MERSEN: FULL-YEAR 2015 RESULTS

- FULL-YEAR OPERATING MARGIN BEFORE NON-RECURRING ITEMS OF 7.5%
- 2015 DIVIDEND UNCHANGED ON 2014 (€0.5 PER SHARE)
- 2016 LIKE-FOR-LIKE SALES EXPECTED TO BE OF THE SAME ORDER AS IN 2015; 2016 OPERATING MARGIN BEFORE NON-RECURRING ITEMS AROUND 7.5% OF SALES
- LAUNCH OF AN AMBITIOUS OPERATIONAL EXCELLENCE PLAN TO DELIVER €30 MILLION IN SAVINGS OVER 2 TO 3 YEARS

PARIS, MARCH 9, 2016 - Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, has today released its full-year 2015 results.

Mersen's Supervisory Board met on March 8, 2016 and reviewed the audited 2015 financial statements. The Management Board met later the same day to approve them.

2015 KEY FIGURES

	2015	2014 restated
Sales (€m)	**772.2**	**726.1**
Operating margin before non-recurring items	7.5%	8.2%
EBITDA margin	**12.7%**	**13.2%**
Net income from continuing operations (€m)	6.3	2.6
Net income (€m)	2.6	2.8
Net debt/equity ratio	47%	46%
Dividend per share (€)	**0.5**	**0.5**

2015 HIGHLIGHTS

- Completion of the Transform plan launched at the beginning of 2014, which has streamlined Mersen's manufacturing facilities. Under the plan, eight projects were launched by the Group, leading to the closure or downsizing of certain sites.

- Acquisition of ASP, a leading Chinese specialist in overvoltage protection (surge protection devices). This deal has strengthened Mersen's presence in the segment and expanded its sales base in Asia thanks to its excellence in IEC technology, which has been widely adopted in the region.

- Announcement of the Group's new organization structure with effect from January 1, 2016, reflecting the priorities of Mersen's expansion strategy. Advanced Materials and Electrical Power are the two internally consistent new segments in this new organization, and they are backed up by the creation of positions dedicated to Innovation and Asia respectively.

"The economic environment was not very supportive in 2015, particularly capital spending. Even so, our expanding markets—renewable energies, electronics and aerospace—continued to perform very well. Despite the business contraction, we achieved an EBITDA margin of 12.7%, thanks largely to the improvements unlocked by the operational excellence plans and the Transform plan. The Transform plan was completed as announced in December 2015, on budget and delivering the savings anticipated. The teams involved deserve a great deal of credit for this achievement.

The economic environment is likely to remain sluggish in 2016. However, we can draw strength from our expanding markets, our rapid time-to-market for innovations and our ability to seize opportunities of growth to mitigate the impact of the slowdown in certain markets.

Thanks to the new organization set up at the beginning of 2016 and built around two new internally consistent business segments, we will be more efficient and responsive in our markets. I have every confidence in the commitment of all our employees and in our ability to continue the process of transforming Mersen so that it is better adapted to its environment and is able to win market share in 2016. We will furthermore continue to increase our competitiveness with an ambitious operational excellence plan to deliver €30 million in savings over the next 2 to 3 years.

Without commitment to meeting precise medium-term figures because of the uncertain environment, we are still aiming high with our plans to boost our sales and profitability thanks to our new organization and our even stronger emphasis on innovation and operational excellence. Our strengths remain the diversification of our markets and of our sales reach, our substantial cash generation, robust balance sheet and ability to adapt rapidly ", stated Luc Themelin, Chairman of Mersen's Management Board.

SALES, OPERATING INCOME AND EBITDA

Mersen posted full-year 2015 consolidated sales of €772.2 million[1], up 6.4% compared with the previous year (restated[2]), with a positive currency effect of €63.5 million. On a like-for-like basis, the top line contracted by 2.2% compared with the previous year. Excluding the chemicals market, organic growth ran at close to 1%.

EBITDA[3] came to €98 million, up 2.4% compared with the restated[2] 2014 figure. This represented 12.7% of the Group's sales.

Mersen's operating income before non-recurring items[4] came to €58.1 million in 2015, representing 7.5% of sales, compared with 8.2% in 2014. The shortfall was attributable to negative volume and mix effects, and unfavorable pricing effects in the Materials segment, offset partly by the benefits of the Transform plan. The increase in depreciation and amortization in 2015 derived from currency effects.

Materials segment sales totaled €283.3 million, representing an organic contraction of 6.6% over the period. The situation in the chemicals market was primarily to blame for this decline. Excluding chemicals, the segment's organic growth ran at over 1% on the back of a very firm performance in aerospace and electronics markets. Conversely, process industries posted a contraction.

The Materials segment's operating margin before non-recurring items was lower than in the previous year (4% vs. 6.5%) owing to a combination of several factors—the very hefty decline in anti-corrosion system for chemical industry volumes, pricing pressures in graphite and, conversely, the benefits of the Transform plan.

Electrical segment sales came to €488.9 million over the full year, up 0.4% on a like-for-like basis. The energy market was upbeat, particularly in the wind and solar segments. Sales to the rail transportation and process industry sectors were again stable, while electronics sales dipped slightly lower, owing to a limited number of new projects.

The Electrical segment's operating margin before non-recurring items of 12.3% was in line with the previous year. This was chiefly attributable to a positive volume effect and the benefits of the Transform plan and other savings plans, counterbalanced by a negative product mix effect.

NET INCOME

Non-recurring charges totaled €21.6 million in 2015. These chiefly consisted of non cash impairment losses on property, plant and equipment and intangible assets (€16.8 million) mainly reflecting the low level

[1] On January 28, 2016, the Group reported sales of €777 million. This figure included the contribution made by a brazing technology business now accounted for under assets held for sale in accordance with IFRS 5.
[2] IFRS 5
[3] Operating profit before non-recurring items + depreciation and amortization.
[4] As defined in CNC Regulation 2009.R.03.

of activity in the chemicals market and underutilization of certain items of graphite production equipment, plus restructuring charges (€5.6 million, including €3 million under the Transform plan).

Mersen's net **finance costs** totaled €10 million in 2015, in line with their 2014 level. Excluding currency effects, average debt in 2015 was close to its 2014 level (€232 million compared with an average debt of €226 million in 2014).

Income tax expense came to €19.1 million, including €4.5 million in impairment losses on deferred tax assets. The effective tax rate, calculated based on net income restated for non-tax deductible charges, unrecognized tax losses and impairment of deferred tax assets, came to 33% in line with the level of previous years.

The net loss from assets held for sale came to €3.7 million. This figure includes the net loss contributed by the brazing technology business currently in the process of being sold, plus an estimate of the likely loss on disposal.

Taking this into account, Mersen's **net income** came to €2.6 million compared with a restated 2014 figure of €2.8 million.

CASH AND DEBT

The Group continue to generate a high level of cash-flow from operating activities excluding non-recurring items: **net cash** from continuing operating activities excluding non-recurring cash flows during the year (restructuring including the Transform plan) came to €73 million, a decline of around €6 million on 2014. This change reflected an increase in the WCR as a result of unfavorable seasonal change in trade payables, plus tax prepayments in the United States in 2015. This figure came to €48.2 million, including non-recurring cash flows.

Capital expenditures came to €34.2 million, of which close to €3 million were incurred under the Transform plan.

All in all, cash flows under the Transform plan came to €19.3 million in 2015, including €3 million in capex, €20 million in restructuring costs and proceeds of €4 million from real estate disposals.

Changes in the scope of consolidation reflected the acquisition of ASP. In 2014, changes derived from the acquisition of a majority shareholding in Cirprotec and the final earn-out payment due in respect of the 2011 buyout of minority interests in Mingrong Electrical Protection.

For 2015 as a whole, net cash flow was thus negative at €12.6 million, compared with €3.3 million in 2014.

Net debt at year-end 2015 totaled €236.5 million, up from €216 million at year-end 2014. At constant exchange rates, debt amounted to €226.6 million. This takes into account close to €30 million in non-recurring outflows mainly in relation to acquisitions and the Transform plan.

FINANCIAL STRUCTURE

The Group's finances remain in very good shape, with the net debt to EBITDA ratio at 2.39x[5] and the net debt to equity ratio at 47%[5].
At December 31, 2015, Mersen had over €360 million in confirmed credit facilities, of which it had drawn down 60%. The average maturity of the financing is 4 years.

DIVIDEND

At the forthcoming AGM on May 11, the Supervisory Board is set to propose payment of a dividend of €0.5 per share. This would represent a payout ratio of 36% of net income from continuing operations restated for non-recurring items net of tax.

OUTLOOK

The economic environment is likely to remain sluggish in 2016, especially in process industries and chemicals. Even so, the Group's sales should continue to expand in its growth markets—renewable energies, aerospace and electronics.
Amid these mixed conditions, Mersen intends to further enhance its competitiveness by launching a new operational excellence plan to deliver €30 million in savings over the next 2 to 3 years and to yield its initial benefits from 2016. The impact of these measures may be curbed to some extent in 2016 by a persistently unfavorable pricing environment in the Materials segment. Taking all these factors into account, 2016 sales on a like-for-like basis are likely to be of the same order of magnitude as in 2015 and operating margin before non-recurring items around 7.5% of sales. Operating cash flow is expected to be well above that recorded in 2015, when it was reduced by the cash costs associated with the Transform plan.

Over the medium term, the Group will rely on its strenghths namely a market and geography diversification, a substantial cash-flow generation, robust balance sheet and ability to adapt quickly to deliver growth both in sales and profitability.

[5] ratio calculated using confirmed credit lines (bank lines and US private placement).

SIMPLIFIED CONSOLIDATED INCOME STATEMENT

in € million	2015	2014 restated
Sales	772.2	726.1
Gross income	231.7	221.6
Selling costs & other	(77.1)	(72.9)
Administrative & research costs	(96.5)	(89.1)
Operating income before non-recurring items	**58.1**	**59.6**
in % of sales	7.5%	8.2%
EBITDA	**98.0**	**95.7**
in % of sales	12.7%	13.2%
Non-recurring income and expense	(21.6)	(37.0)
Amortization of revalued intangible assets	(1.1)	(1.0)
Operating income	35.4	21.6
Financial income	(10.0)	(9.9)
Current and deferred income tax	(19.1)	(9.1)
Net income from assets held for sale	(3.7)	0.2
Net income from the year	**2.6**	**2.8**
- Attributable to Mersen's shareholders	1.3	2.1

SEGMENTAL ANALYSIS EXCLUDING CORPORATE EXPENSES

In € million	Materials (AMT)		Electrical (ECT)	
	2015	2014 restated	2015	2014 restated
Sales	283.3	275.2	488.9	450.9
EBITDA	38.0	42.1	72.9	67.1
in % of sales	13.4%	15.3%	14.9%	14.9%
Operating income before non-recurring items	11.3	18.0	60.0	55.4
in % of sales	4.0%	6.5%	12.3%	12.3%

SIMPLIFIED BALANCE-SHEET

in € million	Dec 31, 2015	Dec 31,2014
Non-current assets	669.6	653.8
Inventories	168.2	162.4
Trade and other receivables	133.6	131.8
Other assets	8.4	4.8
TOTAL	**979.8**	**952.8**
Liabilities and Equity	490.0	466.9
Provisions	12.6	23.4
Employee benefits	76.5	89.6
Trade and other payables	125.0	126.1
Other liabilities	39.2	30.8
Net debt	236.5	216.0
TOTAL	**979.8**	**952.8**

SIMPLIFIED STATEMENT OF CASH-FLOW

in € million	Dec 31, 2015	Dec 31,2014 restated
Operating cash-flow before change in WCR	70.0	77.4
Change in WCR	(5.5)	1.7
Income tax paid	(16.3)	(13.3)
Net cash generated by continuing operating activities	48.2	65.8
Net cash generated by operating activities excluding exceptional items*	***73.0***	***79.1***
Cash generated by discontinued operations	(1.4)	(0.8)
Operating cash-flow	46.8	65.0
Capital Expenditure	(34.2)	(32.0)
Operating cash-flow after capex	12.6	33.0
Change in scope (acquisitions)	(5.7)	(8.6)
Disposal on fixed assets and other	2.3	(0.7)
Net cash generated/(used) by operating and investing activities	9.2	23.7
Increase in share capital and other	(9.5)	(1.1)
Dividends paid	(10.5)	(10.0)
Interest payments	(1.8)	(9.3)
Net cash-flow before change in debt	(12.6)	3.3

**Cf management report*

The reference document is available for download on Mersen's website.

NEXT REPORTING DATES

First-quarter 2016 sales: April 27, 2016 after the market close.

ABOUT MERSEN

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, transportation, electronics, chemicals, pharmaceuticals and process industries.

THE GROUP IS LISTED IN COMPARTMENT B OF EURONEXT

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