PRESS RELEASE

MERSEN: +1.4%-SALES ORGANIC GROWTH IN THE SECOND-QUARTER 2016

- OPERATIONAL EXCELLENCE PLAN ENHANCES THE GROUP'S COMPETITIVENESS
- OPERATING MARGIN BEFORE NON-RECURRING ITEMS ABOVE H2 2015 LEVEL
- STRONG CASH GENERATION DURING THE FIRST HALF
- FULL-YEAR GUIDANCE REITERATED

PARIS, JULY 28, 2016 - Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, has today released its second-quarter sales and interim results for the period ended June 30, 2016.

"*Mersen returned to organic growth this quarter, enabling us to post a very small increase in organic growth for the first half of the year. Inspite of a persistent mixed environment we were able to leverage the effectiveness of our new organizational structure and our realigned teams. Trends in our growth markets—renewable energies, electronics and transportation— remain very firm. Over the period, our operating margin before non-recurring items came to 7.8%, an improvement on the second half of 2015. We generated substantial cash flow through optimized management of our inventories and our capital expenditure. These results represent the first stage in the Operational Excellence plan unveiled in March, which will run until 2018. All of our teams are mobilized to accelerate the implementation of initiatives to boost our competitiveness so that we can reap the rewards over the coming periods*." stated Luc Themelin, Mersen's Chief Executive Officer.

KEY FIGURES FOR H1 2016

	2015 restated*		**2016**
	H1	H2	**H1**
Sales (€ m)	393.7	378.6	**389.9**
Operating margin before non-recurring items	*8.6%*	*7.1%*	***7.8%***
Net income (€ m)	16.7	(14.1)	**12.3**
Cash generated by operating activities (€m)	2.3	44.5	**28.5**

*To facilitate comparisons with groups in its sector of activity, Mersen has decided to reclassify the financial portion of its employee benefit expense under financial items. In addition, the brazing technologies business sold at the beginning of 2016 was classified under discontinued operations.

SECOND-QUARTER 2016 SALES

Mersen recorded second-quarter 2016 consolidated sales of €198 million. On a like-for-like basis, the top line grew by 1.4% compared with the second quarter of 2015 and rose by over 4% compared with the first quarter of 2016. Including an unfavorable currency effect (-2.8%) and the positive impact of the first-time consolidation of ASP, sales were almost stable compared with the previous year.

In € million	Q2 2016	Q2 2015(2)	total growth	organic growth(1)
Advanced Materials	109.2	109.9	-0.7%	3.1%
Electrical Power	89.1	89.5	-0.5%	-0.6%
Group total	**198.3**	**199.4**	**-0.6%**	**1.4%**
Europe	69.8	68.9	1.2%	2.3%
Asia-Pacific	47.8	44.6	7.2%	6.9%
North America	70.3	75.7	-7.2%	-4.2%
Rest of the world	10.4	10.2	2.2%	14.4%
Group total	**198.3**	**199.4**	**-0.6%**	**1.4%**

(1) On a like-for-like basis
(2) The brazing technologies business sold at the beginning of 2016 was classified under discontinued operations.

Europe recorded organic growth of 2.3% after contracting for several quarters in a row. The situation improved slightly in Germany, in particular thanks to the solar energy and rail markets. The situation stabilized in France.

In **Asia**, organic growth ran at close to 6.9% despite a negative effect attributable to the chemicals market. Performance in China was highly satisfactory with double-digit organic growth powered by the electronics, transportation and renewable energies markets. India was the region's top performer thanks to wind energy and rail transportation.

Sales in **North America** contracted, with the chemicals and oil industry markets posting another decline, albeit offset partly by encouraging performances in energy and transportation.

FIRST-HALF 2016 SALES

Mersen posted first-half consolidated sales of €390 million, with organic growth running at 0.2% compared with the year-earlier period.

	H1 2016	H1 2015 (2)	Total growth	Organic growth(1)
Advanced Materials	210.5	217.3	-3.1%	-0.3%
Electrical Power	179.4	176.4	1.7%	0.9%
Group total	**389.9**	**393.7**	**-1.0%**	**0.2%**
Europe	136.2	136.6	-0.3%	0.5%
Asia-Pacific	92.5	87.4	5.8%	5.1%
North America	140.9	149.9	-6.0%	-4.9%
Rest of the World	20.3	19.8	3.1%	18.5%
Group total	**389.9**	**393.7**	**-1.0%**	**0.2%**

(1) On a like-for-like basis
(2) The brazing technologies business sold at the beginning of 2016 was classified under discontinued operations.

Advanced Materials sales totaled €211 million, representing a very small organic contraction of 0.3% over the period. Excluding the chemicals market, organic growth ran at close to 4% on the back of a highly encouraging performance in the solar energy and transportation markets.

Electrical Power sales came to €179 million over the first half, up 0.9% on a like-for-like basis. Growth was especially brisk in the solar energy, electronics and transportation markets. Sales to the process industries recorded a small decline.

In **Europe**, the situation was mixed. Sales in Germany and France continued to lag behind, while significant increases were recorded in other countries, driven primarily by the rail transportation market. In **Asia**, performance was very healthy in China, as it was in India and Japan. In **North America**, the chemicals and oil industry markets posted another decline, as did electrical distribution.

FIRST-HALF 2016 EARNINGS

Mersen's operating income before non-recurring items[1] came to €30.5 million, representing an operating margin before non-recurring items of 7.8% of sales. This was a decline on the level recorded in the first half of 2015 (8.6% restated[2]) and a significant increase on the second-half level of 2015 (7.1%).

The Advanced Materials segment's operating income before non-recurring items came to €16.8 million, representing 8.0% of sales, compared with 9.8% in the same period of 2015. This trend was attributable to the negative impact on prices, an unfavorable product mix and cost inflation against the backdrop of low growth, which was partially offset by significant productivity gains. Even so, the margin was almost 1.5 point higher than in the second half of 2015.

The Electrical Power segment's operating income before non-recurring items came to €20.6 million. Its operating income before non-recurring items came to 11.5% of sales, representing an improvement of 0.7 points on the previous year. This achievement was attributable to productivity gains.

Mersen's[3] EBITDA totaled €49.1 million (12.6% of sales).

Non-recurring income and expenses was a charge of €3.5 million. They mainly consisted of restructuring charges associated with the productivity improvement plans. The equivalent figure in 2015 was a charge of €1.1 million. Mersen's net financial expense came to €6 million in the first half of the year, in line with its year-earlier level. Income tax expense totaled €7.0 million in the first half of the year. This represented an effective tax rate of 34%, on a par with its level in the previous year.

Mersen's first-half net income came to €12.3 million compared with €16.7 million in the previous year.

CASH AND DEBT AT JUNE 30, 2016

In the first six months of the year, Mersen generated cash flow from operating activities of close to €29 million. This represented a significant improvement on the previous year, which included substantial outflows related to the Transform plan. Cash flow included a €5.3 million charge in the working capital requirement, an improvement compared with the previous year through optimized inventory management, despite the top-line growth. Another factor contributing to this improvement was the low level of tax paid, as certain payments in the United States were made in advance in 2015.

Capital expenditure totaled €12.9 million, down slightly on the previous year, as certain investments were postponed until the second half.

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[1] Based on the definition laid down in CNC regulation 2009.R.03.

[2] To facilitate comparisons with groups in its sector of activity, Mersen has decided to reclassify the financial portion of its employee benefit expense under financial items.

[3] Operating income before non-recurring items + depreciation and amortization

As a result, cash flow from operating and investing activities represented a net cash inflow of €19.2 million, as opposed to an outflow of €14.8 million in the first half of 2015.

In addition, Mersen completed over €2 million in share buyback in the first six months of the year for cancellation.

FINANCIAL STRUCTURE AT JUNE 30, 2016

Net debt at June 30, 2016 declined €15 million to €222 million from €237 million at year-end 2015. Excluding currency effects, the reduction came to €10 million.

The Group's finances are in good shape, with the net debt to EBITDA ratio at 2.23x, compared with 2.33x[4] at year-end 2015. The net debt to equity ratio was 46% (47% at year-end 2015).

OUTLOOK FOR 2016

The Group is reiterating the guidance for 2016 it provided on March 9 when full-year results for 2015 were presented. More specifically, it forecast full-year sales of the same order of magnitude as in 2015 on a like-for-like basis and an operating margin before non-recurring items of around 7.5% of sales.

[4] Ratio calculated using the covenant method for Mersen's confirmed borrowings. Pro forma calculation including the financial costs of the pension commitments.

CONDENSED CONSOLIDATED INCOME STATEMENT

In millions of euros	H1 2016	H1 2015 restated
Consolidated revenue	389.9	393.7
Total gross income	119.2	122.4
Selling, marketing and other costs	(39.7)	(39.9)
Administrative and research costs	(49.0)	(48.8)
Operating income before non-recurring items	**30.5**	**33.7**
As a % of sales	7.8%	8.6%
Non-recurring income and expenses, net	(3.5)	(1.1)
Amortization of revalued intangible assets	(0.7)	(0.5)
Operating income	26.3	32.1
Financial income	(6.0)	(6.5)
Current and deferred income tax	(7.0)	(8.8)
Net income from continuing operations	(1.0)	(0.1)
Net (loss) / income from assets held for sale or discontinued operations	**12.3**	**16.7**
- Net income attributable to Group equity holders	11.3	16.1

SEGMENT ANALYSIS EXCLUDING UNALLOCATED EXPENSES

In millions of euros	*Advanced Materials* (AM)		*Electrical Power* (EP)	
	H1 2016	H1 2015 restated	H1 2016	H1 2015 restated
Revenue	210.5	217.3	179.4	176.4
EBITDA*	30.9	36.8	24.9	23.0
As a % of sales	*14.7%*	*16.9%*	*13,9%*	*13,1%*
Operating income before non-recurring items	16.8	21.3	20.6	19.0
As a % of sales	*8.0%*	*9.8%*	*11.5%*	*10.8%*

*Operating income before non-recurring items + depreciation and amortization

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of euros	June 30, 2016	Dec. 31, 2015
Non-current assets	657.5	669.6
Inventories	164.8	168.2
Trade and other receivables	154.4	133.6
Other assets	1.7	8.4
TOTAL	**978.4**	**979.8**
Equity	475.2*	490.0
Provisions	7.9	12.6
Employee benefits	89.4*	76.5
Trade and other payables	137.7	125.0
Other current liabilities	45.7	39.2
Net debt	222.5	236.5
TOTAL	**978.4**	**979.8**

*Increase of employee benefits attributable to decrease in interest rates (offset in equity)

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

In millions of euros	H1 2016	H1 2015 restated
Operating cash flow before change in WCR	38.3	37.5
Change in working capital requirement	(5.3)	(24.8)
Income tax paid	(3.8)	(10.8)
Net cash generated by continuing operating activities	29.2	1.9
Cash generated by discontinued operations	(0.7)	0.4
Net cash generated by operating activities	28.5	2.3
Capital expenditure	(12.9)	(17.0)
Operating cash-flow after capex	15.6	(14.7)
Changes in the scope of consolidation (acquisitions)	(0.7)	
Disposal on fixed assets and other	4.3	(0.1)
Cash generated/(used) by operating and investing activities	19.2	(14.8)

Mersen's first half 2016 financial statements were approved by the Board of Directors on July 28, 2016.

The half year report and presentation are available on the website at www.mersen.com.

FINANCIAL CALENDAR

Q3 2016 revenue: October 26, 2016 after close of trading.

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

THE GROUP IS LISTED ON EURONEXT PARIS – COMPARTMENT B

CONTACT

Véronique Boca
VP, Communication

Mersen

Tel: + 33 (0)1 46 91 54 40

Email: dri@mersen.com

PRESS CONTACT

Stanislas Mulliez / Guillaume Granier

FTI Consulting Strategic Communications

Tel: +33 (0)1 47 03 68 10

Email: stanislas.mulliez@fticonsulting.com/
guillaume.granier@fticonsulting.com