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Expertise, our source of energy

July 31 2020

Half-year 2020 Results

01

Resilience in H1 thanks to the Group's strength

Luc Themelin
CEO

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Solid results in unprecedented circumstances

Sales

€430m

-11% vs. H1 2019

-13% on an organic basis

EBITDA

€62m

14.4% of sales

-200 points vs. H1 2019

Net debt

€228m

+€10m vs. Dec. 2019

including €7m from acquisitions

Leverage: 2.0x

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Mobilized teams who ensured business continuity






EVEN AT THE PEAK OF THE CRISIS, 85% OF GROUP PLANTS WERE OPERATIONAL

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Rapid adaptation at the peak of the crisis to safeguard profitability

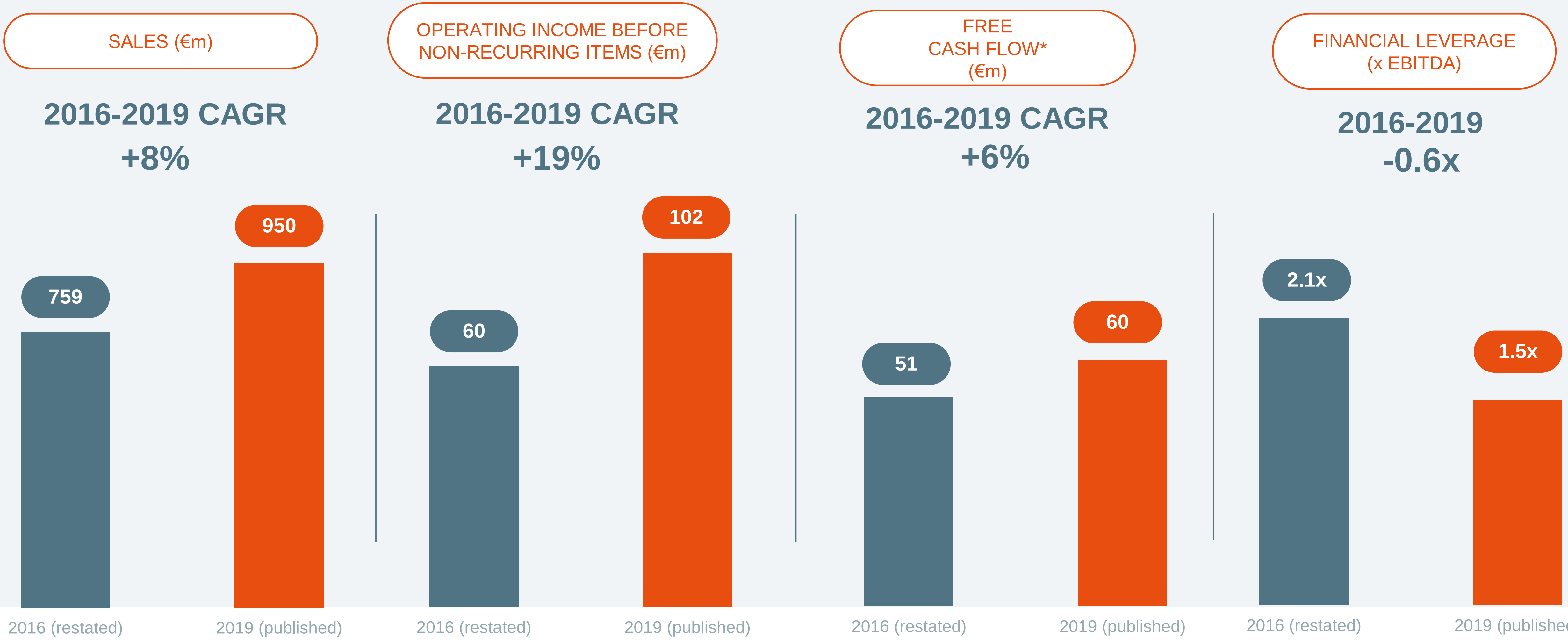
SITUATION IN APRIL AND MAY (VS Y-1)

SALES	-23%	**April:** -30% Europe; -25% North America **May:** -25% Europe; -35% North America
PAYROLL	-9%	Furlough measures for 10% of employees No government subsidies for approximately 20% of employees (Mexico, India, Tunisia)
OTHER COSTS	-23%	Components and Material Travel expenses Consulting

EBITDA IN APRIL AND MAY

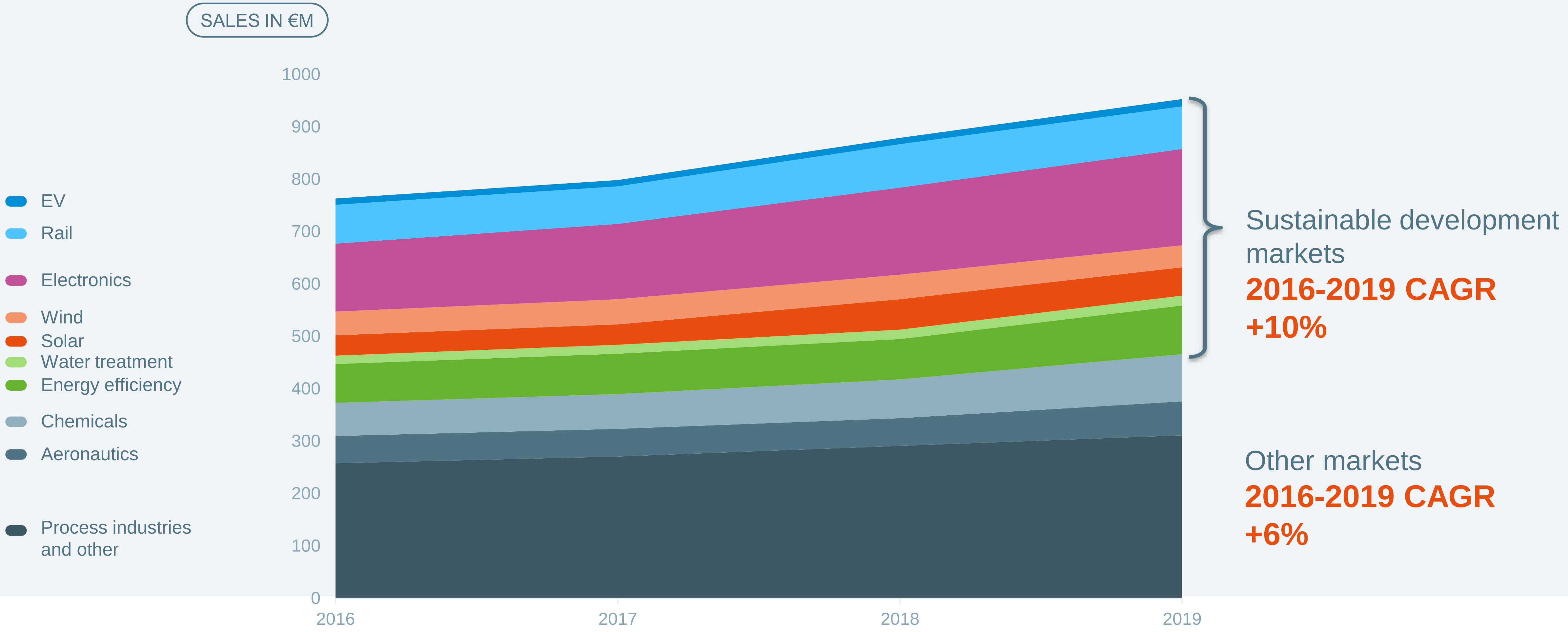
12.5% of Sales

Resilience made possible by four years of development and transformation

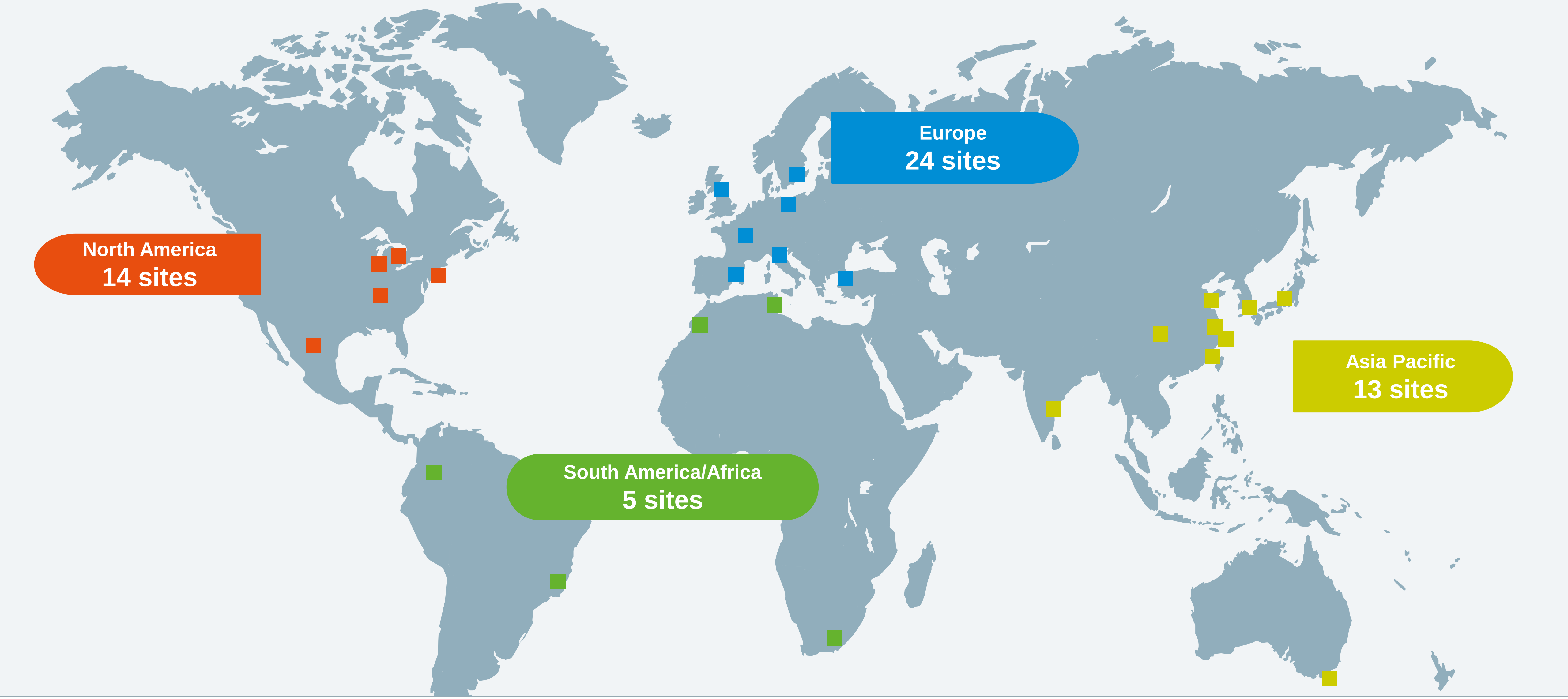


*Operating cash flow after capital expenditure

Strong position in sustainable development markets, key drivers for the future



A global footprint, essential in the current context



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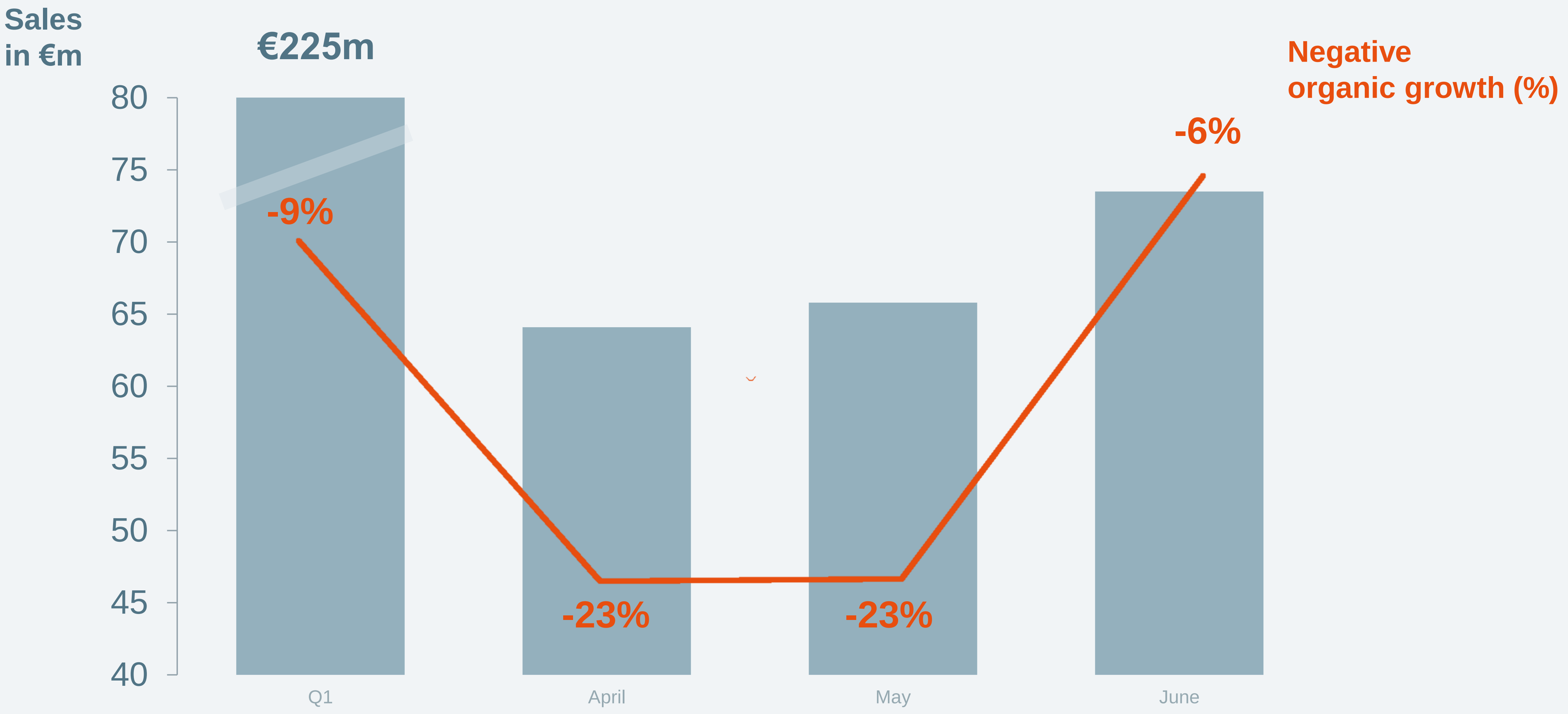
02

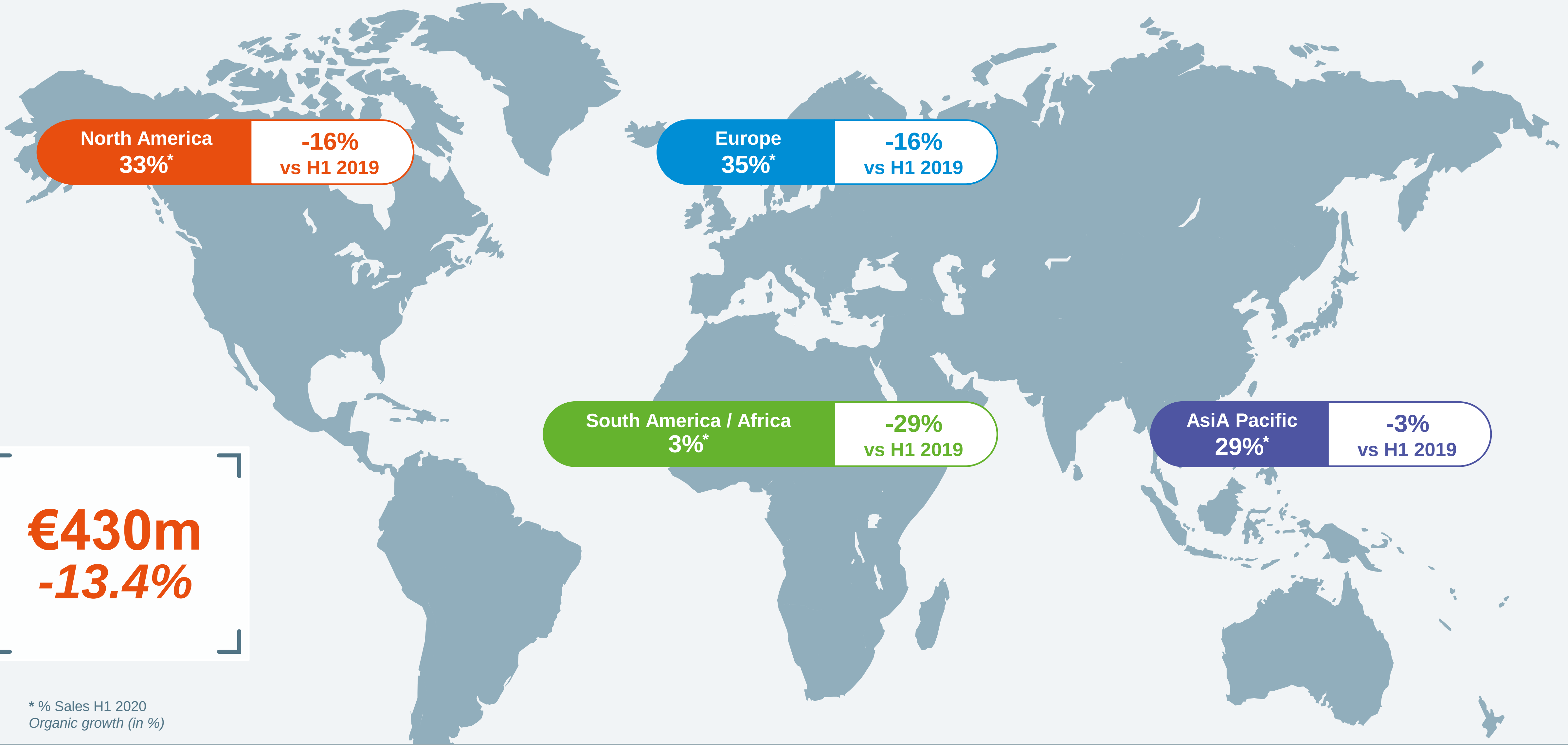
H1 2020 Financial Performance

Thomas Baumgartner
CFO

Particularly significant impact of Covid-19 in April and May Improvement in June



H1 2020 Sales :
High comparable base and Covid-19 impact



€430m

-13.4%

* % Sales H1 2020
Organic growth (in %)

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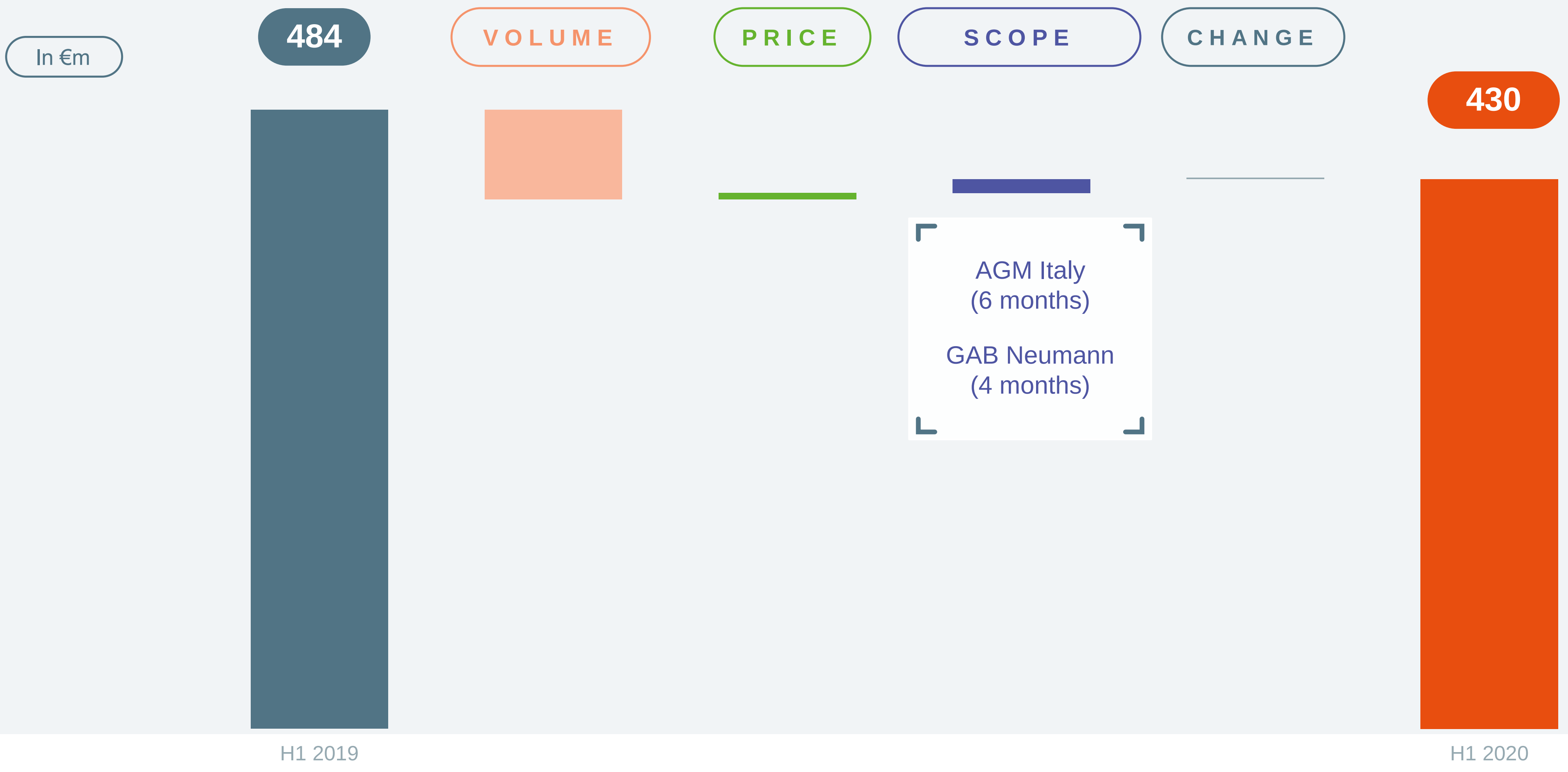
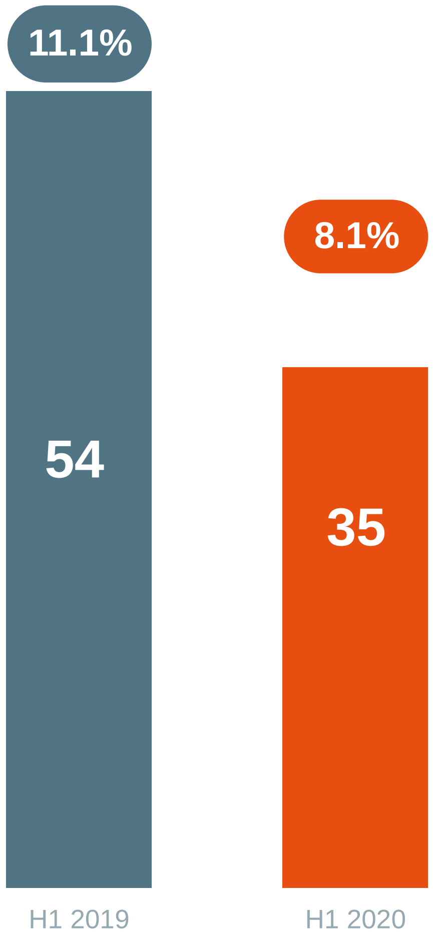
Slight positive impact from prices and scope



A largely negative volume effect partly offset by cost flexibilization

Current Operating result in €m

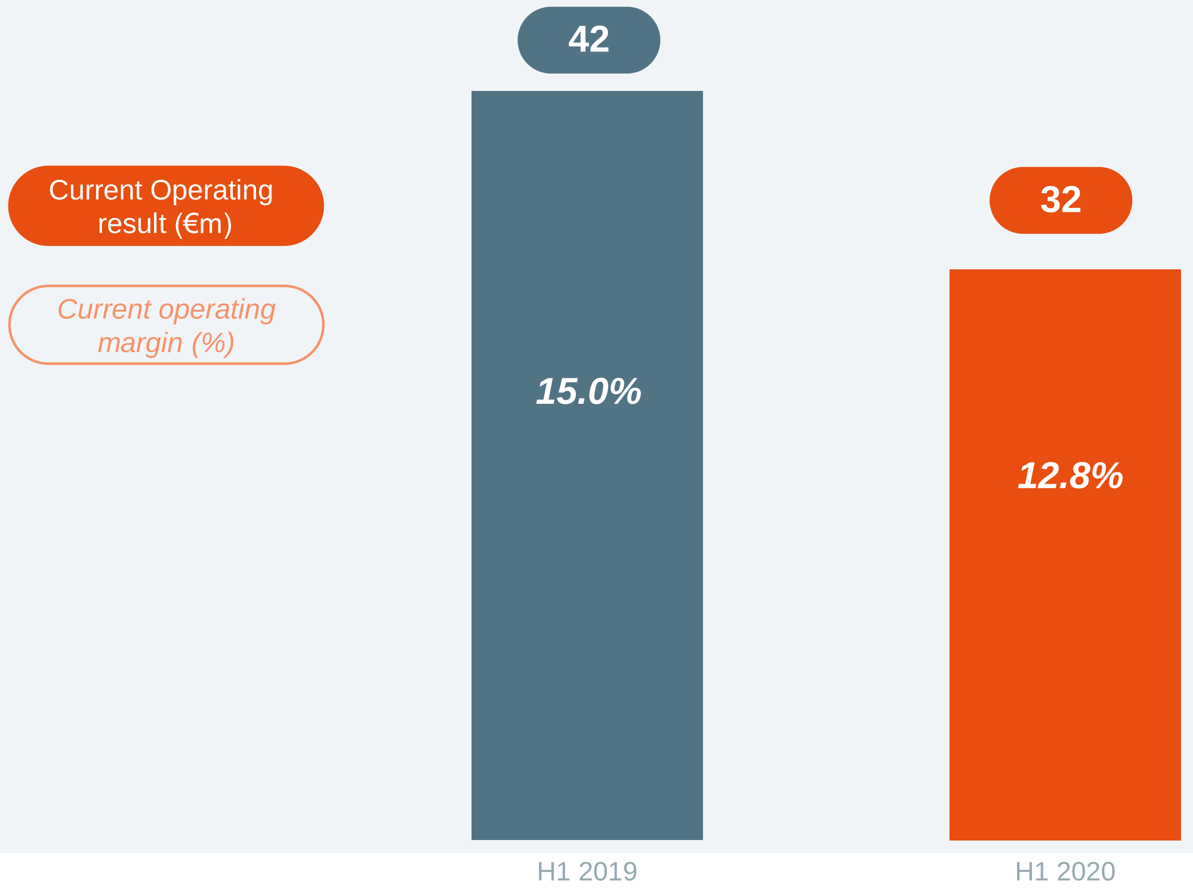


in %

H1 2019 Current Operating margin	11.1%
Volume effect	-5.3
Cost flexibilization	+1.3
Impact of productivity	+1.4
Cost inflation	-1.1
Impact of exchange rates, scope and other	+0.7
H1 2020 Current Operating Margin	**8.1%**

Price effect slightly positive
No mix effect
Stable raw material prices

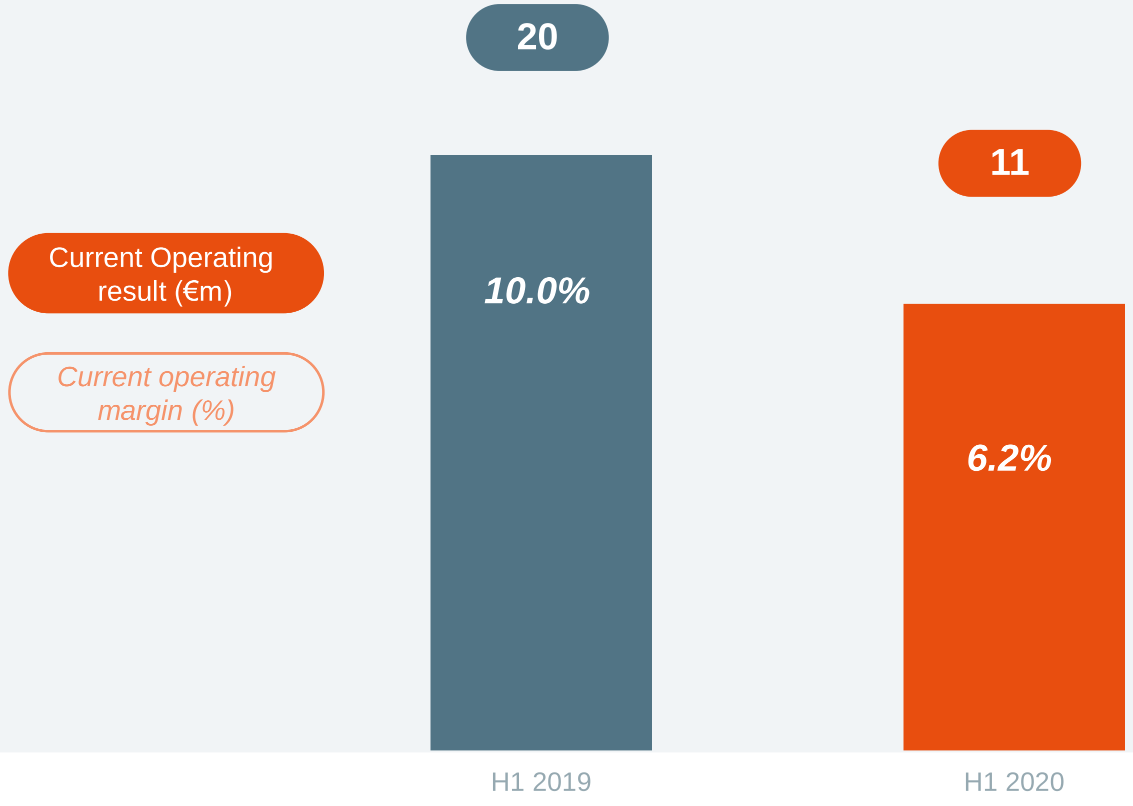
Advanced Materials: good resilience despite a drop in volumes



- Major impact of decreasing volume (-14% organic decline in sales)
- Slight increase in prices
- High level of cost flexibility

H1 2020 EBITDA:€50m
20.2% of Sales

Electrical Power : profitability impacted by drop in volumes and unsubsidized temporary plant closures



- Major impact of decreasing volume (-12% organic decline in sales)
- Impact of the temporary closure of sites with no option for flexibilization (Mexico, Tunisia, India)
- R&D costs for Electric Vehicles

H1 2020 EBITDA: €19m
10.6% of Sales

Net income

in €m	H1 2019	H1 2020
Current Operating Income	**53.6**	**34.7**
Non-recurring income and expenses	(3.2)	(4.9)
Net financial income	(6.1)	(6.1)
Income tax	(10.6)	(5.9)
Net income	**33.7**	**17.8**
Attributable to owners of the parent	32.7	16.3

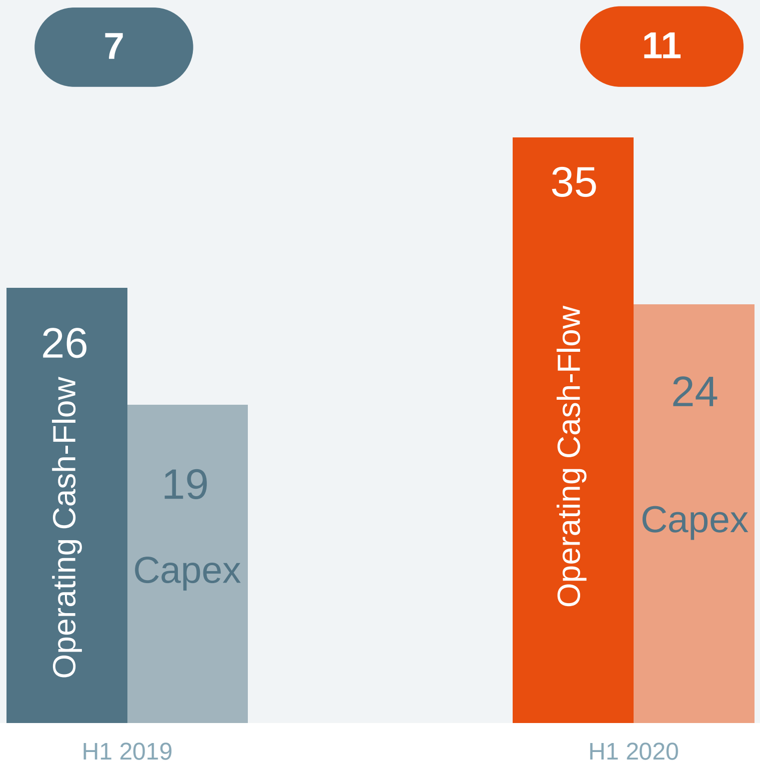
Non-recurring expenses
Litigation and acquisition costs

Effective tax rate
25% (24% in H1 2019)

Higher cash flow generation than in H1 2019, in spite of the context

FCF in €m

Operating cash flow
after Capex



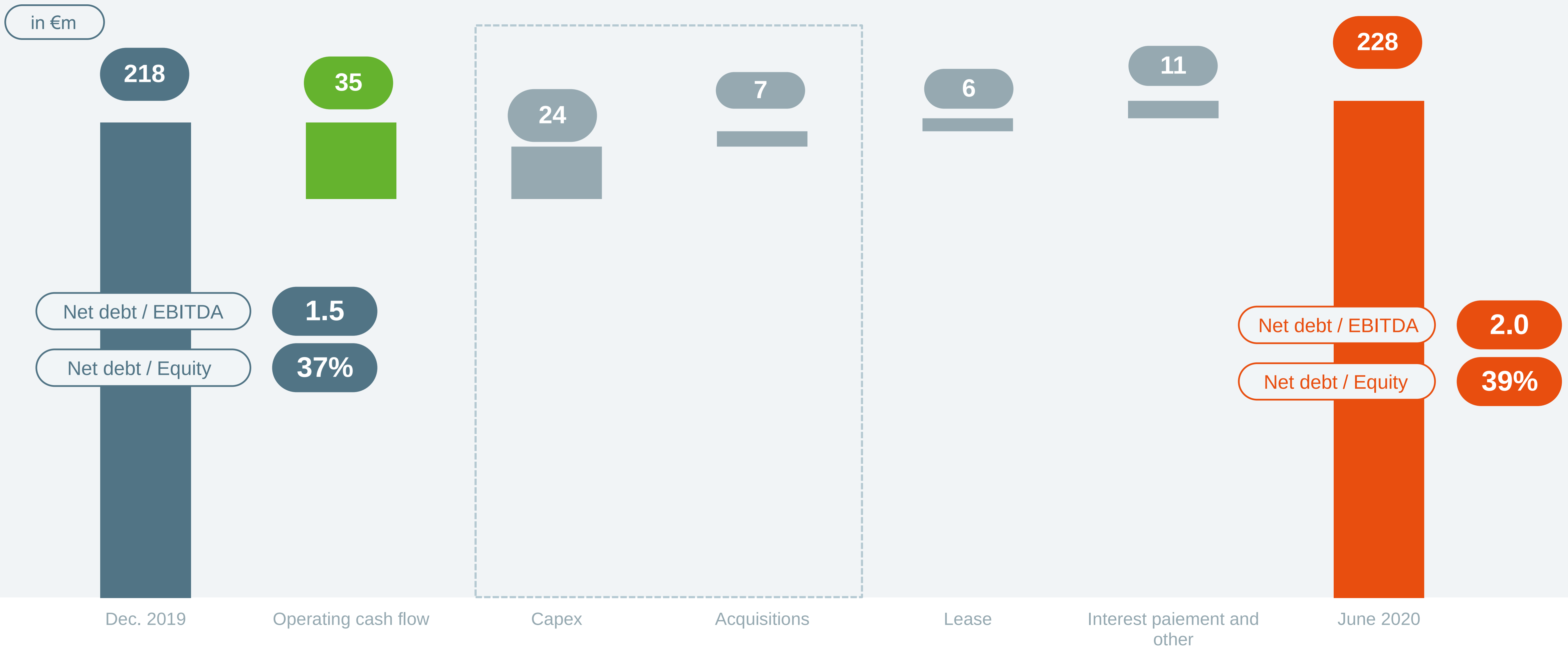
Seasonality always unfavourable
in the first half of the year

WCR: 28% of sales*
Safety stock build-up
Stable customer delays
Increase in trade receivables (seasonality)

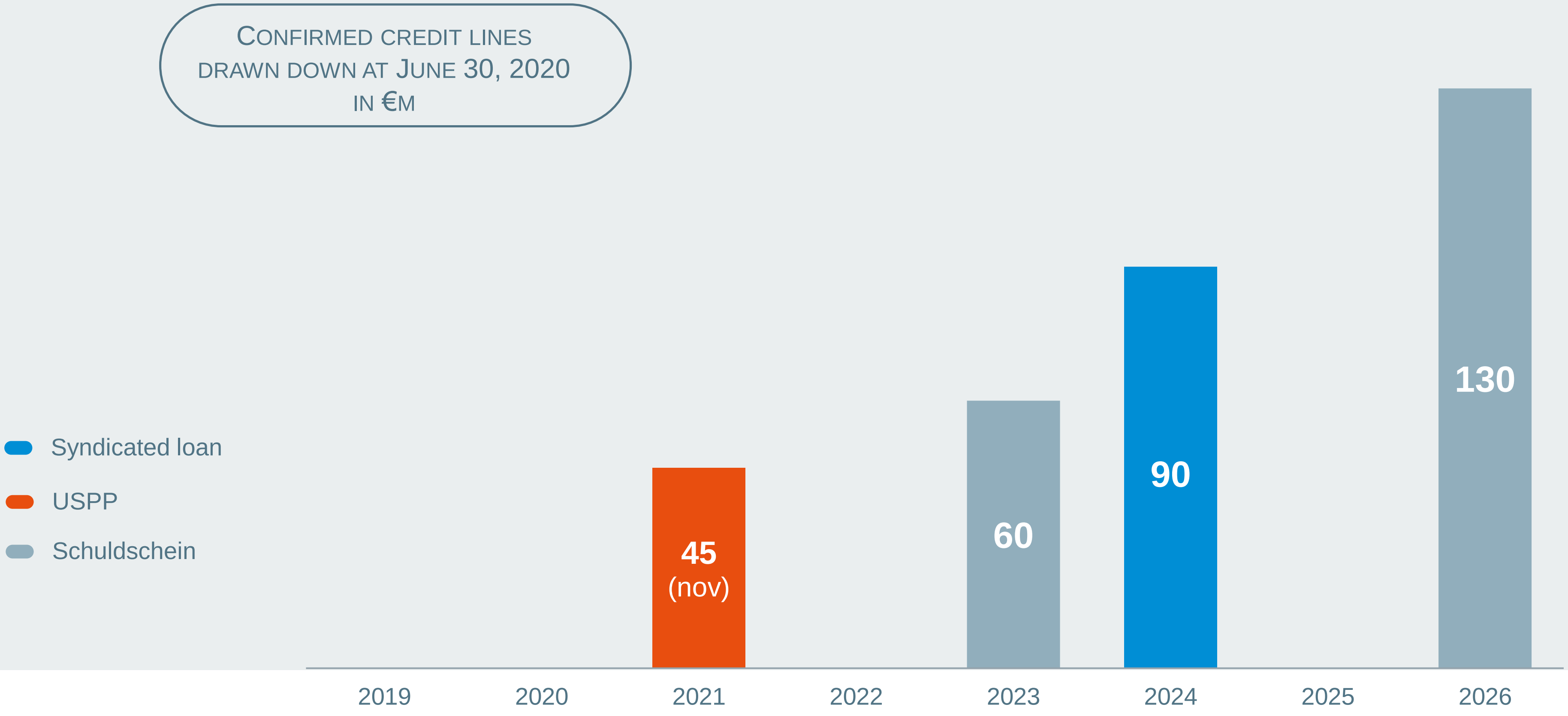
Capex contained
Slowdown of some projects due to the context.
Continuation of the Columbia project (€9m)

* Unfavourable calculation as it is based on 2nd quarter sales

Strong financial leverage



A solid balance sheet with a maturity of financing close to 4.5 years



UNDRAWN CONFIRMED CREDIT LINES: €130M
CASH AVAILABLE: €90M

03

Challenges for 2020 and beyond

Luc Themelin
CEO

Operations adapted to deal with the crisis

- **Crisis management unit** set up from the first signs of the pandemic in China (January)
  - Including members of the Executive Committee and regional managers
  - Regular reporting to and consultation with the Board of Directors

- **Local management measures** to take into account local legislation and cultural aspects
  - Coordination with site managers in certain countries (United States, France, China)

>55 industrial sites

35 countries

Concrete measures

Preserving human capital

- Furlough schemes (10% of headcount on average in April and May)
- “Use it or Lose it” for paid vacation time and time-off
- Voluntary waiver of free shares by senior management and voluntary pay cuts by CEO and Board
- Bonus for employees who ensured business continuity in France

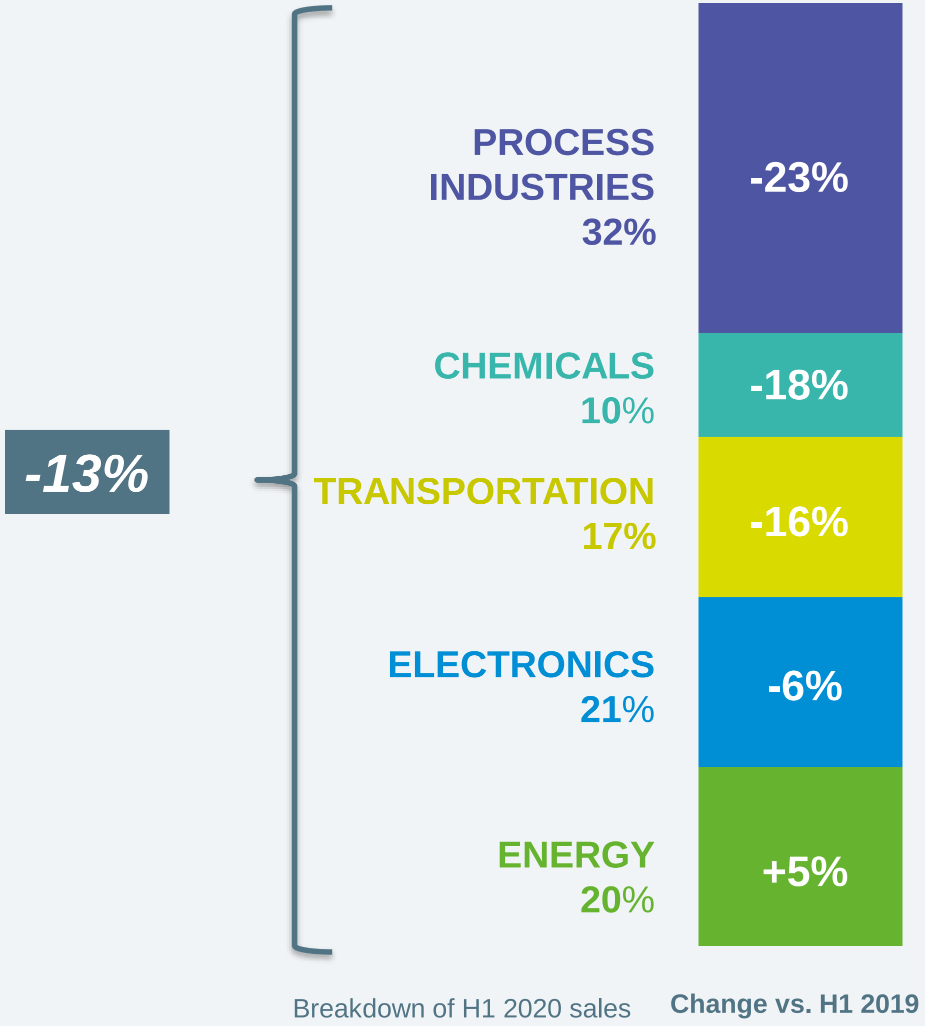
Adapting costs

- Reduction in operating costs (travel, consulting, recruitment)
- Adaptation of production capacities ; little adaptation to the context necessary
- Additional costs linked to Covid-19: ~€2m (PPE, logistics)

Protecting cash flow

- Reduction in capex (-20% vs. initial planned budget)
- Cancellation of 2019 dividend
- Strict management of working capital (inventories and trade receivables)

Consolidating of our position in sustainable development markets



Sustainable development markets held up well	-3%
RAIL ELECTRIC VEHICLES	-8%
ELECTRONICS	-6%
RENEWABLE ENERGIES	+5%

Pressing ahead with our roadmap in each segment
Advanced Materials

Developing our center of excellence in Columbia strengthened by the Americarb acquisition

- **Americarb:**
  - Local production of felts for the semiconductor manufacturers in the US
  - Reduction of the capex initially planned in Europe
- **Graphite:**
  - Extruded: The first blocks being manufactured, ahead of schedule in the roadmap
  - Isostatic: Current backdrop means planned investments have been pushed back

Preparing for the future

- **Semiconductor market**
  - Investments underway in Europe for flexible and rigid insulating felt solutions to meet demand in Europe and Asia.
- **Asia: modernization of three plants to meet the needs (volume and range) of the solar and semiconductor markets**
  - Relocation to bigger, more modern facilities (high-tech processes for the electronics market)
  - Increase in capacities for solar and semiconductors

Pressing ahead with our roadmap in each segment
Electrical Power

Accelerating the integration of acquisitions

- FTCap: Win new markets for capacitors (underway)
- Idealec: Ramp-up in profitability (achieved)

Ongoing review of our industrial efficiency

- Plan for a modern, integrated plant in Asia for the industrial, semiconductor and electric vehicle markets
- Analysis of industrial efficiency in Europe

Preparing for the future

- EV: technical qualification process underway with car manufacturers
- Market launch of new products (high-performance cooling solutions, flexible busbars for batteries)

Pressing ahead with our roadmap despite the major uncertainties that lie ahead

- **June: Negative organic growth in sales more contained (-6%)**
  - All sites now operational, with utilization rates adjusted to market demand
  - End of lockdown in most industrialized countries

- **But major uncertainties persist**
  - Lockdown/no lockdown (India, United States)
  - Changes in demand (process industries, chemicals)
  - Stimulus plans

Beyond the crisis, prepare for 2021

- **Group roadmap: focus on the development of “green” markets with an efficient local production footprint**
  - Investments for the semiconductor and renewable energies markets
  - Modernization of production facilities to increase efficiency
  - Strengthening of local presence

- **Preparation of scenarios to take on 2021 under the best conditions**
  - Capex review
  - Analysis of how to adapt costs according to recovery scenario