EDISON

QuickView

Mersen

Industrials

5 August 2026

Electrical Power drives guidance upgrade

Mersen shares rose 12% as it raised its FY26 guidance on higher sales and stronger margins while cutting its capex budget to €80–90m. Organic sales growth is now guided at 4–6%, EBITDA margin at 16.0–16.5% and operating margin before non-recurring items at 9.0–9.5%. H1 organic growth of 3.9% was led by data centres, silicon semiconductors, power electronics and transportation, offsetting weak performance at solar, SiC and chemicals. Electrical Power, 48% of H1 sales, is the near-term driver, while Advanced Materials, at 52%, offers recovery optionality.

Data centres pull Electrical Power ahead

Group H1 sales of €611.5m grew 3.9% organically, although a €22m currency headwind limited reported growth to 0.2%. Electrical Power drove the increase, with sales up 11.1% organically to €291.9m and operating margin rising 270bp to 14.9%, supported by higher volumes and the c 3% group-wide price increase implemented in Q2. Management views this margin level as sustainable. Data centre revenue exceeded €20m in H1 and is expected to more than double year-on-year to above €40m in FY26, while silicon semiconductor sales, used in ion implantation, are guided to exceed €60m. Advanced Materials sales declined 1.9% organically, reflecting a 15–20% fall in chemicals, no recovery in solar and the absence of 2025's SiC contract renegotiation, which reduced the group margin by c 100bp.

Capex peak passed, cash inflection to come

H1 capital expenditure fell to €21.9m from €64.1m and FY26 guidance was cut to €80–90m, as management signals a shift from building capacity to generating returns on Advanced Materials investment. A €44.6m working capital build (June invoicing, plus copper and silver inventory revaluation) left net debt at €399.7m and leverage at 2.3x. Management guides to an H2 unwind and higher free cash flow, evidence that the investment phase is converting into cash. Bolt-on M&A has restarted in Europe, North America and Asia excluding China; the 2029 plan assumes c €100m of acquired revenue.

Valuation

On consensus blended-forward multiples, Mersen trades at c 14.5x P/E and 7.0x EV/EBITDA, compared with European peer means of 17.2x and 8.8x, respectively. Its closest listed comparators, Morgan Advanced Materials and SGL Carbon, trade at 12.0x and 14.3x P/E and 6.5x and 4.7x EV/EBITDA, broadly in line with Mersen. Near-term delivery will depend on the expected H2 working capital unwind, while the longer-term re-rating potential rests on whether Mersen can achieve its 2029 operating margin target of 12%, compared with 9.2% in H1.

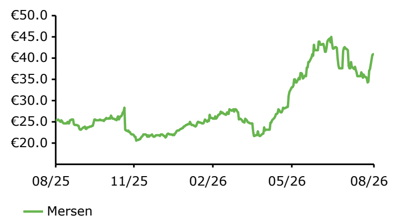
Consensus estimates

Year end	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)	EV/EBITDA (x)
12/25	1,186.0	190.4	30.5	0.57	0.90	71.2	2.2	7.3
12/26e	1,224.0	198.2	85.6	2.45	0.91	16.6	2.2	7.0
12/27e	1,305.0	219.7	102.8	3.01	1.07	13.5	2.6	6.3

Source: LSEG Data & Analytics.

Price €40.60
Market cap €992m

Share price performance



Share details

Code	MRN
Listing	NXT PA
Shares in issue	20.8m
Net cash/(debt) at 30 June 2026	€(399.7)m

Business description

Mersen is a globally recognised expert in electrical power and graphite-based advanced materials, enabling the performance and reliability of industrial systems and essential infrastructure across areas including power management, electric vehicles, renewable energies and storage, aerospace and rail.

Bull points

- Electrical Power grew 11.1% organically in H1, lifting its operating margin 270bp to 14.9%.
- Data centre revenue should double to above €40m in FY26, with silicon semiconductors guided above €60m.
- FY26 capex guidance cut to €80–90m, with management guiding higher free cash flow in H2.

Bear points

- Advanced Materials, 52% of sales, faces weak solar, SiC and chemicals demand, with no H2 recovery signalled.
- Data centres will contribute only c 3% of FY26e sales despite dominating the investment narrative.
- The guided H2 working capital unwind is unproven, with working capital requirements up €47m in H1 to €254m.

Analysts

Jonathan Day +44 (0)20 3077 5700
Yana Mihaylova +44 (0)20 3077 5700

industrials@edisongroup.com
Edison profile page

General disclaimer and copyright

This report has been prepared and issued by Edison. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or sol icitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom