

PRESS RELEASE

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CARBONE LORRAINE INTERIM 2002 RESULTS
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In depressed economic conditions, Carbone Lorraine posted sales in line with the guidance given in March together with higher operating profit than in the second half of 2001 on identical sales.

(€ m)	1 st half 2002	2 nd half 2001	1 st half 2001
Sales	382	381	423
Operating profit	32	27	49
Operating margin (%)	8.4%	7.1%	11.6%
Net income before non-recurring items <i>(Group share)</i>	17.5	12.0	22.5
Net income <i>(Groupe share)</i>	10.3	-25.3	17.2

Sales: €382 million

First-half 2002 sales came to €382 millions, down 9% on a like-for-like basis compared with the high level recorded during the first six months of 2001. This business contraction was primarily attributable to the economic slowdown that set in during the second half of 2001 and the steep fall that resulted in investment spending.

Operating profit: €32 million

The business contraction is the reason for the decline in operating profit compared with the same period of 2001. Nonetheless, operating profit was higher than during the second six months of 2001 even though sales were virtually unchanged. As a result, the operating margin rose by 1.3 points to 8.4% from 7.1% during the second half of 2001. This improvement was driven mainly by stronger performance in Magnets activity and the initial benefits of the cost savings plan announced in March 2002.

Net income before non-recurring items: €17.5 million

Lower interest rates and the reduction in the Group's debt, as well as favourable currency exchange rates led to a substantial reduction in net financial expense. Net income before non-recurring items and after minority interests came to €17.5 million, compared with €22.5 million in the first half and €12 million in the second half of 2001. The Group has maintained this level of earnings in an unfavourable environment, illustrating its strong resilience.

Outlook

Performance during the second half of 2002 will reflect the general economic environment that has prevailed for more than a year, with weak economic activity and low capital spending. We anticipate further contraction in sales, the impact of which on operating profit is nonetheless likely to be offset by the first benefits of the cost savings plan. Under this plan, the Group will get annual savings worth €20 million in 2004 onwards, and already €15 million in 2003.

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Reminder:

Carbone Lorraine is an industrial group specialising in electrical components (brushes for electric motors, magnets and industrial fuses) and advanced materials and technologies. Well-established world-wide, the Group holds world-class positions in all its main markets :

- *Electrical Applications* *World no. 1 in brushes for electric motors*
- *Permanent Magnets* *World no. 3 in magnets for the automobiles*
- *Electrical Protection* *World no. 2 in industrial fuses*
- *Advanced Materials & Technologies* *World no. 1 in thermal anti-corrosion equipment*

The Group is listed on the Premier Marché of the Paris Stock Exchange. It is part of the SBF 120 and Euronext 150 indices.

For further information, visit our website : www.carbonelorraine.com

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