Mersen: 2012 sales

In line with expectations and stable compared with 2011

Paris, January 30, 2013 - Mersen (Euronext FR0000039620 – MRN), a global expert in materials and equipment for extreme environments and for the safety and reliability of electrical equipment, recorded consolidated sales of €829.4 million in 2012, on a par with the level posted in 2011 and in line with expectations. On a like-for-like basis, sales declined by 8.0%.

"*During 2012, Mersen maintained its sales at a level equivalent to 2011 in spite of a slowdown in many of its markets, with a steep contraction in solar energy in particular. The economic environment remains challenging at the beginning of 2013. As a result, the Group is focusing on improving its efficiency and its performance. Its priority remains implementing adaptation plans in line with the decisions made at the end of last year, which include restructuring, and optimizing the logistics chain,"* commented Luc Themelin, Chairman of Mersen's Management Board.

(in millions of euros)	2012	2011	organic growth	total growth
Advanced Materials and Technologies	365.0	379.6	-9.5%	-3.8%
Electrical Components and Technologies	464.4	450.0	-6.7%	3.2%
Group total	**829.4**	**829.6**	**-8.0%**	**0.0%**
Europe	291.9	310.6	-10.8%	-6.0%
Asia-Pacific	208.9	214.0	-9.9%	-2.4%
North America	280.0	263.4	-5.8%	6.3%
Rest of the world	48.6	41.6	9.1%	16.9%
Group total	**829.4**	**829.6**	**-8.0%**	**0.0%**

Unaudited figures

Fiscal 2012

Business was very brisk in chemicals (growth of 20%) during the year. Sales to process industries increased, too, but to a lesser extent, while the transportation and conventional energy markets experienced a modest decline. However, solar energy sales were down by over 50% (€48 million in 2012 compared with €110 million in 2011) and business in electronics markets was weak owing to cutbacks in investment spending and the depressed level of business of semiconductor manufacturers.

Excluding solar energy, business in Asia, North America and the Rest of the world grew on a like-for-like basis. Only Europe posted a contraction owing to the region's economic situation.

Sales in the **Advanced Materials and Technologies** segment posted an organic contraction of 9.5% during the year owing to the slowdown in the solar energy market. Excluding solar energy (organic growth of 8.8%), the Group benefited from high billings on some large chemicals contracts and the firm performance of process industries and the aeronautics market.

Sales in the **Electrical Components and Technologies** segment rose 3.2% on the back of the full-year contribution made by Eldre, a company acquired in late 2011. On a like-for-like basis, the segment's sales contracted by 6.7%. The decline was felt across all the markets and electronics in particular.

Fourth quarter 2012

For the fourth quarter, the Group's sales came to **€199.1 million,** down **1.7% on a reported basis,** taking into account the positive impact of consolidating Eldre (€6 million) and favorable currency effects (€4.8 million). On a **like-for-like basis**, sales declined by **8.2%.**

(in millions of euros)	Q4 2012	Q4 2011	organic growth	total growth
Advanced Materials and Technologies	91.8	93.8	-6.2%	-2.2%
Electrical Components and Technologies	107.3	108.6	-9.0%	-1.2%
Group total	**199.1**	**202.4**	**-8.2%**	**-1.7%**
Europe	71.2	75.0	-7.5%	-5.0%
Asia-Pacific	46.7	54.2	-17.4%	-13.9%
North America	67.1	63.2	-2.5%	6.1%
Rest of the world	14.0	10.1	12.5%	38.5%
Group total	**199.1**	**202.4**	**-8.2%**	**-1.7%**

Unaudited figures

Over the quarter, business trends were weak in the solar energy market (€9 million compared with €22 million in the year-earlier period) affecting Asia in particular - demand from polysilicon manufacturers also declined during the quarter. Economic conditions in Europe remained sluggish, but the Group was boosted in the region by the first billings from the SABIC contract. However, excluding solar energy, business in North America remained brisk, especially in chemicals/pharmaceuticals and the process industries, while it held up at close to the level recorded in the previous year in Asia.

Sales recorded in the ***Advanced Materials and Technologies*** segment came to €91.8 million in the fourth quarter, compared with €93.8 million in the same period of last year, representing a like-for-like contraction of 6.2%. This decline was attributable to weaker solar energy business volumes and, to a lesser extends, to lower prices for certain graphite grades.

Excluding solar energy, the segment's sales rose by 8.3% on a like-for-like basis. Business volumes were firm in chemicals/pharmaceuticals with the initial billings from the SABIC contract and also in the aeronautics market. On the other hand, trends in the electronics market were weak, owing in particular to weaker demand from semiconductor manufacturers.

The ***Electrical Components and Technologies*** segment's fourth-quarter sales totaled €107.3 million, including the sales posted by Eldre, a company consolidated since January 1, 2012. This represented a decrease of 1.2% on a reported basis and of 9.0% on a like-for-like basis, reflecting the contraction in industrial demand across Europe.

In the Group's other regions, business was brisk in process industries. On the other hand, sales in the wind energy market fell, with fewer original equipment projects going ahead.

Adaptation measures and restructuring

As previously announced, Mersen decided in late 2012 to implement restructuring measures to achieve a structural reduction in its cost base and capitalize to the full on the upturn in its end markets when it eventually arrives. At the Materials segment, these measures will consist in workforce reductions across all geographical regions to address the contraction in demand. At the Electrical segment, the manufacturing base will be reorganized, leading to relocations of businesses in North America and the finalization of a relocation from Germany to Hungary. All in all, these measures will result in the departure of close to 400 staff in total around the world (between the second half of 2012 and the first half of 2013) and reduce the Group's cost base by some €10 million over a full year.

In addition, the Group is rolling out development and operational excellence programs to strengthen its positions and capitalize to the full on the recovery ahead.

Lastly, the Group has made progress with its business portfolio review, which may lead to the divestment during 2013 of certain non-core and unprofitable product lines.

Outlook

The Group is reiterating its guidance of an operating margin before non-recurring items of around 9% of sales for 2012, compared with the 12.5% reported in 2011. The definitive financial statements audited by the Statutory Auditors will be published on March 20, 2013.

Looking ahead to 2013, Mersen has not yet observed any signs of an upturn in its markets compared with the trends seen in late 2012. There have been some encouraging signs in the solar energy market, in particular the high level of installations in 2012. That said, given the poor visibility in the current environment and with the European authorities not yet having ruled on the anti-dumping procedure, it is impossible as things stand to forecast Group's future business volumes.

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Financial calendar

2012 earnings: March 20, 2013 before start of trading

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 sectors such as energy, transportation, electronics, chemical, pharmaceutical and process industries.

With around 7,000 employees in over 40 countries, Mersen achieved consolidated sales of c.€830 million in 2012.

The Group is listed on NYSE Euronext Paris – Compartment B

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