

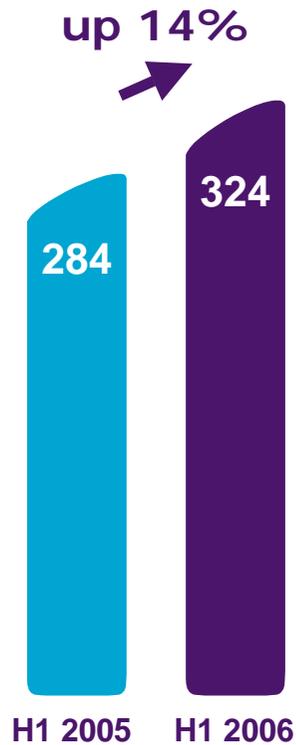


# Interim 2006 results

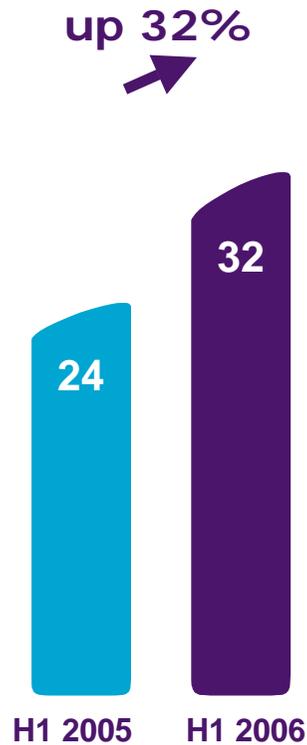
September 13<sup>th</sup>, 2006

*Dedicated Innovation, Dedicated Partner*

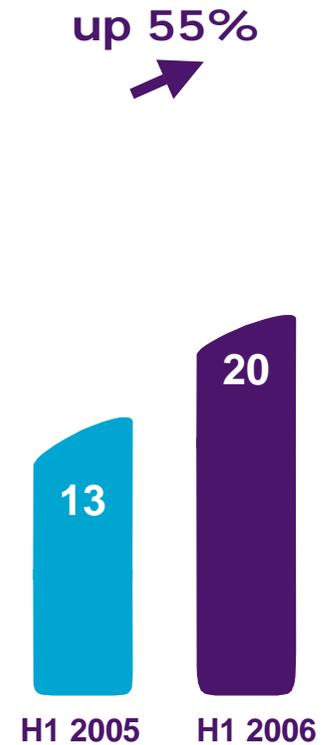
# Strong growth



► Sales



► Operating income



► Net income

# How we capture growth



**Expansion  
In Asia**



**Energy  
efficiency**



**Innovation**



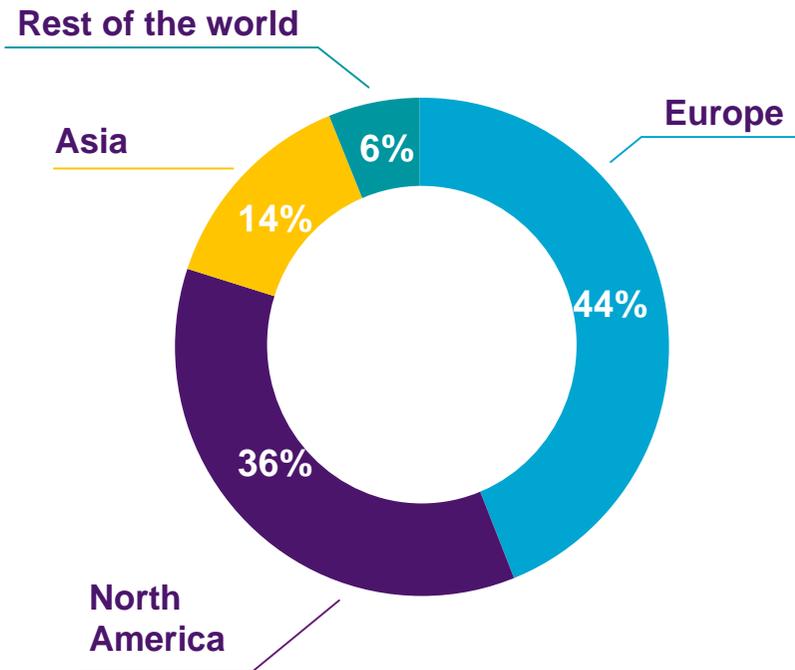
**Selective  
acquisitions**



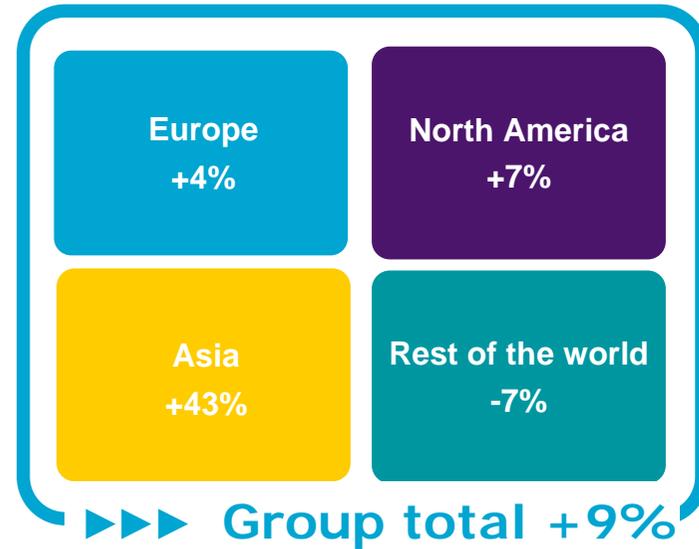
# Performance over the first half



## Analysis of sales by region



## Sales trends\* between H1 2005 and H1 2006



**▶▶▶ H1 2006 sales: €324m**

*N.B. sales growth on a like-for-like basis*

**Advanced Materials  
and Technologies +11%**

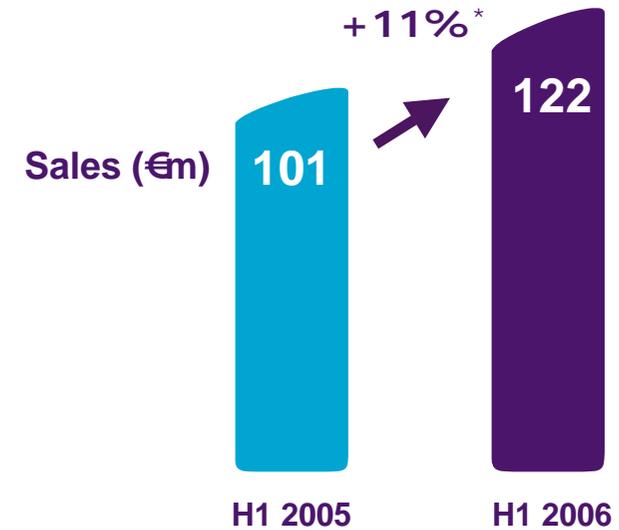
**Electrical  
Protection  
+14%**



**Electrical  
Applications  
+2%**



Operating margin 17.9% 17.4%

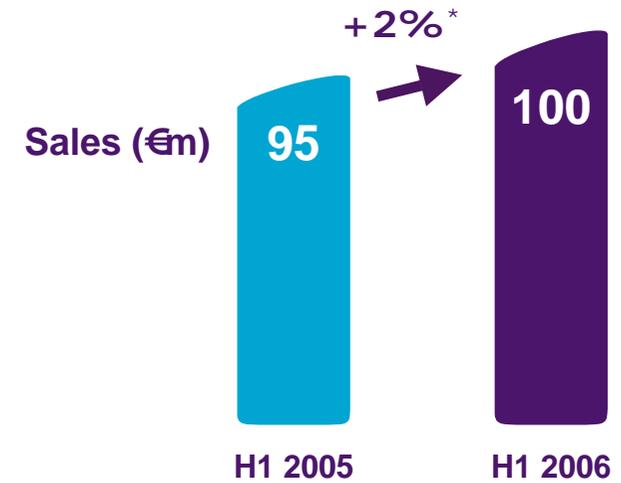


- ▶ **Fast-expanding markets**
- ▶ **Brisk development in Asia**
- ▶ **GES integrated successfully**

\*Change on a like-for-like basis



Operating margin 7.0% 8.0%

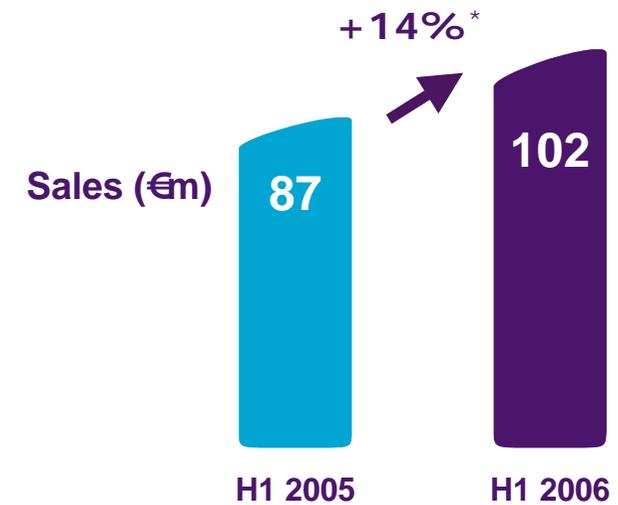


- ▶ Brisk growth in brushes for industrial motors
- ▶ Cost-cutting at the auto activities

*\*Change on a like-for-like basis*



Operating margin 5.4% 9.5%

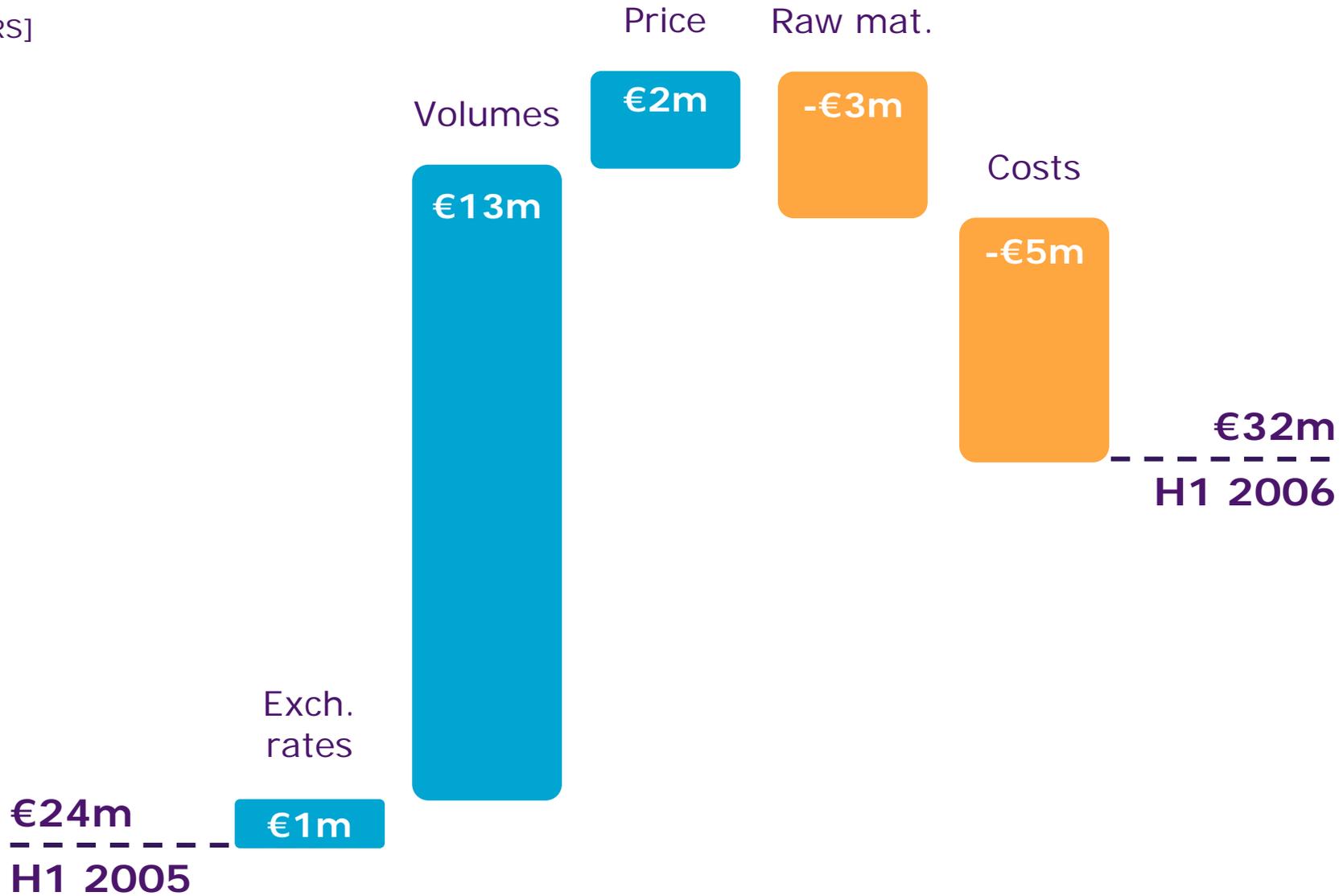


- ▶ High investment spending on electrical equipment
- ▶ Strong growth across all geographical zones
- ▶ Fast start-up at the Chinese workshop

\*Change on a like-for-like basis

# Operating income up 32%

[IFRS]



[IFRS]

	(€m)	H1 2006	H1 2005
<b>Sales</b>		<b>324.4</b>	<b>283.7</b>
<b>Operating income excl. non-recurring items</b>		<b>33.4</b>	<b>27.5</b>
Non-recurring income and expense		(1.6)	(3.4)
<b>Operating income</b>		<b>31.8</b>	<b>24.1</b>
<i>Operating margin</i>		<i>9.8%</i>	<i>8.5%</i>
Finance costs, net		(4.3)	(3.4)
Current and deferred income tax		(7.5)	(7.8)
<b>Net income from continuing operations</b>		<b>20.0</b>	<b>12.9</b>
<b>Net income, Group share</b>		<b>19.0</b>	<b>12.5</b>

# Statement of cash flows

[IFRS]

Operating activities	€m	H1 2006	H1 2005
Cash flow before changes in the WCR		42.0	34.0
Change in the WCR		(20.9)	(14.4)
Taxes		(5.6)	(4.9)
<b>Cash flow</b>		<b>15.5</b>	<b>14.7</b>
<b>Investing activities</b>			
Increase in property, plant & equipment		(14.6)	(8.3)
Increase in financial assets		(6.1)	(23.0)
Changes in the scope of consolidation		(13.0)	(1.1)
Disposals of non-current assets		(0.8)	1.0
<b>Cash flow</b>		<b>(34.5)</b>	<b>(31.4)</b>
<b>Cash flow before financing activities</b>		<b>(19.0)</b>	<b>(16.7)</b>

# Balance sheet

[IFRS]

(€m)

H1 2006

12/31/05

Non-current assets and others	388.1	373.9
Working capital requirement	161.8	141.7
Deferred taxes	21.9	23.4
Assets held for sale/discontinued op.	(2.1)	3.8
<b>Total assets</b>	<b>569.7</b>	<b>542.8</b>
Equity	296.5	294.6
Provisions	48.4	49.1
Employee benefits	46.0	46.7
Financial instruments	3.0	2.1
Net debt	175.7	150.3
<b>Total equity and liabilities</b>	<b>569.7</b>	<b>542.8</b>
<b>Net debt/equity</b>	<b>59%</b>	<b>51%</b>

- ▶ 2006, a very good year for the Group
- ▶ Major projects finalized
- ▶ Further growth momentum

# Capturing growth



# How we capture growth



**Expansion  
In Asia**



**Energy  
efficiency**



**Innovation**



**Selective  
acquisitions**

▶ H1-2006 sales: €45m  
**+43%**

▶ 2005 sales: €33m  
**+28%**

Close customer relationships

Quality

Partnerships

16 units to deliver the best customer service



## China

- **Anticorrosion equipment**  
*Carbone Lorraine's standards in the fertilizer industry*
- **Graphite tooling**  
*Answer to electronics industry's technical requirements*
- **High-performance industrial brushes**  
*Quality and reliability*

## Japan

- **Fuses**  
*Advanced technology products for power semiconductors*
- **High temperature application of graphite**  
*Innovating offer for the glass industry*

## India

- **Brushes for electric motors**  
*Reliability and competitiveness of our products*
- **Fuses**  
*British standard With international standard*

▶▶▶ **Be the bench-mark in quality standards**



2006	Joint Venture	China	Electrical Protection	Traction
2005	Joint Venture	Japan	Anticorrosion Equip.	Chem. Pharm.
2003	Partnership	India	Electrical Protection	Distribution
2002	Joint Venture	Japan	High Temperatures	Distribution

▶▶▶ Longstanding expertise developed in Asia

- 
- ▶ **Participate in the expansion of renewable energies**
  - ▶ **Optimize power yield**



## Solar power

Graphite: a material essential to the manufacture of silicon



## Wind power

An extensive offering (brushes, slip-ring assemblies, brakes, fuses)



## Hydroelectric power

High-performance brushes

▶▶▶ Participate in the expansion of renewable energies



Optimize energy consumption  
in the chemicals and pharmaceuticals industry



Optimize use of electricity

▶▶▶ Optimize power yield

2006	 Wire transfer systems for windmills	 CL Clad® system
2005	 Ultra-fine graphite grades for diodes	 Fuses protecting internet access over powerlines
2004	 Modulostar	 6m tubes
2003	 Ultra-fine graphite grades for electronics	

▶▶▶ Innovation, one of the Group's values



- ▶ Replace glass-coated steel with CL Clad<sup>®</sup> in anticorrosion equipment
- ▶ Favorable prospects

## Agenda

H1 2006

▶ First orders

H2 2006

▶ Commissioning of the workshop

## "Growth Plus" prize

- Turnkey system in anticorrosion equipment

## "Innovation" prize

- New kind of brushholder in Electrical Applications

▶▶▶ Innovation, one of the Group's values



## Acquisitions: boosting the pace of growth

- ▶ Source of organic growth
- ▶ High margins

## Example: Graphite Engineering & Sales

- ▶ Stronger-than-expected growth
- ▶ Expansion of our coverage of applications
- ▶ Commercial synergies

▶▶▶ And other projects in progress...



# Interim 2006 results

September 13<sup>th</sup>, 2006

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