



Annual General Meeting

MAY 19, 2022

AGENDA

- **Introduction**
- **Management report and 2021 results**
- **2022 outlook and mid-term vision**
- **Report by the statutory Auditors**
- **Corporate Governance report**
- **Answers to shareholder's questions**
- **Vote of resolutions**



2021 Results

Thomas Baumgartner, CFO

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

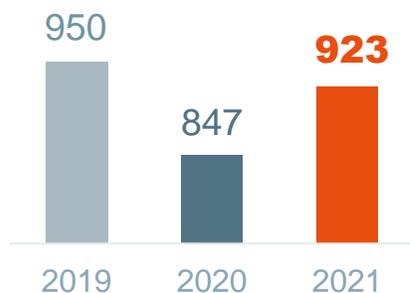
€1.00/share

i.e., a **€21m** payout

... FUELING A RETURN TO LEVELS CLOSE TO 2019



SALES (€m)

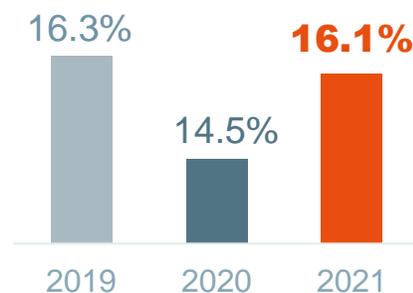


Growth driven by **sustainable development markets**

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



Diversity

24.4%
of women managers and executives



Health & Safety

4,927
management
safety visits



Recycling

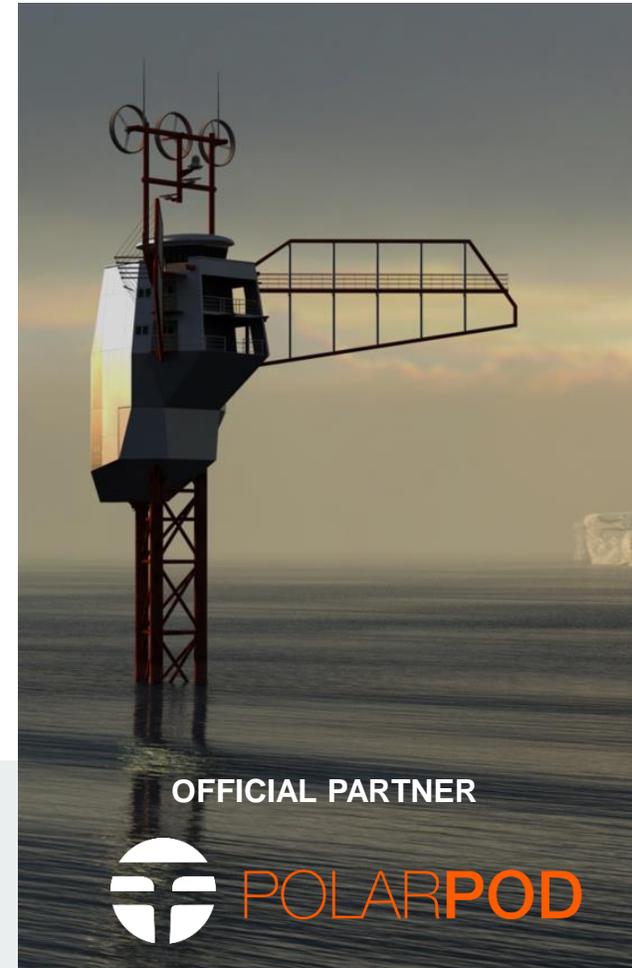
63%
waste recycling rate



Pride in belonging

91%
of employees proud
to belong to the Group

**STRONG COMMITMENT TO
THE PLANET THROUGH
THE POLAR POD PROJECT**



2021 SALES: SHARP GROWTH IN ALL GEOGRAPHIES

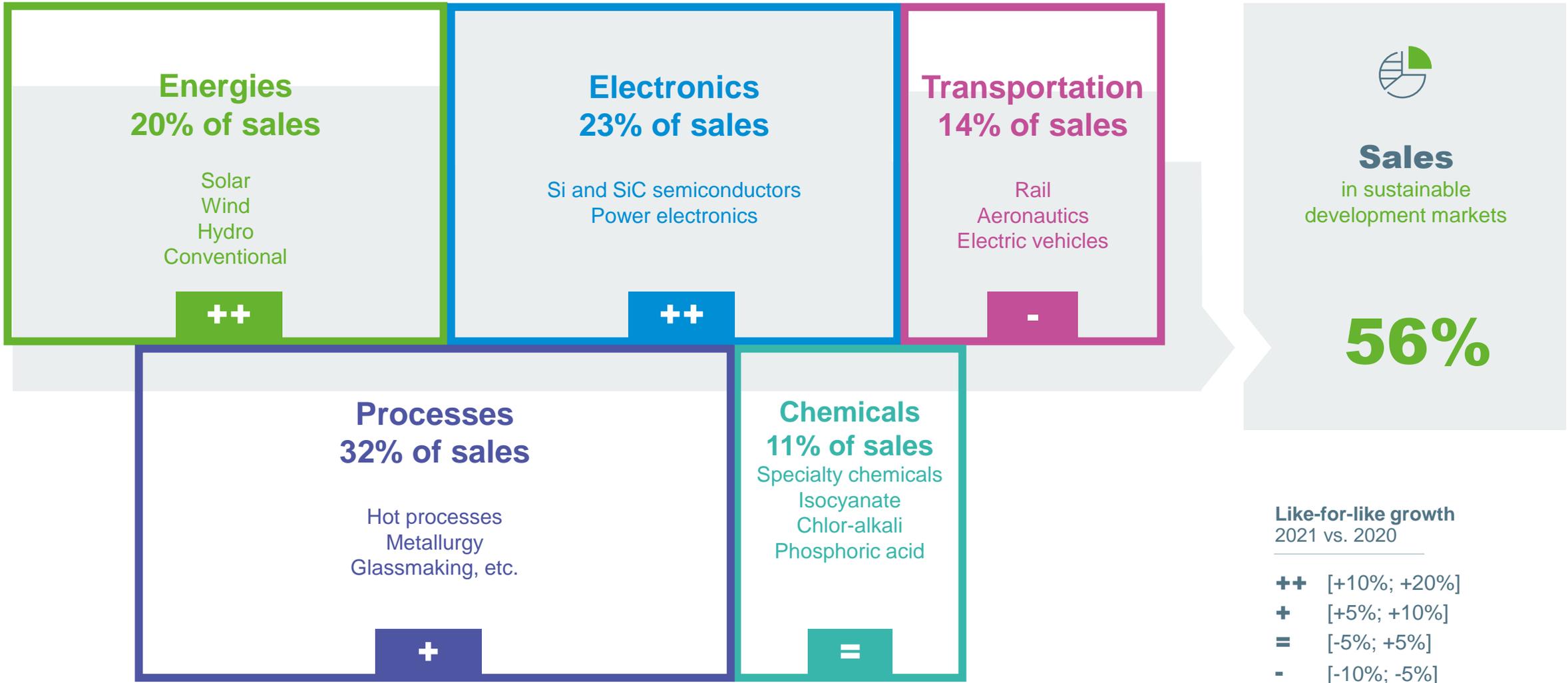


- 1 **Europe**
+8% vs. 2020
- 2 **North America**
+8% vs. 2020
- 3 **South America – Africa**
+23% vs. 2020
- 4 **Asia-Pacific**
+8% vs. 2020

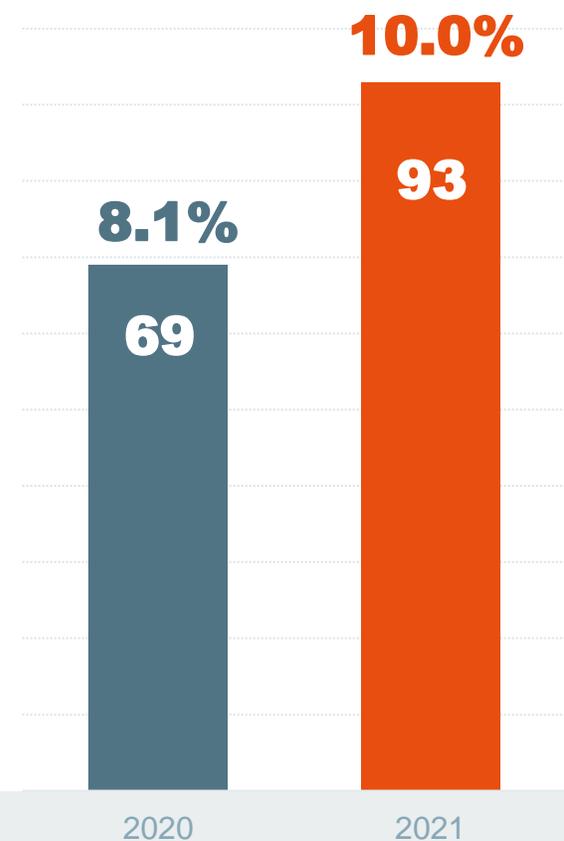
↓
€923m
+8.6%
like-for-like

Like-for-like growth (%)

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



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%

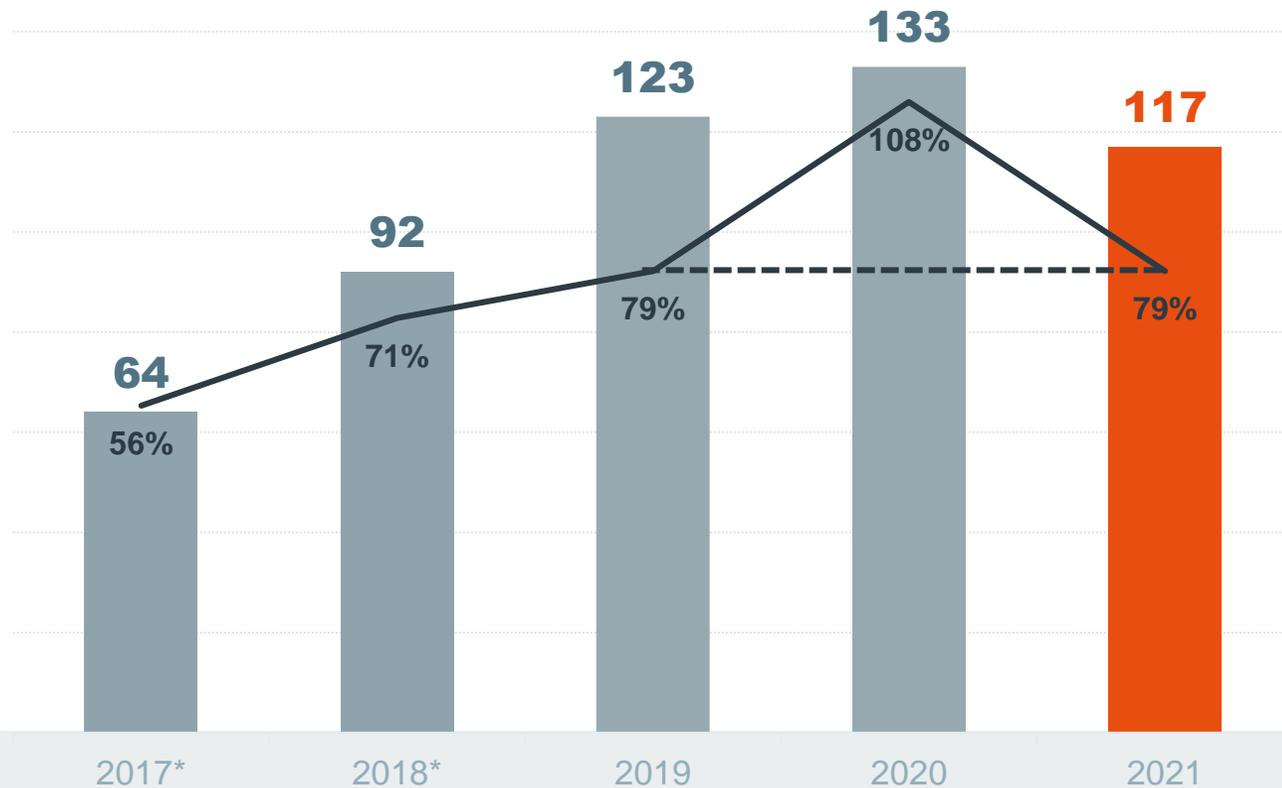
* Non-recurrence of subsidies

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

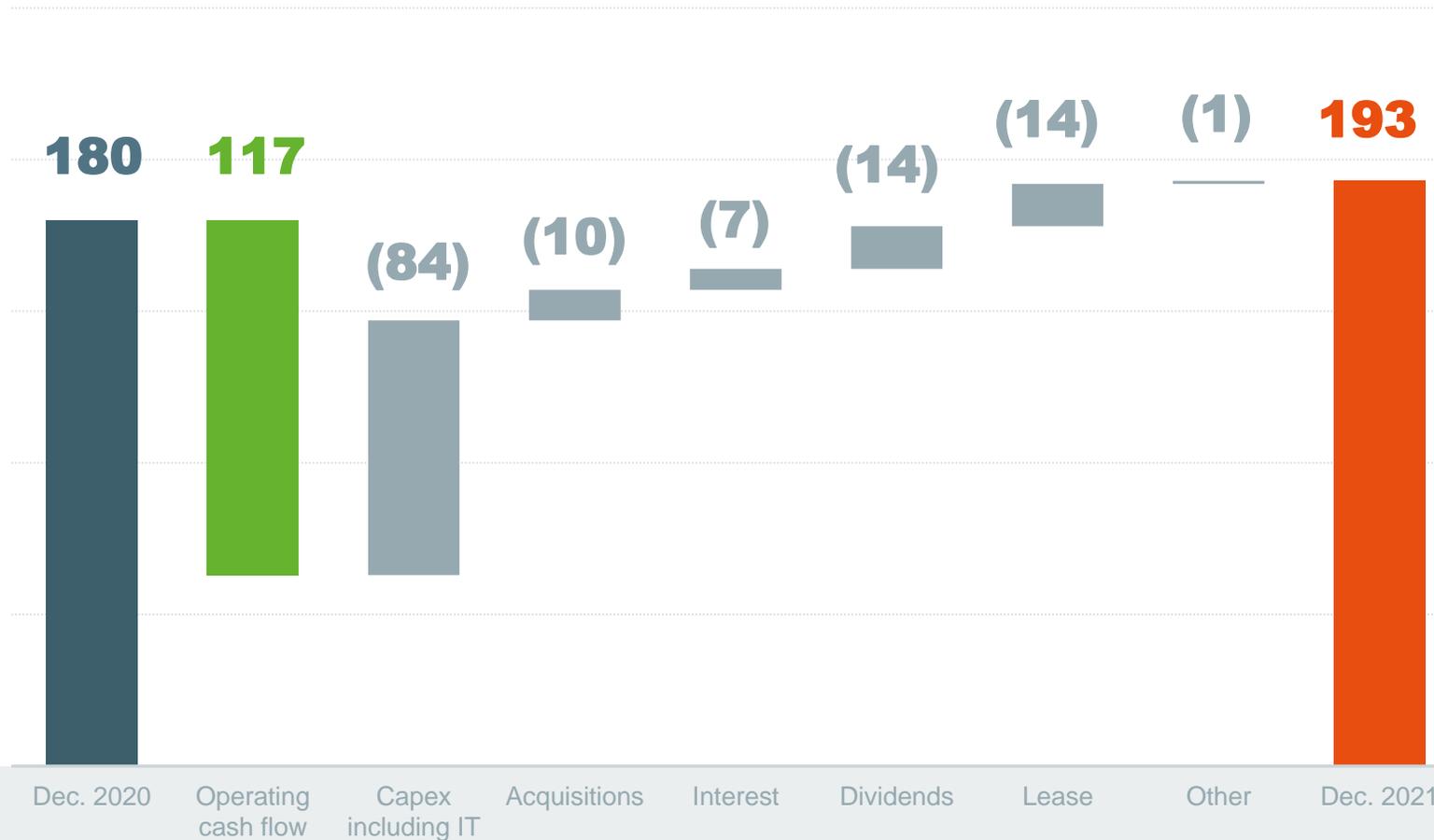
Buildings in line with environmental standards
Process improvements
Solar power plants in France

+€5m

information systems projects

MAINTAINING A SOLID FINANCIAL STRUCTURE

NET DEBT (€m)



Net debt/
EBITDA

1.42

Net debt/
Equity

30%

Not including

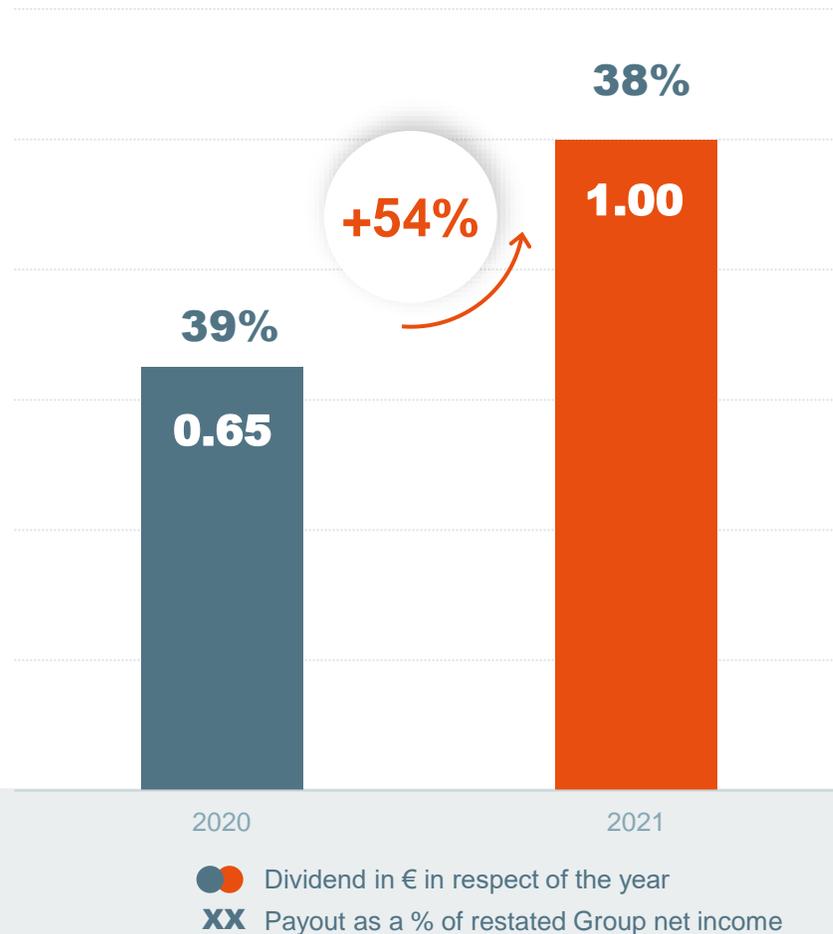
Lease liabilities:

€53m

Provisions for pension obligations:

€49m

A PROPOSED 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



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

A VERY GOOD START TO THE YEAR 2022



Like-for-like growth (as a %)

Q1 2022

€255m

+12%

Organic Growth

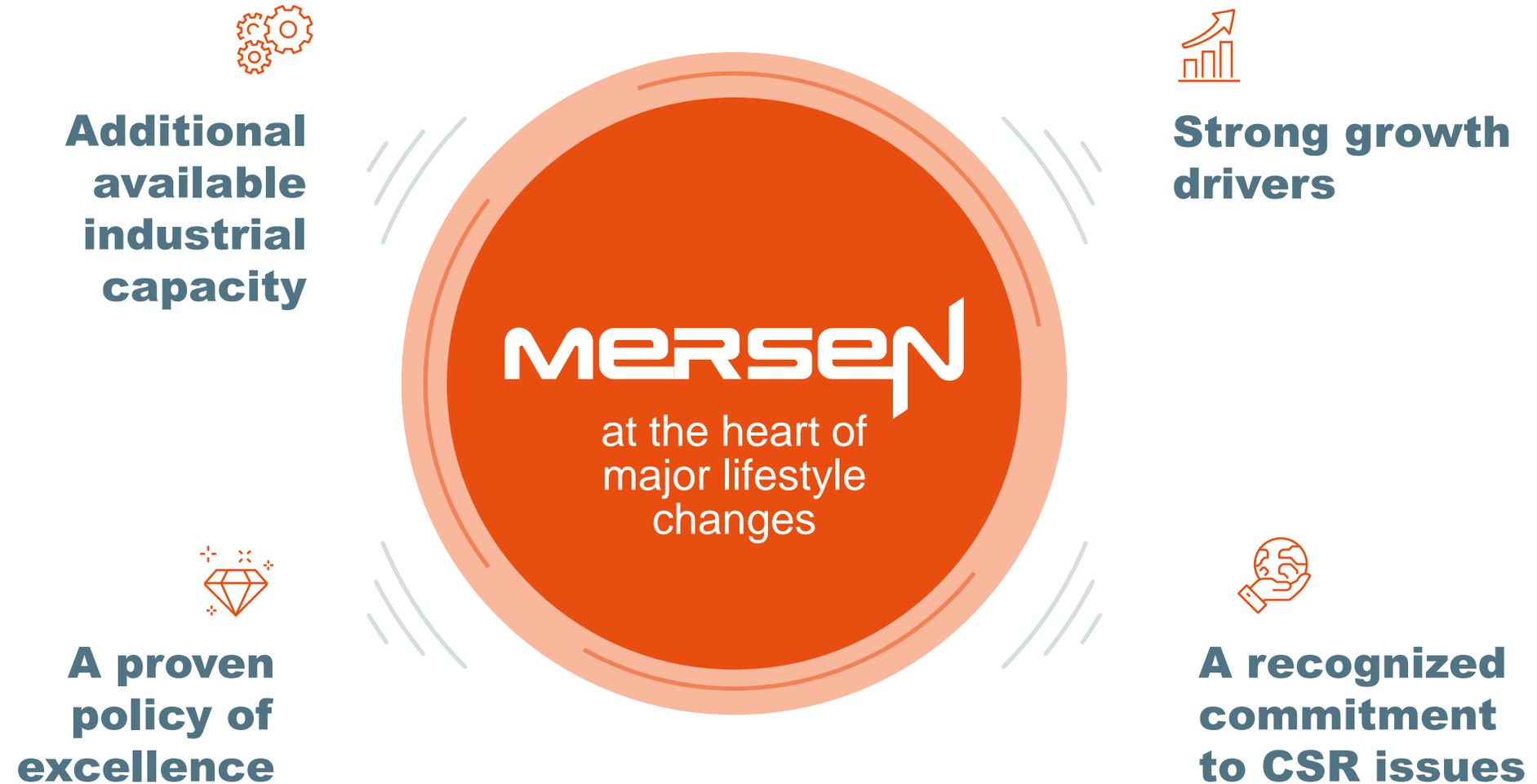
**Advanced
Materials**

€141m +11%

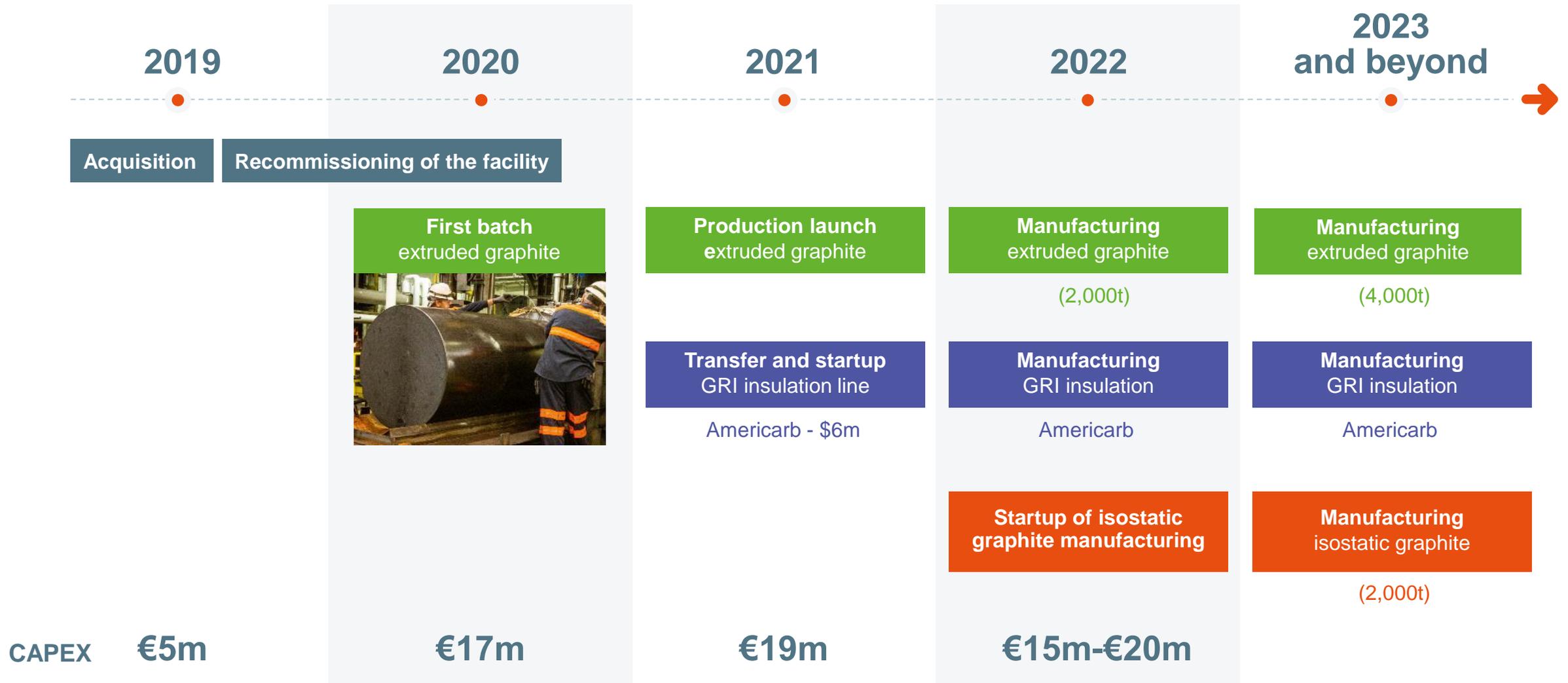
**Electrical
Power**

€114m +13%

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

Solar
Jinko

EIFFAGE
CLEMESSEY

VINCI

shoals
INVENTING SIMPLE*

**SOLAR
BOS**



SIEMENS

TMEiC
We drive industry

POWER ELECTRONICS
PURE ENERGY

ABB

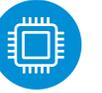
northvolt



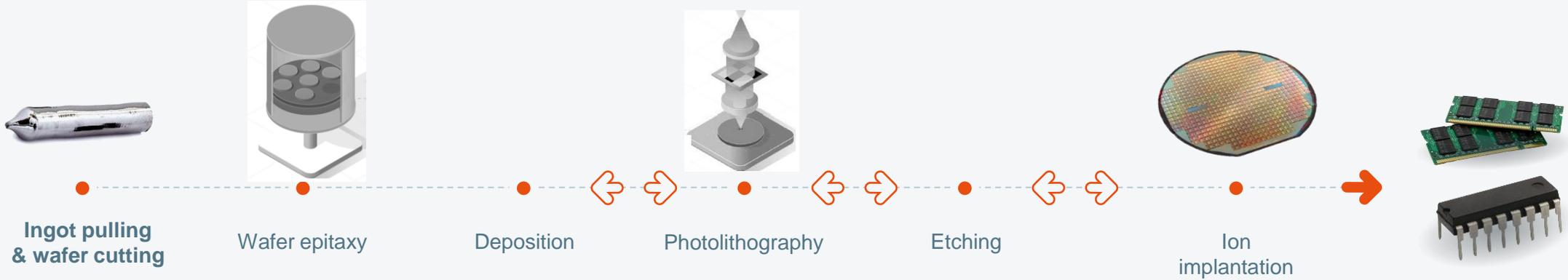
2021 SALES
€71m

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

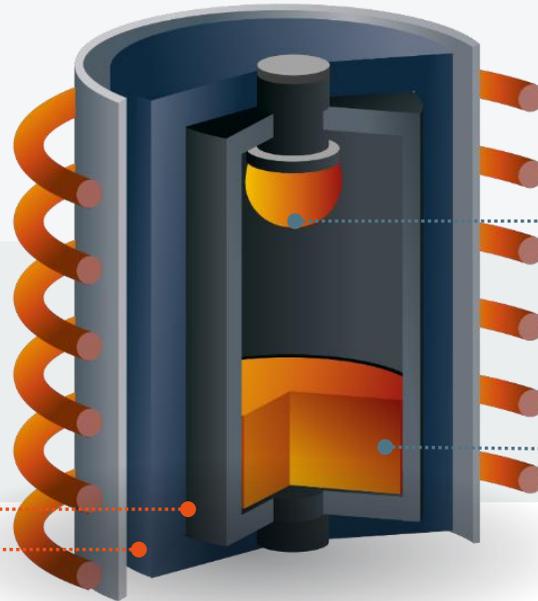
2,400°C +/- 1°C



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

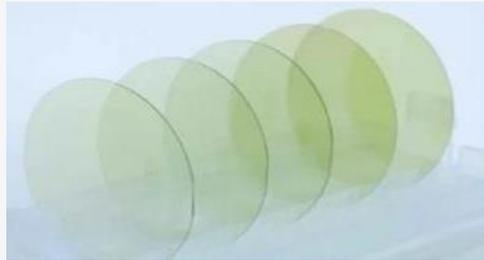
2025 EST. SALES

€80m

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



SiC ingot



Monocrystalline SiC wafer



P-SiC wafer

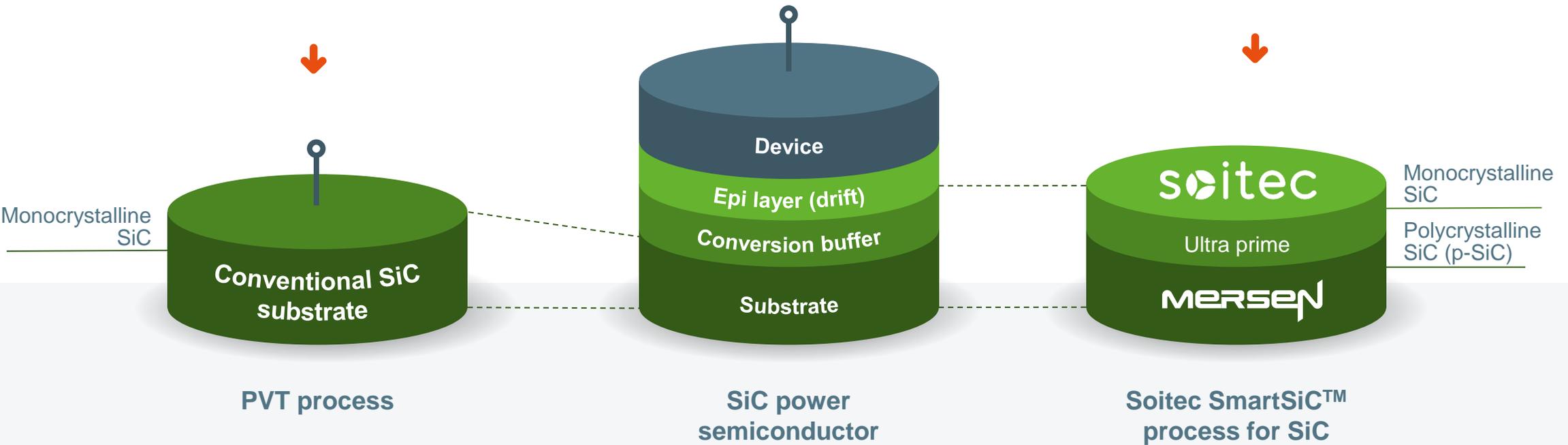


2021 SALES

€0m

2025 EST. SALES

€30m



MERSEN'S OFFERING FOR EV/HEV APPLICATIONS



MERSEN
EXPERTISE

Inverter



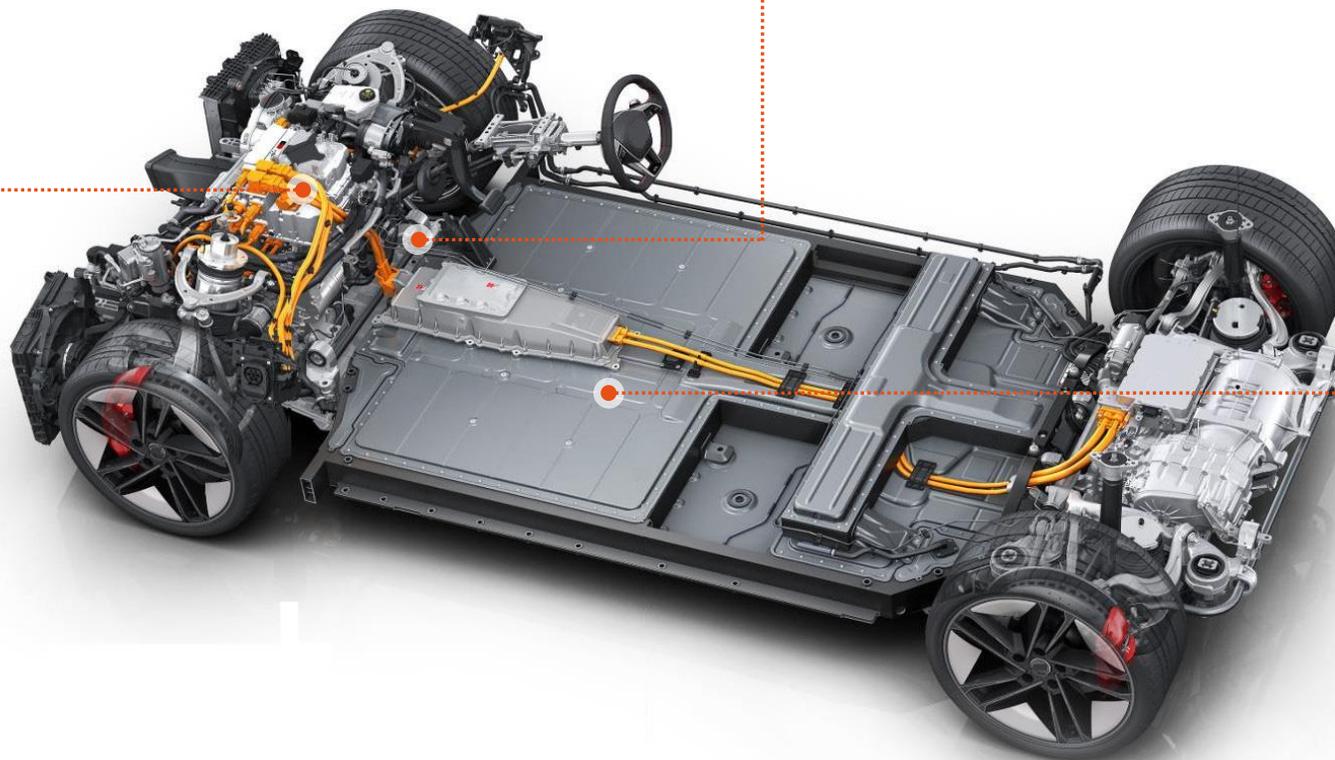
Electrical circuit
protection

Courtesy: Würth Electronic



Battery

Courtesy: Exagon



2021 SALES

€16m

2025 EST. SALES

€40-70m

A DIVERSIFIED ACCESSIBLE MARKET FOR MERSEN

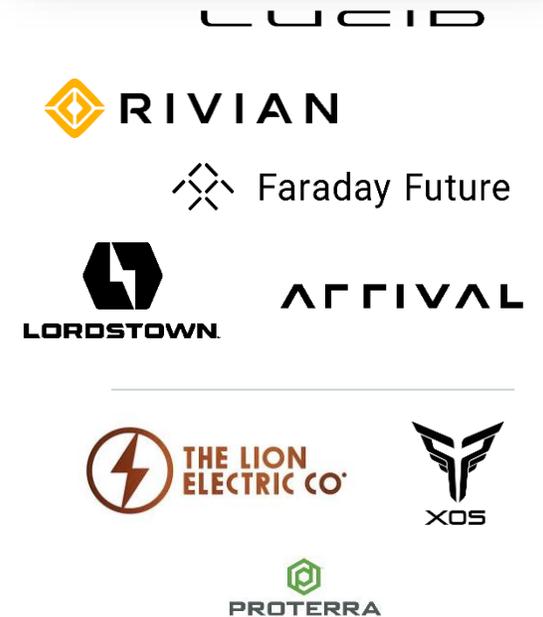


Car manufacturers

Tier-1 suppliers

Battery module manufacturers

New entrants

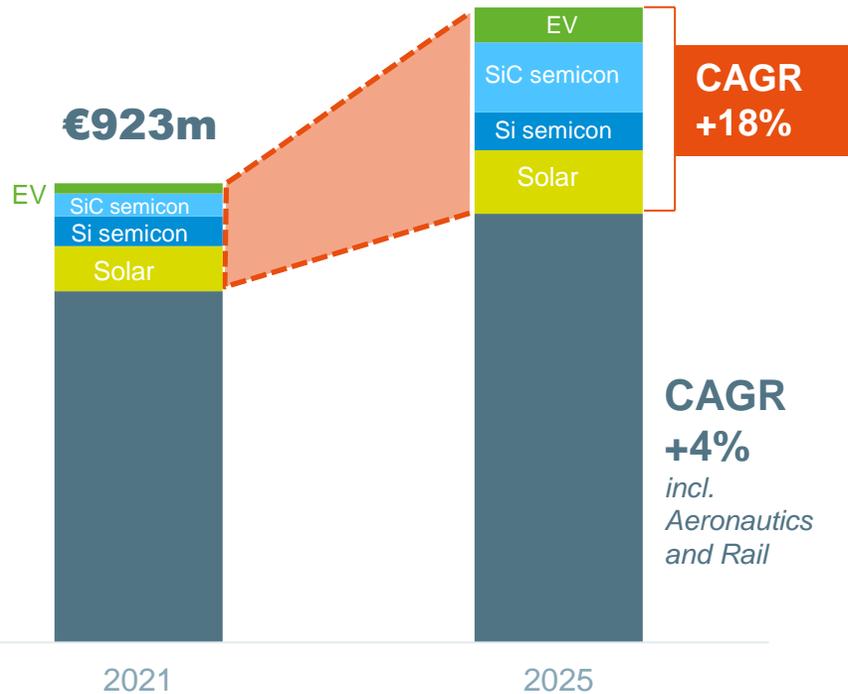


AMBITIOUS MID-TERM PLAN



SALES

€1,200m



OPERATING MARGIN BEFORE
NON-RECURRING ITEMS

≥ 11%

EBITDA MARGIN
≥ 17.5%



ROCE

≥ 12%

Pre-tax



NEW CSR ROADMAP



Responsible
partner



Limiting our
environmental impact



Developing
human capital



Ethics and
compliance culture



Reports by the auditors

Anne Demerlé, Deloitte & Associés



Corporate Governance report

Olivier Legrain,
Chairman of the Board of Directors

BOARD MEMBERS



- 1 – Olivier Legrain (independant)
- 2 – Isabelle Azemard
- 3 – Pierre Creusy (rep. employees)
- 4 – Michel Crochon (independant)
- 5 – Carolle Foissaud (independant)
- 6 – Magali Joëssel
- 7 – Ulrike Steinhorst (independant)
- 8 – Denis Thiery (independant)
- 9 – Luc Themelin

GOVERNANCE:

REPLACEMENT OF A DIRECTOR

The term of office of **Isabelle Azemard**, elected on the recommendation of **Bpifrance**, is due to expire.

Election of a new Director: Bpifrance Participations whose permanent representative at the Board would be **Emmanuel Blot**.

Emmanuel Blot, 36, Investment Director at Bpifrance

Experience in finance, financial markets, M&A. Very good knowledge of Mersen's business (in charge of its monitoring at Bpifrance for 10 years)

No current directorship.



COMPENSATION POLICY - SUMMARY

2020

- No change in variable compensation criteria, even in a crisis situation
- Voluntary reduction of fixed remuneration (CEO and Board of Directors) due to the situation
- Competitiveness study carried out, highlighting that i) CEO remuneration is relatively low compared to the panel ii) the structure of remuneration elements is very different from that of peers, notably on financial criteria of the variable compensation

2021

- Decision to review only the annual variable compensation of the CEO, changing the financial criteria and increasing the maximum bonus to reward financial outperformance
- Competitiveness study on the compensation of the Chairman and members of the Board of Directors carried out

2022

- Decision to review the fixed remuneration of the CEO
- Decision to review the fixed remuneration of the Chairman and the remuneration of the members of the Board.

COMPENSATION FOR 2021

Luc Themelin, CEO	2021	Comments
Fixed compensation	440,000	Unchanged since 2015
Annual variable compensation	589,600	83% objective on operating margin before non-recurring items 100% objective on cash-flow 100% objective on EBITDA 80% objectives on non-financial criteria
Performance shares	297,332	12,600 performance shares
Incentives	20,568	
Benefits in kind	33,512	

Olivier Legrain, Chairman of the Board	2021	Comments
Fixed compensation	80,000	Unchanged since 2010
Directors' compensation	34,884	Mostly based on attendance in committees and the Board of Directors

PROPOSED COMPENSATION POLICY FOR 2022

CEO

- Fixed remuneration (€440,000), unchanged since 2015 **revised** as a result of the competitiveness survey: €500,000
- Annual variable compensation unchanged vs 2021
- Multi-annual variable compensation: performance bonus shares

Chairman

- Fixed remuneration (€80,000), unchanged since 2010 **revised** as a result of the competitiveness survey: €120,000

Members of the Board

- Maximum ceiling (€264,000) unchanged since 2011 **revised** as a result of the competitiveness survey: €305,000
- Revision of the allocation criteria for remuneration, with a dominant proportion linked to attendance

WORK PERFORMED BY THE BOARD OF DIRECTORS IN 2021

Strategy

Strategic plans, budget, acquisitions
Main markets, in particular EV and SiC semicon
Columbia plant (United States)



9 meetings in 2021
Attendance 100%

CSR policy

CSR performance and road-map
Gender policy

Financial results: approval of accounts, guidance

Governance:

Nomination of a director in charge of CSR issues
Selection procedure for independent directors

Remuneration: corporate officers

AGM: resolutions

MAIN WORK PERFORMED BY THE AUDIT AND ACCOUNTS COMMITTEE IN 2021

Results: review of the accounts and the process



5 meetings in 2021
Attendance 85%

Universal Registration Document

Accounting and regulatory changes

Risk mapping, including CSR

Financing: approval of a refinancing through a private placement

Internal control: review and approval of audit programs

CAC: renewal process

Other topics, such as pensions, taxation and cash

MAIN WORK PERFORMED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE IN 2021

Compensation



6 meetings in 2021
Attendance 100%

Compensation 2021 and proposals for 2022

Competitiveness survey on the compensation of the Chairman of the Board and the members of the Board

Governance

Evaluation of the Board of Directors, review of directors' skills

Review of Board and Committee attendance rates, Board composition

Review of the Corporate Governance Report

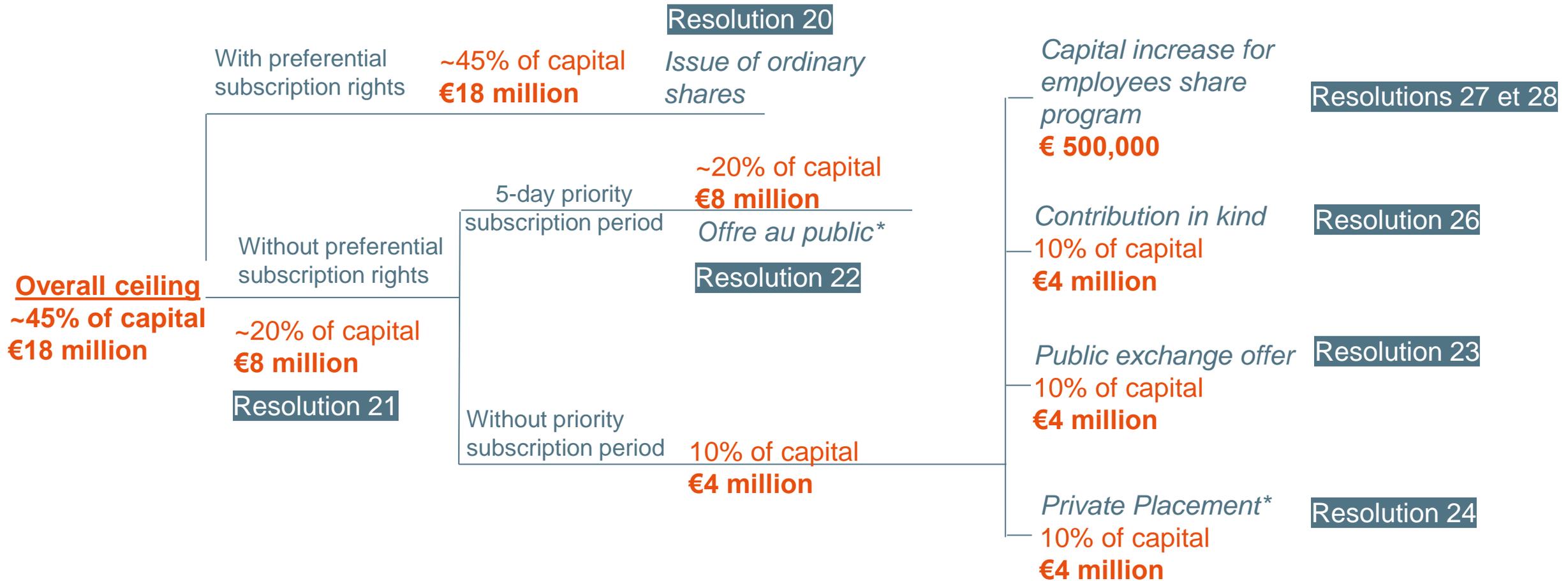
Succession plan for the Chief Executive Officer and members of the Executive Committee

Assessment of the independence of directors

Evaluation of the implementation of the policy of increasing the number of women in management bodies

Preparation of the Annual General Meeting

CEILINGS FOR THE FINANCIAL DELEGATIONS



* Maximum discount of 5% on the subscription price

ATTRIBUTION OF SHARES

3 plans proposed for 3 types of beneficiaries

1. Executives (including CEO) - 84,000 shares for 14 beneficiaries
2. Managers - 100,800 shares for approximately 190 beneficiaries
3. Experts and Talents - 12,000 shares for approximately 50 beneficiaries

Common principles

- Duration: 3 years
- Presence criteria

Performance criteria for plans 1 and 2

- Executives: stock market criteria (1/3), financial criteria (1/3) and CSR criteria (1/3)
- Managers: financial criteria (2/3) and CSR criteria (1/3)

NEW HEAD OFFICE

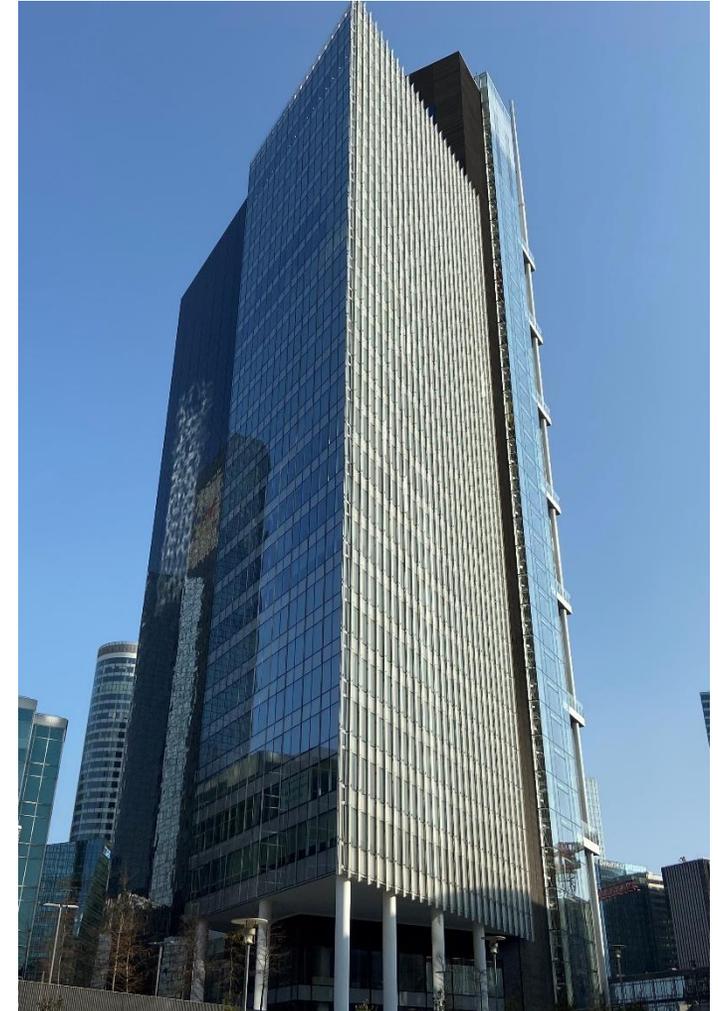
Tour Trinity

Postal address

1bis place de la Défense

92400 Courbevoie

FRANCE





Q&A session



Vote of the resolutions