



Carbone Lorraine
2008 full-year results



Disclaimer

- This presentation contains forward-looking statements. This information, which reflects objectives established based on the current assessments and estimates of the Group's Executive management, remains contingent upon numerous factors and uncertainties that may cause actual results to differ materially from those forecast by the Group.



- **Introduction**
- **Full-year results**
- **A solid Group on course for expansion**



Introduction



- **A very good year in 2008**
- **Strategic repositioning**
- **Two robust business segments**
- **Management transition completed**
- **CL on course for expansion**



Carbone Lorraine, two robust business segments



Advanced Materials and Technologies

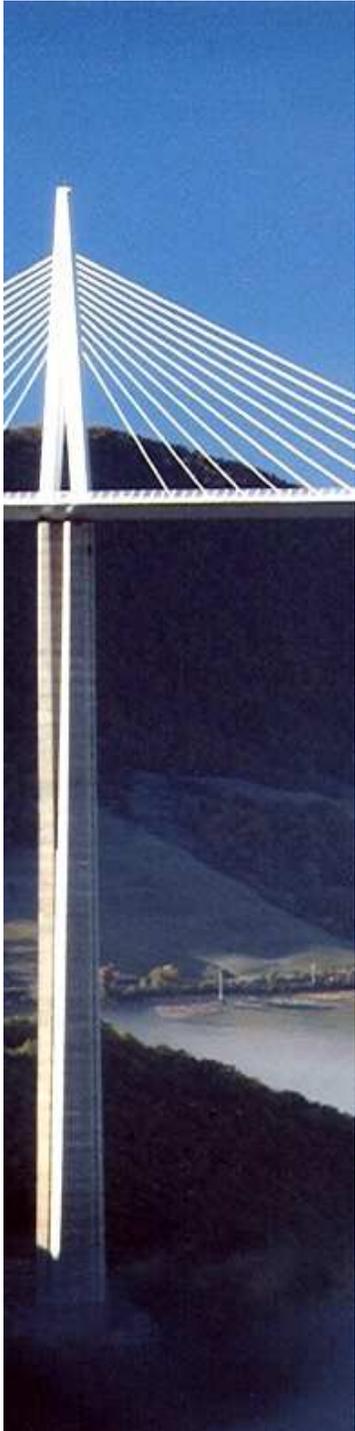
Graphite expertise and high-performance materials dedicated to extreme industrial environments



Electrical systems and components

Innovative systems and products contributing to the performance and reliability of electrical equipment

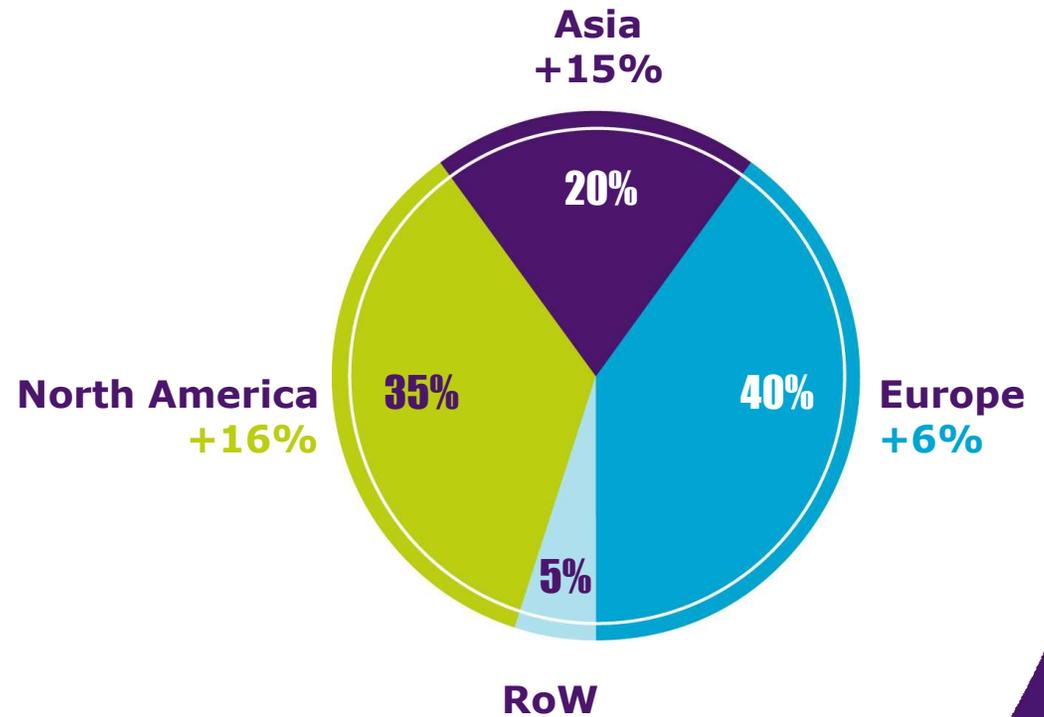
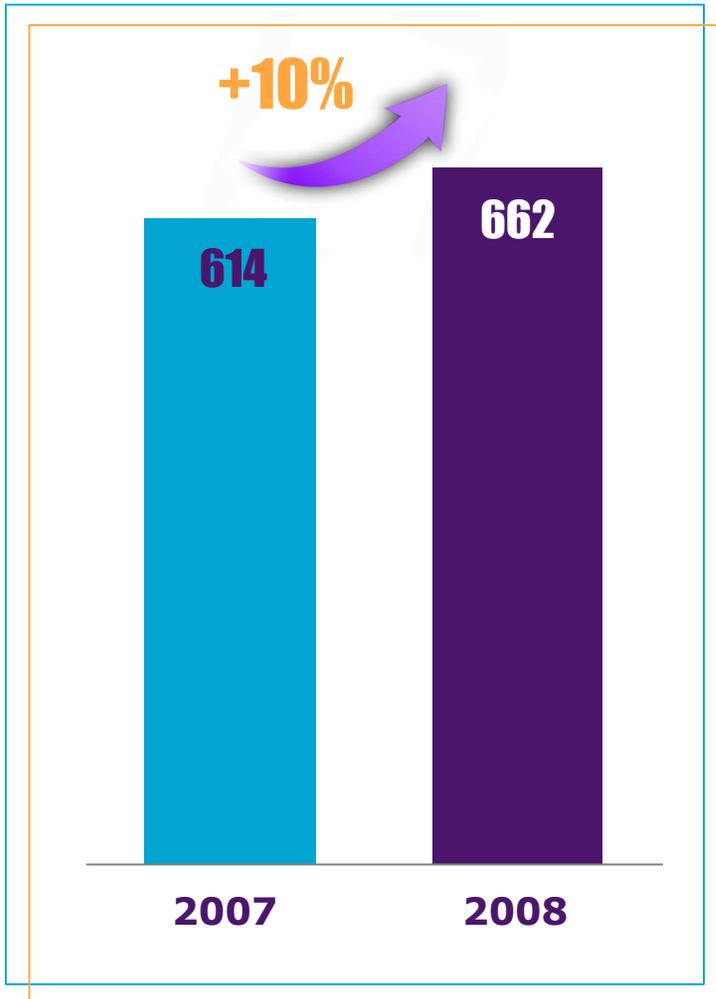
- **Extensive product range**
- **Technological innovation**
- **Upbeat markets: solar, transportation, wind energy, energy efficiency**
- **Close to customers network**
- **Optimized manufacturing base, high level of competitiveness**
- **No exposure to very weak markets (automobile, residential)**



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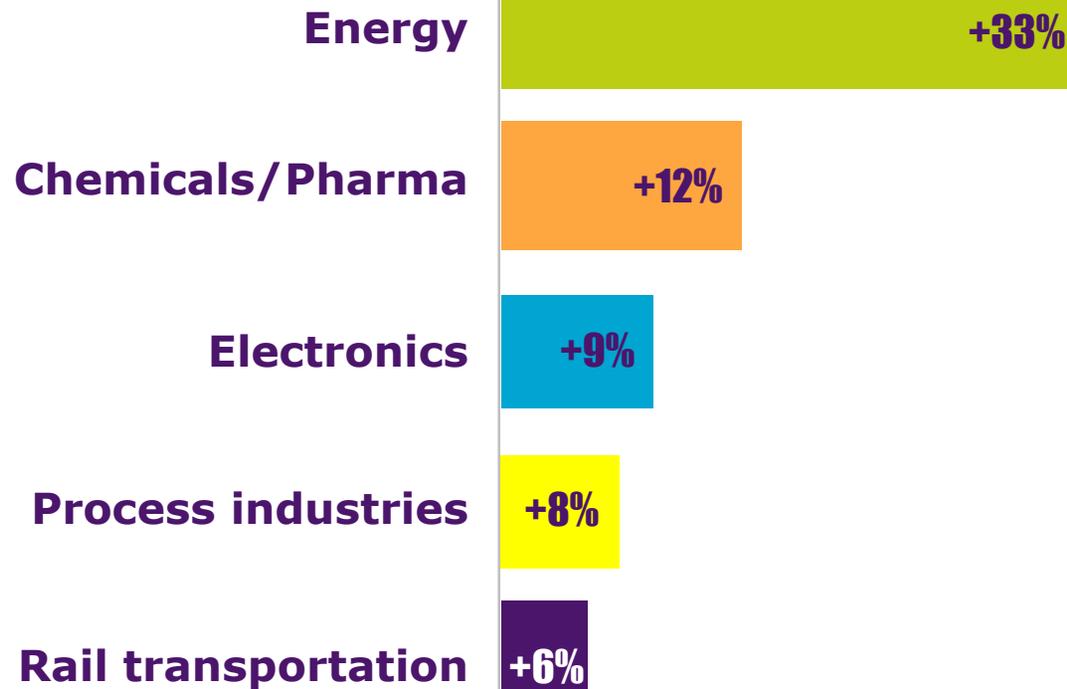


Strong sales growth



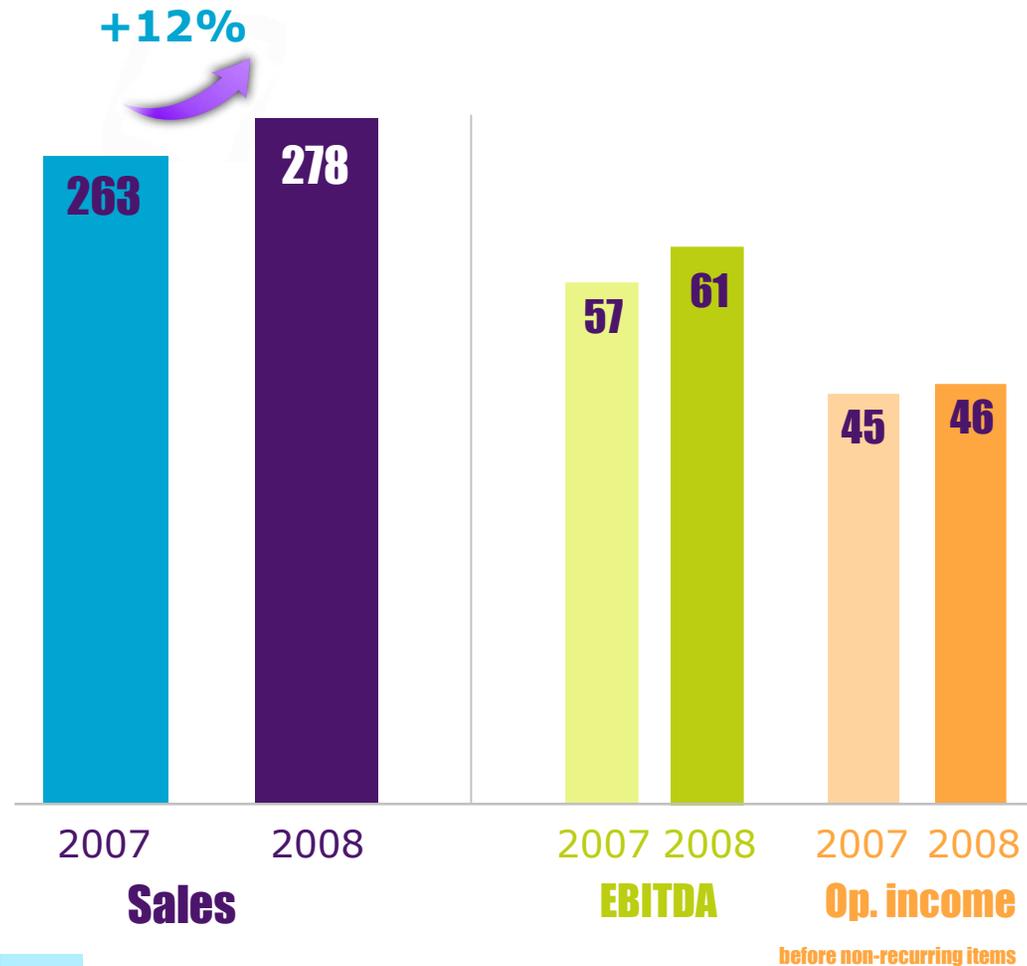
*Sales in € m - continuing operations - Changes on a like-for-like basis
Sales in Asia including Mingrong's sales*

A growth oriented positioning



Change in reported data/continuing operations

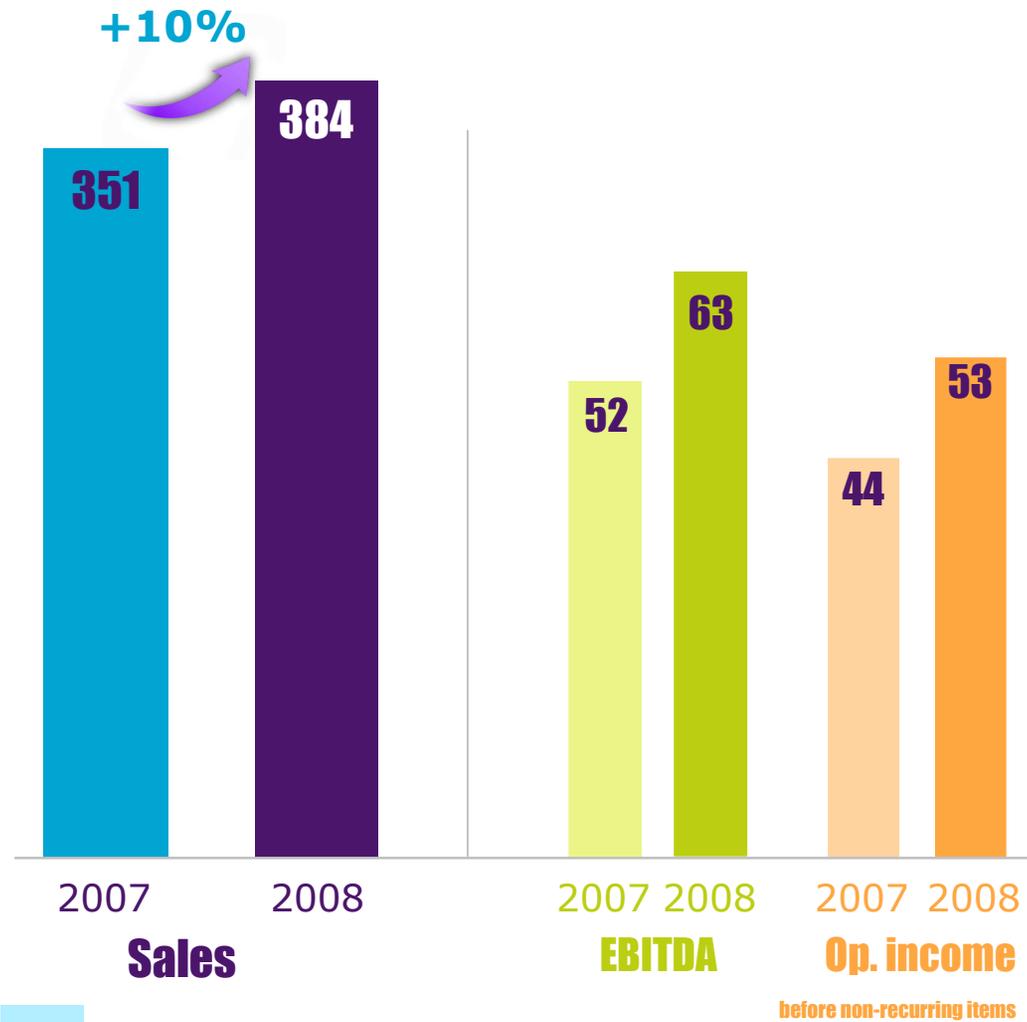
Advanced Materials and Technologies



- **Sales growth in solar energy and acetic acid**
- **OM at 16% and ROCE of 15%**

*% change on a like-for-like basis
Continuing operations – in millions of euros*

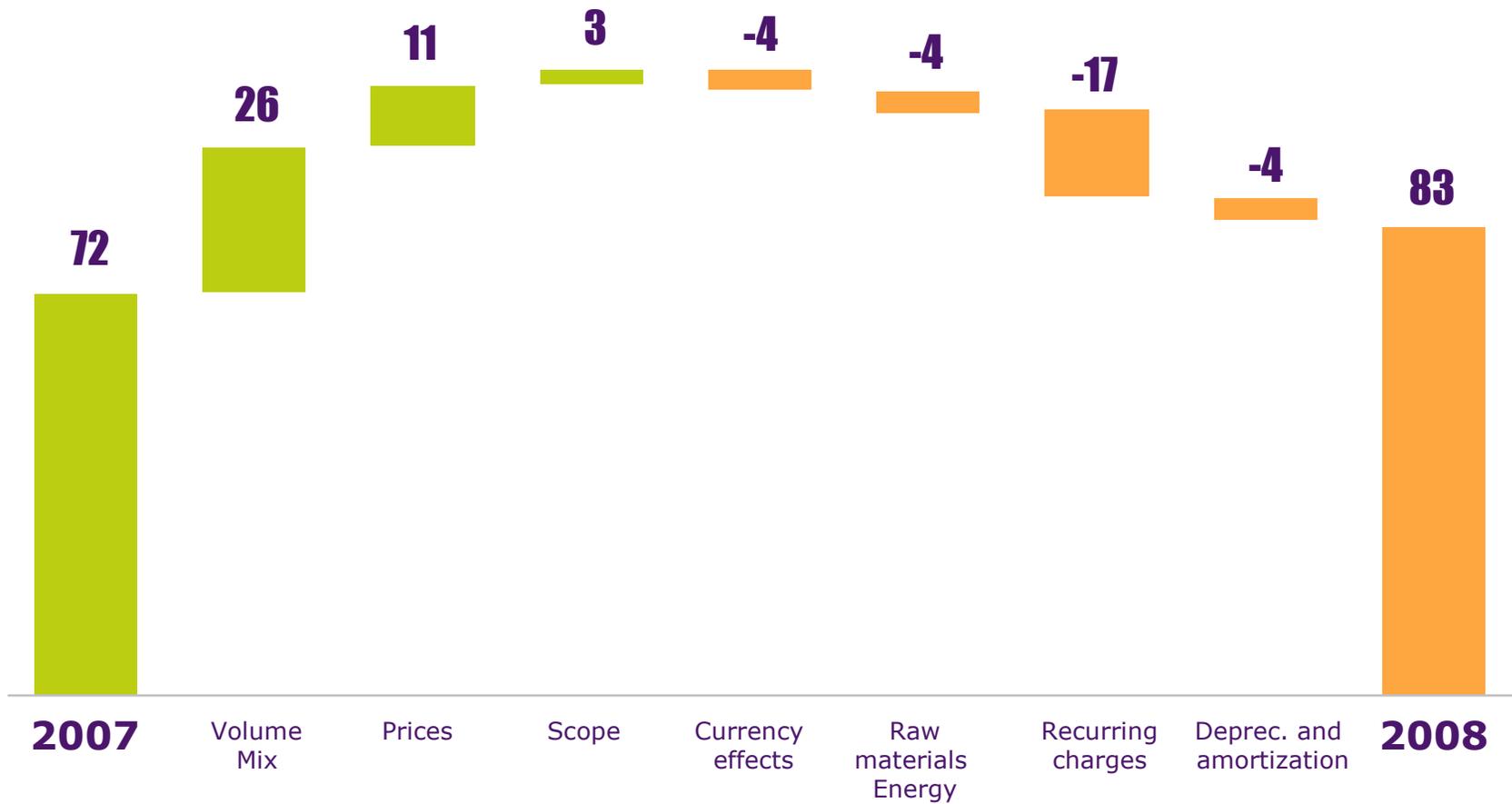
Electrical Systems and Components



- **Growth in wind energy and energy efficiency sales**
- **OM at 14% and ROCE of 20%**

*% change on a like-for-like basis
Continuing operations – in millions of euros*

Operating income before non-recurring items: +15%



continuing operations

Income statement

	(€ m)	2007	2008
Sales		614	662
Op. income before non-rec. items		72	83
Non-recurring income and expense		(6)	10
Operating income		66	93
Finance costs, net		(11)	(12)
Current and deferred income tax		(15)	(24)
Net income from cont. operations		40	57
Net income from disc. operations		(24)	(27)
Net income attributable to equity holders of the parent		16	30

• **Strong growth in earnings**

continuing operations

Free cash flow

(€ m)	2007	2008
Operating cash flow	89	103
WCR	-12	-24
Income tax paid	-12	-13
Capex	-57	-63
Free cash flow	+8	+3

- **Cash flow is financing the investment program**

Balance sheet

	(€ m)	2007	2008
Non-current and financial assets		413	530
Working capital requirement		171	176
Deferred tax		19	10
Net assets to be disposed		-	9
Total assets		603	725
Equity		307	325
Provisions		47	46
Employee benefits		41	35
Others liabilities		16	13
Net debt		192	306
Total liabilities		603	725
Net debt/equity		0.62	0.93
Net debt/EBITDA*		2.07	2.73

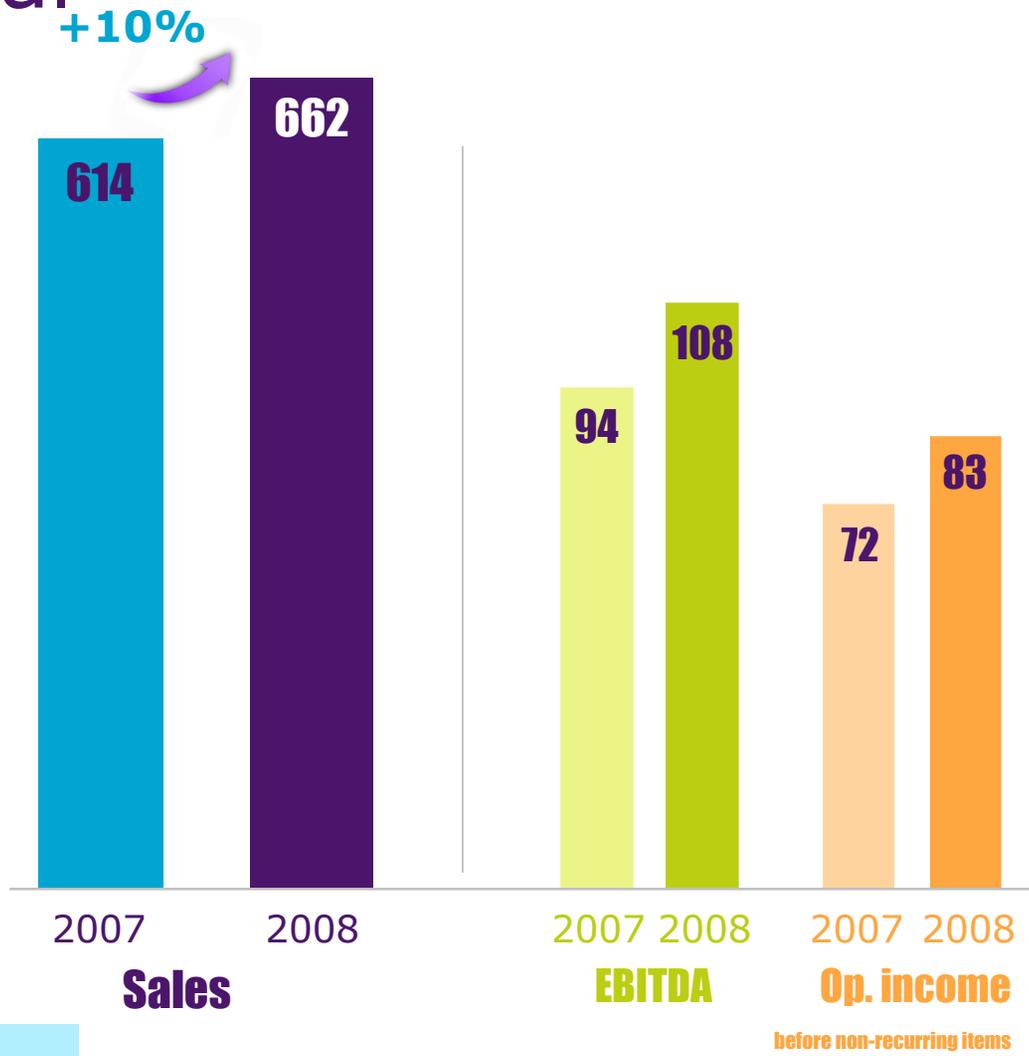
*2008 EBITDA, continuing operations

Available financing

Type	Amount	Expiration
Syndicated loan	350 M\$	2013
Syndicated loan	500 MRmb	2011
Equity line	75 M€	2010



Group total



ROCE 2008: 14% 1pt of growth

*% change on a like-for-like basis - continuing operations - in millions of euros
 ROCE: OI: continuing operations, excluding the capital gain on the sale of the braking division,
 CE: average capital employed*



Outlook

- **Decline in 2009 first quarter sales of 5 to 9%**
- **Measures to adapt to economic conditions**
- **2011 Expansion plan maintained with a possible deferring of the objectives**



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Carbone Lorraine

Solidity and growth

**On course
for
expansion**

A unifying project

a RESILIENT group

Innovation —

— Acquisitions

Upbeat markets —

— Asia

Geographical balance —

— Visibility and adaptability

Regions of production —

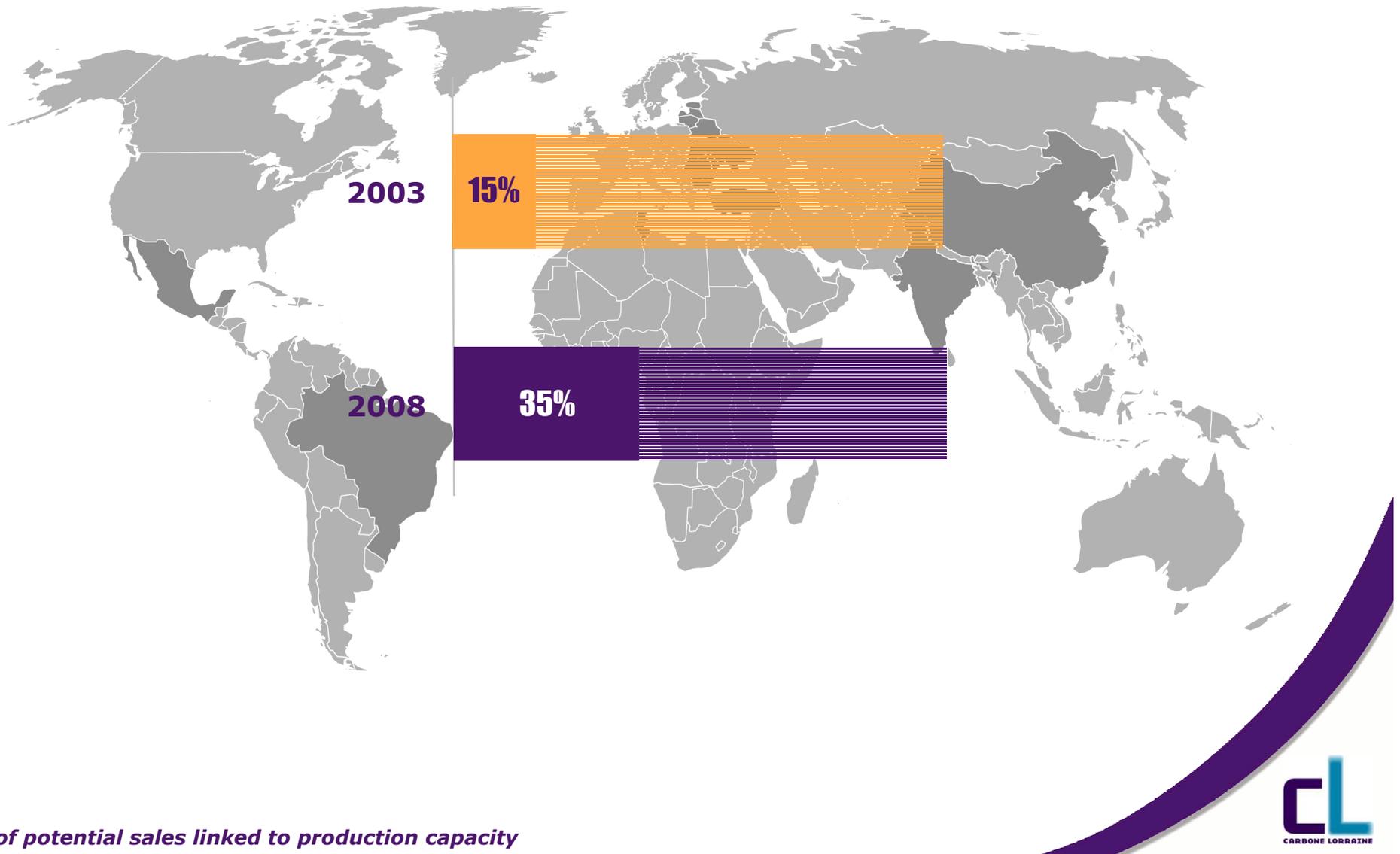
— Replacement business

● **CL, a group promoting sustainable development and energy efficiency**



A robust business model

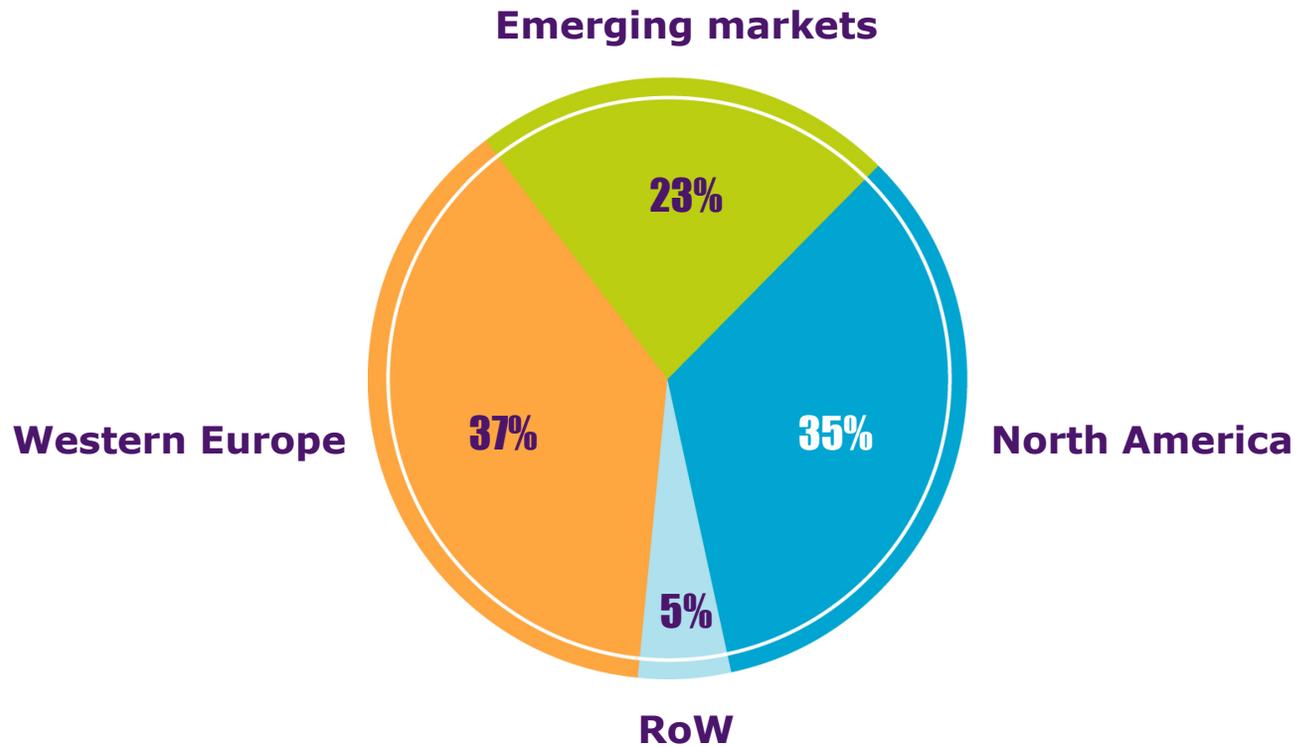
Production in emerging markets



% of potential sales linked to production capacity

A robust business model

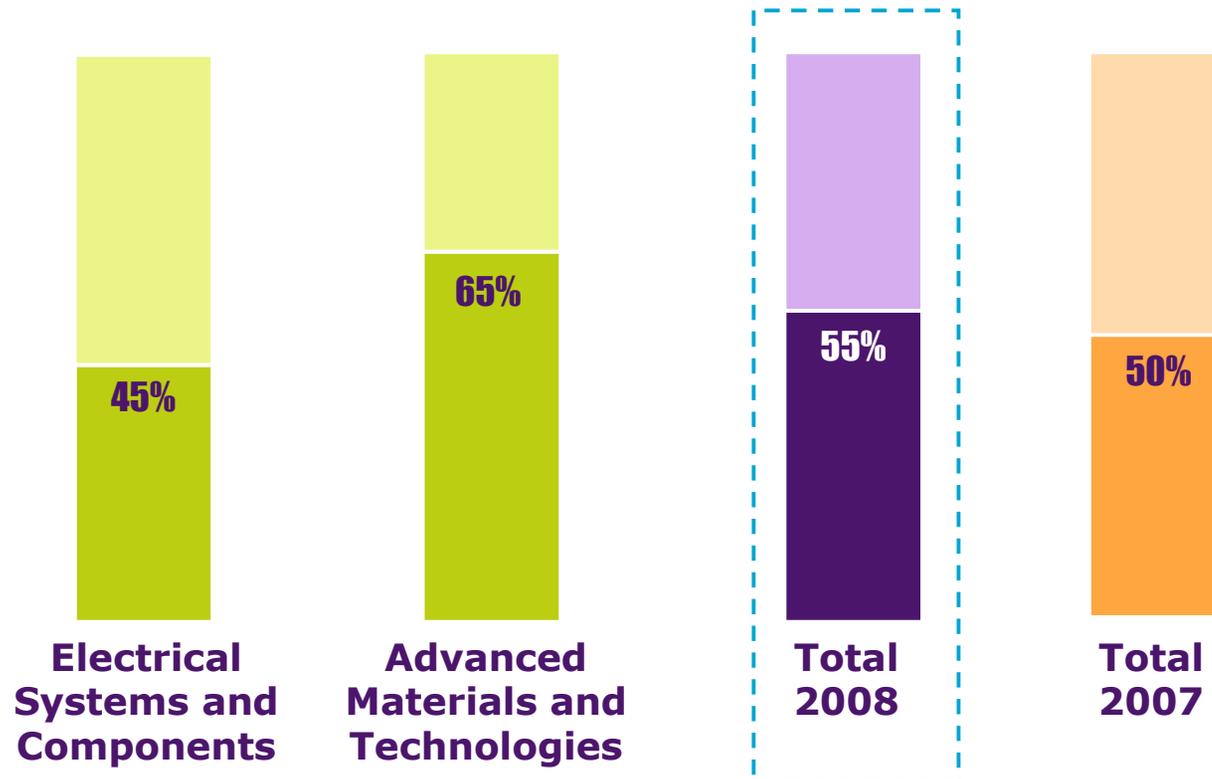
1/4 of sales deriving from emerging markets



2008 sales - Continuing operations - reported data

A robust business model

Majority of replacement sales and consumables



- Rapid growth in consumables
- New replacement markets

N.B. Breakdown of 2008 sales into replacement vs. original equipment sales - continuing operations

A robust business model

Greater visibility



- **Growing proportion of medium-term contracts**
 - Solar energy
 - Wind energy
 - Chemicals and pharmaceuticals
- **Stronger presence in non-cyclical segments**
 - Energy
 - Transportation
 - Asia
 - Disposal of automobile operations

● **40% of sales set to grow**

A robust business model

Significant ability to adapt

- Modular approach to investments
- Measures to cut recurring costs
- WCR project/Supply chain

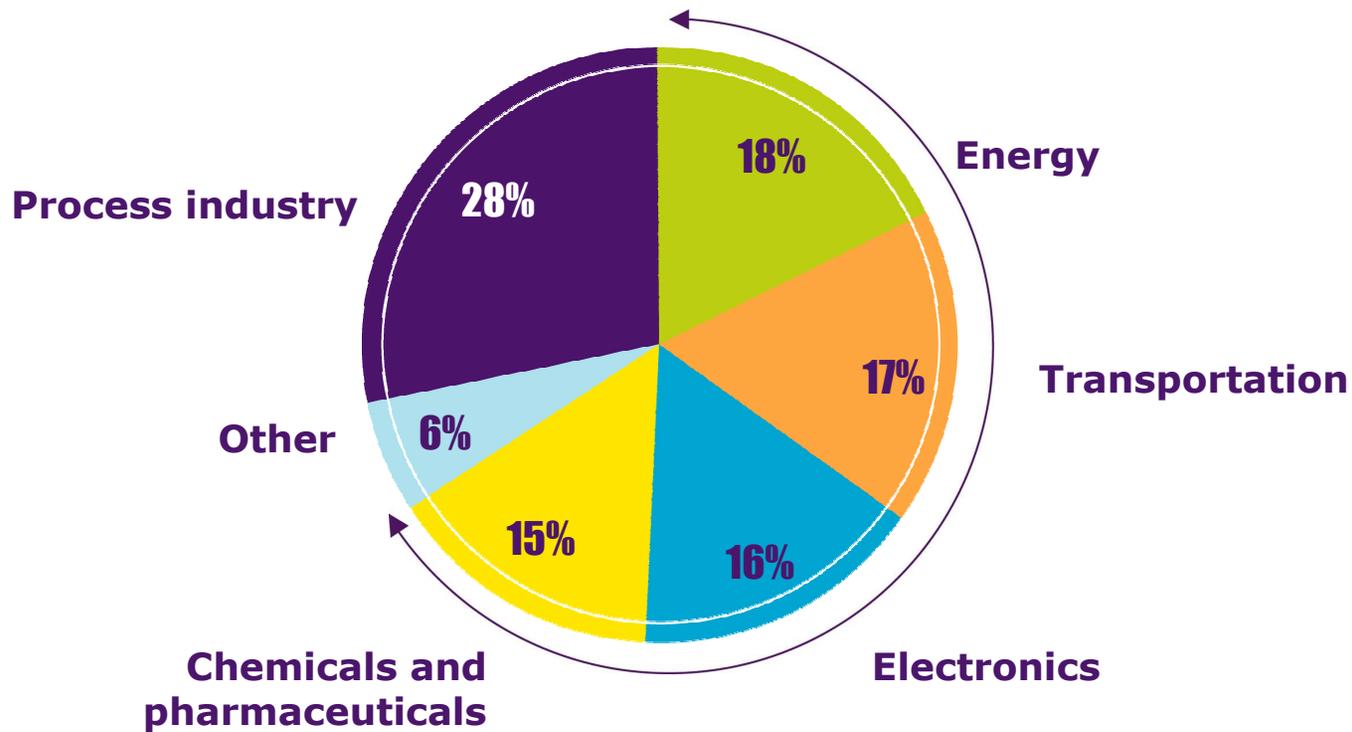


■ Investments trend



On course for expansion

A majority of upbeat markets

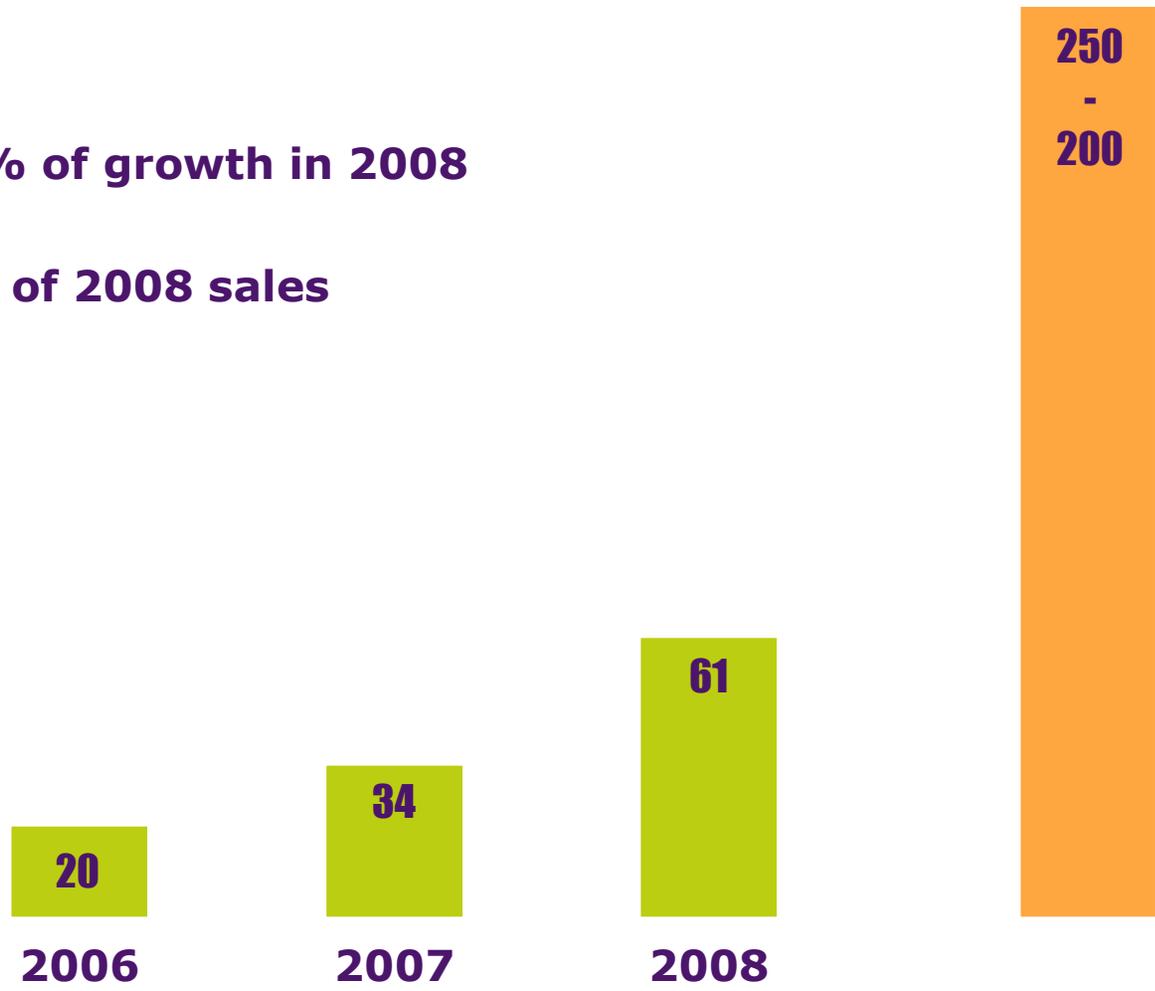


Breakdown of 2008 sales - reported data



On course for expansion Renewable energies, fresh impetus

- 50% of growth in 2008
- 9% of 2008 sales



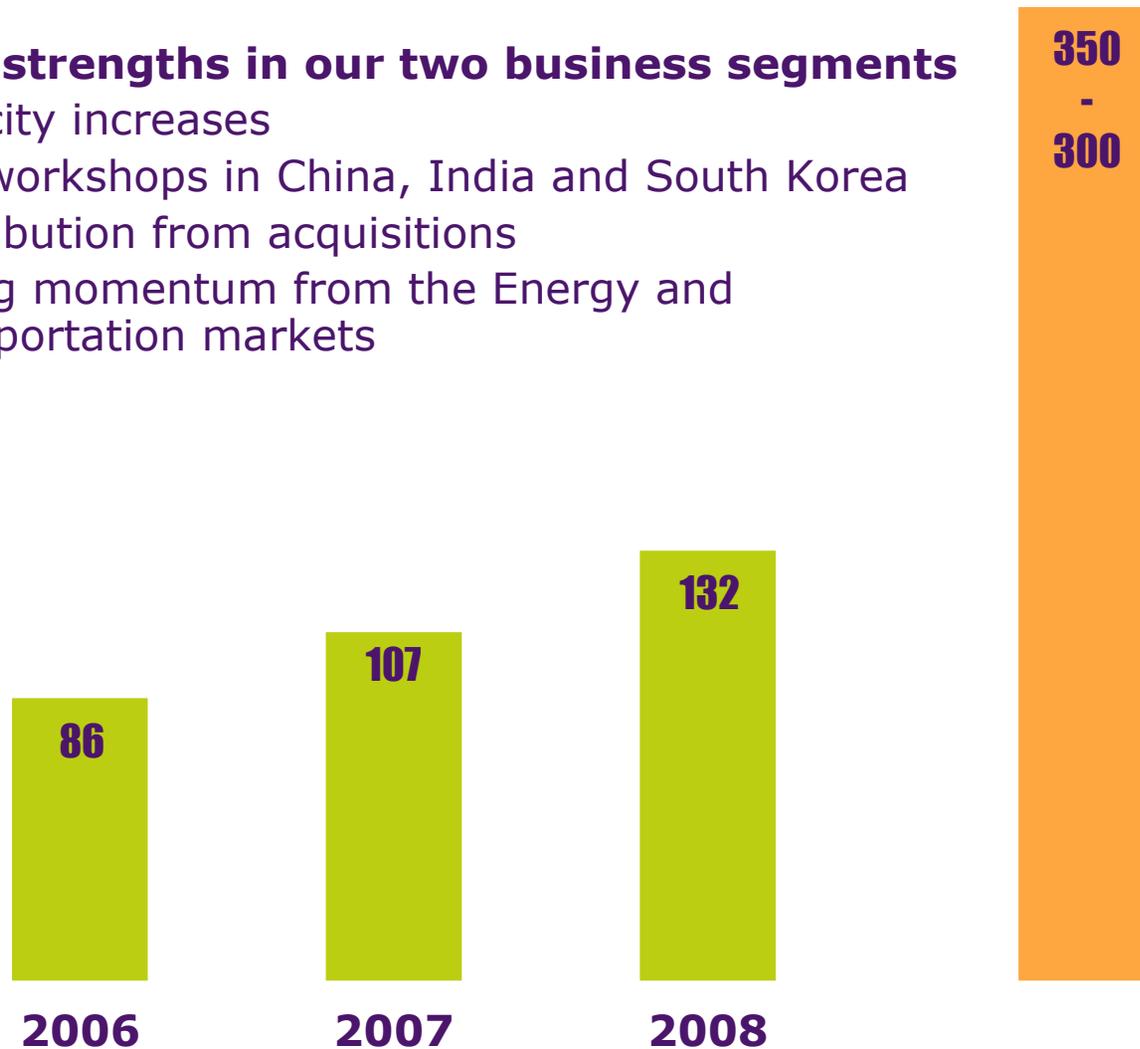
Sales in millions of euros/Solar+Wind+Hydro energy

On course for expansion

Asia: strong growth potential

- **Unique strengths in our two business segments**

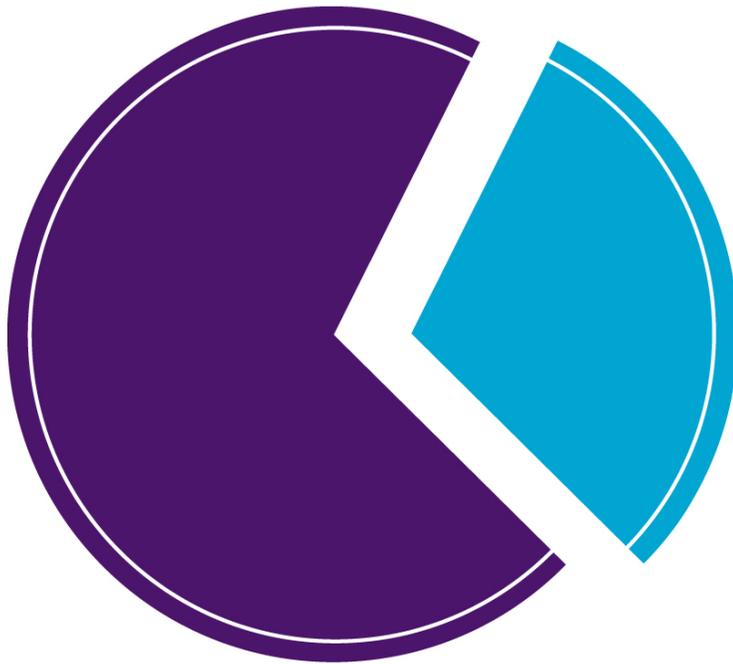
- Capacity increases
- New workshops in China, India and South Korea
- Contribution from acquisitions
- Strong momentum from the Energy and Transportation markets



Sales in millions of euros, continuing operations, including Mingrong consolidated in H2 2009

On course for expansion

Proven ability to renew the product range



Advanced Materials and Technologies

CL Clad
Plate heat exchangers, Skid
Distillation systems
Graphite equipment for solar energy
Large blocks
Carbon-carbon composites
Calcarb fibers

Electrical systems and components

Coolers
R-Theta
Slip-ring assemblies for wind turbines
Signal transmission systems

- In our product range at present, 25% of sales derive from products launched less than 5 years ago

On course for expansion

Acquisitions: contribution to growth

- Recent acquisitions, performance boosters
 - Calcarb
 - Mingrong
 - R-Theta
 - Xianda
- 2008 acquisitions already generate €65 million in FY sales



On course for expansion

Strong positioning

**CL, a group promoting sustainable development
and energy efficiency**

Sustainable development
Alternative energies
Mass transit

Energy efficiency
Current distribution quality
Heat exchange
Insulation

- **A unifying project for all the divisions**



■ Appendix



Strong growth in operating income before non-recurring items

(€ m)	2007	2008	% change
Op. income before non-recurring items	72	83	+15%
- sintered brakes	3	1	
+ small brushes	-2	-7	
Pro forma op. income	67	75	+12%

Income statement, Sector analysis

	2008			2007 proforma		
	Sales	Op. income before non-rec. items	OM	Sales	Op. income before non-rec. items	OM
AE	128	22	17%	122	21	17%
EP	255	31	12%	230	22	10%
ESC	384	53	14%	351	44	12%
AMT	274	45	16%	247	42	17%
Op. inc. bef. non-rec. items excl. sintered brakes	658	82	13%	598	70	12%
Op. inc. bef. non-rec. items sintered brakes	4	1		16	3	
Group op. Income before non-rec. Items	662	83	12.5%	614	72	12%