



2021 Full-Year Results

MARCH 16, 2022

2021: REMARKABLE PERFORMANCE...

SALES



€923m
+8.6% vs. 2020

OPERATING MARGIN BEFORE NON-RECURRING ITEMS



10% of sales
+190 bps

INDUSTRIAL CAPEX



€79m

PROFIT SHARED WITH EMPLOYEES



€25m

Bonuses,
incentives,
profit-sharing

SHAREHOLDER RETURN



Dividend of

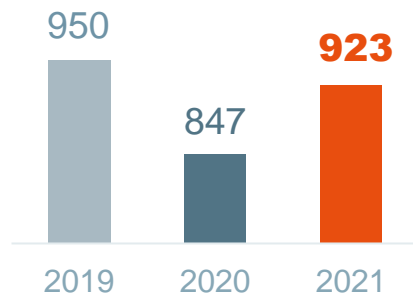
€1.00/share

i.e., a **€21m** payout

... FUELING A RETURN TO LEVELS CLOSE TO 2019



SALES (€m)

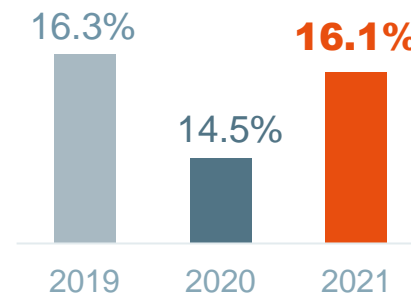


Growth driven by **sustainable development markets**

Aeronautics and rail still lagging behind



EBITDA MARGIN (% sales)

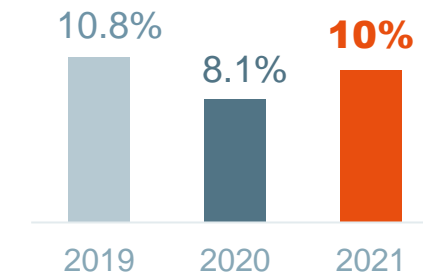


Continuation of **operational excellence plans, volume effect**

Strengthening of the **EV team and production ramp-up in Columbia (USA)**



OPERATING MARGIN BEFORE NON-RECURRING ITEMS (% sales)



Increase in amortization related to investments for future growth

MAJOR ACHIEVEMENTS IN THE 2018-2021 ROADMAP



Sales

56%

in sustainable development markets



Health & Safety

4,927

management safety visits



Pride in belonging

91%

of employees proud to belong to the Group



Diversity

24.4%

of women managers and executives

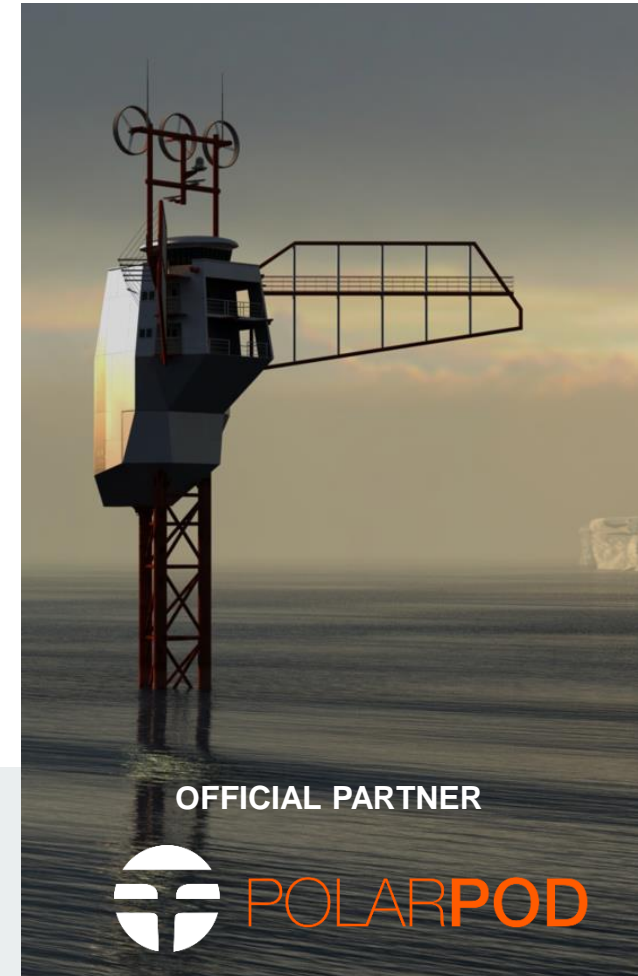


Recycling

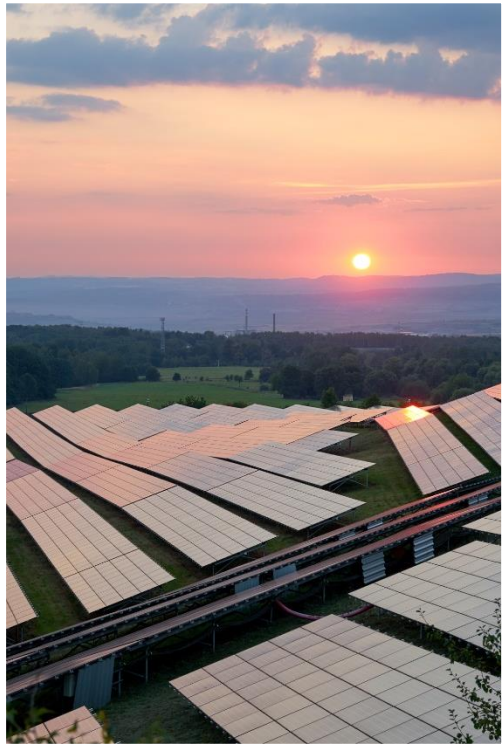
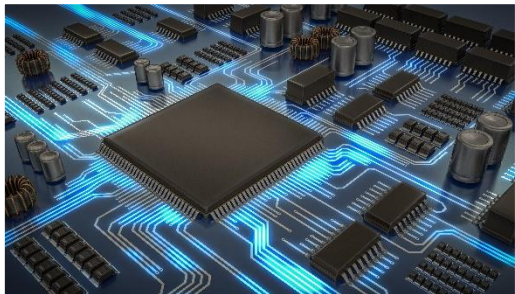
63%

waste recycling rate

STRONG COMMITMENT TO THE PLANET THROUGH THE POLAR POD PROJECT



MERSEN: A RECOGNIZED KEY ENabler IN TOMORROW'S MARKETS





2021 Results

Thomas Baumgartner, CFO

2021 SALES: SHARP GROWTH IN ALL GEOGRAPHIES

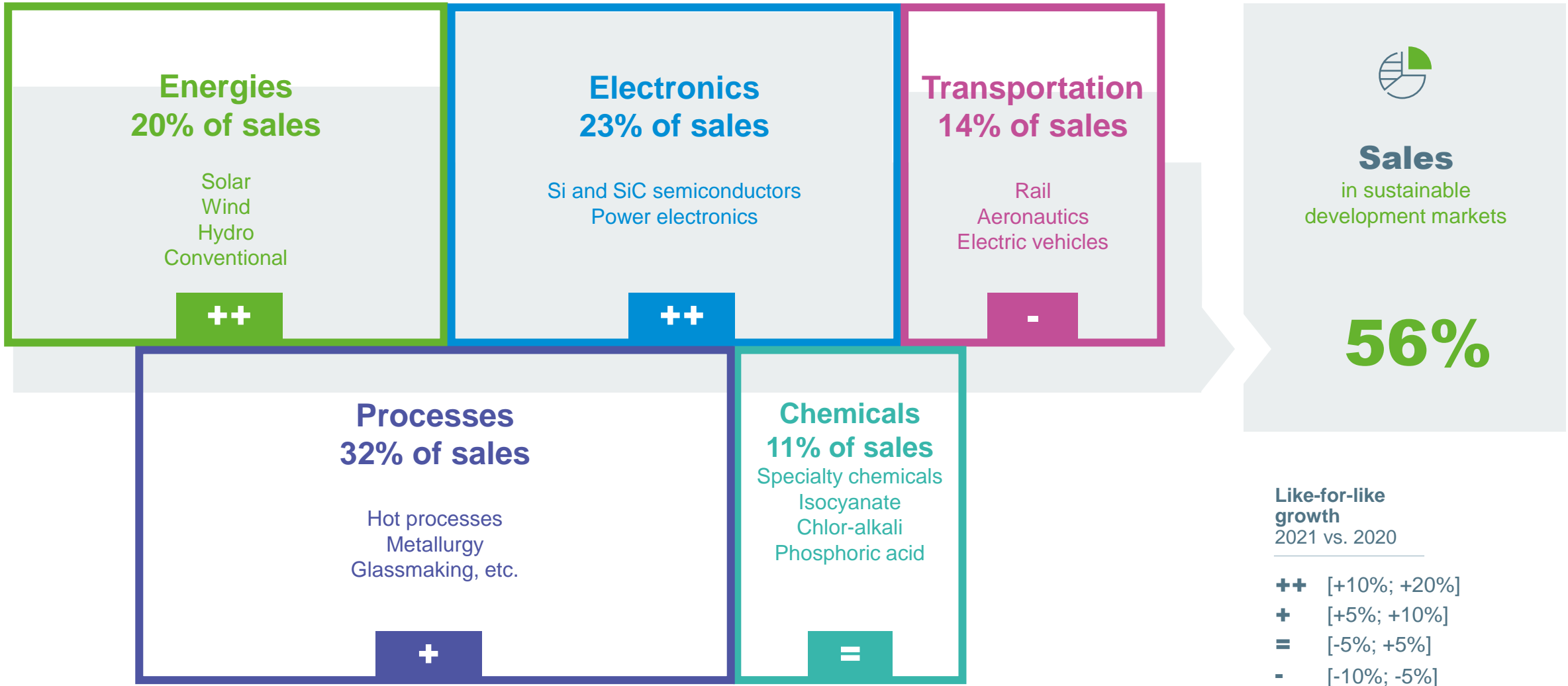


- 1 **Europe**
+8% vs. 2020
- 2 **North America**
+8% vs. 2020
- 3 **South America – Africa**
+23% vs. 2020
- 4 **Asia-Pacific**
+8% vs. 2020

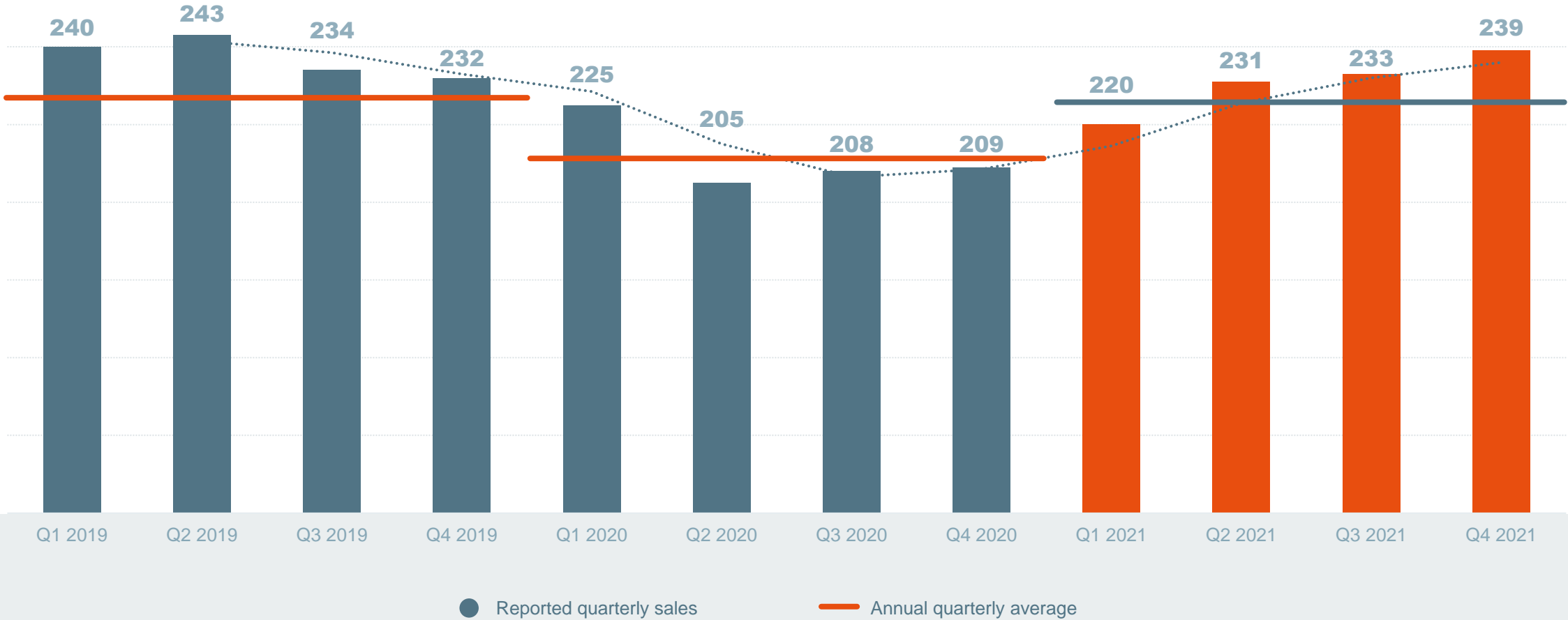
↓
€923m
+8.6%
like-for-like

Like-for-like growth (%)

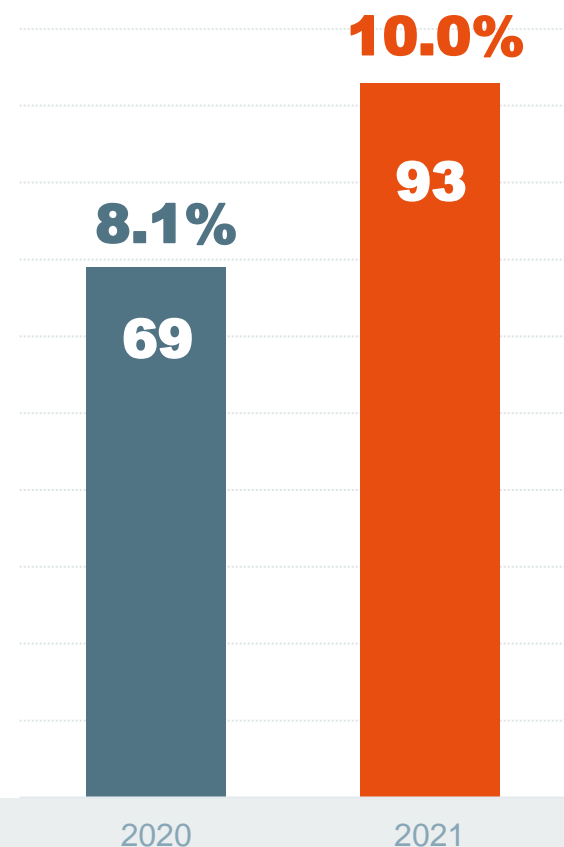
MAJOR GROWTH IN ALL MAIN END MARKETS BUT TRANSPORTATION, WHICH WAS DRAGGED DOWN BY AERONAUTICS AND RAIL



Q4 2021: HIGHER SALES THAN IN 2019



RETURN TO DOUBLE-DIGIT OPERATING MARGIN



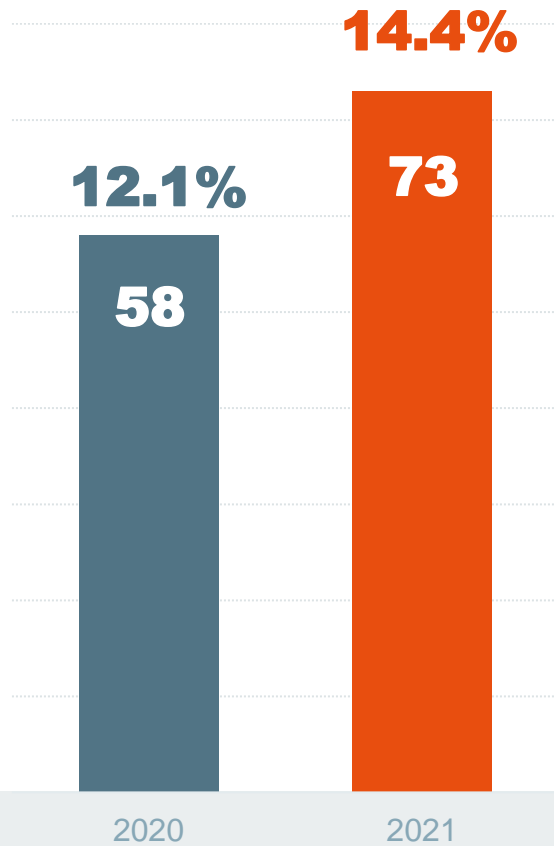
● ● Operating income before non-recurring items (€m)
XX% Operating margin before non-recurring items (% sales)

2020 operating margin before non-recurring items	8.1%
Volume/mix effects	+3.1 bps
Price effect	+0.4
Raw material inflation	-0.8
Wage and cost inflation	-1.2
Covid impact*	-0.6
Productivity gains and adaptation plan	+2.5
Bonuses/incentives	-0.8
Other (including amortization)	-0.7
2021 operating margin before non-recurring items	10.0%

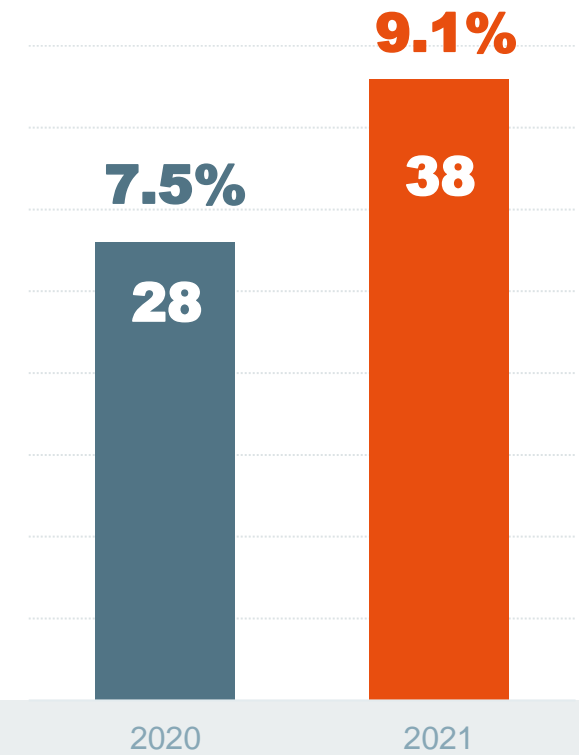
* Non-recurrence of subsidies

IMPROVED PROFITABILITY IN BOTH SEGMENTS

ADVANCED MATERIALS



ELECTRICAL POWER



Volume/mix effect
 Higher prices
 Positive effects of adaptation and operational excellence plans
 Wage and cost inflation

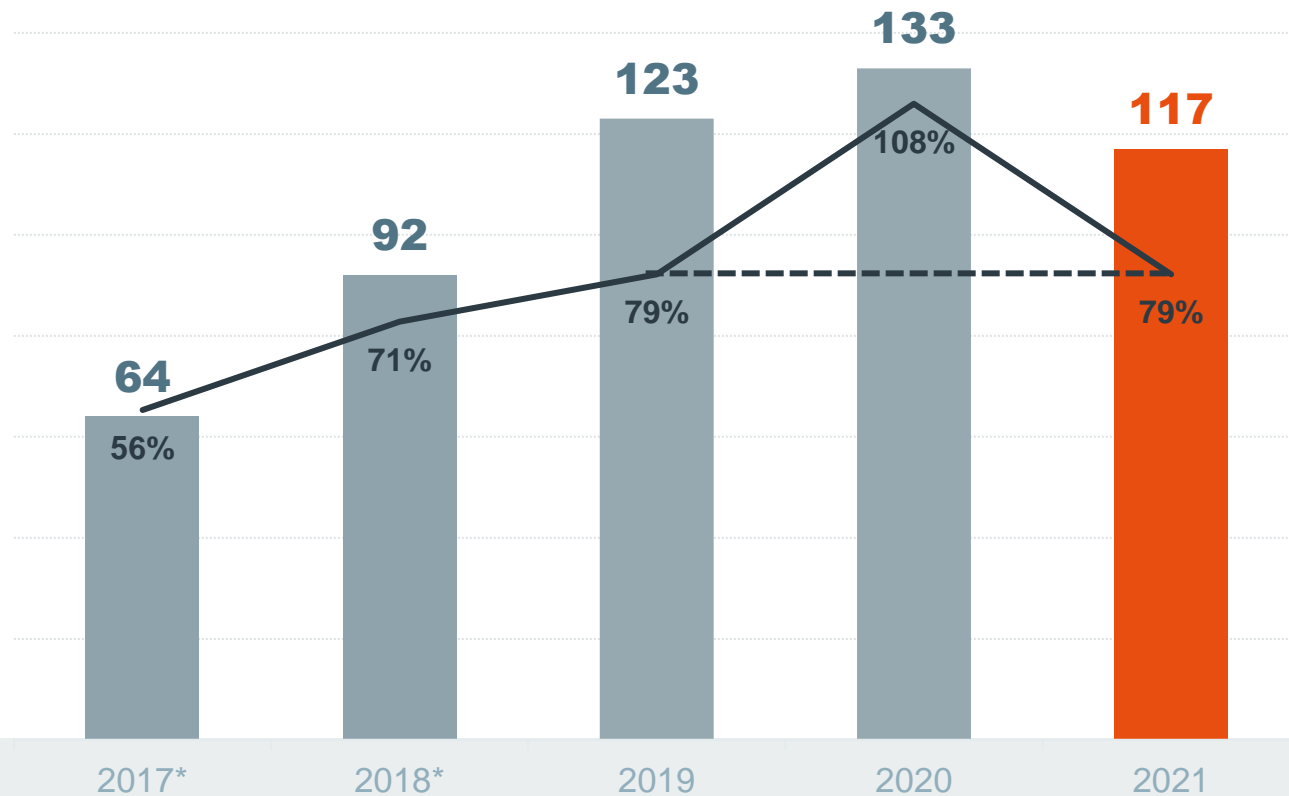
- Operating income before non-recurring items (€m)
- XX Operating margin before non-recurring items (% sales)

NET INCOME UP SHARPLY

<i>in €m</i>	2020	2021	
Operating income before non-recurring items	68.6	92.6	
Non-recurring income and expenses	(51.4)	(4.9)	⇒ Non-recurring expenses: mainly Columbia and end of the adaptation plan
Net financial expense	(12.0)	(10.7)	⇒ Net financial expense: Charge down thanks to a decline in average debt
Income tax	(14.0)	(18.6)	⇒ Effective tax rate: 24%
Net income/(loss)	(8.8)	58.4	
Attributable to owners of the parent	(12.0)	54.4	

STRONG OPERATING CASH FLOW GENERATION TO FUND THE INVESTMENT PROGRAM

OPERATING CASH FLOW BEFORE INVESTMENTS (€M)
CASH FLOW CONVERSION (%)



* Before IFRS 16



Cash flow
conversion*
79%



WCR
19.4% of sales
(20.5% in 2020)

* Operating cash flow before capex/EBITDA

INDUSTRIAL CAPEX TO BUILD THE FUTURE

Growth

Solar: capacity extension (China)
Semiconductors: extensions in India, China
SiC semiconductors: UK
Energy storage (Redox batteries): UK

Maintenance and Productivity



Columbia (USA)

Environment and safety

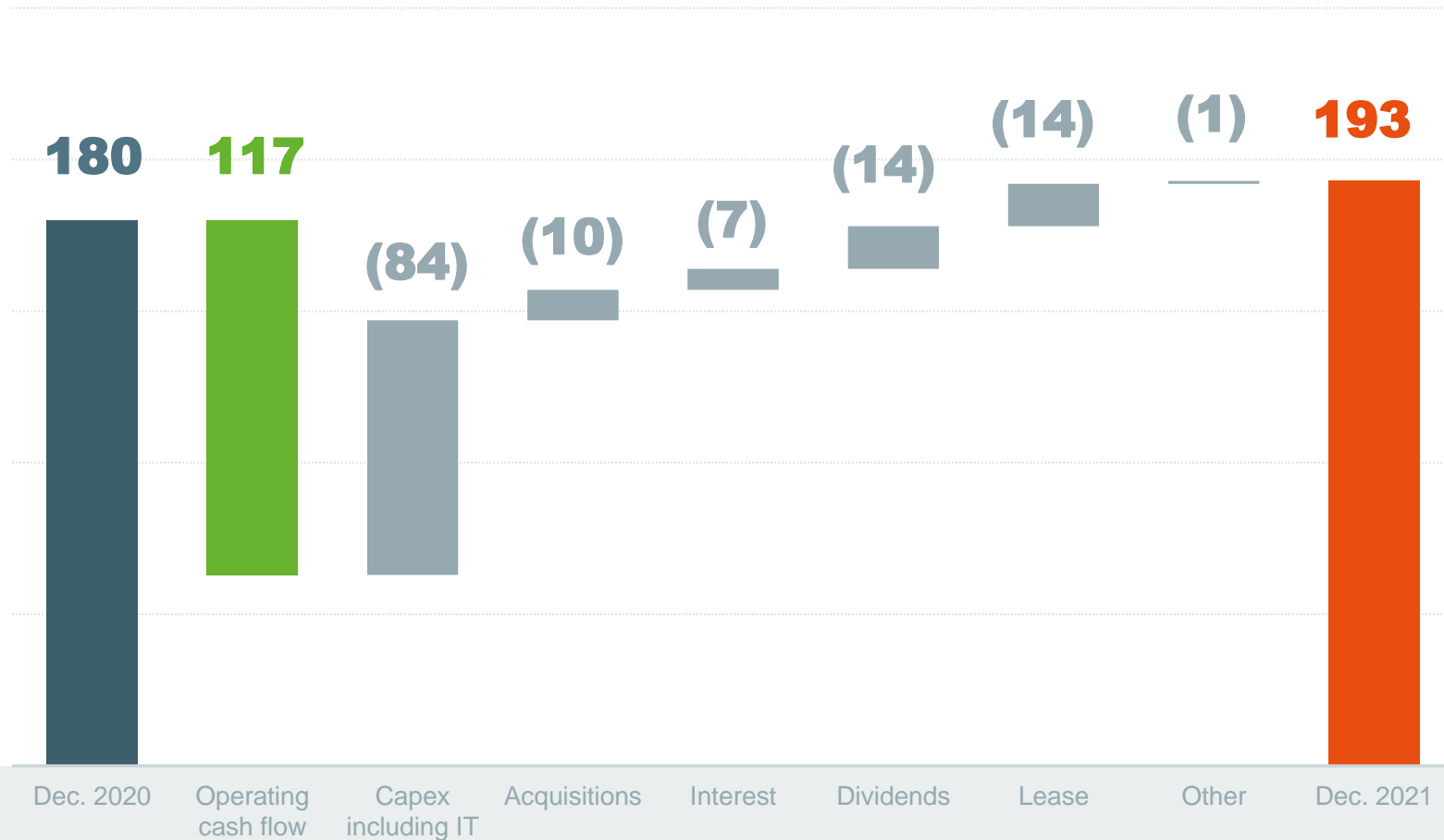
Buildings in line with environmental standards
Process improvements
Solar power plants in France

+€5m

information systems projects

MAINTAINING A SOLID FINANCIAL STRUCTURE

NET DEBT (€m)



Net debt/
EBITDA

1.42

Net debt/
Equity

30%

Not including

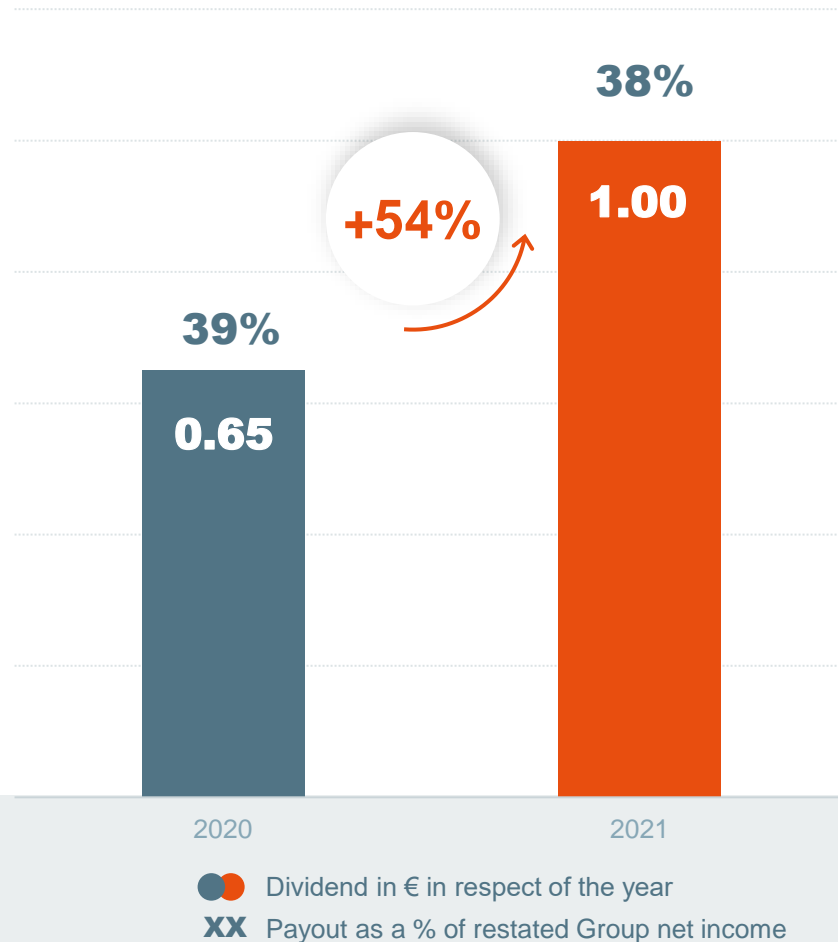
Lease liabilities:

€53m

Provisions for pension obligations:

€49m

A DIVIDEND AT 1€ PER SHARE REFLECTING THE YEAR'S ROBUST PERFORMANCES AND THE STRONG BALANCE SHEET



DIVIDEND POLICY

Payout of **30% to 40%** of Group net income restated for non-recurring items

Payout for 2020:

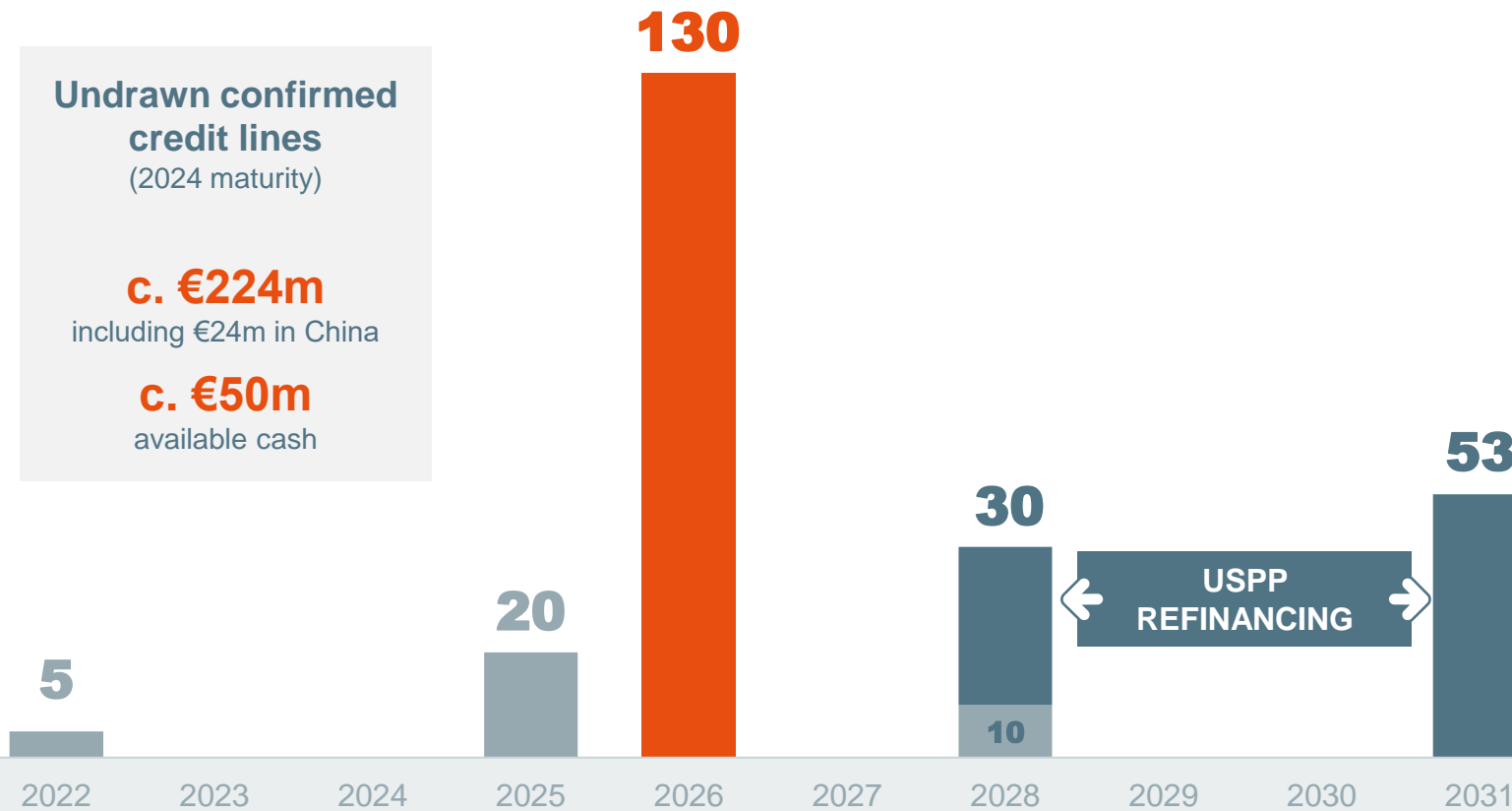
€14m

Estimated payout for 2021:

€21m

REFINANCING IN 2021 HELPING TO SIGNIFICANTLY EXTEND DEBT MATURITY

USPP AND NEU MTN REFINANCING IN 2021
 (€M) DECEMBER 31, 2021



Maturity*
c. 6 years

* Calculated based on the use of confirmed credit lines
 NEU MTN: Negotiable European Medium-Term Note

● USPP ● Schuldschein ● NEU MTN



2022 Outlook & Medium-Term Vision

Luc Themelin, CEO

2022 PRIORITIES



01

Strengthen EV market team

to harness the strong growth expected in 2023-2024



02

Continue to invest and intensify our efforts with Soitec to serve surging demand in the **SiC semiconductor market** from 2023-2024 onward



03

Successfully start operations in Columbia for extruded graphite. **Invest in isostatic graphite capacities** to strengthen our market share in process industries

2022 TARGETS

excluding potential indirect impacts resulting from the current situation, which are difficult to measure at this stage



SALES

Like-for-like growth of

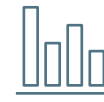
3%-6%



OPERATING MARGIN BEFORE NON- RECURRING ITEMS

Around

10%



INDUSTRIAL CAPEX

Around

€80m-€85m

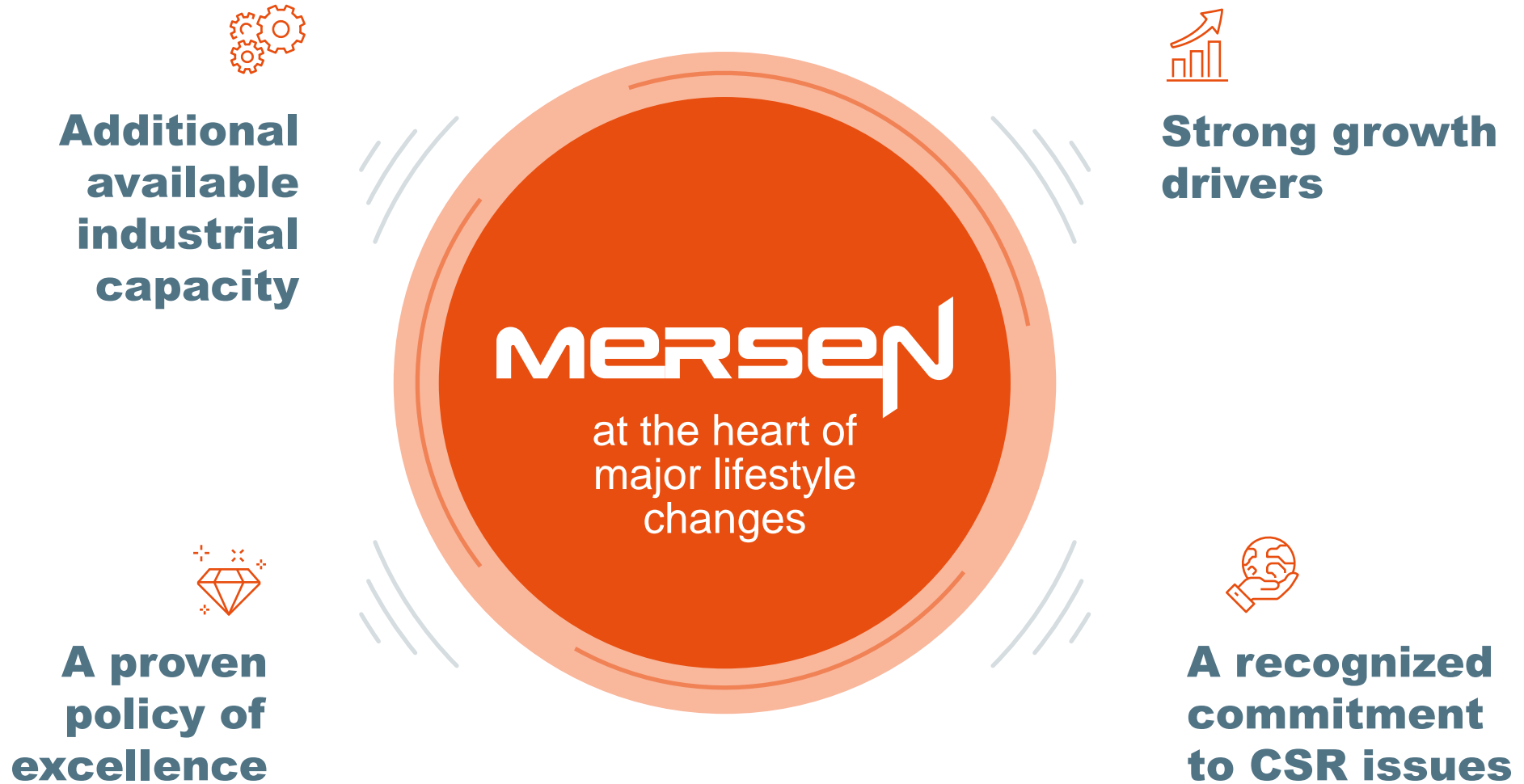


EBITDA MARGIN

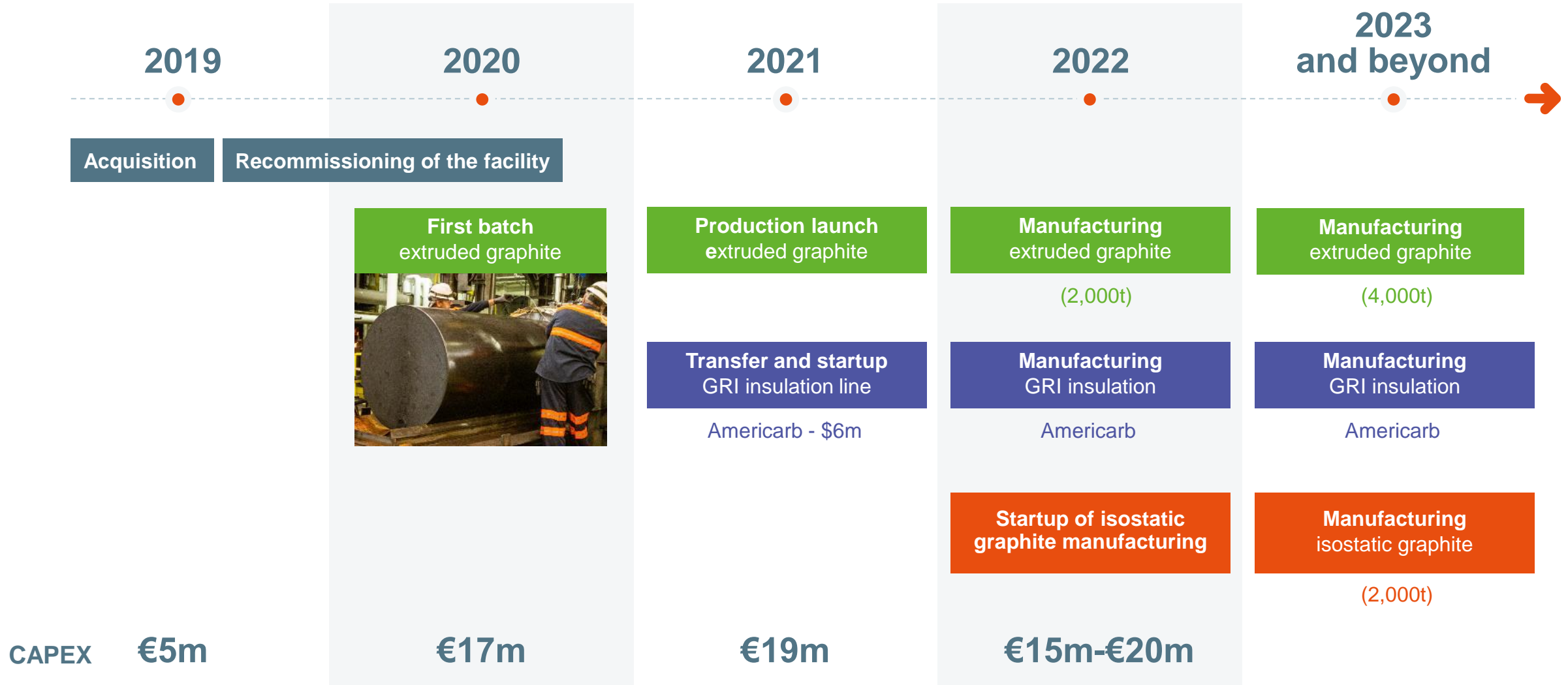
+20-30 bps

While implementing the 2022-2025 CSR roadmap

PROMISING TRENDS THROUGH 2025



COLUMBIA, A STRATEGIC SEMI-FINISHED PRODUCT PLANT TO DRIVE GROWTH



STRONG GROWTH DRIVERS

		Sales growth 2019-2021	2025 target (€m)	Market trend 2022	Market trend 2023-2025
SOLAR POWER		+30%	100		
SI SEMICONDUCTOR MANUFACTURING		+4%	60		
SIC SEMICONDUCTOR MANUFACTURING		+16%	110		
ELECTRIC VEHICLES		+14%	40-70		

SOLAR: A MAJOR SUPPLIER ACROSS THE VALUE CHAIN



PROCESS
STAGE



MERSEN
EXPERTISE



CUSTOMERS

LONGI 隆基

中环
ZHONGHUAN

Jinko Solar

EIFFAGE
CLEMESSEY

VINCI

shoals
INVENTING SIMPLE®

SOLAR
BOS



SIEMENS

TMEiC
We drive industry

POWER ELECTRONICS
PURE ENERGY

ABB

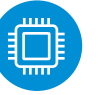
northvolt



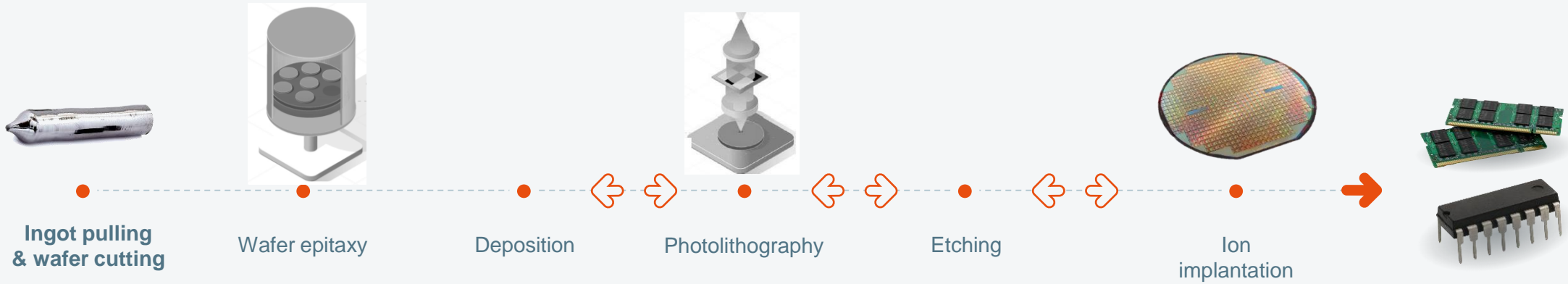
2021 SALES
€71m

2025 EST. SALES
€100m

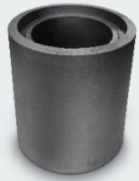
ESSENTIAL MATERIALS EXPERTISE IN THE SI SEMICONDUCTOR MANUFACTURING PROCESS



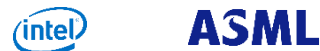
PROCESS STAGE



MERSEN EXPERTISE



CUSTOMERS



2021 SALES
€47m

2025 EST. SALES
€60m

UNIQUE POSITION IN THE SOPHISTICATED AND INTRICATE SIC MANUFACTURING PROCESS



PVT
PROCESS

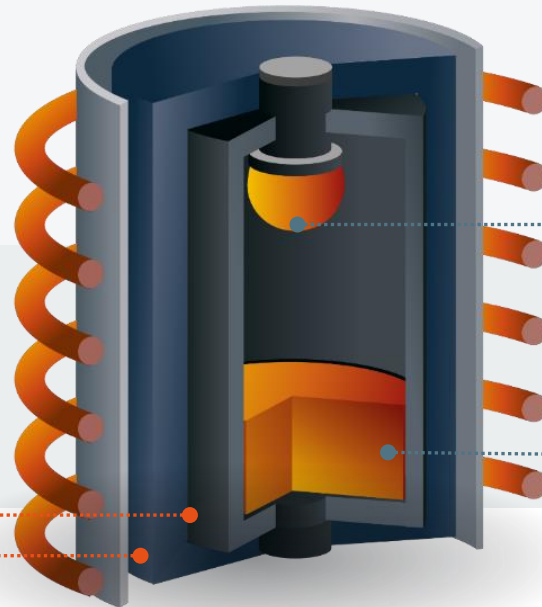
2,400°C +/- 1°C



MERSEN
EXPERTISE



CUSTOMERS



Monocrystalline
SiC ingot



Wafer
epitaxy

SiC wafer



Ion
implantation

Power
semiconductors



TOSHIBA



SICC



SiCrystal
A ROHM Group Company



II-VI



2021 SALES
€36m

2025 EST. SALES
€80m

SOITEC PARTNERSHIP: DEVELOPING A NEW RANGE OF SUBSTRATES FOR THE EV MARKET



SiC ingot



Monocrystalline SiC wafer



P-SiC wafer

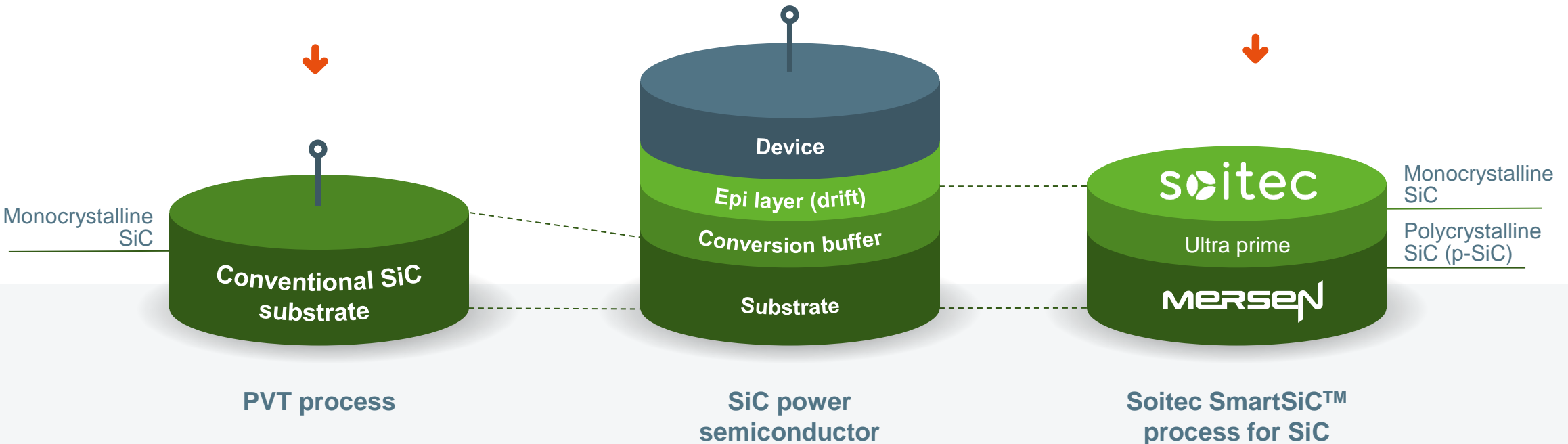


2021 SALES

€0m

2025 EST. SALES

€30m

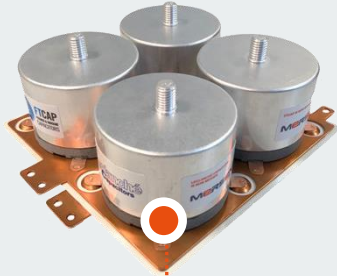


MERSEN'S OFFERING FOR EV/HEV APPLICATIONS



MERSEN
EXPERTISE

Inverter

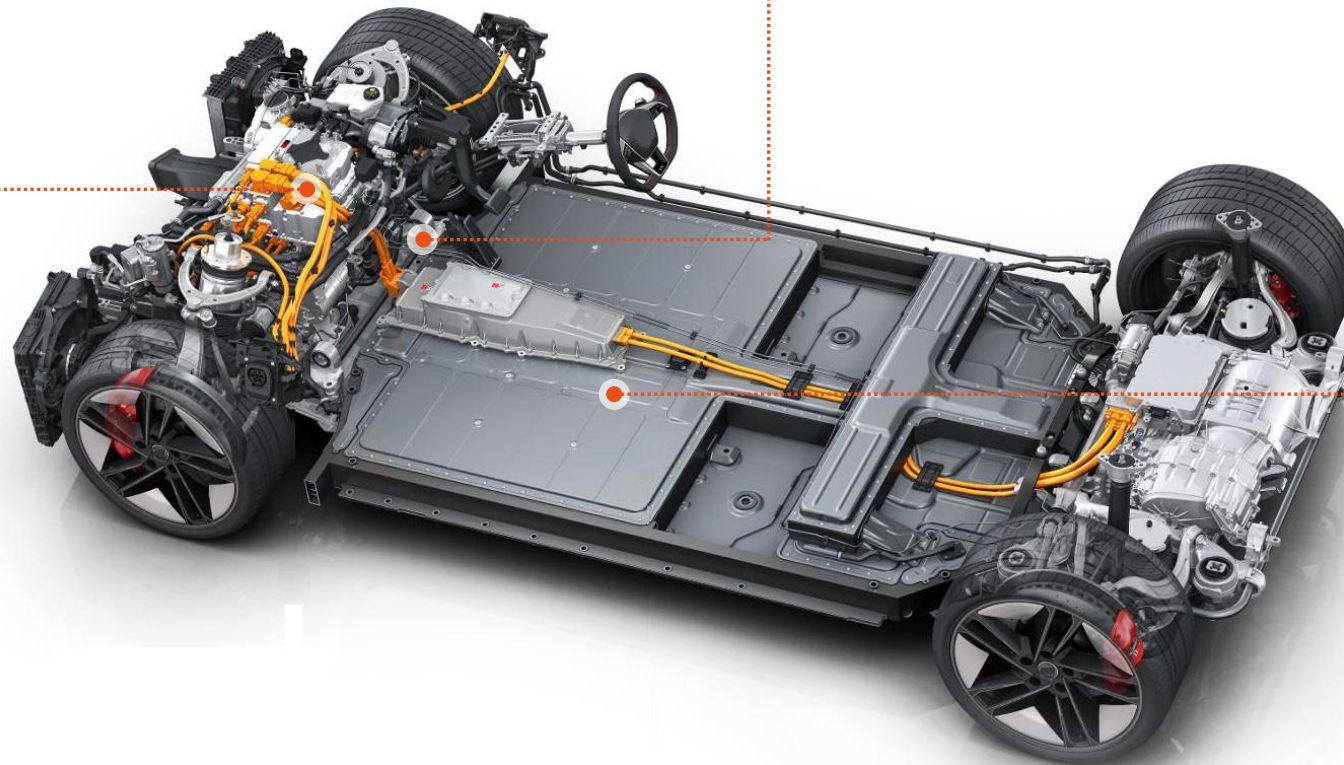


Electrical circuit
protection
Courtesy: Würth Electronic



Battery

Courtesy: Exagon



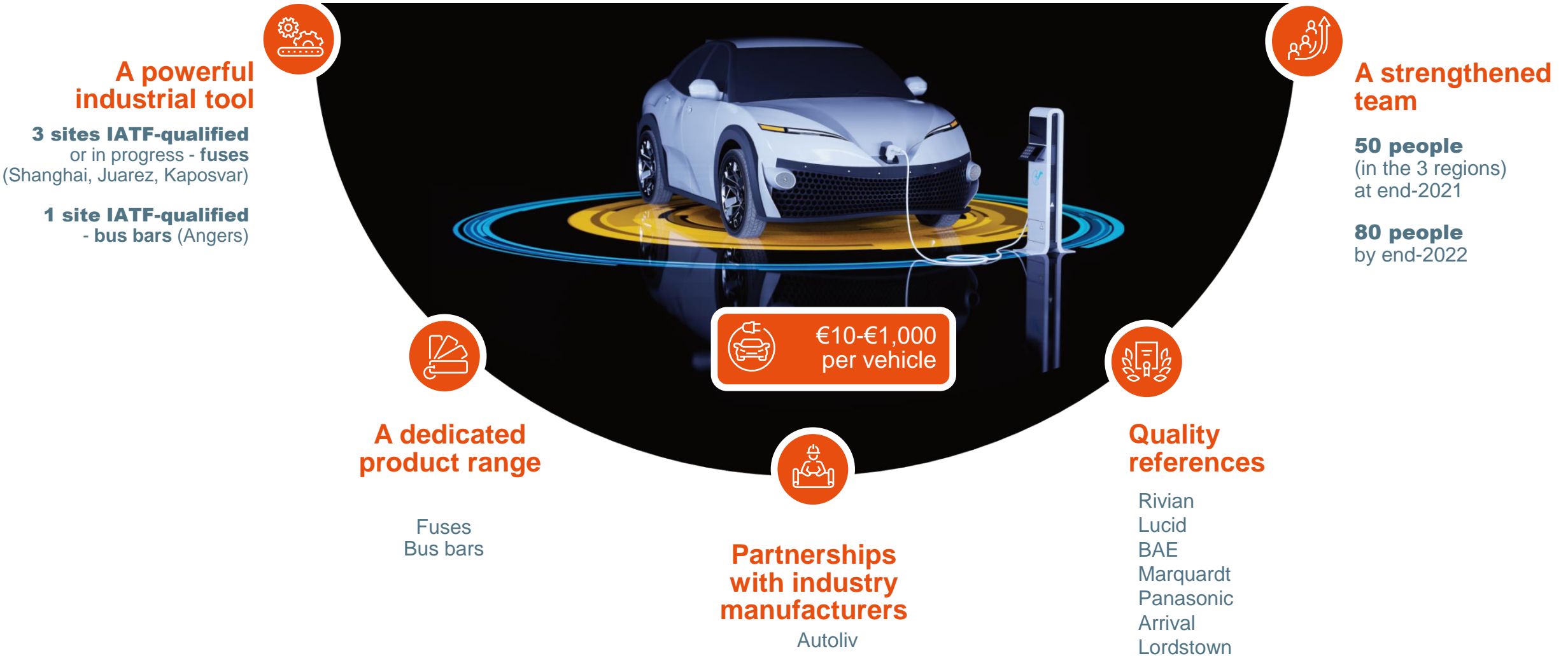
2021 SALES

€16m

2025 EST. SALES

€40-70m

THE MEANS TO GROW



A DIVERSIFIED ACCESSIBLE MARKET FOR MERSEN



**Car
manufacturers**

**Tier-1
suppliers**

**Battery module
manufacturers**

New entrants



STELLANTIS



• APTIV •

Webasto

preh

ACC
AUTOMOTIVE CELLS CO

LG Chem

CATL

SAMSUNG SAMSUNG SDI

Litens

LUCID

RIVIAN

Faraday Future



LORDSTOWN

ARRIVAL

THE LION ELECTRIC CO



XOS

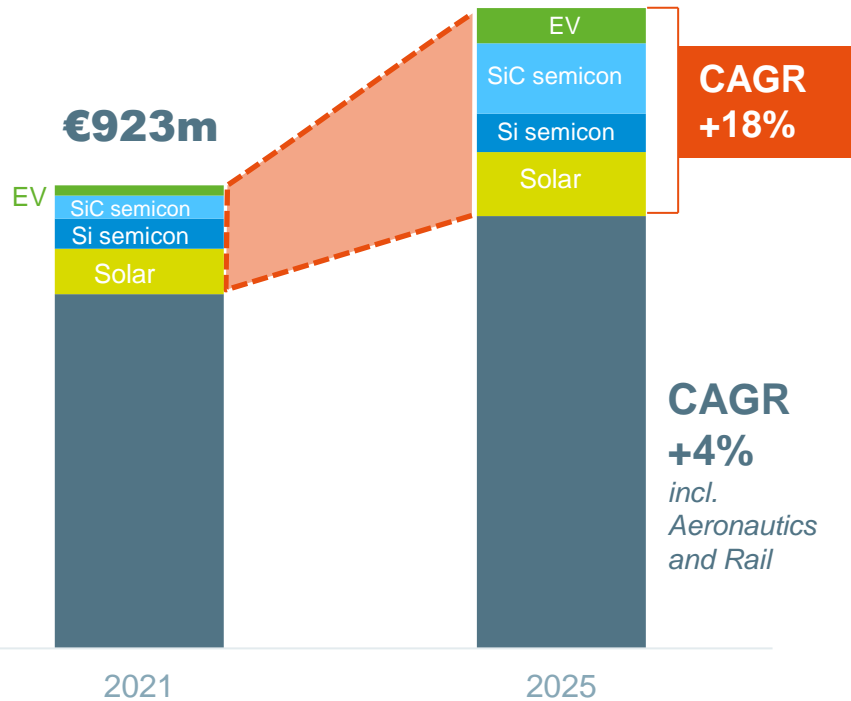
PROTERRA

AMBITIOUS MID-TERM PLAN



SALES

€1,200m



OPERATING MARGIN BEFORE
NON-RECURRING ITEMS

≥ 11%

EBITDA MARGIN
≥ 17.5%



ROCE

≥ 12%



NEW CSR ROADMAP



Responsible
partner



Limiting our
environmental impact



Developing
human capital



Ethics and
compliance culture



Appendix

MAJOR ACHIEVEMENTS IN THE 2018-2021 ROADMAP

		2021 target	2021		
 PLANET	ECOLOGICAL TRANSITION % of sustainable development sales		55%	56%	✓
	RESPONSIBLE PARTNER CSR assessment of our suppliers		Assessment of strategic suppliers	45% self-assessments received	✓
	WASTE RECYCLING Waste recycling rate		+15 points	+16 points (62.4%)	✓
 PEOPLE	AWARENESS-RAISING Human potential success rate		+3 points (i.e., 88%)	88%	✓
	DIVERSITY % of women engineers and managers		25%-30% in 2022	24.4%	✓
	TRAINING % of managers completed management basics training		100%	100%	✓
	HEALTH & SAFETY	MSV SIR LTIR	+15% MSV SIR ≤ 60 LTIR ≤ 1.40	+16% 47 1.62	✓ ✓ ✓

MSV: management safety visits / SIR: severe injury rate / LTIR: lost time injury rate

KPI RELATED TO THE 2022-2025 CSR ROADMAP

2025 Target*



Responsible partner

Supplier CSR self-assessment

100% in 2022

Supplier mapping and audits

Limiting our environmental impact

Reduce GHG emission intensity

-20%

Reduce water consumption

-10%

Increase the share of waste recycled

75%



Human Capital Development

% of women in senior management positions

25%

% women engineers and managers (2022)

>27%

Increase the number of people with disabilities

x2 (>200)

Social responsibility policy for all

Increase number of MSV, Safety indicators

MSV +20%; LTIR<1,8; SIR<60

Ethics and Compliance Culture

Training « Ethics at Mersen »

Training every 2 years

Cybersecurity training

* Except otherwise mentioned