Mersen – July 31, 2015

Half-Year Results 2015

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H1 2015 OVERVIEW

Sales up 9.4% (reported figures)

- Organic growth: -1.4%
- Organic growth excluding chemicals ~+2%

1

Operating income* up +13%

- Current operating margin at 8.2% (7.9% in H1 2014 restated for IFRIC21)

** Before non recurring items*

2

Further roll-out of Transform plan

- 7 projects out of 8 finalized (5 closures, 2 resizing projects)
- Approx. 200 net reduction of employees

3

ASP Acquisition

- Another move on the buoyant power quality segment
- Subject to approval by the Chinese authorities

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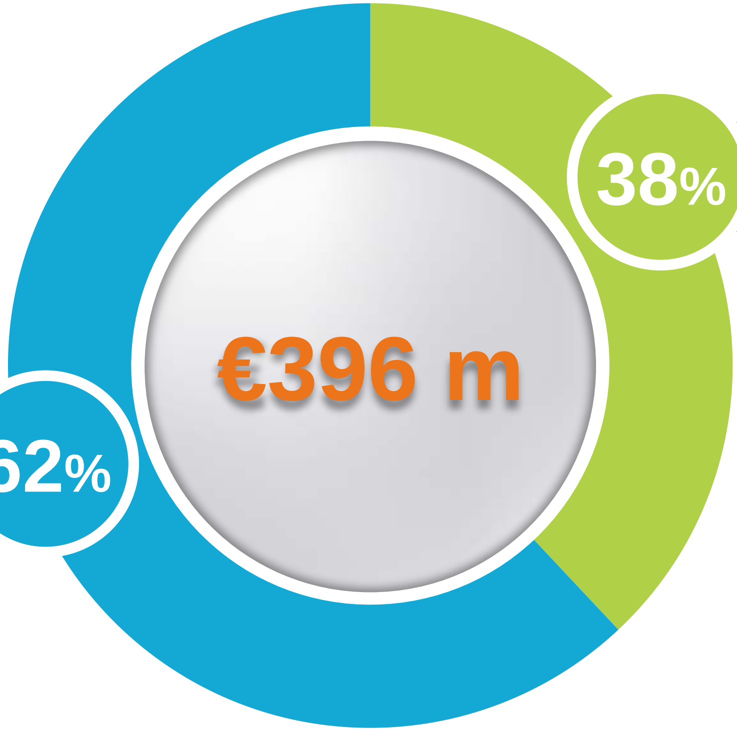
H1 2015 Sales

Up 9.4%
Reported figures

Down 1.4% l.f.l.



MATERIALS SEGMENT
down 5% vs H1 2014 lfl

- Weak sales in Chemicals and unfavorable comparison base (Sabic, carbon steel equipment business): excluding chemicals, growth ~+4%
- Slight contraction in process industries
- Growth in solar, electronics and aeronautics

ELECTRICAL SEGMENT
up 1% vs H1 2014 lfl

- Expansion in energy sector, especially wind energy
- Slight growth in process industries
- Stable transportation market
- Contraction in power electronics

CONTRASTED SITUATION BY REGION

€151 m

NORTH AMERICA

up 2% vs H1 2014 lfl

€137 m

EUROPE

down 6% vs H1 2014 lfl

€88 m

ASIA-PACIFIC

down 3% vs H1 2014 lfl

€20 m

REST OF THE WORLD

up 18% vs H1 2014 lfl

Growth driven by wind and electronics in the US

Disappointing level of activity with electrical distributors and oil & gas industries

Good performance in Mexico and Canada

Solid growth in aeronautics

Weak sales in chemicals
(Comparison base and few new investments)

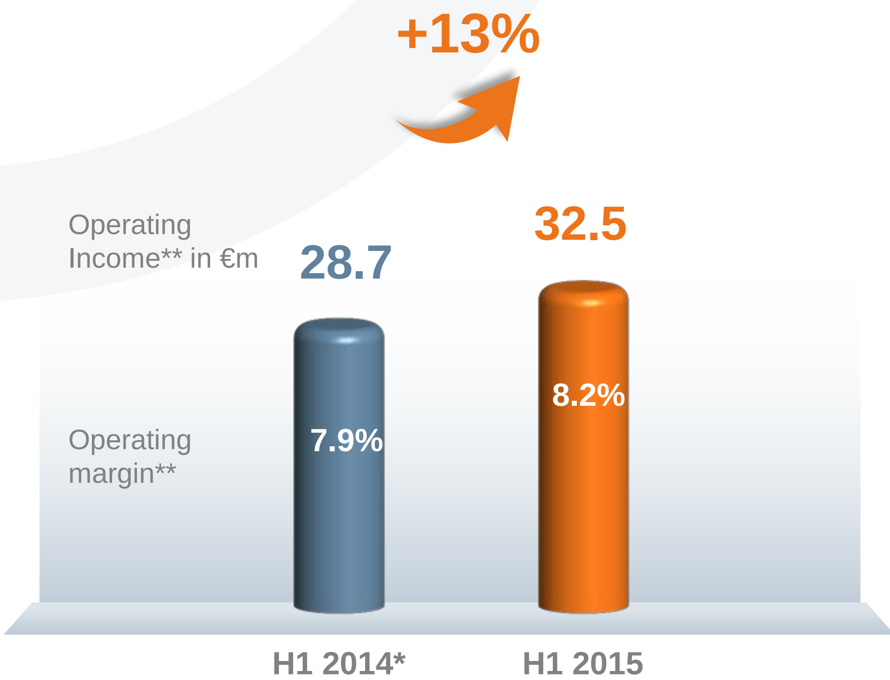
Excluding chemicals, Europe is stable vs H1 2014

Strong growth in Korea, India and Taïwan

Contraction in China and Japan
(comparison base)

Excluding carbon steel equipment business, Asia is up 1.5%

IMPROVEMENT OF OPERATING INCOME BEFORE NON-RECURRING ITEMS AND MARGIN



In %

H1 2014 operating margin before non recurring items *	**7.9%**
Volume effects	-0.3%
Price effects	-0.9%
Impact of Transform plan	+1.0%
Other productivity plans, net	+0.2%
Other incl. forex and mix effects	+0.3%
H1 2015 operating margin before non recurring items	**8.2%**

* Restated for IFRIC 21

** before non recurring items

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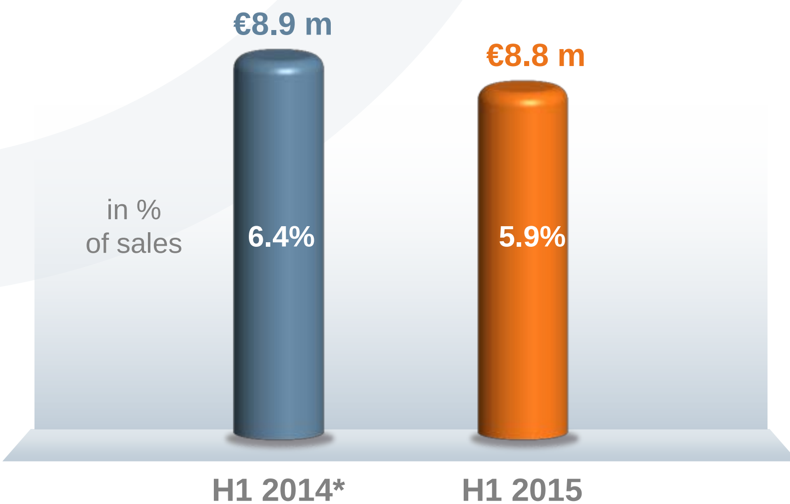
Operating margin trends by segment

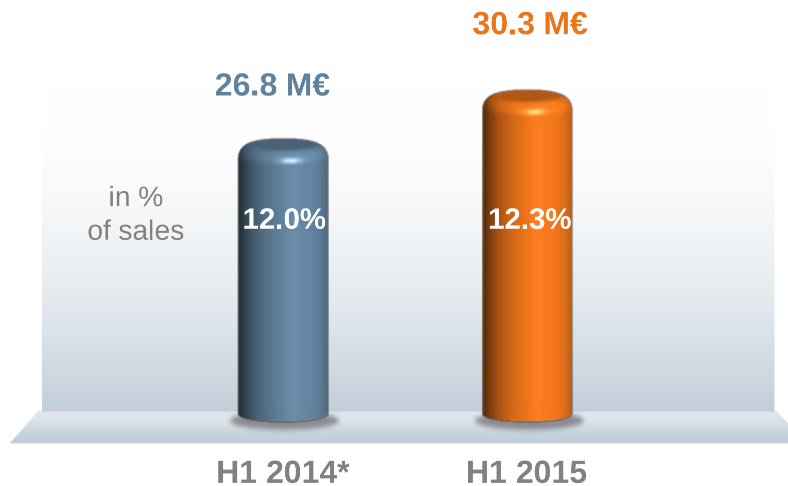
Materials segment



Persistently challenging conditions

- **In total, negative volume effects**
  - Higher graphite volumes
  - Hefty decline in anticorrosion
- **Unfavorable price effect**
- **Positive effects from Transform**

Electrical segment



Margin improvement

- **Slight positive volume effect**
- **Positive effects from Transform**
- **Neutral price effects**

* Restated for IFRIC 21

STRONG INCREASE IN NET INCOME

in € million	H1 2015	H1 2014*
Operating income before non-recurring items	**32.5**	**28.7**
In % of sales	8.2%	7.9%
Non recurring income and expense	**(1.1)**	(22.7)
Amortization of intangible assets	(0.5)	(0.5)
Net finance income/costs	(5.2)	(5.2)
Income tax	(8.8)	(2.3)
Income/loss on assets held for sale and discontinued operations	(0.2)	1.8
Net income	**16.7**	**(0.2)**
Net income attributable to equity holders of the parent	**16.1**	**(0.5)**

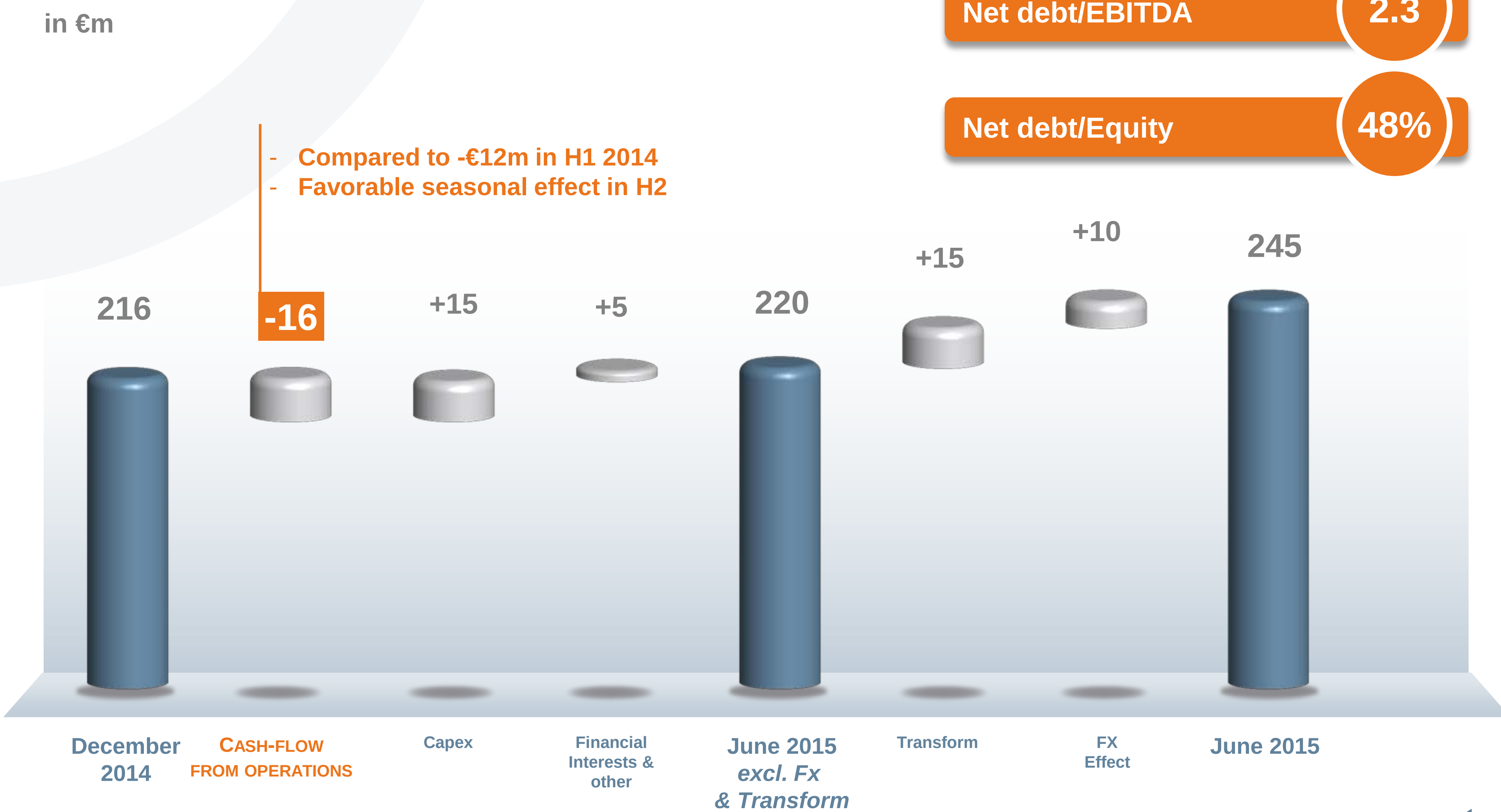
* Restated for IFRIC 21

- **Non-recurring income and expense:**
  Restructuring costs partly offset by gain on property disposal
- **Effective tax rate H1 2015**: 34%
  In H1 2014: 33% restated for non-recurring items linked to Transform

STABLE NET DEBT EXCLUDING TRANSFORM AND FX IMPACTS

Net debt/EBITDA **2.3**

Net debt/Equity **48%**



Strategy and Outlook

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GROWTH DRIVERS

Consolidate our positions on strategic markets

- **Solar: support polysilicon makers development projects** (US and China)
- **Wind: strengthen our positions in the OEM market**
- **Electronics: develop our partnerships with equipment manufacturers in the US**

Support innovation

- **Investment in the US to follow evolutions on the semicon market**
- **Increased production capacity of Silicon Carbide to follow demand in the aerospace and industry markets**

Pursue acquisitions

- **Continued pursuit of acquisition strategy:**
  - Bolt-on mainly in the Electrical segment
  - Complement our existing offering with strong expertise,
  - Geographical consolidation
- **Integrate ASP during H2**

ASP INTEGRATION*

ASP: a Chinese leader in Surge Protection Devices

- **Rationale for the acquisition**
  - Bolster the Electrical segment's positions in an expanding area
  - Deploy the SPD product range in China based on a high-perfomance industrial base
  - Leverage a respected brand name in China
- **Sales ~€6 m**

* Subject to Chinese authorities approval

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CONTINUOUS IMPROVEMENTS IN OUR INDUSTRIAL OPERATIONS

Industrial and Supply Chain adaptations

- **Finalization of Transform plan** (move one activity from Germany to Austria)
- **Integration of brazing capabilities** (cooling for power electronics)
- **Consolidation of 2 logistics platforms in Europe** (Electrical segment)

Operational Excellence

- **10 industrial plants under review in 2015** (US, Europe and China)
- **Aero product line optimization to keep pace with demand** (Materials segment)

OUTLOOK

Negative points	Positive points
› Disappointing level of sales in Q2, in particular in the US (oil & gas, electrical distribution) and in China › No recovery in chemicals › Competitive environment still difficult in the materials segment	› Strong positions on our strategic markets › Softened price pressure in H2 › No more Sabic comparison base in H2 › Continuation of operational excellence plans (Transform & other) › Global exposure: Positive effects of the stronger USD

2015 Outlook

2015 Sales up sharply vs 2014 (reported figures)

Organic growth around 0

Current operating margin around 8.6%

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Appendix

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IFRIC 21 STANDARD APPLICATION AS FROM JANUARY 2015

	H1 2014	H2 2014	FY 2014
Reported Operating Income before non-recurring items	**29.8**	**29.9**	**59.7**
In % of sales	8.2%	8.2%	8.2%
Electrical segment	12.2%	12.4%	12.3%
Materials segment	6.9%	6.1%	6.5%
Restated Operating Income before non-recurring items	**28.7**	**31.0**	**59.7**
In % of sales	7.9%	8.5%	8.2%
Electrical segment	12.0%	12.5%	12.3%
Materials segment	6.4%	6.6%	6.5%

- **No impact on FY operating income before non-recurring items**
- **Impacts on half-year results**
  Unfavorable in H1
  Favorable in H2
- **2014 statements restated**

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H1 2015 RESULTS BY SEGMENT

in €million except margin	Materials segment	Electrical segment	Group (incl unallocated costs)
Sales	149.6	246.7	396.3
Operating Income before non-recurring items	8.8	30.3	32.5
Operating margin before non-recurring items	5.9%	12.3%	8.2%
EBITDA	22.1	36.6	52.2
EBITDA margin	14.8%	14.8%	13.2%

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