04

A solid financial profile

Thomas Baumgartner
Chief Financial Officer

A solid financial profile

1

A solid historical performance

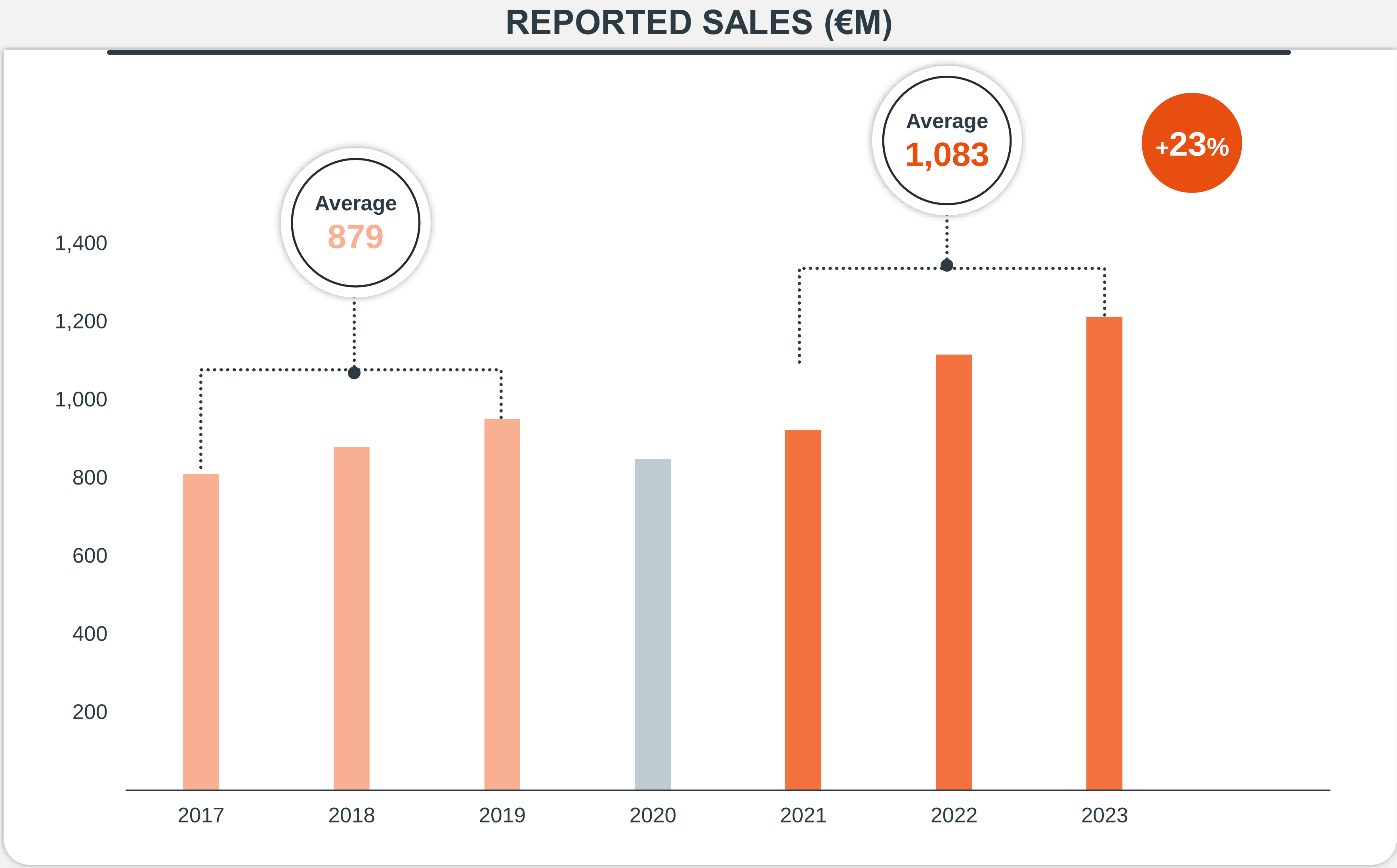
2

An adjustment of the mid-term plan

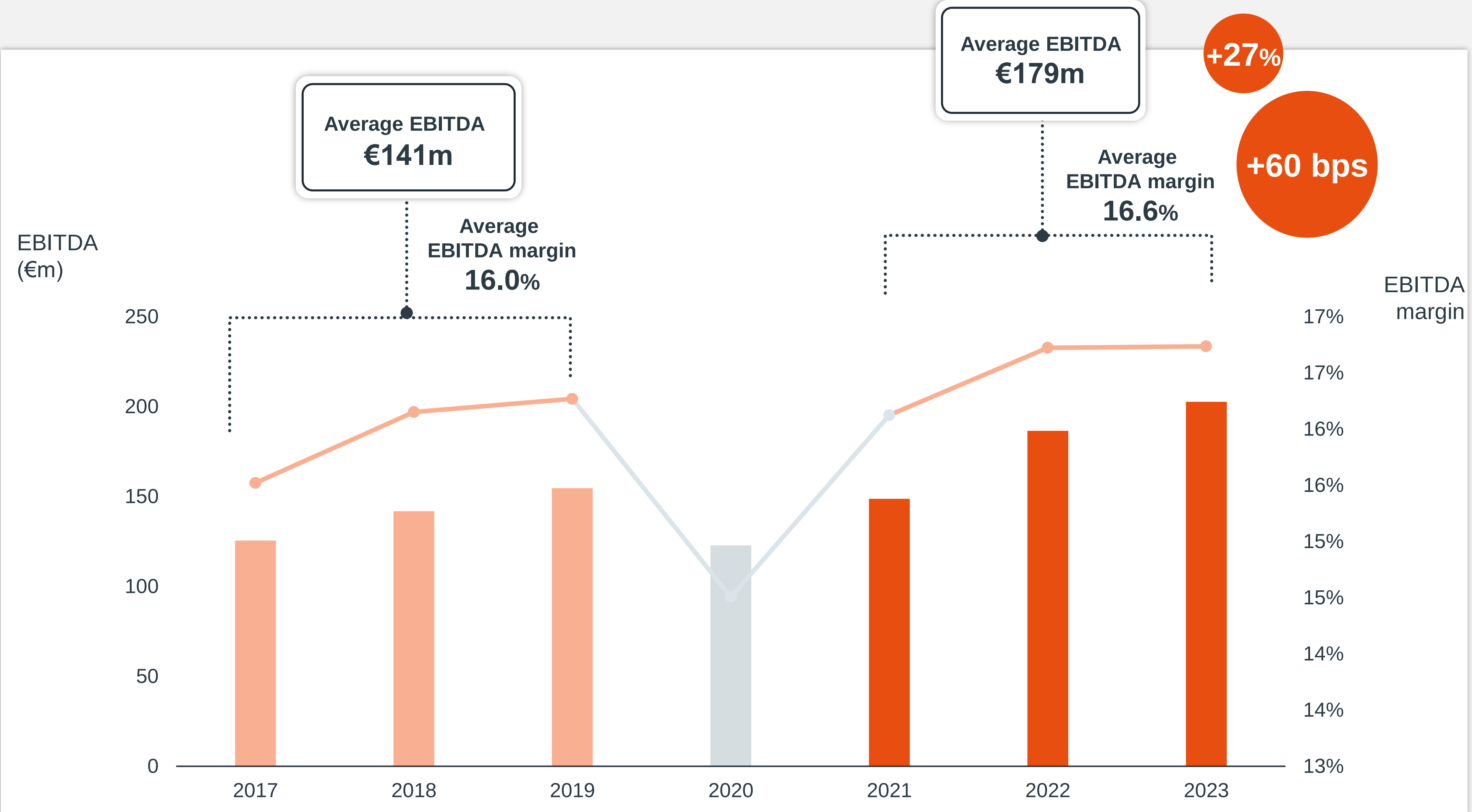
3

A sound financial structure

An improved growth profile



A more profitable Group

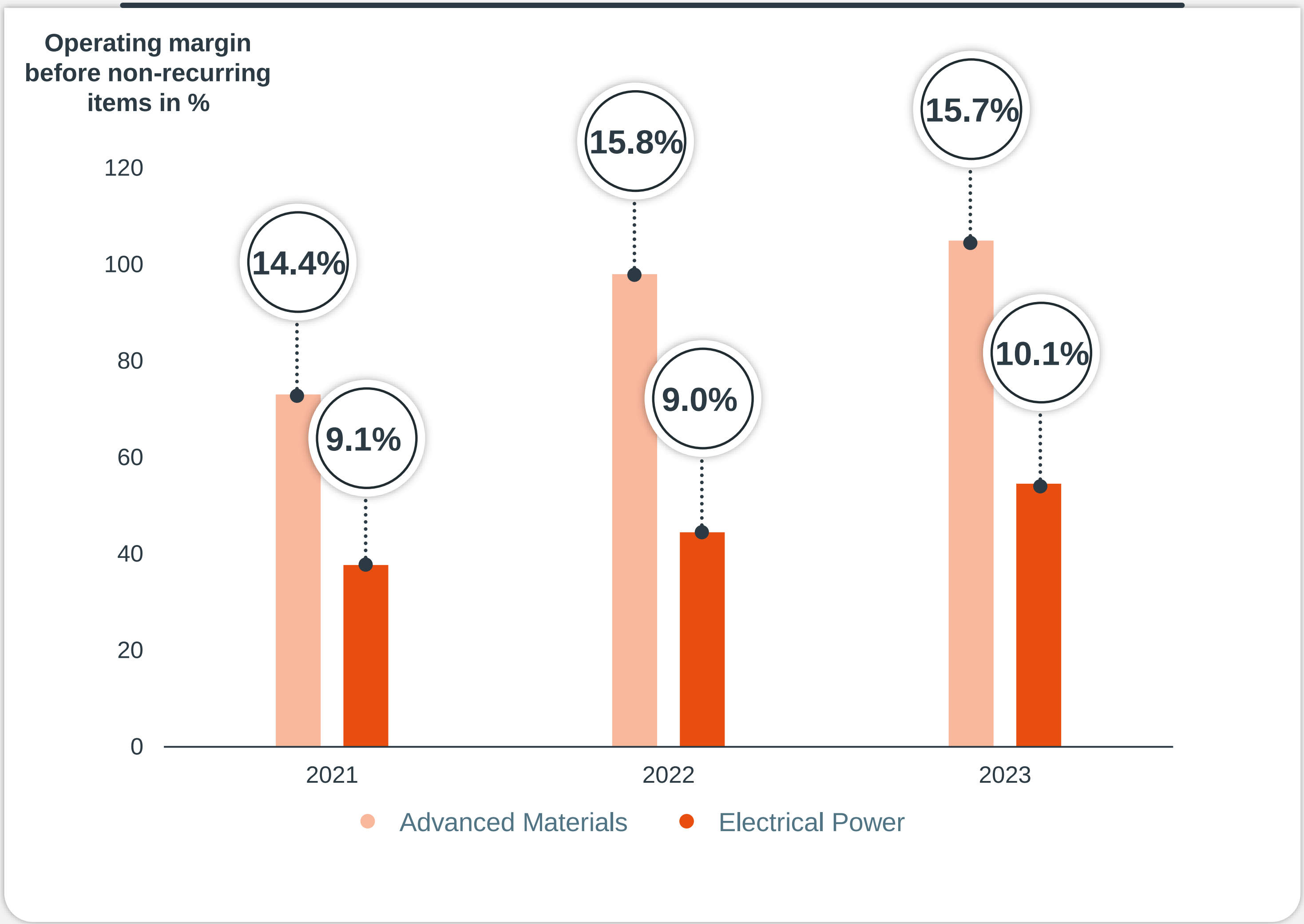


2017 and 2018 restated (IFRS16)

MERSEN

Two profitable segments

OPERATING INCOME BEFORE NON-RECURRING ITEMS (€M)



Synergies between segments

- Sales and Marketing synergies between the two segments to develop new businesses
- Optimization of manufacturing and sales sites: around 20% of sales are generated on multi-activity sites
- Sharing of a fixed cost base of around €75m-90m with synergies
- Pooling of R&D, innovation and technology and market intelligence

2023 ROCE

Group	13%
Advanced Materials segment	15%
Electrical Power segment	17%

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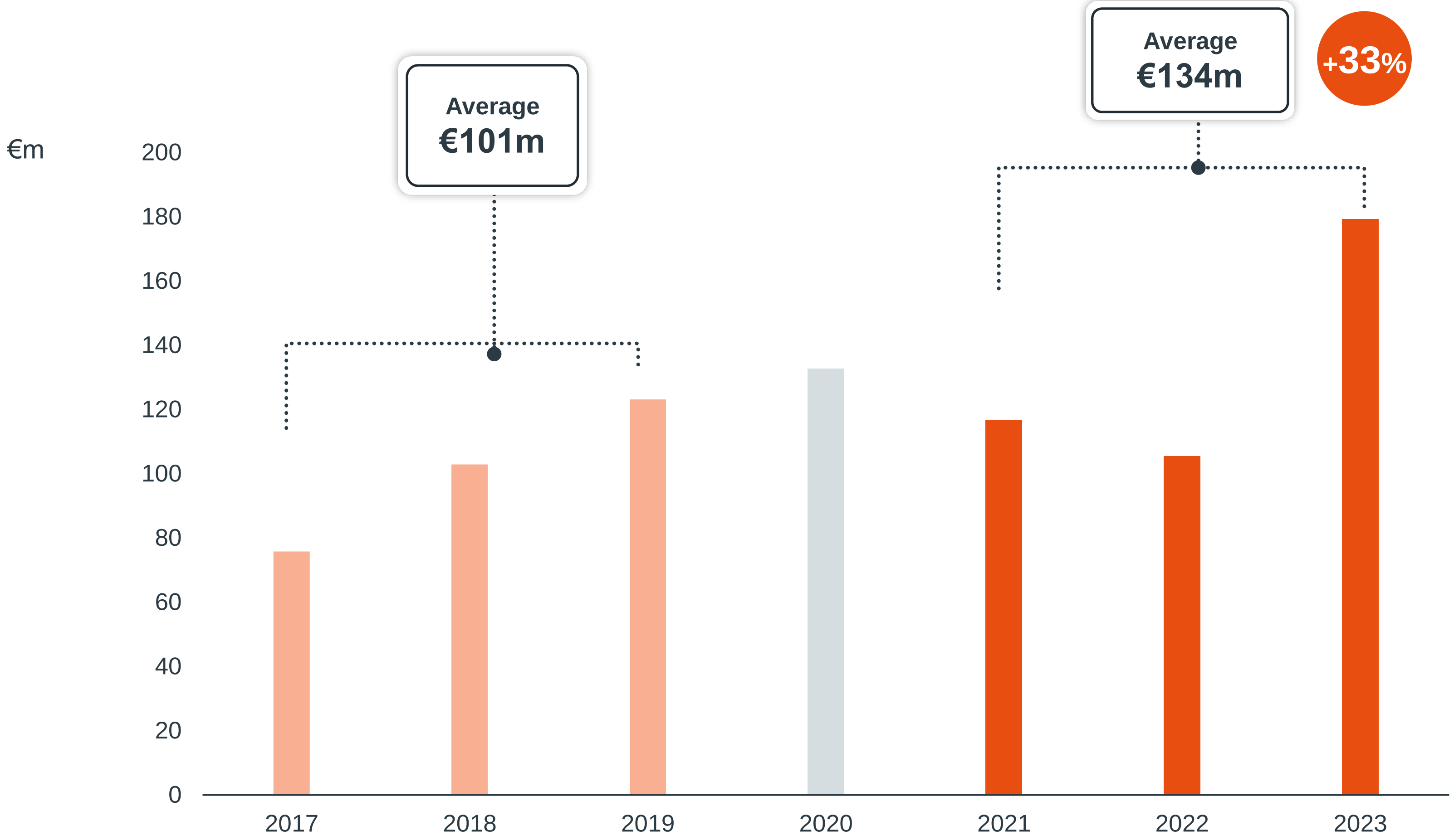
A more effective cash-generating model

NET CASH GENERATED BY OPERATING ACTIVITIES

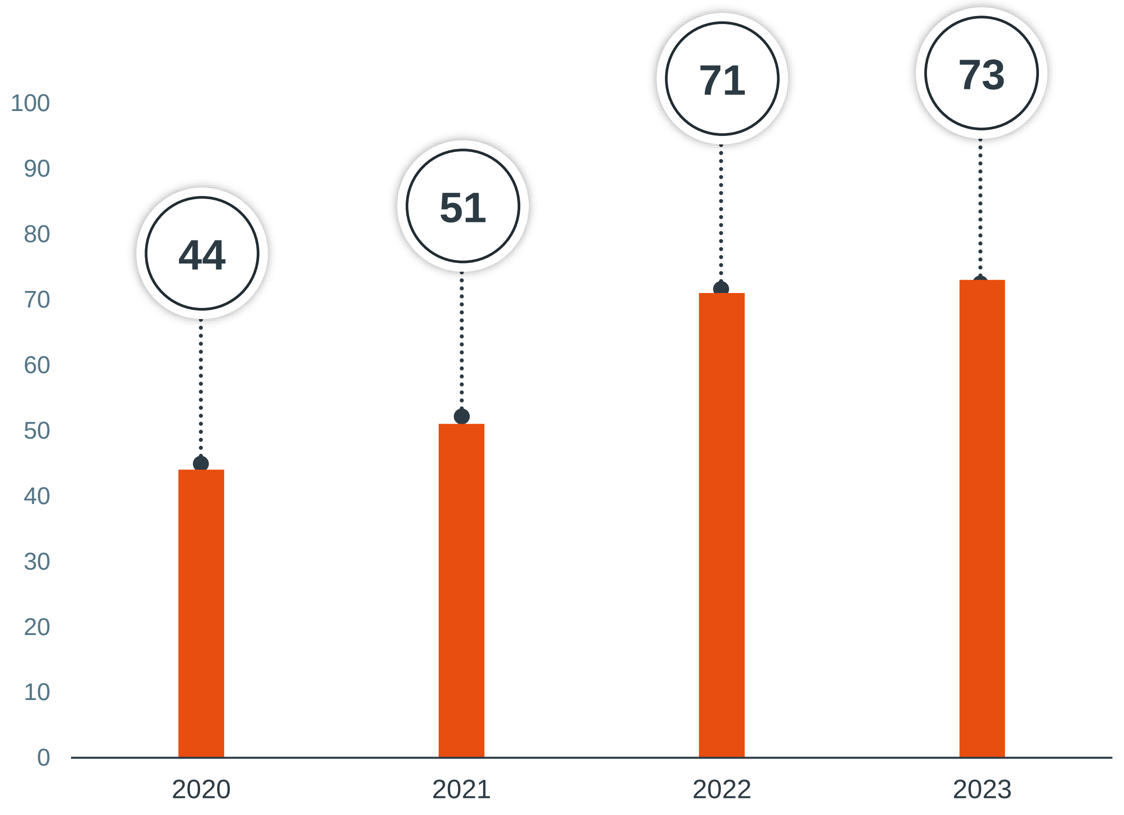


2017 and 2018 restated (IFRS16)

A solid base to finance investments

Solid base = Traditional markets (72% of 2023 sales): aeronautics, rail, process industries, chemicals

EBITDA LESS CAPEX (€M) – TRADITIONAL MARKETS



1. A capacity to generate substantial cash flows in traditional markets
2. Resilience thanks to a diverse range of markets, customers and regions
3. Ability to raise prices (customized products, added value, customer relations)
4. Rigorous management of working capital and cash flow

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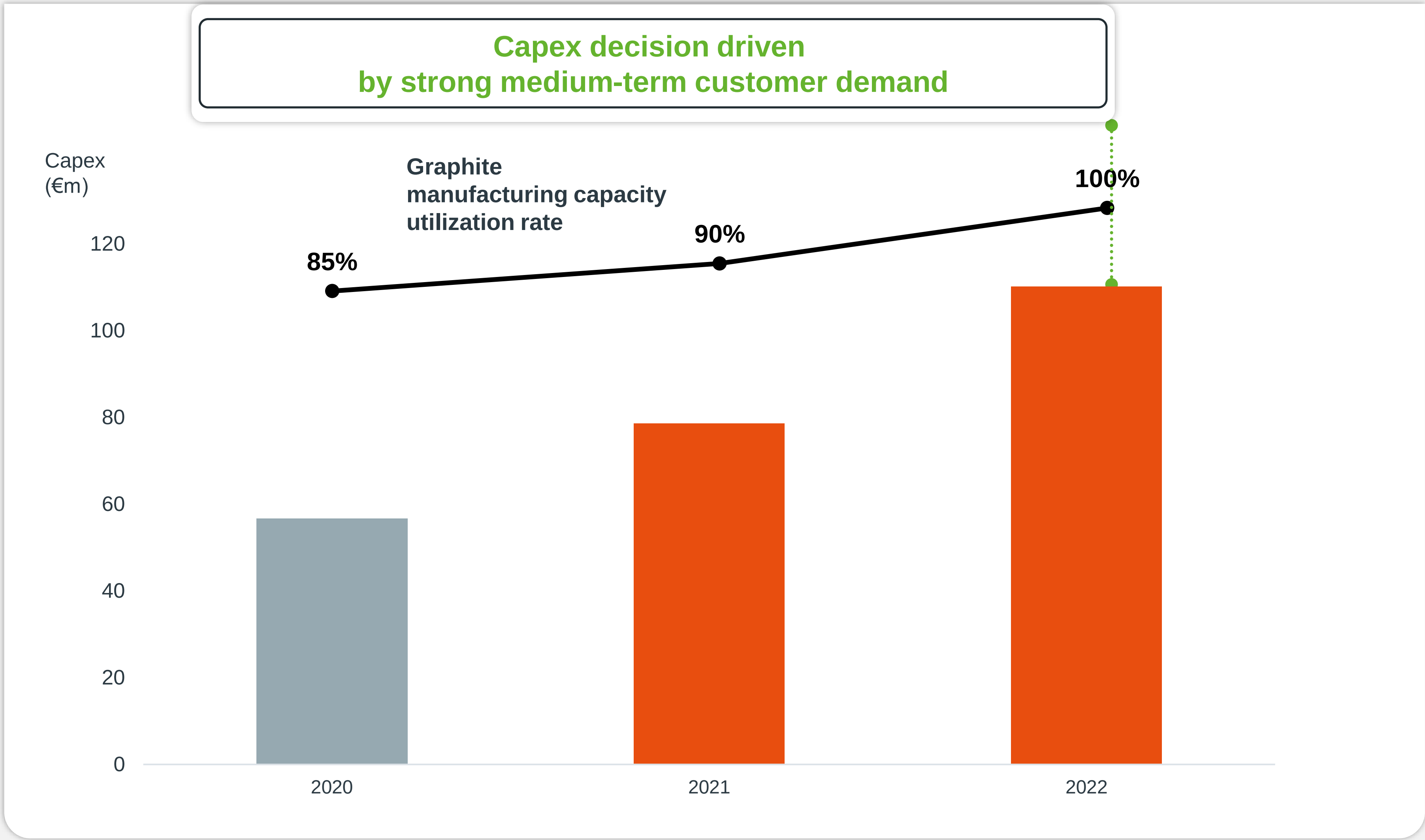
Manufacturing capacity fully utilized from 2022 onwards



The new equation

1

Delays on some market prospects (EV and silicon carbide semiconductors)

2

Excess inventories

(solar power, silicon and silicon carbide semiconductors)

3

An **investment plan** launched in early 2023, with a long lead time for equipment orders

4

Heightened geopolitical **tensions**

Investments postponed and adapted to market trends

Electric vehicle market less buoyant than expected, particularly in Europe...

... with consequences for the SiC semiconductor market...

... resulting in some limited postponements to investments...

... before returning to a normalized investment level after 2026 (~6.5% of sales)

Capex for the growth plan (€m)

Reduction of €-30 to -40 m vs inital plan

2023	95
2024 est.	120
2025 est	[65-75]

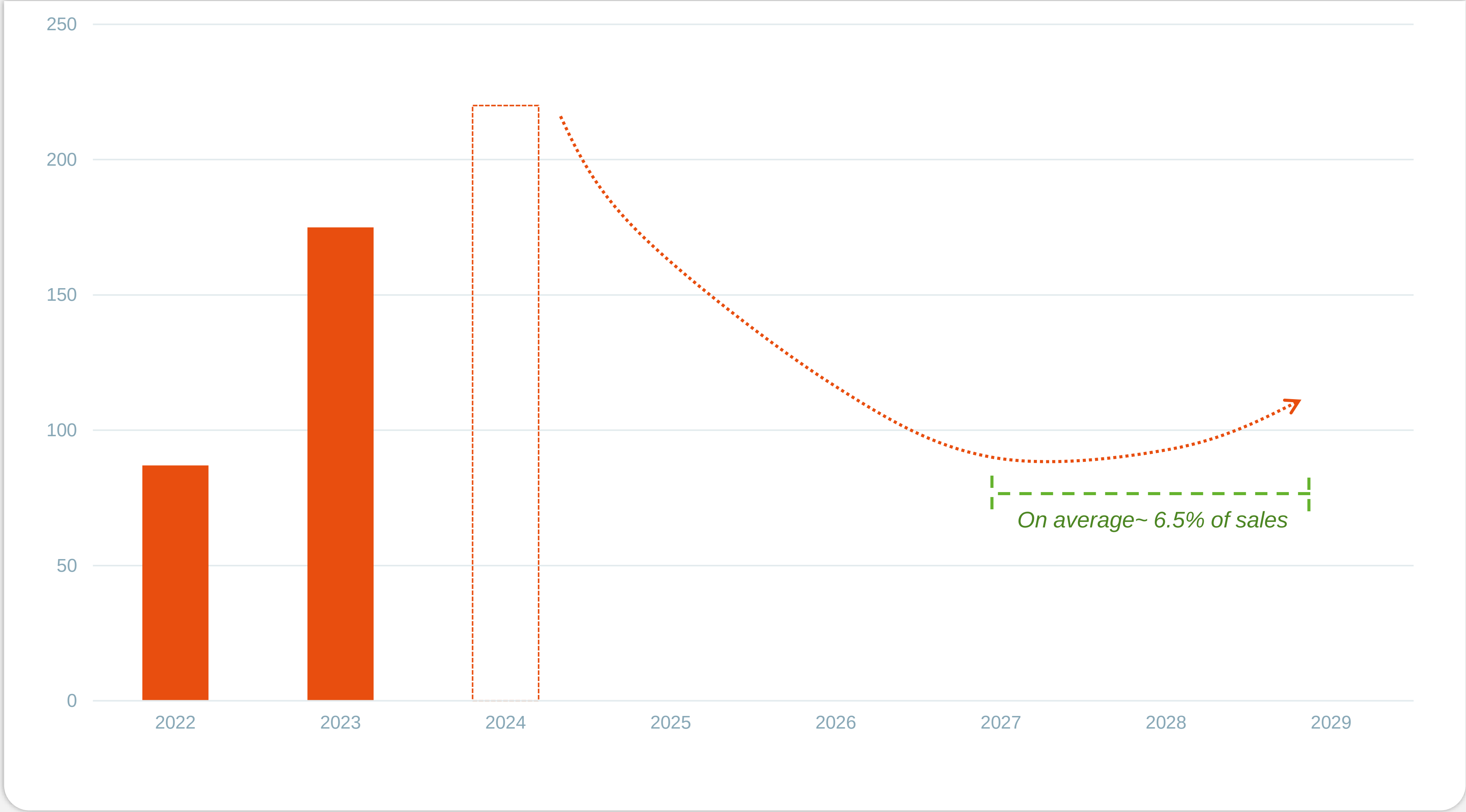
Total:

€[280-290]m* of which approximately 60% can be used for several markets

* Includes an additional €20m for inflation

A peak in investment in 2024

Industrial capex (€m)



Acceleration of cost and cash flow optimization measures

Structural and contextual optimization measures

- Closure of workshop in the Netherlands and transfer of business to other European countries
- Sale of rail brush business in China (April 2024)
- Discontinuation of two businesses in India and China
- Consolidation of cooling businesses at the KTK (US) site
- *Closure of brush business in Mexico and transfer to the United States*
- *Transfer of EV fuse production from Mexico to China*

In ital.: new measures since October

Strengthened action plan for inventory management

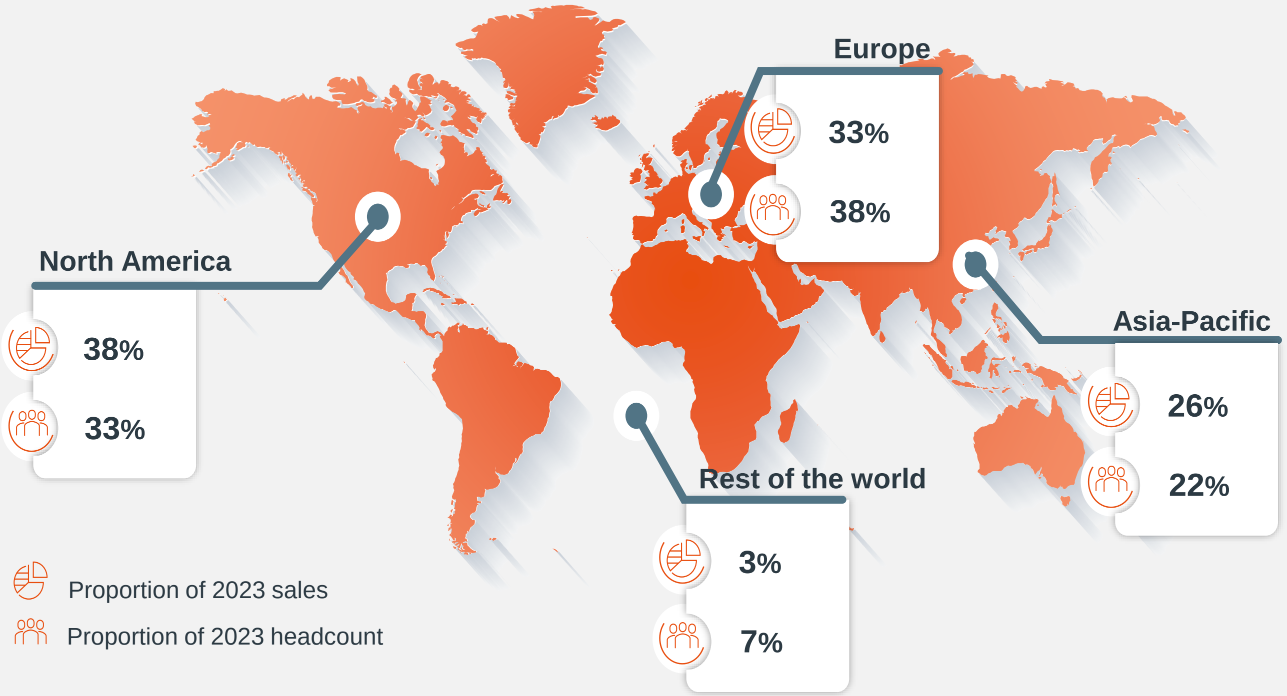
- Plan adapted to each plant
- Measures stepped up at the Group's top 10 sites

Cost/gain
updated

- **€14m cash costs + €9m non-cash costs** (D&A) recorded in 2024*
- **EBITDA gain: ~€17m** (including €3m in 2024)
- **Inventory gain: €30m** over two years (on a like-for-like basis)

* *Including €3m already recorded in H1 2024*

A global presence that is an asset in the current geopolitical context

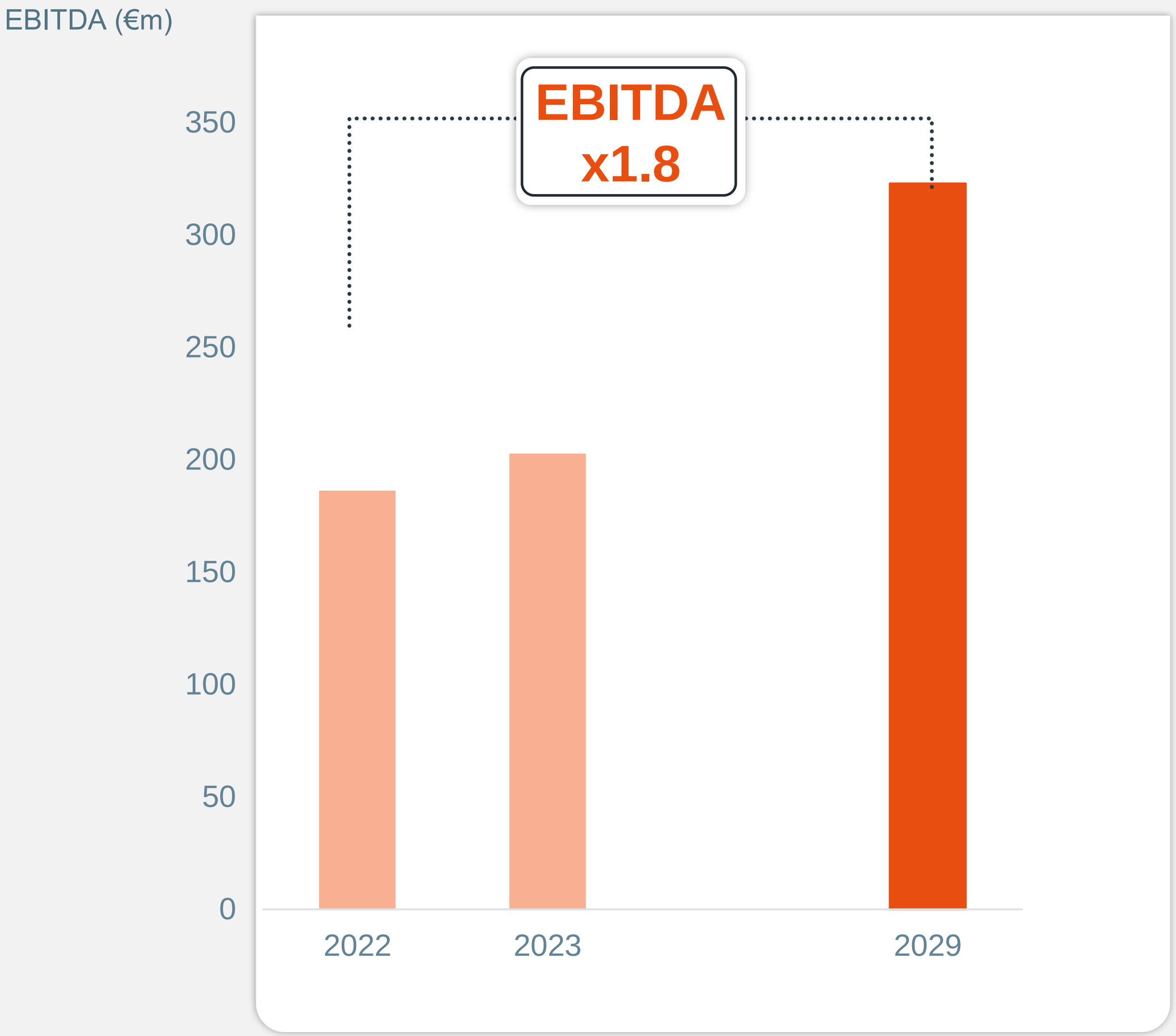


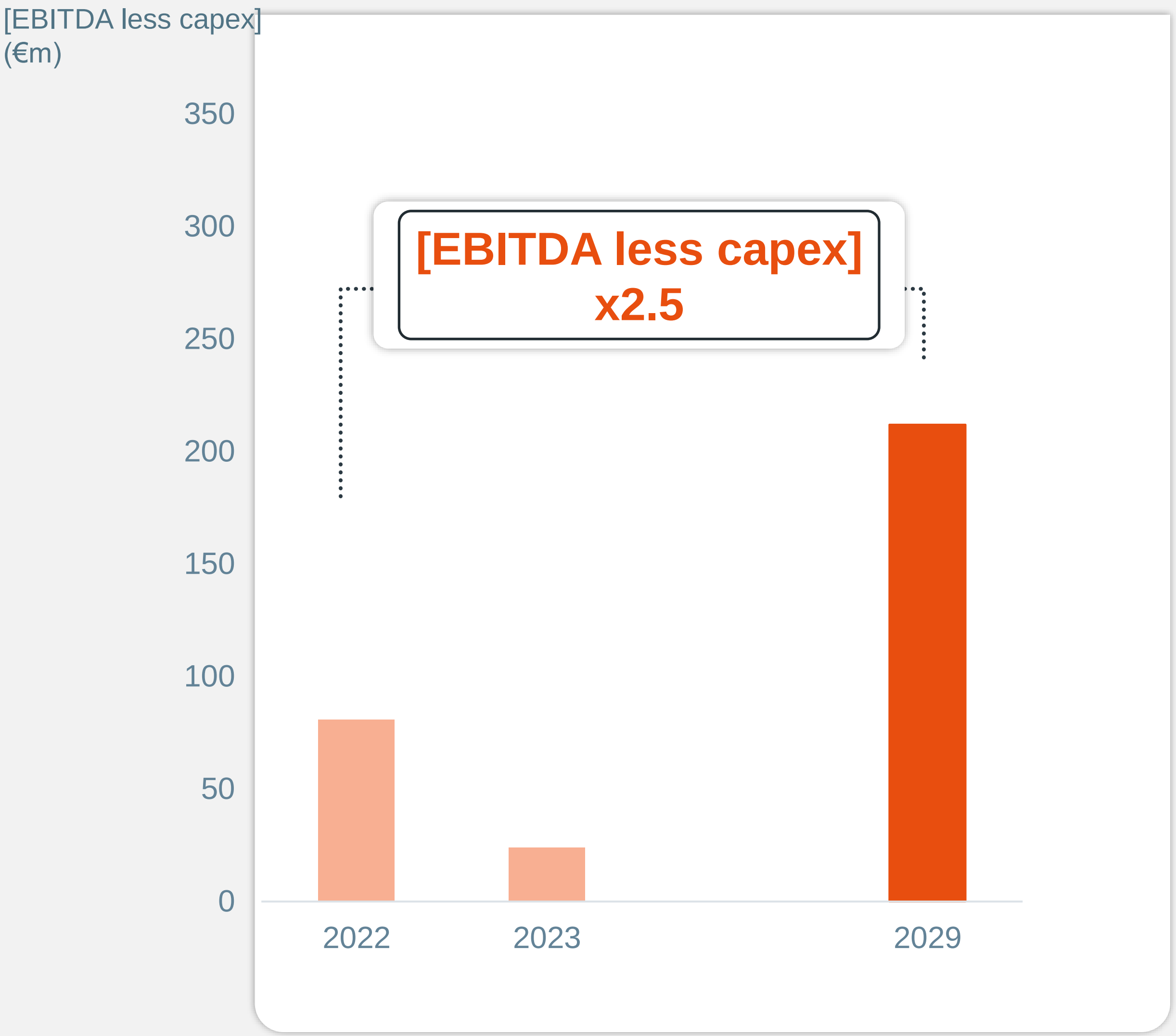
1 Limited impact of trade barriers
80% local suppliers

2 Very limited foreign exchange risks

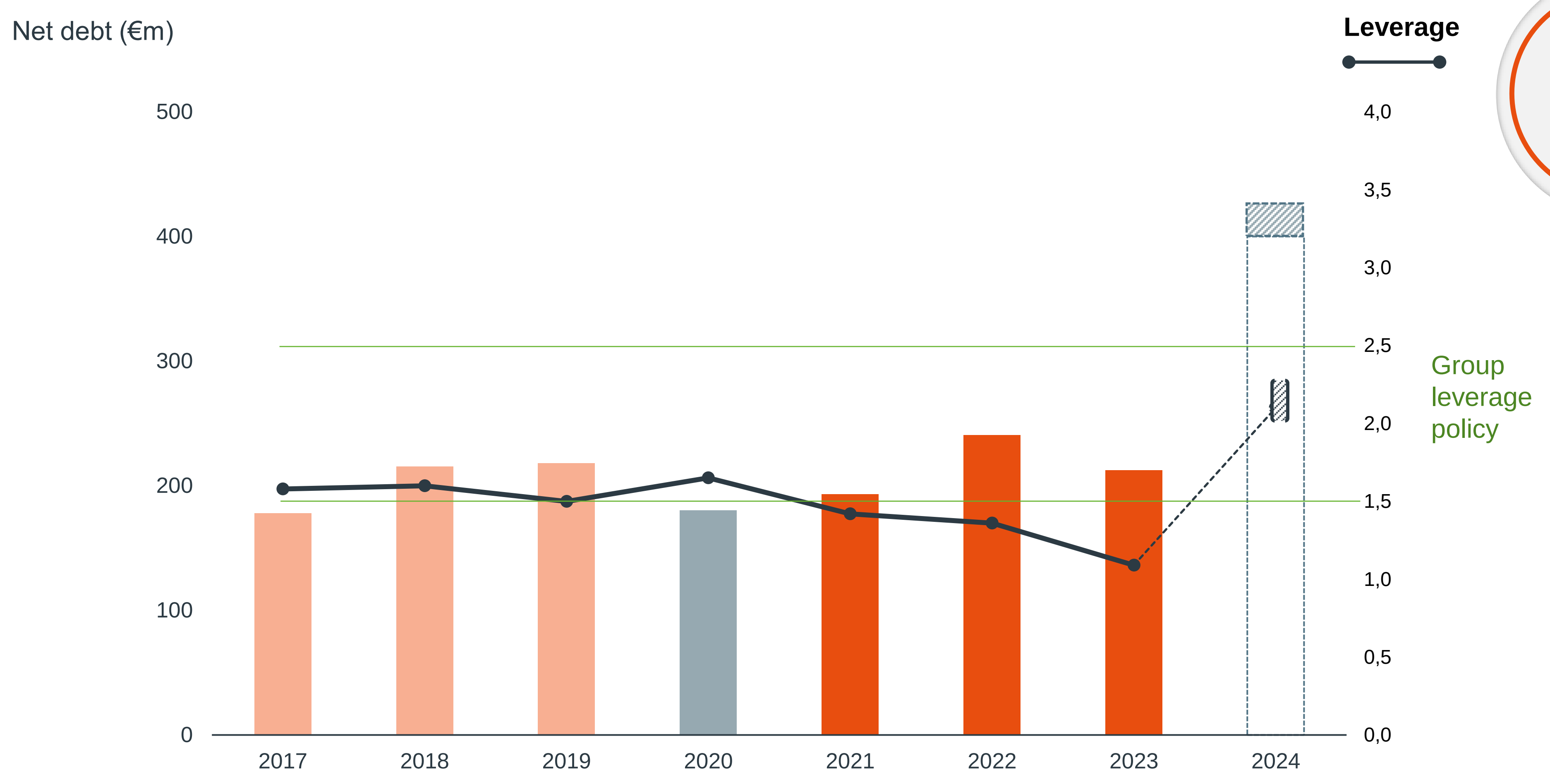
3 Borrowings in local currency (little currency effect on financial structure)

A doubling of EBITDA over the duration of the plan





A financial structure that remains solid



Bank covenants at 3.5

Acquisitions: A disciplined approach

Over the 2017-2024 period

>200

opportunities considered and turned down

A selective business approach

- Mainly consolidation
- Expertise, know-how
- Vertical markets and/or regions with sustained growth

Strict financial targets

- Profitable and solid
- Synergy generation
- Average EBITDA multiple: 5x

Completed in 2024

GMI

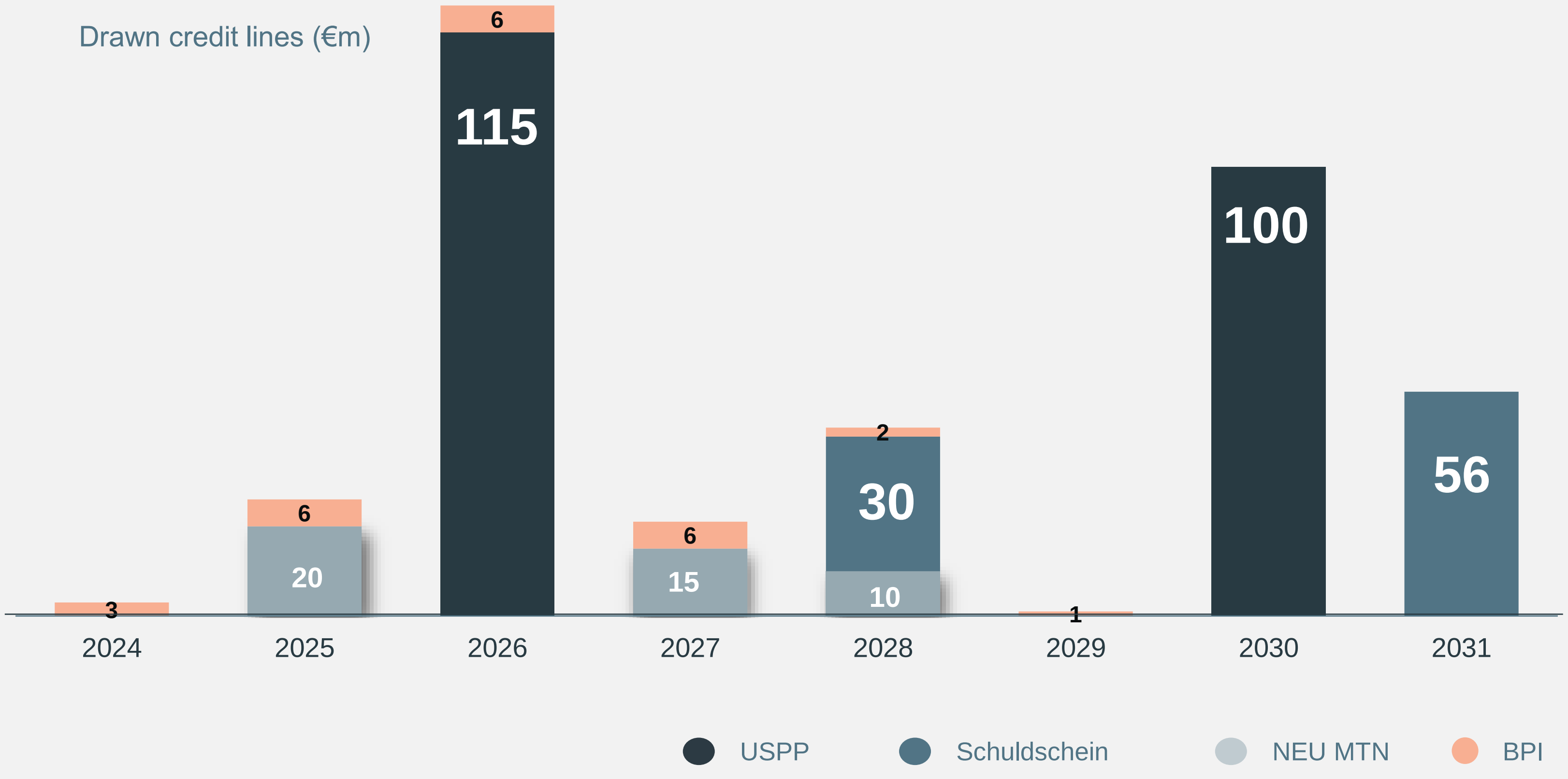
KTK THERMAL TECHNOLOGIES

BAR-LO CARBON PRODUCTS, INC.

No other short-term projects

Substantial free cash flow to finance acquisitions during the year

Drawn credit lines (€m)



AVAILABLE LIQUIDITY

At June 30, 2024

~€320m
(undrawn Group syndicated loan)
+~€100m
cash

Maturity
4.3 years*

Fixed rate
~58%
of gross debt

At June 30, 2024

** Average maturity calculated based on committed utilized facilities.*
NEU MTN: Negotiable European Medium-Term Note.

Key takeaways

1

A financial model focused on creating value

2

Medium-to-long-term plan unchanged

3

Accelerated adaptation measures (EBITDA, cash)