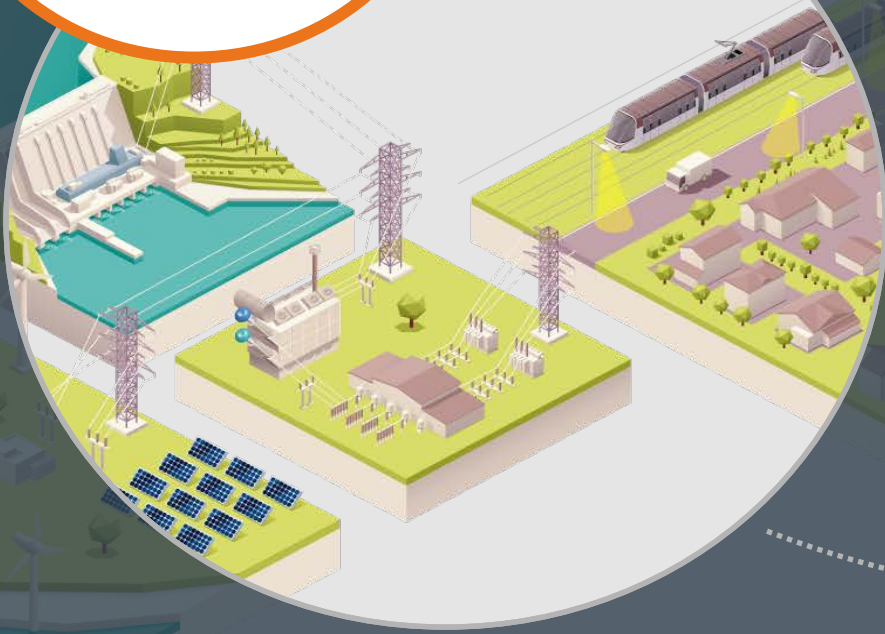


Core expertise
in technology



2014 HALF YEAR RESULTS

mersen

H1 2014 IN REVIEW

Sales in line with H2 2013

- ▶ Slight decrease on H1 2013
- ▶ Excluding sales in chemicals, organic growth is about 2%

Slight improvement in current operating margin

- ▶ Current operating margin at 8.2% (8.1% in 2013)

Transform implementation

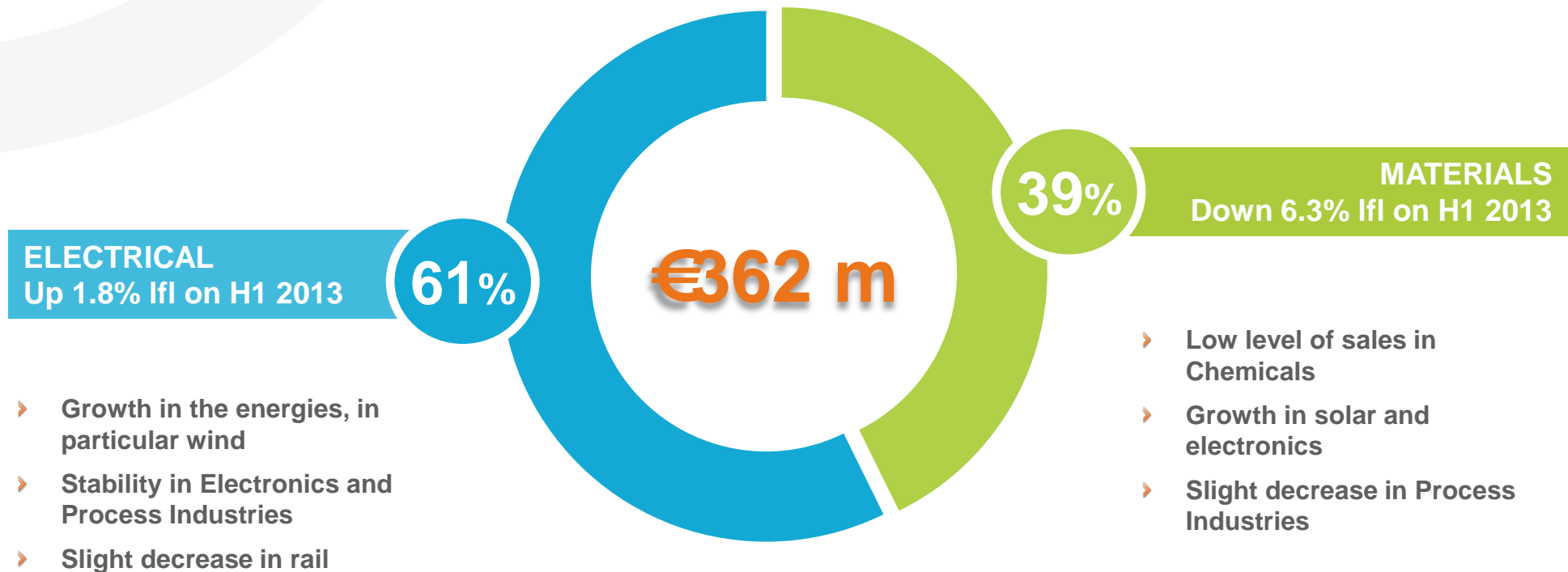
- ▶ Non recurring costs
- ▶ Deployment in line with schedule

Solid financial structure

- ▶ Net debt/EBITDA = 2.3x
- ▶ Renegotiation of syndicated loan at improved conditions (July)

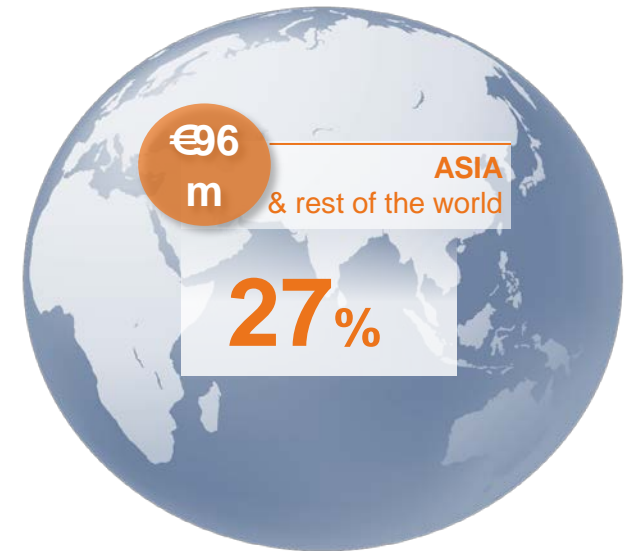
2014 H1 SALES

Down 1.6 % lfl on H1 2013
Up 0.3 % lfl on H2 2013



A SOLID BASE ON THE 3 MAJOR GEOGRAPHIC REGIONS, EXCLUDING CHEMICALS MARKET

Breakdown of 2014 H1 sales



2% ORGANIC GROWTH EXCLUDING CHEMICALS

+0%

- Less projects in Canada (Energy, Transportation)
- Business slowdown at the beginning of the year (weather)
- Growth in Electronics, semiconductors and wind

+3%

- Global recovery in Germany
- Good performance in Electronics

+4%

- Growth in solar
- Good performance in wind
- Dynamism in China

TREND IN CURRENT OPERATING MARGIN

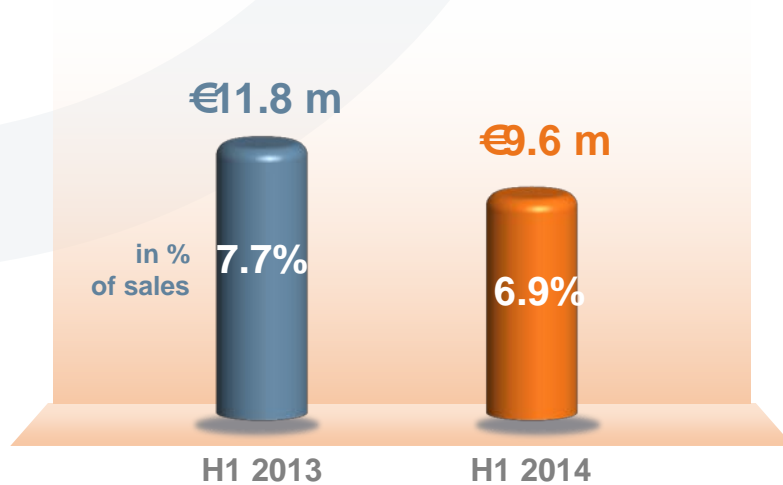
In %	
H1 2013 Current Operating Margin	8.1%
Volume / Mix effects	-0.2%
Prices impact	-0.4%
Net cost impact	+0.2%
Impact of forex, perimeter and depreciation	+0.5%
H1 2014 Current Operating Margin	8.2%

- **Adverse volume effect, favourable mix effect**
- **Prices: decrease in graphite, increase in Electrical**
- **Improvement in productivity (adaptation plan)**
- **Decrease in depreciations**

H1 2014 EBITDA: 47.5M€ (13.1% of sales)

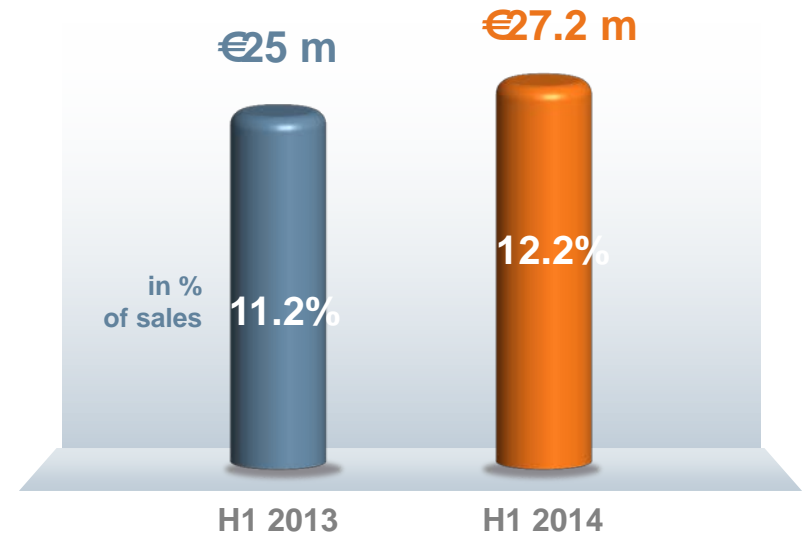
TREND IN OPERATING INCOME BEFORE NON RECURRING ITEMS BY SEGMENT

MATERIALS



- **Contrasted volume effect**
 - Increased volume in graphite
 - Strong drop in anticorrosion
- **Unfavourable price effects in graphite**
- **Decrease in depreciations**

ELECTRICAL



- **Positive volume impact**
- **Pricing power (price increase)**

NET INCOME AFFECTED BY TRANSFORM CHARGES

In € million	H1 2013	H1 2014
Operating income before non-recurring items	30.6	29.8
<i>In % of sales</i>	8.1%	8.2%
Non-recurring charges	(4.4)	(22.7)
Amortization of revalued intangible assets	(0.6)	(0.5)
Net Financial Income	(5.6)	(5.2)
Income tax	(6.3)	(2.7)
Net income from assets held for sale and discontinued operations	(1.7)	1.8
Net income	12.0	0.5
<i>Net income, Group share</i>	<i>11.5</i>	<i>0.2</i>

- **Non recurring charges:** mainly provisions and depreciations linked to Transform plan
- **Financial income:** Decrease in average net debt
- **Effective tax rate:** 33% (restated from exceptional items)

TRANSFORM AT THE END OF JUNE: IN LINE WITH SCHEDULE



- **Closing** of 6 plants in Europe and in the US – **Resizing** of 1 plant in Europe
- **Provisions** for social costs and depreciations
- **Operational deployment** in H2 2014 and in 2015
- **1.5 pts improvement** in current operating margin expected in 2016 (full year effect)

CASH-FLOW FROM OPERATING ACTIVITIES BEFORE CAPEX



› H1 2014 Trend

› Increase in change in WCR (+€23m)

- › Increase in trade receivables (in particular invoice of anticorrosion systems with payments scheduled in H2)
- › Inventories increase in preparation for an increased H2 business level

› Low cash-out linked to Transform

› H1 2013

- › Negative impact of discontinued activities (-€ 6 m)

NET DEBT

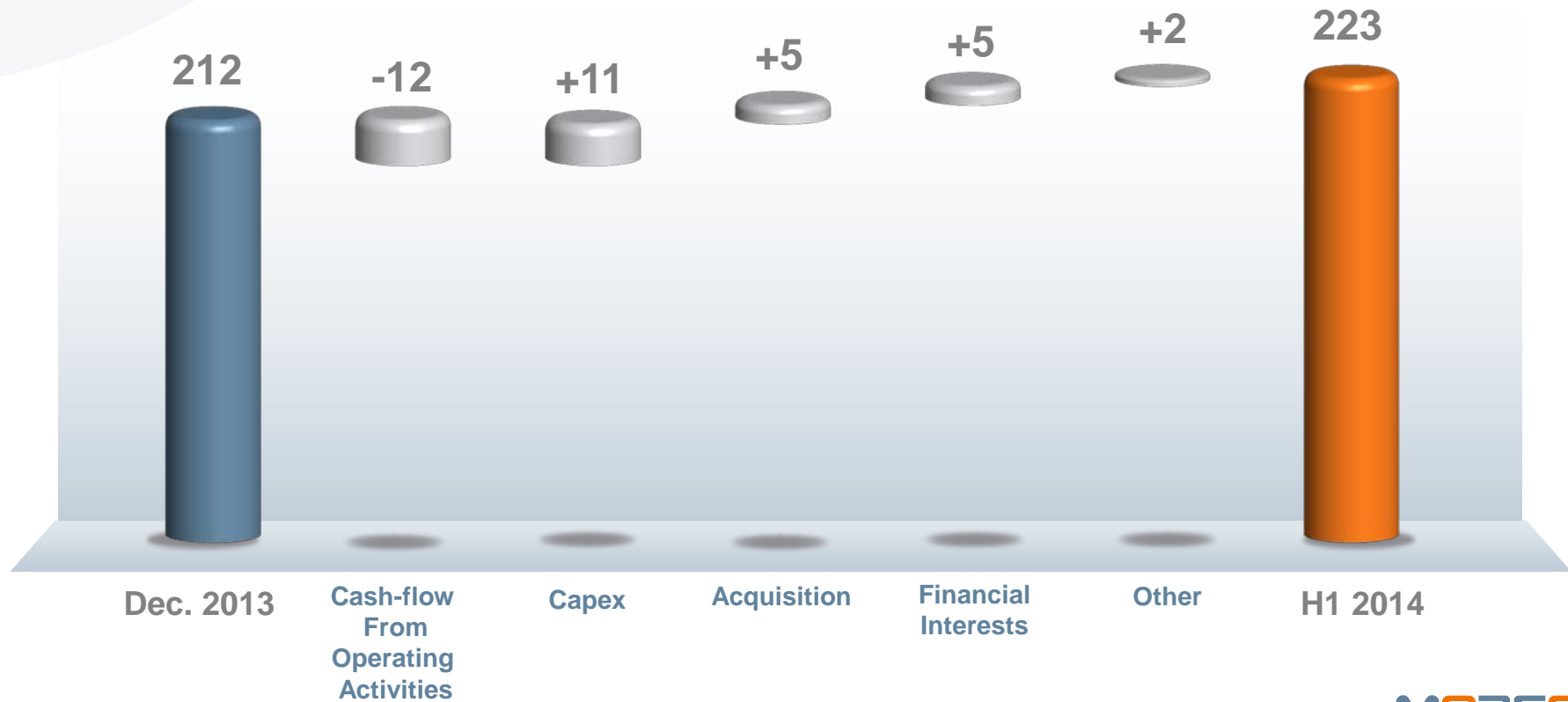
In €million

Net Debt/EBITDA

2.3

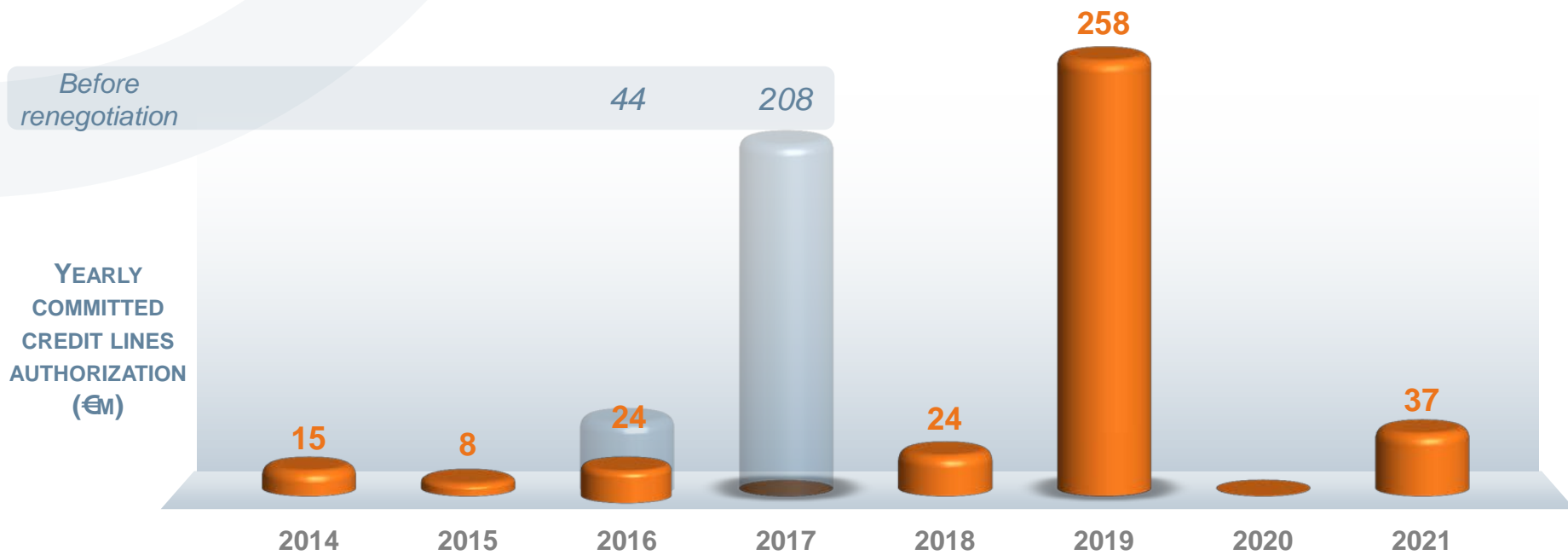
Net Debt /Equity

49%



EXTENDED DEBT MATURITY

RENEGOTIATION OF 2012 SYNDICATED LOAN



- Average debt maturity extended to 5 years
- Drawing facilities above €145 million
- Improved financial conditions

2014 OUTLOOK MAINTAINED

H2 2014

- ▶ Good performance in electronics
- ▶ Americas more favourable

BUT Sluggish activity in chemicals (low level of orders in H1)

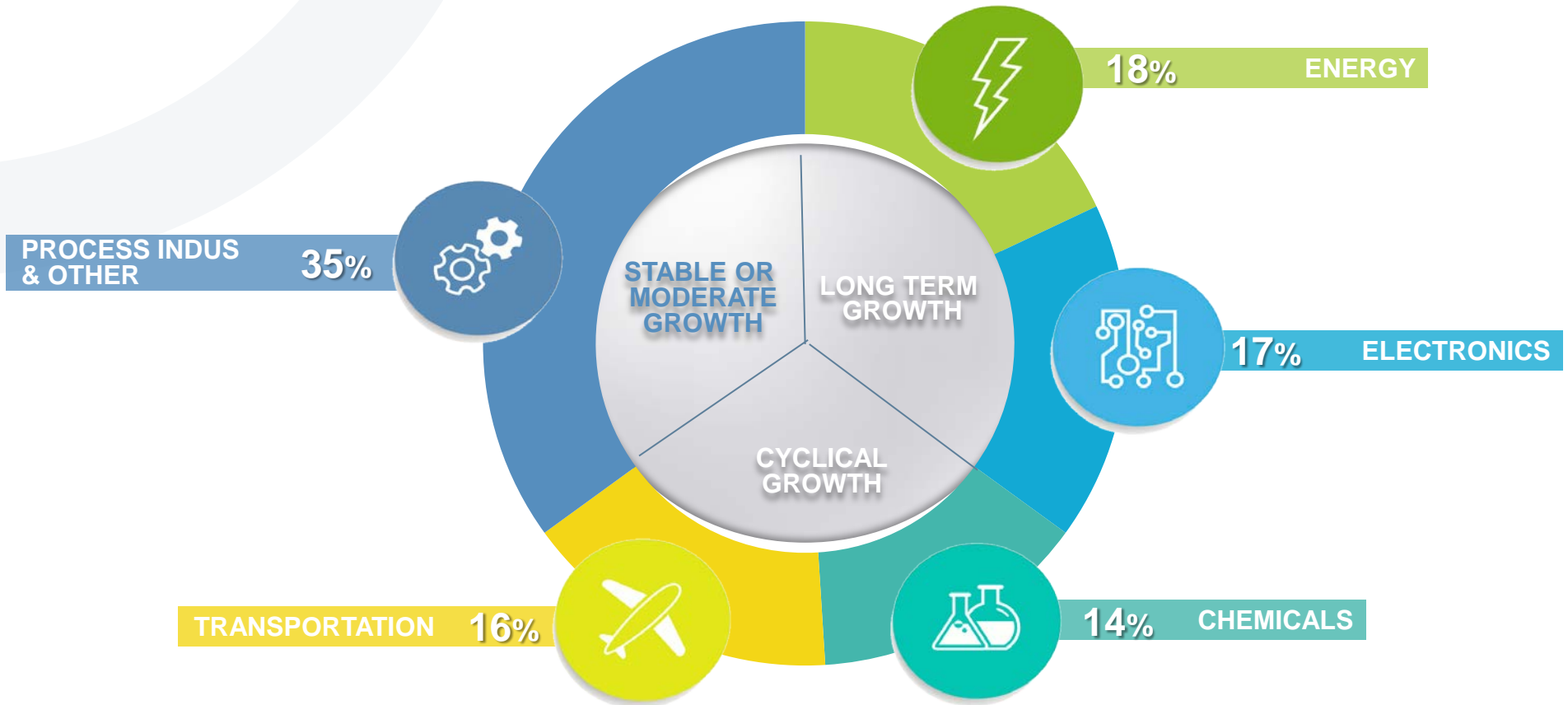
2014 Objectives maintained but are now more challenging

- Slight increase in sales (lfl) and in current operating margin

APPENDIX



SALES BY MARKET



2014 H1 Breakdown

2014 H1 RESULTS BY SEGMENT

<i>in € million except margin</i>	Materials Segment	Electrical Segment	Group (including non allocated costs)
Sales	139.5	222.6	362.1
Operating income before non recurring items	9.6	27.2	29.8
Current operating Margin	6.9%	12.2%	8.2%
EBITDA	21.4	33.0	47.5
EBITDA Margin	15.3%	14.8%	13.1%