



Increase in interim results 2011 expansion growth plan

Paris, September 12, 2007

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Carbone Lorraine's Board of Directors met on September 11, 2007 and approved the financial statements for the first six months of 2007.

Commenting on the interim 2007 results, Claude Coccozza, Carbone Lorraine's Chairman and Chief Executive Officer, said:

"During the first half of 2007, we posted a significant increase in our sales and healthy margins, while certain items of equipment are still in a start-up phase.

For the past three years, we have pursued a strategy of transforming Carbone Lorraine into a growth company, which is now starting to pay back. Now that we have strengthened our four growth drivers—Asia, Innovation, Energy efficiency and Acquisitions—we are setting ourselves two ambitious objectives for 2011: sales of €1 billion and a 50% increase in our ROCE."

Condensed income statement

<i>in millions of euros</i>	H1 2006	H1 2007
Sales	324.4	346.7
Operating income before non-recurring items	33.4	37.4
Operating income	31.8	33.5
Net income	18.9	19.4

Consolidated sales

During the first half, Carbone Lorraine posted strong growth in its sales to €347 million, representing increases of 11% at constant exchange rates including the sales posted by our recent acquisitions and 8% on a like-for-like basis.

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Operating income before non-recurring items

Operating income before non-recurring items advanced by 12% to €37.4 million. The operating margin before non-recurring items stood at 10.8% of sales.

The **Advanced Materials and Technologies** division recorded strong sales, notably in the electronics and solar energy markets. Its operating income before non-recurring items advanced by 5% to €22.6 million. This represented 17.7% of sales, the same level as in 2006.

The **Electrical Protection** division has expanded rapidly across the whole range of its products and geographical regions thanks to its innovative offering and efforts to strengthen its sales and marketing capabilities. The division's operating income before non-recurring items advanced by 7% to €11.6 million. This figure represented 10% of the division's sales.

The performance of the **Electrical Applications** division was boosted by substantial sales in Asia and in the wind energy market and by the initial benefits of restructuring in North America. The operating income before non-recurring items came to 10.8% of sales, representing an increase of 2.6 points compared to the first half of 2006.

Operating income

The Group's **operating income** advanced by 5% to €33.5 million. Net non-recurring charges were in line with our previous guidance of €3.9 million. They derived principally from the start-up of its new subsidiaries in China and the transfers of production lines in the Electrical Applications. The Group's operating margin came to 9.7%.

Net income

Interim **net income** stood at €19.4 million. As forecast, this represented a slight increase in spite of the impact of projects in the start-up phase.

Net debt

The Group's debt came to €183 million, up from €176 million at June 30, 2006. The gearing stood at 57% compared with 59% at June 30, 2006. Our financial structure thus remains very robust, while the Group is now completing the financing of its major expansion projects.

Outlook for 2007

For 2007 as a whole, the Group now aims to post sales growth of at least 6 to 7% on a like-for-like basis and has reiterated its target of an increase in operating income after the non-recurring items.

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2011 growth plan

In recent years, the Group has focused on its transformation into a growth company by positioning in buoyant markets and developing effective growth drivers. Carbone Lorraine's growth potential is now all the stronger.

Previously, Carbone Lorraine had embarked on large-scale restructuring to benefit from a robust and modernized manufacturing base.

These two transformations should help the Group both to withstand any downcycles more effectively and to reap the full benefit of any upcycles.

The current portfolio of expansion projects will generate significant additional sales from 2008 onwards and is set to ramp up progressively over the next four years. Assuming economic conditions remain as they are this year for the entire period, particularly in the main regions, the Group set the following two objectives for 2011:

- **Sales of €1 billion.** Sales growth will be particularly brisk in the target markets of electronics, renewable energies and chemicals/pharmaceuticals, as well as in Asia. Selective acquisitions will also contribute to the Group's expansion.
- **A 50% increase in our ROCE.** The Group is targeting a return on capital employed of around 17% before tax under the conditions referred to above. This will be achieved through a major volume effect, further productivity initiatives, a controlled increase in capital employed—since the basic investments have been completed—and through a policy of acquisitions in line with stringent profitability criteria.

Execution of this growth plan and attainment of the objectives presented above are highly motivating targets for the Group's employees and should trigger strong value creation for its shareholders.

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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.

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| Advanced Materials and Technologies | - World number one in graphite anticorrosion equipment |
| | - World number two in high-temperature applications of isostatic graphite |
| Electrical Applications | - World number one in brushes for electric motors |
| Electrical Protection | - World number one in fuses for power semiconductors |
| | - World number two in industrial fuses |

*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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