

- **STRONG SUSTAINED GROWTH IN SALES IN THE FOURTH QUARTER OF 2017: LIKE-FOR-LIKE SALES GROWTH OF 13%**
- **ANNUAL SALES ROSE 8% LIKE-FOR-LIKE TO €809 MILLION, GENERATING AN OPERATING MARGIN BEFORE NON-RECURRING ITEMS FOR FULL-YEAR 2017 AT HIGH END OF GUIDANCE**

**PARIS, JANUARY 29, 2018** – Mersen (Euronext FR0000039620 – MRN), a global expert in electrical power and advanced materials, has reported consolidated sales of €809 million for full-year 2017.

Luc Themelin, Mersen's Chief Executive Officer, commented: *“The measures we have taken in recent years have made it possible for us to take full advantage of the favorable economic environment. Mersen's growth thus gained momentum in the fourth quarter, resulting in annual like-for-like sales growth of 8%, representing the high end of earlier forecasts. Europe and North America enjoyed strong business levels, whereas the performance in Asia was exceptional. In light of these factors and the smooth implementation of our excellence and competitiveness plans, our operating margin before non-recurring items for full-year 2017 is expected to come in at the top of our forecast range at around 9.2%.”*

## 2017 SALES

Mersen generated consolidated sales of €809 million in 2017, representing strong like-for-like growth of 8% year on year. The currency effect was a negative €10.7 million during the year, with half of the total due to the depreciation of the US dollar against the euro. It was a positive €5 million in the first half of 2017.

	2017	2016 <sup>(2)</sup>	Total growth	Like-for-like growth <sup>(1)</sup>
<i>Advanced Materials</i>	446.6	411.8	8.4%	9.6%
<i>Electrical Power</i>	362.6	347.2	4.4%	6.1%
<b>Group Total</b>	<b>809.2</b>	<b>759.0</b>	<b>6.6%</b>	<b>8.0%</b>
Europe	263.1	254.4	3.5%	4.6%
Asia-Pacific	228.7	193.9	17.9%	19.9%
North America	282.4	273.4	3.3%	5.1%
Rest of the world	35.0	37.3	-6.1%	-8.7%
<b>Group Total</b>	<b>809.2</b>	<b>759.0</b>	<b>6.6%</b>	<b>8.0%</b>

*Unaudited figures*

(1) On a like-for-like basis

(2) Restated to reflect the reclassification of operations held for sale.

**Advanced Materials** sales totaled €447 million, representing like-for-like growth of nearly 10% over the year. Growth in electronics, aeronautics and solar was particularly robust and process industries also remained buoyant during the year. After the cyclical trough bottoming out in 2016, the chemicals market has returned to growth.

**Electrical Power** sales climbed 6% like-for-like and totaled €363 million for the year, thanks to several projects in rail transportation and power electronics. This increase was also driven by strong business levels in process industries.

In terms of the Group's geographic areas, the year's highlight was the excellent performance delivered by the **Asia-Pacific** region where like-for-like growth came in at nearly 20%. China, South Korea and India reported double digit growth propelled by solar, electronics and process industries. After a sluggish beginning of the year, **North America** reported full-year growth of 5.1%, sustained by the strong business levels in electronics and process industries. **Europe** reported growth of 4.6%, primarily driven by business levels in France in the aeronautics and aerospace markets.

#### FOURTH QUARTER 2017 SALES

Fourth quarter 2017 sales came in at €202 million, up 13% like-for-like compared to the same prior-year period. The currency effect was a negative €9 million related to the depreciation of the US dollar, Japanese yen and Chinese yuan renminbi against the euro.

	Q4 2017	Q4 2016 <sup>(2)</sup>	Total growth	Like-for-like growth <sup>(1)</sup>
<i>Advanced Materials</i>	111.4	98.3	13.2%	18.2%
<i>Electrical Power</i>	90.1	88.6	1.7%	7.2%
<b>Group Total</b>	<b>201.5</b>	<b>187.0</b>	<b>7.8%</b>	<b>13.0%</b>
Europe	63.6	59.2	7.5%	8.4%
Asia-Pacific	60.8	53.8	12.9%	18.8%
North America	67.0	65.1	2.9%	11.5%
Rest of the world	10.1	8.9	13.9%	20.9%
<b>Group Total</b>	<b>201.5</b>	<b>187.0</b>	<b>7.8%</b>	<b>13.0%</b>

Unaudited figures

(1) On a like-for-like basis

(2) Restated to reflect the reclassification of operations held for sale.

All geographic areas reported strong growth in the fourth quarter.

Half of the growth in **Europe** came from the chemicals segment after a low third quarter. Trends in the transportation market were also positive during the period. **North America** improved significantly since the beginning of the year with process industries and electrical distribution leading growth. Lastly in **Asia**, sales in solar increased sharply and the transportation and electronics markets also performed well.

## OUTLOOK FOR 2017

In light of the sharp increase in sales during the year and efforts made on competitiveness throughout the Group, Mersen confirms its outlook for a significant increase in operating margin before non-recurring items, which is expected to come out at the high end of guidance announced earlier (i.e., 150 to 170 basis points). Taking into account the restatements described below, this objective represents a margin of approximately 9.2% of sales compared to a margin of 7.5% in 2016.

## RESTATEMENTS IN 2017

The high-power switch and contactor business was sold to a French manufacturer in October 2017. Consequently, it will be classified as a discontinued operation in the 2017 consolidated financial statements in accordance with IFRS 5, and the 2016 financial statements will be restated accordingly. This business generated sales of around €5 million in 2016 and 2017. Its impact on the Group's operating margin before non-recurring items was a negative 0.13 of a point in 2016 and a negative 0.17 of a point in 2017. Its sale will generate in 2017 a cash flow of around €7 million and a pre-tax disposal gain.

As announced at end-July in the 2017 half-year results, Mersen now recognizes the amortization of revalued intangible assets in operating income before non-recurring items to improve the comparison with industry peers. The impact of this restatement on the operating margin in 2016 was a negative 0.2 of a point.

## IMPACT OF IFRS 15 IN 2018

IFRS 15 applies to the company's financial statements as from 1 January 2018. The 2017 comparative financial statements provided in the 2018 consolidated financial statements will be restated accordingly.

IFRS 15 is expected to have a limited impact on the Group's annual sales with respect to reclassifying certain expenses as a deduction from sales. This only relates to the Electrical Power segment and has been measured at approximately €3 million. Like-for-like growth and operating income will not be impacted.

## FINANCIAL CALENDAR

*2017 results: March 7, 2018, before market opening.*

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## 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.

Mersen, with its 6,100 employees working across 35 countries, recorded restated sales of €759 million in 2016.

## MERSEN IS LISTED ON EURONEXT PARIS – COMPARTMENT B

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