

SALES OF €950 MILLION IN 2019, REFLECTING STRONG GROWTH OF 8.2%

GUIDANCE ACHIEVED

- THIRD CONSECUTIVE YEAR OF ROBUST BUSINESS GROWTH
- 4.1% SALES ORGANIC GROWTH SALES IN 2019, IN LINE WITH GUIDANCE
- SALES UP 3.1% OVERALL AND ORGANIC GROWTH OF 1% IN THE FOURTH QUARTER
- OPERATING MARGIN BEFORE NON-RECURRING ITEMS FOR 2019 EXPECTED AT BETWEEN 10.5% AND 10.7% BEFORE THE IMPACT OF IFRS 16, IN LINE WITH GUIDANCE
- THREE STRATEGIC ACQUISITIONS IN 2019

January 30, 2020 – Mersen’s sales amounted to €950 million in 2019 after €879 million in 2018.

In millions of euros	FY 2019	FY 2018	Like-for-like growth	Scope effect	Currency effect	Reported growth
<i>Advanced Materials</i>	545.4	487.1	9.4%	0.7%	1.6%	12.0%
<i>Electrical Power</i>	404.8	391.4	-2.4%	3.3%	2.5%	3.4%
Europe	321.2	297.1	4.0%	4.0%	-0.2%	8.1%
Asia-Pacific	262.9	250.3	2.2%	1.1%	1.7%	5.0%
North America	329.8	293.2	6.8%	0.3%	5.0%	12.5%
Rest of the World	36.3	37.9	-3.7%	0.3%	-0.8%	-4.2%
Group	950.2	878.5	4.1%	1.8%	2.0%	8.2%

Unaudited figures

Chief Executive Officer Luc Themelin said: “2019 is Mersen’s third consecutive year of robust growth, driven by the Advanced Materials segment while the evolution in the Electrical Power segment reflects a decline in electrical distribution in the United States and fewer projects in power electronics. Organic growth for 2019 reached 4.1%, in line with the guidance that was raised during the year. All our key geographical regions posted growth, despite a slowdown in business during the fourth quarter, which is extending into early 2020. The 2019 operating margin before non-recurring items will be in line with our target of between 10.5% and 10.7%, boosted by our efforts to be more competitive. These results are a credit to the transformation work we have carried out over the last few years with the support of all our teams and the acquisitions we have made for the future, in particular the acquisition of production capacity in graphite in the Columbia plant, which allows us to combine sustainable performance and profitability.”

2019 SALES

Mersen generated consolidated sales of €950.2 million in 2019, up 4.1% on an organic basis, in line with the guidance that was raised during the year. Total sales grew by 8.2%, with companies acquired or formed in 2018, primarily FTCap and Mersen Galaxy, contributing €17 million, and boosted by a favorable currency effect of €18 million.

Sales for the **Advanced Materials** segment totaled €545.4 million, up 12% over the period as reported or 9.4% on an organic basis. This growth was driven by positive momentum in electronics, in particular in the silicon carbide (SiC) semiconductor, chemicals and process industries markets. Solar business accelerated sharply in the second half of 2019 to almost match 2018 levels.

In the **Electrical Power** segment, sales came to €404.8 million, up 3.4% for the year thanks to the contribution of companies acquired in 2018, namely FTCap. Organic sales growth was a negative 2.4% in this segment, due to the slowdown in the electrical distribution market in the United States and the decrease in the number of power electronics projects, particularly in Europe.

Europe reported growth of 4%, driven by brisk activity in the majority of countries, notably Italy and Spain. The scenario was more mixed in France and Germany where markets are facing a high comparable base and a decrease in the number of power electronics and wind power projects.

In **Asia**, Group sales increased 2.2% after accelerating at the end of the year on the back of solid business in India and Japan and the expected improvement in the solar market in China.

In **North America**, Group sales were very dynamic, up 7% thanks primarily to the chemicals and electronics (SiC semiconductors in particular) markets. However, the Group was impacted by the decline in the electrical distribution in the United States, in particular in the fourth quarter.

Lastly, the decrease in **Rest of the World** sales is linked to the phasing of chemicals projects and the high level of invoicing in Morocco in 2018.

FOURTH QUARTER 2019 SALES

In millions of euros	Q4 2019	Q4 2018	Like-for-like growth	Scope effect	Currency effect	Reported growth
<i>Advanced Materials</i>	133.3	122.9	6.4%	0.6%	1.3%	8.5%
<i>Electrical Power</i>	98.9	102.4	-5.4%		2.0%	-3.5%
Europe	76.7	76.7	-1.1%	0.9%	0.2%	0.0%
Asia-Pacific	67.5	61.5	7.7%	0.2%	1.9%	9.7%
North America	80.0	75.8	2.2%		3.1%	5.6%
Rest of the World	8.0	11.3	-29.1%		0.1%	-29.1%
Group	232.2	225.3	1.0%	0.4%	1.6%	3.1%

Unaudited figures

Fourth quarter 2019 sales came in at €232.2 million, representing growth of 3.1% year on year or 1% on an organic basis. The positive momentum in the Advanced Materials segment (+6.4% organic growth) led by the solar and process industries markets is in contrast to the slowdown in the Electrical Power segment (-5.4% on an organic basis) in particular in electrical distribution in the United States and power electronics projects in Europe.

STRATEGIC ACQUISITIONS IN 2019

Mersen invested in July in additional and modular specialty graphite production capacity in Columbia in the United States. The operation concerns the acquisition of land, buildings and equipment for a total of USD 7 million. In 2020, the Group will invest to relaunch activity at the facility. This acquisition is an excellent opportunity that allows a gradual ramp-up in line with market dynamics and give the Group a new competitive advantage on certain materials that it currently purchases from outside suppliers.

In December, the Group acquired Italian company Advanced Graphite Materials, which is a benchmark European player in finishing for customized extruded graphite parts that complements Mersen's investment in Columbia. Advanced Graphite Materials Italy has been consolidated since December 1, 2019. The company generated annual sales of approximately €17 million.

Lastly, the Group announced 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, which will allow Mersen to strengthen its position in this market in Germany. The acquisition is currently under review by the German anti-trust authorities. Annual sales reach around €10 million.

OUTLOOK FOR 2019¹

Based on its full-year reported sales, Mersen is maintaining its 2019 forecast of an operating margin before non-recurring items of between 10.5% and 10.7% before the impact of IFRS 16.

In addition, the Group's capital expenditure is expected to come to some €65 million, taking into account that certain projects have been pushed back to 2020.

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 and the impact of IFRS 15.

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

- Idealec, a recognized designer and manufacturer of laminated bus bars, has been consolidated since April 1, 2018.
- The acquisition of FTCap, a Germany-based company specializing in the development and production of capacitors, was finalized in July 2018. It has been consolidated since July 1, 2018.
- Louisville Graphite Inc. (LGI), a company based in the United States which provides aftermarket and repair services, was acquired in July 2018. It has been consolidated since July 1, 2018.
- The Mersen Galaxy joint venture in China has been consolidated since November 1, 2018.
- Advanced Graphite Materials Italy, a benchmark European player in finishing for customized extruded graphite parts has been consolidated since December 1, 2019.

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.

¹ The financial statements for the year ended December 31, 2019 will be approved by the Board of Directors on March 10, 2020. The estimated figures given here have not yet been audited by the Statutory Auditors.

FINANCIAL CALENDAR

2019 results: March 11, 2020, before market opening.

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ABOUT MERSEN

A global expert in electrical power and advanced materials, Mersen designs innovative solutions to address its clients' specific needs to enable them to optimize their manufacturing performance in sectors such as energy, electronics, transportation, chemicals & pharmaceuticals and process industries.

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