

## MERSEN: NINE-MONTH SALES OF €933 MILLION, WITH ORGANIC GROWTH OF 3.7%

- More traditional markets such as rail, aeronautics and process industries held up well in the third quarter
- Lower organic growth in the third quarter than in previous quarters:
  - impact of the sharp drop in the solar market in China due to overstocking of solar cells
  - slowdown in sales to the silicon semiconductor manufacturers (high customer inventories of our components)
- 2024 guidance revised downwards due to weaker momentum in the solar and semiconductor markets:
  - organic sales growth expected between 1% and 2% (compared with around 5% previously)
  - operating margin before non-recurring items of between 10% and 10.5% (compared with around 11% previously)
  - capital expenditure of around €220 million (compared with between €200 million and €240 million)
- Acceleration of optimization measures initiated at the beginning of the year.

*The Group is holding a webcast and conference call in French with simultaneous translation into English today at 6:00 p.m. CET (details on the last page).*

**PARIS, OCTOBER 23, 2024** – Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, today reported consolidated sales of €933 million for the first nine months of 2024, representing organic growth of 3.7%.

Luc Themelin, Mersen's Chief Executive Officer, said: "Sales for the first nine months of the year once again reached a record level, at €933 million. However, we are expecting a less favorable fourth quarter due to a slowdown in orders that began in the third quarter, particularly in the solar market in China and in semiconductors. Against this backdrop, we now forecast organic growth for the year of between 1% and 2%, and an operating margin before non-recurring items of between 10% and 10.5%. We will be stepping up the measures in place since the beginning of the year to improve profitability in certain product lines. The temporary slowdown in both solar and the silicon and silicon carbide semiconductor markets does not call into question the Group's 2027 outlook."

### NINE-MONTH 2024 SALES

Mersen's consolidated sales for the first nine months of 2024 totaled €933 million, up by 3.7% on an organic basis versus the same period in 2023, with around 2.5% attributable to price increases.

The unfavorable currency effect was mainly due to the depreciation of the Chinese renminbi, the US dollar and the Japanese yen. The scope effect corresponds partly to the disposal of a chemicals business in Germany in August 2023 and of a rail brush business in China in April 2024, and to the consolidation of GMI as from July 1, 2024.

In millions of euros	9M 2024	9M 2023	Organic growth	Scope effect	Currency effect	Reported growth
Advanced Materials	520.1	500.8	5.2%	0.0%	-1.2%	3.9%
Electrical Power	412.7	409.0	1.8%	0.0%	-0.9%	0.9%
Europe	304.1	299.1	3.4%	-1.3%	-0.3%	1.7%
Asia-Pacific	225.6	228.9	2.8%	-1.4%	-2.7%	-1.4%
North America	373.8	352.6	4.5%	2.1%	-0.5%	6.0%
Rest of the World	29.3	29.2	3.2%	-0.9%	-2.1%	0.2%
<b>Group</b>	<b>932.8</b>	<b>909.8</b>	<b>3.7%</b>	<b>0.0%</b>	<b>-1.1%</b>	<b>2.5%</b>

### THIRD-QUARTER 2024 SALES

Mersen reported consolidated sales of €309 million for the third quarter of 2024, representing organic growth of 1.2%.

The most significant exchange rate fluctuations during the period concerned the depreciation of the US dollar. The scope effect corresponds, on one hand, to the disposal of a chemicals business in Germany in August 2023 and of a rail brush business in China in April 2024, and, on the other hand, to the consolidation of GMI as from July 1, 2024.

In millions of euros	Q3 2024	Q3 2023	Organic growth	Scope effect	Currency effect	Reported growth
Advanced Materials	173.4	166.4	1.6%	4.0%	-1.3%	4.2%
Electrical Power	135.3	135.7	0.6%	0.0%	-0.9%	-0.2%
Europe	96.9	95.8	2.2%	-0.4%	-0.6%	1.2%
Asia-Pacific	70.6	78.1	-8.3%	-0.5%	-1.0%	-9.6%
North America	131.6	118.4	6.3%	6.2%	-1.2%	11.2%
Rest of the World	9.6	9.8	4.8%	0.0%	-6.2%	-1.7%
<b>Group</b>	<b>308.8</b>	<b>302.1</b>	<b>1.2%</b>	<b>2.2%</b>	<b>-1.1%</b>	<b>2.2%</b>

## PERFORMANCE BY SEGMENT

**Advanced Materials** sales totaled €173 million in third-quarter 2024, an organic increase of 1.6% versus the prior-year period. Sales in the solar and silicon semiconductor markets were low, since customer inventories are currently high. Growth was particularly robust in the transportation market (aeronautics and rail). Sales for the SiC semiconductors market increased slightly. Lastly, deliveries for the chemicals and process industries markets also grew, particularly in North America.

**Electrical Power** sales amounted to €135 million, representing organic growth of 0.6% versus the same period in 2023. Sales in electric vehicles remained buoyant, as did other transportation markets (rail, aeronautics). However, sales contracted in renewable energy and power electronics. Lastly, sales in the process industries market remained strong, despite the slowdown in electrical distribution in the United States.

## PERFORMANCE BY REGION

**Europe** reported moderate growth, driven by an improvement in the transportation (rail, aeronautics and electric vehicles) and SiC semiconductor markets, offset by a decline in renewable energies and electrical distribution. Business remained firm in both France and Italy, while Germany saw a decline, due to the economic environment.

In **Asia**, Group sales dipped 8.3% compared with last year, mainly as a result of a sharp slowdown in the solar market in China. India and South Korea, on the other hand, enjoyed strong growth, driven respectively by the rail and energy storage markets.

In **North America**, business was brisk in aeronautics and chemicals. The semiconductors market was stable year-on-year. As expected, electrical distribution contracted from the very high level of activity in 2023, while the other process industries remained buoyant.

## ACQUISITIONS

In early October, Mersen completed the acquisition of KTK Thermal Technologies, an expert in cooling solutions based in Macedon, New York in the United States, which will contribute around USD 8 million to Mersen's annual sales. The Group is currently finalizing another acquisition in the materials sector in the United States, with sales of around USD 15 million. These two acquisitions will represent a total cash outflow of around USD 20 million.

The Group will continue to be highly selective in its acquisitions and has no further plans at present.

## OUTLOOK

Based on the results for the first nine months of the year and the low level of sales expected for the solar market in China and the semiconductor market in the fourth quarter, the Group now expects organic sales growth of between 1% and 2% for full-year 2024 (compared with around 5% previously) and an operating margin before non-recurring items of between 10% and 10.5% (compared with around 11% previously). Capital expenditure for the year should amount to approximately €220 million (versus between €200 million and €240 million previously).

Mersen intends to ramp up the implementation of optimization measures. In addition to the disposal of a small rail business in China in April 2024 (announced at the end of July 2024), the Group has halted production of two unprofitable product lines, in India and China. It will also close a production unit in the Netherlands and move production to other existing sites in Europe. Lastly, it will bring together all its expertise on cooling devices in North America on the newly acquired Macedon site (United States). All these measures will represent savings of around €15 million, including €3 million in 2024. The measures will require the Group to recognize around €20 million in non-recurring expenses in the 2024 financial statements, including €3 million recorded in the first half. This amount breaks down into €12 million in cash expenses and €8 million in asset depreciation.

The Group confirms the objectives of the 2027 medium-term plan presented in March 2023.

## GLOSSARY

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

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

Currency effect: Calculated by comparing sales for the previous year at the exchange rate of the previous year with sales for the previous year at the exchange rate of the current year.

## CONFERENCE CALL

The Group is holding a [webcast](#) with a conference call on October 23, 2024 at 6:00 p.m. (CET). Dial one of the following numbers and indicate your preferred language (English or French):

- France: +33 (0) 1 7037 7166
- United Kingdom: +44 (0) 33 0551 0200
- United States: +1 786 697 3501

## FINANCIAL CALENDAR:

*Capital Market Day: December 5, 2024 at 2pm CET*

*Full-year 2024 sales: January 29, 2025, after the markets close*

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## 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 LISTED ON EURONEXT PARIS – COMPARTMENT B

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