



2016 ANNUAL REPORT

TALENTED TEAMS
DELIVERING SMART
SOLUTIONS



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Mersen's performance in 2016 confirmed its robustness and the validity of the strategy implemented over the past three years. The Group now has a sound, resilient foundation anchored in three pillars: diversification, innovation and operational excellence. In 2016, we derived 36% of our net sales from North America, 34% from Europe, 25% from Asia and 5% from South America and Africa. This evenly balanced footprint, coupled with our positioning as a multi-specialist, is shielding us from the ups and downs of certain markets or industries, such as those in the chemicals markets in recent years. The new organization and optimized production base, which are now up and running, will help to drive organic growth in both sales and margin.

MERSEN ON TRACK.

LUC THEMELIN, CEO

As well, technologies are opening up broad new avenues to growth in solar power, wind power, electronics and electric vehicles. To capture their momentum, Mersen has significantly strengthened its expertise over the past ten years by acquiring and successfully integrating 13 companies. Further acquisitions may be made on an opportunistic basis. Impelled by a deep-rooted commitment to growth, we will continue to invest in innovation and operational excellence. We operate in markets where responsive speed and agility are the keys to success, and we are determined not only to participate in their technological progress, but also to lead them forward, constantly one step ahead.



A NEW ORGANIZATIONAL STRUCTURE TO ACHIEVE OUR AMBITIOUS OBJECTIVES

**GILLES
BOISSEAU**
Group
Vice President,
Electrical
Power

**ÉRIC
GUAJIOTY**
Group
Vice President,
Advanced
Materials

**CHRISTOPHE
BOMMIER**
Group
Vice President,
Technology,
Research,
Innovation and
business support

**DIDIER
MULLER**
Group
Vice President,
Asia and
South America



**THOMAS
FARKAS**
Group Vice President,
Strategy and M&A

**LUC
THEMLIN**
Chief Executive
Officer

CTURE TO ACHIEVE

JEAN-PHILIPPE FOURNIER

Group
Vice President,
Operational
Excellence



**ESTELLE
LEGRAND**
Group Vice President,
Human Resources

**THOMAS
BAUMGARTNER**
Group Chief
Financial Officer

MEMBERS OF THE BOARD OF DIRECTORS*

HERVÉ COUFFIN,

Chairman of the Board of Directors
Chairman of the Strategy Committee

ISABELLE AZEMARD

YANN CHARETON

CATHERINE DELCROIX

CAROLLE FOISSAUD

DOMINIQUE GAILLARD

JEAN-PAUL JACAMON

EDWARD KOOPMAN

HENRI-DOMINIQUE PETIT,

Chairman of the Audit
and Accounts Committee

THIERRY SOMMELET,

Representative
of Bpifrance Investissement

ULRIKE STEINHORST,

Chairman of the Governance
and Remuneration Committee

PHILIPPE DE VERDALLE,

Representative of Nobel

* At December 31, 2016.

EXPERTISE, OUR SOURCE OF ENERGY

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.

UNMATCHED EXPERTISE IN TWO CORE COMPETENCIES

Mersen's business activities are built around two areas of expertise in which it holds leadership positions:

Advanced Materials and Electrical Power. The Group addresses customer needs with purpose-designed solutions that deliver outstanding performance and reliability.

LISTENING TO CUSTOMERS

Mersen's primary objective is above all to create value for customers. By leveraging our in-depth market knowledge and close, carefully nurtured customer relationships, we can capture future trends and effectively support industrial businesses in our five core markets.

FACILITATING INNOVATION

Our 15 R&D centers are dedicated to creating differentiation and proactively responding to the changing needs of our markets.

A SOCIALLY RESPONSIBLE ENTERPRISE

Since the beginning, Mersen has driven its growth and upheld its reputation by respecting its values - excellence, collaboration, people-conscious approach, agility & entrepreneurial spirit, partnering with our customers - and its commitments to employees and customers.

OPTIMAL COVERAGE OF THE GLOBAL MARKETPLACE

With operations in more than 35 countries on every continent, Mersen has built a network that provides the right response to customer requirements anywhere on the planet.

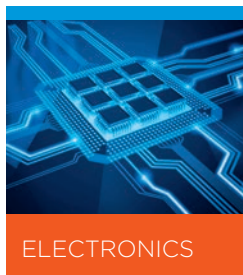
35
COUNTRIES

6,110
EMPLOYEES

52
INDUSTRIAL
FACILITIES

15
R&D
CENTERS

5 MARKETS...



... 2 BUSINESS SEGMENTS

Advanced Materials

Three businesses related to carbon materials.

N°1 WORLDWIDE
IN GRAPHITE-BASED
ANTI-CORROSION EQUIPMENT

N°1 WORLDWIDE
IN BRUSHES AND BRUSH-HOLDERS
FOR INDUSTRIAL ELECTRIC MOTORS

N°2 WORLDWIDE
IN HIGH-TEMPERATURE ISOSTATIC
GRAPHITE APPLICATIONS

Electrical Power

Two businesses that serve the electrical power markets - solutions for power management and electrical protection and control.

N°1 WORLDWIDE
IN THE SUPPLY OF
PASSIVE COMPONENTS
FOR POWER
ELECTRONICS

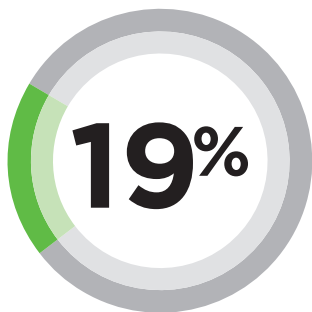
N°2 WORLDWIDE
IN INDUSTRIAL FUSES



ENERGY

Mersen is meeting the energy efficiency, reliability and safety challenges faced by producers of conventional and renewable energies. Our solutions cover the entire solar cell manufacturing process and the electrical protection of solar panels. As well, we are a leading supplier to the wind power industry, for power conversion and distribution equipment, and wind farm safety and security solutions. Our maintenance services are also helping to optimize power generation.

Mersen is optimizing wind power generation with both its products and its maintenance services, including technical audits, equipment inspections and component retrofitting.



OF CONSOLIDATED
SALES DERIVED
FROM ENERGY

25%

OF THE WIND
POWER MARKET

€90 million

IN SALES IN RENEWABLE
ENERGY MARKETS IN 2016



ELECTRONICS

As a partner to leading power semiconductor manufacturers, Mersen is world-renowned for its premium, ultra-pure graphite products. The quality of our materials and coatings, combined with their high precision machining, are making manufacturing processes more efficient. Mersen also purpose-designs passive components for cooling, bus bar and electrical protection systems that help to improve power converter performance. This expertise enables power converters manufacturers to position themselves at the forefront of their end-markets, in such areas as power electronics, LEDs, speed drives, and power distribution.

Manufacturing laminated bus bars, which will safely connect power converter components.

No. 1

WORLDWIDE
IN PASSIVE
COMPONENTS
FOR POWER
ELECTRONICS



19%
**OF CONSOLIDATED
SALES DERIVED
FROM ELECTRONICS**

400,000

BUSBARS
MANUFACTURED AND SHIPPED
FROM OUR THREE PLANTS
IN ANGERS, FRANCE; SONGJIANG,
CHINA; AND ROCHESTER NY,
UNITED STATES

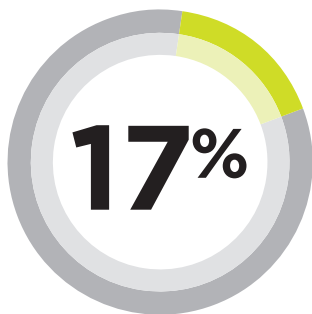


TRANSPORTATION

To improve the performance and reliability of railway rolling stock and infrastructure, Mersen offers a wide range of power supply solutions, including brushes and brush-holders, pantograph strips or third rail shoes, cooling devices, laminated bus bars and fuses. We also meet the demanding needs of the aeronautics industry with components and materials delivering unsurpassed resistance and safety performance. Our unique expertise in sintered silicon carbide sets the standard in space applications.

Mersen also serves the emerging electric vehicle (EV) market with an array of passive battery protection and connection components.

Assembling a graphite third-rail current collector for the new fully-automated, driverless Alstom trainset that will run on line 1 of the Paris metro.



OF CONSOLIDATED
SALES DERIVED
FROM TRANSPORTATION

17
TELESCOPES

MERSEN-EQUIPPED
IN SPACE

100%

GROWTH
IN EV SALES IN 2016



CHEMICALS & PHARMACEUTICALS

Mersen supplies the specialty chemicals industry with innovative solutions and systems capable of withstanding highly corrosive process environments and extreme temperatures, including large tube heat exchangers for the production of phosphoric acid - a key ingredient in fertilizers; turnkey solutions for hydrochloric acid production; equipment for active pharmaceutical ingredient production processes; and heat exchangers and graphite columns for isocyanates manufacturing.

Installing a synthesis unit
made of graphite
at the Mersen plant
in Pagny-sur-Moselle,
France, to serve
the chemicals market.



**OF CONSOLIDATED
SALES DERIVED
FROM CHEMICALS
& PHARMACEUTICALS**

€7.5 million

**IN SYSTEMS
FOR THE CHLOR-ALKALI
MARKET IN 2016**

No. 1

**WORLDWIDE
IN GRAPHITE-BASED
ANTI-CORROSION
EQUIPMENT**



PROCESS INDUSTRIES

Mersen is supporting the transformation of process industries* with innovations focused on energy performance. We are serving these industries with custom-made graphite components and our full range of standard brushes, brushholders, industrial fuses, cooling devices, laminated bus bars, surge protection devices, insulation products and heat exchangers. The solutions are also backed by a portfolio of maintenance and other services.

* Metalworking, molding industry, glassmaking, oil and gas and mining, cement industry, steelworks and pulp and paper industry.

Manufacturing a Calcarb® furnace insulation felts, to make high-temperature processes more energy efficient.

No. 2

WORLDWIDE
IN THE SUPPLY
OF INDUSTRIAL FUSES



**OF CONSOLIDATED
SALES DERIVED
FROM PROCESS
INDUSTRIES**

1st

**ORDER TO SUPPLY
LASER MIRRORS
FOR THE LATEST GENERATION
OF SCANNERS**

RESPONDING LOCALLY IN 35 COUNTRIES



● Industrial facility ⚙️ Industrial facility & R&D center

6,110
EMPLOYEES
(at the end of 2016)

1,855
North America

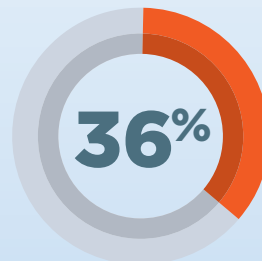
499
South America
and Africa

2,172
Europe

1,584
Asia-Pacific

2016 SALES BREAKDOWN

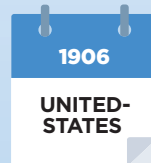
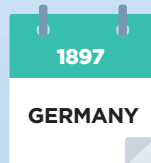
NORTH AMERICA



SOUTH AMERICA AND AFRICA

GLOBAL EXPANSION TIMELINE

— Europe — Americas — Asia



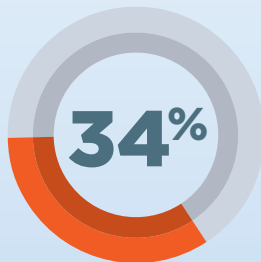
TRIES AROUND THE WORLD



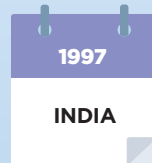
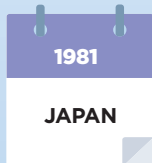
52
INDUSTRIAL
FACILITIES



EUROPE



ASIA-
PACIFIC



PROGRESS DRIVEN BY PARTNERSHIPS AND INNOVATION IN 2016



→ Laser mirror.

FEBRUARY

PROCESS INDUSTRIES Laser mirrors inside a new generation of scanners.

Silicon carbide is a lightweight, robust ceramic that is not very sensitive to changes in temperature. Working in partnership with its industrial customers, Mersen has leveraged the material's outstanding properties to engineer a lighter scan mechanism. The component will equip a new generation of high-precision laser scanners, capable of meeting a wide range of surveillance and 3D measurement needs. The first order, booked in February, amounted to €1.9 million.

JULY

KEY ACCOUNTS Working with Bombardier on BART trainsets in San Francisco.

Bombardier has selected Mersen to supply cooling devices and laminated bus bars to help renovate the Bay Area Rapid Transit (BART) system serving the greater San Francisco area. Mersen's production plants in the United States enabled Bombardier Transportation to comply with the "Buy in America" clauses stipulating that all the equipment had to be made in the United States. The \$8.5 million, multi-year contract is Mersen's largest in this product line. The successful award demonstrates the Group's ability to support its key accounts in winning major contracts.



→ Cooling device.

OCTOBER

ASIA A joint venture to capture growth in the Chinese market.



→ Railway brush.

Mersen is continuing to expand in China with the creation of a joint venture with Harbin Electric Carbon. The new company, which will be majority owned by Mersen, will use the Harbin Electric Carbon production facility to manufacture graphite plates, brushes and pantograph strips for civil applications, mainly for the rail market. Mersen will provide the joint venture with its expertise in the formulation of carbon brushes and in operational excellence.



➔ Calcarb® insulation.

OCTOBER

ELECTRONICS

Mersen consolidates its lead in the semiconductor market.

Mersen has broadened its Calcarb® range by launching a next-generation insulation product delivering unmatched thermal conductivity and resilience. By addressing the increasingly complex needs of manufacturers of mono-crystal silicon- and compound-based semiconductors, the innovation will help drive improvements in LED applications and power electronics. The new product was designed and is being manufactured at the Holytown, Scotland plant, a center of excellence for insulation solutions for very high-temperature industrial environments.

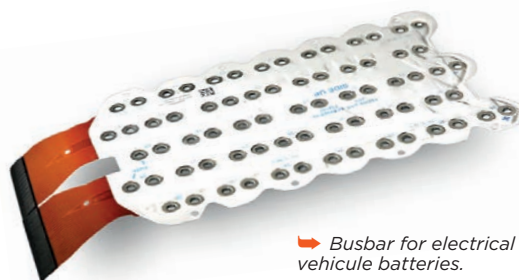
NOVEMBER

SPACE

High-performance telescopes for Airbus Defence and Space satellites.

In November 2016, the PerúSAT-1 satellite launched by Airbus Defence and Space for Peruvian Space Agency CONIDA delivered its first images. Mersen was a major contributor to the project, supplying the silicon carbide structure and mirrors for the satellite's optical instrument. Its images, with a resolution of up to 70cm, will be used for an array of purposes, including surveillance, conservation, and urban and land planning. Mersen is also equipping the spectrometer for the MicroCarb satellite scheduled for launch in 2020 for France's National Space Agency (CNES), which will measure and monitor trends in the atmospheric concentration of CO₂.

➔ Satellite optical mirror.



➔ Busbar for electrical vehicle batteries.

DECEMBER

INVESTOR DAY

Presenting the potential of the transportation market to investors.

At an Investor Day event, management presented Mersen's positioning in the transportation market and illustrated the dominant role played by innovation in the Group's organization. Backed by its unmatched customer positioning, its global footprint and its innovations, Mersen is aiming to drive an average 5% a year increase in its transportation-related sales through 2020. Innovations will make a significant contribution to future growth, notably in electric vehicles.

AN INNOVATION-DRIVEN SUSTAINABLE GROWTH MODEL

In 2016, Mersen strengthened its innovation capabilities, in a commitment to improving project efficiency and consolidating its sustainable growth dynamic.

High-tech industries are constantly seeking innovative solutions that help to sustain their leadership, improve their competitiveness and broaden their business reach. In response, Mersen has taken a structural approach that makes these priorities a core driver of its growth model.

A GLOBAL NETWORK SUPPORTING EFFICIENT INNOVATION

Mersen's innovation commitment is supported by 200 experts, or 3% of the total workforce, located in the four corners of the globe. These centers of expertise are integrated into the business units, to drive the development of immediately actionable innovations, synchronized with the pressing needs of our customers. The long-term vision is being achieved by a cross-functional management team, covering technology, research, innovation and business support services. It is tasked with proactively meeting the needs of tomorrow's manufacturing by tracking over-the-horizon technologies, optimizing resource allocation and managing the network in ways that shorten time-to-market. The sustained development of pathways between the business units and the pooling of best practices are helping to reduce new project launch cycles.

PROJECTS TO SUPPORT SUSTAINABLE GROWTH

Mersen allocates its research programs equally between short and medium-term projects. Incremental innovation projects help to maintain our leadership positions but generate little additional revenue, while the few adjacent innovations brought to market every year add new features to existing products to meet changing customer needs. Lastly, disruptive or transformational innovations can pave the way to new markets or new technologies. For example, the launch of the XP battery protection system in 2016 enabled Mersen to enter a promising new area of the electrical vehicle market.



➔ XP for electric vehicles.

MICHEL BOUGOIN

SPACE PROJECTS LEADER, MERSEN BOOSTEC (FRANCE)

PROCESS INNOVATION, A SPRINGBOARD TO SUCCESS IN TECHNICAL CERAMICS

The success story of our technical ceramics began almost 20 years ago with a crazy idea – to build a three-and-a-half meter wide mirror to equip the largest space telescope of the coming decade. But in fact, silicon carbide (SiC) is the ideal material to withstand the extreme thermomechanical stresses encountered in space. Our research efforts paid off in a real technological breakthrough, involving the material's production and coating processes, as well as the various assembly technologies. Today, we are the only company in the world with the technologies and production facilities capable of supplying SiC equipment in particularly complex shapes of up to several meters.

This unique expertise is attracting the interest of industries looking for materials that remain stable while withstanding thermal, mechanical and chemical stresses. In industrial optics, for example, there is strong demand for our "agile mirrors", which can precisely and reliably position a laser beam at ultra-high speed. Our Polybloc® heat exchangers offer thermal efficiency and unrivaled service life in the extremely corrosive or abrasive environments found in the chemicals or metalworking industries. For a number of years, we've been partnering with Corning SAS to develop a range of continuous flow reactors, whose economic and technical benefits are now widely recognized in the pharmaceuticals industry. More recently, we successfully staked out a position in the promising market for semiconductor equipment, an industry where demand for ultra-stable structures is strong.

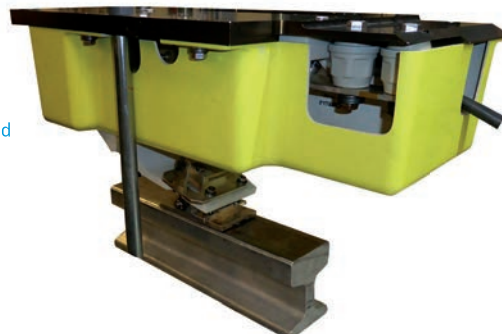


ENABLING A NEW CONCEPT, THE CATENARY-FREE TRAM

In 2016, Mersen was asked to help develop a wireless, ground-based supercapacitor recovery system (SRS) that enables trams to fast-charge power at each stop. This exciting challenge involved engineering and producing in 18 months static current collectors

capable of charging 0.8 MW in less than two seconds, without jeopardizing passenger safety. Mersen met it by creating a dedicated project group, combining its in-house expertise with the capabilities of partners specialized in materials for static

collector shoes. Developed in record time, the new current collector is articulated to provide several points of contact. It has strengthened our position in the urban transit systems market, where growth is now being driven by the increasing need for interoperability.



➔ A Mersen-designed articulated current collector shoe.

THE QUEST FOR EXCELLENCE, TO DRIVE FASTER IMPROVEMENT IN PERFORMANCE

The operational excellence program deployed three years ago is now being stepped up and extended across the entire value chain, in an overarching commitment to keeping our customers happy and improving our performance.



VADIM RADUNSKY

GLOBAL PRODUCT LINE VICE PRESIDENT, MERSEN USA

SALES EXCELLENCE, A DAILY CHALLENGE BRINGING TOGETHER ALL OUR TEAMS

Sales excellence is a combination of an attitude, a commitment and the result of a multitude of improvements every day. At Mersen, it is encouraged by continuous communication between the sales force and the Product Lines. All of our teams are working with the same goal: to deliver value to our customers and help them to grow in their end-markets. Customer intimacy or understanding of our customers' wants and needs is the most powerful tool for capturing new market share. Our broad geographic coverage, combined with the ability to respond quickly and effectively anywhere in the world, is another critical growth driver. Sales representatives are connected to the Group's global resources through worldwide customer relationship management system (CRM), which they update with data from the field. This collaborative platform makes it easier to share information with product management, marketing and R&D. As an example, the active use of CRM has enabled Mersen to strengthen our position in the solar energy market and successfully invest in the surge protection segment. To build on this momentum, in 2017, we're going to boost our collaborative efforts, making sure that sales team is fully aware and involved from start to finish in the projects initiated by their contract wins. In this way, our processes can be aligned from the early phases with the priorities of our customers.

One of Mersen's strategic pillars is operational excellence, which is being delivered by an assertive, ambitious process designed to engage every employee, team and unit in creating value for customers and continuously improving our performance. The Group's excellence plan is focused on two closely-related drivers: disruptive transformation projects that lead to significant changes in our processes, and continuous improvement in front-line performance.

A GROUP-WIDE ENDEAVOR, EMBRACED BY EVERYONE

Eventually, all of the production plants and sales offices in all of our 35 or so host countries will be involved in the process. The Operational Excellence Department has defined a general framework that amply empowers the plants to deploy their own continuous improvement programs. It also supports implementation with the onsite continuous improvement leaders, whose role is to get teams actively engaged in the action plans, by providing them with proven methods and tools. Given their in-depth knowledge of their jobs and workstations, employees have been assigned a key role in the process. In 2015 and 2016, for example, 10% of the workforce, or about 600 people, were trained in problem solving.

Instilling a culture of continuous improvement by holding daily meetings on the shop-floor is encouraging people to solve problems through teamwork. These meetings are now becoming an ingrained reflex for both operators and managers. This is all part of a

long learning process, that is delivering lasting improvements and tangible time-savings in the design, production and administrative processes. Performance is being tracked by the Group, which is supporting the implementation of employee initiatives and instilling best practices in every plant and office.

DELIVERING EXCELLENCE ACROSS THE VALUE CHAIN

Based on the encouraging initial results, Mersen decided to deploy a new phase in late 2016. The challenge now is to further extend the Group's innovation and sales processes to the corporate support functions.



TRANSFORMING DIFFICULTIES INTO GROWTH OPPORTUNITIES

The operational excellence program deployed by the Mersen plant in Brazil is underpinned by a commitment to communicating and explaining. By getting employees closely involved in its strategy, the plant has been able to maintain its growth in a turbulent economic environment. In response to the slowdown in process industries in 2014,

Mersen Brazil rapidly refocused its output on the still expanding renewable energies market. Thanks to operator initiatives and targeted capital expenditure, the plant continued to operate at full capacity, opened up new markets and maintained margin integrity. Despite the very difficult economic situation in Brazil, the facility increased its net sales and reduced its costs.

CREATING THE CONDITIONS FOR INCREASINGLY RESPONSIBLE GROWTH

Responsible growth is a major challenge for Mersen, which was addressed in 2016 by enhancing our commitments to employees and making tangible progress in the programs underway to reduce our environmental footprint.

GROWING TOGETHER, IN TRUST

Instilling a common culture in more than 6,000 employees and fostering the same pride around the world in being part of our corporate community are two cornerstones of Mersen's global success and a constant focus of our human resources teams. One of our recent projects concerned the harmonization of human resources planning processes around the world, with the roll-out in 2016 of new Group-wide employee data reporting tools in every plant and office.

Another challenge is to enhance Mersen's appeal as an employer, by improving the quality of the induction process, the benefits of possible career paths and the recognition of talent. In 2016, the induction program was upgraded to give new hires a better understanding of our priorities, culture and values.

REAPING THE BENEFITS OF INVESTING IN HEALTH AND SAFETY

A critical issue for a manufacturing group like Mersen, workplace safety is supervised by a network of correspondents based in every production unit. Safety programs emphasize the importance of prevention and awareness, with regular training and on-site notices helping to teach proper procedures and empower employees in the quest for safety excellence. Safety is also part of the annual objectives set for managers.

By enhancing everyone's safety culture and introducing additional tools, Mersen reported a record low 0.91 lost-time incidents per million hours worked (TRIR) in 2016.

GETTING EVERYONE ENGAGED IN REDUCING OUR ENVIRONMENTAL IMPACT EVERY DAY

Mersen is deeply involved in sustainability, offering the renewable energy, sustainable mobility and energy efficiency markets increasingly environmentally friendly, energy saving solutions. These markets accounted for more than one third (38%) of our 2016 net sales. By making materials lighter, optimizing efficiency and extending the useful lives of consumables, Mersen is eco-designing environmental sensitivity into every product across its entire lifecycle, through to recovery and reuse. This holistic, results-oriented approach is also being driven by employee awareness and the sharing of best practices that are delivering sustained improvement year after year.



STRONG VALUES TO LEAD MERSEN ON THE ROAD TO EXCELLENCE

Mersen's core values – “Excellence”, “Partnering with our customers”, “Collaboration”, “Agility and Entrepreneurial Spirit”, “People-Conscious” – reflect our corporate vision and ambition, while guiding us in the way we do things every day. In 2016, they were redefined by the Executive Committee in collaboration with managers and the HR community, and then deployed in the country organizations. A survey conducted in the second half measured employee buy-in and identified ways to express the values more

compellingly in our everyday business practices. At the same time, the code of ethics, which governs our relations with stakeholders, was strengthened over the year.



MAJOR DR. URMILA NAIN

HEAD OF HUMAN RESOURCES, MERSEN INDIA

FOSTERING EMPLOYEE LOYALTY AND A SENSE OF COMMUNITY THROUGH TRAINING

In India, one of our main challenges is to limit the attrition rate at certain levels in order to secure our skills base. Our goal is to hire the best and give each employee every reason to stay and build a career with Mersen. The engineers we regularly take on as interns are trained in every aspect of production and then tested every six months. They're the first ones we reach out to when a position becomes vacant. We also focus on fostering a sense of corporate community by organizing inter-departmental training courses on various topics. Employees from the different units get to know each other better and, more importantly, learn to work together in a climate of mutual respect. Today, this is enabling them to discuss shared issues more easily. More broadly, we support the families of employees, by offering training in crafts to provide them with an additional source of household income, for instance, or by enabling their children to meet with career guidance counselors. These are just some examples of Mersen's people-conscious approach, a value that is helping to nurture mutual trust, to everyone's benefit.

RESULTS IN LINE WITH OBJECTIVES

Mersen's performance in 2016 and its firm resilience in the face of fluctuating demand attest to the validity of a strategy focused on growing in our expanding markets and maintaining strict cost discipline. This positive dynamic is expected to gain momentum in 2017.

THOMAS BAUMGARTNER

GROUP CHIEF FINANCIAL OFFICER

THE RESULTS BODE WELL FOR A FUTURE SHAPED BY PROFITABLE GROWTH

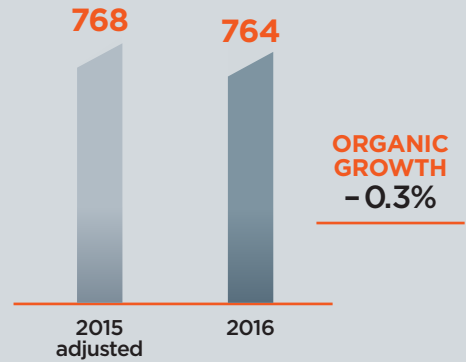
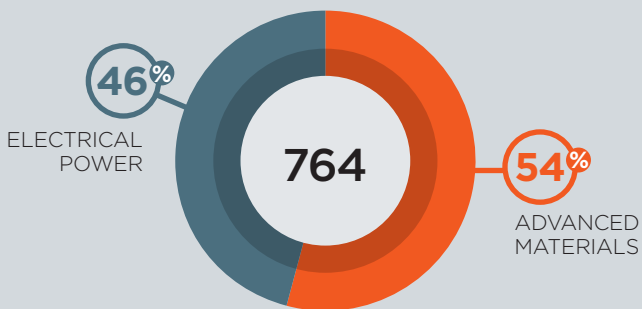
We delivered a strong performance in 2016 and reinforced our fundamentals over the year. Net sales and operating margin held firm, while net income increased by 23% year-on-year and operating cash flow almost doubled. As a result, we significantly reduced our debt and strengthened our balance sheet, with a year-end net-debt to-EBITDA ratio of 2.1. Our balanced presence across geographies and industries, combined with all of the initiatives taken to optimize costs, offers a solid base of resistance. The decline in demand in the chemicals markets and in North America was offset by strong growth in Asia and in our expanding markets (renewable energies, electronics and transportation). Mersen is solid, and the results achieved while actively deploying the competitiveness plan bode well for a future shaped by profitable growth. We expect to see a return to organic growth in 2017, with a 50 to 100-point improvement in operating margin before non-recurring items.



RESULTS

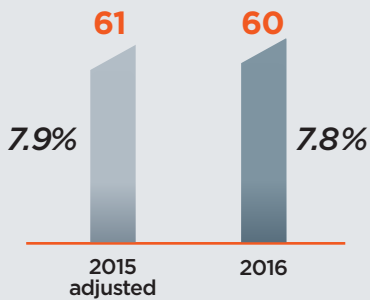
SALES

IN MILLIONS OF EUROS



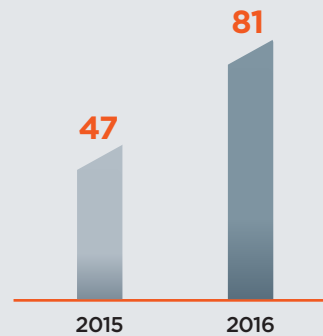
OPERATING INCOME BEFORE NON-RECURRING ITEMS

IN MILLIONS OF EUROS
(OPERATING MARGIN)



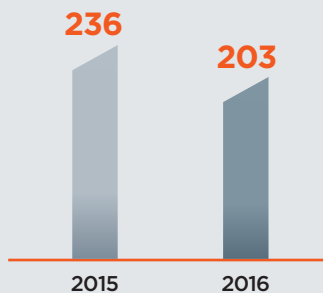
OPERATING CASH FLOW

IN MILLIONS OF EUROS



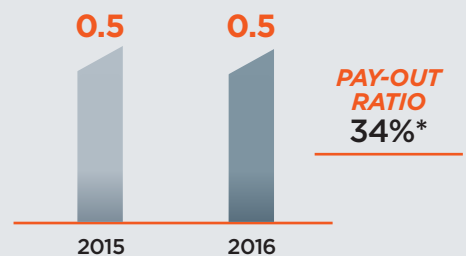
NET DEBT

IN MILLIONS OF EUROS



DIVIDEND PER SHARE

IN EUROS



* Excluding exceptional items.

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