

CARBONE LORRAINE

Dedicated Innovation, Dedicated Partner



Strong growth in interim earnings

Paris, September 14, 2005

Carbone Lorraine's Board of Directors met on September 13, 2005 and approved the financial statements for the first six months of 2005.

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

"Our first-half earnings showed strong growth and were in line with our targets. Our operating income under IFRS increased by 39% thanks to the success of our savings plan. And we initiated major expansion projects during the first six months that will generate profitable growth for our Group over the coming years."

Condensed income statement under IFRS

In millions of euros	H1 2005	H1 2004
Sales	321	318
Operating income	24.3	17.5
Operating margin (%)	7.5%	5.6%
Net income (Group share)	12.5	8.9

Sales up 3.5% excluding Magnets

Carbone Lorraine posted interim sales of €321 million during the first half of 2005, up 2% like-for-like and up 3.5% excluding Magnets, which is currently in the process of being sold.

Operating income up 39%

Operating income advanced by 39% on the back of the successful implementation of the savings plan. The operating margin increased by two points to 7.5% in spite of the substantial increase in certain raw materials costs, which depressed the margin by over one point.

Higher volumes in Advanced Materials and Technologies paved the way for the segment's operating margin to move up one point to 18%. In Electrical Applications, it held up above 7% in spite of the steep surge in copper prices and cutbacks in US automobile production. The operating margin posted by the Electrical Protection segment was boosted by the impact of the savings plan and climbed seven points to 5%. Lastly, successful management of the closure of the Evreux plant enabled the operating margin to hold firm at 2% in the Magnets segment.

Net income up 40%

Net income attributable to Carbone Lorraine's shareholders came to €12.5 million, up 40% from the €8.9 million posted in the year-earlier period. This figure represented 3.9% of the Group's sales.

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Earnings per share grew by 14%. They were calculated based on a 21% increase in the number of shares compared with at June 30, 2004 as a result of the capital increase carried out during the second half of 2004.

Cash flow

Cash generated by operating activities after the change in the working capital requirement came to €12.4 million, compared with €2.5 million in the first half of 2004.

The debt-to-equity ratio stood at 59% compared with 105% one year earlier and 49% at year-end 2004. As a result, the Group's expansion strategy may be financed on satisfactory terms.

Positive outlook

Unless economic conditions take a turn for the worse, the pace of earnings growth during the second half of 2005 should be even faster than during the first six months owing to both the benefits of the savings plan and lower non-recurring charges.

Various expansion plans were initiated during the first six months, in line with our previous guidance. They will make a substantial contribution to the Group's profitable growth over the coming years.

N.B. Figures prepared in accordance with IFRS.

Carbone Lorraine is a worldwide specialist in Advanced Materials and Technologies and Electrical Components. The Group holds leadership positions in its core businesses:

Advanced Materials and Technologies:	-world number one in graphite anti-corrosion equipment;
	-world number two in high-temperature applications of isostatic graphite;
Electrical Components:	-world number one in brushes for electric motors
	-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 the Next 150 indices.

Visit our web site at www.carbonelorraine.com

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