

CARBONE LORRAINE

Dedicated Innovation, Dedicated Partner



Carbone Lorraine strengthens its position in solar energy and graphite insulation

Paris, 18 December 2008

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Carbone Lorraine has announced the takeover of **Calcarb**, world No. 2 in **rigid graphite felt**. Claude Coccozza, Chairman and CEO of Carbone Lorraine, comments: "This acquisition constitutes a unique opportunity that fits in with our "**Expansion 2011**" business plan. We are particularly pleased to have been able to see this acquisition through successfully".

Rigid felts are used as a sophisticated form of insulation in very high-temperature furnaces. The outlets for this product therefore fit in with the Advanced Materials and Technologies division's industrial markets. Use of these insulating products has grown at a very rapid rate over the last few years, initially in electronics and now in **solar energy**. This has resulted in a shortage of supply of rigid felts relative to the level of demand in these markets.

Calcarb is a subsidiary of **Inductotherm**, which specializes in vacuum furnaces, in particular induction furnaces. **Calcarb's** head office and production plant are in Scotland, close to Edinburgh. It recently more than doubled its annual production capacity by building a new plant that opened last autumn under very satisfactory conditions. In view of this new production capacity, the Group is expected to generate sales of **€35 million from Calcarb products in 2009**. The Group is aiming for sales growth of at least 15% a year for the years ahead thanks to extremely brisk demand in the solar energy market.

Carbone Lorraine will acquire 60% of the company's shares on December 31st, 2008, and has an option to increase its stake to 100% that can be exercised at any time in 2009. The acquisition is financed by debt.

This acquisition will enable Carbone Lorraine to enter a market adjoining the graphite market, with growth driven primarily by **solar energy** activities. **Calcarb's** products are regarded by clients as the best in the market in terms of quality. This contributes to **Calcarb's very good profitability** and provides protection during more difficult times.

With no international network of its own, access to the Carbone Lorraine network will constitute a source of considerable commercial **synergies** for the company. The acquisition is therefore likely to generate a high rate of return, in line with Carbone Lorraine's demanding criteria. Return on capital employed before tax should reach the target level of 20% from the fourth year of the acquisition.

Furthermore, the technology used by **Calcarb** will complement other technologies currently being developed by the Group for the insulation market, which creates additional potential for growth.

Calcarb is run by a high quality management team that is well known to Carbone Lorraine, having been one of its major clients for a number of years. The team is happy to be joining the Group and this sentiment is shared by our sales teams, who are keen to roll out **Calcarb's** products in our network.

The acquisition of **Calcarb** will therefore create the conditions for strong and profitable growth by Carbone Lorraine in the **graphite insulation** market and strengthen its position in the **solar energy** market.

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PRESS RELEASE

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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