

MERSEN: BETTER-THAN-EXPECTED 2020 SALES

SUSTAINABLE DEVELOPMENT MARKETS BOUNCE BACK IN THE FOURTH QUARTER

- Sales of €847 million in 2020, down 11.4% on an organic basis (versus an expected decrease of 12%-14%)
- Growth of more than 3% in sustainable development markets (renewable energies, electronics and green transportation) during the fourth quarter vs the same period last year
- Strong performance in China throughout the year (+8%), good resilience in electrical distribution in the United States
- Upwards revision of the full-year 2020 target for Group operating margin before non-recurring items (to around 8% of sales)

PARIS, JANUARY 28, 2021 – Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, reported consolidated sales of €847 million for full-year 2020.

| In millions of euros | 2020 | 2019 | Like-for-like growth | Q4 2020 | Q4 2019 | Like-for-like growth |
|----------------------|--------------|--------------|----------------------|--------------|--------------|----------------------|
| Advanced Materials | 476.4 | 545.4 | -14.7% | 116.1 | 133.3 | -14.1% |
| Electrical Power | 370.8 | 404.8 | -7.1% | 92.9 | 98.9 | -2.4% |
| Europe | 286.6 | 321.2 | -16.4% | 71.6 | 76.7 | -13.6% |
| Asia-Pacific | 253.6 | 262.9 | -2.1% | 65.2 | 67.5 | -0.7% |
| North America | 281.3 | 329.8 | -13.2% | 66.8 | 80.0 | -11.4% |
| Rest of the World | 25.7 | 36.3 | -19.9% | 5.5 | 8.0 | -18.0% |
| Group | 847.2 | 950.2 | -11.4% | 209.0 | 232.2 | -9.1% |

Unaudited figures

Luc Themelin, Chief Executive Officer, commented: “Mersen showed good resilience in an unprecedented year in 2020, notably thanks to its strategic positioning in sustainable development markets. However, aeronautics, chemicals and process industries continue to feel the effects of the economic slowdown linked to the health crisis. Despite a persistently challenging environment, we are entering 2021 with confidence, supported by buoyant growth markets, such as electronics, solar power and electric vehicles. I would like to take this opportunity to thank all of the Mersen teams for their commitment throughout 2020, and reiterate my confidence in the future of our company as we head into 2021.”

2020 SALES

Mersen reported consolidated sales of €847 million in 2020, down 11.4% on an organic basis on 2019. Including the unfavorable impact of exchange rates for more than €18 million, on the one hand, and the first-time consolidation of AGM Italy, GAB Neumann and Americarb, on the other hand, sales fell by 10.8%.

Overall, the main sustainable development markets (renewable energies, electronics and green transportation) were stable year on year, while other markets fell by 19%.

| In millions of euros | 2020 | 2019 | Like-for-like growth | Scope effect | Currency effect | Reported growth |
|---------------------------|--------------|--------------|----------------------|--------------|-----------------|-----------------|
| <i>Advanced Materials</i> | 476.4 | 545.4 | -14.7% | 4.0% | -2.4% | -12.6% |
| <i>Electrical Power</i> | 370.8 | 404.8 | -7.1% | | -1.4% | -8.4% |
| Europe | 286.6 | 321.2 | -16.4% | 6.1% | -0.6% | -10.8% |
| Asia-Pacific | 253.6 | 262.9 | -2.1% | 0.5% | -1.9% | -3.5% |
| North America | 281.3 | 329.8 | -13.2% | 0.3% | -2.1% | -14.7% |
| Rest of the World | 25.7 | 36.3 | -19.9% | 0.5% | -12.2% | -29.2% |
| Group | 847.2 | 950.2 | -11.4% | 2.3% | -1.9% | -10.8% |

Unaudited figures

PERFORMANCE BY SEGMENT

Advanced Materials sales totaled €476 million, down by 14.7% on an organic basis on 2019. As expected, the process industries, aeronautics and chemicals markets contracted sharply. Conversely, the solar market enjoyed strong growth, driven by demand in China. Activity tied to the SiC semiconductors market was dynamic, particularly in the second half of the year.

Electrical Power sales came in at €371 million for the year, down 7.1% like-for-like on 2019. The United States performed well, with a limited decrease in electrical distribution of 5% over the year, but, overall, process industries sales declined.

PERFORMANCE BY REGION

Mersen reported a steep drop in activity in **Europe** in 2020, particularly in France and Germany, as the aeronautics, chemicals and process industries markets fell sharply.

In **Asia**, Group sales dipped 2% compared with last year. China boasted solid growth, driven by the solar power and SiC-based electronics segments. India and South Korea held up well, despite the difficult environment.

In **North America**, Electrical Power sales were buoyed by electrical distribution, outperforming sales for Advanced Materials, which were impacted by the sharp slowdown in process industries.

FOURTH QUARTER 2020 SALES

Mersen reported consolidated sales of €209 million for the fourth quarter of 2020, down 9.1% like for like. Including the positive scope effect linked to the integration of AGM Italy, GAB Neumann and Americarb and a negative currency effect of more than €9 million, sales decreased by 10% over the period.

| In millions of euros | Q4 2020 | Q4 2019 | Like-for-like growth | Scope effect | Currency effect | Reported growth |
|---------------------------|--------------|--------------|----------------------|--------------|-----------------|-----------------|
| <i>Advanced Materials</i> | 116.1 | 133.3 | -14.1% | 5.1% | -4.4% | -12.9% |
| <i>Electrical Power</i> | 92.9 | 98.9 | -2.4% | | -3.7% | -6.0% |
| Europe | 71.6 | 76.7 | -13.6% | 7.7% | -1.1% | -6.6% |
| Asia-Pacific | 65.2 | 67.5 | -0.7% | 0.1% | -2.7% | -3.4% |
| North America | 66.8 | 80.0 | -11.4% | 1.0% | -6.9% | -16.5% |
| Rest of the World | 5.5 | 8.0 | -18.0% | | -16.7% | -31.7% |
| Group | 209.0 | 232.2 | -9.1% | 2.9% | -4.1% | -10.0% |

Unaudited figures

The main sustainable development markets (renewable energies, electronics and green transportation) grew by more than 3% over the quarter, mainly driven by the solar power and SiC-based semiconductor segments.

SOLID FINANCIAL STRUCTURE

Mersen's net financial debt at end-December 2020 is expected to be less than €190 million, down on end-December 2019 (€218 million), thanks to strong operating cash flow generation and lower capital expenditure than anticipated. The Group has a solid financial structure, with €160 million in undrawn credit lines (including coverage of NEU CP) and more than €110 million in cash at the end of December 2020. This gives us significant headroom to cover November 2021 maturities.

OUTLOOK

Thanks to its better-than-expected annual sales, Mersen is raising its target for operating margin before non-recurring items for 2020, which is now estimated at around 8% of sales. Its capital expenditure will also be lower than expected due to the extra time required for certain projects, coming in at around €45 million, plus approximately €15 million for the Columbia site in the United States. Finally, non-recurring items recorded in 2020 will amount to between €50 million and €55 million, certain projects may be recorded in 2021.

GLOSSARY

Organic growth: determined by comparing sales for the year with sales for the previous year, restated at the current year's exchange rate, excluding acquisitions and/or disposals.

Scope effect: contribution from companies acquired in the year in relation to sales for the year.

- Advanced Graphite Materials Italy, a benchmark European player in finishing for customized extruded graphite parts has been consolidated since December 1. 2019.
- On February 28, 2020, the Group finalized the acquisition of GAB Neumann, a specialist in the design, manufacture and sale of graphite and silicon carbide (SiC) heat exchangers for the chemicals market. It has been consolidated since March 1. 2020.
- The acquisition of the insulation business of American company Americarb, a long-standing player in carbon fiber insulation, was finalized during the summer of 2020. It has been consolidated since September 1, 2020.

Currency effect: calculated by comparing sales for the previous year at the exchange rate of the previous year with sales for the previous year at the exchange rate of the current year.

NEU CP : Negotiable European Commercial Paper

FINANCIAL CALENDAR

2020 results: March 11. 2021, before the markets open.

ABOUT MERSEN

Mersen is a **global expert in electrical specialties and advanced materials** for high-tech industries. With more than 50 industrial sites and 16 R&D centers in 35 countries around the world, Mersen develops **customized solutions** and delivers key products to its clients in order to meet the new technological challenges shaping tomorrow's world. **For over 130 years**, Mersen has focused tirelessly on innovation to accompany its clients and meet their needs. Be it in wind power, solar power, electronics, electric vehicles, aeronautics, space or countless other sectors, wherever technology is progressing, you will always find a bit of Mersen.

MERSEN IS LISTED ON Euronext Paris – COMPARTMENT B

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