

**CARBONE LORRAINE POSTS SALES GROWTH OF 4%
DURING THE SECOND QUARTER**

Carbone Lorraine recorded significant sales growth during the second quarter of 2004. Its sales came to €161 million, up 4% on a like-for-like basis compared with the second quarter of 2003.

As a result, the Group posted consolidated sales of €318 million in the first half of 2004, up 2% on a like-for-like basis compared with 2003. This sales growth was achieved in spite of an unfavourable base of comparison since the first half of 2003 was boosted by substantial deliveries of anti-corrosion equipment, which, this year, are due to take place in the second half of the year. First-half sales showed a 1% decline on a reported basis owing to the impact of currency fluctuations.

Commenting on these figures, Claude Coccozza, Carbone Lorraine's Chairman and Chief Executive Officer, said: "*The first six months of 2004 brought a genuine upswing for Carbone Lorraine, which gained pace during the second quarter of 2004. On the strength of this performance, we are reiterating our target of an improvement in earnings during 2004, with an operating margin target of over 8%.*"

| 2004 sales (€m) * | | H1 2004 | % change vs. H1 2003** | Q2 2004 | % change vs. Q2 2003** |
|-------------------------------------|-------------------------|------------|------------------------------|------------|------------------------------|
| Electrical Components | Electrical Applications | 97 | +3% | 49 | +4% |
| | Magnets | 40 | -5% | 20 | -3% |
| | Electrical Protection | 84 | +4% | 44 | +8% |
| Advanced Materials and Technologies | | 97 | +2% | 48 | +2% |
| Group total | | 318 | +2% | 161 | +4% |

(*) Unaudited data

(**) On a like-for-like basis

Electrical Components

Electrical Applications: the pace of growth moved up a gear during the second quarter, with sales up 4% compared with the second quarter of 2003. The acceleration was tangible in brushes for both industrial motors and for small electric motors. Divisional sales came to €97 million during the first six months of 2004, up 3% compared with last year.

Magnets: sales declined by 3% during the second quarter compared with the year-earlier period, while first-half sales totalled €40 million. The decline of 5% compared with the first six months of 2003 was attributable mainly to streamlining of the product portfolio and a sharp focus on automated production in Europe.

Electrical Protection: sales growth gained pace during the second quarter when it reached 8% compared with the year-earlier period. Divisional sales totalled €84 million in the first half, up 4% compared with 2003. The blip in European sales was caused by restructuring measures implemented in late 2003 and early 2004. The division enjoyed a strong recovery in North America and posted very strong sales growth in Asia.

Advanced Materials and Technologies

Growth in High Temperature Applications of graphite gained momentum, reaching 16% during the second quarter. The pace of divisional sales growth was temporarily held back by an unfavourable base of comparison and stood at 2% on a like-for-like basis.

Overall, first-half sales in the Advanced Materials and Technologies division came to €97 million, up 2% compared with 2003. Growth reached 7% overall in **High Temperature Applications** of graphite and **braking**. In the **Anti-corrosion Equipment** segment, the strong growth in new orders should help to offset the decline seen during the first six months by the end of the year. New orders for anti-corrosion equipment were up by almost 40% at constant exchange rates and were recorded across all the Group's regions. These will pave the way for strong sales during the second half of the year as well as in early 2005.

Forthcoming events:

Interim 2004 results: Tuesday September 14th, 2004
Third-quarter 2004 sales: Wednesday November 4th, 2004.

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Reminder:

Carbone Lorraine is an industrial group specialising in electrical components (brushes for electric motors, magnets and industrial fuses) and advanced materials and technologies. Well-established world-wide, the Group holds world-class positions in all its main markets:

- *Electrical Applications*
- *Permanent Magnets*
- *Electrical Protection*
- *Advanced Materials & Technologies*
- *World # 2 in brushes for electric motors*
- *World # 3 in magnets for automobiles*
- *World # 2 in industrial fuses*
- *World # 1 in thermal anti-corrosion equipment*
- *World # 2 in high-temperature applications of isostatic graphite*

The Group is listed on the Premier Marché of the Paris Stock Exchange and is a constituent of the SBF 120 and Next 150 indices.

To find out more about the Group, please visit our web site at www.carbonelorraine.com.

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