



CAPITAL MARKET DAY

December 5, 2024

SAFE HARBOR

This presentation contains forward-looking information that is subject to various risks and uncertainties, both expected and unexpected, which could have a significant impact on the Company's future performance.

Readers are also invited to visit the Group's website where they can consult or download Mersen's Universal Registration Document, which includes a description of the Group's risk factors.



Today's agenda

01

A new dimension

02

A winning positioning

03

Our medium-term growth drivers

04

A strong financial profile

05

Significant potential

A path to growth and value creation

1

An extensive and well-established Group, more dynamic and less cyclical

2

Well positioned in buoyant medium-term energy transition markets and supported by traditional markets that provide resilience

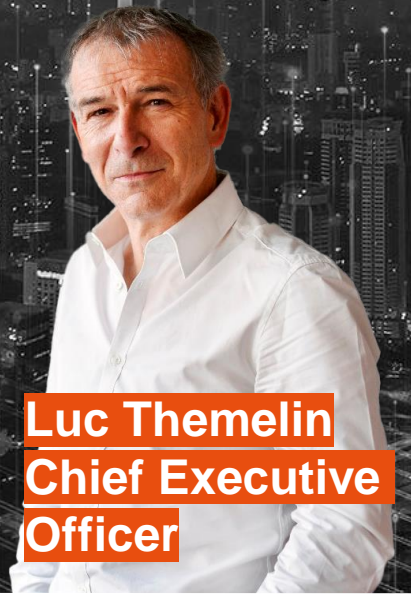
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Long-term prospects for sustainable and profitable growth, reaching sales of €1.7 billion and an EBITDA margin of around 19%

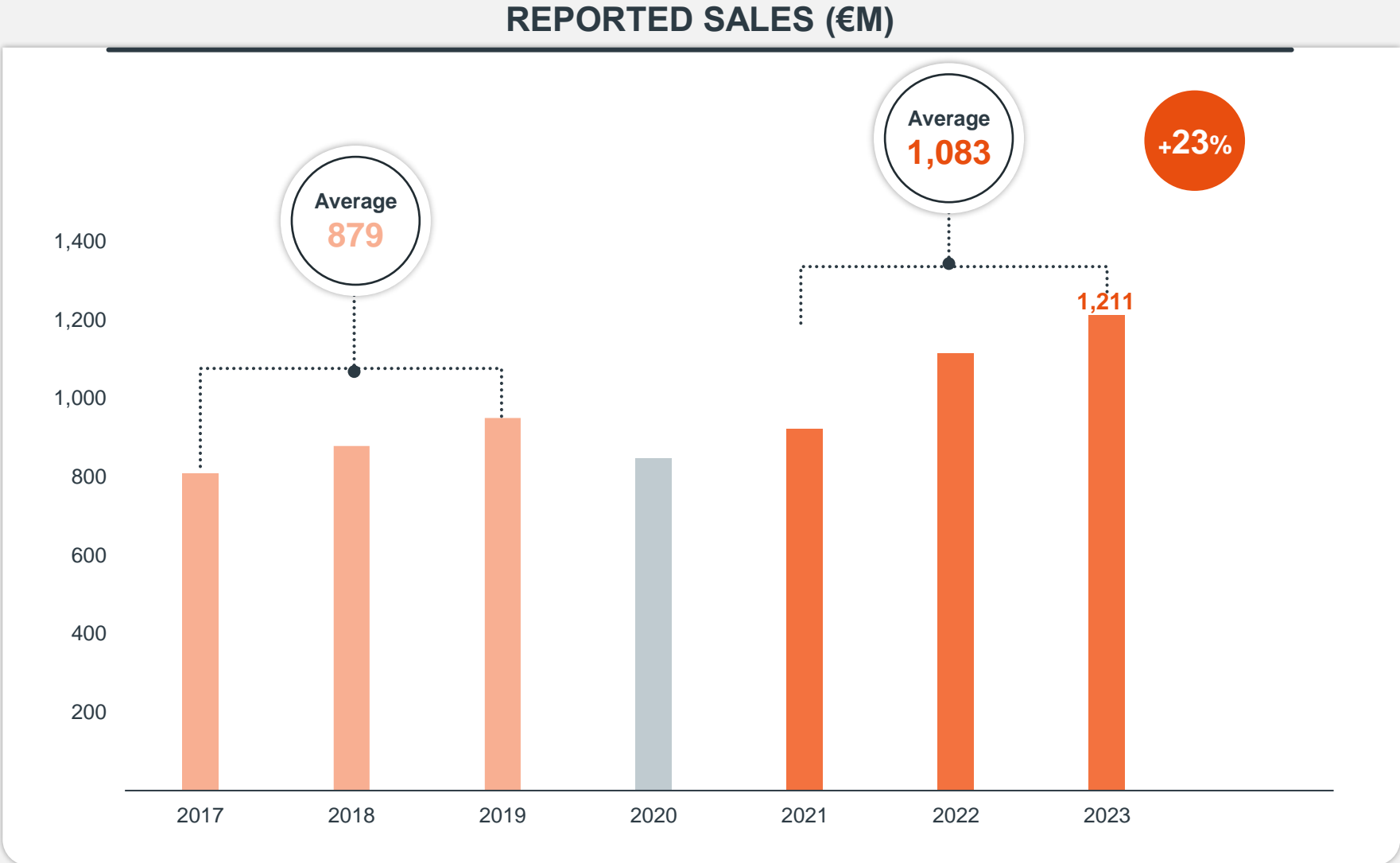
01

A new dimension

Luc Themelin
Chief Executive
Officer



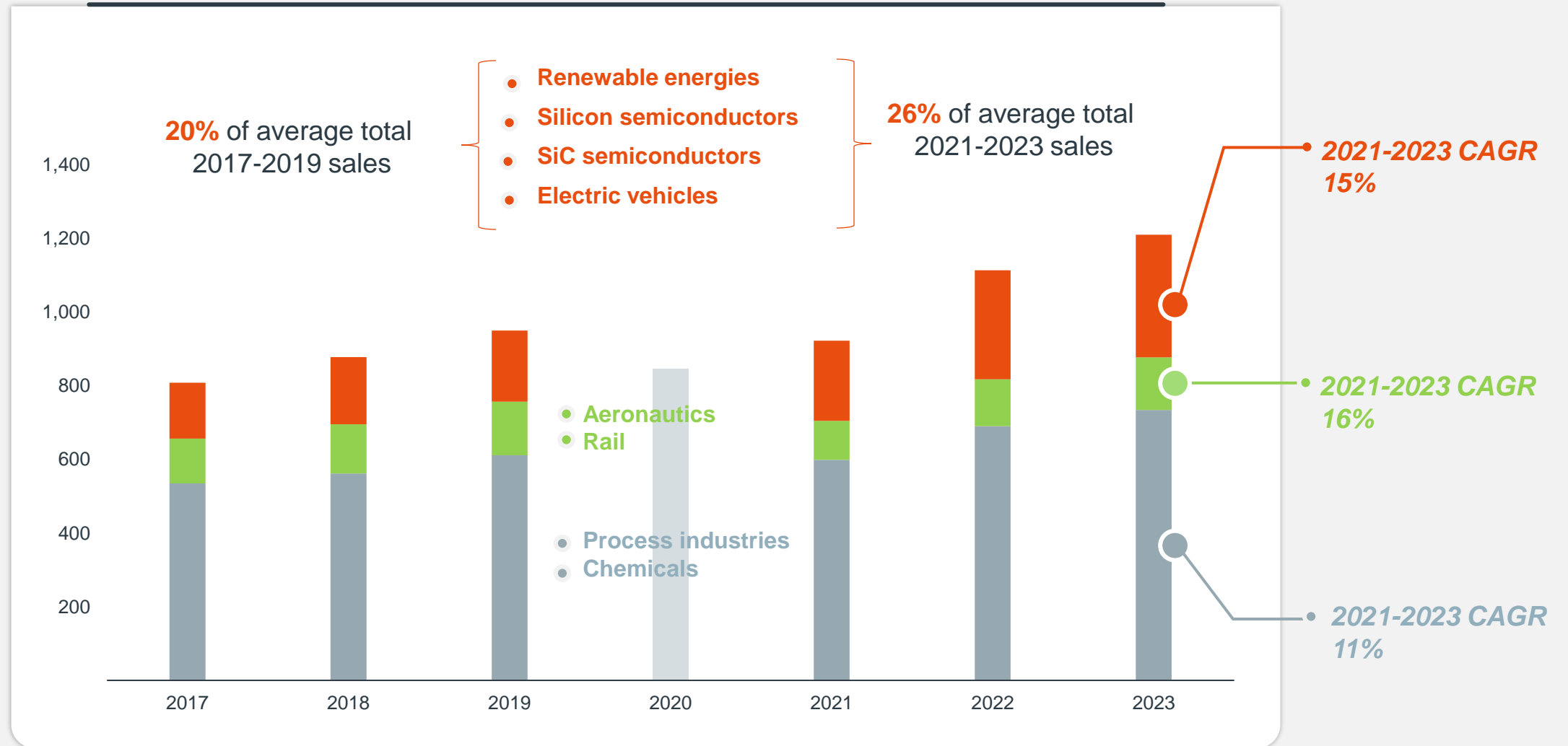
An improved growth profile



Positioned in dynamic markets

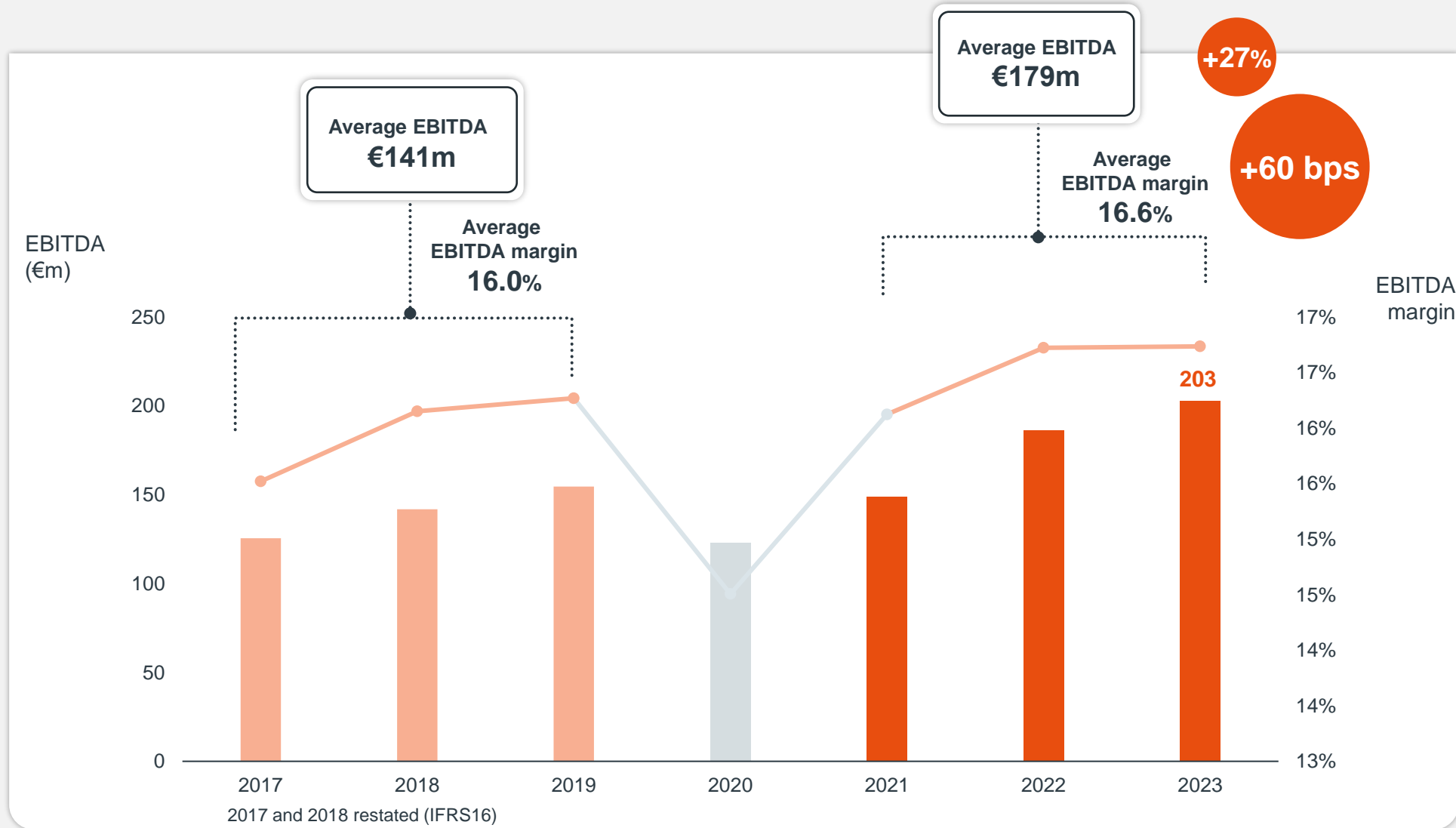


REPORTED SALES (€M)





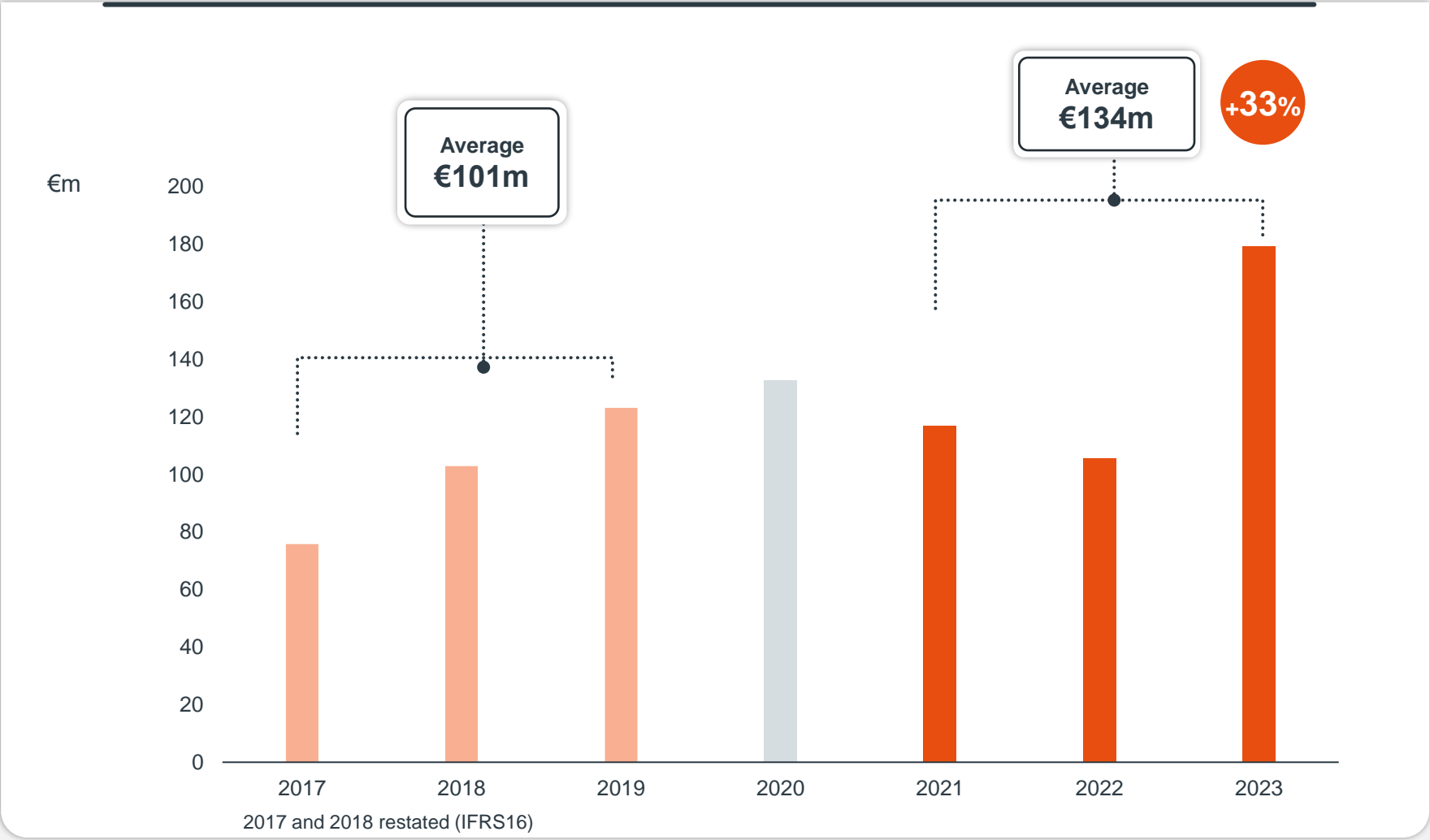
A more profitable Group





A more cash-generating model

NET CASH GENERATED BY OPERATING ACTIVITIES



A slowdown in certain markets



Markets

The electric vehicle market is **less buoyant** than previously anticipated, particularly in Europe and North America

Excess inventory in supply chains, especially for SiC semiconductors



Mersen's Assumptions

Growth in the electric vehicle and SiC semiconductor markets is **delayed by three years**

For the Group, this means pushing its sales target of €1.7 billion back by **2 years**

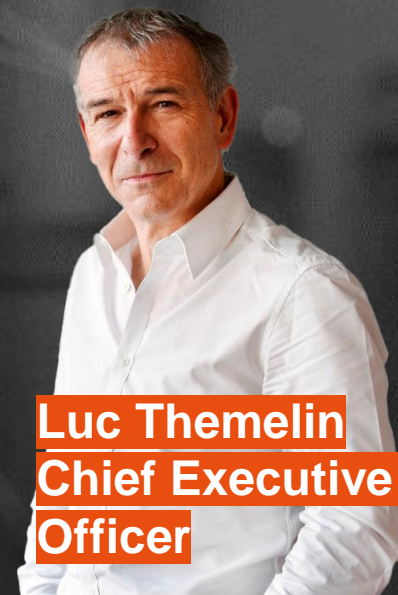
... but our growth story continues

- The Group is positioned in **high-growth markets** whose long-term **potential remains intact**
- Capital expenditure plan, largely underway, will ensure the Group is **ready for the rebound**
- Rapid decision to **accelerate the plan to optimize profitability and cash flow**, given the assumptions of time lags

Relevance of long-term strategy and positioning

02

A winning positioning



Luc Themelin
Chief Executive
Officer

Three strategic pillars for profitable growth

1



**Unique sets of
expertise**

2



**Key position in our
customers' value
chain**

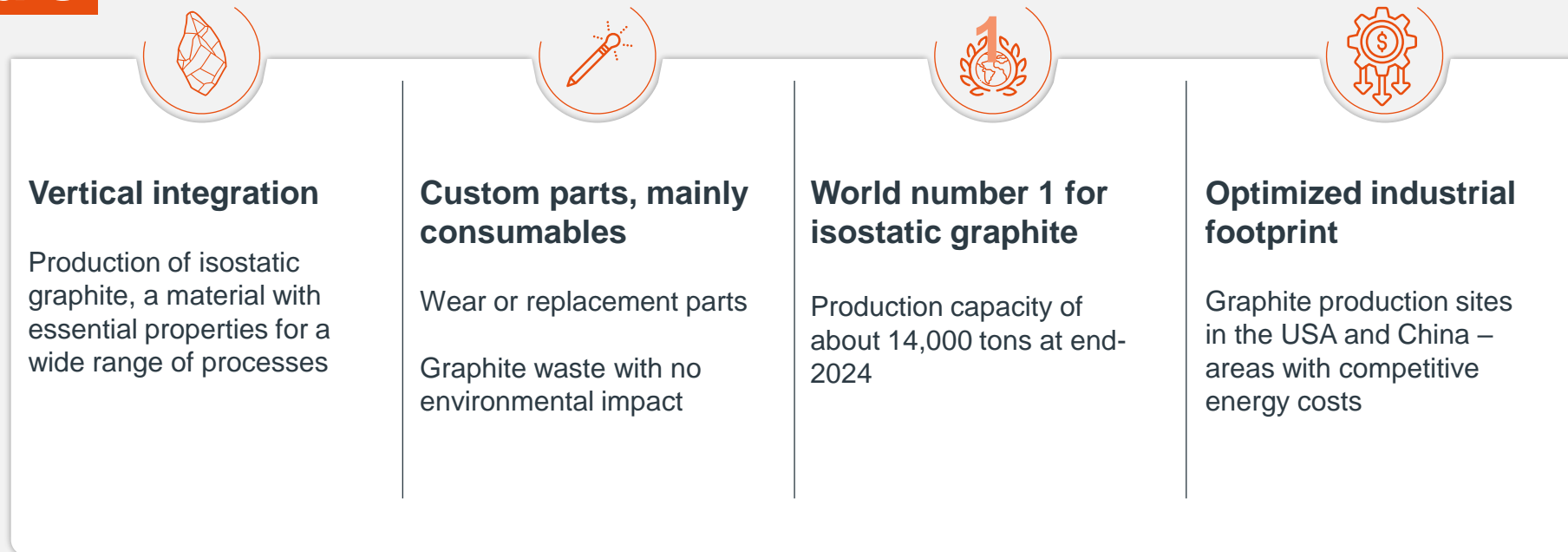
3



**Towards a more
sustainable society**



Materials



Main markets

Solar cell manufacturing (Energy)

Si and SiC semiconductor manufacturing (Electronics)

Power transmission (Rail)

Aeronautics

Chemicals

Process industries: heat treatment, etc.

Our expertise – Mersen Inside



Electrical Power



Design and manufacturing

R&D
Design
Development
Testing



Two business models

- via electrical distribution
- in project mode, for Electrical OEM and manufacturers of power converters



Number two worldwide for fuses

Unique offering for power electronics: the only player to offer four passive components



Global operations

Covers all standards

Main markets

Wind generators (Energy)

Components for power electronics (Electronics)

Electric vehicles

Aeronautics

Process industries

Electrical distribution



An innovative Group thanks to its R&D capabilities

18 R&D CENTERS



180 EXPERTS & SPECIALISTS

210 R&D AND INNOVATION EMPLOYEES



R&D organization

- Global network
- Partnerships with customers
- Partnerships with universities and research centers
- Member of the standardization and standards committees



Testing facilities

- High-power testing centers
- Certification centers



Simulation center

- Cutting-edge expertise that benefits everyone
- Sharing skills in thermal, electrical and mechanical technology
- Centralization of powerful simulation tools to support innovation

Structure managed by the Group CTO

Setting of long-term goals

Priorities managed in line with strategy

Mersen, at the heart of several R&D consortiums



Nano 2022
L'industrie électronique investit notre futur

LEVIS
LIGHT MATERIALS FOR ELECTRIC VEHICLES

AdvanSiC


AeroConverter

FASTLANE

MAUTIV'8



Mersen's expertise

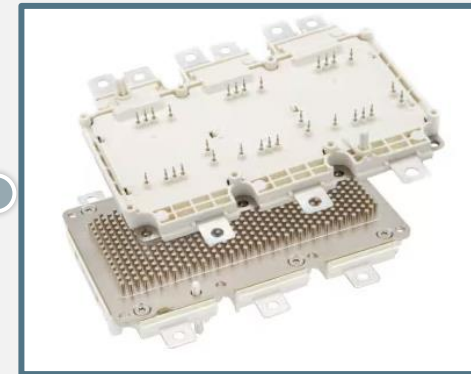
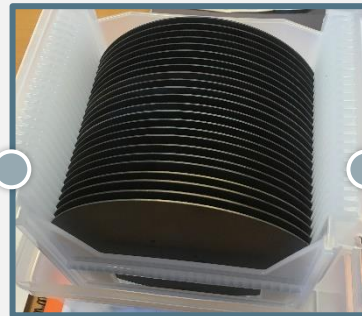
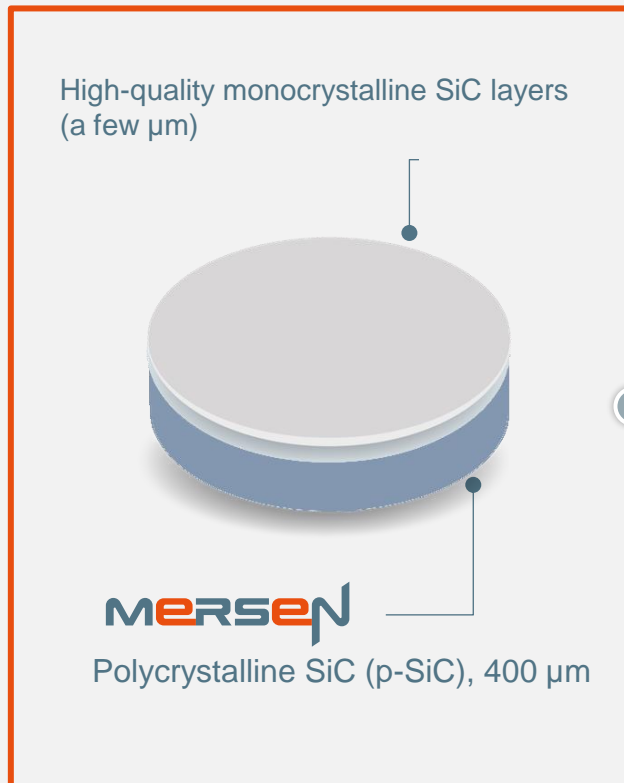


- Semiconductors
- Busbars
- Components for converters
- Busbars
- Semiconductors
- Components for converters

Innovation case study: promising technology for the SiC semiconductor market



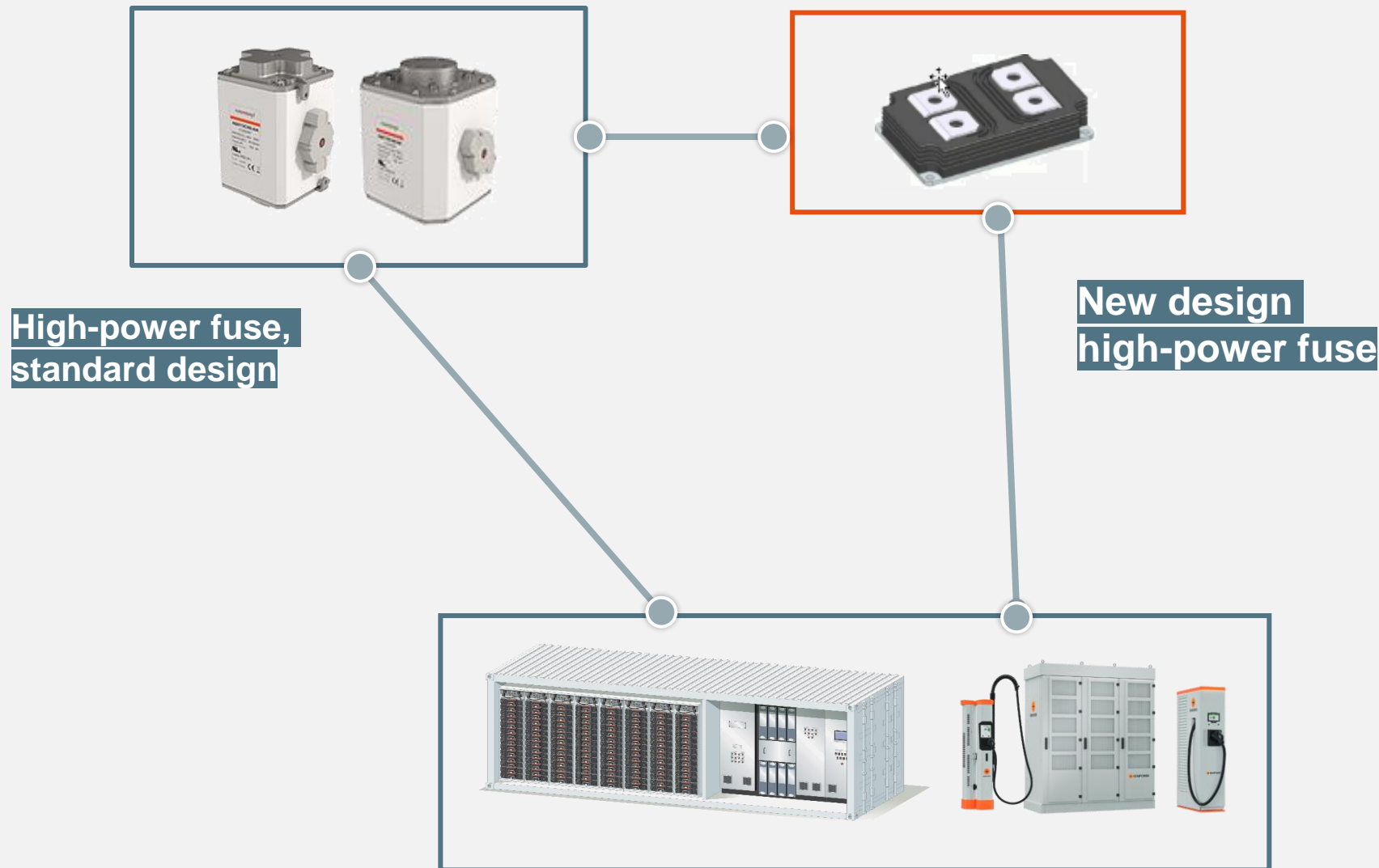
A UNIQUE HIGH-TECH PRODUCT



Value proposition

- A polycrystalline SiC (p-SiC) substrate with very low resistivity and high thermal conductivity
- A dedicated workshop in Gennevilliers (France)

Innovation case study: development of a fuse for high-power DC applications



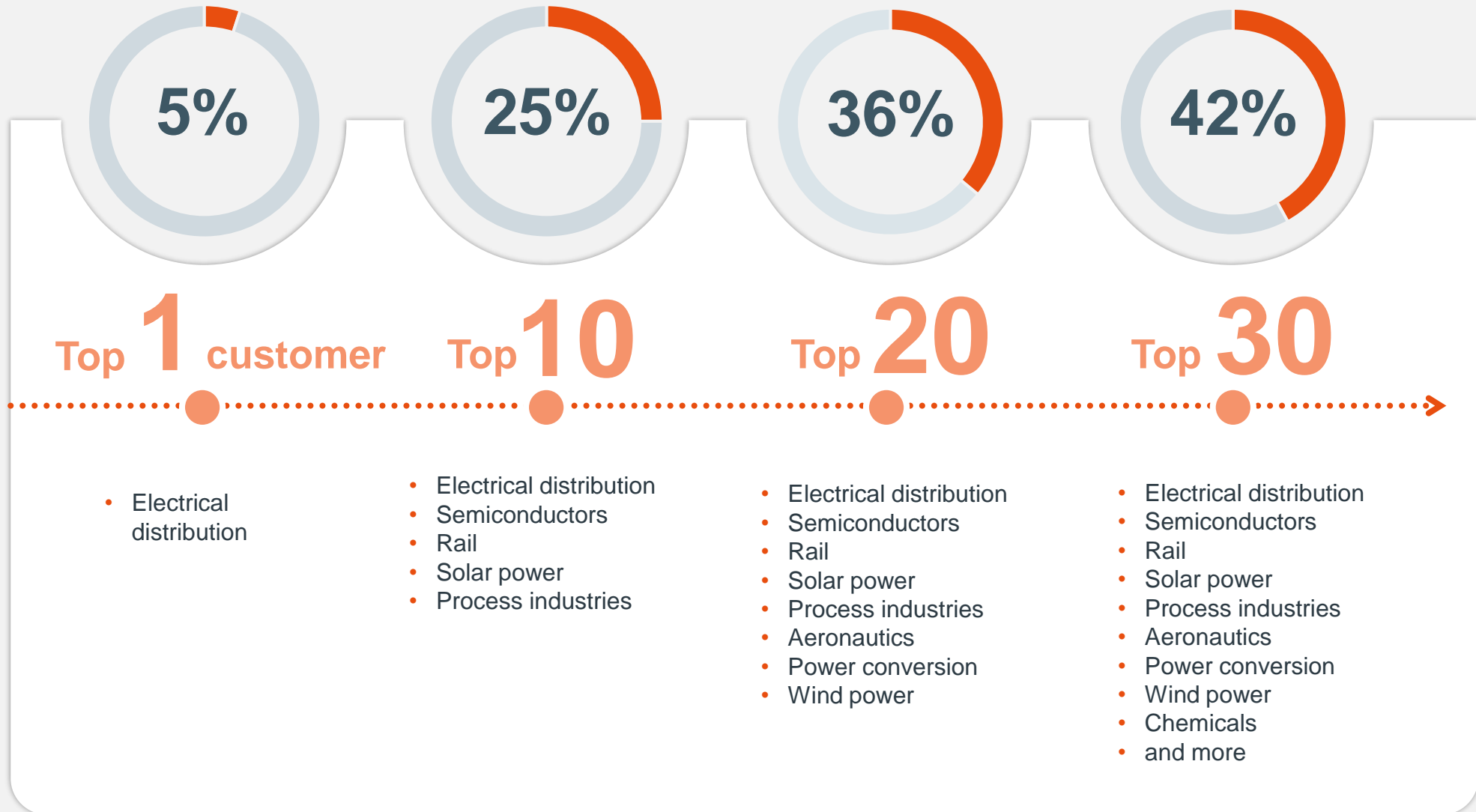
Value proposition

- A solution for the energy storage market and high-power charging stations
- Easy assembly
- Exceptional current density
- Compact, lightweight



A diversified portfolio of customers and markets

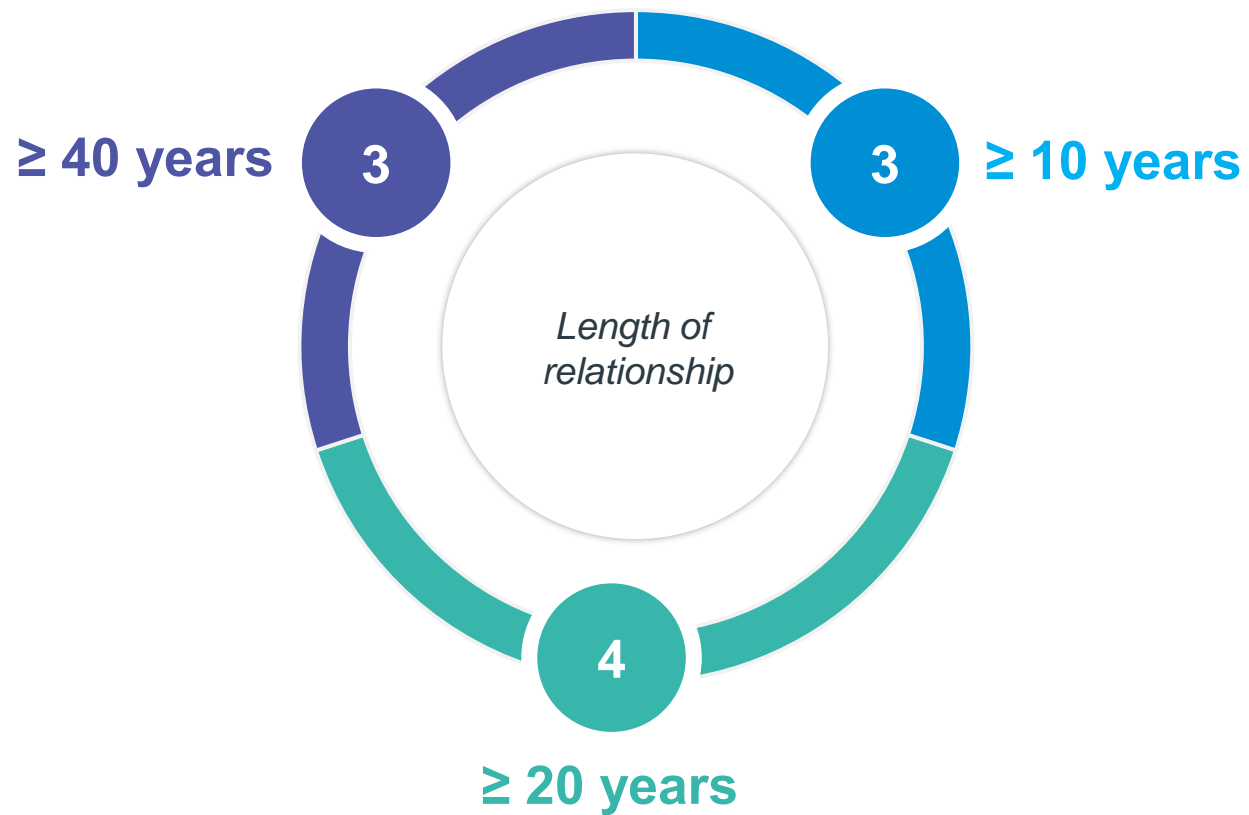
Share of 2023 sales to the Group's main customers



A customer portfolio combining long-term relationships and recent wins



TOP 10 CUSTOMERS



New customers

Canon



alpitronic

OKMETIC

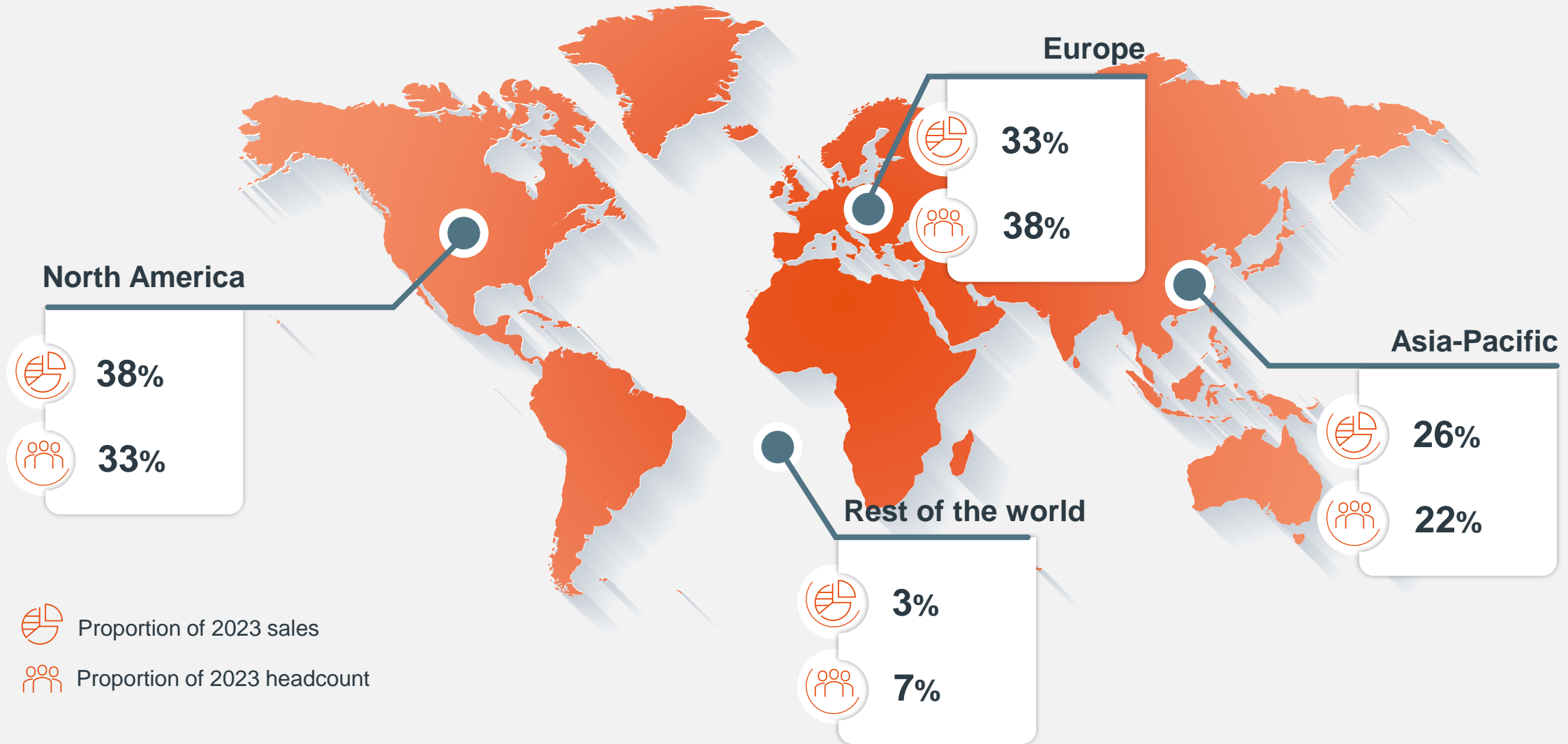


eks
ENERGY

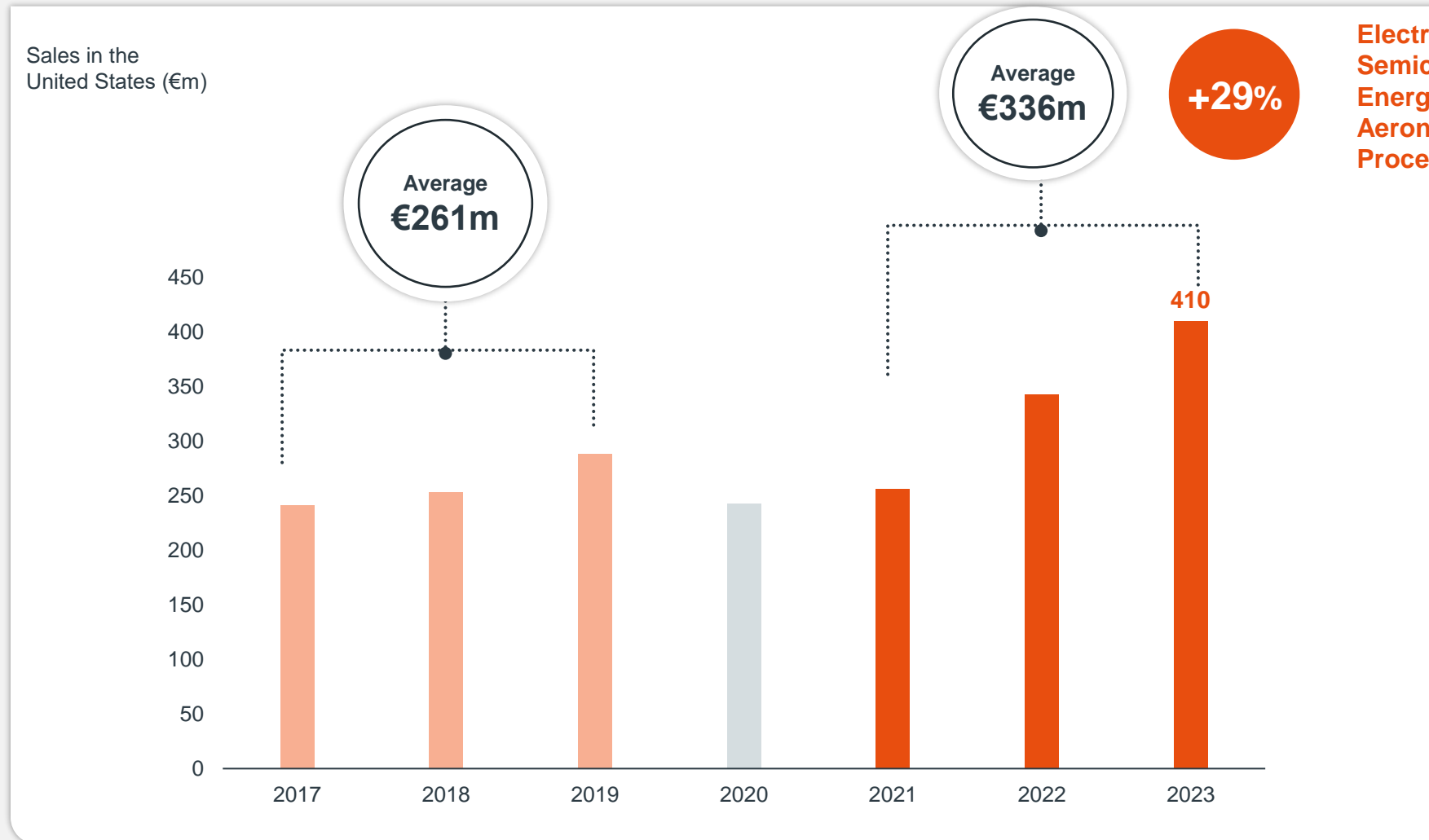


Non-exhaustive

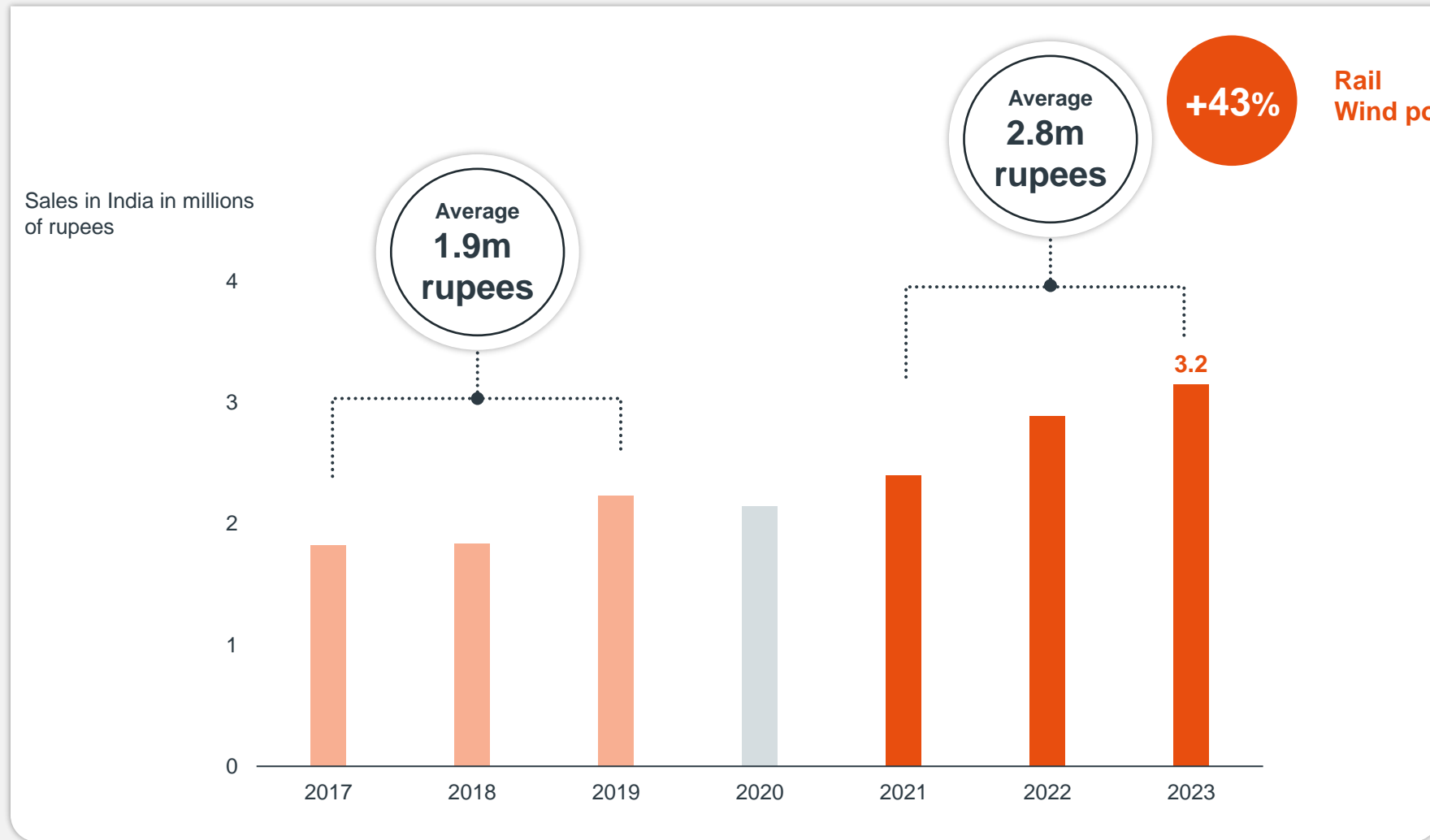
A comprehensive and balanced footprint to optimize customer relations



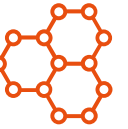
United States: A key country to accelerate growth



India: A growing presence



Committed to CSR across the value chain



PRIORITY CSR COMMITMENTS

AMBITION

RESPONSIBLE PARTNER



- Improve **social and environmental practices** throughout our value chain

LIMIT THE ENVIRONMENTAL IMPACT OF OUR SITES



- **Decarbonize and mitigate the impact** of climate change

DEVELOP HUMAN CAPITAL



- Promote **equal opportunity and diversity**
- Promote a **social responsibility policy for all**
- Develop and consolidate a **health and safety culture**

DEVELOP A CULTURE OF ETHICS AND COMPLIANCE



- Instill **ethical behavior**
- Protect **data and systems**

Our products shape a more sustainable society...



A FEW EXAMPLES WITH OUR CUSTOMERS:

Reduced energy consumption or manufacturing costs

Insulation felt for the semiconductor industry

The very high insulating power of Mersen's insulation felt allows our customers to reduce their energy consumption by 15% compared with a standard product.

Reduced energy and water consumption

Eco&Flex Synthesis Unit for the production of liquid HCl

This new-generation synthesis unit limits the production of steam for our customers, thereby reducing the CO₂ emissions linked to the production process.

Reduced carbon footprint

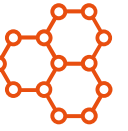
Modulostar fuse holder

Mersen has designed a product based on the PEP (Product Environmental Profile) process. It helps define the areas offering scope to minimize the product's environmental impact.

Helping to protect people

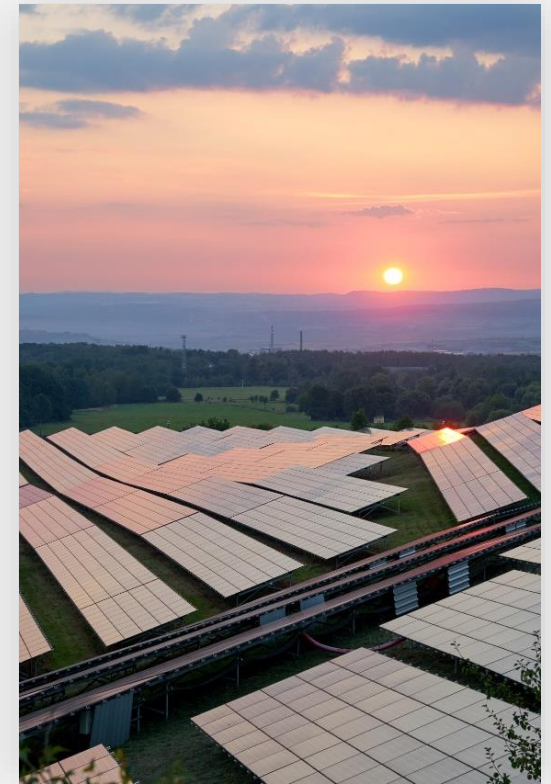
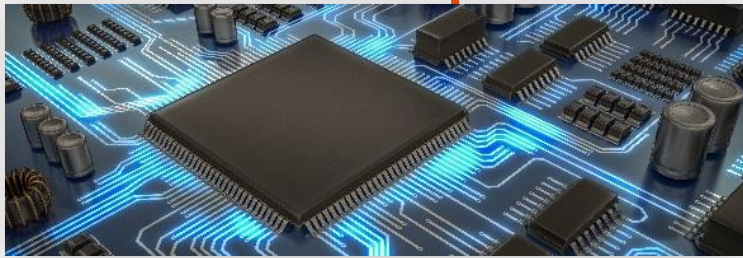
Fuses and SPD

This function is performed by overcurrent and overvoltage protection products



... and so do our end markets

56% of sales
for **SUSTAINABLE
DEVELOPMENT** markets



03

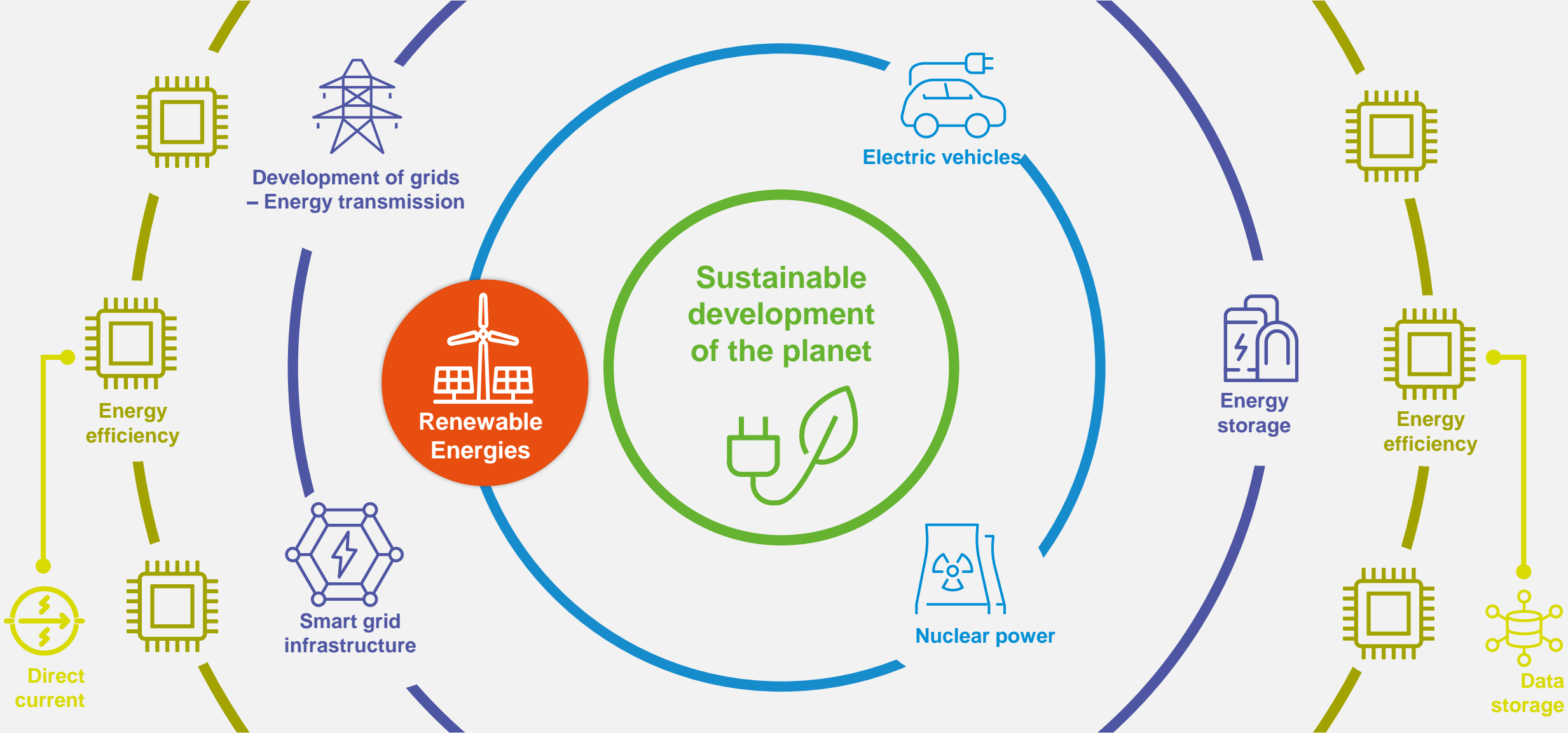
Our medium-term growth drivers

Luc Themelin
Chief Executive
Officer

**Olivier
Raymond**
VP, GS Sales

**Salvador
Lamas**
SVP, SPM

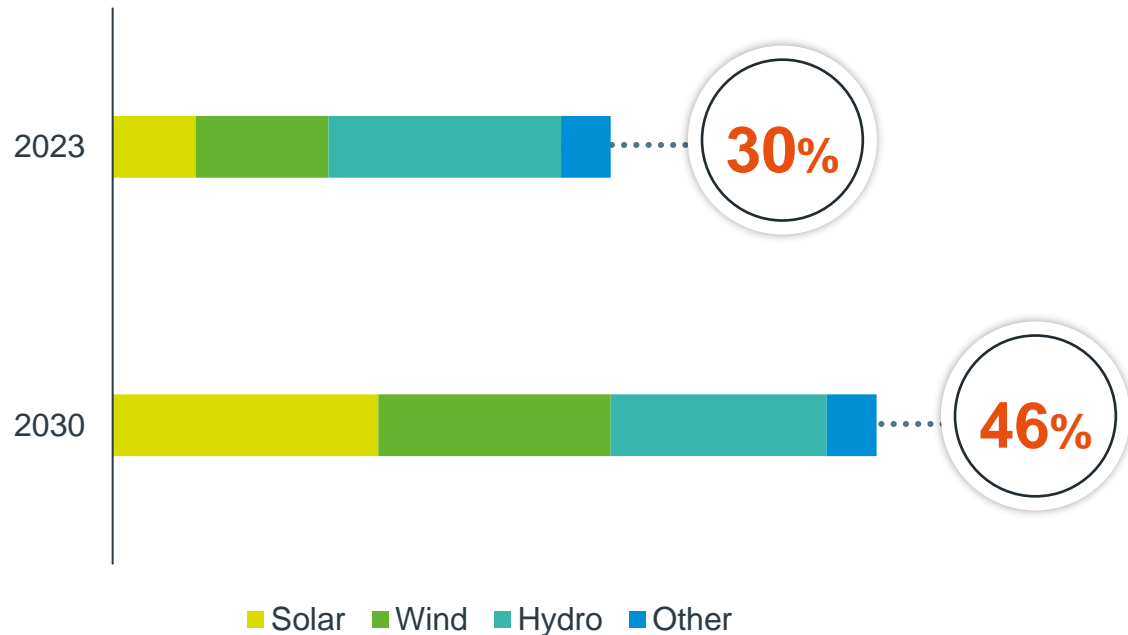
Major growth trends for our markets



Renewable energies will transform the world's energy mix by 2030



Renewable energy as a percentage of global electricity production



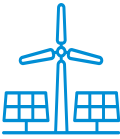
By 2025, renewable energies will overtake coal to become the leading source of electricity production



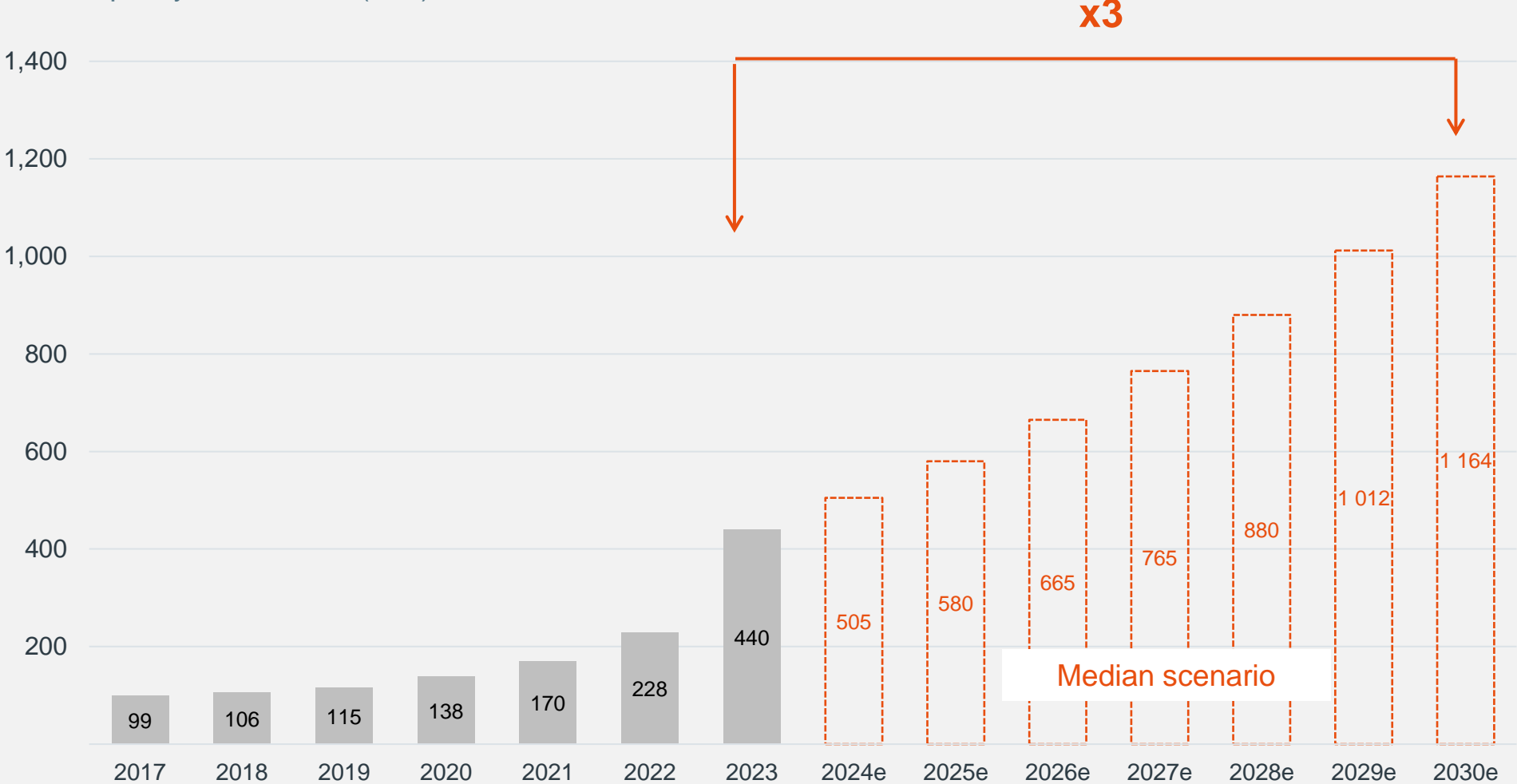
By 2030, renewable energy sources will account for **over 46%** of global electricity production

Source: IEA renewables 2024

Sustained growth in solar panels, driving energy storage and transportation markets



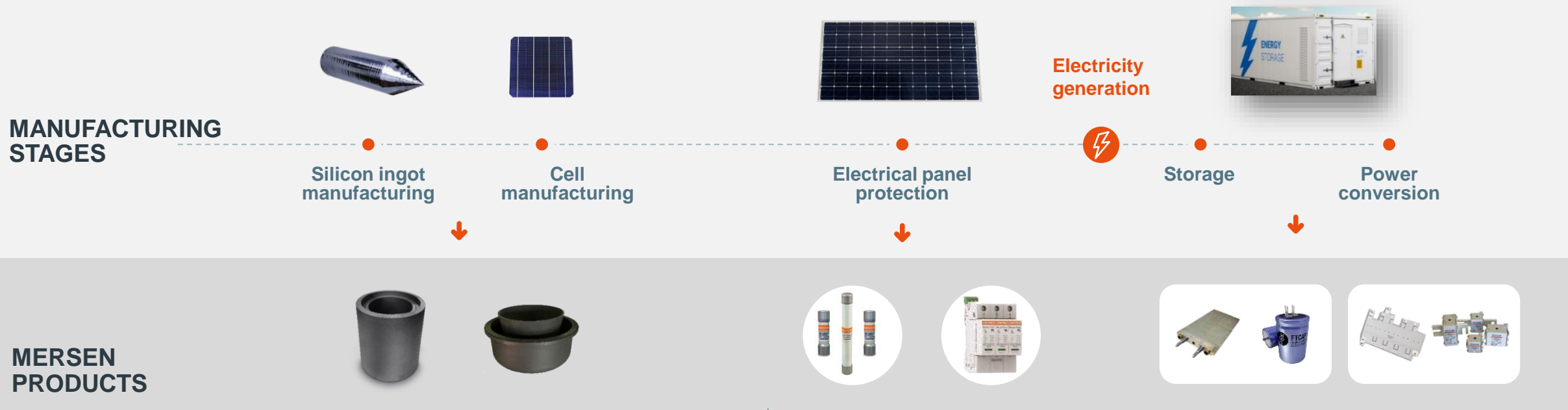
Annual capacity installations (GW)



Source: Mersen consensus, Yole, Exawatt



Mersen, a major supplier across the solar power value chain



95% of the market in China

Installation-related market

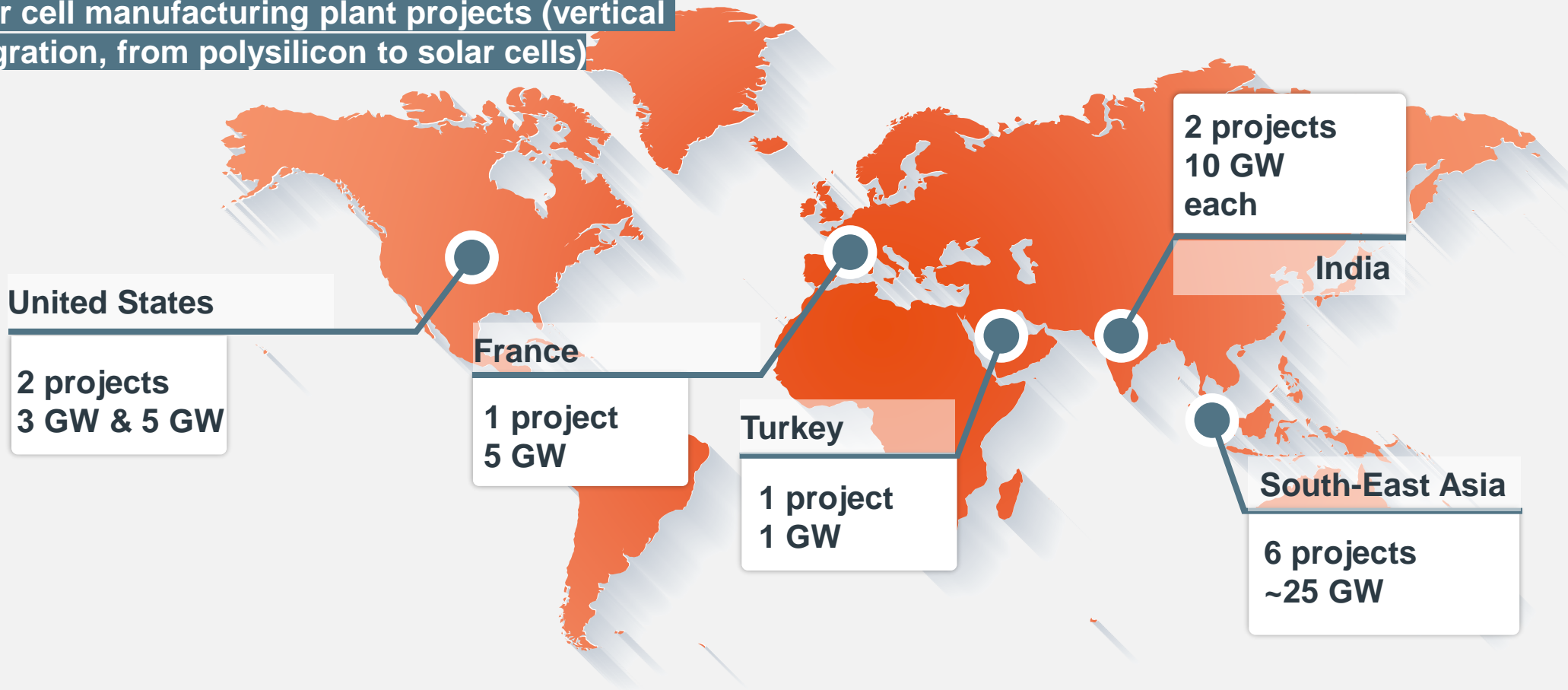
CUSTOMERS



New solar cell manufacturing projects, potential opportunities for Mersen



Solar cell manufacturing plant projects (vertical integration, from polysilicon to solar cells)



Additional potential from 2026

Renewable energies: Medium- to long-term potential unchanged



In the short term

2024 sales
~ €140m



Materials

Solar: Maintain our leadership in the manufacture of large solar parts in China.
Wind: maintain our market share on the installed base



Electrical Power

Support the rollout of renewable energies outside China, energy storage and conversion.

By 2029

Sales > €200m



Materials

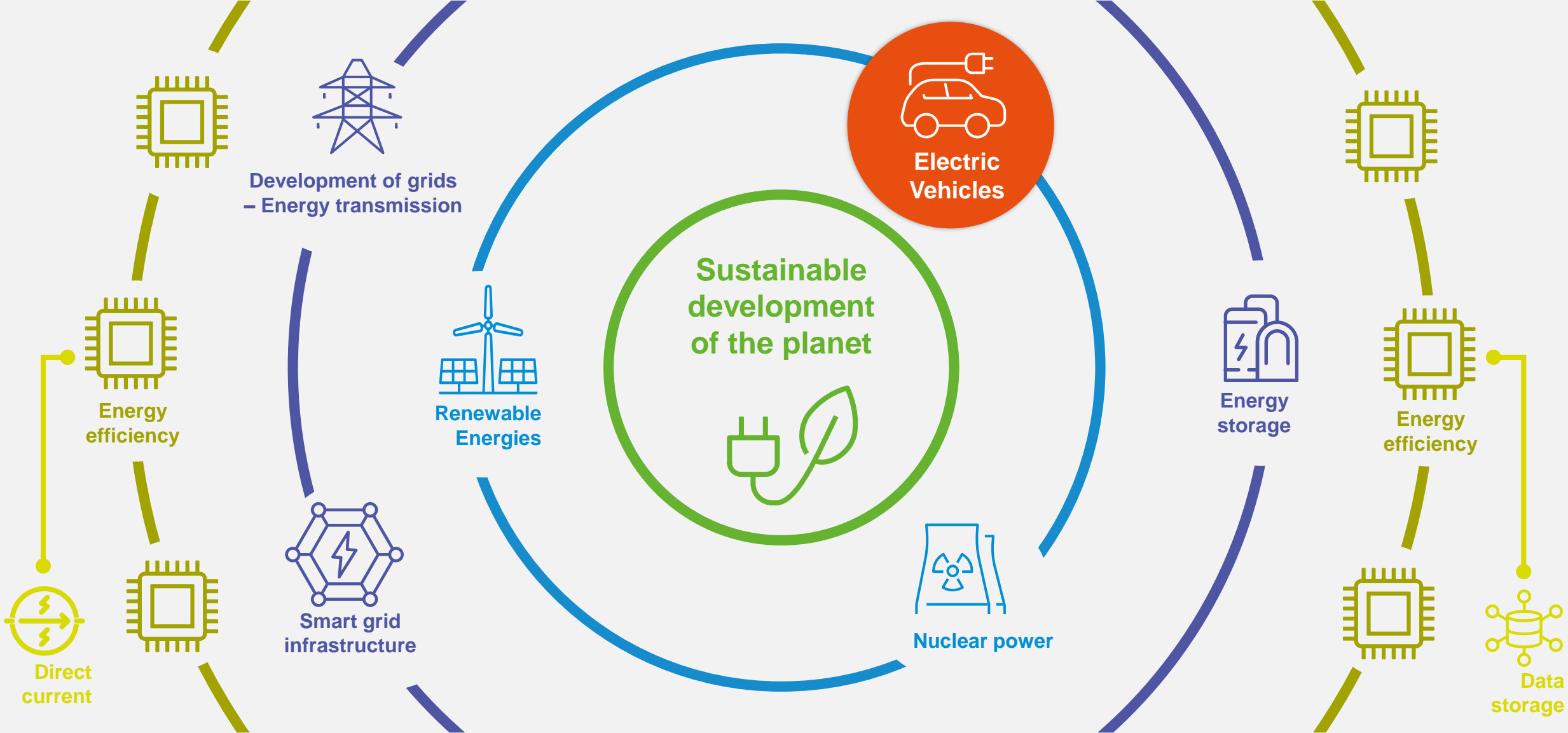
Leverage our industrial capabilities and customer relationships to build strong positions in the solar market outside China.
Consolidate our market share in wind power



Electrical Power

Gain market share by leveraging our relationships with major OEMs in energy storage and transport (HVDC) as well as power conversion.

Major growth trends for our markets





Electric vehicles: Mersen is positioned in several segments

Heavy industrial vehicles



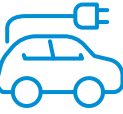
Bus & trucks



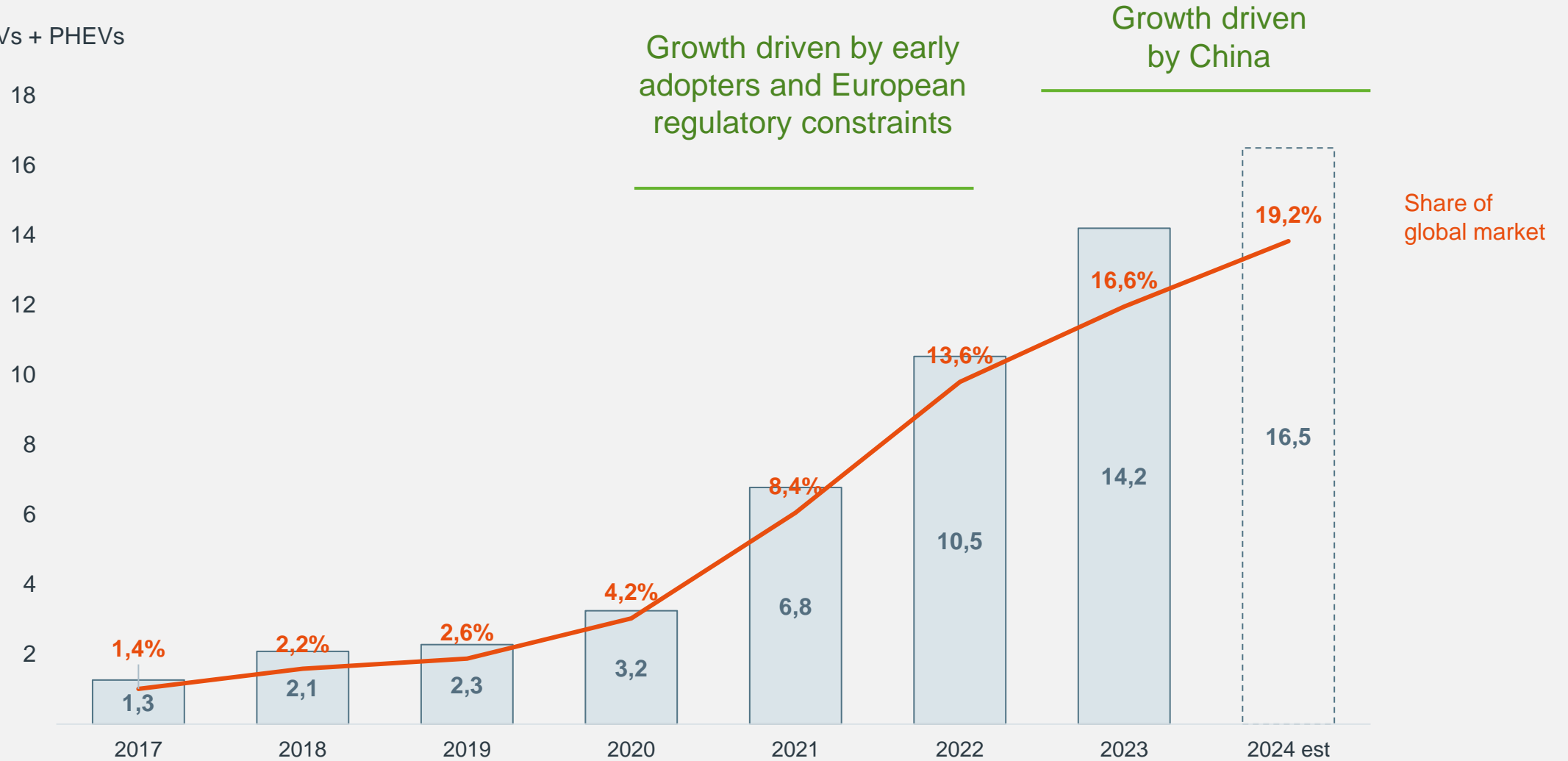
Passenger cars



Strong growth in the emerging EV passenger vehicle market



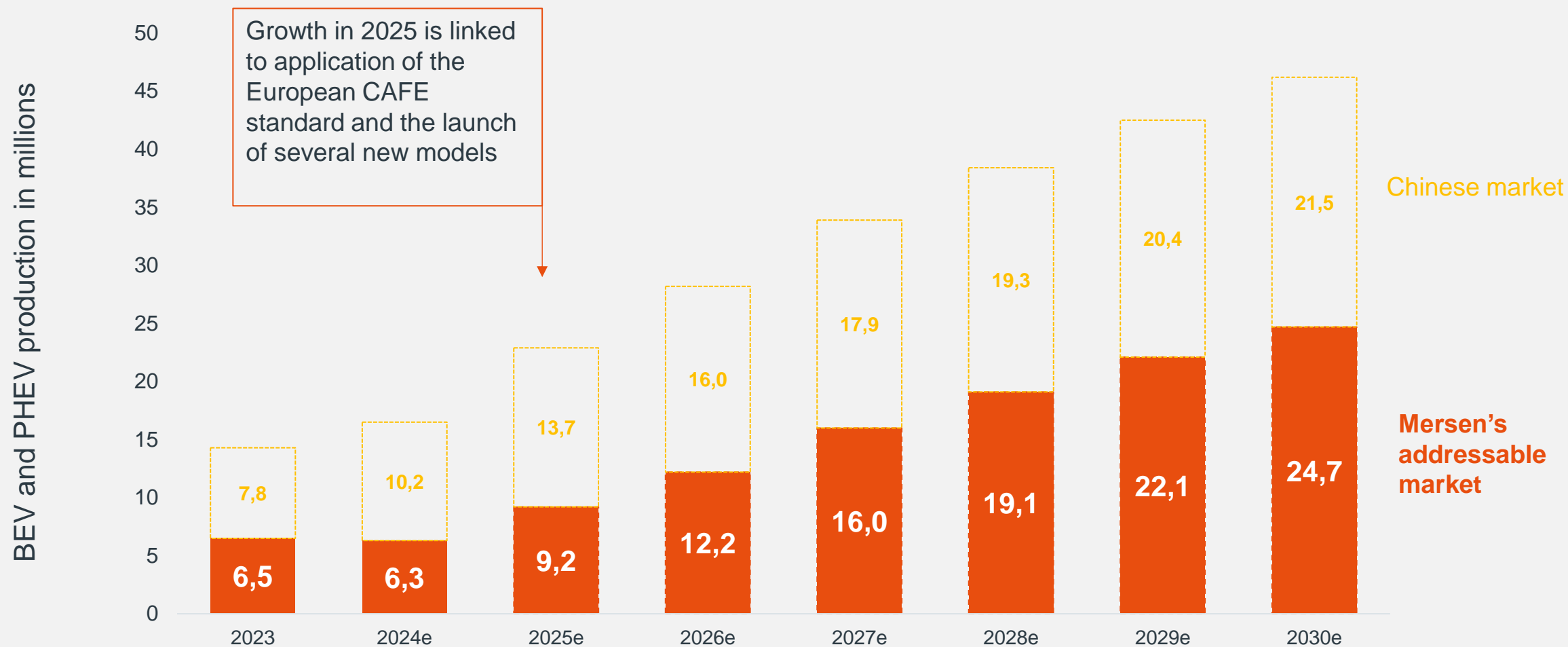
Number of BEVs + PHEVs
in million



Source: J.D. Power

Market growth strongly linked to China

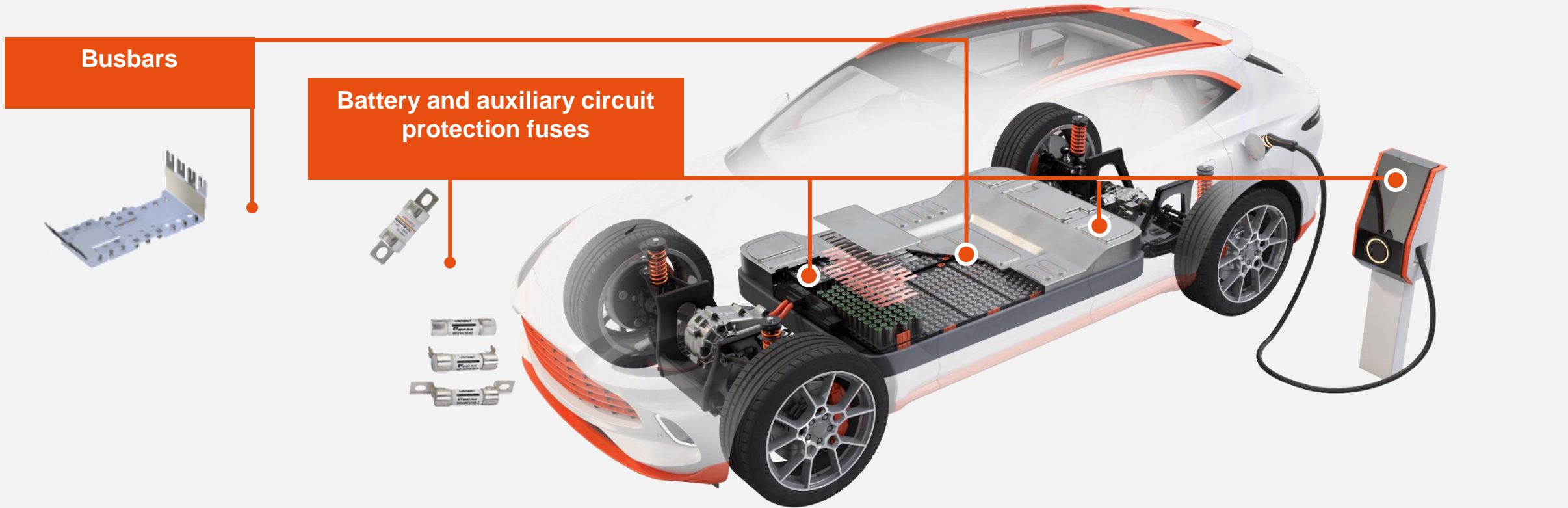
For Mersen, the addressable market remains significant



Source: J.D. Power, S&P Global Mobility; forecast Sept. 2024



Two Mersen product ranges for EV batteries



Busbars

Battery and auxiliary circuit protection fuses

Battery manufacturers

Car/bus manufacturers or subcontractors

Charging station manufacturers



Mersen's value proposition for the EV market



Fuses

- New range of fuses dedicated to EV market (150-800V)
- Production capacity automated, IATF certified
- Test capability to approve useful life
- Expertise in electrical protection



Busbars

Customized solutions for 2 applications:

- **Cell interconnection**
Thermal protection thanks to insulation layers
Smart busbars, providing data for battery management systems
- **Power conversion for motor**

The first automatic busbar production line for ACC modules





Mersen is connected to major carmakers outside China

Europe

North America

Asia

Light
vehicles



Heavy
vehicles



A three-year delay in the EV market, but positive outlook beyond this timeframe



In the short term

2024 sales
~ €30m

- Harness growth in the European market boosted in the short term by CAFE regulations
- Gain a foothold in the emerging US market

Action plan:

- Optimization of industrial sites: One single plant to manufacture fuses (Shanghai)
- Take a flexible approach to ACC automatic line investments according to customer demand

By 2029

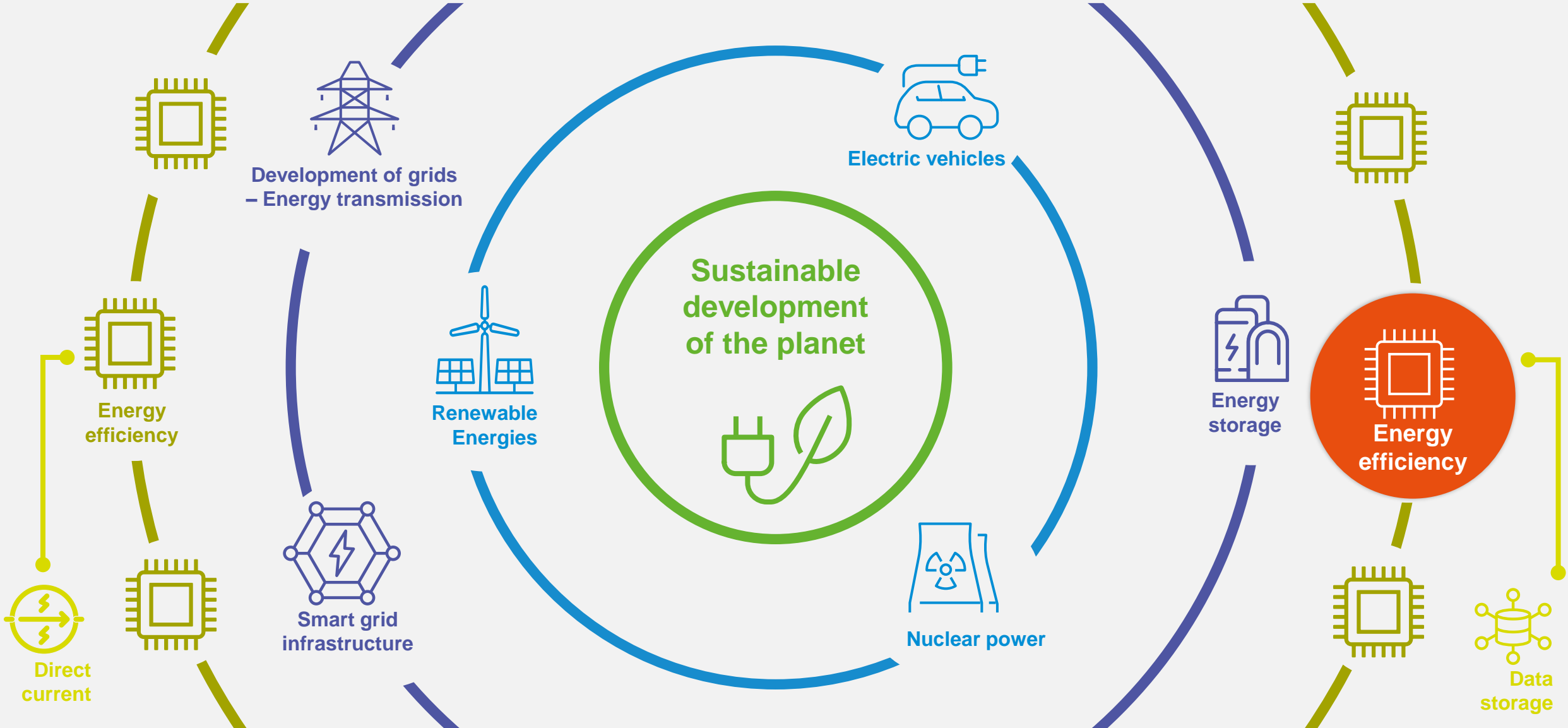
Sales ~ €100m

- Important addressable market outside China, with the US market more dynamic than expected

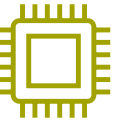
Strategy:

- Busbars: Strengthen positioning in two high value-added applications, namely cell interconnection and power conversion
- Fuses: Gain market share and continue to invest in innovation

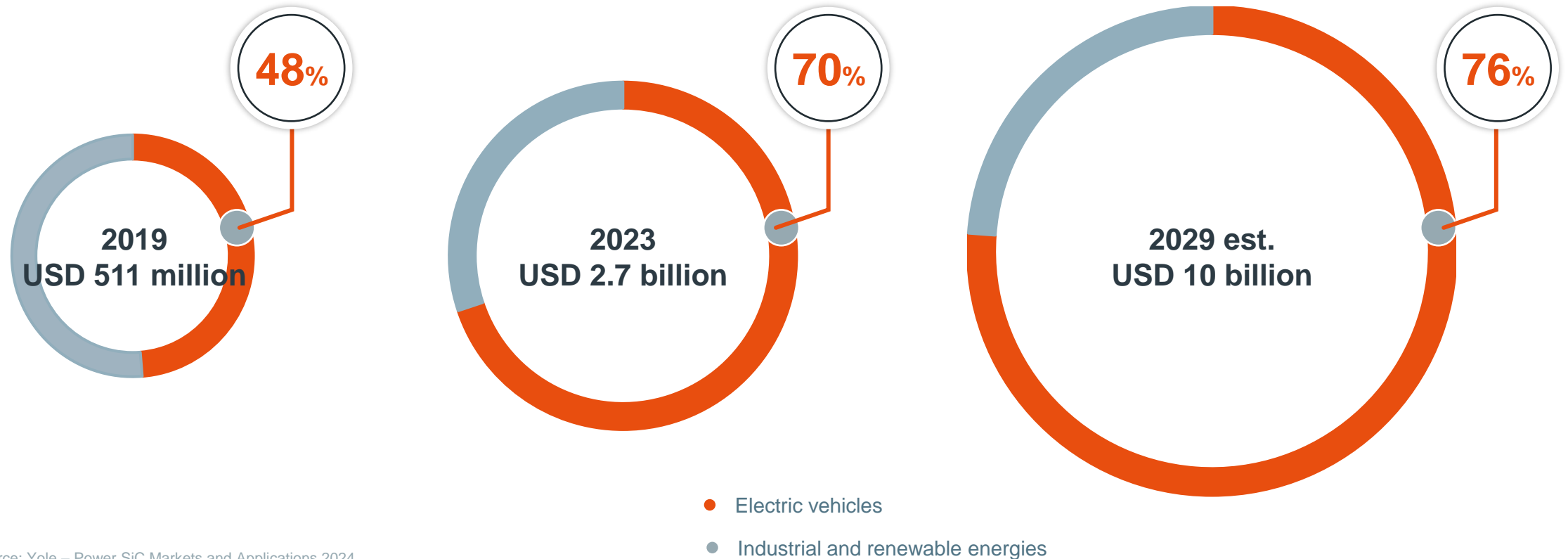
Major growth trends for our markets



SiC power components, a benefit for the electric vehicle market



SiC power components market



Source: Yole – Power SiC Markets and Applications 2024

The advantages of SiC over Si



Balancing performance and cost



Performance

- **SiC for more efficient power conversion:**
 - ~**20% reduction** in system size and weight
 - +~**10%** additional autonomy
 - **Longer battery life**

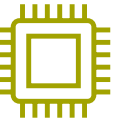


Cost

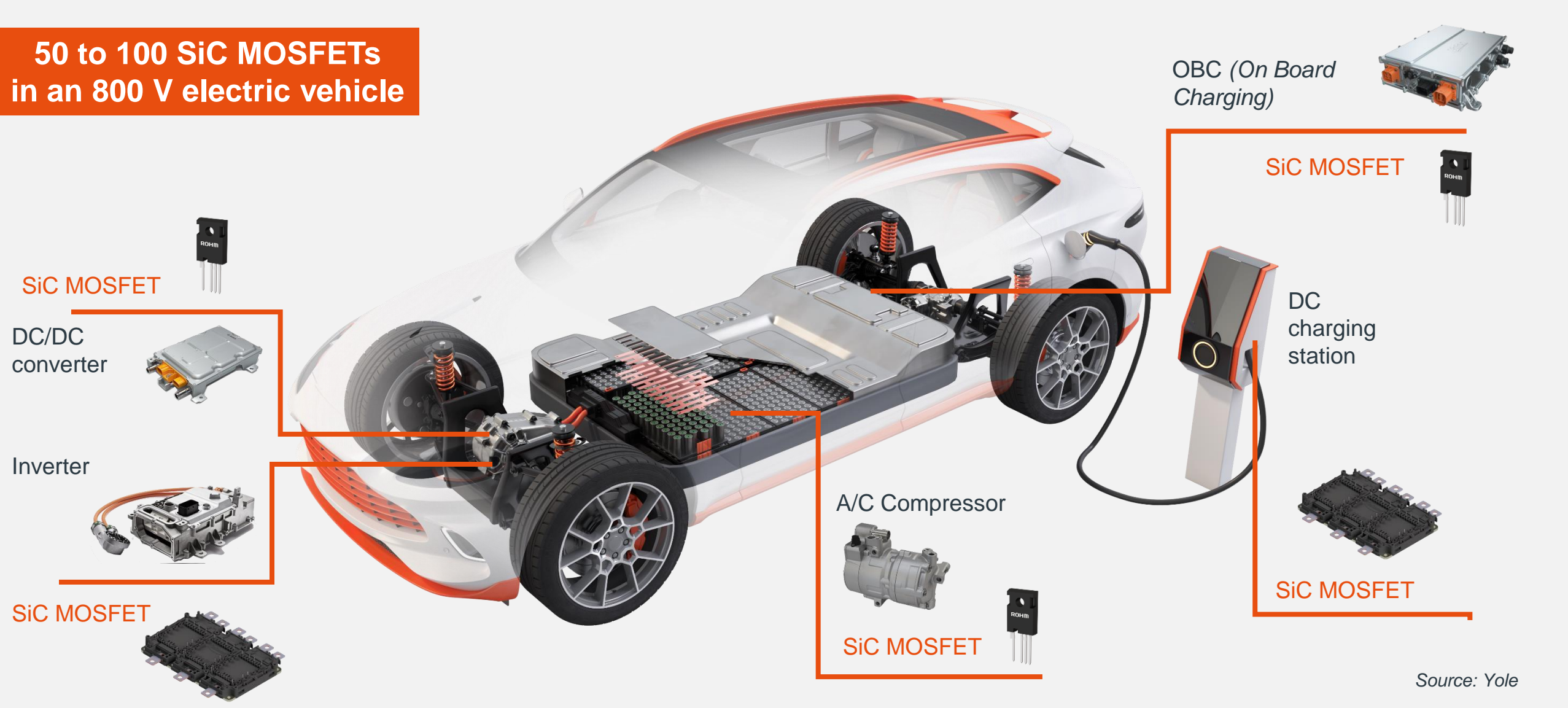
- **Higher, but falling, costs:**
 - A SiC converter costs 1.7x more than a Si converter for a 400V battery, and 2x more for an 800V battery
- **Future cost reduction**
 - Learning curve, accelerating technological progress
 - Increased wafer size
 - Smart-SiC

Source: Yole, Mersen

A growing number of SiC semiconductors in high-performing electric vehicles

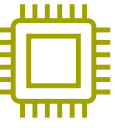


50 to 100 SiC MOSFETs
in an 800 V electric vehicle



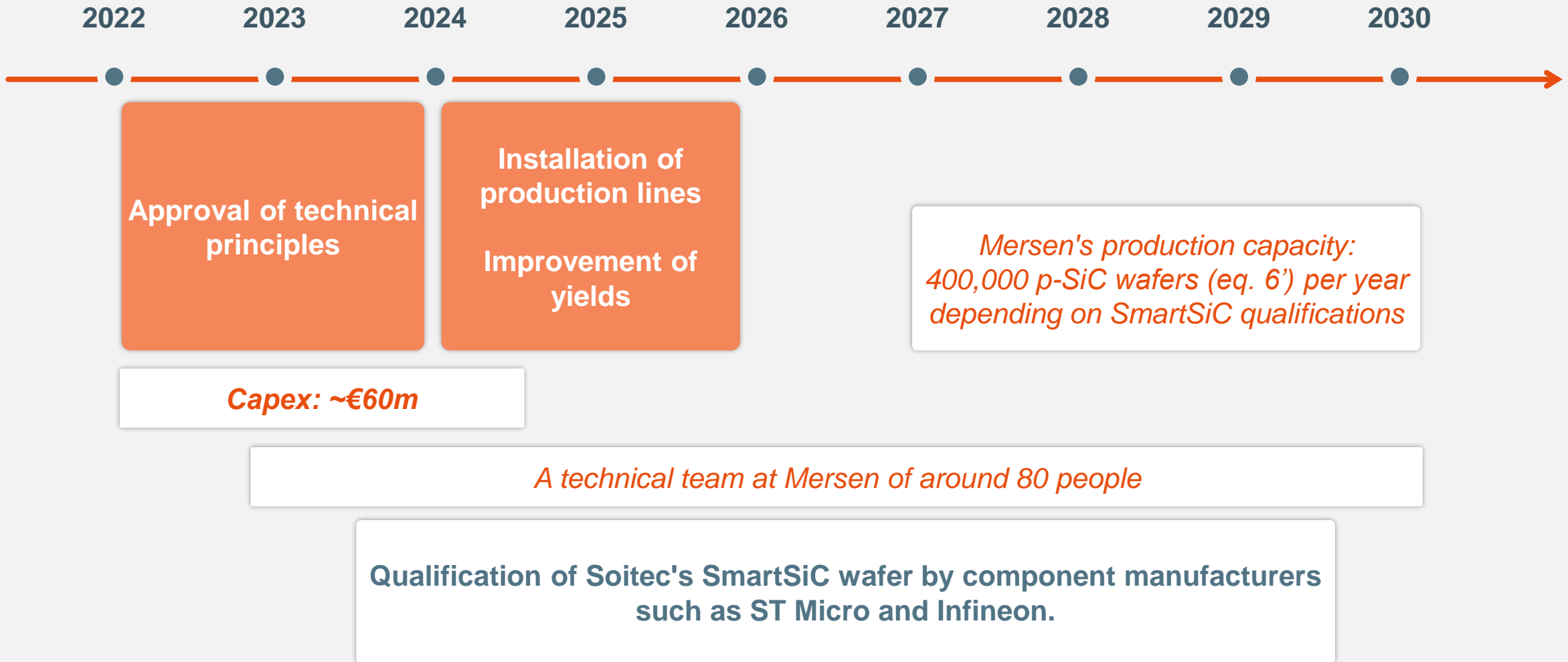
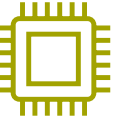
Source: Yole

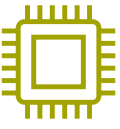
Mersen, a supplier to all players in the SiC semiconductor manufacturing process



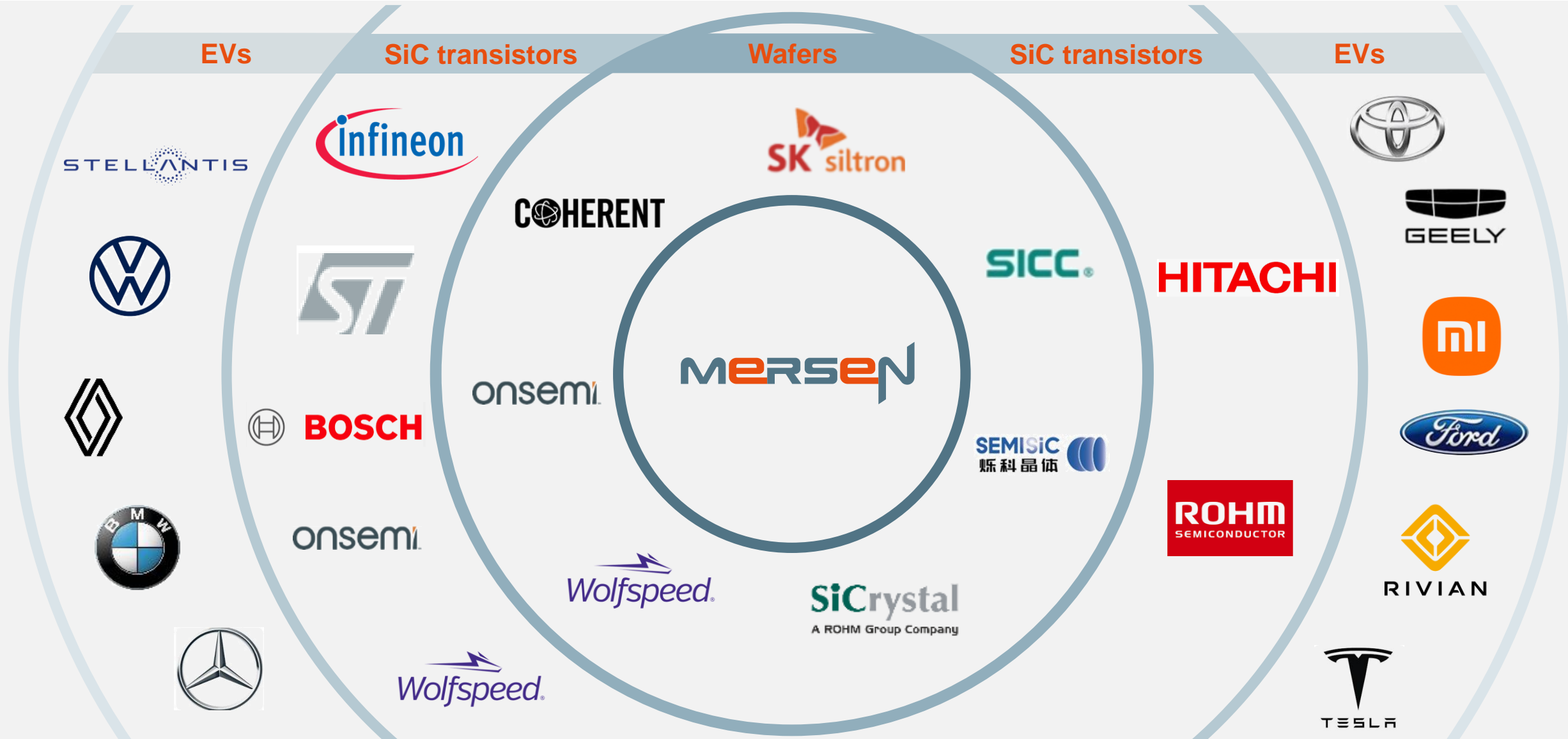
MERSEN, CRUCIAL IN THE SiC
SEMICONDUCTOR PROCESS

p-SiC project

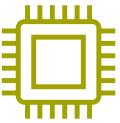




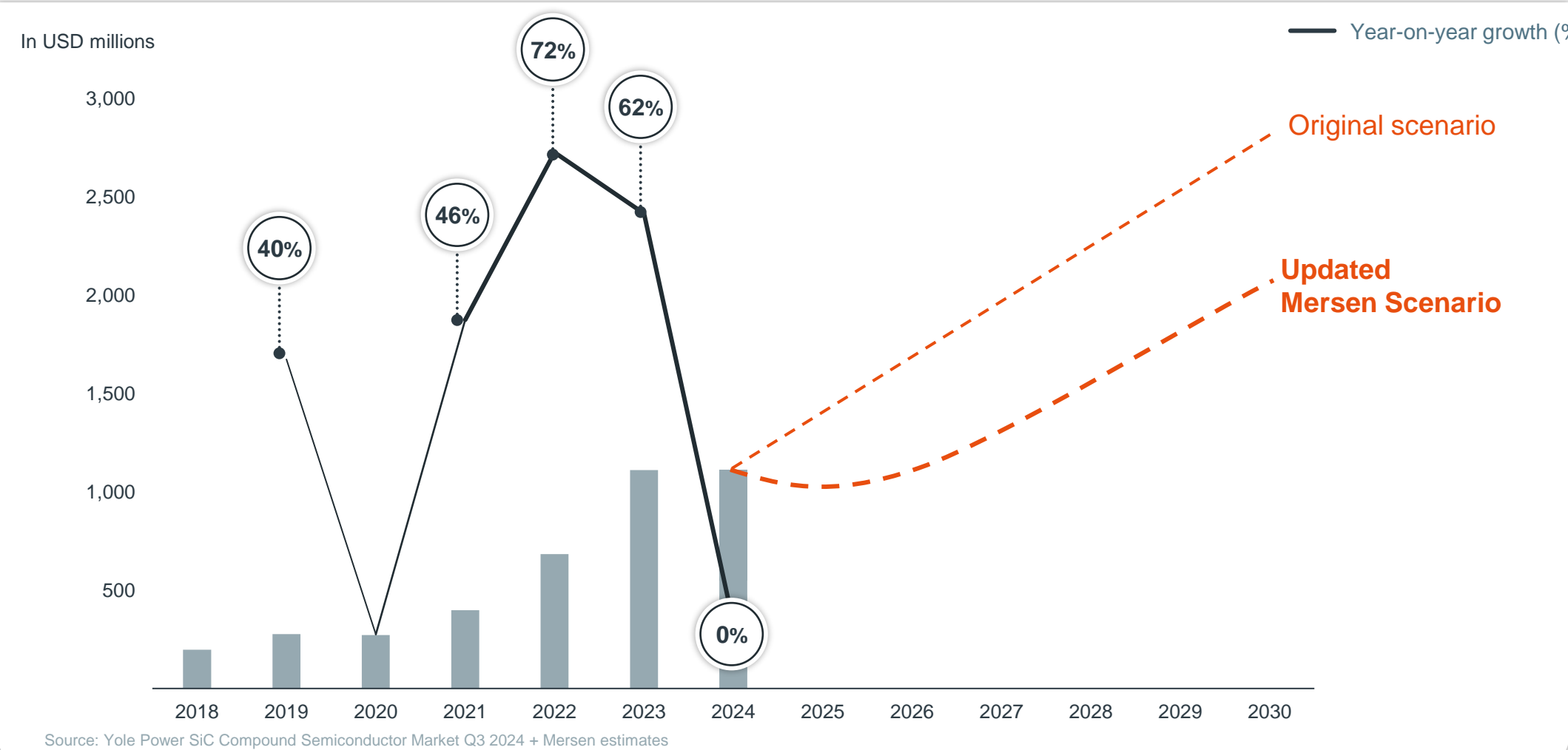
Mersen is connected to the entire EV market

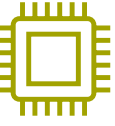


High inventory levels between 2022 and 2024, impacting market growth rates



SiC POWER WAFER MARKET SALES





A three-year delay compared with the original plan

In the short term

2024 sales
~ €100m

- The strong growth until mid-2024 led to a build-up of high inventory levels throughout the chain
- 2025 lower than originally forecast
- Recovery expected in 2026

Action plan

- Postpone certain investments
- Allocate graphite capacity for other potential markets

By 2029

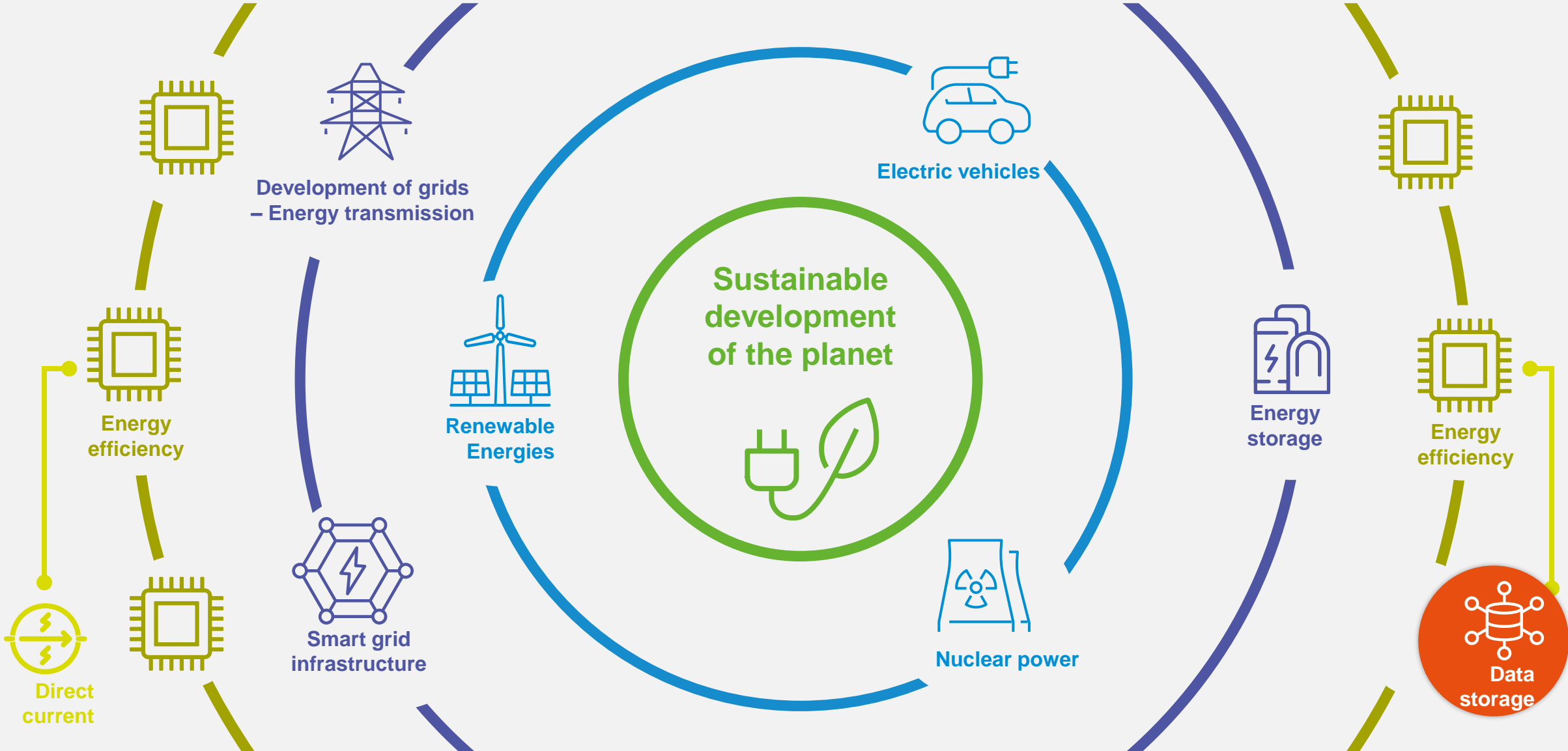
Sales > €220m

- Very important potential mainly linked to EV market

Strategy

- Continue to diversify the customer base and support our main customers' transition to 8' through our expertise
- Continue working with Soitec on p-SiC and its transition to 8' to bring the market a high-performance, cost-effective solution that has been tested by their customers

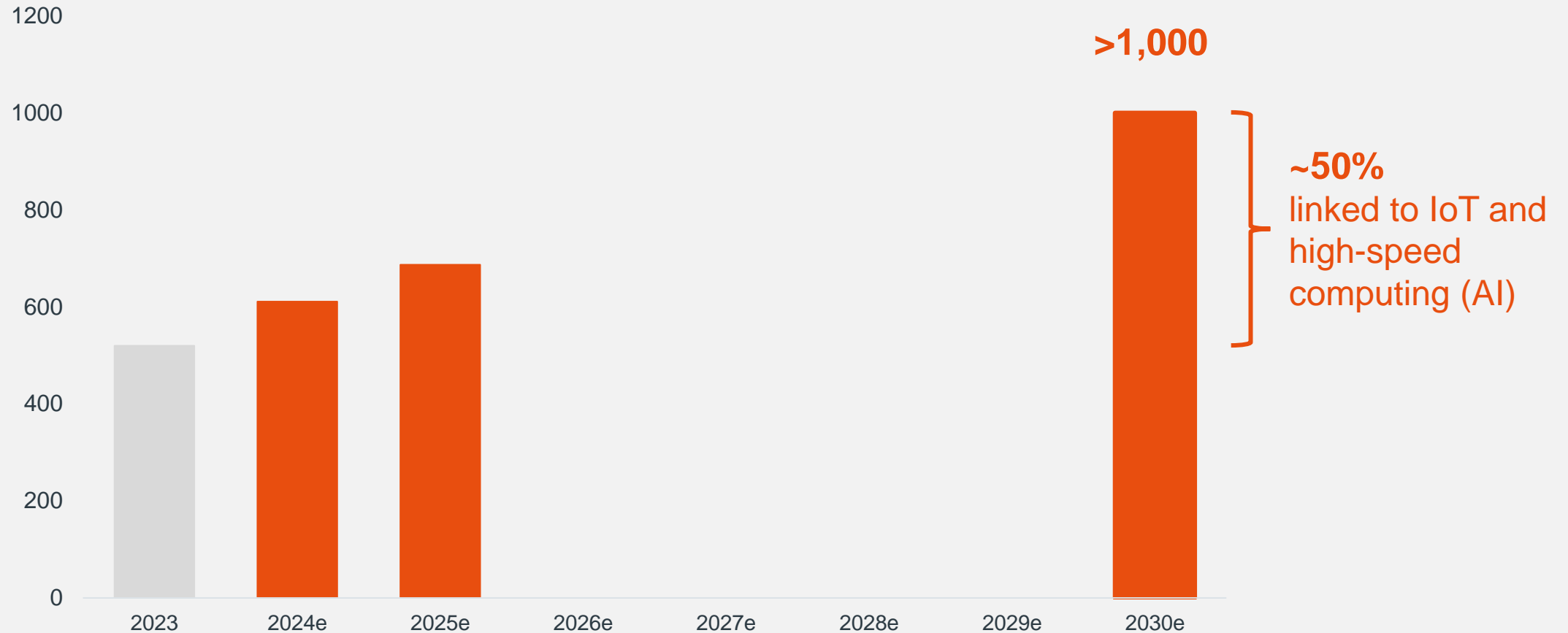
Major growth trends for our markets



Silicon semiconductor market prospects boosted by AI



In USD billions



Source: WSTS Forecast summary for 2024 and 2025 – Applied Materials May 2024 for 2030

Mersen present at the technical stages of silicon semiconductor manufacturing



Unchanged medium-term potential for the silicon semiconductor market



In the short term

2024 sales
~ €50m

- Important drop in 2024 due to inventory levels
- Recovery expected in H1 2025

Action plan

- Strengthen local manufacturing presence for local markets (particularly in China)

By 2029

Sales > €100m

- Considerable demand for high-speed computing (AI) and data centers

Strategy:

- Leverage our relationships with OEMs to gain market share in the technical stages of the process

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

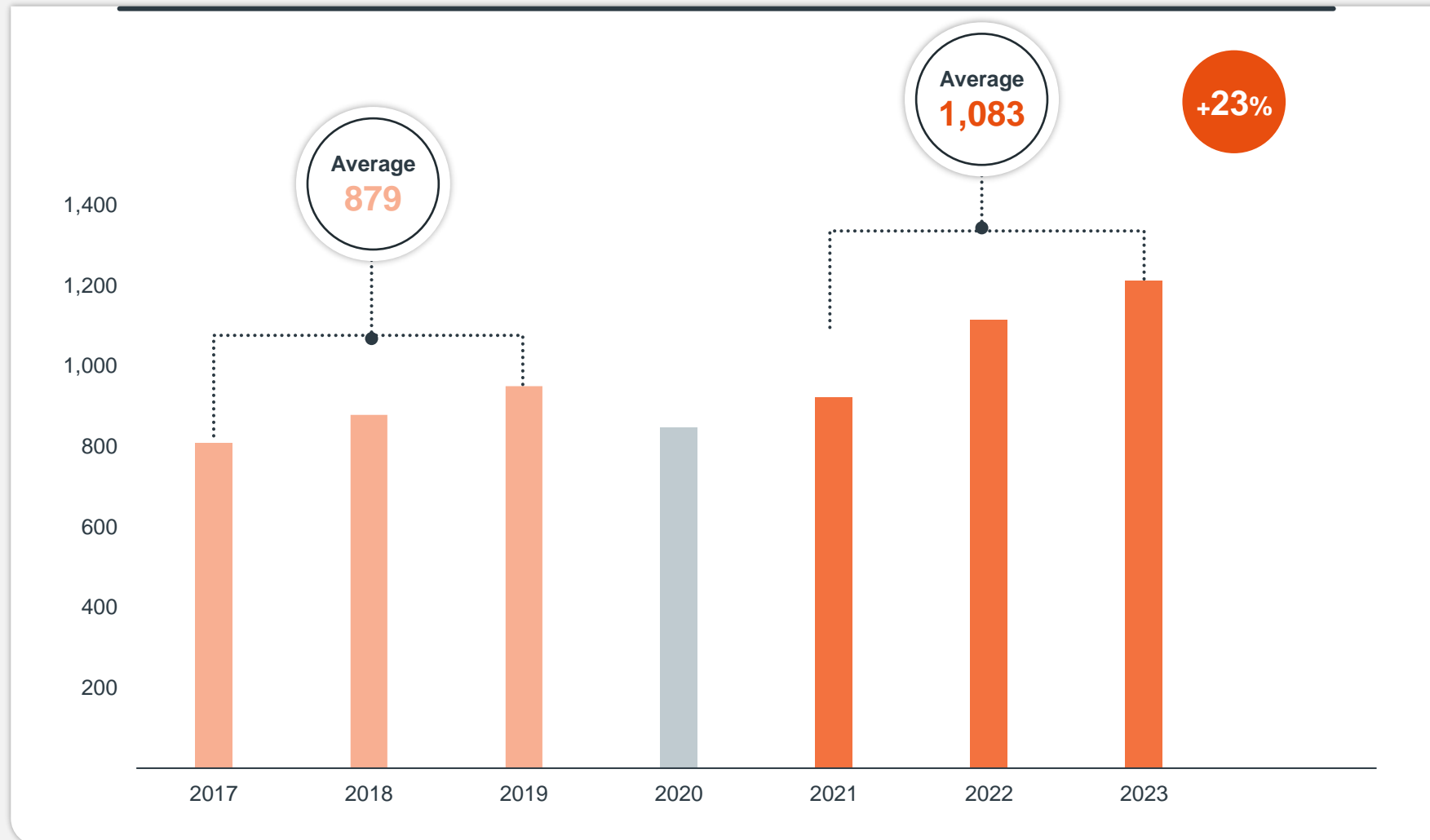


A sound financial structure

An improved growth profile

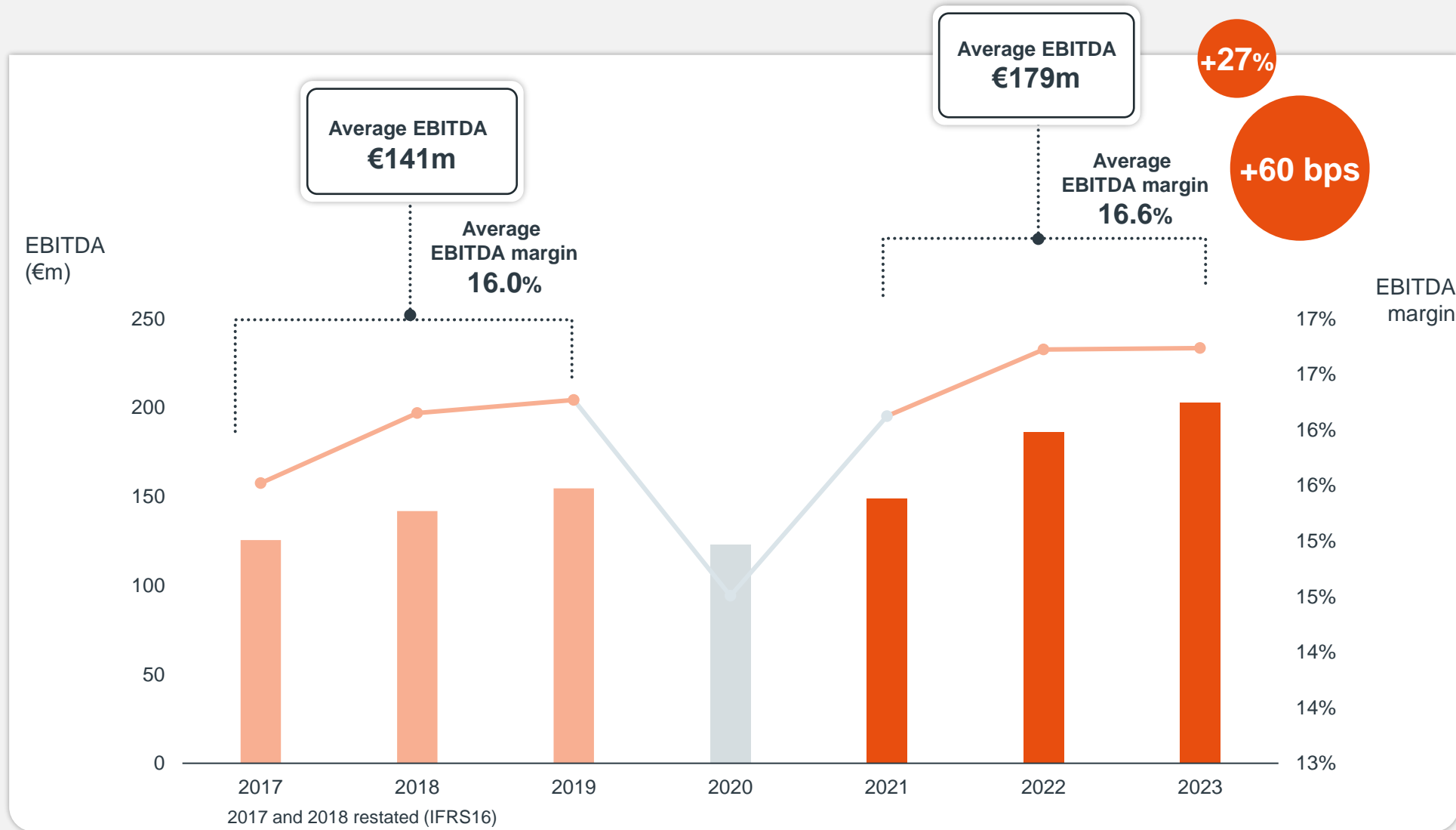


REPORTED SALES (€M)





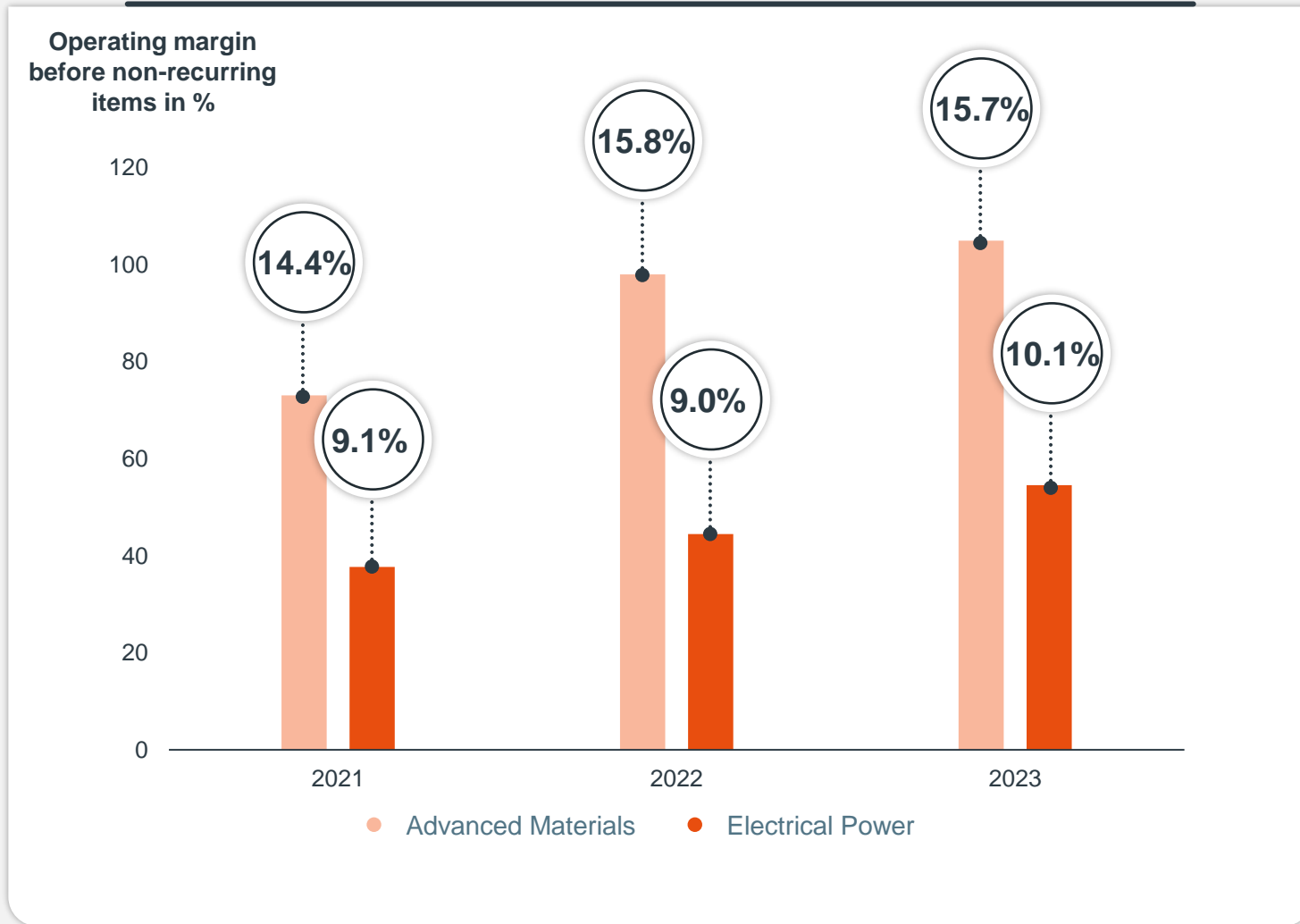
A more profitable Group





Two profitable segments

OPERATING INCOME BEFORE NON-RECURRING ITEMS (€M)



Synergies between segments

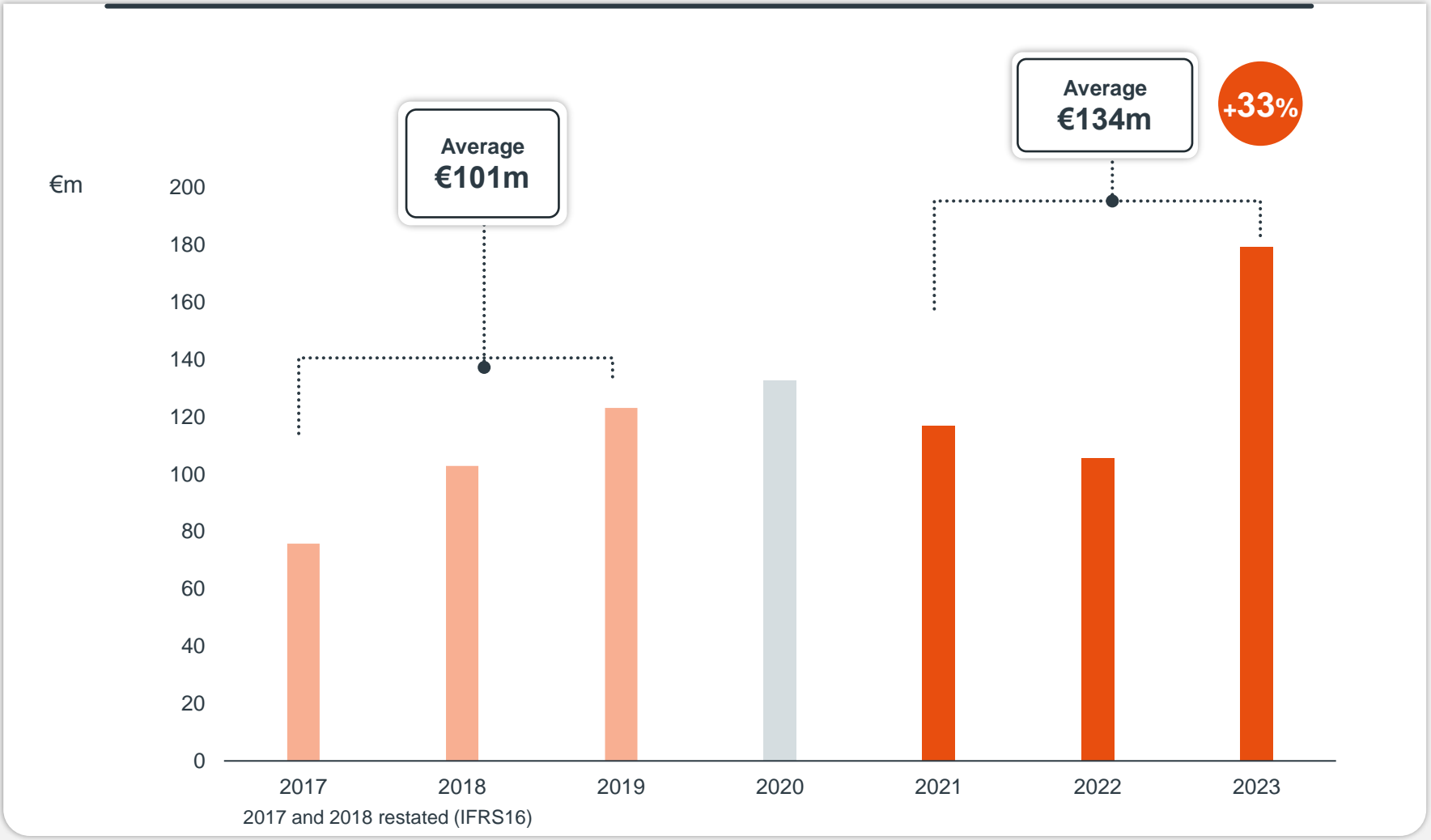
- Sales and Marketing synergies between the two segments to develop new businesses
- Optimization of manufacturing and sales sites: around 20% of sales are generated on multi-activity sites
- Sharing of a fixed cost base of around €75m-90m with synergies
- Pooling of R&D, innovation and technology and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





A more effective cash-generating model

NET CASH GENERATED BY OPERATING ACTIVITIES

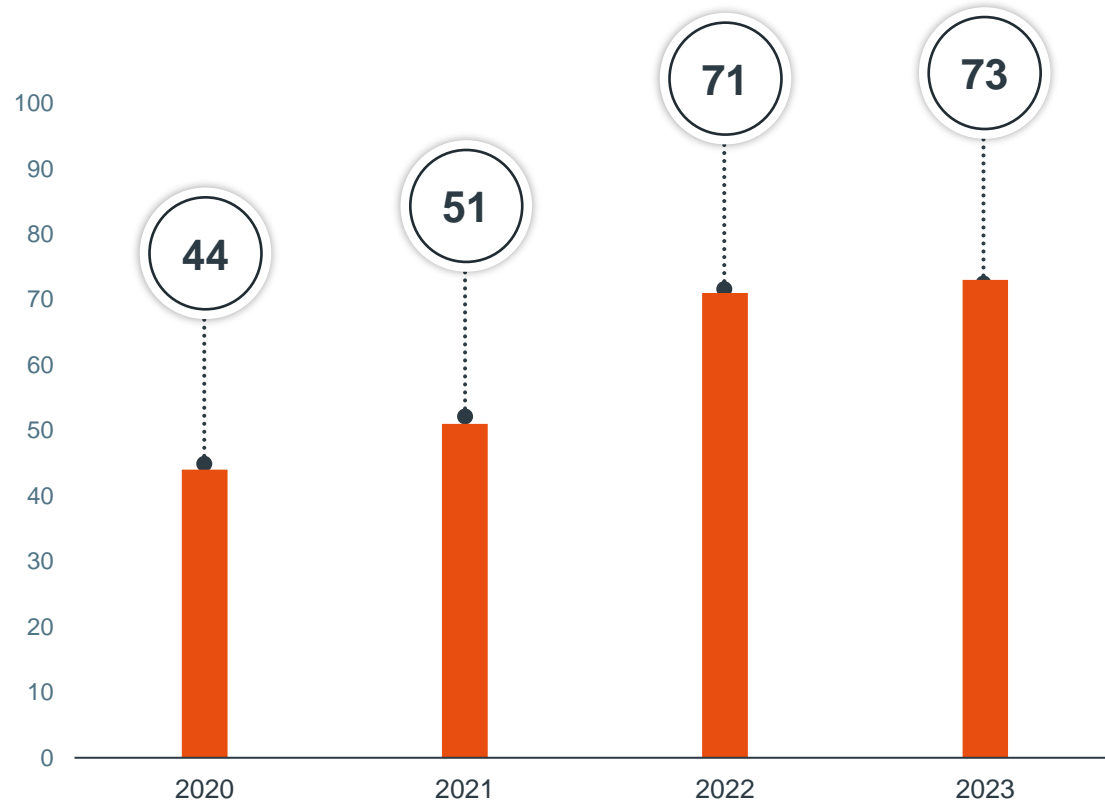




A solid base to finance investments

**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

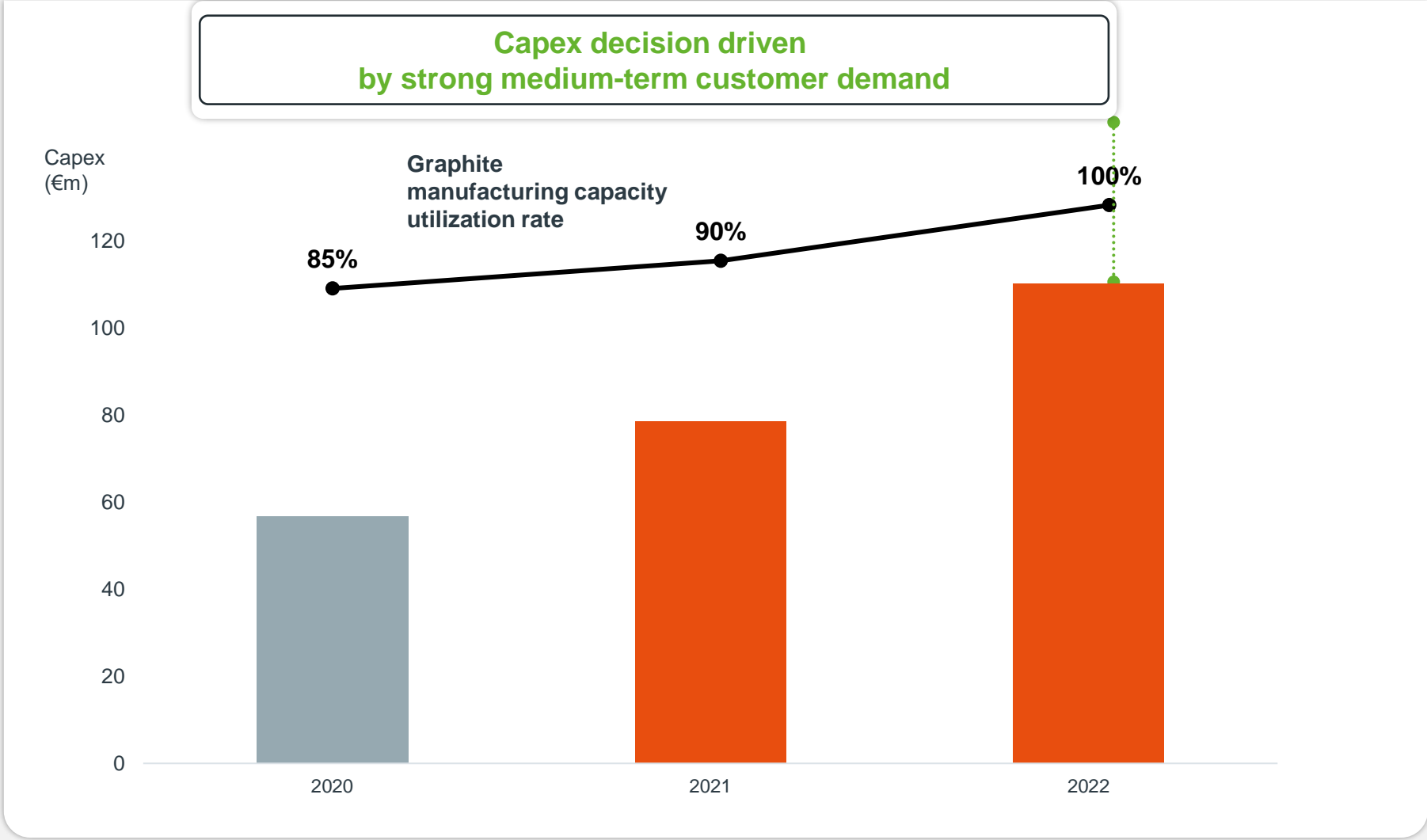
Ability to raise prices (customized products, added value, customer relations)

4

Rigorous management of working capital and cash flow



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)

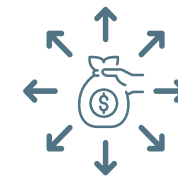
3

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

4

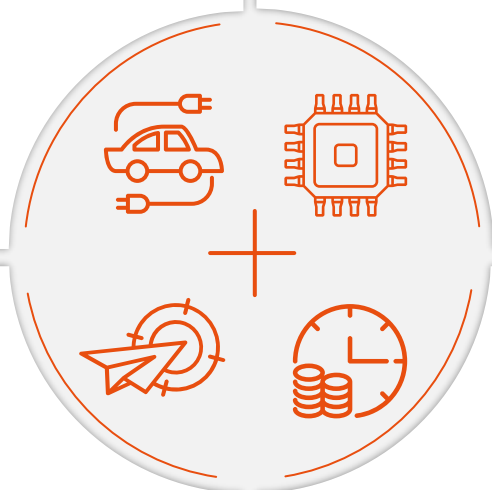
Heightened geopolitical **tensions**

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 initial plan

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

Total:

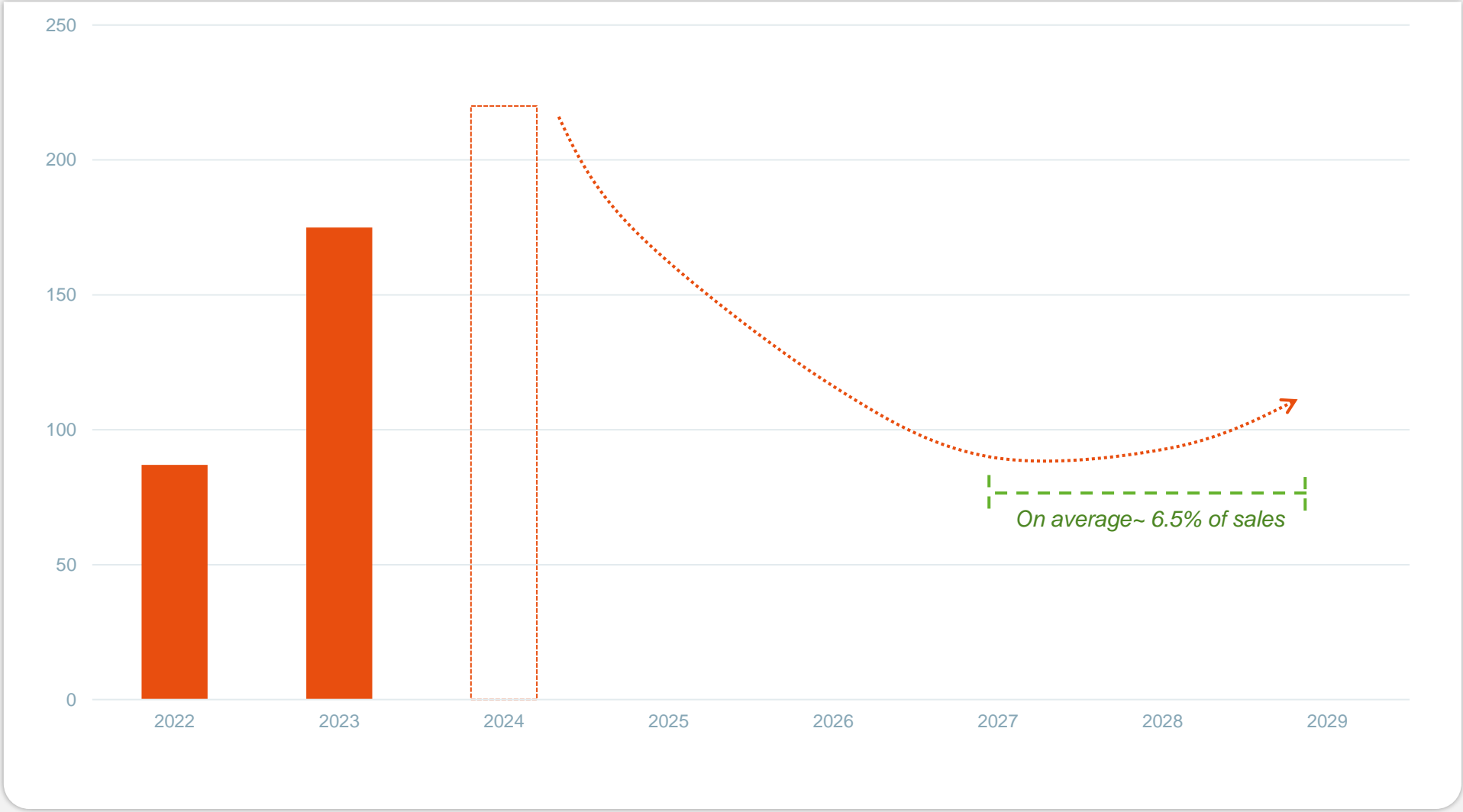
€[280-290]m* of which approximately 60% can be used for several markets

* 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

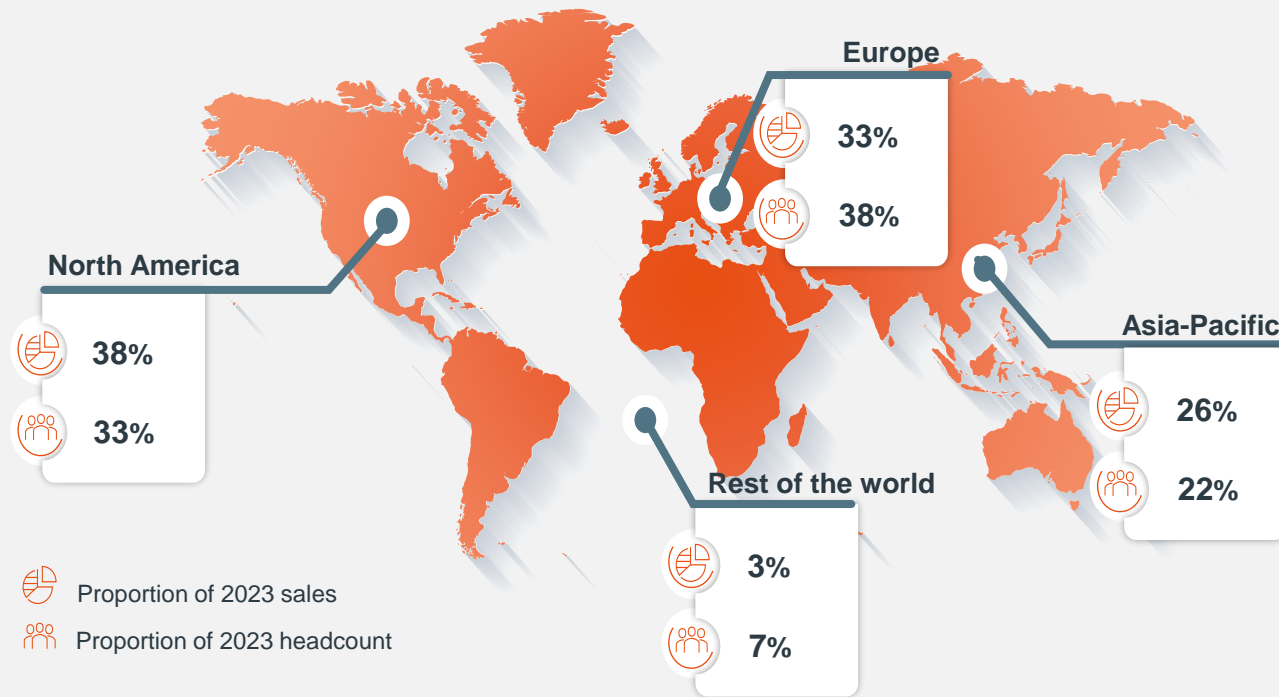
- Plan adapted to each plant
- Measures stepped up at the Group's top 10 sites

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)

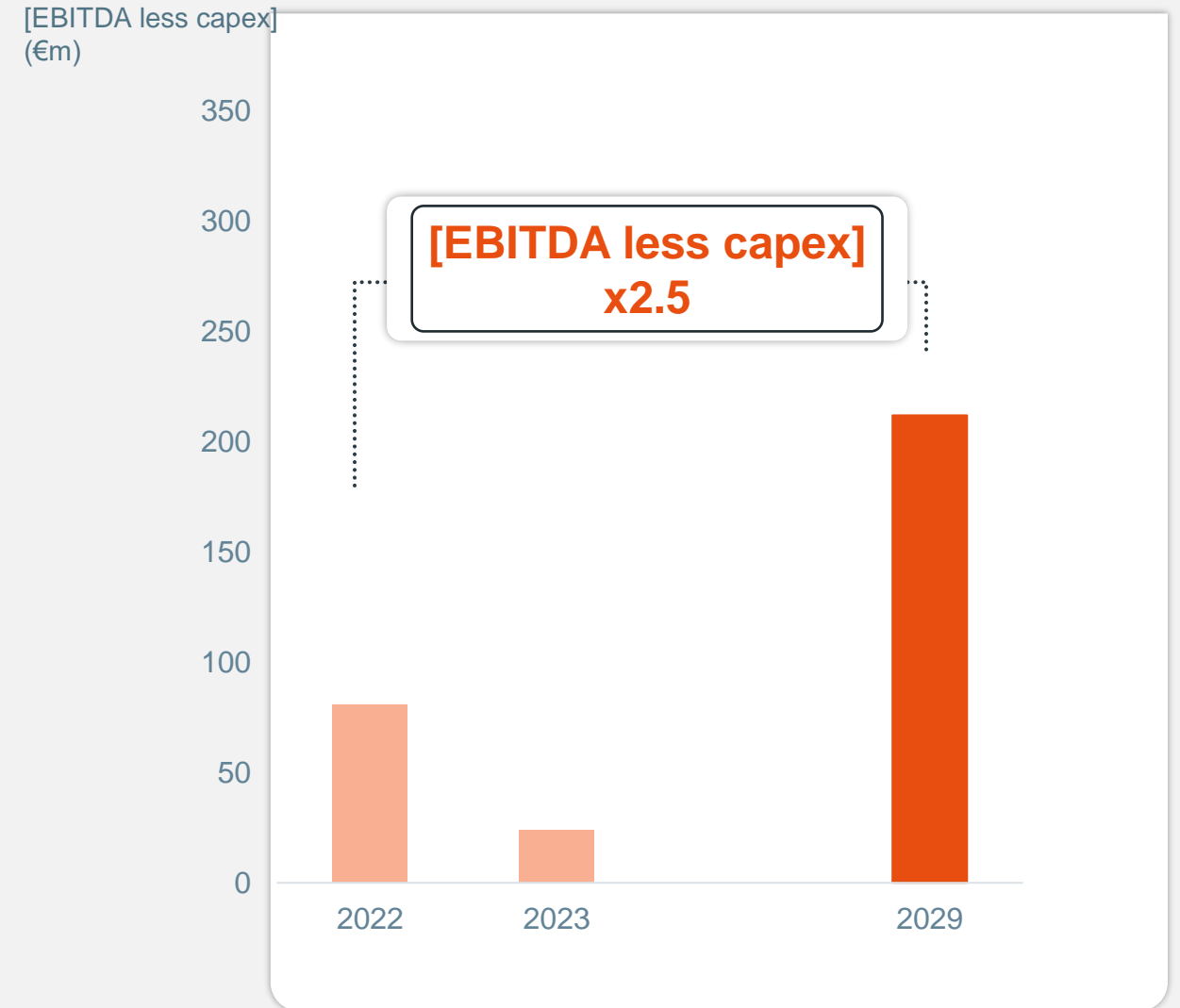
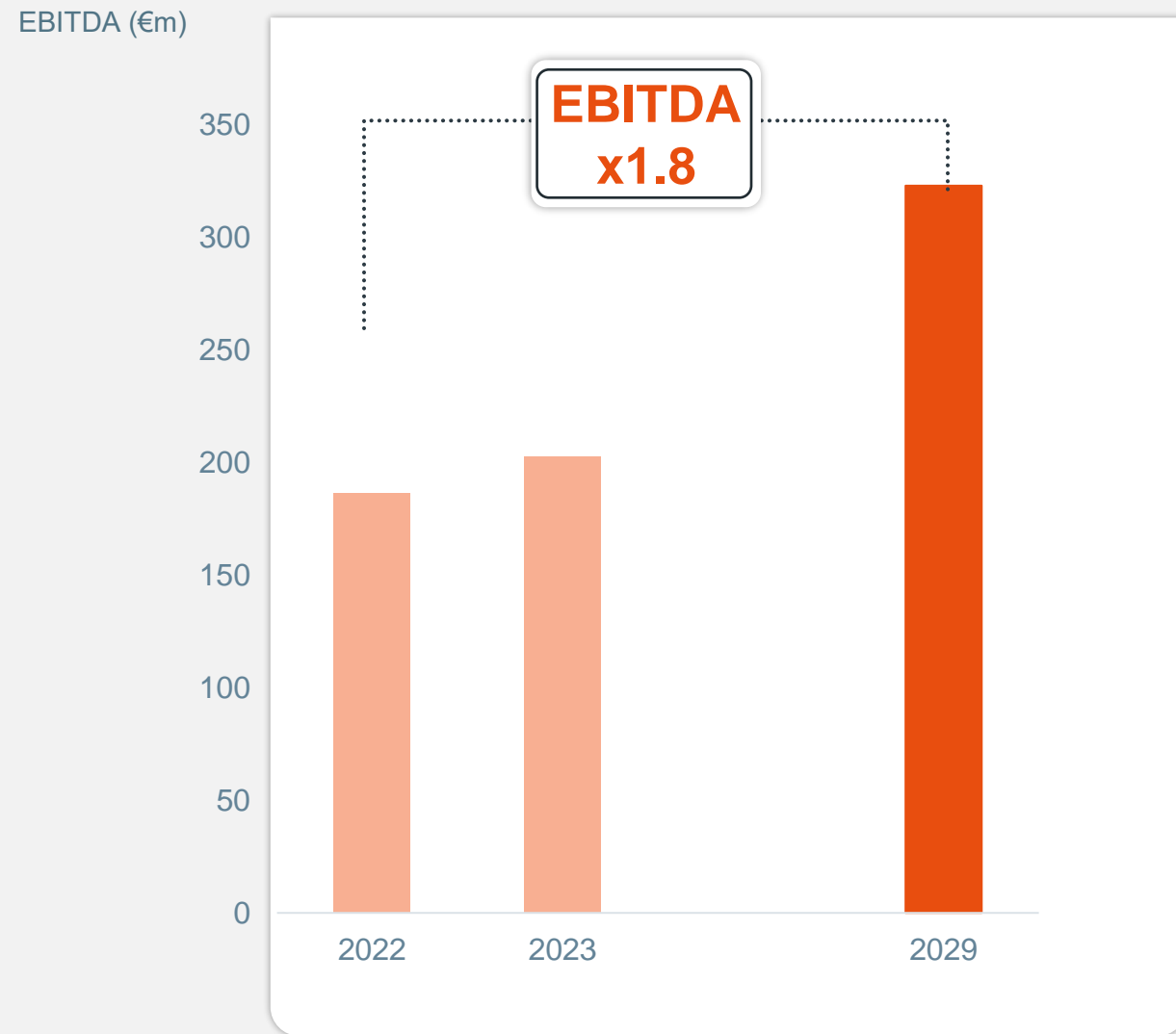
** Including €3m already recorded in H1 2024*

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



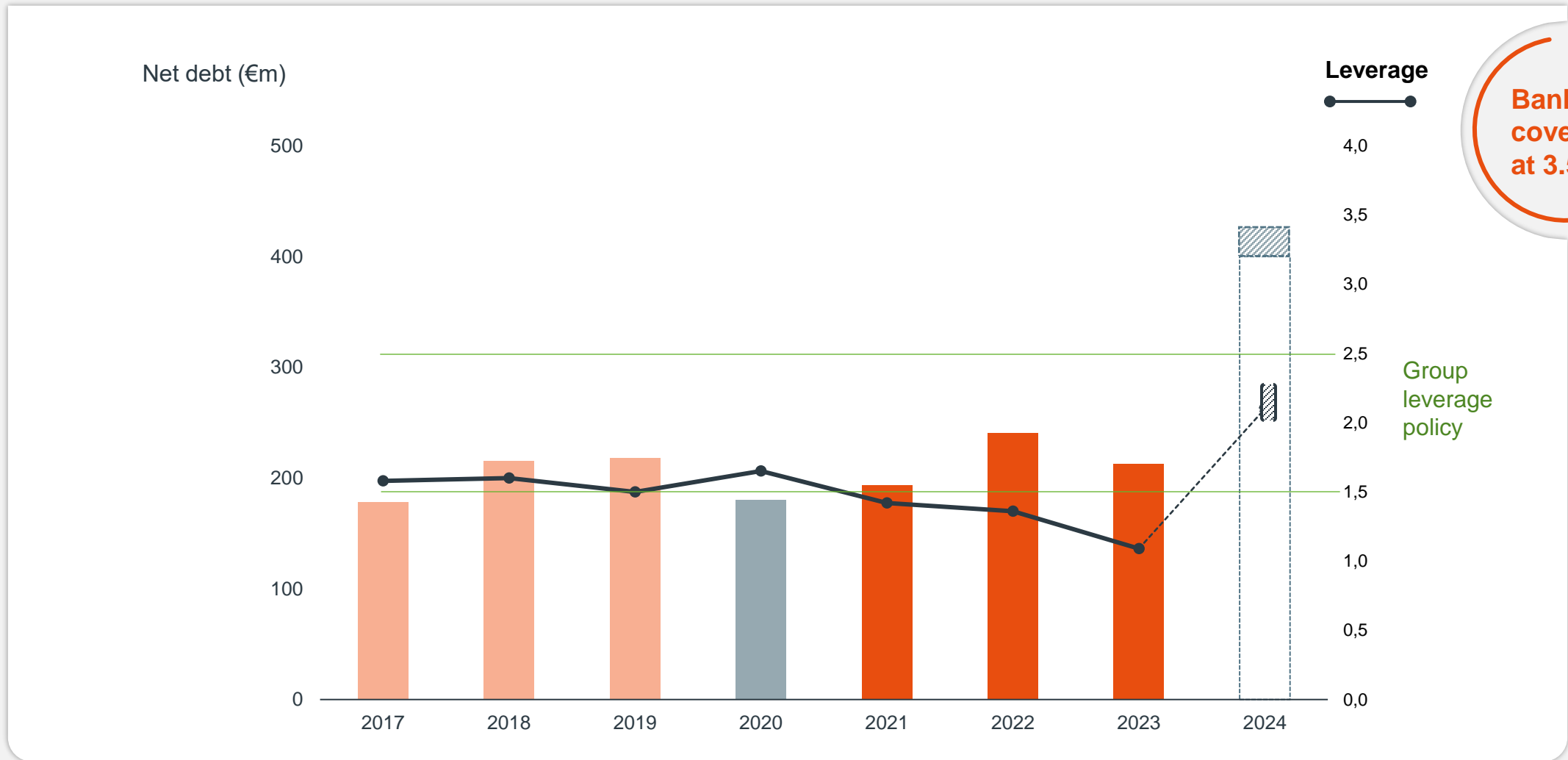
- 1** Limited impact of trade barriers
80% local suppliers
- 2** Very limited foreign exchange risks
- 3** Borrowings in local currency (little currency effect on financial structure)

A doubling of EBITDA over the duration of the plan





A financial structure that remains solid





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

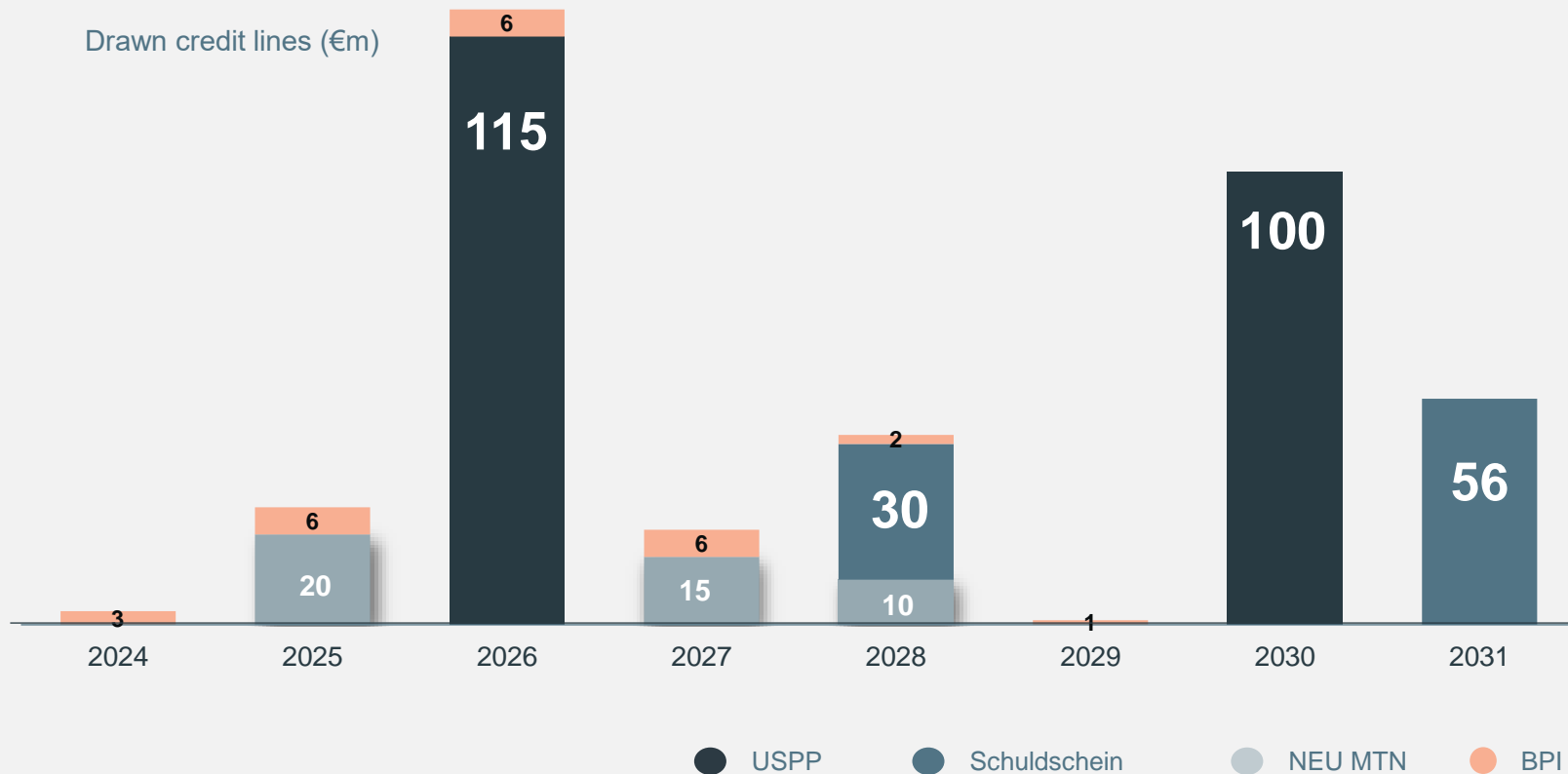
- Profitable and solid
- Synergy generation
- Average EBITDA multiple: 5x

Completed in 2024



No other short-term projects

Substantial free cash flow to finance acquisitions during the year



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)

05

Significant
potential

Luc Themelin
Chief
Executive
Officer

The medium-term plan remains unchanged but is postponed by 2 years

SALES of approx.
€1,700m

2029



**OPERATING MARGIN BEFORE
NON-RECURRING ITEMS**

12% **±50 pts**
of sales



**EBITDA MARGIN BEFORE
NON-RECURRING ITEMS**

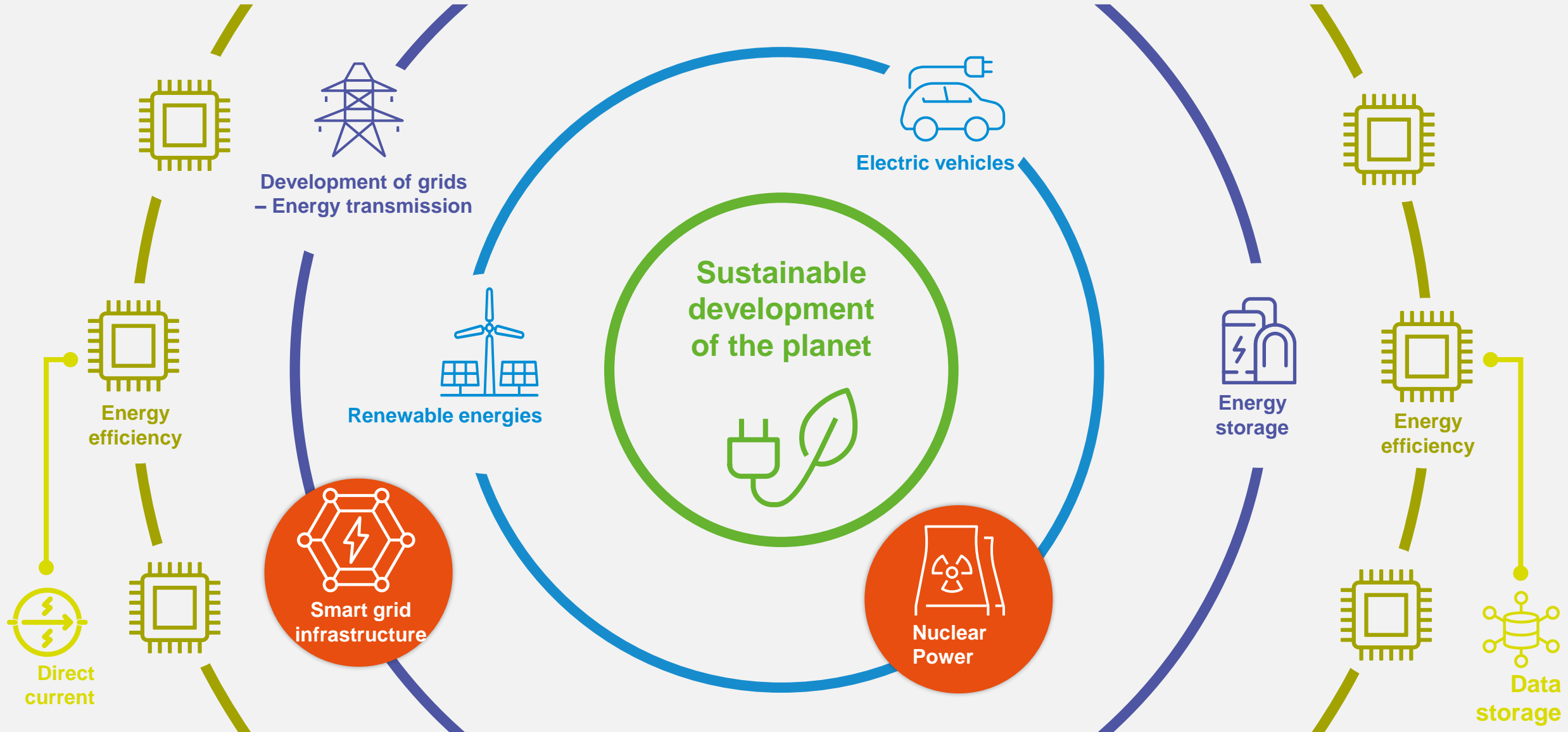
19% **±50 pts**
of sales



ROCE

13% **±50 pts**
of sales

Major growth trends for our markets beyond 2027



The potential of the nuclear market for Mersen

Numerous (~150) small modular reactor (SMR) projects in several countries

Around **15** projects accessible to Mersen (i.e., excluding China, Japan and Russia)

Technologies that have yet to be demonstrated, in particular:

HTGR

High-Temperature Gas-cooled Reactor

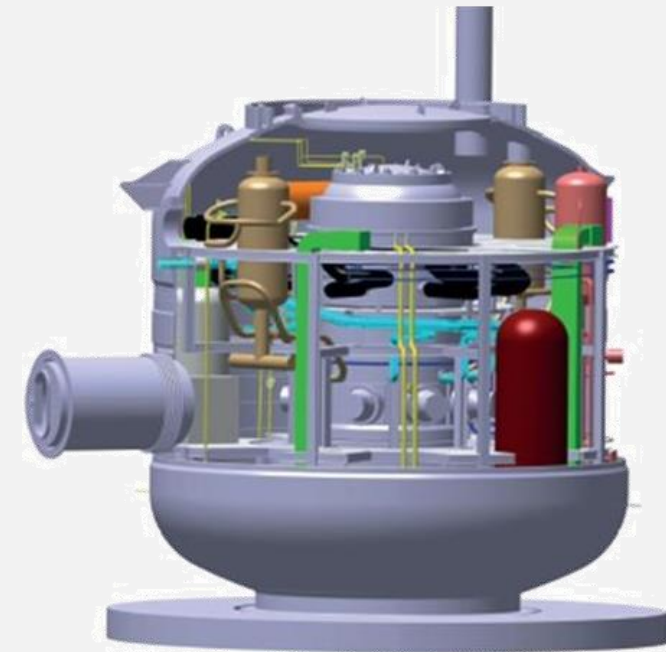
MSR

Molten Salt Reactor

Timetable

2025: Perform irradiation tests and qualify material grades

2035: Launch SMRs for production



The potential of the smart grids and microgrids market for Mersen

Smart grids

Balance the grid and optimize electricity from production to consumption

Required in an environment with multiple energy sources

Mersen's offering

- Busbars and fuses for batteries and charging stations
- Power electronics (busbars, fuses, capacitors, cooling devices)

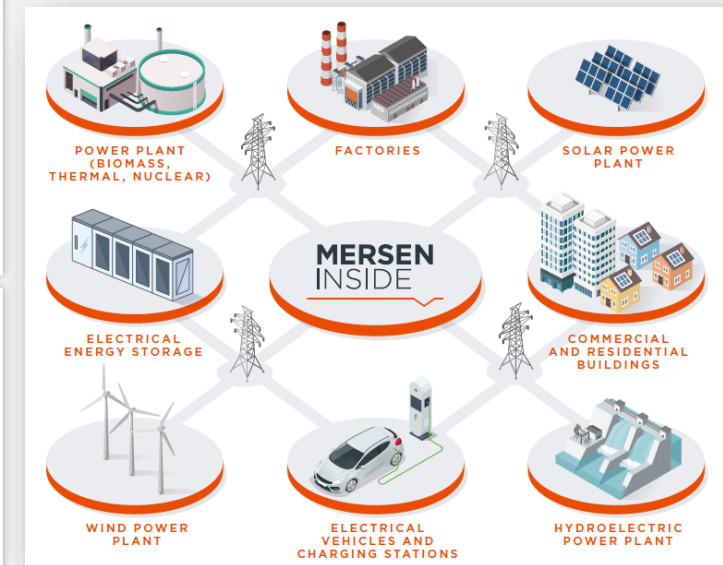
Microgrids

Local smart grid (buildings, companies, villages, etc.)

Schedule

Smart grid: Linked to the EV market schedule

Microgrid: by 2030



An attractive equity story

1

An extensive and well-established Group, more dynamic and less cyclical

2

Well positioned in buoyant medium-term energy transition markets and supported by traditional markets that provide resilience

3

Long-term prospects for sustainable and profitable growth, reaching sales of €1.7 billion and an EBITDA margin of around 19% by 2029

A vibrant nighttime cityscape featuring several tall skyscrapers illuminated with warm yellow and orange lights. The foreground is dominated by long, horizontal light trails in shades of blue, purple, and pink, suggesting a long-exposure photograph of traffic or city lights. The overall scene is dynamic and modern.

CAPITAL MARKET DAY

December 5, 2024

Q&A