Paris, August 30, 2010

Recovery confirmed

19% increase in operating income before non-recurring items

Mersen's Supervisory Board met on August 27, 2010 and examined the first-half financial statements approved by the Management Board.

Ernest Totino, Chairman of the Management Board, made the following comments on the Group's first-half results:
"The economic environment in the first half of 2010 was much better than in 2009. Although our sales remained below 2008 levels, we achieved growth in all geographical zones and markets.

We are maintaining improvements to our processes. We are continuing our supply-chain optimization program across the Group in order to tighten our grip on the working capital requirement and therefore improve cash flow, while also becoming more responsive and enhancing performance. "

Simplified income statement

In millions of euros	**H1 2010**	**H1 2009**
Sales	**348.1**	**303.1**
EBITDA *% of sales*	**51.9** *14.9%*	**44.7** *14.7%*
Operating income before non-recurring items *% of sales*	**34.4** *9.9%*	**28.9** *9.5%*
Net income	**17.3**	**13.8**

Consolidated sales amounted to €348.1 million in the first half of 2010. This represents unadjusted growth of 15%. Growth was 7% on a like-for-like basis.

EBITDA totaled €51.9 million, equal to 14.9% of sales as opposed to 14.7% in the first half of 2009. This represents a 16% increase relative to the first half of 2009, driven by higher business volumes.

Operating income before non-recurring items was €34.4 million, equal to 9.9% of sales versus 9.5% in the year-earlier period.

IFRS operating income was €33 million after €1 million of net non-recurrent charges and €0.4 million of amortization charges on intangible assets arising from acquisitions.

Net income was €17.3 million versus €13.8 million in the first half of 2009.

Advanced Materials and Technologies

The **Advanced Materials and Technologies** division posted interim 2010 sales of €150.7 million, up 5% on a like-for-like basis compared with the year-earlier period. Unadjusted sales were up 12%, due in particular to positive currency effects and the integration of Lumpp, a French company specializing in industrial stirrers and mixers. Sales growth was driven by strong momentum in the photovoltaic and electronics industries, and by the recovery in traditional markets. Sales were also boosted by initial billings relating to seawater desalination equipment.

EBITDA totaled €28.3 million, stable relative to the first half of 2009 and representing 18.8% of sales. Operating income before non-recurring items was €16.6 million. This equaled 11% of sales, down around 2 points relative to the first half of 2009. The decline in the operating margin before non-recurring items was partly due to greater pressure on prices than last year in the current market environment.

Electrical Components and Technologies

The **Electrical Components and Technologies** division posted interim 2010 sales of €197.4 million, up 9% on a like-for-like basis compared with the year-earlier period. Unadjusted sales were up 17%, due in particular to the integration of Chinese company Mingrong Electrical Protection, which makes fuses and fuse equipments, along with positive currency effects. Sales grew in all geographical zones. Sales were buoyant in all markets and applications, particularly rail transport, electronics, energy and process industries which had been badly affected in 2009.

EBITDA came in at €30.5 million, equal to 15.5% of sales. EBITDA rose by 33% because of a substantial rise in sales volumes, a positive product/customer mix effect and the impact of past restructuring. Operating income before non-recurring items was €24.8 million. This represented 12.6% of sales, an increase of 2 points relative to the first half of 2009.

Cash flow from operating and investing activities

Cash generated by continuing operating activities during the first six months of 2010, before the change in the working capital requirement and investments, came to €49 million, compared with €44.1 million in the year-earlier period.

The **working capital requirement** rose by €15.9 million due to faster business growth at the end of the period, which led to a substantial increase in trade receivables. The increase in inventories was limited to €3.7 million because of streamlining initiatives introduced in 2009 and maintained in 2010.

Capital expenditure excluding changes in scope totaled €12.3 million, as opposed to €32.5 million in the first half of 2009. In 2009, the Group invested heavily to increase capacity in graphite production and finishing equipment.

The Group also continued its **policy of targeted acquisitions** in strategic markets. These acquisitions (Boostec and M. Schneider) led to €14.3 million of expenditure in the first half of 2010.

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Debt

At end-June 2010, **net debt** was €255.8 million, as opposed to €214.9 million at end-2009. Of this €40.9 million increase, €23 million was caused by negative currency fluctuations. Debt also includes €14.3 million in net acquisitions and the partial payment of €14.6 million to the European authorities as part of a fine imposed in 2003 and confirmed on appeal in 2009.

Despite the increase in debt, the net debt/EBITDA ratio improved to 2.33x versus 2.52x at the end of 2009. The net debt-to-equity ratio was 54%, versus 50% at end-2009.

Dividend

A dividend of €0.50 per share was paid in early July. **For 71% of shares**, shareholders opted for a **dividend payment in shares.** Consequently, 294,921 new shares were issued.

Outlook

Since the beginning of the year, the Group has benefited from its positions in buoyant markets and geographical regions. It was also boosted by an upturn in sales in traditional activities, which had been badly affected from the second quarter of 2009 onward.

Despite encouraging signs, Mersen remains wary of macroeconomic uncertainties that could have a negative impact on the recovery.

The Group is maintaining its objective of achieving renewed organic growth and an increase in operating margin before non-recurring items in 2010.

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Appendices: consolidated financial statements

Income statement

(in millions of euros)	*H1 2010*	*H1 2009*
Sales	**348.1**	**303.1**
EBITDA*	**51.9**	**44.7**
% of sales	*14.9%*	*14.7%*
Operating income before non-recurring items	**34.4**	**28.9**
% of sales	*9.9%*	*9.5%*
Non-recurring income and expenses	*-1.4*	*-1.3*
Operating income	**33.0**	**27.6**
Finance costs, net	(5.9)	(5.7)
Current and deferred tax	(8.7)	(6.2)
Net income from continuing operations	**18.4**	**15.7**
Net income from divested operations	-1.1	-1.9
Net income	**17.3**	**13.8**

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

Division performance

(in millions of euros)	**Advanced Materials and Technologies**		**Electrical Components and Technologies**	
	H1 10	H1 09	H1 10	H1 09
Sales	**150.7**	**134.2**	**197.5**	**168.8**
EBITDA*	**28.3**	**28.3**	**30.6**	**22.9**
% of sales	*18.8%*	*21.1%*	*15.5%*	*13.6%*
Operating income before non-recurring items	**16.6**	**17.6**	**24.8**	**17.9**
% of sales	*11.0%*	*13.0%*	*12.6%*	*10.6%*

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

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Financing

(in millions of euros)	H1 2010	H1 2009
Operating activities		
Cash flow	**49.0**	**44.1**
Change in WCR	(15.9)	14.9
Tax	(1.9)	(3.3)
Cash flow from discontinued activities	(0.8)	(9.8)
Operating cash flow	**30.4**	**45.9**
Investing activities		
Capital expenditure	(12.3)	(32.5)
Changes in scope	(14.3)	1.9
Cash flow from discontinued activities	-	2.7
Net cash flow from investing activities	(26.6)	**(27.9)**
Cash flow from operating and investing activities	**3.8**	**18.0**

Simplified balance sheet

(in millions of euros)	June 30, 2010	Dec. 31, 2009
Assets		
Non-current assets	637	577
Inventory and accounts receivable	312	246
Other assets	9	11
Total	**958**	**835**

Liabilities and equity		
Shareholders' equity	473	425
Provisions	2	1
Employee benefits	36	34
Accounts payable and other operating payables	133	105
Other liabilities	58	55
Net debt	256	215
Total	**958**	**835**

Net debt / Shareholders' equity	**0.54**	**0.50**
Net debt / EBITDA*	**2.33**	**2.52**

** 2009 EBITDA calculated as 2x first-half EBITDA*

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(in millions of euros)	H1 2010	H1 2009
Net debt at end December N-1	**214.9**	**305.9**
Cash flow from operating and investing activities	(3.8)	(18.0)
Cash flow from non-recurring items [1]	14.6	-
Increase in shareholders' equity and dividends paid	0.4	(25.4)
Interest paid	5.5	5.2
Other changes, including translation adjustment	24.2	8.7
Debt at 30 June	**255.8**	**276.4**

[1] Payment of a fine imposed by the European authorities in 2003 and confirmed on appeal in 2009.

The interim financial report is available online at the Mersen and AMF websites.

About Mersen

Global expert in materials and solutions for extreme environments as well as in the safety and reliability of electrical equipment, Mersen designs innovative solutions to address its clients specific needs to enable them to optimize their manufacturing process in buoyant sectors: energy, transportation, electronics, chemicals/pharmaceuticals and processing industries.

The Group is listed on NYSE Euronext Paris – Compartment B

and is included in the following indices: CAC Mid100, SBF120 and Next 150.

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