Paris, March 16, 2011

Net income up 67%*

Mersen has exceeded its 2010 objectives, delivering an operating margin before non-recurring items of 10.5%

Key figures

2010 sales of €741 million, up 13% on a like-for-like basis

Operating margin before non-recurring items up by close to 2 points to 10.5%

Net income from continuing operations of €42.9 million, an increase of 67%

2010 dividend of €0.75 per share proposed, representing an increase of 50% on 2009

Free cash flow from continuing operations of €69.5 million, up 6%

Net debt of €220 million, almost stable compared with 2009

ROCE of 10%, up 4 points

Highlights

Strong growth in sales to the solar and electronics markets

Significant improvement in the Group's profitability

Healthy cash generation

2011 objectives

Organic growth of over 5%

Operating margin before non-recurring items of over 11%

Capital expenditures: €45 million to €55 million

Mersen's Supervisory Board met on March 15, 2011 and reviewed the audited 2010 financial statements. The Management Board met on the same day to approve them.

Commenting on the 2010 performance, Ernest Totino, Chairman of the Mersen's Management Board stated: "*In 2010, Mersen demonstrated the effectiveness of its strategy and its business model. Of course, we benefited from the improvement in the economic environment. But above all, we capitalized on our positioning in expanding markets and regions, since we ended 2010 with organic growth of 13%. Our EBITDA margin stood at 15.4%, and our operating margin before non-recurring items was 10.5%, almost 2 points higher than last year. Lastly, we continued our efforts to improve cash generation through far-reaching initiatives to optimize our supply chain. Our financial structure has become stronger as a result, allowing us to finance our expansion strategy".*

**Net income from continuing operations*

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MERSEN

Condensed income statement

in millions of euros	2010	2009
Sales	**741.2**	**587.3**
EBITDA *% of sales*	**114.2** *15.4%*	**82.4** *14.0%*
Op. income before non-recurring items *% of sales*	**77.6** *10.5%*	**50.9** *8.7%*
Net income from continuing operations	**42.9**	**25.7**

The Group's **consolidated sales** totaled €741.2 million. They increased by 26.2% on a reported and by 12.7% on a like-for-like basis.

EBITDA came to €114.2 million or 15.4% of sales compared with 14% in 2009. This represented an increase of 39%.

Operating income before non-recurring items of €77.6 million represented an operating margin before non-recurring items of 10.5%, ahead of the Group's objective of 9.9%.

IFRS operating income came to €73.6 million, after €3.1 million in non-recurring charges and €0.9 million in amortization of intangible assets.

Net income from continuing operations totaled €42.9 million, compared with €25.7 million in 2009.

The Group's net income reached €39.8 million, compared with €14.9 million in 2009, after the impact of discontinued operations.

Advanced Materials and Technologies

The **Advanced Materials and Technologies** segment posted sales of €324.8 million, up 13.6% on a like-for-like basis compared with 2009. On a reported basis, sales rose by 26.9% owing notably to favorable exchange rate fluctuations and the first-time consolidation of Lumpp, Boostec and Yantaï. Sales growth in 2010 was driven by the dynamism of the photovoltaic and electronics industries, as well as by the recovery in traditional markets. Sales were also boosted by a large order of equipment for seawater desalination projects.

Compared with 2009, EBITDA rose by 28% to reach €63.9 million. This represented 19.7% of the segment's sales. Operating income before non-recurring items totaled €39.5 million. The operating margin before non-recurring items worked out at 12.2% of sales compared with 11.1% in 2009. It was impacted during the first half of 2010 by upward pressure on prices affecting certain ranges of graphite products. The situation stabilized towards the end of the year when the first gradual price increases were introduced.

Electrical Components and Technologies

The **Electrical Components and Technologies** segment posted 2010 sales of €416.4 million, up 12% on a like-for-like basis. On a reported basis, growth was 25.7% owing notably to the first-time consolidation of Chinese company Mingrong and the acquisition of M.Schneider. These acquisitions enabled the Group to expand its product range and to strengthen its positions in regions enjoying strong growth. In 2010, sales were brisk in the rail transportation, electronics, energy and process industry markets, which were badly affected by the crisis in 2009.

EBITDA came to €63.6 million or 15.3% of sales. This represented an increase of 39% compared with 2009 owing to the significant increase in sales volumes, a favorable product/customer mix and previous plans aimed at boosting profitability. Operating income before non-recurring items amounted to €51.6 million. The operating margin before non-recurring items widened to 12.4% of sales from 10.8% in 2009.

Cash generated/(used) by operating and investing activities

Cash generated by operating activities before tax and change in the WCR came to €111.0 million in 2010, compared with €77.2 million in 2009. **Free cash flow from continuing operations** totaled €69.5 million, representing an increase of 6%.

Cash outflows linked to the **working capital requirement** were kept to €2.6 million, in spite of the strong expansion in the business. This feat was achieved thanks primarily to efforts to control inventories through measures to optimize the supply chain implemented in 2009 and continued during 2010.

Net capital expenditures, excluding changes in the scope of consolidation, amounted to €28.9 million, compared with €49.8 million in 2009.

In addition, the Group continued to pursue its **policy of selective acquisitions** in strategic markets. Cash flows linked to changes in scope of consolidation (acquisitions of Boostec, M.Schneider and Yantai) represented an expense of €16.7 million in 2010.

Debt and financial structure

At December 31, 2010, **net debt** amounted to €220.1 million, compared with €214.9 million at December 31, 2009. The increase was again very modest in spite of the negative impact of currency fluctuations, cash outflows linked to acquisitions and payment of the €29.1 million fine to the European Commission, which was originally handed down in 2003 and confirmed at appeal in 2009.

The net debt to EBITDA ratio stood at 1.86x, compared with 2.52x at year-end 2009. The net debt/equity ratio came to just 44%, compared with 50% at year-end 2009.

Dividend

At the Annual General Meeting on May 19, the Supervisory Board will propose a dividend of €0.75 per share, representing an increase of 50% compared with the previous year. This would lead to a payout ratio of 38% of the Group's net income. Shareholders will be given the option of electing for payment of the dividend in the Company's shares.

2011 objectives

Since the beginning of 2011, the Group has continued to capitalize on its positioning in expanding regions and markets, such as electronics and solar energy in which sales could reach between €90 million and €110 million during 2011. Certain items of equipment used in the production of graphite for these markets are currently running at full tilt. To support this growth, Mersen is considering investing between €45 million and €55 million in 2011.

Lastly, barring a downturn in the macroeconomic environment, Mersen is targeting organic growth of over 5% and an operating margin before non-recurring items in excess of 11%.

Definitions:
- Free cash flow from continuing operations: Cash flow generated by operating activities from continuing operations-tax paid-working capital requirement-net capital expenditures (excluding changes in scope)
- EBITDA: Operating income before non-recurring items plus depreciation and amortization
- ROCE: IFRS operating income divided by average capital employed (net property, plant and equipment and intangible assets including goodwill + working capital requirement)

Consolidated financial statements

Income statement

(€ m)	***2010***	***2009***
Sales	**741.2**	**587.3**
EBITDA*	**114.2**	**82.4**
% of sales	*15.4%*	*14.0%*
Operating income before non-recurring items	**77.6**	**50.9**
% of sales	*10.5%*	*8.7%*
Non-recurring income and expense	-3.1	-4.5
Amortization of revalued intangible assets	-0.9	-0.8
Operating income	**73.6**	**45.6**
Net finance income/(costs)	(10.8)	(10.4)
Current and deferred income tax	(19.9)	(9.5)
Net income from continuing operations	**42.9**	**25.7**
Net income from assets held for sale	-3.1	-10.8
Group's net income	**39.8**	**14.9**

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

Segmental analysis excluding corporate expenses

In millions of euros	**Advanced Materials and Technologies**		**Electrical Components and Technologies**	
	2010	2009	2010	2009
Sales	**324.8**	**256.0**	**416.4**	**331.3**
EBITDA*	**63.9**	**49.8**	**63.6**	**45.8**
% of sales	*19.7%*	*19.4%*	*15.3%*	*13.8%*
Operating income before non-recurring items	**39.5**	**28.5**	**51.6**	**35.7**
% of sales	*12.2%*	*11.1%*	*12.4%*	*10.8%*

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

Statement of cash flows

(€ m)	***2010***	***2009***
Operating activities		
Operating cash flow before changes in the WCR	**111**	**77.2**
Change in WCR	(2.6)	43.1
Income tax paid	(10.0)	(4.8)
Cash generated by discontinued operations	(0.9)	(20.2)
Operating cash flow	**97.5**	**95.3**
Investing activities		
Cash flow generated/(used) by investing activities excluding changes in scope and excluding discontinued operations	(28.9)	(49.8)
Changes in scope	(16.7)	(24.5)
Cash generated/(used) by investing activities from discontinued operations	-	2.2
Cash generated by investing activities	(45.6)	**(72.1)**
		)
Cash generated/(used) by operating and investing activities	**51.9**	**23.2**

Paris, March 16, 2011

(€ m)	*2010*	*2009*
Assets		
Non-current assets	627.6	577.3
Inventories	168	138.5
Trade and other receivables	135.5	107.8
Other assets	5.4	11.1
Total	**936.5**	**834.7**
Liabilities and equity		
Equity	493.7	424.9
Provisions	4.6	1
Employee benefits	36.7	34.2
Trade and other payables	138.4	105.1
Other liabilities	43	54.6
Net debt	220.1	214.9
Total	**936.5**	**834.7**
Net debt/equity	**44%**	**50%**
Net debt/EBITDA	**1.86x**	**2.52x**

The annual financial report is available for download from the Mersen and AMF websites.

About Mersen

Mersen, a global expert in materials and equipment for extreme environments and for the safety and reliability of electrical equipment, develops innovative solutions geared to the needs of its customers in order to optimize their industrial performance in expanding segments, such as energy, transportation, electronics, chemicals/pharmaceuticals and process industries.

The Group is listed in Compartment B of NYSE Euronext Paris

Visit our web site at www.mersen.com

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