

RECORD 2024 HALF-YEAR SALES OF €624 MILLION

2024 GUIDANCE CONFIRMED

- RECORD HALF-YEAR SALES OF €624 MILLION, UP 4.9% ON AN ORGANIC BASIS VS. H1 2023
- EBITDA MARGIN UP 40 BASIS POINTS TO 16.9%
- OPERATING MARGIN BEFORE NON-RECURRING ITEMS OF 11.2% OF SALES (11.3% IN FIRST-HALF 2023)
- LAUNCH OF THE INTEGRATION OF GMI (UNITED STATES)
- FULL-YEAR 2024 GUIDANCE CONFIRMED:
 - ORGANIC GROWTH OF AROUND 5%
 - OPERATING MARGIN BEFORE NON-RECURRING ITEMS OF AROUND 11% OF SALES
 - CAPITAL EXPENDITURE OF BETWEEN €200 MILLION AND €240 MILLION

PARIS, JULY 29, 2024 – Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, today reported sales for the second quarter of 2024 and interim results for the period ended June 30, 2024.

Luc Themelin, Mersen’s Chief Executive Officer, said: *“Mersen turned in a very good performance over the first half of 2024, in line with its full-year targets and the strategic plan presented last year. The semiconductor and electric vehicle markets continued to grow despite a turbulent backdrop, confirming the Group’s strong positioning. Combined with our pricing power and internal optimization measures, this performance resulted in an operating margin before non-recurring items of 11.2% of sales and set us well on track to achieving our full-year 2024 targets. We have also strengthened our presence and our leading position in a number of markets in the United States, including aeronautics, process industries and energy, through the acquisition of GMI group, and we are thrilled to welcome its teams to our Group.”*

KEY FIRST-HALF FIGURES

In millions of euros	H1 2024	H1 2023
Sales	624.0	607.7
Operating income before non-recurring items	70.1	68.8
Operating margin before non-recurring items	11.2%	11.3%
EBITDA before non-recurring items	105.5	100.5
Net income attributable to Mersen shareholders	38.9	43.9
Leverage	1.33	0.98

BUSINESS REVIEW

SECOND-QUARTER 2024 SALES

Mersen reported consolidated sales of €311 million for the second quarter of 2024, up by 3.1% at constant scope and exchange rates compared with the same period in 2023. The scope effect reflects the disposal of a rail brush business in China in April 2024 and a chemicals business in Germany in August 2023. Currency effects were not material over the period.

Price increases accounted for approximately 2% of quarterly growth.

In millions of euros	Q2 2024	Q2 2023	Organic growth	Scope effect	Currency effect	Reported growth
Advanced Materials	174.1	169.2	5.2%	-2.1%	-0.1%	2.9%
Electrical Power	137.4	136.8	0.5%		0.0%	0.4%
Europe	102.6	101.9	2.1%	-1.6%	+0.3%	0.7%
Asia-Pacific	78.4	74.9	9.5%	-2.2%	-2.2%	4.8%
North America	120.6	119.0	0.5%		+0.9%	1.4%
Rest of the World	9.8	10.2	-1.8%	-2.0%	-0.1%	-3.9%
Group	311.5	305.9	3.1%	-1.1%	-0.1%	1.8%

FIRST-HALF 2024 SALES

In the first half of 2024, Mersen's sales totaled €624 million, the highest level ever achieved by the Group. Organic growth was 4.9% year on year, of which around 2.5% was attributable to price increases.

In millions of euros	H1 2024	H1 2023	Organic growth	Scope effect	Currency effect	Reported growth
Advanced Materials	346.6	334.3	7.0%	-2.0%	-1.2%	3.7%
Electrical Power	277.4	273.4	2.3%		-0.8%	1.5%
Europe	207.2	203.3	3.9%	-1.8%	-0.2%	1.9%
Asia-Pacific	155.0	150.7	8.8%	-1.9%	-3.7%	2.8%
North America	242.2	234.2	3.5%		-0.1%	3.4%
Rest of the World	19.6	19.4	2.5%	-1.3%	-0.1%	1.1%
Group	624.0	607.7	4.9%	-1.1%	-1.0%	2.7%

PERFORMANCE BY SEGMENT

Advanced Materials sales totaled €347 million, up 7.0% on an organic basis over the year. Growth remained strong in the SiC semiconductor market, while business is set to recover in the silicon semiconductor market by the end of the year. The renewable energy market reported a moderate decline compared with the very strong performance in first-half 2023. In particular, the solar market contracted as a result of the overstocking of solar cells in China. The segment saw growth in transportation markets, especially aeronautics, and the chemicals market also expanded year on year.

Electrical Power sales totaled €277 million in the first half, up by 2.3% on an organic basis. As in the Advanced Materials segment, transportation markets including aeronautics, rail and electric vehicles were buoyant. The process industries market was up, driven in particular by electrical distribution in the United States. The solar market declined, particularly in Europe.

PERFORMANCE BY REGION

In **Europe**, organic growth was 3.9%, led by the transportation and chemicals markets. However, sales were down in energy markets (both conventional and renewable).

In **Asia**, Group sales rose by 8.8% year on year. The chemicals and SiC semiconductor markets performed very well, while business in solar was down over the period.

Lastly, in **North America**, sales grew by 3.5%. The region was driven by growth in the aeronautics and electrical distribution markets, while the chemicals market contracted.

EBITDA AND OPERATING INCOME BEFORE NON-RECURRING ITEMS

EBITDA before non-recurring items grew by nearly 5% year on year to €105.5 million, representing 16.9% of sales, up on first-half 2023 (16.5%).

Depreciation and amortization came in at €35.5 million, an increase on the previous year as expected, attributable to higher capital expenditure.

Operating income before non-recurring items came to €70.1 million in the first half of 2024, yielding an operating margin before non-recurring items of 11.2% of sales, in line with first-half 2023 (11.3%) and with guidance for full-year 2024 (around 11%).

Price increases, optimization measures and productivity gains during the period largely offset higher raw material and labor costs and the unfavorable product mix. This result also takes into account additional costs related to the Group's growth projects, including the Soitec partnership and the electric vehicle teams. In addition, it includes a significant increase in depreciation and amortization linked to the Group's capital expenditure plan.

Advanced Materials segment

EBITDA before non-recurring items for the Advanced Materials segment was €77.1 million, representing 22.2% of sales versus 21.6% in first-half 2023.

Operating income before non-recurring items for the segment amounted to €52.8 million, resulting in an operating margin before non-recurring items of 15.2% of sales, compared with 15.1% for first-half 2023. Price increases, optimization measures and productivity gains during the period helped offset the higher cost of raw materials and labor, as well as costs related to growth projects and the project with Soitec. The increase in depreciation and amortization represented a 0.5-point change in the margin. The segment also benefited from improved productivity at the Columbia plant.

Electrical Power segment

EBITDA before non-recurring items for the Electrical Power segment was €39.1 million, representing 14.1% of sales, in line with first-half 2023.

Segment operating income before non-recurring items amounted to €29.6 million, compared with €29.4 million in first-half 2023. The operating margin before non-recurring items came in at 10.7% of sales, in line with June 30, 2023, as price increases and productivity measures offset higher raw material and labor costs and costs linked to the electric vehicle teams.

NET INCOME

Net income attributable to Mersen shareholders came to €38.9 million in first-half 2024, compared with €43.9 million in first-half 2023. This decrease is mainly attributable to non-recurring expenses in an amount of €5.4 million, corresponding to acquisition costs as well as expenses and provisions linked to optimization measures.

Net financial expense was €10.3 million, an increase from first-half 2023, due primarily to the rise in interest rates and in average debt.

The income tax expense was €13.0 million, corresponding to an effective tax rate of 24%, slightly higher than in first-half 2023 (23%).

Income from non-controlling interests (€2.4 million) essentially included Mersen Yantai (China) and Mersen Galaxy (China), in which Mersen holds a 60% stake.

CASH FLOWS

The Group generated net cash from operating activities of €54.5 million, an increase of nearly 40% on the €39.2 million reported in first-half 2023. The WCR ratio stood at 21.8% of sales, lower than at June 30, 2023 (23%) thanks in particular to an increase in prepayments on long-term SiC semiconductor contracts.

Income tax paid represented an outlay of €6.3 million, down sharply from the June 30, 2023 figure which included one-off effects.

In the first half of 2024, capital expenditure amounted to €83.1 million. Around 75% of this amount will be used for capacity increases as part of the Group's medium-term plan, of which two thirds to serve the SiC semiconductor market. The remaining capital expenditure relates to safety and environment initiatives at Group sites, maintenance, upkeep and modernization of plants and equipment and other growth projects.

Investments in intangible assets related to the plan to digitize and modernize information systems, as well as to capitalized costs in electric vehicles and on the Soitec project, for a total of €5.7 million.

Net debt at June 30, 2024 stood at €258.5 million, up on December 31, 2023 (€212.5 million), primarily reflecting the significant increase in capital expenditure as part of the Group's growth plan.

The Group's return on capital employed (ROCE) stood at 12.4% in first-half 2024, compared with 13.0% for full-year 2023 and 13.3% for first-half 2023. This expected decrease is due to the rollout of the Group's investment program as part of its growth plan.

FINANCIAL STRUCTURE

The Group maintained a sound financial structure over the period, with leverage of 1.33x (versus 1.09x at December 31, 2023) and gearing of 30% (versus 25% at December 31, 2023). No significant repayment milestones are expected before 2026.

As part of its growth plan, in March 2024 Mersen successfully completed a *Schuldschein* private placement for €100 million with a maturity of almost six years.

ACQUISITION OF GMI GROUP

On July 1, 2024, the Group announced the acquisition of GMI group, an expert in the purification and machining of graphite and carbon composites.

This new acquisition will allow Mersen's Advanced Materials segment to reinforce its presence in the United States through additional machining and processing capacities for isostatic and extruded graphite and insulation felts, as well helping to create synergies between plants.

It will contribute around USD 40 million to Mersen's annual sales. The acquisition represents a cash outflow of around USD 50 million. GMI group will be consolidated in Mersen's financial statements from July 1, 2024.

2024 OBJECTIVES

On the strength of its first-half 2024 results, the Group confirms its objectives for full-year 2024:

- organic growth of around 5%;

- operating margin before non-recurring items of around 11%;
- capital expenditure of between €200 million and €240 million.

2027 MEDIUM-TERM PLAN

The Group confirms the objectives of the 2027 medium-term plan presented in March 2023, namely:

- sales of around €1.7 billion;
- operating margin before non-recurring items of 12% of sales. This margin may vary by +/-50 basis points;
- recurring EBITDA margin of 19% of sales. This margin may vary by +/-50 basis points;
- ROCE of 13%, which may vary by +/-50 basis points.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

<i>In millions of euros</i>	First-half 2024	First-half 2023
Sales	624.0	607.7
Gross income	203.4	195.0
Selling, marketing and other expenses	(45.1)	(44.0)
Administrative and research expenses	(87.7)	(81.6)
Amortization of revalued intangible assets	(0.6)	(0.6)
Operating income before non-recurring items	70.1	68.8
<i>As a % of sales</i>	11.2%	11.3%
Non-recurring income and expenses	(5.4)	(0.1)
Operating income	64.7	68.8
Net financial expense	(10.3)	(9.0)
Current and deferred income tax	(13.0)	(13.6)
Net income	41.3	46.1
Attributable to Mersen shareholders	38.9	43.9

SEGMENT ANALYSIS

<i>In millions of euros</i>	Advanced Materials		Electrical Power		Group	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Sales	346.6	334.3	277.4	273.4	624.0	607.7
EBITDA before non-recurring items	77.1	72.3	39.1	38.4	105.5	100.5
<i>As a % of sales</i>	22.2%	21.6%	14.1%	14.1%	16.9%	16.5%
Operating income before non-recurring items	52.8	50.4	29.6	29.4	70.1	68.8
<i>As a % of sales</i>	15.2%	15.1%	10.7%	10.7%	11.2%	11.3%

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30, 2024	Dec. 31, 2023
Non-current assets	985.6	903.9
Right-of-use assets	48.3	50.6
Inventories	324.7	299.2
Trade and other receivables	228.7	199.5
Other assets	9.0	16.3
TOTAL	1,596.4	1,469.6
Equity	845.2	817.7
Provisions	13.5	13.8
Employee benefit obligations	36.9	40.4
Trade and operating payables	282.2	268.6
Other liabilities	108.2	62.7
Lease liabilities	51.8	53.9
Net debt	258.5	212.5
TOTAL	1,596.4	1,469.6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of euros</i>	First-half 2024	First-half 2023
Cash generated by operating activities before change in working capital requirement	101.3	99.2
Change in working capital requirement	(40.5)	(44.6)
Income tax paid	(6.3)	(15.4)
Net cash generated by operating activities	54.5	39.2
Capital expenditure	(83.1)	(61.7)
Disposals of assets and other	2.6	0.9
Net cash used in operating activities after capital expenditure, net of disposals	(25.9)	(21.6)
Investments in intangible and financial assets	(5.7)	(4.8)
Changes in scope of consolidation	(0.1)	0.0
Net cash used in operating and investing activities	(31.6)	(26.4)

PRESS RELEASE

These interim consolidated financial statements were approved for issue by the Board of Directors on July 29, 2024.

The results will be presented on July 30, 2024 at 10:00 a.m. CET in a webcast and conference call [accessible via this link](#). The half-year report and results presentation will be available on the corporate website at <http://www.mersen.com>.

FINANCIAL CALENDAR

Third-quarter 2024 sales: October 23, 2024 after the markets close

Capital Markets Day: December 5, 2024

ABOUT MERSEN

Mersen is a **global expert in electrical power and advanced materials** for high-tech industries. With more than 50 industrial sites and 18 R&D centers in 33 countries around the world, Mersen develops **custom-built solutions** and delivers key products for clients in order to meet the new technological challenges shaping tomorrow's world. **For over 130 years, Mersen's teams have focused tirelessly on innovation** to accompany its clients and meet their needs. Be it in solar power, electronics, electric vehicles, aerospace or other sectors, wherever technology is progressing, you will always find a bit of Mersen. We work to constantly contribute to progress, striving daily to improve people's lives and protect the planet. This **corporate commitment** has been recognized by external rating agencies, EcoVadis (Gold Medal) and MSCI (AA rating).

MERSEN IS PART OF THE SBF120 INDEX – COMPARTMENT B

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GLOSSARY

Average capital employed: Average capital employed for the last three half-year periods.

Capital expenditure: Investments in property, plant and equipment.

EBITDA before non-recurring items: Operating income before non-recurring items, depreciation and amortization.

Gearing: Covenant net debt divided by equity.

Leverage: Covenant net debt divided by covenant EBITDA.

Net debt: Sum of long- and medium-term borrowings, current financial liabilities and current bank loans, less current financial assets, cash and cash equivalents.

Organic growth: Determined by comparing sales for the year with sales for the previous year, restated at the current year's exchange rate, excluding acquisitions and/or disposals.

Recurring EBITDA margin: EBITDA before non-recurring items divided by sales.

ROCE: Return on capital employed: operating income before non-recurring items for the last 12 months divided by average capital employed.

Scope effect: Contribution from companies acquired in the year in relation to sales for the year.

WCR: Working capital requirement: sum of trade receivables, inventories, contract assets and other operating receivables, less trade payables, contract liabilities and other operating payables.

WCR ratio: Working capital requirement divided by sales for the last quarter, multiplied by four.

APPENDIX

1 - Working capital to sales ratio

In millions of euros	H1 2024	2023	H1 2023
Inventories	325	299	317
Trade receivables	195	169	185
Other operating receivables	29	27	29
Contracts assets	5	3	4
Trade payables	(92)	(84)	(95)
Other operating payables	(120)	(121)	(110)
Contracts liabilities	(71)	(64)	(49)
Working capital requirement	271	230	280
Sales (last quarter x 4)	1,246	1,205	1,224
WCR as a % of sales	21.8%	19.1%	22.9%

2 - ROCE

In millions of euros	June 30, 2024	Dec. 31, 2023
Operating income before non-recurring items over the last 12 months	138.5	137.3
Capital employed	1,113.9	1,053.1
ROCE	12.4%	13.0%