



Luc Themelin



Thomas Baumgartner

2023 Results

March 13, 2024



2023: a year shaped by **major achievements**



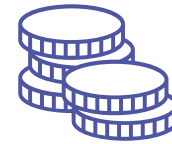
AMBITIOUS MEDIUM-TERM PLAN

Sales target: €1.7bn
Capex plan



MAJOR CONTRACTS and PARTNERSHIPS

Wolfspeed
ACC
Soitec



CAPITAL INCREASE

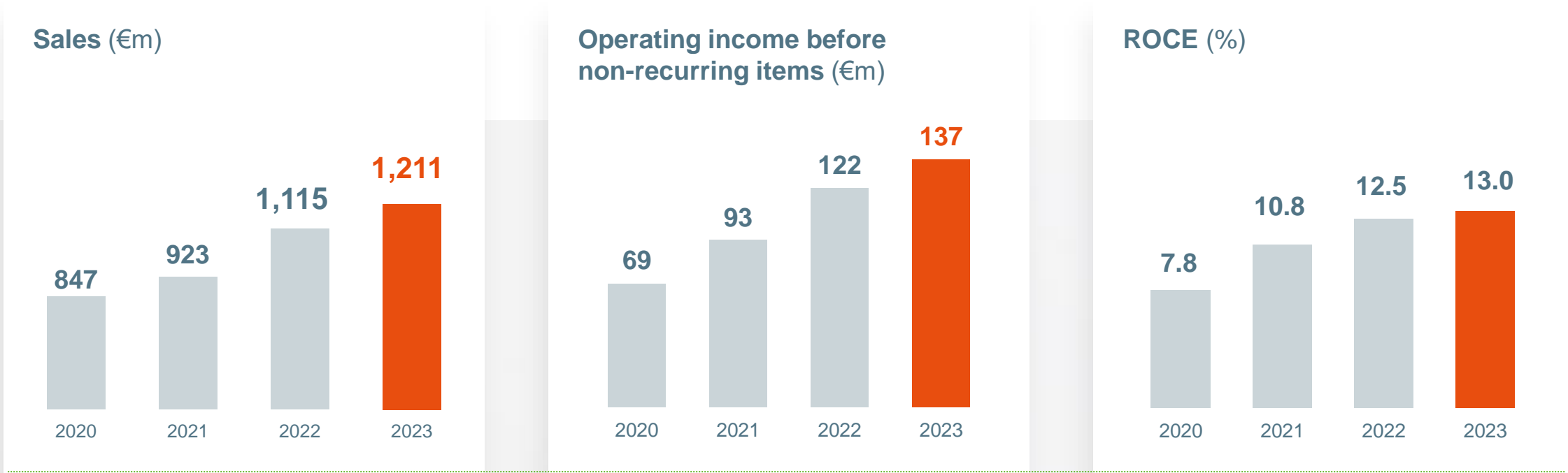
€100 million to
support growth



UPDATE OF THE CSR ROADMAP

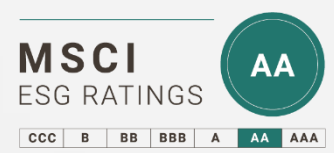
2027 targets set

2023, another year of profitable growth



→ **Green Taxonomy**
 75% of sales are Taxonomy-eligible
 21% of sales are Taxonomy-aligned

→ A **growing commitment** to CSR that has attracted increased recognition



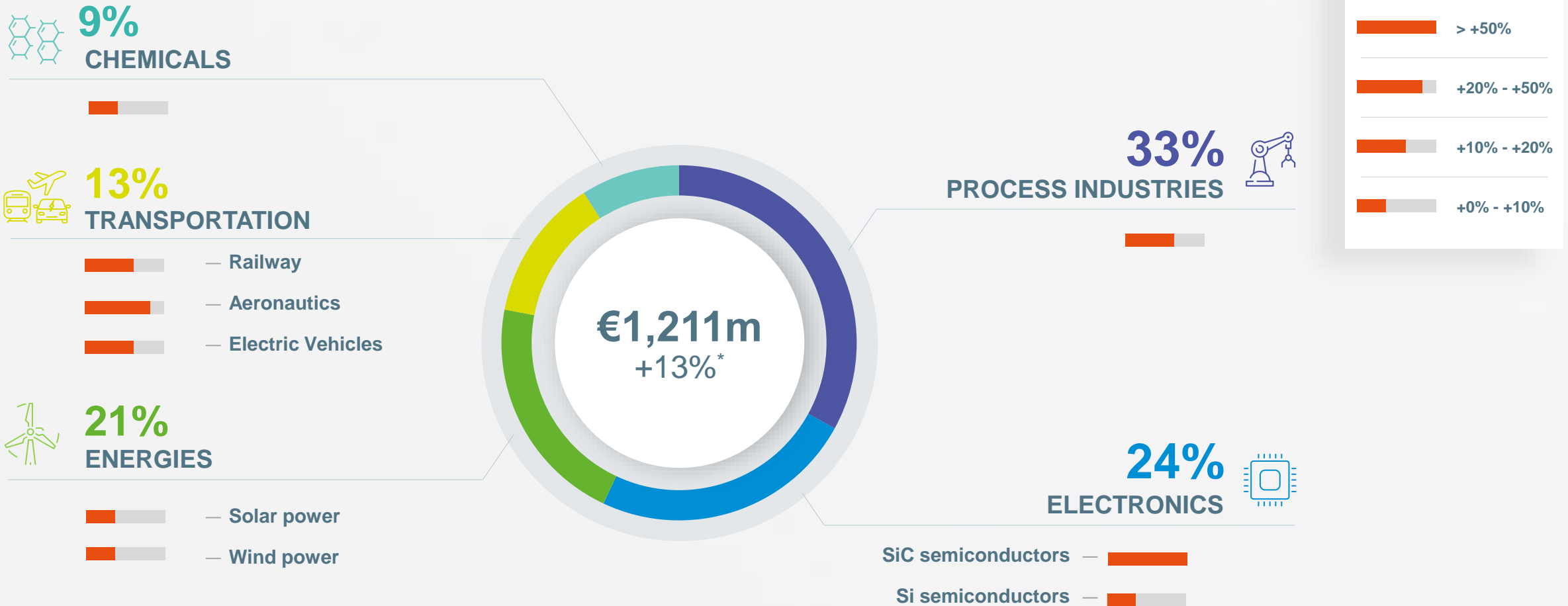


Thomas Baumgartner
Chief Financial Officer

2023 FINANCIAL RESULTS



Dynamic growth in all markets, particularly SiC semiconductors



* Organic growth 2023 vs. 2022

Strong growth in profitability

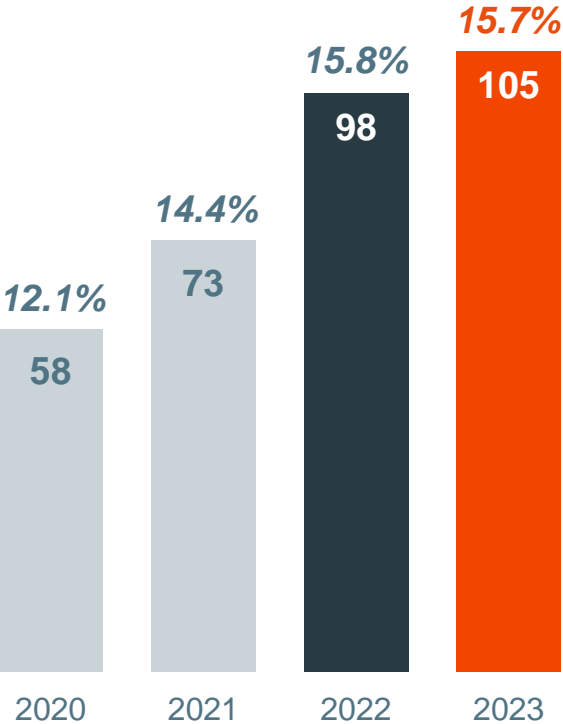
(€m)	2022	2023	
EBITDA before non-recurring items	186.4	202.7	+9% (+14% excluding currency effects)
<i>Recurring EBITDA margin</i>	16.7%	16.7%	
Depreciation and amortization	(64.8)	(65.4)	Commissioning of certain investments scheduled in the coming half-years
Operating income before non-recurring items	121.6	137.3	+13% (+19% excluding currency effects)
<i>Operating margin before non-recurring items</i>	10.9%	11.3%	
ROCE	12.5%	13.0%	

Pricing power making it possible to pass on inflation

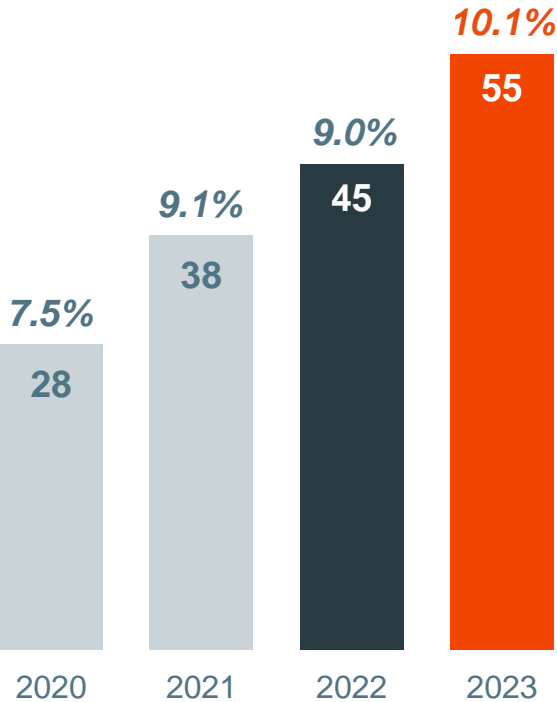
	In % points	
2022 operating margin before non-recurring items	10.9%	
Volume/mix effect	+2.1	
Price effect	+4.4	<p>→ High-tech customized products with limited cost versus total cost</p> <p>+0.3 pts</p> <p>→ Operational excellence, purchasing optimization</p> <p>→ +6% on average over the year</p>
Raw material/energy inflation	-3.5	
Productivity gains	+1.1	
Wage inflation	-1.7	
p-SiC project, EV team & hiring for the growth plan	-1.4	
Exchange rate and scope effect	-0.3	
Other	-0.3	
2023 operating margin before non-recurring items	11.3%	

Strong growth in operating income before non-recurring items in both segments

Advanced Materials



Electrical Power



● ● Operating income before non-recurring items in €m
Operating income before non-recurring items as a % of sales

2022-2023 change

- Favorable volume/mix effects
- Price increases offsetting wages and costs inflation
- Positive effects of adaptation and operational efficiency plans
- Resources for EV projects, p-SiC

Net income up **by a sharp 16%**

(€m)	2022	2023
Operating income before non-recurring items	121.6	137.3
<i>Non-recurring income and expenses</i>	(11.4)	(5.9)
<i>Net financial expense</i>	(12.9)	(19.3)
<i>Income tax</i>	(23.0)	(26.2)
Net income	74.3	85.9
<i>Attributable to Mersen shareholders</i>	67.7	81.6

- **Increase in interest rates**
Interest on pensions & lease liabilities : €5m
- **Effective tax rate of 23%**

+16%

Significant increase in operating cash flow, to finance the capital expenditure plan

(€m)	2022	2023
Operating cash flow before change in WCR	180.8	201.0
<i>Change in WCR</i>	(63.2)	3.2
<i>o/w change in inventories</i>	(69.7)	(24.5)
<i>Income tax paid</i>	(12.1)	(25.0)
Operating cash flow	105.5	179.3

→ WCR ratio of **19.1%** (vs. 20.7% in 2022)
driven by prepayments on contracts

→ Increased earnings, exceptional savings
in 2022

+70%

Key capital expenditure in 2023



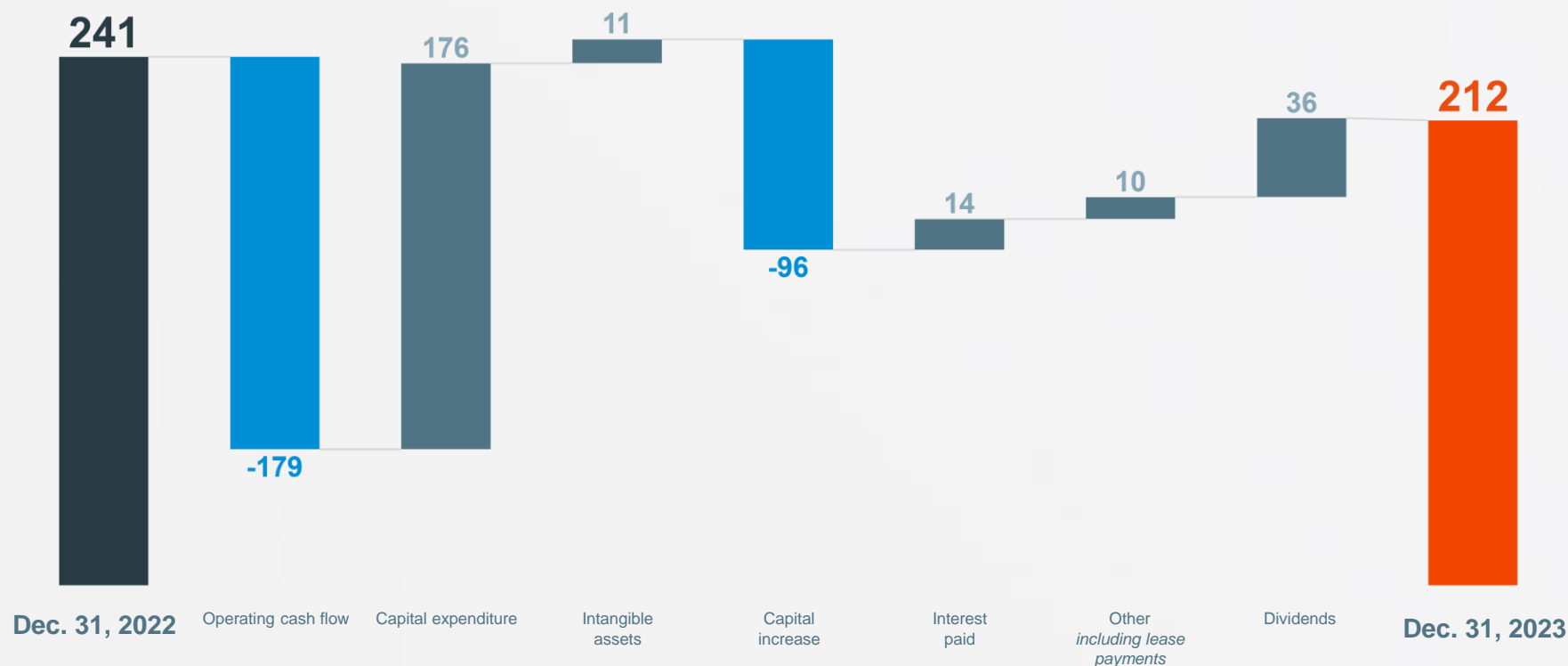
€176m

+€11m in intangible assets

6.6% of sales

A robust leverage ratio, reinforced by the capital increase

Net debt (€m)



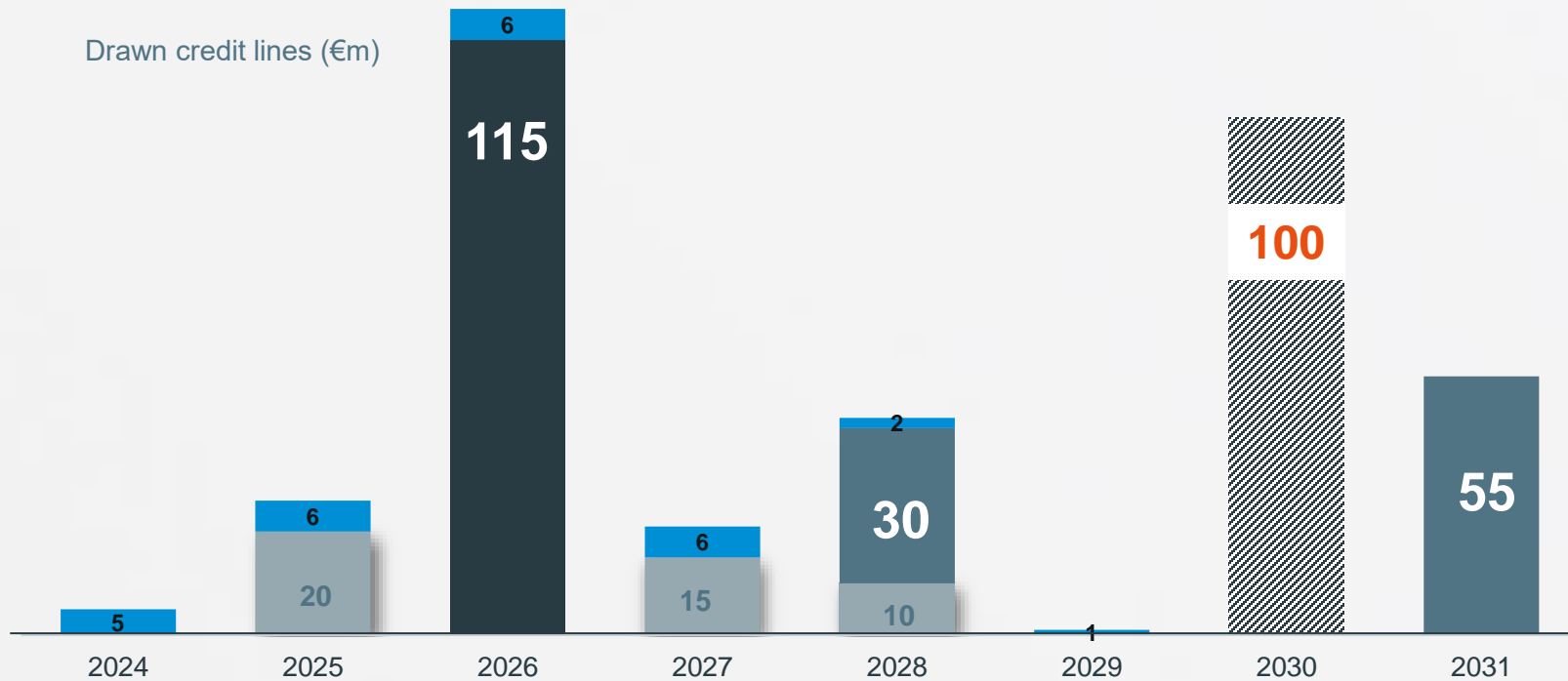
LEVERAGE: 1.09x

(1.36x in 2022)

→ Does not include lease liabilities
€54m
(vs. €55m at Dec. 31, 2022)

and pension obligations
€40m
(vs. €39m at Dec. 31, 2022)

Successful new Schuldschein financing in March 2024 as part of the growth plan



* Average maturity based on committed authorized credit lines.
NEU MTN: Negotiable European Medium-Term Note.

● USPP ● Schuldschein ● NEU MTN ● BPI

UNDRAWN COMMITTED CREDIT LINES

~€320m
(Syndicated loan undrawn)

+€100m

Additional cash

New SSD financing

Maturity

~4.7 years*

Fixed rate

~57% of gross debt

At end-2023
including new financing

Major progress in terms of corporate social responsibility

MAIN ACHIEVEMENTS IN 2023

Being a responsible partner

- Self-assessment of strategic suppliers
- Audits based on CSR ratings



56%

audits carried out of suppliers with a CSR score <25

Limiting our environmental impact

- Reduce CO₂ emissions intensity (scopes 1 & 2), recycle waste, reduce water consumption



-26%

GHG emissions intensity vs. 2022 (scopes 1 & 2)

Developing human capital

- Promote equal opportunity, diversity, a social responsibility policy for all and well-being and safety at work



26.1%

engineer and manager roles occupied by women (25.3% in 2022)

Promoting an ethics and compliance culture

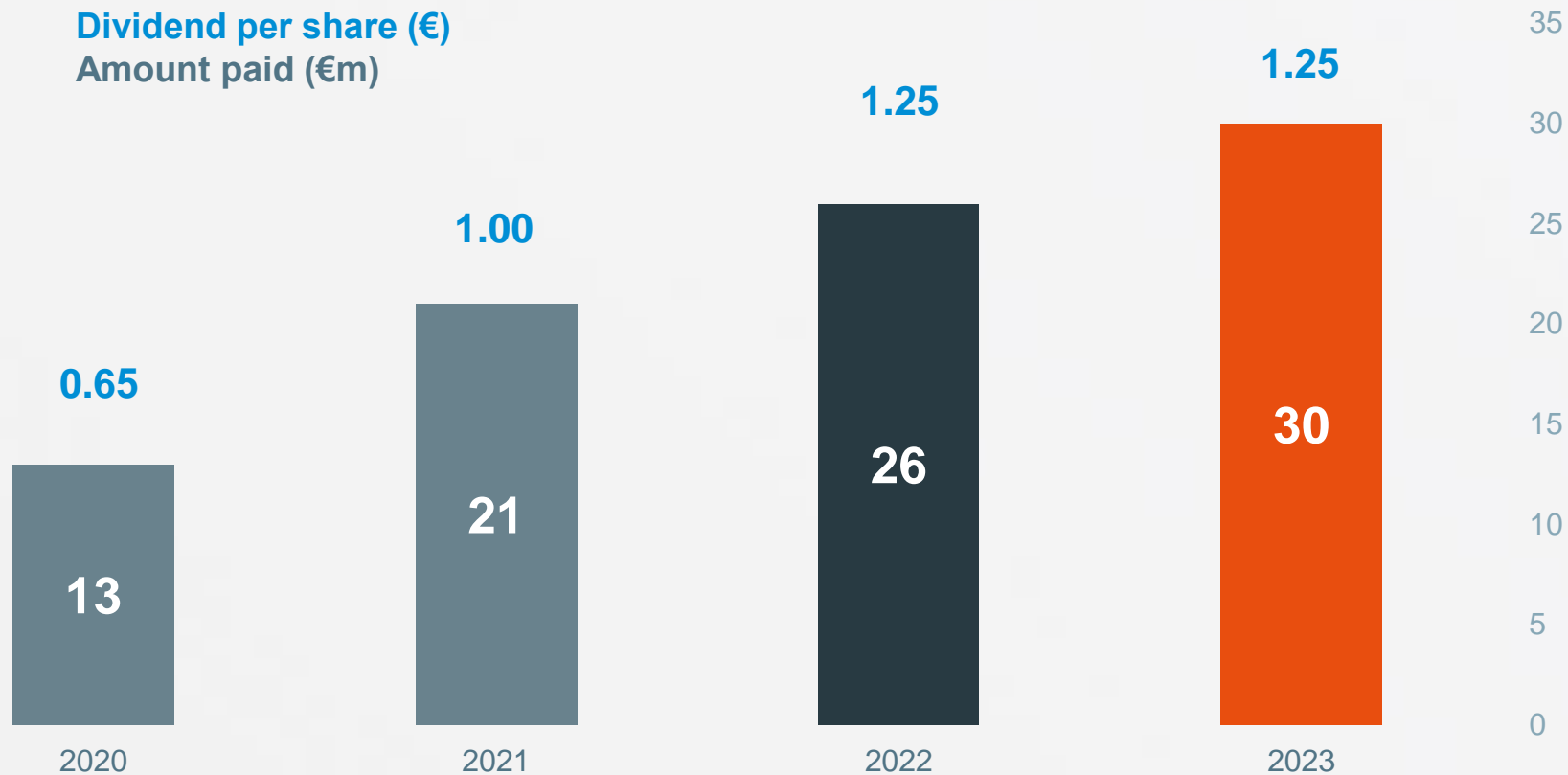
- Develop training in ethics and cybersecurity



90%

employees trained in cybersecurity

17% increase in dividend payment



PAYOUT*

37%

In line with the Group's
dividend policy
(30% to 40% payout)

* Dividend/Net income attributable to Mersen shareholders



Luc Themelin
Chief Executive
Officer

MERSEN 2027 ROADMAP WELL UNDERWAY

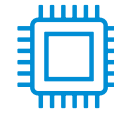
Mersen at the heart of the energy transition



SUPPORTING
the transition to
renewable energies



CONTRIBUTING
to power conversion
& transmission

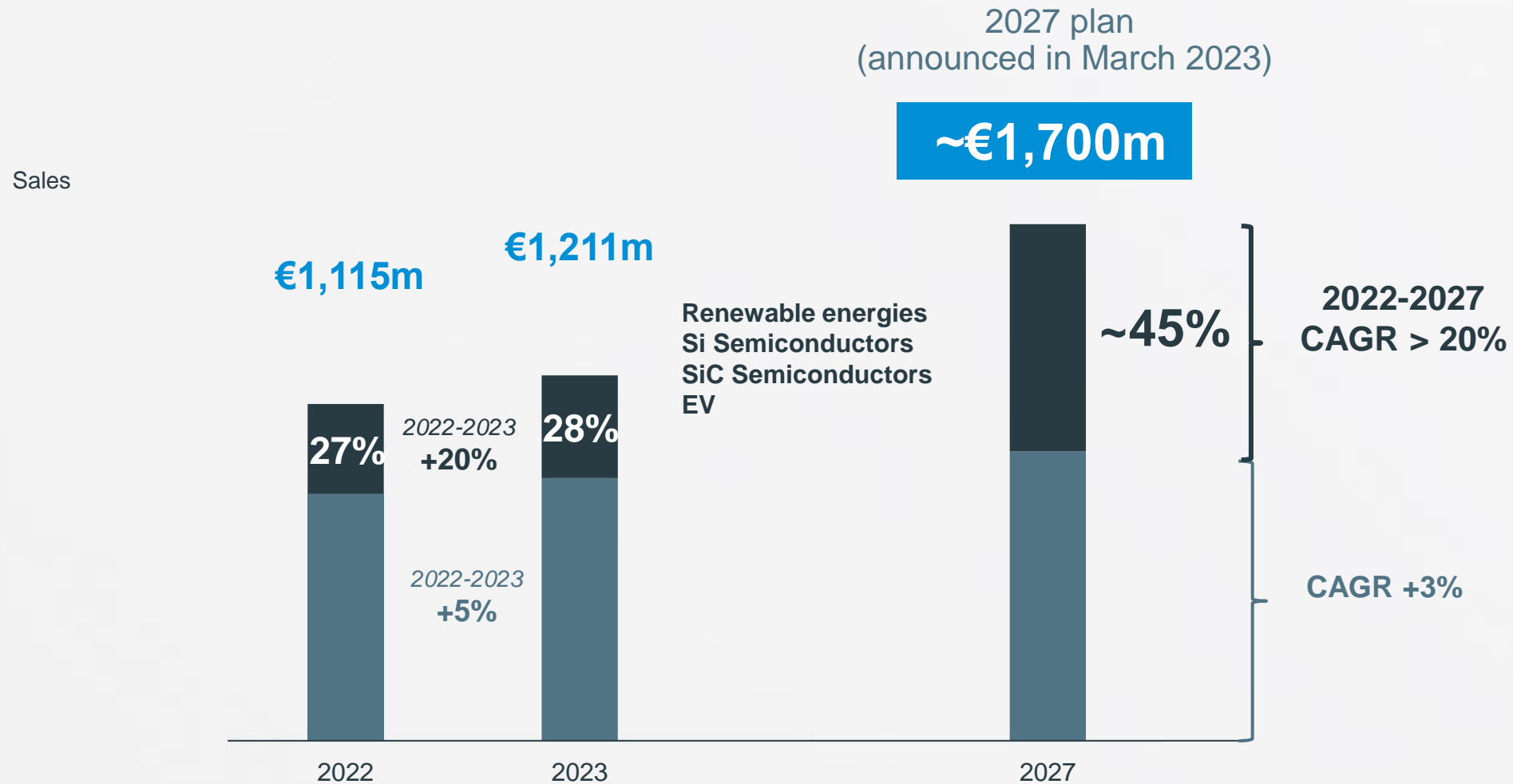


IMPROVING
power conversion
efficiency with
silicon carbide
semi-conductors

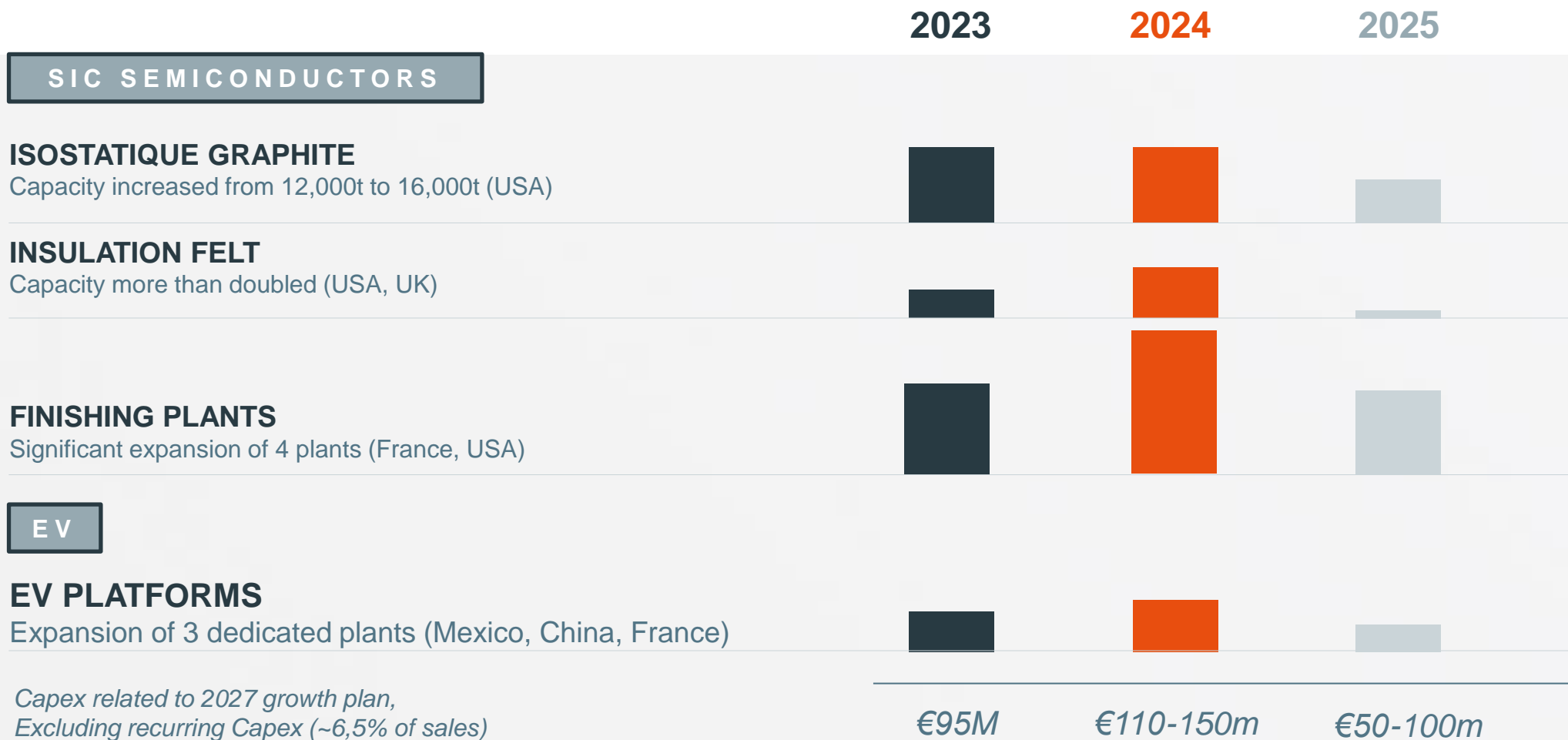


PARTICIPATING
in the development
of electric vehicles

In line with the **medium-term plan**, thanks to **growth markets**



An investment plan focused on growth markets



Power semiconductors: multiple, fast-growing applications

MATERIALS EXPERTISE



SiC wafer



SiC power semiconductor



Why is Mersen indispensable in the SiC semiconductor value chain?

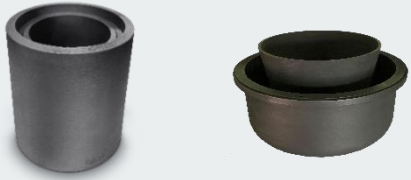
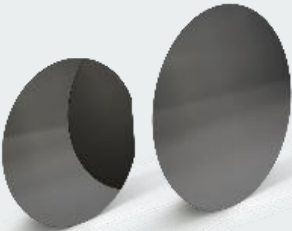





















MATERIALS EXPERTISE

- **Ultra-fine graphite grades** adapted for processes at 2,400°C and for complex and precise design
- **SiC-coated graphite epitaxy susceptor** to avoid wafer pollution and extend service life
- **P-SiC wafers** for the Soitec process for cost savings and improved component efficiency

PRODUCTION CAPACITY

- **Unique capacity expansion plan** for +4000t in iso graphite essential for high-temperature processes (graphite and insulation are **consumables**)
- **Machining, purifying and SiC coating plants**
- **Global presence** - Ability to supply customers wherever they are thanks to the proximity with our centers of excellence
- Capacity can be increased beyond 2027 if necessary

Mersen's expertise in the SiC semiconductor industry

OUR EXPERTISE	PVT MONOCRYSTALLINE SiC	POLYCRYSTALLINE SiC (P-SiC)	SiC-COATED GRAPHITE FOR EPITAXY	
OUR PRODUCTS	<p>GRAPHITE AND INSULATING FELTS FOR SiC SUBLIMATION FURNACES</p>  <p>Furnace internals</p>	 <p>Polycrystalline wafer 150-200 mm</p>	 <p>Susceptor</p>  <p>Electrode</p>	<p>end-users</p>
OUR CUSTOMERS	   <p>A ROHM Group Company</p>    	 <p>Potential customers on the future</p>  	     	  

Our manufacturing facilities to serve the SiC market




 **ST MARYS, PA**
Isostatic graphite



 **HOLYTOWN**
Insulation
Purification

GREENVILLE, MI
Purification



 **COLUMBIA, TN**
Isostatic graphite,
extruded graphite,
insulation

BAY CITY, MI
Purification, SiC coating

GENNEVILLIERS (France)
Purification,
SiC coating,
p-SiC

MALONNO (Italy)
Purification

CHEONAN (South Korea)
Purification, SiC coating

KUNSHAN (China)
Purification



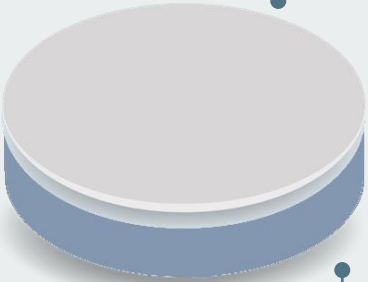
 **CHONGQING**
Isostatic graphite

○ Graphite capacity plants ♦ Finishing plants

A promising technology alternative to the PVT for the SiC semiconductor market

A UNIQUE HIGH-TECH PRODUCT

High-quality, monocrystalline SiC layers of a few μ



MERSEN

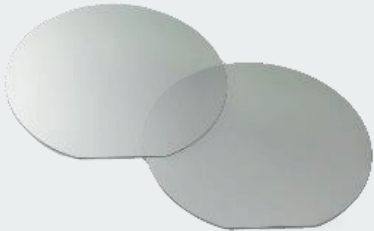
Polycrystalline SiC (p-SiC) 400 μ

INVESTMENTS IN GENNEVILLIERS, FRANCE (included in the 2027 Plan)



€75m (net) 2023-2025

POTENTIAL p-SiC[®] MANUFACTURING CAPACITY



400,000 wafers
(150 mm equivalent) in 2026-2027

FRENCH SUBSIDIES
for R&D and industrialization: €12m



Significant contribution from SiC to the 2027 Plan

Sales

2027 plan
(announced in March 2023)

~€1,700m

€1,115m

€1,211m

>250

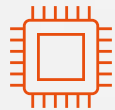
50

90

2022

2023

2027



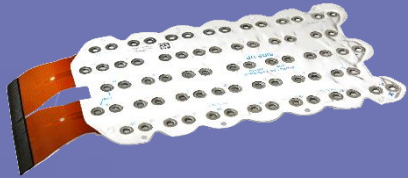
SiC semiconductor sales (in €m)

Mersen: key expertise in **electric vehicles**

ELECTRICAL EXPERTISE

Electric vehicles

Busbars for
batteries



EV dedicated fuse
range (400-800V)



→ **2 million EV fuses to be delivered in 2024**

Around 30 different customers in all geographies

→ **Top 5 for fuse quotes:
> €30m over several years**



Ford F-150



Hyundai MX5



BMW iX

ACC, a major contract with a battery manufacturer



TARGETED MODELS

Peugeot 308, 3008, 408 & 5008, DS 4/6/7/9, C5X,
Fiat 500, Opel Grandland, and more

Developments in the contract with new functionalities and larger volumes

Potential sales over 7 years
~€250m-€300m


Deliveries

Douvrain plant (France) from 2024
Termoli plant (Italy) from 2026

Investments for a dedicated plant in
St Bonnet (France)

€20m-€25m

Our facilities for the EV market



Angers, France
BUSBAR R&D CENTER



Saint-Bonnet-de-Mure, France
**EV R&D CENTER
BUSBAR PRODUCTION
ACC**

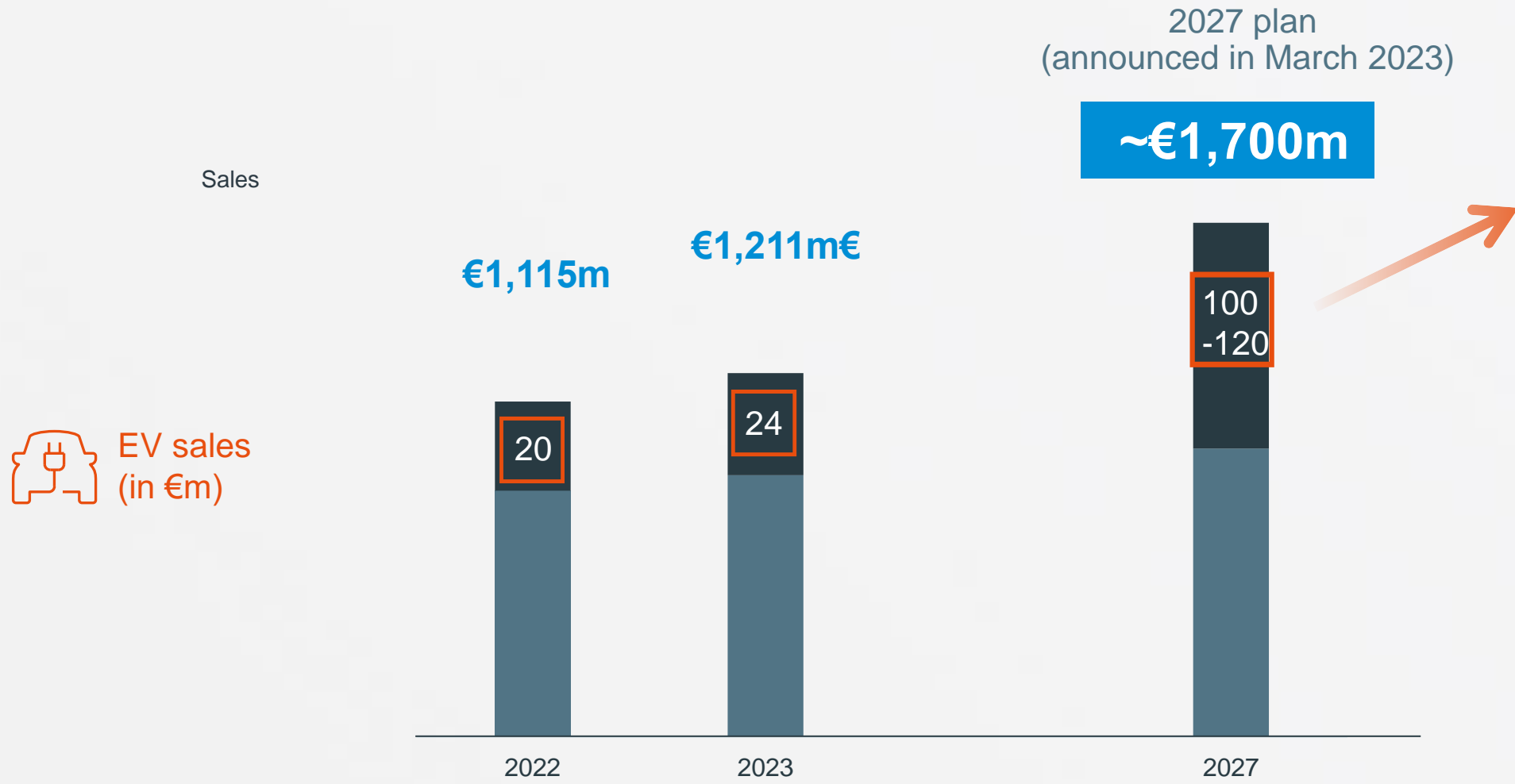


Juarez, Mexico
**EV FUSE
PRODUCTION**

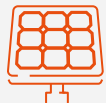


Shanghai, China
**FUSES R&D CENTER
EV FUSE PRODUCTION**

Strong EV growth expected **after 2027**



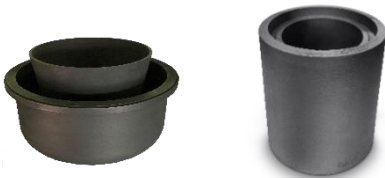
Energy storage and conversion: a key challenge in renewable energies



Solar power



OUR PRODUCTS



Wind power



Energy storage and power conversion



CHALLENGES

- Key customers **selected in China**
- Monitoring of ongoing projects in **India (2 players), the US and Europe**
- Support for **installed wind farms**
- **Significant growth**
- **Mersen well positioned to solve the market's technical challenges**



€155m
in 2023

>€200m
in 2027

2024 guidance



ORGANIC SALES GROWTH

Around **5 %**

- Strong growth in the **SiC semiconductors** market
- Stability in the **renewable energy market**
- Growth still limited in the **EV market**, with deliveries scheduled to start for ACC
- Growth in **process industries** dependent on the economic environment



OPERATING MARGIN BEFORE NON-RECURRING ITEMS

Around **11 %**

of sales

- Positive volume effect, negative mix effect
- **Wage and energy** inflation partially offset by price increases
- Additional resources **for EV and p-SiC**
- Increase in **depreciation and amortization**



CAPITAL EXPENDITURE

Between

€200m and **€240m**

- Includes **€110m-150m** of capital expenditure as part of the **2027 medium-term plan**
- Current capital expenditure, other growth projects and safety and environmental investments: around 6.5% of sales

2027 targets confirmed



SALES

~ €1,700m



OPERATING MARGIN BEFORE
NON-RECURRING ITEMS

12 % ±50 bps

of sales



CURRENT EBITDA MARGIN

19 % ±50 bps

of sales



ROCE

13 % ±50 bps

of sales

The 2027 plan goes hand-in-hand with a **climate plan**

→ In our **value chain**

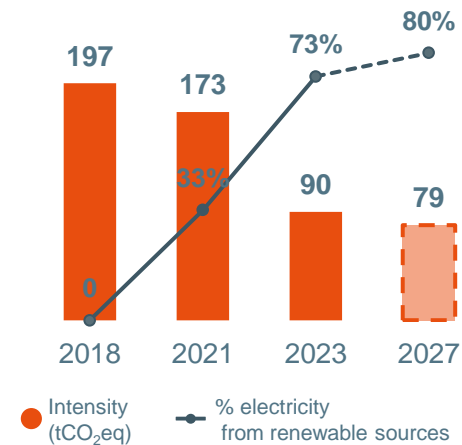
Developing in sectors that help limit global warming



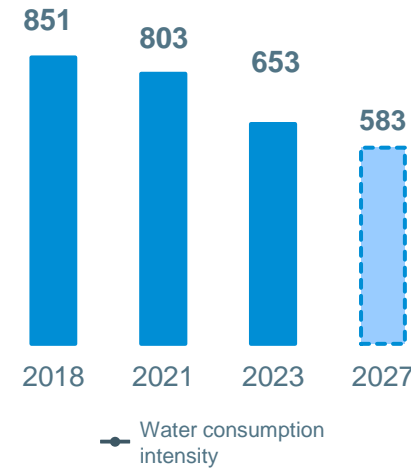
56%

of sales linked to sustainable development

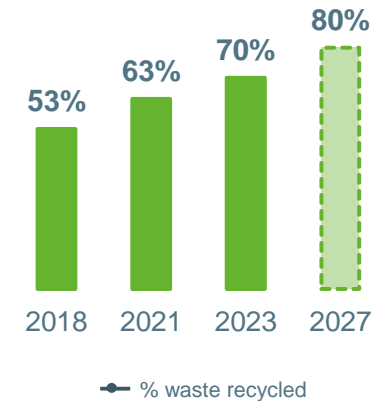
Emitting fewer tons of CO₂ equivalent per €m of sales



Preserving water resources



Limiting waste and increasing recycling



→ And **beyond** our value chain:

- Fund renewable energy projects or other projects **that prevent or reduce greenhouse gas emissions worldwide**: compensation equivalent to the emissions resulting from additional capex under the growth plan (€300 million).
- Fund research projects **to combat global warming** (PolarPOD)

Other opportunities after 2027



→ Alternative energies

- New nuclear projects
- Solar projects in India, the US, Europe and more



→ Electric and digital

- Strong future demand for fuses with the development of direct current
- Smart grid and power conversion
- AI for the semiconductor industry



→ Green transportation

- Strong growth in electric vehicles expected around 2030

A close-up, artistic photograph of a spiral notebook binding. The binding is white and made of plastic or metal. The notebook is open, showing several pages. The pages are decorated with large, colorful, textured circular patterns in shades of purple, blue, green, and yellow. The background is a soft, out-of-focus light blue and white.

APPENDICES

Advanced Materials: High value-added customized solutions relying on a unique materials expertise

Anticorrosion Equipment N° 1-2 Worldwide



Engineering systems



Heat exchangers

Graphite Specialties N° 1 Worldwide



Laser galvo scanning mirrors in Sintered SiC



Wafers carrier in ultra pure graphite for Semicon



Crucible in graphite



Carbon insulation for high temperature furnaces

Power Transfer Technologies N° 1-2 Worldwide



Slip-rings

Brushes and brush holders



Pantograph strips



SGL Carbon (Ger)

SGL Carbon (Ger), Tokai Carbon (Jp),
Toyo Tanso (Jp), Schunk (Ger)

Morgan Advanced Materials
(UK), Schunk (Ger)

Electrical Power: A unique portfolio serving two key applications

Electrical Protection

N° 2 Worldwide in industrial fuses



Fuses and fuse holders



Surge protection devices

Coverage of all standards worldwide: UL, IEC, DIN, etc.

Competitors: Eaton(US), Littelfuse (US)

Power Conversion

N° 2 Worldwide (components)



Fuses for semiconductors

Fuses for EV



Busbars



Cooling devices



Capacitors

Only customized offering of bundled passive components on the market

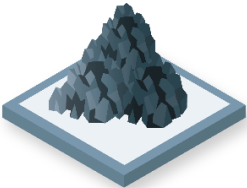
Competitors: Eaton (US), Rogers (US), Methode (US), Lytron (US), Cornell Dubilier (US), Panasonic (Jp)

High-tech manufacturing processes (1)

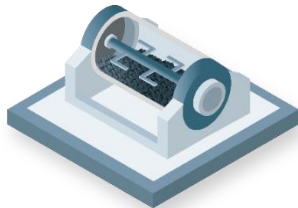
Graphite grades adapted to SiC manufacturing processes

Upstream graphite manufacturing sites

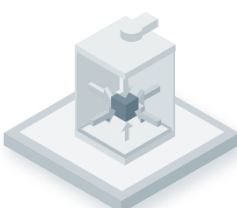
Raw materials
(natural graphite, coke, pitch, recycled graphite)



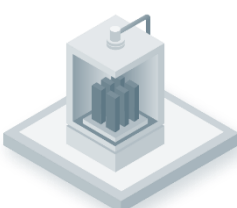
Blending



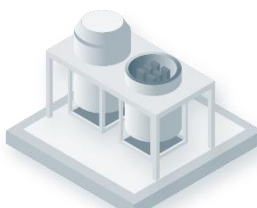
Isostatic compression
> 150 MPa



Baking
≈1,000°C



Graphitization
≈2,800°C



Downstream finishing plants



Graphite components



SiC-coated graphite susceptor



SiC coating



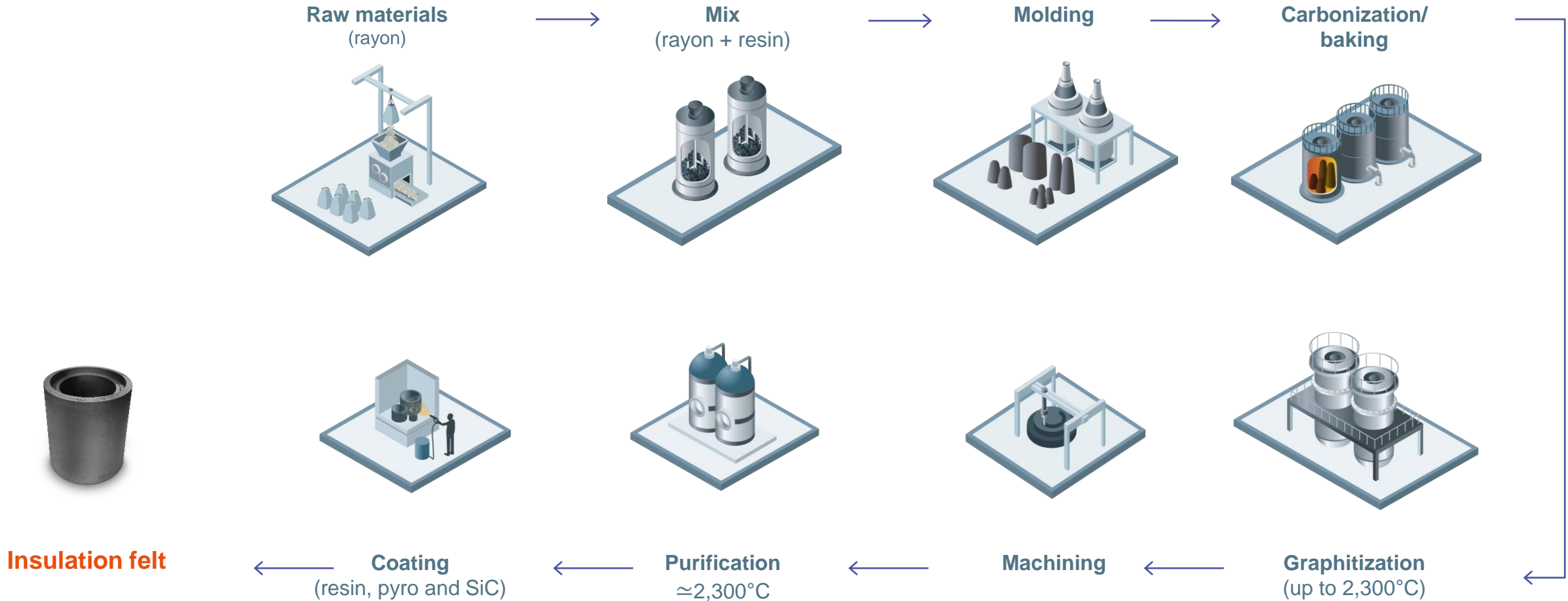
High-temperature graphite purification



Precision machining

High-tech manufacturing processes (2)

Insulation felts adapted to SiC manufacturing processes



CSR roadmap updated

PRIORITY COMMITMENTS	AMBITION	→ 2027 TARGETS (VS 2022)
Responsible partner	Improve social and environmental practices throughout our value chain	<ul style="list-style-type: none"> – Ensure that less than 5% of suppliers have a CSR score of less than 25 – Maintain a minimum of 85% of external purchases with local suppliers
Limit the environmental impact of our sites	Decarbonize and mitigate the impact of climate change	<ul style="list-style-type: none"> – Reduce GHG emissions intensity by 35% (scopes 1& 2) – Increase the share of renewable electricity to 80% – Increase the share of waste recycled to 80% – Reduce water consumption intensity by 15% – Draw up a formal water conservation plan for all sites exposed to water stress
Develop our human capital	Promote equal opportunity and diversity	<ul style="list-style-type: none"> – Increase the proportion of women engineers and managers by 4 points (to 29%) – Ensure that 27% of senior management positions are occupied by women (vs 23,7% en 2022) – Increase the number of employees with disabilities by 25%
	Promote a social responsibility policy for all	<ul style="list-style-type: none"> – Provide social protection with a universal indemnity in the event of death in service – Standardize profit-sharing schemes – Adopt a minimum amount of paid leave in all countries
	Develop and consolidate the health and safety culture within the Group	<ul style="list-style-type: none"> – Keep LTIR ≤ 1.8 and SIR ≤ 60 – Increase the number of management safety visits per employee by 30%
Develop a culture of ethics and compliance	<ul style="list-style-type: none"> – Instill ethical behavior – Protect data and systems 	<ul style="list-style-type: none"> – Provide compulsory ethics training for new hires and every 2 years – Provide compulsory cybersecurity training (for employees with a PC)