

# 2022 Full-Year Results

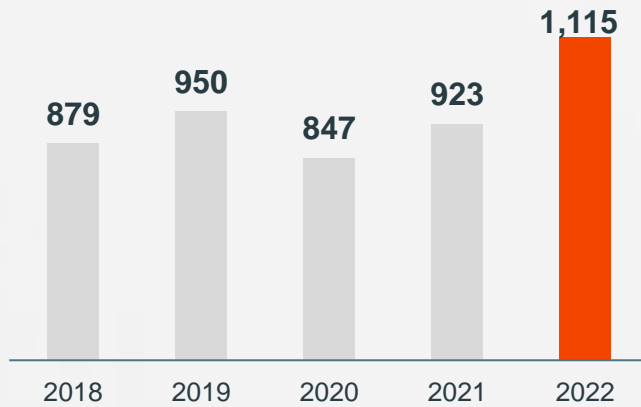
MARCH 15, 2023

**MERSEN**

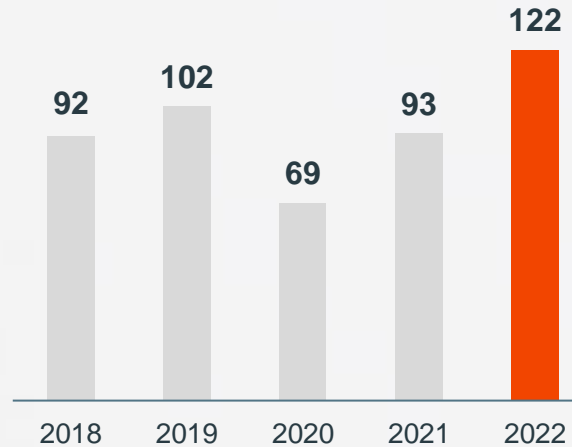


# 2022, a record year for the Group

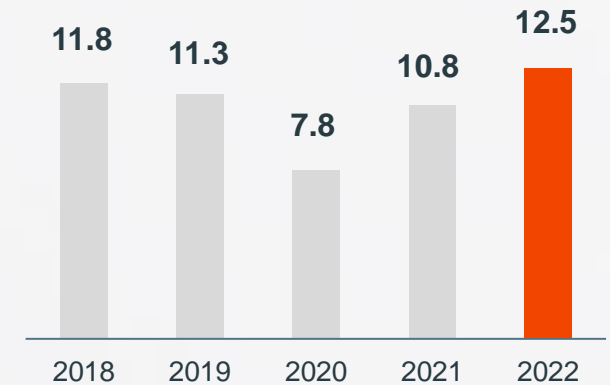
Sales (€m)



Operating income before non-recurring items (€m)



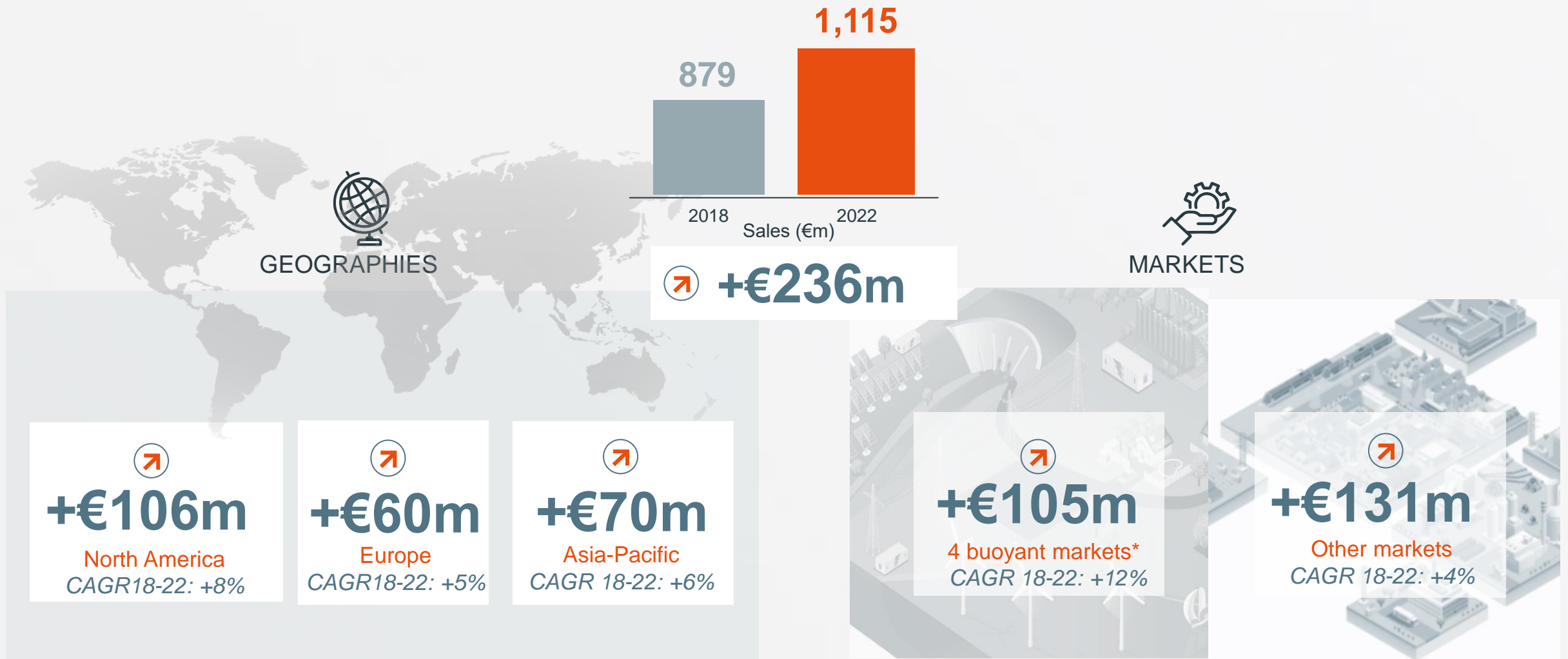
ROCE (%)



AND A GROWING COMMITMENT TO CSR THAT HAS GAINED INCREASED RECOGNITION

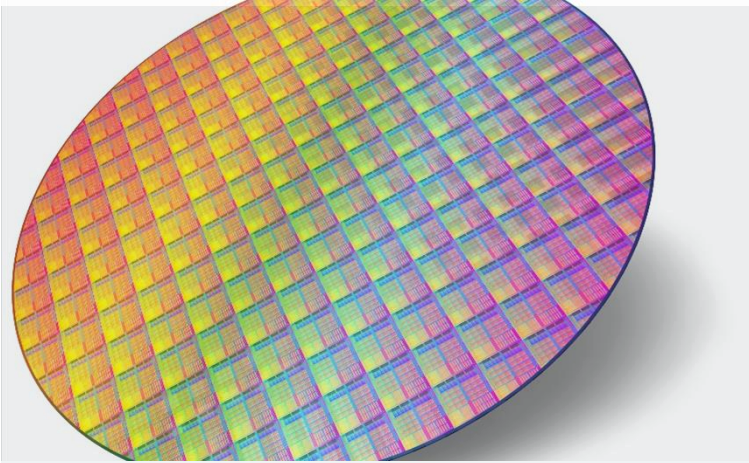


# Judicious strategic choices driving the entire Group forward



\* Renewable energies, Si and SiC semiconductors, EVs

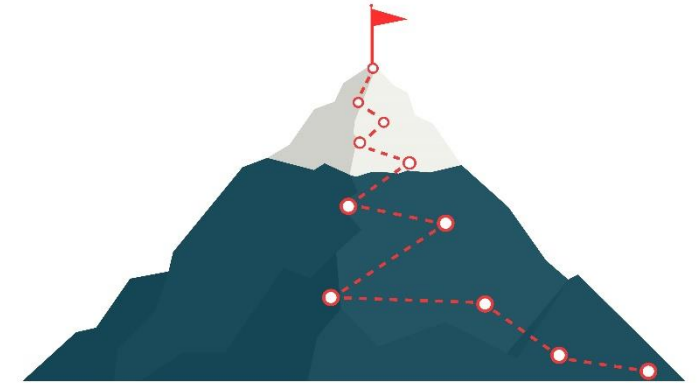
# Solid foundations for a new dimension



Smart  
**STRATEGIC  
POSITIONING**  
in buoyant markets



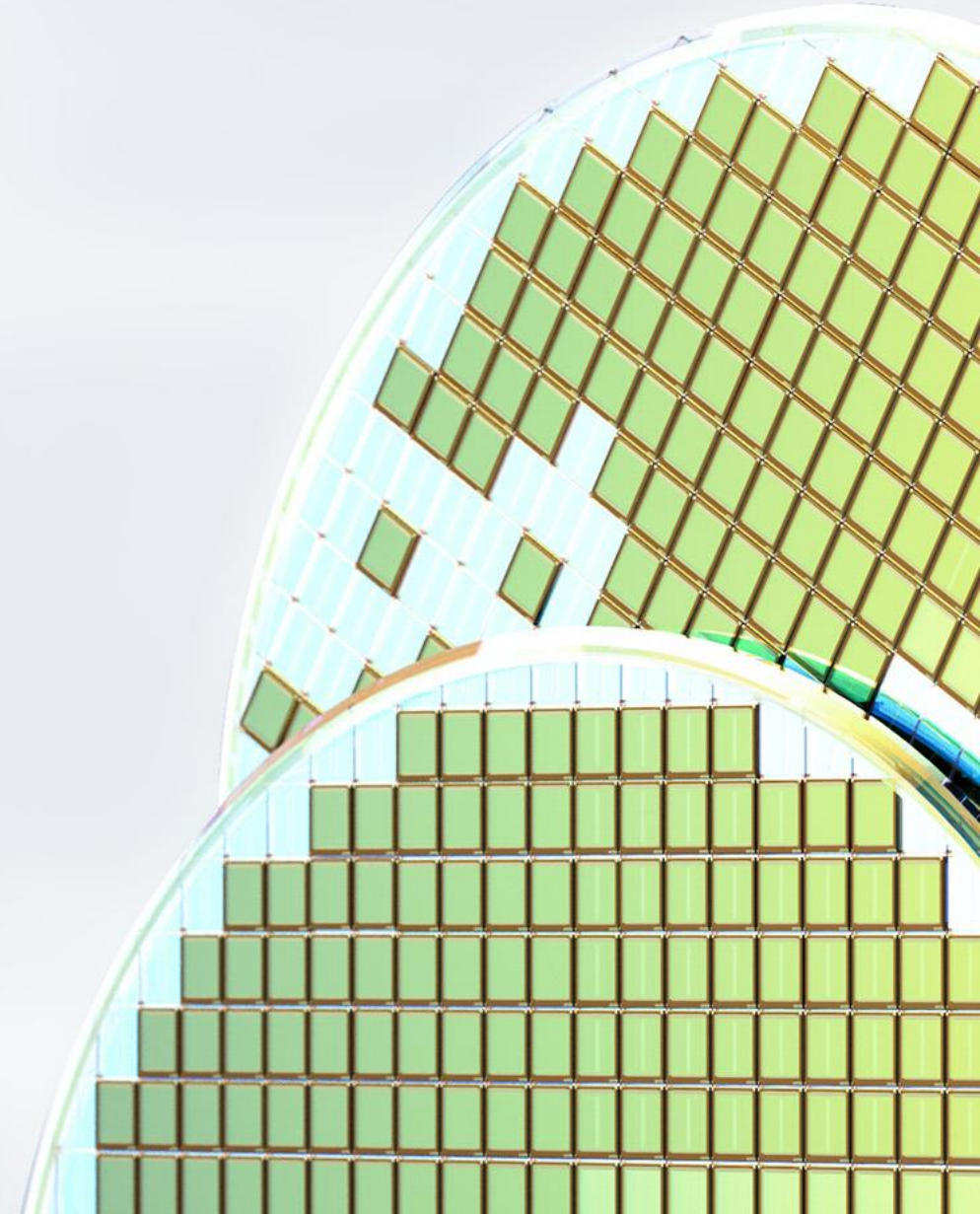
**MAJOR CONTRACTS**  
to accelerate Mersen's  
positioning in energy  
transition markets



**NEW AMBITIONS**  
for 2023 and  
beyond

# 2022 FINANCIAL RESULTS

THOMAS BAUMGARTNER



# Dynamic growth in all markets, particularly **semiconductors, electric vehicles and solar**

 **Chemicals**

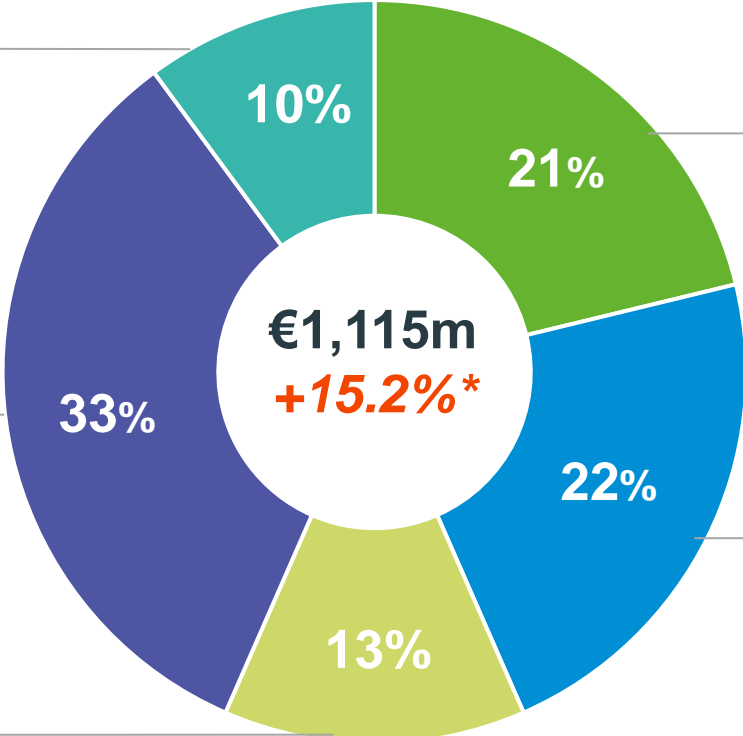
**+**

 **Process industries**

**++**

 **Transportation**

Rail **+**  
 Aeronautics **++**  
 EV **+++**



 **Energies**

Solar **+++**  
 Wind **++**

 **Electronics**

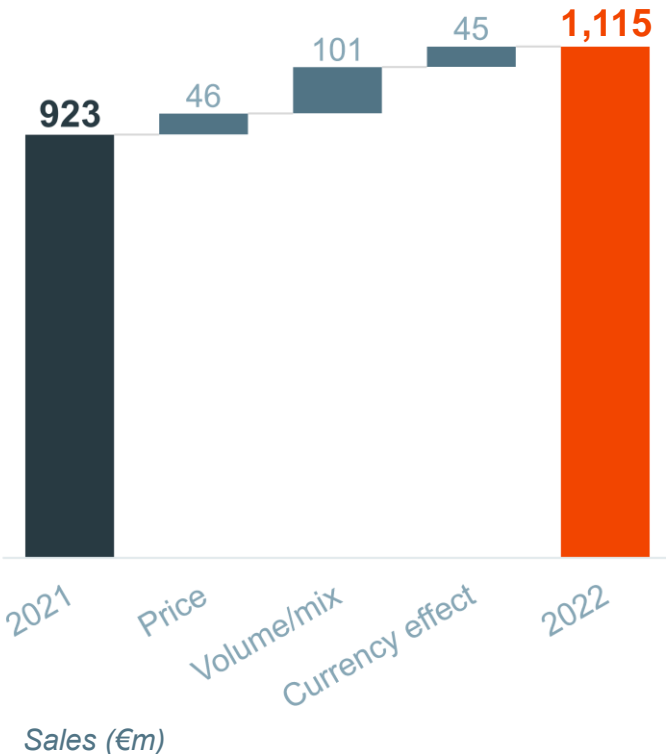
SiC semiconductors **+++**  
 Si semiconductors **++**

*Organic growth – 2022 vs. 2021*  
 +++ >+20%  
 ++ +15%; +20%  
 + +10%

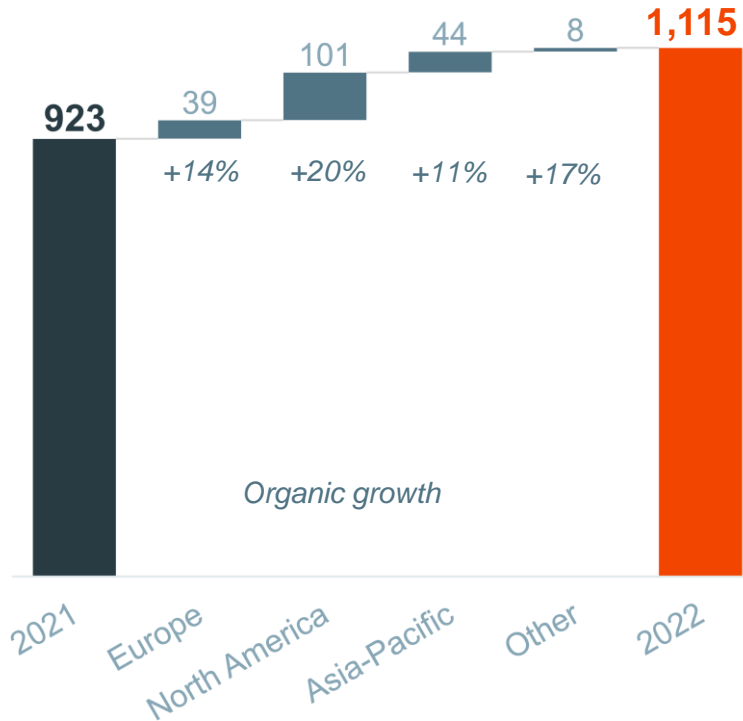
\* Organic growth - 2022 vs 2021

# Balanced sales growth

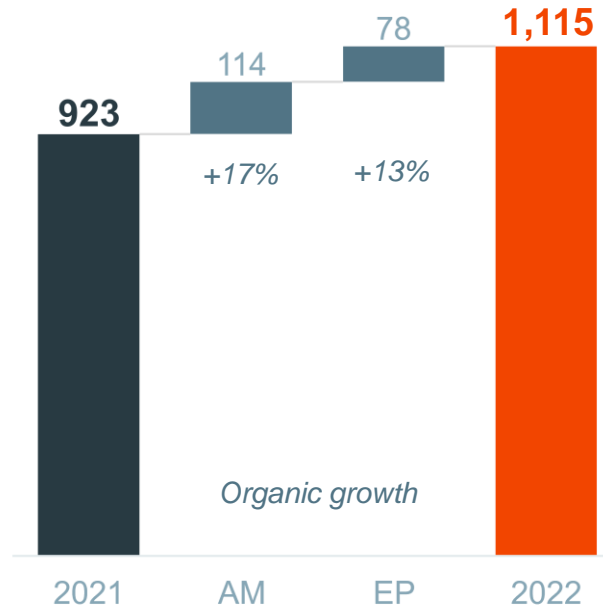
Price/volume change



Change by geographical area



Change by segment



# Strong growth in profitability

(€m)	2021	2022	
<b>EBITDA before non-recurring items</b>	<b>148.8</b>	<b>186.4</b>	<b>+25%</b>
<i>Recurring EBITDA margin</i>	16.1%	16.7%	
<b>Depreciation and amortization</b>	<b>(56.2)</b>	<b>(64.8)</b>	
<b>Operating income before non-recurring items</b>	<b>92.6</b>	<b>121.6</b>	<b>+31%</b>
<i>Operating margin before non-recurring items</i>	10.0%	10.9%	

- Increase in depreciation and amortization due to the major investment program since 2018



# Strong pricing power and ability to pass on inflation

		(% points)
<b>2021 operating margin before non-recurring items</b>		<b>10.0%</b>
Volume/mix effect		+3.1
<b>Price effect</b>		<b>+3.7</b>
<b>Raw material/energy inflation</b>		<b>-2.3</b>
<b>Productivity gains</b>		<b>+0.9</b>
<b>Wage inflation</b>		<b>-2.2</b>
Columbia start-up, EV team		-1.4
Depreciation and amortization		-0.5
Other (including currency effect)		-0.4
<b>2022 operating margin before non-recurring items</b>		<b>10.9%</b>

	<b>+0.1</b>	High-tech customized products with limited cost versus total cost
		Operational excellence, purchasing optimization
		+5% on average over the year

# Net income up by a sharp 27%

(€m)	2021	2022
<b>Operating income before non-recurring items</b>	<b>92.6</b>	<b>121.6</b>
Non-recurring income and expenses	(4.9)	(11.4)
Net financial expense	(10.7)	(12.9)
Income tax	(18.6)	(23.0)
<b>Net income</b>	<b>58.4</b>	<b>74.3</b>
Attributable to Mersen shareholders	54.4	67.7

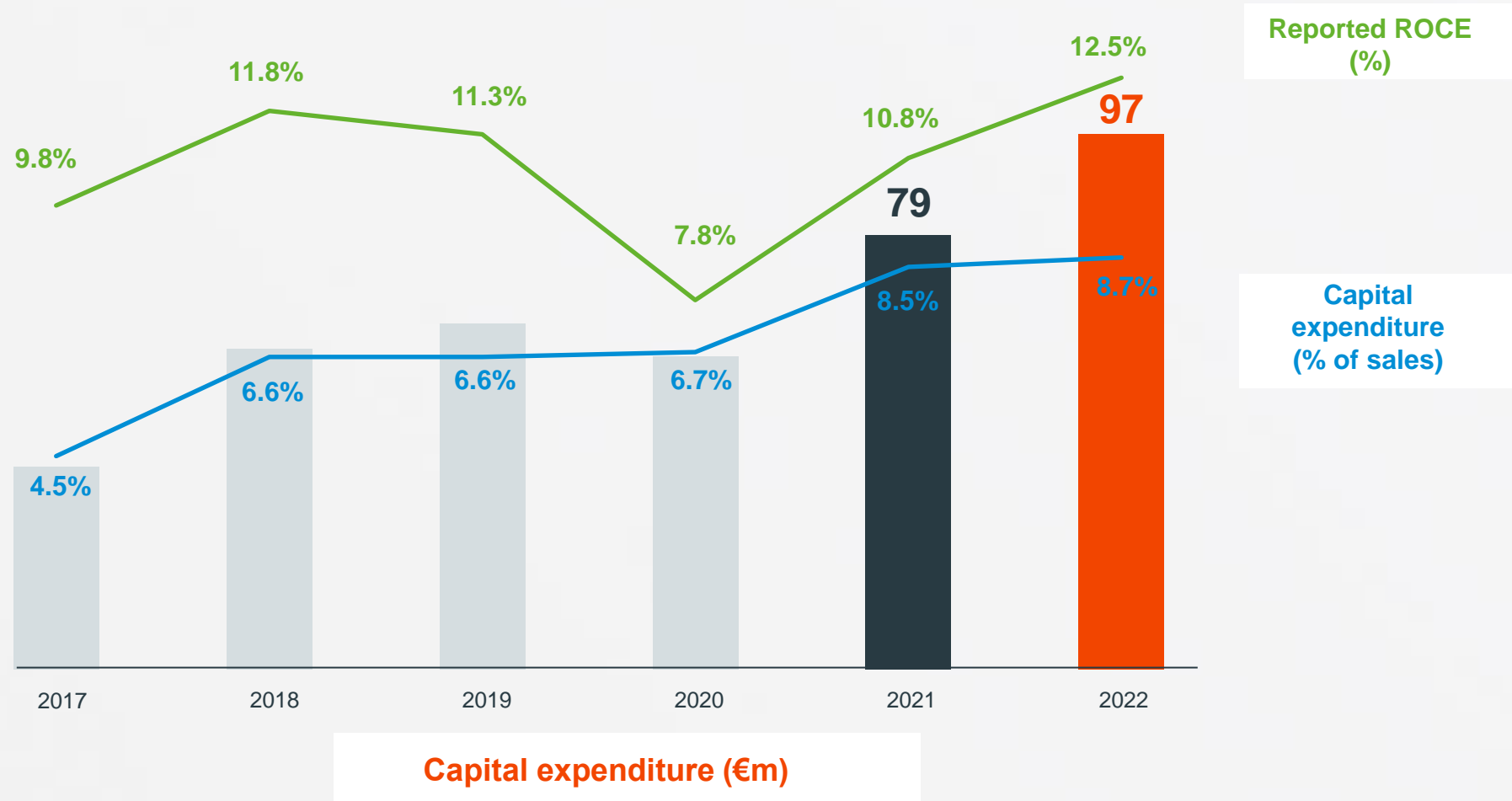
- Non-recurring income and expenses: mainly non-cash ACE goodwill impairment (chemicals market) due to the increase in WACC to 8.3%
- Effective tax rate of 24% (21% excluding the impact of goodwill impairment)

# Operating cash flow impacted by a higher working capital requirement

(€m)	2021	2022
<b>Operating cash flow before change in WCR</b>	<b>138.4</b>	<b>180.8</b>
Change in WCR	(5.9)	(63.2)
<i>o/w change in inventories</i>	<i>(24.7)</i>	<i>(69.7)</i>
Income tax paid	(15.7)	(12.1)
<b>Operating cash flow</b>	<b>116.8</b>	<b>105.5</b>

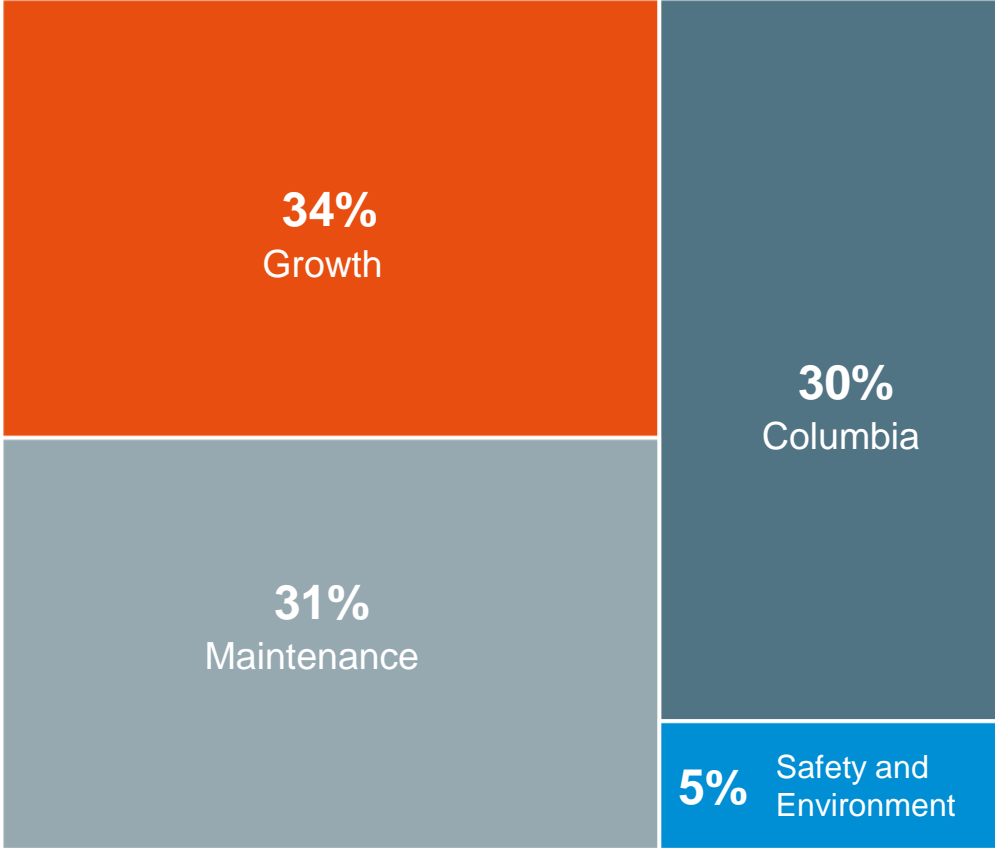
- Rise in inventories due to demand, industrial projects (Columbia) and increased buffer inventory
- WCR ratio: 20.7% (vs 19.4% in 2021)
- Income tax paid down sharply, as the Group benefited from accelerated tax depreciation in the United States linked to investments made at its Columbia site.

# ROCE up despite increased capex to anticipate future growth



# Key investments in 2022

€97m



South Korea plant

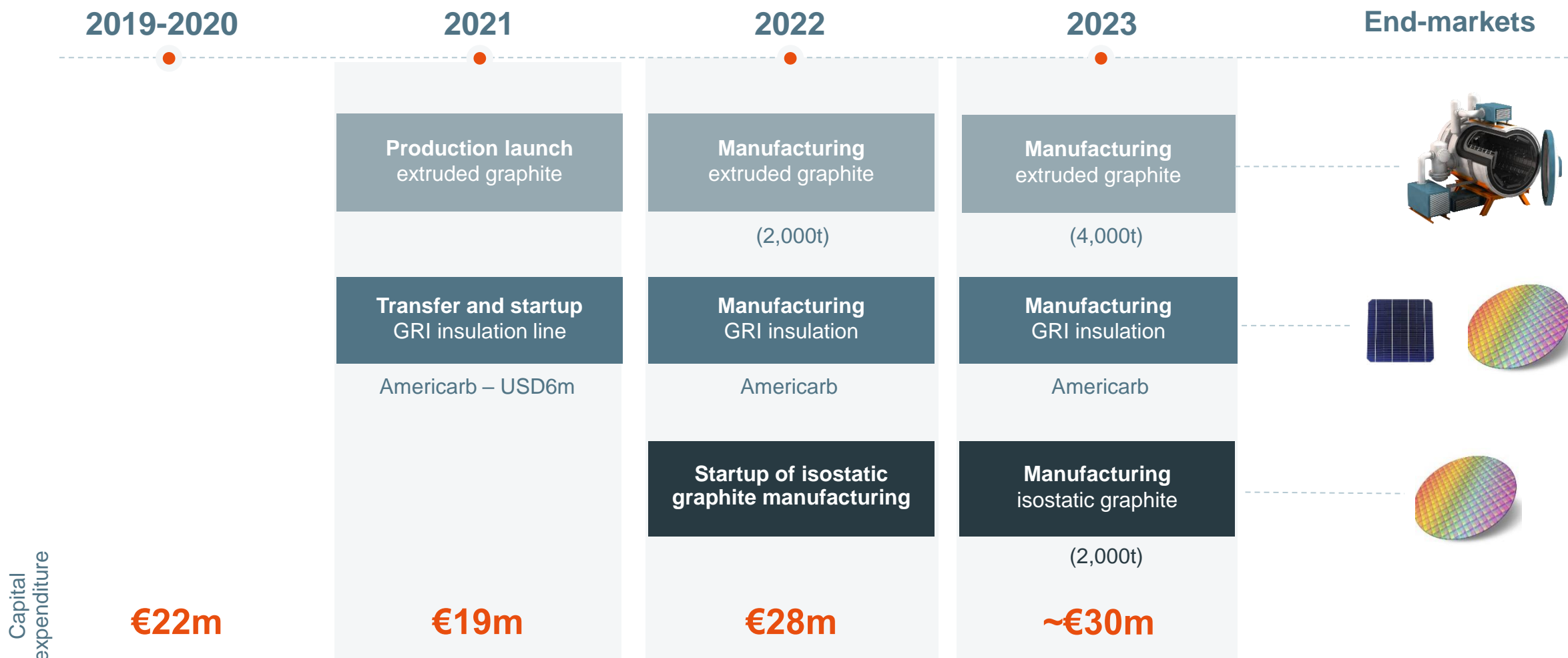


New Thermal Treatment project in Amiens



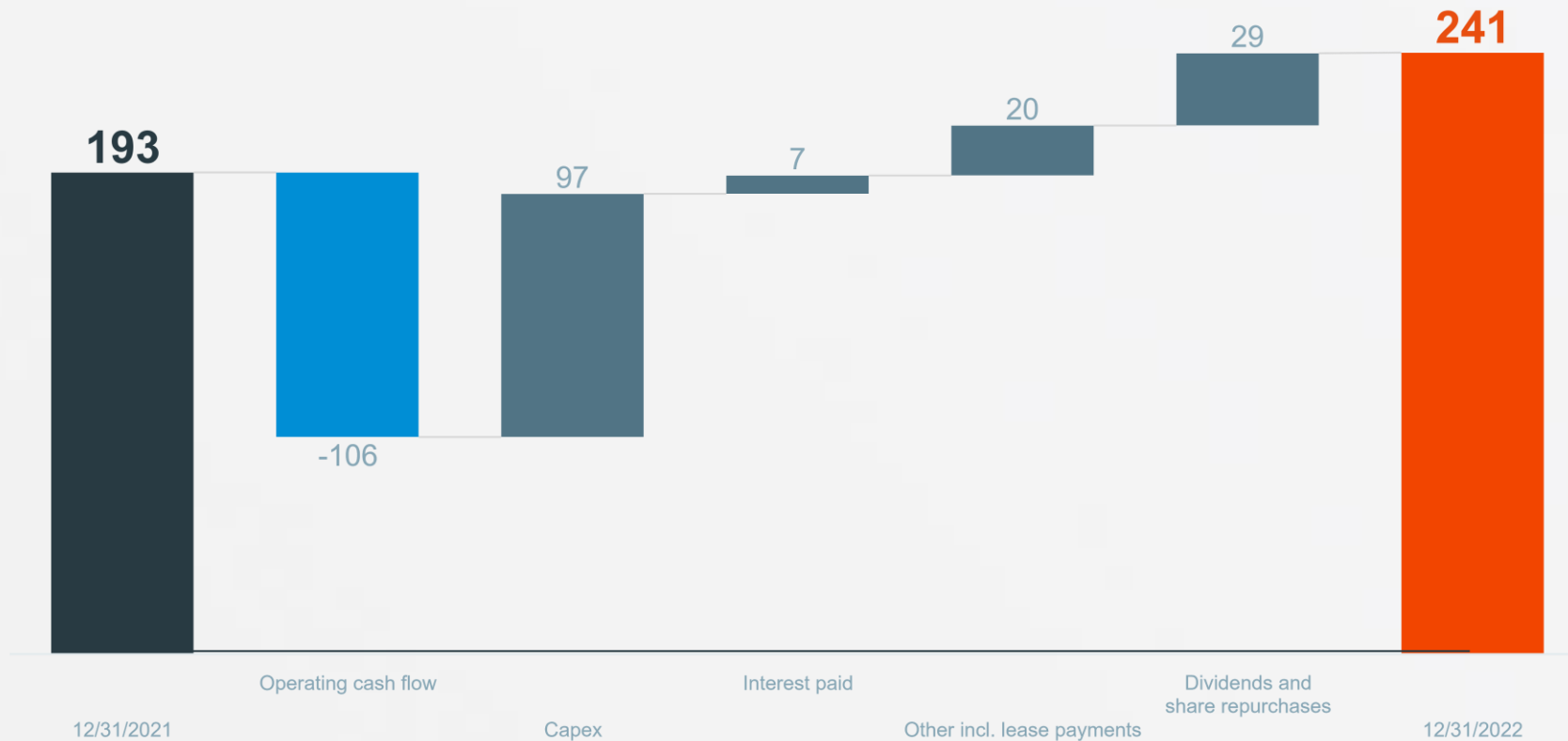
Columbia plant (USA)

# Columbia, a strategic plant for our markets, especially SiC semiconductors



# Solid, well-controlled leverage

Net debt (€m)



**Leverage: 1.36x**  
(1.42x in 2021)

Does not include lease liabilities

**€55m**

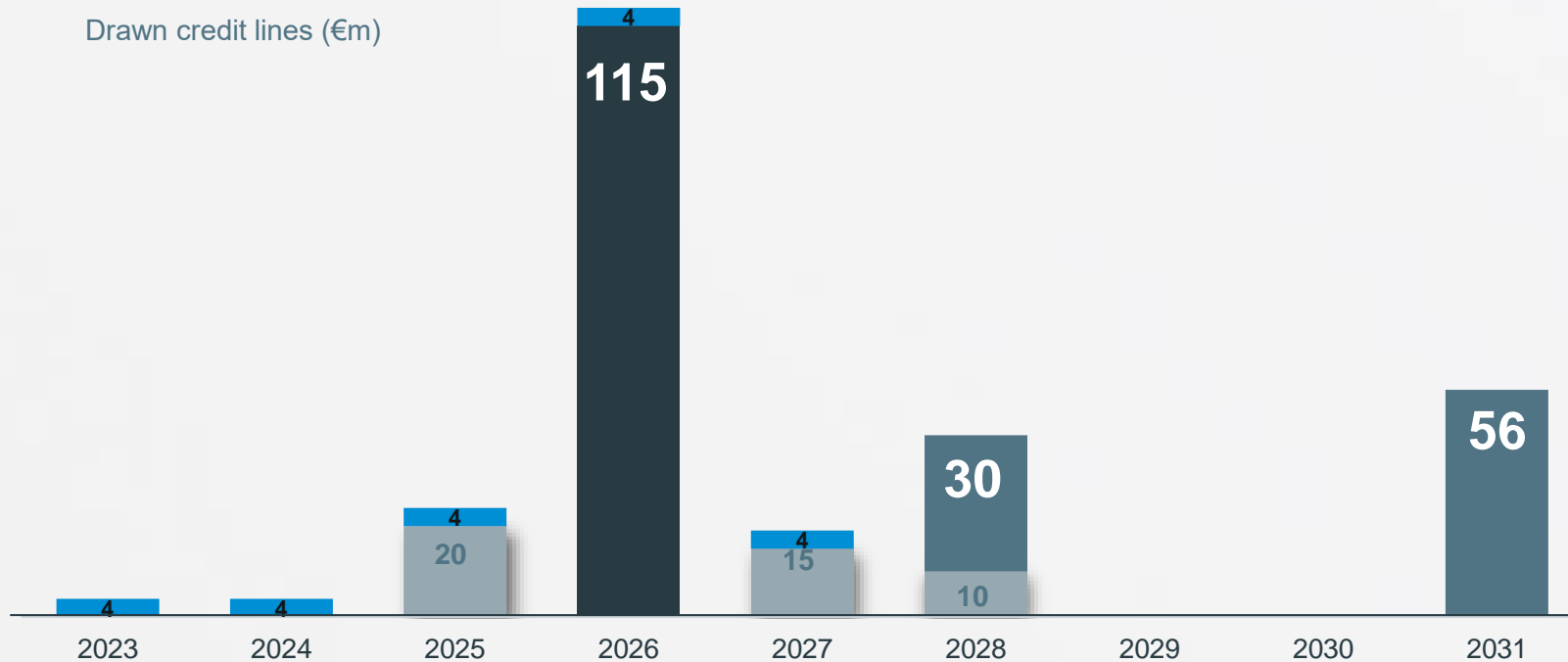
(vs. €53m at Dec. 31, 2021)

and pension obligations

**€39m**

(vs. €49m at Dec. 31, 2021)

# No significant refinancing before 2026



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

● USPP ● Schuldschein ● NEU MTN ● BPI

## UNDRAWN COMMITTED CREDIT LINES

(€m) DECEMBER 31, 2022

**~€265m**

**~€60m**

Available cash

**Maturity  
~5 years\***

**Fixed rate  
~66% of gross debt**



# Corporate social responsibility in all areas

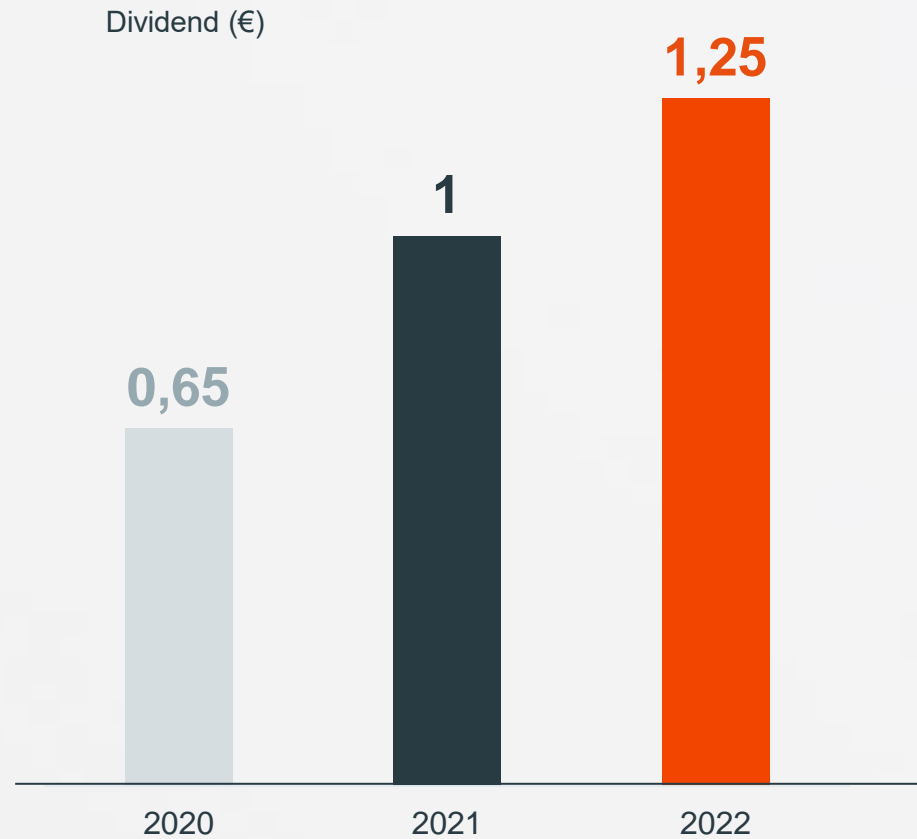
## Roadmap

<p><b>Responsible partner:</b> ensure responsible purchasing, by obtaining a self-assessment of our suppliers and then monitoring improvement plans</p>	<p><b>100%</b> of CSR self-assessments completed</p>
<p><b>Limiting our environmental impact:</b> reduce CO<sub>2</sub> emissions intensity, recycle waste, reduce water consumption</p>	<p><b>-38%</b> GHG emissions intensity vs. 2018</p>
<p><b>Developing human capital:</b> promote equal opportunity, diversity, a social responsibility policy for all and well-being and safety at work</p>	<p><b>25.3%</b> of women engineers and managers</p>
<p><b>Promoting an ethics and compliance culture:</b> develop training in ethics and cybersecurity</p>	<p><b>&gt;90%</b> targeted employees trained</p>

**91% of employees proud to work at Mersen (2022 survey)**

# 25% increase in shareholder return

Mettre des .



**Payout\* 33%**

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

\* Dividend per share / Attributable net income adjusted for goodwill impairment

# 2023 objectives



## SALES

Organic growth  
of between  
**5% and 10%**



## OPERATING MARGIN BEFORE NON-RECURRING ITEMS

Between  
**10.5% and 11%**  
of sales



## CAPITAL EXPENDITURE

Between  
**€150m and €200m**

- Strong growth in SiC semiconductors market
- Voluntarily moderate growth in the solar market
- Growth in the EV market
- Growth in process industries linked to the economic environment

- Wage and energy inflation partially offset by price increases
- Additional resources for EV
- Increase in depreciation and amortization

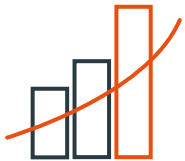
- As part of the 2027 medium-term plan:
  - Columbia (USA)
  - Automated workshop in St Bonnet (France),
  - New equipment for the SiC market (France, USA)



# A NEW DIMENSION

LUC THEMELIN

# Why “a new dimension”?



## 2022

good results thanks to  
judicious strategic  
choices



**56%** of sales  
generated in  
sustainable  
development markets

Sharp acceleration in  
**4 buoyant markets\***  
representing **27% of  
2022 sales**

\* Renewable energies, Si and SiC semiconductors, EVs



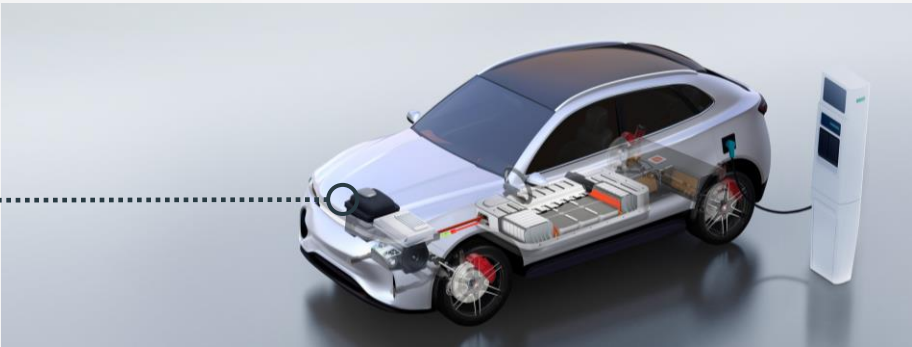
**Ahead of  
plan** on our  
2022-2025  
roadmap



**New  
objectives for  
2027**

# Mersen is ideally positioned to capture growth in the EV market, both upstream and downstream

## MATERIALS EXPERTISE



## ELECTRICAL EXPERTISE

SiC wafer

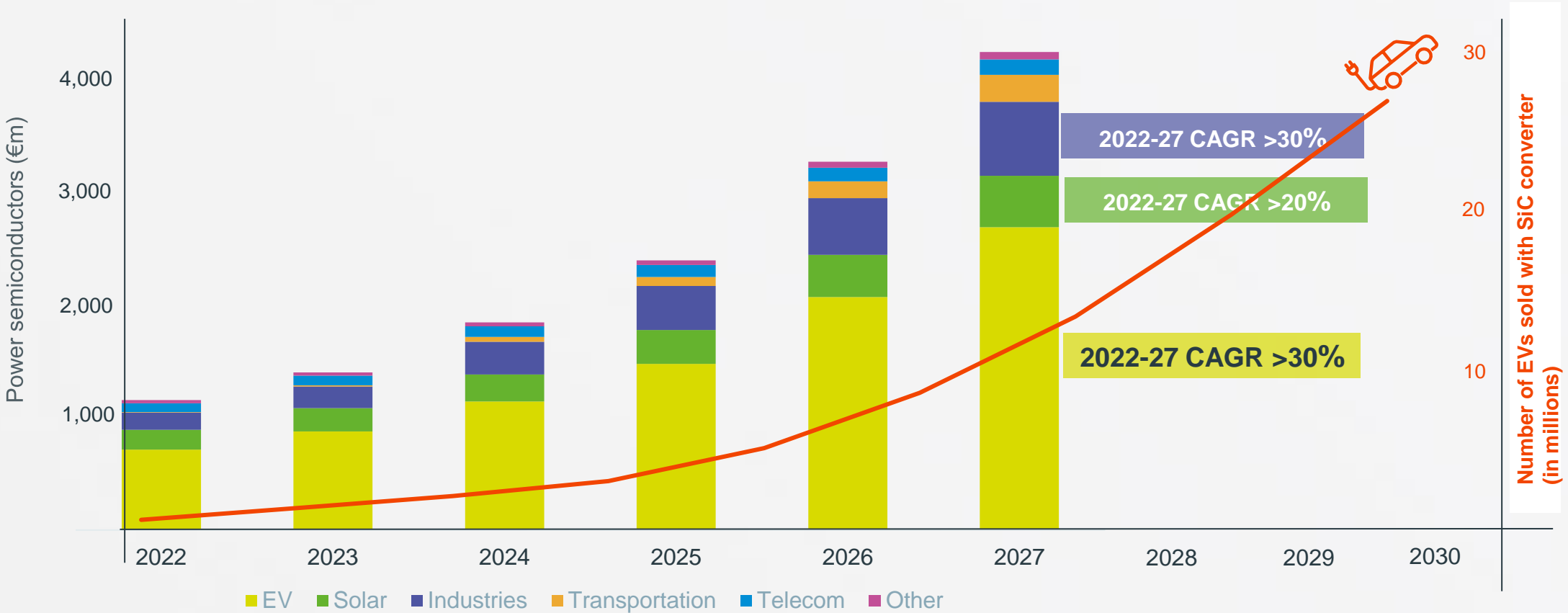
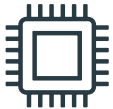


SiC power semiconductor

Electric vehicles



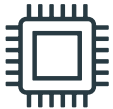
# SiC power semiconductors: ramp-up thanks to electric vehicles



Source SiC semicon: YOLE Research, Compound Monitor Q3, 2021  
 Source EV: Exawatt

Note: Industries include UPS, speed drives, industrial power supplies, LIDAR and EV charging stations

# Mersen's unique position in the complex manufacturing process for SiC – PVT process



2022 sales  
**€52m**

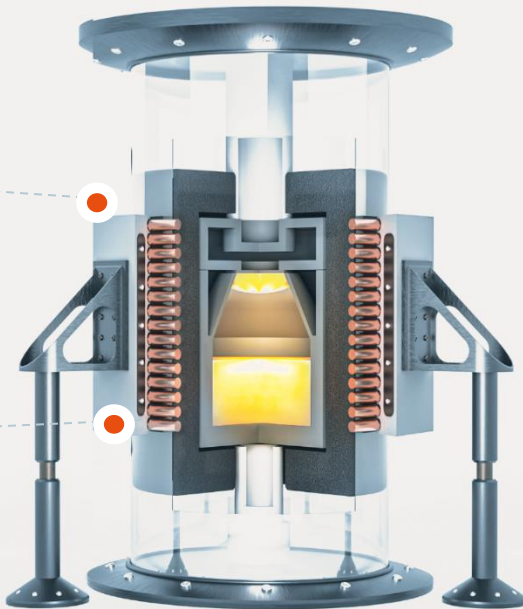
SILICON INGOT SUBLIMATION



**INSULATION FELT**  
 (flexible or rigid)



**PURIFIED ISOSTATIC**  
 (crucibles, guides, etc.)

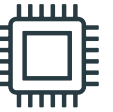


POWER SEMICONDUCTORS





# A major contract with Wolfspeed to accelerate the energy transition



Leader in SiC technologies, a longstanding partner of Mersen



Major investments in progress (USA, Germany)



Agreements with EV players: BorgWarner, ZF, Mercedes Benz, Jaguar Land Rover ...

Sales potential over 5 years

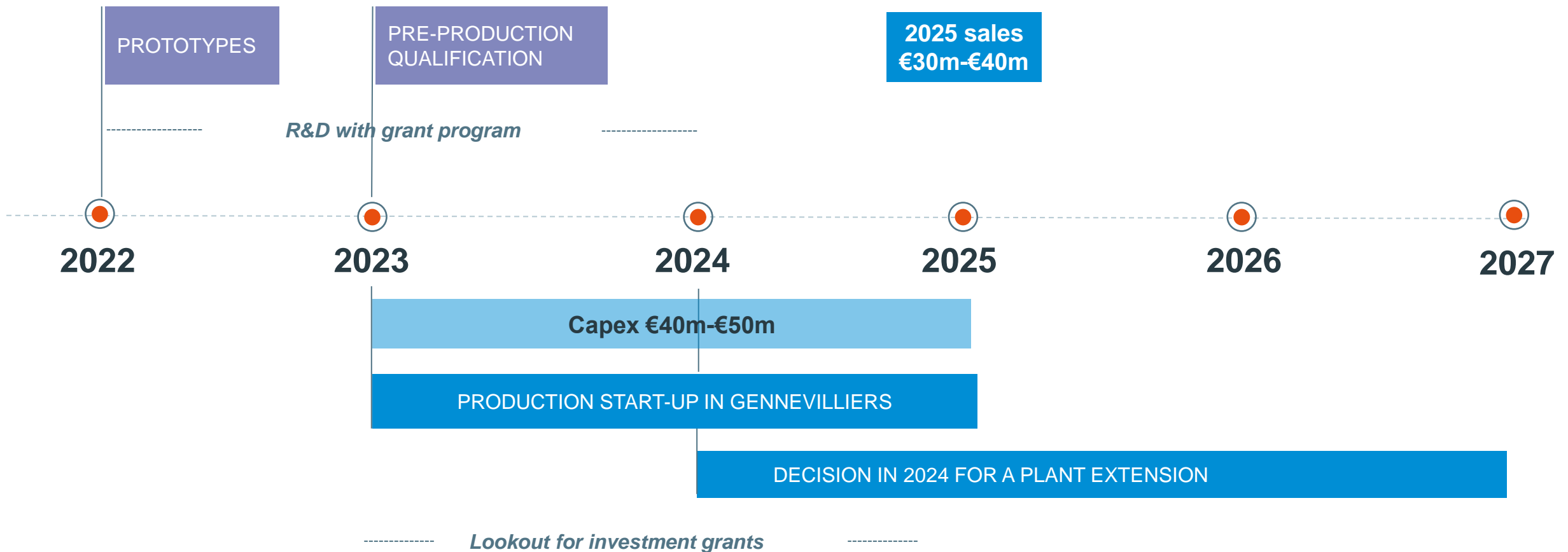
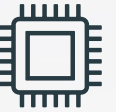
**USD400m**

Capital expenditure (2023-2025)

**USD120m**

Creation of **200 jobs** mainly in the United States

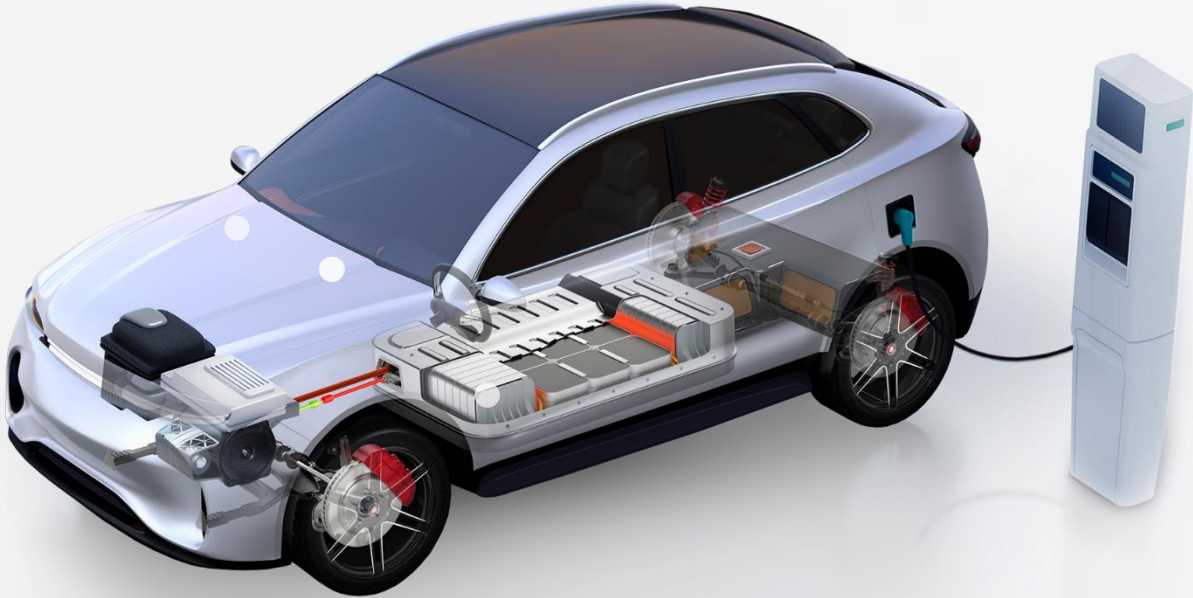
# Partnership with Soitec: another technology serving the SiC power semiconductor market



# Mersen's electric vehicle offering



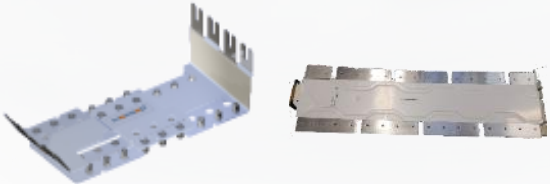
Mersen sales potential per car  
**€15-€300**



Mersen 2022 sales  
**€20m**

**2** PRODUCT LINES

Busbars



Fuses



# Mersen focused on the high-tech EV market



Source: based on a Yole Development study

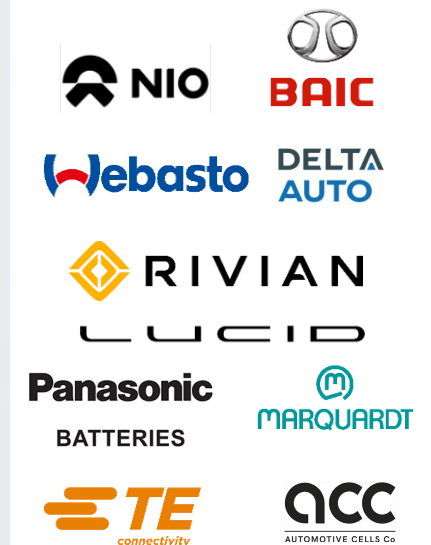
## TARGET MARKET

- About 20% of the world market
- Selection by country and vehicle type

## PRODUCTION FACILITIES

- 3 fuse production units qualified (or in progress): Mexico, China, Hungary
- 2 busbars production units qualified (or in progress): France

## CUSTOMERS



**AND A DEDICATED TEAM (100 PEOPLE)**

# ACC contract: first major contract with a battery manufacturer



Location of the future Gigafactory in Douvrain (France)



Smart laminated busbars for ACC modules

Sales potential over 7 years

**€200m**

Investments for a dedicated workshop in St Bonnet (France) 2023-2024

**€15m-€20m**

# Two other growth markets

## Silicon semiconductors

Investments ongoing (e.g., TSMC, Samsung, Intel, SMIC, SKhynix)

Mersen positioned on the most sophisticated stages of the manufacturing process (ALD, Ion implant)



2022 sales

**€60m**

## Solar

Voluntarily limited production capacity in China  
*Ongoing:* recently announced investments in the United States and India

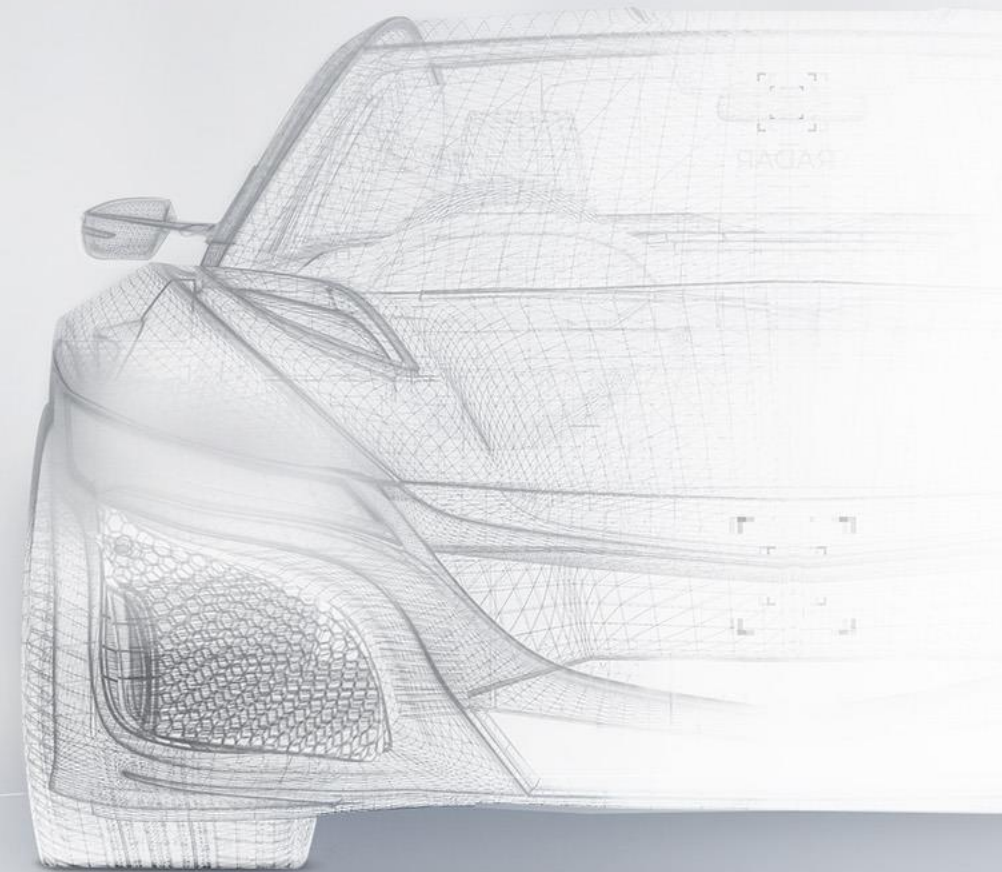


2022 sales

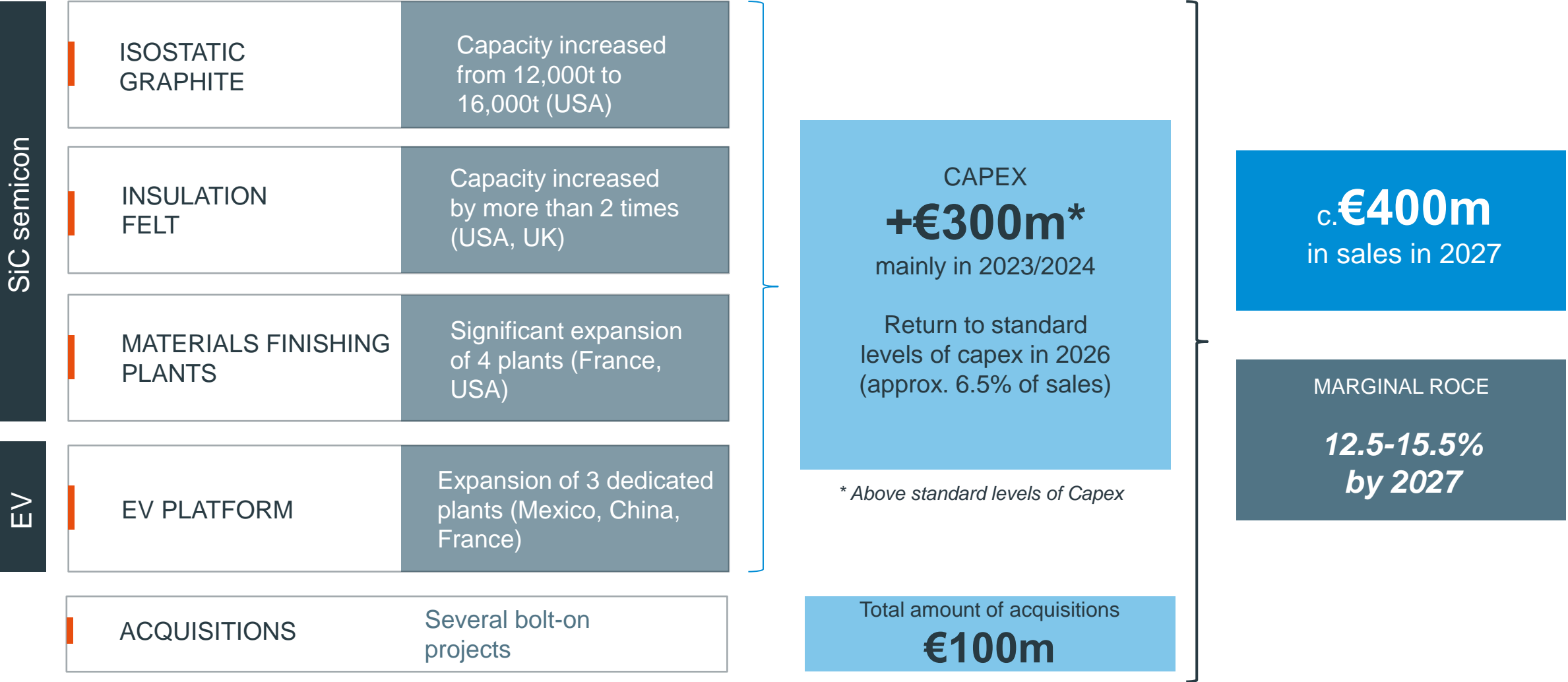
**€101m**

# MEDIUM-TERM OUTLOOK

LUC THEMELIN



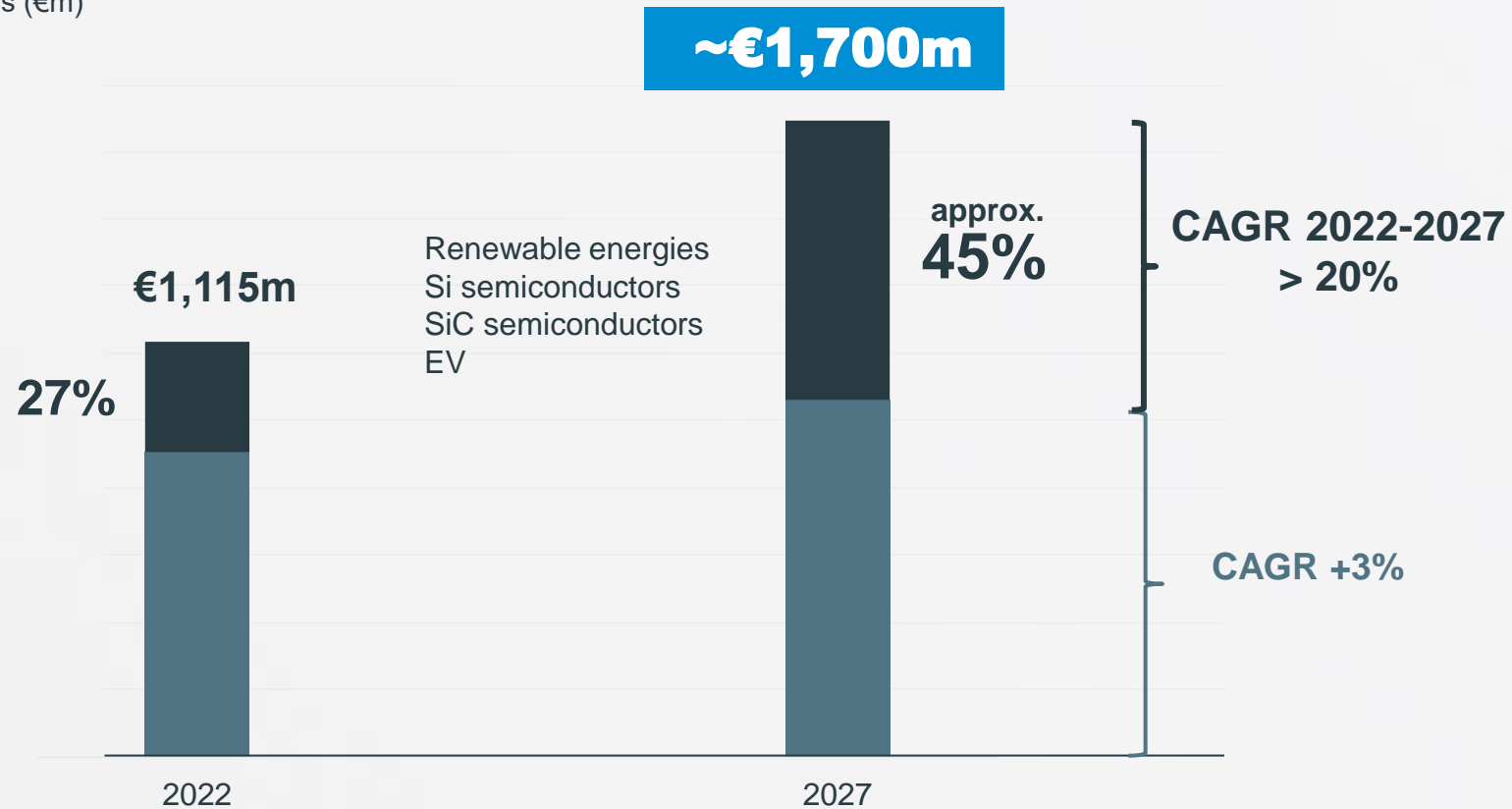
# An investment plan to support this strong growth





# 2027: a new dimension

Sales (€m)



By 2027

OPERATING MARGIN BEFORE  
NON-RECURRING ITEMS

**12% ±50pts**

RECURRING EBITDA MARGIN

**19% ±50pts**

ROCE

**13% ±50pts**

# A new dimension

## A **controlled** acceleration...

**+ In high tech segments**

**+ To serve energy transition markets**

**... by drawing on the Group's strengths:**  
international presence, leadership, expertise, close relationships with customers

# APPENDIX



# Mersen's markets

	END MARKETS	SUSTAINABLE DEVELOPMENT MARKETS	GROWING MARKETS
Energy	Renewables energies (solar, wind, hydro), Conventional énergies, Energy storage	Renewables energies (solar, wind, hydro), Energy storage	Renewables energies (solar, wind, hydro),
Electronics	SiC Semiconductors, Si Semiconductors, Power Electronics	SiC Semiconductors, Si Semiconductors, Power Electronics	SiC Semiconductors, Si Semiconductors
Transportation	Rail, Aeronautics, Electric Vehicles (EV)	Rail, Electric Vehicles (EV)	Electric Vehicles (EV)
Corrosive chemicals	Chlore-alkali, API, Specialty chemicals	API	
Process industries	Heat treatment, Water treatment, Glass, Molding industries, Metallurgy, ....	Heat treatment, Water treatment,	
<b>In 2022</b>	<b>100%</b>	<b>56%</b>	<b>27%</b>