

MERSEN & YOU

No. 41 — MARCH 2019

MERSEN'S LETTER TO SHAREHOLDERS

MESSAGE FROM THE CEO

Dear fellow shareholder,

Building on the strong momentum that began in 2017, Mersen delivered a remarkable performance in 2018, with significant growth in sales and operating margin before non-recurring items, the completion of several strategic acquisitions and the launch of new investment programs to pave the way for future development. These positive results mean we are able to offer our shareholders a significantly higher dividend of €0.95 per share, which reflects the Group's robust situation and confidence in its prospects.

From a financial markets perspective, 2018 was less favorable and more prone to volatility over the year. Tensions in international trade and other geopolitical uncertainties impacted heavily on stock markets the world over and on Mersen, despite its excellent results. It is important that we continue to promote the Group's strengths of global operations, a strong position in rapidly expanding markets, a substantial customer base and recognized expertise.

Underpinned by the investments made in preparation for 2019 and 2020 and a strong dynamic in our three key geographical regions, which are now almost equal in size, Mersen's medium-term prospects are bright and we look forward to continued growth across all of our fast-growing markets.

Thank you for your confidence in Mersen.



LUC THEMELIN,
Chief Executive Officer

KEY FIGURES 2018 ANNUAL RESULTS

€879

MILLION IN SALES

€59

MILLION IN NET INCOME

€0.95

DIVIDEND PER SHARE

THE BIG PICTURE

TACKLING ENVIRONMENTAL ISSUES WITH SINTACLOR ECOFLEX®

Mersen has developed a new generation of hydrogen chloride (HCl) synthesis units that can be used in a wide range of chemical processes to significantly reduce water consumption compared with conventional facilities and to generate high-pressure steam that can be reused in the process. Mersen has applied its expertise to design this more environmentally friendly solution, which is particularly well suited to the world's driest regions.

THE GOAL	THE CHALLENGE	MERSEN'S SOLUTION	THE POTENTIAL
 <p>To synthesize HCl, which is needed for a wide range of chemical processes such as viscose or aluminum production.</p>	 <p>Adapt to environmental and climate conditions:</p> <ul style="list-style-type: none"> ● Water shortages ● Energy saving 	 <p>Sintaclor Ecoflex®</p> <ul style="list-style-type: none"> ● Reduced water consumption (-65%) ● Re-use of steam generated in the process 	 <p>Several million euros in sales.</p> <p>Mersen as a stakeholder in the energy transition.</p>

MARKET SCAN

Around half of the Group's activities are now geared towards sustainable development markets, from renewable energies to electronics, transportation and energy efficient processes. We take a closer look at some of these key markets, which are set to drive the Group's medium-term growth.



RENEWABLE ENERGIES

Mersen solutions cover each stage of the solar cell production process, from electrical protection for panels to the conversion of the energy produced. The Group is also a leading supplier for the wind energy sector, from generator power distribution systems to yaw motors.



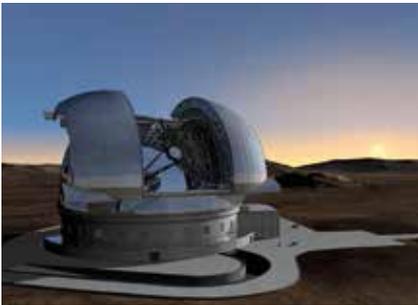
ENERGY STORAGE

Mersen offers a line-up of electrical components used in industrial lithium-ion batteries for renewable energy sources. For electric vehicles, the Group leverages its expertise in direct current power management to provide high-power battery protection solutions.

MERSEN 360°

CONTRACT

Mersen technology in the world's most powerful telescope



Mersen has been selected to take part in the Extremely Large Telescope (ELT) project run by the European Southern Observatory (ESO), helping to complete the fifth and final mirror made of silicon carbide (SiC) for this giant, future telescope, which is the most powerful

in the world. This order illustrates Mersen's recognized expertise in SiC, having equipped more than 19 telescopes already in orbit. The ELT project is a major ground-based astronomy project for the Group.

JOINT VENTURE

In order to broaden its equipment offering on China's promising solar photovoltaic market, Mersen launched a new joint venture with one of its historical partners in China in 2018. The project covers the manufacture and sale of carbon/carbon composites and insulating felts to meet the demands of this rapidly growing market.

PARTNERSHIP

Mersen, technical partnership with Trophée Andros

With the support of Mersen, an electric car won the Trophée Andros final for the first time at the Stade de France arena in Paris.

Mersen equipped the four electric race cars challenging internal combustion engine (ICE) vehicles in this year's Trophée Andros, which ended with the final at the Stade de France in Paris on February 9, 2019.

Mersen has supplied battery cell connection components and protection fuses for electric vehicles designed by Exagon Engineering for many years.



RAIL

Mersen contributes to the development of clean mass transit. The Group offers rail industry manufacturers and operators electric current protection, collection, transfer and conversion solutions that improve the performance and reliability of their equipment.



ELECTRONICS

In the electronics market, Mersen is tackling the technical challenges that go hand-in-hand with the manufacture of more compact, more efficient semiconductors. Its high-grade graphite is used in the production of semiconductors for electronics, communications and lighting. It also offers custom-made power electronics components to convert electricity and thereby more effectively adapt energy to demand.



ENERGY EFFICIENT PROCESSES

With its optimized solutions for high temperature process industries, Mersen helps make significant energy savings. It also offers systems for improved water and energy recovery. Lastly, thanks to its range of power electronics components, the Group promotes opportunities for manufacturers to switch to speed drives that reduce energy consumption.

FINANCIAL BRIEFING

REMARKABLE PERFORMANCE

Mersen generated consolidated sales of €879 million in 2018, representing strong like-for-like growth of nearly 10% year on year. This figure takes into account acquisitions finalized during the year (chiefly FTCAP and Idealec).

Operating income before non-recurring items came to €91.6 million in 2018, resulting in an operating margin before non-recurring items of 10.4%, 120 basis points higher than 2017. Net income totaled €59.2 million vs €40 million in 2017, an increase of 48%.

Net debt stood at €215 million at December 31, 2018, up €37 million on the €178 million reported one year prior. This includes acquisition and invest-

ment costs, as the Group stepped up its capital expenditure program in 2018 to pave the way for future growth. Its financials are sound, with a stable net debt-to-EBITDA ratio of 1.6 and net debt-to-equity ratio of 39%.

OUTLOOK

In today's macroeconomic environment, the Group is drawing on its solid foundations to expand its development in key markets and aims to generate further growth in 2019.

It is setting itself the target of 2%-5% in like-for-like growth and 2% in growth from acquisitions carried out in 2018 for an operating margin before non-recurring items of between 10.5% and 10.7%.

SALES

+10%*

vs 2017

*Like-for-like growth

OPERATING MARGIN BEFORE NON-RECURRING ITEMS

10.4%

(vs 9.2% in 2017)

SHARE PRICE AT MARCH 20, 2019

€30

(+27% vs Dec, 31 2018)



Annual General Meeting

You are cordially invited to attend your company's Annual General Meeting, which will be held at 10:00 am on Friday, May 17, 2019 at **Tour Eqho - 2, avenue Gambetta - 92400 Courbevoie - La Défense 5 (France)**

This invitation does not in any way replace the legal procedures you must take to be able to vote at the Meeting.

Please contact your custodian bank or broker for further details.

For further information, please contact the Mersen Investor Relations Department, at the address given below.



Your AGM at the touch of a button

If you hold registered shares, you can choose whether you would like to attend the AGM in person or vote online. Please make your choice before April 12, 2019.

Log in to <https://planetshares.bnpparibas.com> and click on the "Vote at the AGM" icon at the bottom right of the screen. You will be redirected to the online voting site, VOTACCESS, where you can choose between the following options:

- Attend the Annual General Meeting in person and request your admission card;
- Vote remotely prior to the Annual General Meeting;
- Give proxy to the Chairman of the Shareholders' Meeting or any other person.

LISTING
Compartment B
of Euronext Paris

CODE ISIN
FR0000039620
TICKER MRN

NUMBER OF SHARES
20,636,663
at Dec. 31, 2018

SHARE PRICE
at Dec. 31, 2018
€23.50

CONTACT

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DIARY DATES*

APRIL 24, 2019
(after market close)
First-quarter 2019
sales

MAY 17, 2019
Annual General
Meeting

JULY 31, 2019
First-half 2019
results

*Indicative dates

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