



May 14, 2020

Annual General Meeting

Agenda

- **Introduction**
- **2019 Results**
- **Situation of the Group since the beginning of the year**
- **Report by the statutory Auditors**
- **Corporate Governance Report**
- **Answers to shareholders' questions**
- **Vote of resolutions**



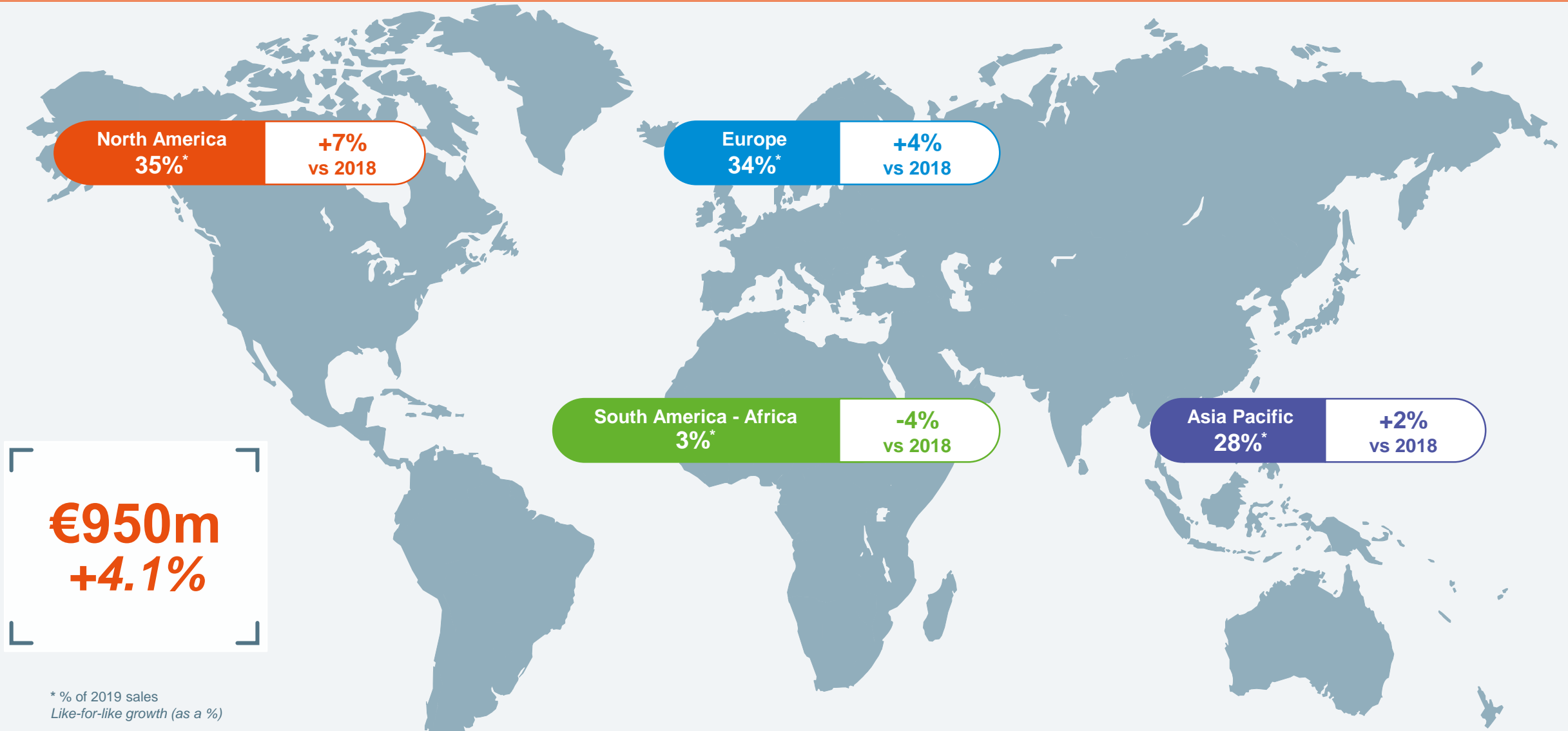
01

2019 Financial performance (excluding IFRS 16)

Thomas Baumgartner
Chief Financial Officer

mersen

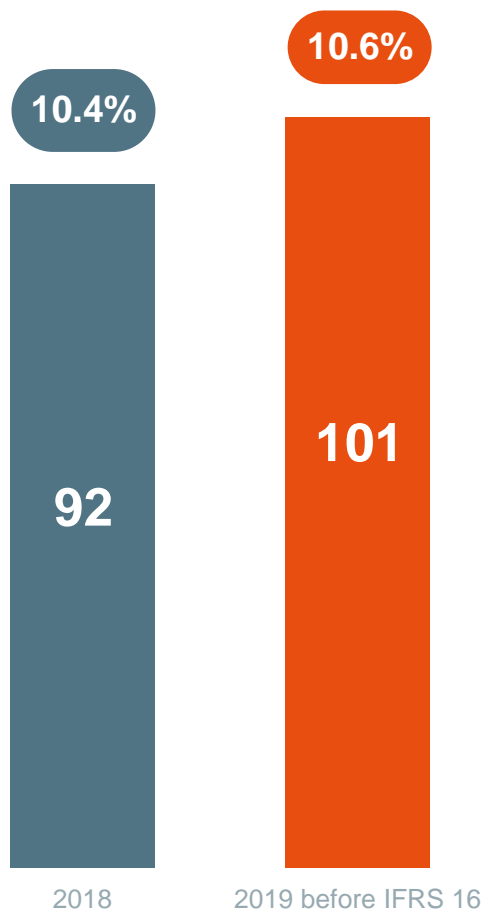
2019 sales: Growth in all key regions



* % of 2019 sales
Like-for-like growth (as a %)

Increase in profitability

Operating income before non-recurring items (€m)



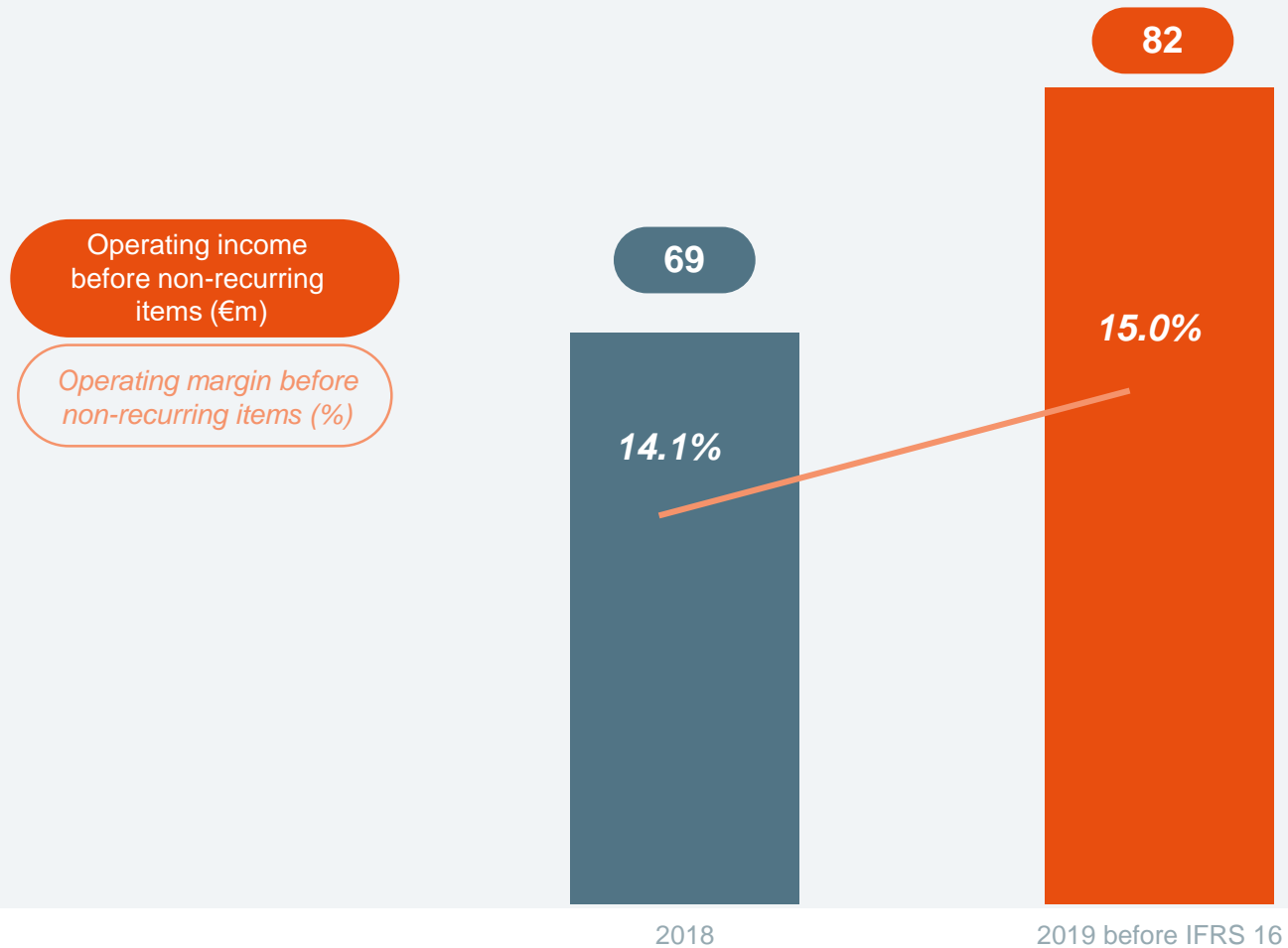
As a %

2018 operating margin before non-recurring items	10.4%
Volume/mix effects	+0.6
Price effect	+1.0
Commodity risk and customs tariffs	-0.6
Productivity gains	+1.7
Cost inflation	-1.8
Impact from exchange rates, scope and others	-0.7
2019 operating margin before non-recurring items	10.6%

Productivity gains
Purchasing and productivity workshop

Cost inflation
primarily payroll costs

Advanced Materials: Increase in profitability supported by volumes

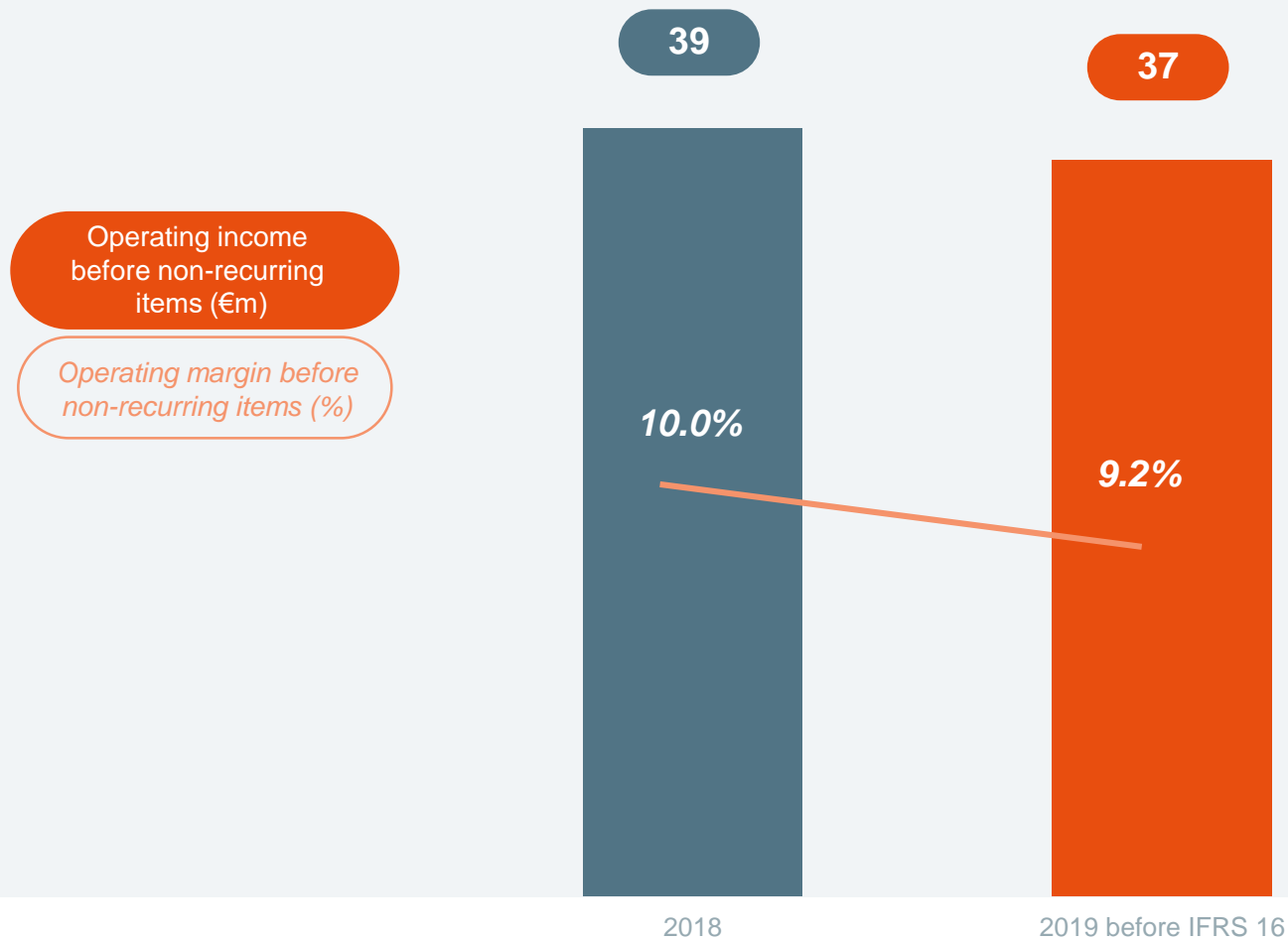


- Strong leverage from volumes
- Significant price increases
- Efficient productivity

2019 EBITDA: €112m
20.6% of sales

2019 ROCE: 13.9%

Electrical Power: Positive price effects, but a less favorable product mix



- Price increases
- Less favorable product mix
- Dilutive effect of acquisitions on margin

2019 EBITDA: €48m
11.8% of sales

2019 ROCE: 13.6%

Increase in net income

In €m	2018	2019 before IFRS 16
Operating income before non-recurring items	91.6	100.6
Non-recurring income and expenses	(3.8)	(11.2)
Net financial income/(costs)	(10.3)	(10.3)
Income tax	(18.3)	(18.2)
Net income	59.2	60.9
Net income, Group share	56.5	58.4

+3%

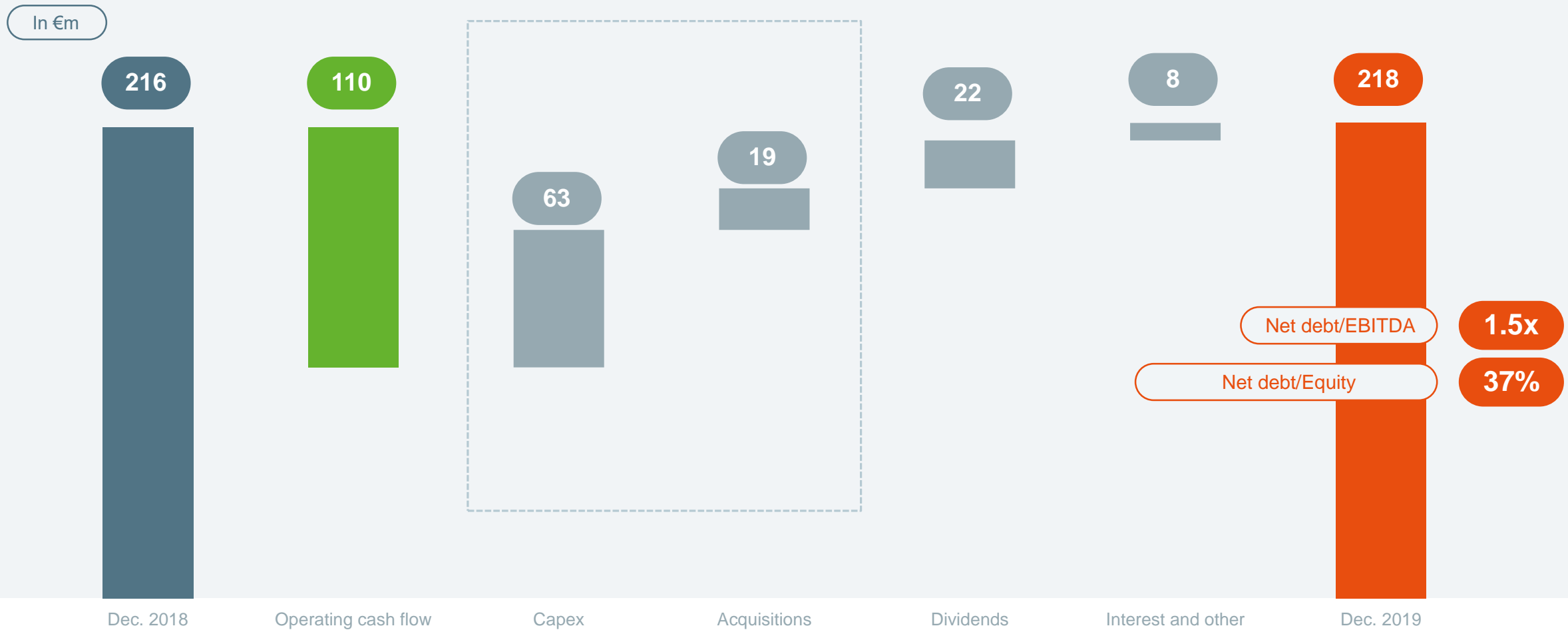
Non-recurring expenses

- Impairment of hybrid protection development costs (€5.3m)
- Acquisition costs
- Litigation and other costs

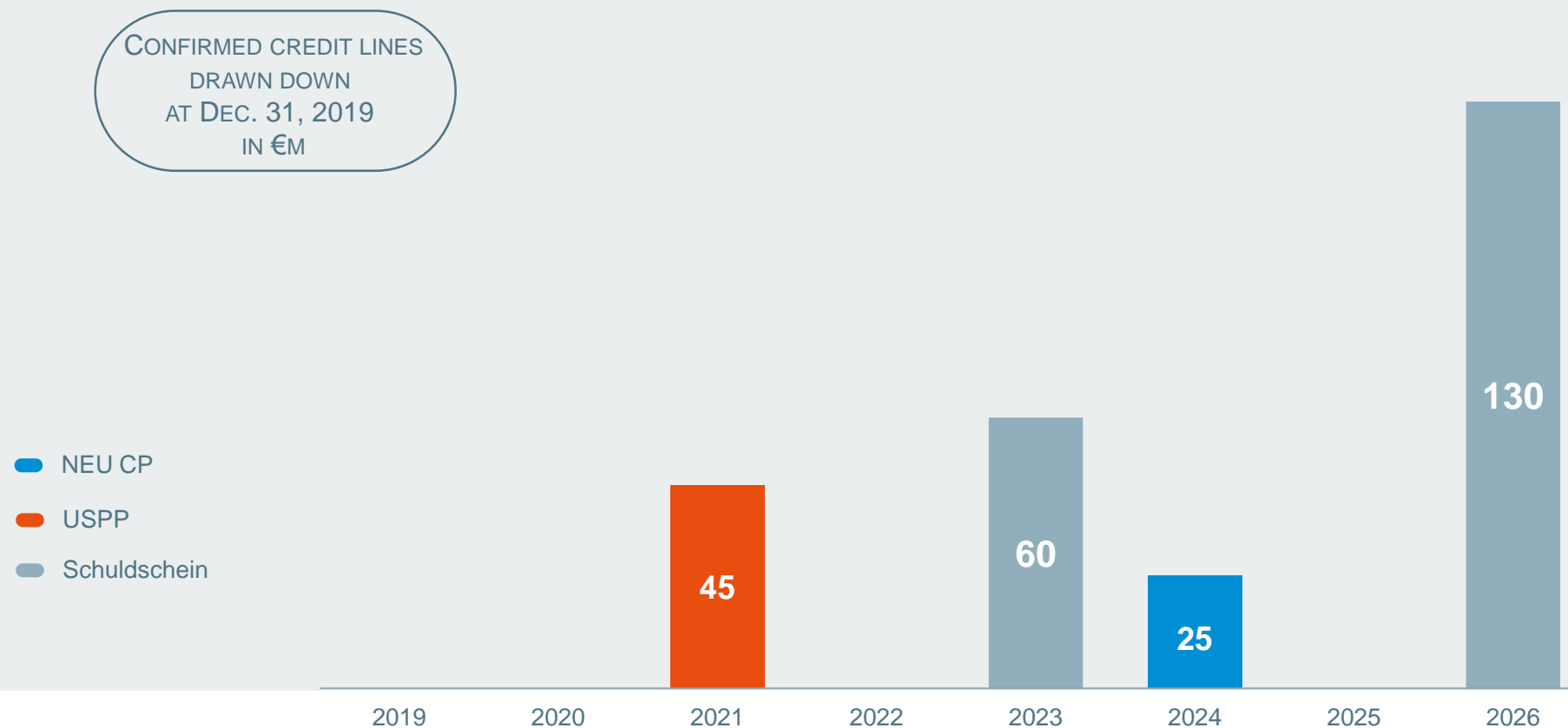
Effective tax rate

23% (32% in 2017)

Stable net debt despite significant investments in 2019 (capex and acquisitions)



A solid balance sheet with maturity close to five years



UNDRAWN CONFIRMED CREDIT LINES: €197M



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Situation in early 2020

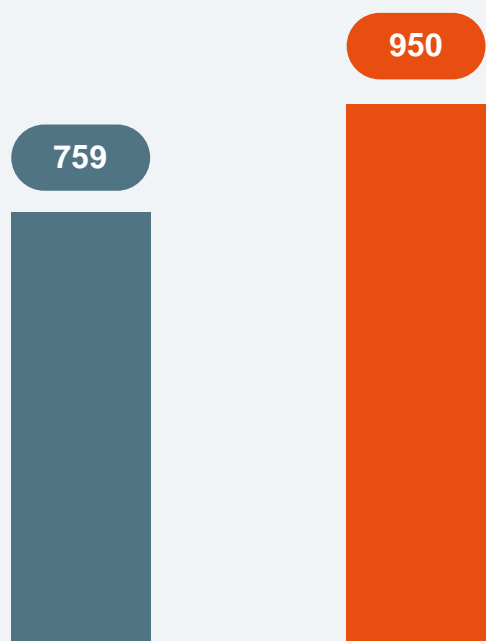
Luc Themelin
CEO

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The Group is strong after four years of progress and transformation

SALES (€M)

2016-2019 CAGR +8%

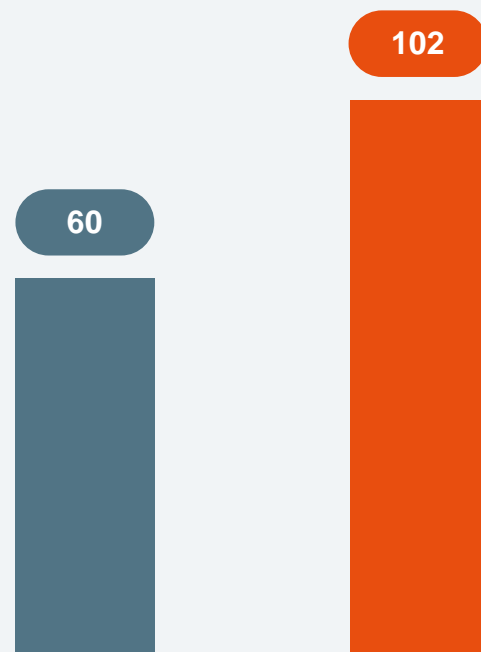


2016 restated

2019 published

OPERATING INCOME BEFORE
NON-RECURRING ITEMS (€M)

2016-2019 CAGR +19%

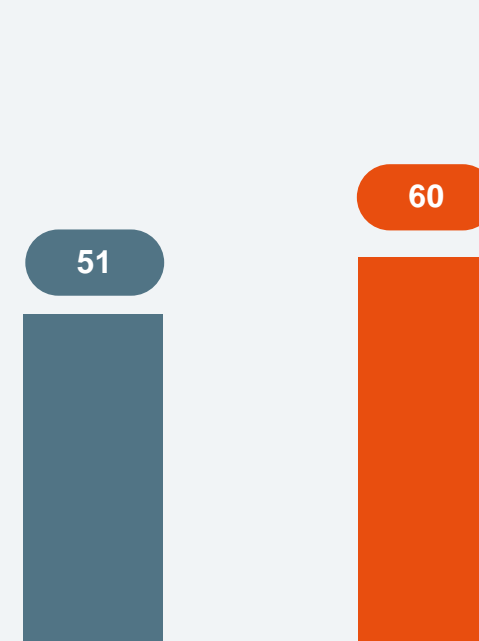


2016 restated

2019 published

FREE CASH FLOW* (€M)

2016-2019 CAGR +6%



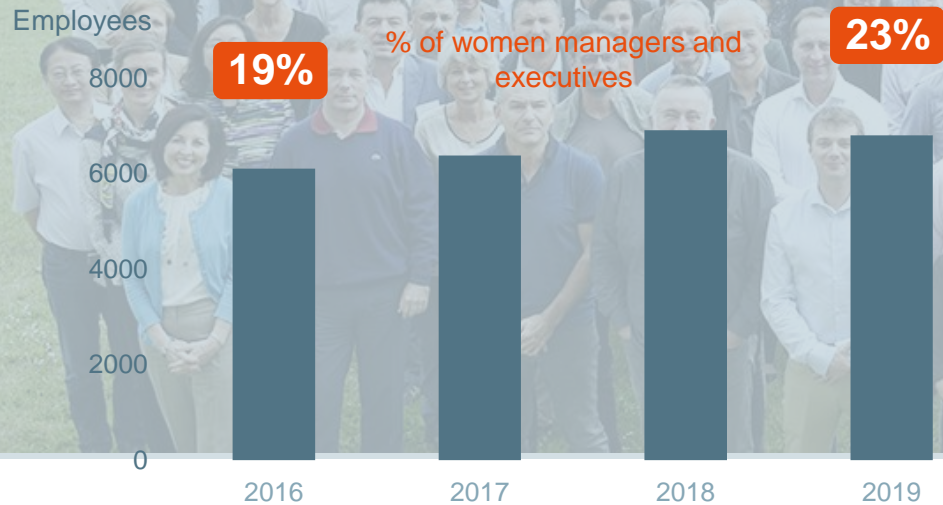
2016 restated

2019 published

*Operating cash flow after capital expenditure

Mersen relies on its Human Capital

DEVELOPING HUMAN CAPITAL IN ALL ITS DIVERSITY



35% women

90% of site managers employed locally

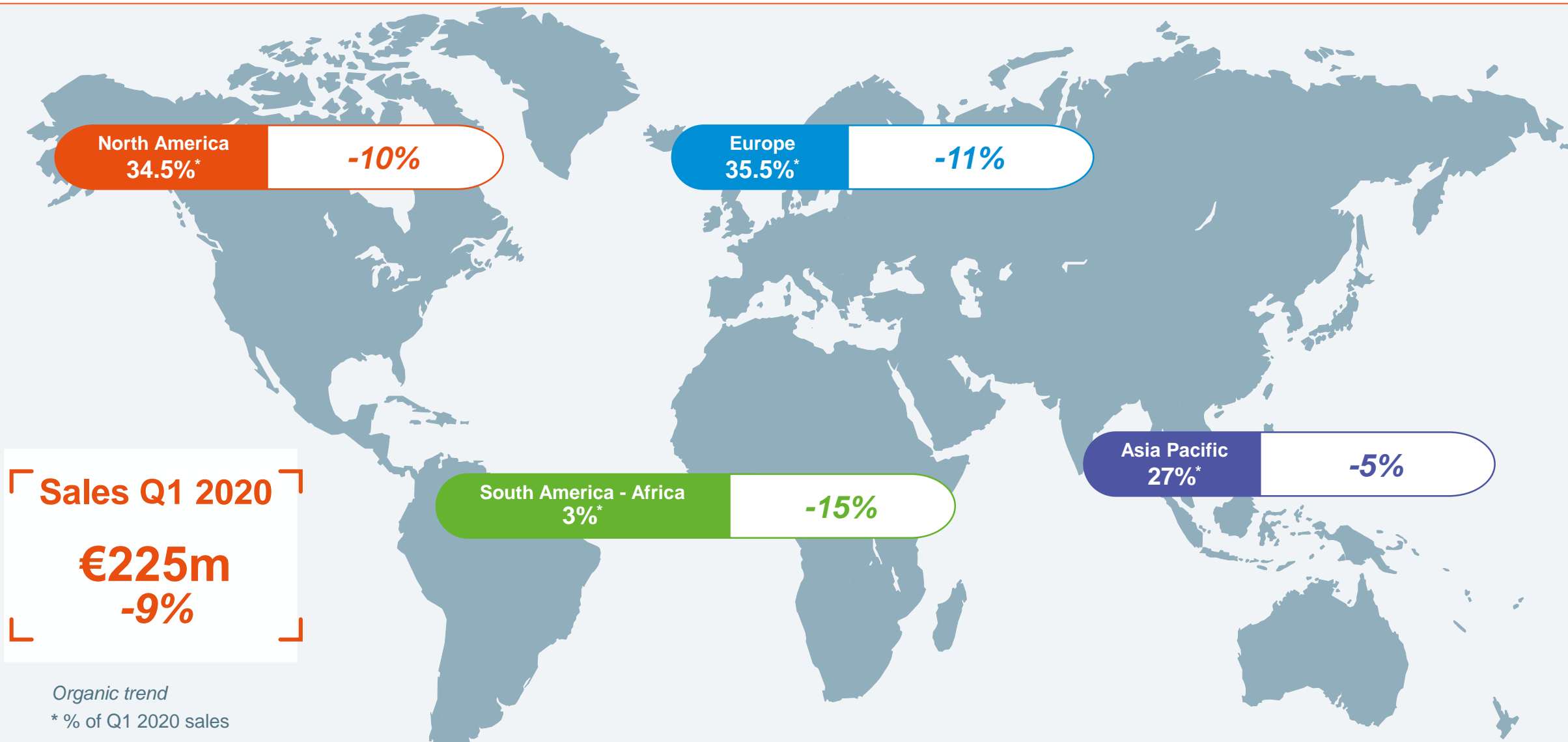
A STRONG HEALTH AND SAFETY CULTURE



4,200 safety inspections in 2019

89% of employees stated that they were proud to be part of the Group in 2018

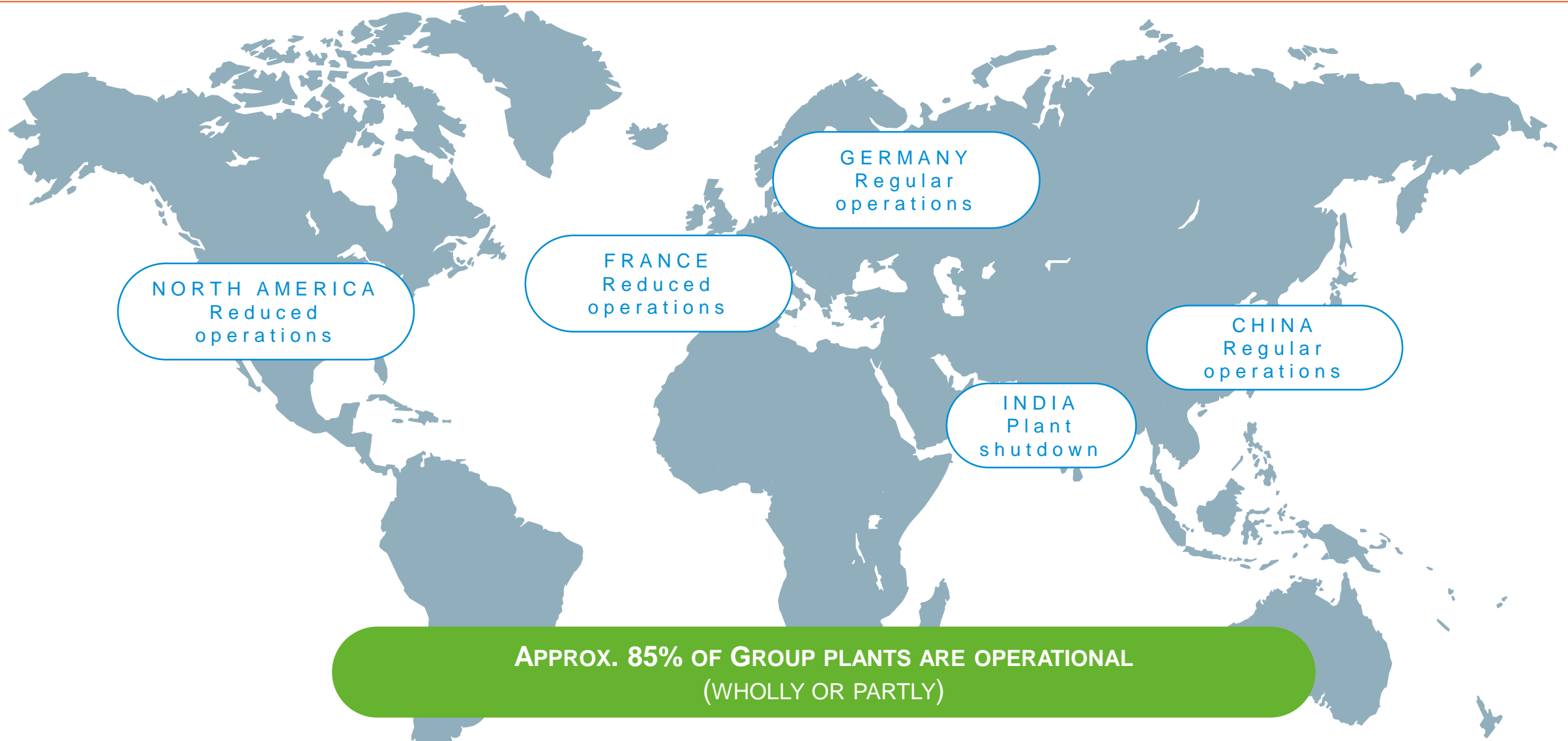
Q1 2020 Sales: decline in sales linked to the unprecedented context of Covid-19 and a very high comparison base vs Q1 2019



Organic trend

* % of Q1 2020 sales

Situations that differ by region and evolve over time



Priorities for early 2020

- **Protection** of our employees, as part of business continuity
- **Solidarity** across all stakeholders
 - Shareholders: dividend suppression
 - Management: reduction of fixed compensation of Group's corporate officers, no allocation of free shares to managers
 - Employees: mandatory paid leave in April/May
- **Agility**
 - Adapt to new ways of working, especially telecommuting
 - In the plants, business continuity initiatives
 - Measures to adjust costs
 - Selective approach for Capex

03

Report by the auditors

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04

Corporate Governance Report

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Governance and Board structure

Compliance with the **AFEP-
MEDEF** Corporate
Governance Code

Separation of the functions of
control and management
(Chairman of the Board, Chief
Executive Officer)

2 committees:
Audit and Account
Governance, Nomination &
Remuneration

A Board composed of 8 members*
(2 representative of BPI, 1 employee representative)

71% INDEPENDENT

57% WOMEN

**After the resignation of Yann Chareton and Dominique Gaillard, Ardian's representative on the Board of Directors, on January 14, 2020 following the crossing of the 10% shareholding threshold.*

Work performed by the Board of Directors in 2019

Strategy and development

- Strategic plans, budget, acquisitions
- CSR Roadmap
- Review of markets & product lines, R&D policy and innovation, ...

8 meetings in 2019
Attendance rate 86%

Group's results: financial statements' approval, guidance

Governance: members of the boards, succession planning

Remuneration: corporate officer and Long Term Incentive plans

Annual General Meeting: resolutions

Work performed by the Audit and Account committee in 2019

Results: review of the accounts and the elaboration process

Universal Registration Document

Accounting and regulatory changes

Financing

Risk mapping

IS: Review of the development of information systems

Audits: review of the charter for non-audit missions of the auditors, independence of auditors

Internal Control : review and approval of audit plans

Other topics, like tax, pensions and cash management

5 meetings in 2019
Attendance rate 92%

Work performed by the Governance, Nomination and Remuneration committee in 2019

Remunerations

- Fixed and variable remuneration for 2018 and proposal for 2019
- Competitiveness survey on the CEO and the CFO remuneration

3 meetings in 2019
Attendance rate **100%**

Governance

- Consequences of the revisions to the AFEP-MEDEF code and the PACTE law
- Self-assessment of the Board of Directors, review of directors' skills
- Review of Board and committee attendance rates, Board structure
- Review of the Corporate Governance Report

Preparation of the Annual General Meeting

CEO Succession Plan

Compensation granted for 2019

Luc Themelin, CEO	2019	Commentaires
Fixed compensation	440,000	Unchanged from 2015
Annual variable compensation	395,560	84% of ROCE objective (Return On Capital Employed) 100% of cash-flow objective 85% of individual objectives
Deferred or exceptional variable compensation	NA	
Performance bonus shares	184,593	IFRS valuation at the time of grant. Maximum allotment subject to performance conditions.
Incentives	20,262	
Benefits in kind	35,920	
Olivier Legrain, Chairman	2019	Commentaires
Fixed compensation	80,000	
Compensation as member of the Board	25,664	Based on attendance rate at the Board and the Committees

Compensation policy for 2020

■ CEO

- Fixed compensation (€440,000), unchanged since 2015, reduced in April and May 2020
- Annual variable compensation, unchanged (70% financial criteria, 30% individual criteria)
- Outperformance clause based on the recurring operating margin target (up to 12%)
- Multi-annual variable compensation (performance bonus shares). Canceled in 2020 given the context

■ Chairman

- Fixed compensation (€80,000), unchanged since 2010, reduced in April and May 2020

■ Members of the Board

- Global ceiling unchanged (but becomes a maximum)
- In the event of 100% attendance, the variable part reaches 60%
- Fixed compensation as member of the Board and role within the Board and Committees.
- Variable compensation based on attendance rates (Board and committee meetings)

05

Q&A session



06

Vote of resolutions



- Approval of the parent company financial statements for the year ended December 31, 2019,

- Approval of the consolidated financial statements for the year ended December 31, 2019;

- Appropriation of net income for the year;

- **Statutory Auditors' special report on related-party agreements and commitments – no new agreements during the year;**

- Approval of the compensation policy for the Chairman of the Board of Directors;

- Approval of the compensation policy for the Chief Executive Officer and/or any other executive corporate officer;

- Approval of the compensation policy for directors;

- Approval of the disclosures required under Article L. 225-37-3, I of the French Commercial Code (*Code de commerce*) for each of the Company's corporate officers;

- Approval of the fixed, variable and exceptional components making up the total compensation and benefits of any kind paid or granted to Olivier LEGRAIN, Chairman of the Board of Directors, in respect of the past fiscal year;

- Approval of the fixed, variable and exceptional components making up the total compensation and benefits of any kind paid or granted to Luc THEMELIN, Chief Executive Officer, in respect of the past fiscal year;

- **Authorization for the Board of Directors to repurchase shares of the Company under a program governed by Article L. 225-209 of the French Commercial Code;**

- Authorization for the Board of Directors to cancel shares repurchased under a program governed by Article L. 225-209 of the French Commercial Code;

- **Delegation of authority for the Board of Directors to increase the Company's capital by capitalizing reserves, income and/or additional paid-in capital;**

- **Delegation of authority for the Board of Directors to issue ordinary shares, with preferential subscription rights for existing shareholders;**

- **Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares through a public offer and/or in payment for shares of another company tendered to a public exchange offer, without preferential subscription rights but with a priority subscription period for existing shareholders;**

- **Delegation of authority for the Board of Directors to issue ordinary shares, without preferential subscription rights for existing shareholders,**

- Authorization to increase the amount of issues, suspension of the authorization during a public offer period;

- **Delegation of authority for the Board of Directors to increase the capital by up to 10% through the issue of ordinary shares in return for contributions in kind made to the Company;**

- **Delegation of authority for the Board of Directors to increase the capital by issuing ordinary shares to members of a company savings plan, without preferential subscription rights for existing shareholders;**

- **Setting of the overall ceilings for the issue of ordinary shares or debt securities that may be made by under the delegations of authority above;**

- **Amendment of Article 18.5 of the Articles of Association to provide for the consultation of directors in writing;**

- **Alignment of the Articles of Association;**

- References applicable in the event of changes to the codification of legislative or regulatory provisions;

- Powers to carry out formalities.