



Carbone Lorraine’s Board of Directors met on March 17, 2009 to approve the financial statements for fiscal 2008.

Commenting on the full-year results, Claude Coccozza, the Group’s Chairman and Chief Executive Officer, said:

“2008 was a **very good year** for the Group. The sales generated by our continuing operations, i.e. excluding the automobile and household electrical appliance brush division, grew by 10% on a like-for-like basis, while our operating income before non-recurring items advanced by 15%.

In addition, we completed **two major strategic transactions**, with the divestment of the braking division in March and the disposal of the automobile brush division, currently being finalized. The Group is now organized into **two solid business lines—Advanced Materials and Technologies and Electrical Systems and Components**. These two lines boast strong margins, leadership positions and a competitive manufacturing base.

In parallel with the Group’s transformation into a growth company, the Board and I have addressed the issue of my successor by grooming **Ernest Totino**, currently Chief Operating Officer, to take over as the Group’s next CEO. The transition period is now over, and I will tender my resignation from my duties on May 19, after the Annual General Meeting. **Ernest Totino will then take over as Chief Executive Officer of the Group.**”

### Condensed income statement (IFRS)

<i>In millions of euros</i>	<b>2007</b>	<b>2007 (**)</b>	<b>2008 (*)</b>
Sales	694	614	662
<b>Operating income before non-recurring items</b>	<b>70.7</b>	<b>72.4</b>	<b>83.0</b>
Operating margin before non-recurring items (%)	10.2%	11.8%	12.5%
<b>Operating income</b>	<b>42.7</b>	<b>66.0</b>	<b>93.3</b>
<b>Net income from continuing operations</b>	<b>16.3</b>	<b>39.7</b>	<b>57.0</b>
Net income/(loss) from assets held for sale/discontinued operations		(23.4)	(27.2)
<b>Net income (part of the Group)</b>	<b>16.3</b>	<b>16.3</b>	<b>29.8</b>

(\*) IFRS 5 continuing operations / (\*\*) pro forma

**Consolidated sales: €662 million (\*)**

**PRESS RELEASE**

Paris, March 18, 2009

### ***A 10% growth like-for-like***

The Group's sales from continuing operations, i.e. excluding those generated by the automobile and household electrical appliance brush division, came to €662 million, representing an increase of 10% on a like-for-like basis. Business trends were particularly brisk in our principal geographical regions and in the renewable energies markets.

### **Operating income before non-recurring items: €83 million (\*)** ***Increase of 15%***

**Operating income before non-recurring items** advanced by 15% to €83 million. The operating margin before non-recurring items stood at 12.5% of sales.

The sales recorded by the **Advanced Materials and Technologies** activities totaled €278 million, representing an increase of 12% on the back of brisk demand for graphite equipment for the solar energy industry and anticorrosion equipment for the acetic acid industry. Operating income before non-recurring items reached 16% of sales.

The **Electrical Systems and Components** business line now encompasses both the **Electrical Applications and Electrical Protection** divisions. Thanks to strong demand for wind energy equipment, the business line's sales totaled €384 million, representing an increase of 10% in 2008. Operating income before non-recurring items reached 14% of sales.

The Group's **operating income** came to €93.3 million, after taking into account the capital gain on the disposal of the sintered brakes division. Return on capital employed, which is calculated excluding the capital gain on this disposal, moved up one point to 14%.

### **Net income: €29.8 million** ***A strong increase***

**Net income** attributable to Carbone Lorraine's shareholders came to €29.8 million in 2008, up from €16.3 million in 2007. This figure includes a charge of €27 million, representing the potential capital loss on the disposal of the automobile and household electrical appliance brush division and the latter's 2008 net loss.

### **Dividend: €0.62 per share** ***A payout ratio of 30%***

At the forthcoming AGM, the Board of Directors is set to propose payment of a dividend of **€0.62 per share**. If approved, the Group would thus make a total payout of close to €8.7 million, representing a payout ratio of **30%** in line with the Group's usual distribution policy. This year, a proposal of receiving the dividend in shares will be put to shareholders.

(\*) IFRS 5 – Continuing operations

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## Net debt

### *Growth capital expenditures self-financed*

The Group's net debt stood at €306 million at December 31, 2008. The net debt/equity ratio stood at 93% vs. 62% at year-end 2007. This increase predominantly reflects outlays linked to the four selective acquisitions completed during fiscal 2008.

## Outlook

### *Valuable sources of resilience in more difficult economic conditions*

### *Adaptation measures preserving the Group's growth potential*

The final two months of 2008 brought a clear **downturn in economic conditions**, which particularly affected the Group's traditional business activities. This downturn was offset by further brisk growth in certain upbeat markets, such as solar energy, wind energy and rail transportation, and by the substantial deliveries of anticorrosion equipment made at the end of the year.

The downtrend in traditional markets carried forward into the first two months of 2009. The first quarter is likely to bring a **significant decline in sales**, but this should be mitigated over the year as a whole by the high level of the anticorrosion equipment order backlog at year-end 2008 and by the Group's positioning in renewable energies.

Helping it to cope with this situation, the Group possesses robust sources of resilience thanks to its positioning in upbeat markets despite the economic environment and its strong presence in Asia. It is further strengthening its resilience through significant cost-cutting measures and even more careful management of its cash, while seeking to preserve its future expansion prospects.

## Change in Chief Executive Officer and governance

### *Changes to follow Claude Coccozza's departure*

In addition, Claude Coccozza, Group's Chief Executive Officer, informed the Board of his decision to relinquish his duties in a few months' time. The Board took note of this decision and thanked the Chairman for his efforts during his 16 years in charge of the Company. In particular, it emphasized the significant increase in sales and earnings achieved over the period, the scale of the industrial restructuring carried out and the major benefits of the complete refocusing of the business portfolio on expanding businesses and markets in recent years under Claude Coccozza's leadership.

The Board decided that this transition should be backed up by a shift to a dual-headed governance structure and will thus propose a resolution at the forthcoming Annual General Meeting to amend Carbone Lorraine's Articles of Association, turning it into a company with a Supervisory Board and Management Board. If this resolution were to be adopted, Hervé Couffin, director and Chairman of the Audit and Accounts Committee, would take over as Chairman of the Supervisory Board and Ernest Totino, currently the Group's Chief Operating Officer, would be appointed as Chairman of the Management Board.

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### **About Carbone Lorraine**

Carbone Lorraine is a world leader in graphite solutions and electrical components. The Group specialises in the use of high-tech materials in highly demanding industrial environments and in the development of systems essential to a safe electrical motors' operation and to the protection of electrical equipment. With more than 85% of its sales achieved outside France, the Group holds leadership positions in all of its core businesses.

- |                                     |   |
|-------------------------------------|---|
| Advanced Materials and Technologies | <ul style="list-style-type: none"> <li>- World number one in graphite anticorrosion equipment</li> <li>- World number two in high-temperature applications of isostatic graphite</li> </ul> |
| Electrical Applications             | <ul style="list-style-type: none"> <li>- World number one in brushes for electric motors</li> </ul>   |
| Electrical Protection               | <ul style="list-style-type: none"> <li>- World number one in fuses for power semiconductors</li> <li>- World number two in industrial fuses</li> </ul>                                      |

*The Group is listed on the Premier Marché of the Paris Stock Exchange and is a constituent of the CAC Mid100, SBF120 and Next 150 indices.  
Bloomberg ticker: **CRL FP** - Reuters ticker: **CBLP.PA***



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