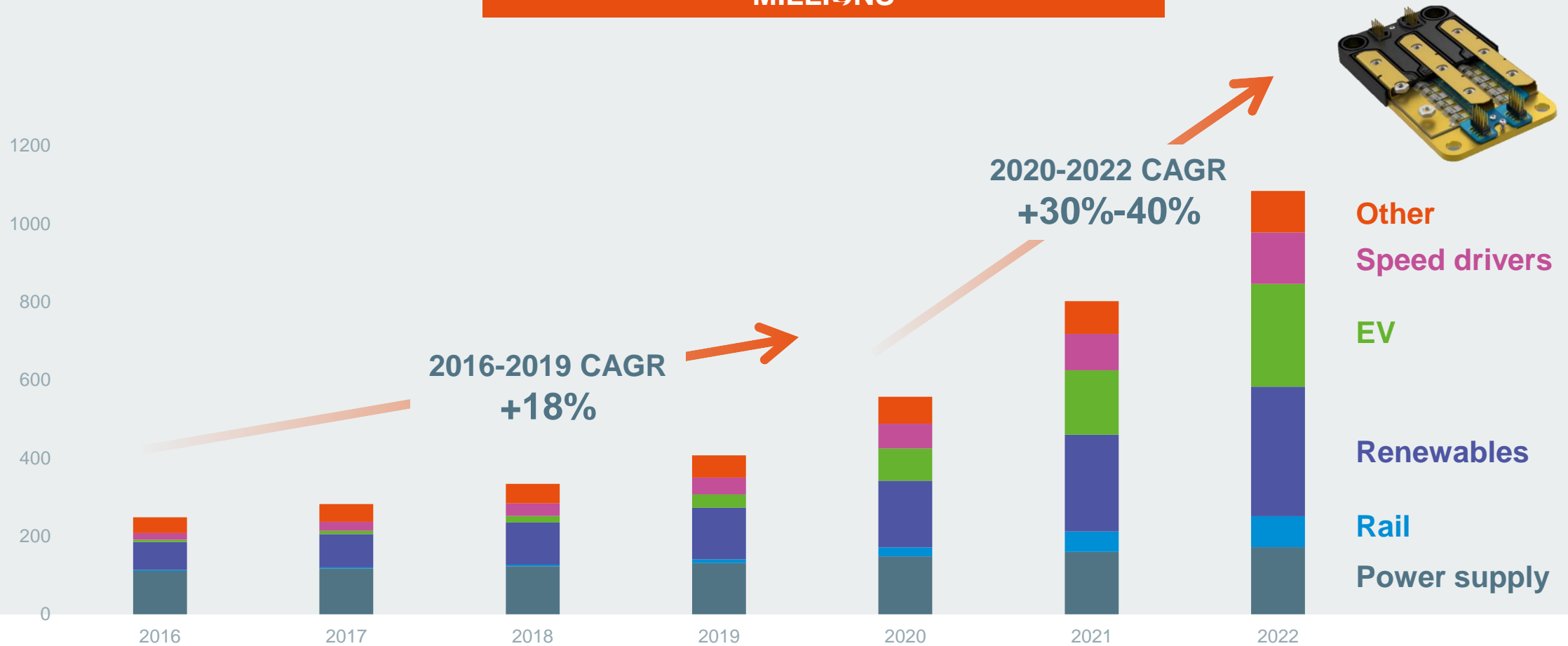


STRONG POSITION ON THE FAST-GROWING SiC SEMICONDUCTORS MARKET



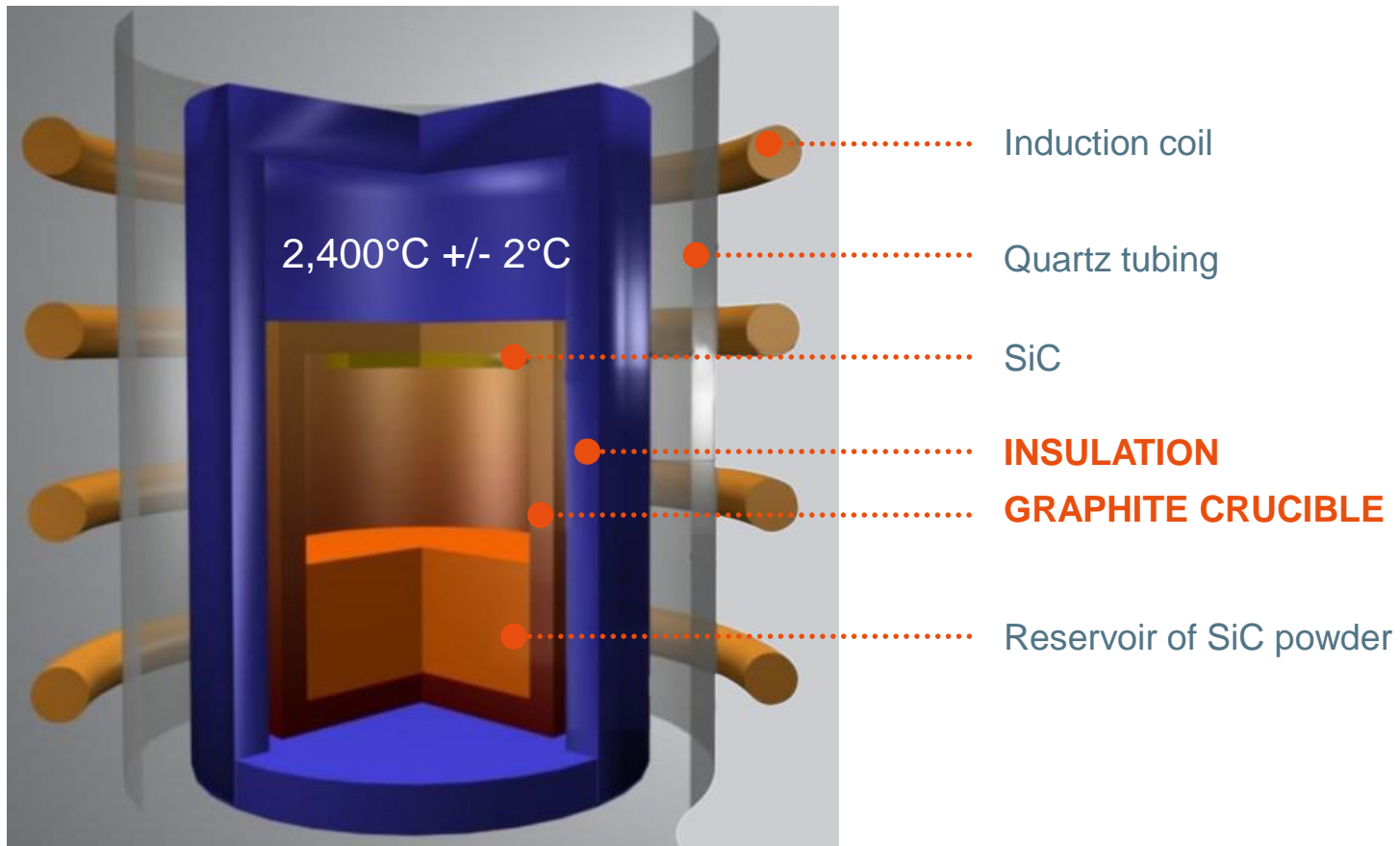
SIC SEMICONDUCTORS MARKET SET TO ACCELERATE AFTER 2020-2022 IN LINE WITH EV MARKET GROWTH

SIC COMPONENTS MARKET IN USD MILLIONS



Source: Yole Development, Power SiC 2017 – Materials, Devices and Applications

MERSEN MONOCRYSTALLINE SiC SOLUTIONS



2019 OBJECTIVES



* At constant exchange rates and scope of consolidation

PROGRAM OF INVESTMENTS TO UNDERPIN GROWTH IN 2020-2022



A MEDIUM-TERM GROWTH BASED ON AN AMBITIOUS APPROACH OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



A SOCIALLY RESPONSIBLE GROUP

Building on Mersen's fundamentals



FOCUSING ON MARKETS AND PRODUCTS

Sustainable development markets
High performance, innovative products



REDUCING ENVIRONMENTAL FOOTPRINT

Strengthen best practices



A SHARED CSR CULTURE

Autonomy of the teams to implement the policy

OUR CSR MEDIUM-TERM AMBITIONS

Ecological footprint
of our products

55% of sales linked to sustainable development by 2021

Ecological products
of our facilities

Improve by +15 pts the part of waste recovered by 2021

CSR footprint of our
suppliers

Improve and secure the social and environmental
performance of our supplier base

Health and safety of
our employees

Develop and consolidate a culture of health and safety
within the Group

Human capital

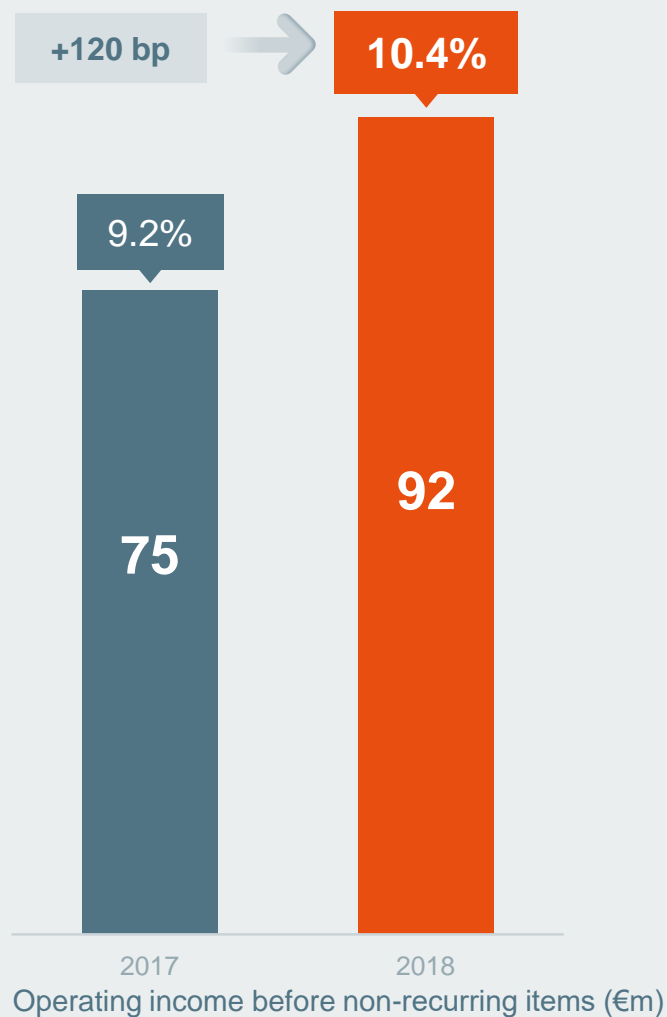
Human capital success rate: +3 pts by 2021
25 to 30% female managers and professionals by 2022
100% trained in Open Manager by 2021





2018 RESULTS

SHARP RISE IN PROFITABILITY



As a %

2017 operating margin before non-recurring items	9.2%
Volume/mix effects	+1.7%
Price effect	+1.2%
Raw material impact	-0.8%
Impact of the competitiveness plan*	+1.8%
Inflation, costs	-1.5%
Impact of exchange rates, change in scope and other	-1.2%
2018 operating margin before non-recurring items	10.4%

Higher prices to offset the increase in the cost of raw materials: net positive

Increase in costs (mainly payroll) offset by the **competitiveness plan**

CONTRASTED PERFORMANCES BY SEGMENT

ELECTRICAL POWER

Operating income before non-recurring items (m€)

40

39

Operating margin before non-recurring items (%)

11.0%

10.0%

2017

2018

- Positive **volume effect**
- **Dilutive effect** of acquisitions and exchange rates
- **Increase** in the cost of certain raw materials with **no increase in prices**
- **Additional resources** set aside for energy storage and power electronics

ADVANCED MATERIALS

Operating income before non-recurring items (m€)

50

69

Operating margin before non-recurring items (%)

11.1%

14.1%

2017

2018

- Positive **volume effect**
- **Productivity gains** that outperform inflation
- Price increases are **higher** than the increase in raw materials costs

STRONG GROWTH IN NET INCOME

In €m	2017	2018	
Operating income before non-recurring items	74.6	91.6	
Non-recurring income and expenses	(10.3)	(3.8)	
Net financial income/(costs)	(10.0)	(10.3)	
Income tax	(15.1)	(18.3)	
Net income on assets held for sale and discontinued operations	0.8	0.0	
Net income	40.0	59.2	+48%
Attributable to owners of the parent	37.6	56.5	

Non-recurring expenses contained

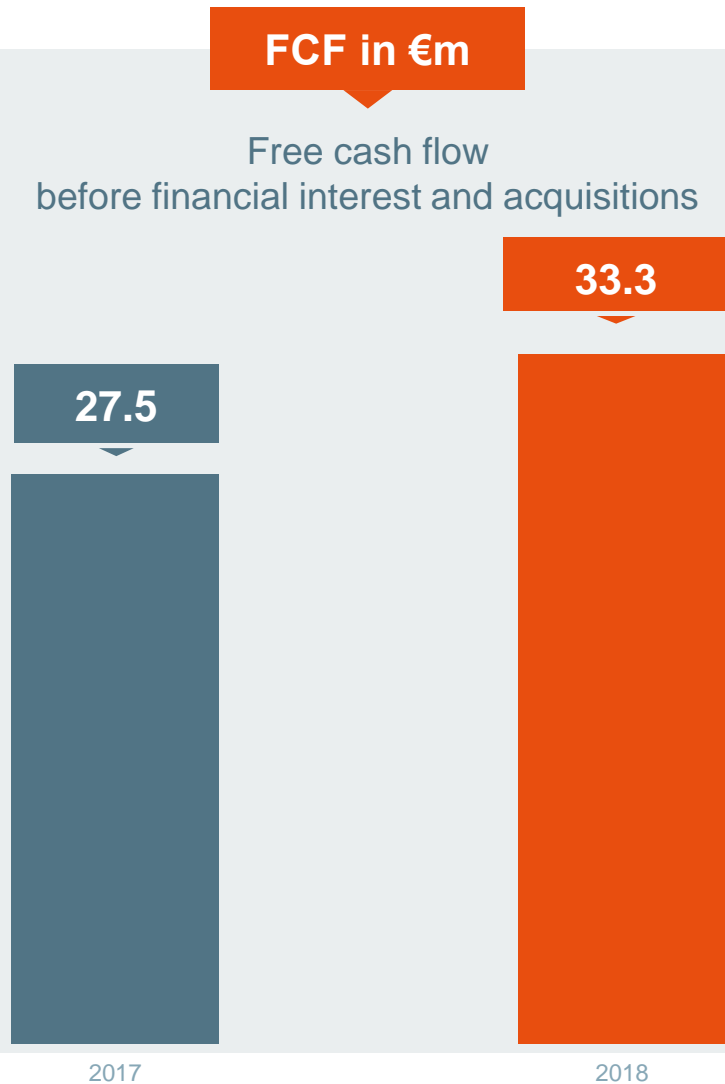
(end of the competitiveness plan)

Sharp drop in effective income tax rate

(24% vs. 32%)

(Impact of US tax reforms)

IMPROVED FREE CASH FLOW EVEN WITH INCREASE IN INVESTMENTS



Positive **volume effect**

Drop in **tax paid**

Drop in exceptional* costs (€7m vs. €14m in 2017)

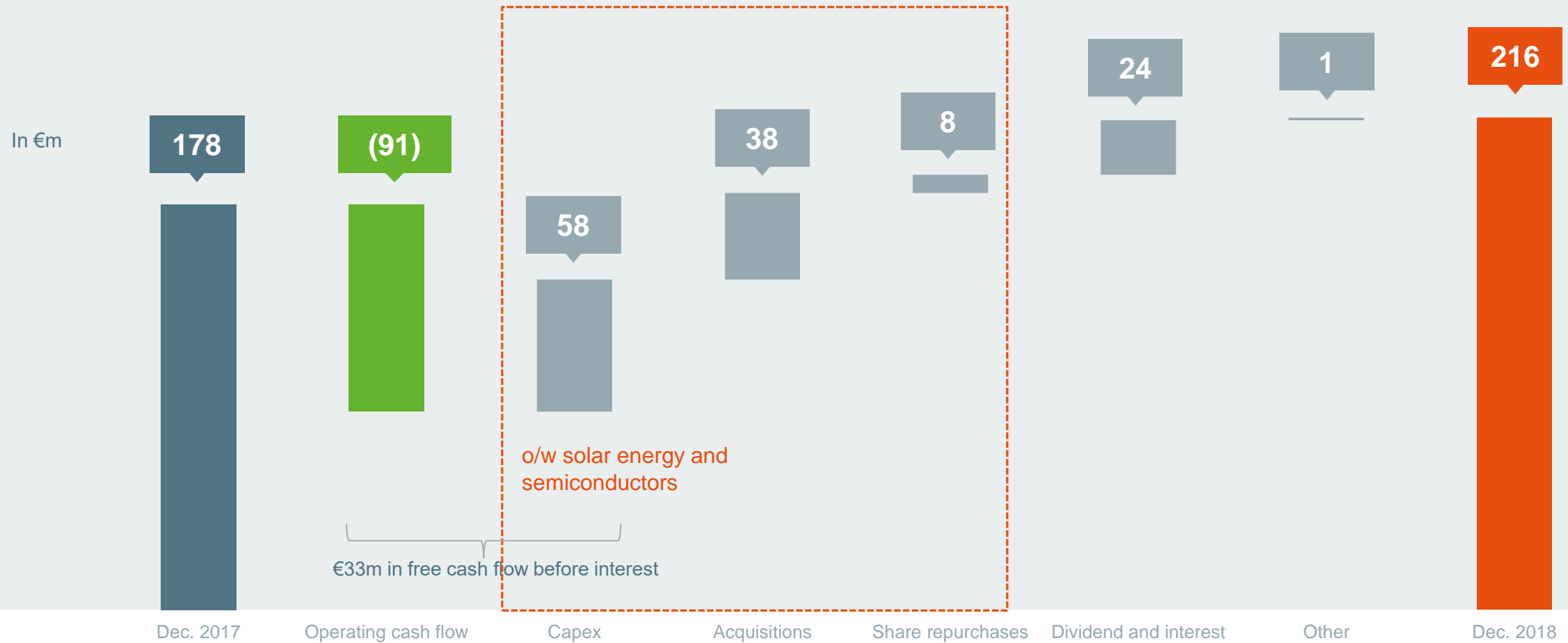


Slight increase in **WCR** (21% of sales vs. 20% in 2017)

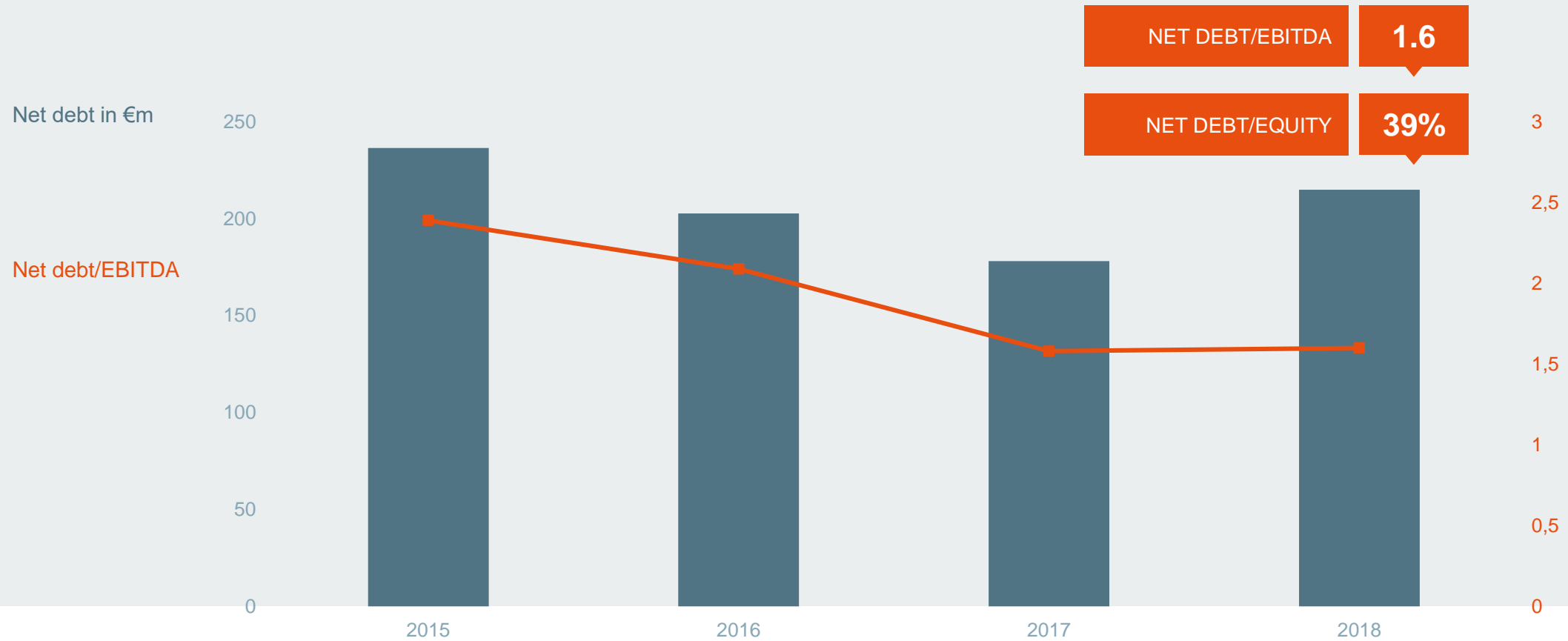
Capex increase (€58m vs. €37m)

* exceptional: restructuring and litigation

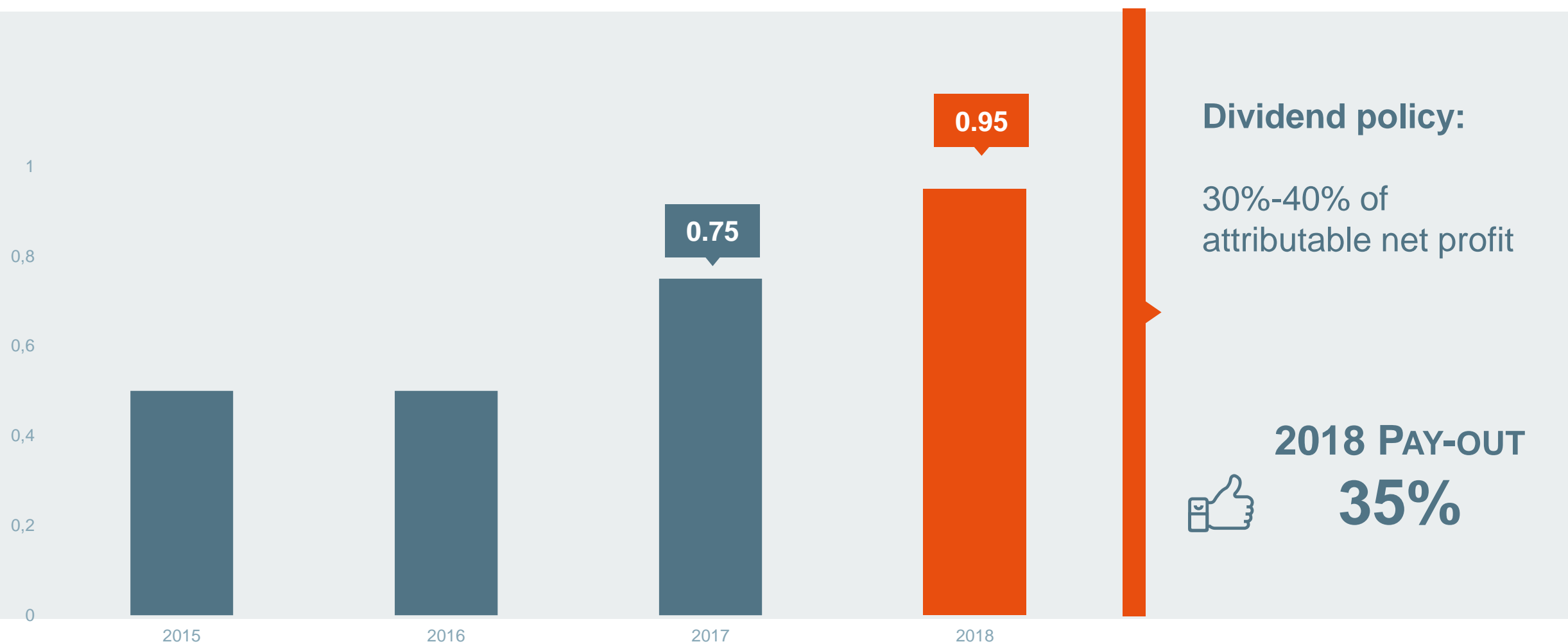
MAJOR INVESTMENT IN 2018 (CAPEX, ACQUISITIONS AND SHARE REPURCHASES)



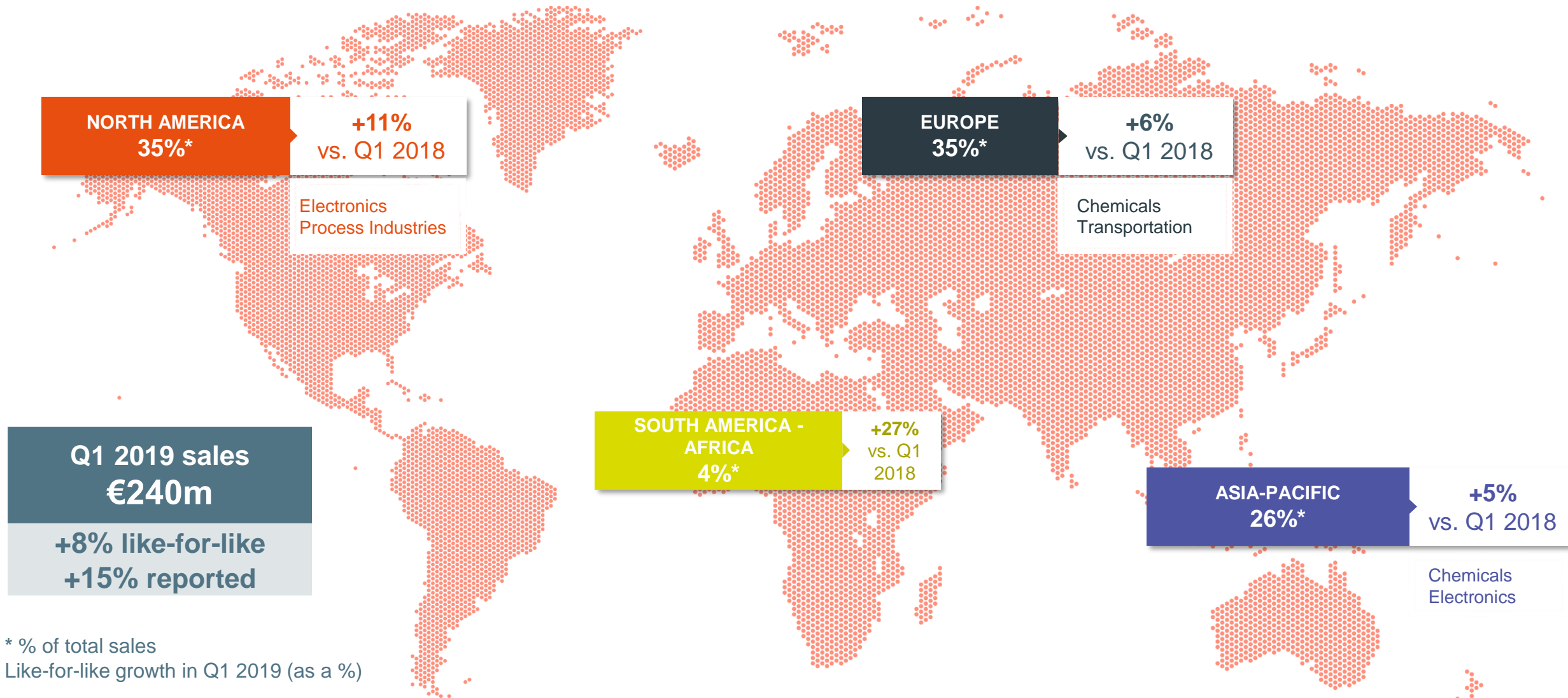
STRONG FINANCIAL STRUCTURE



RETURN TO SHAREHOLDER: DIVIDEND UP BY +27%



A GOOD START OF THE YEAR: GROWTH IN ALL REGIONS IN Q1 2019



REPORT BY THE BOARD AND THE COMMITTEES



CHANGE IN BOARD STRUCTURE

■ REPRESENTATIVES OF BPI

- **Magali Joessel, permanent representative**
- Isabelle Azemard

■ REPRESENTATIVES OF ARDIAN

- Dominique Gaillard
- Yann Chareton

■ EMPLOYEE REPRESENTATIVE

- Pierre Creusy

■ INDEPENDENT

- Olivier Legrain
- Michel Crochon
- Carolle Foissaud
- Ulrike Steinhorst
- **Denis Thiery**

55% INDEPENDENT*

44% WOMEN*

** The Director representing Mersen's employees is not counted in these ratios*

Subject to the vote

DENIS THIERY



Independent administrator

- CFO IN VARIOUS COMPANIES (WANG FRANCE 1984-1991, MOORINGS 1991-1997, NEOPOST 1998 – 2007)
- CEO OF NEOPOST FROM 2009 TO 2018
- CHAIRMAN OF THE BOARD OF DIRECTORS OF NEOPOST SINCE 2018

- EXPERIENCE IN EXECUTIVE MANAGEMENT, STRATEGY, INTERNATIONAL ENVIRONMENT AND FINANCE

WORK PERFORMED BY THE BOARD OF DIRECTORS

- **MEMBERS AS OF DEC. 31, 2018:** ISABELLE AZEMARD, YANN CHARETON, PIERRE CREUSY, MICHEL CROCHON, CATHERINE DELCROIX, CAROLLE FOISSAUD, DOMINIQUE GAILLARD, HENRI-DOMINIQUE PETIT, MAGALI JOËSSEL¹, ULRIKE STEINHORST
- **PRESIDENT OF THE BOARD:** OLIVIER LEGRAIN
- **NUMBER OF MEETINGS IN 2018:** 6
- **ATTENDANCE RATE:** 86 %

¹ Representing Bpifrance Investissement

WORK PERFORMED BY THE AUDIT AND ACCOUNTS COMMITTEE

- **MEMBERS AS OF DEC. 31, 2018:** YANN CHARETON, CATHERINE DELCROIX, CAROLLE FOISSAUD, MAGALI JOESSEL ¹
- **PRESIDENT OF THE COMMITTEE:** HENRI-DOMINIQUE PETIT
- **NUMBER OF MEETINGS IN 2018:** 5
- **ATTENDANCE RATE:** 90 %

¹ Representing Bpifrance Investissement

WORK PERFORMED BY THE GOVERNANCE AND COMPENSATION COMMITTEE

- **MEMBERS AS OF DEC. 31, 2018:** ISABELLE AZEMARD, PIERRE CREUSY, DOMINIQUE GAILLARD, OLIVIER LEGRAIN, HENRI-DOMINIQUE PETIT
- **PRESIDENT OF THE COMMITTEE:** ULRIKE STEINHORST
- **NUMBER OF MEETINGS IN 2018:** 3
- **ATTENDANCE RATE:** 100 %

WORK PERFORMED BY THE STRATEGY COMMITTEE

- **MEMBERS AS OF DEC. 31, 2018:** PIERRE CREUSY, CATHERINE DELCROIX, DOMINIQUE GAILLARD, MAGALI JOESSEL¹, OLIVIER LEGRAIN, ULRIKE STEINHORST
- **PRESIDENT OF THE COMMITTEE:** MICHEL CROCHON
- **NUMBER OF MEETINGS IN 2018:** 2
- **ATTENDANCE RATE:** 87%

¹ Representing Bpifrance Investissement



REPORTS BY THE STATUTORY AUDITORS



SUMMARY PRESENTATION OF RESOLUTIONS

DIVIDEND – RESOLUTION 3

- **0.95 € PER A SHARE (0.095 € PER B, C AND D SHARES), WHICH CORRESPONDS TO A TOTAL AMOUNT OF €20 MILLION**
 - Increase by 27% vs 2018
 - Corresponds to a distribution rate of 35% of Group's net income restated from 2018 exceptional items

- **PAYMENT IN CASH ON JULY 5, 2019**

RELATED-PARTY AGREEMENT – RESOLUTION 4

■ APPROVAL OF A COMMITMENT MADE TO LUC THEMELIN WHICH WAS AMENDED AS FOLLOWS:

- Clarification of the maximum amount of the severance and non-compete indemnity that would be due, namely 24 months of total gross compensation
- Annulment of the severance indemnity in the event of retirement or in any event after the age of 65
- Right to maintain share subscription options and/or bonus shares granted but not yet acquired in the event of the termination of office subject to the achievement of performance criteria and calculated *prorata temporis* to time spent in the Group.
- Clearer and stricter severance indemnity criteria.

■ PROVISIONS IN THE AGREEMENT RELATING TO THE PENSION SCHEME REMAIN UNCHANGED

APPROVAL OF COMPONENTS OF THE COMPENSATION AND BENEFITS PAID OR GRANTED TO CORPORATE OFFICERS FOR 2018 – RESOLUTION 7

Olivier Legrain – Chairman of the Board of Directors	2018	2017	Comments
Fixed compensation	80,000	49,676	Chairman of the Board since May 17, 2017. 2017 amount calculated <i>prorata temporis</i>
Attendance fees	26,716	15,222	Chairman of the Board since May 2017. The attendance fees is related to membership and attendance to the Board and committees (with the biggest part related to attendance).

APPROVAL OF COMPONENTS OF THE COMPENSATION AND BENEFITS PAID OR GRANTED TO CORPORATE OFFICERS FOR 2018 – RESOLUTION 8

Luc Themelin – Chief Executive Officer	2018	2017	Comments
Fixed compensation	440,000	440,000	Unchanged from 2015
Annual variable compensation	466,189	466,400	35% relating to the Group's ROCE (<i>Return On Capital Employed</i>)(actual 35%) 35% relating to cash-flow (actual 35%) 30% related to individual objectives (actual 24.6%) + The maximum outperformance clause relating to the Group's operating margin before nonrecurring items achieved = +12%
Deferred or exceptional variable compensation	NA	NA	
Preference shares	121,375	161,954	IFRS valuation at the time of grant. Maximum allotment subject to performance conditions.
Incentives	20,262	19,866	
Benefits in kind	17,908	23,008	

Also benefits from a retirement pension « Article 83 »

- High variable compensation (as in 2017) related to the very good financial performance of the Group
- Preference shares valuation decrease related to the lower percentage granted to Luc Themelin at his request (same number of shares granted to all members of the Executive Committee).

APPROVAL OF COMPONENTS OF THE COMPENSATION AND BENEFITS PAID OR GRANTED TO CORPORATE OFFICERS FOR 2018 – RESOLUTION 9

Chairman of the Board	Comments
Fixed compensation	Unchanged from previous years: €80,000
Annual variable compensation	NA
Multi-annual variable compensation	NA
Stock options attribution	NA
Bonus shares attribution	NA
Exceptional compensation	NA
Attendance fees	Allocated per person and partly per meeting. Heavier weight of portion linked to attendance rate.
Benefits in kind	NA

APPROVAL OF COMPONENTS OF THE COMPENSATION AND BENEFITS PAID OR GRANTED TO CORPORATE OFFICERS FOR 2018 – RESOLUTION 10

Chief Executive Officer	Comments
Fixed compensation	€440,000, unchanged from previous years. Amount set following a study by Mercer consulting.
Annual variable compensation	Unchanged. Subject to performance conditions aligned with the Group's strategy. No minimum guaranteed. A maximum of 112 % of fixed salary.
Multi-annual variable compensation	A maximum of 30% of the previous year's compensation (see resolution 15)
Exceptional compensation	Non applicable, except in the event that a new CEO from outside of the Group is hired.
Attendance fees	In the event that the CEO served as a director , he could benefit from attendance fees with the same allocation rules.
Group's commitment to the CEO	Severance indemnity and pension scheme (see resolution 4)
Benefits in kind	Company car, medical coverage, pension rights. Employee incentives set up at the Company and/or Group level.

STOCK REPURCHASE PROGRAM – RESOLUTION 11

- **AUTHORIZATION FOR THE BOARD OF DIRECTORS TO REPURCHASE A MAXIMUM OF 10% OF THE COMPANY'S SHARE CAPITAL**
 - In compliance with AMF regulations
 - Valid for a period of 18 months maximum
 - Maximum purchase price: €50 per share

AUTHORIZATIONS DESIGNED TO PROMOTE EMPLOYEE SHARE OWNERSHIP – RESOLUTIONS 12 AND 13

- **ISSUE OF ORDINARY SHARES FOR EMPLOYEES OUTSIDE FRANCE (RESOLUTION 12)**
- **BONUS SHARES ALLOTMENT FOR EMPLOYEES (RESOLUTION 13)**

ATTRIBUTION D' ACTIONS AUX SALARIÉS NON DIRIGEANT – RÉOLUTION 14

- **AUTHORIZATION GRANTED TO THE BOARD OF DIRECTORS TO ALLOT BONUS SHARES:**
 - A maximum of 84,000 ordinary shares (unchanged from 2018)
- **DEFINITIVE ALLOTMENT SUBJECT TO PERFORMANCE CRITERIA**
 - Growth in the EBITDA margin and sales organic growth
Or (the most favorable criteria is used)
 - Growth in the Group's EBITDA margin compared to a sample of comparable companies
- **DURATION OF ACQUISITION AND PERFORMANCE CONDITIONS: 3 YEARS**
- **BENEFICIARIES: MANAGERS, EXPERTS, TALENT POOL (AROUND 100 TO 150 PEOPLE)**

ALLOTMENT OF SHARES TO CERTAIN EMPLOYEES AND/OR CERTAIN CORPORATE OFFICERS – RESOLUTION 15

WITHDRAWAL OF PREVIOUS BONUS SHARE PLANS CONSIDERED TO BE TOO COMPLEX

- **AUTHORIZATION GRANTED TO THE BOARD OF DIRECTORS TO ALLOT BONUS SHARES:**
 - A maximum of 63,000 ordinary shares (a maximum of 15% for the CEO)
- **DEFINITIVE ALLOTMENT SUBJECT TO PERFORMANCE CRITERIA**
 - 33% relating to the stock exchange (share price performance vs Eurostoxx600 index)
 - 34% relating to the return on investment (ROI/share increase)
 - 33% relating to CSR criteria (4 measurable independent criteria: safety (2), diversity, waste recycling)
- **DURATION OF ACQUISITION AND PERFORMANCE CONDITIONS: 3 YEARS**
- **BENEFICIARIES: 14 PEOPLE, COMEX MEMBERS OR HEAD OF BUs**



QUESTIONS



VOTE OF RESOLUTIONS

ORDINARY GENERAL MEETING