

**CARBONE LORRAINE POSTS SALES GROWTH OF 4%
DURING THE THIRD QUARTER OF 2004**

The positive trend in our markets continued into the third quarter, with quarterly sales reaching €158 million, up 4% on a like-for-like basis.

Over the first nine months of the year, Carbone Lorraine's sales came to €476m, up 2.5%. Reported sales declined by 1% owing to changes in the euro/dollar exchange rate.

Sales (€m)		Third quarter 2004	% change vs. Q3 2003*
Electrical Components	Electrical Applications	47	+5%
	Magnets	18.5	+2%
	Electrical Protection	44.5	+11%
Advanced Materials and Technologies		48	-3%
Group total		158	+4%

(*) on a like-for-like basis.

All variations in sales are meant on a like-for-like basis.

Electrical Components

The sales posted by the **Electrical Applications** division were up 5% compared with the third quarter of 2003. This growth was powered by the strength of brush sales for industrial motors right across the Group's regions, as well as brisk sales to European automobile markets.

The sales increase of 2% in **Magnets** compared with the year-earlier period was attributable to strong demand in the North American market, while European sales declined owing to the more selective approach to orders introduced since the start of the year.

Sales growth in the **Electrical Protection** division was very strong in North America and Asia. The division's sales were up 11% compared with the third quarter of 2003.

Advanced Materials and Technologies

In high-temperature applications of graphite, sales growth continued during the third quarter when it reached 12% owing notably to strong demand in electronics and refractory markets. The reduction in supply in the isostatic graphite market and the increase in energy and raw materials prices have prompted us to raise our selling prices.

Sales of brakes and anti-corrosion equipment were lower than in the third quarter of 2003, which was marked by the delivery of some large orders. In the anti-corrosion equipment segment, this year's main orders are scheduled to take place during the fourth quarter. As a result, full-year sales should at least be stable.

Owing to these base of comparison effects, the Advanced Materials and Technologies division's sales declined by 3% during the third quarter.

Outlook

Carbone Lorraine's third-quarter sales backed up the positive trend seen in the first six months of the year. The effects of the cyclical upswing, which are already very tangible in North America and in Asia, are now starting to show up in Europe. Fourth-quarter sales should show strong growth compared with the year-earlier period owing to the deliveries anticipated in the anti-corrosion equipment segment. Consequently, full-year sales are expected to show an increase of more than 3% on a like-for-like basis.

From a financial standpoint, the success of the capital increase launched in September, which was more than 5 times oversubscribed, demonstrates investors' confidence in Carbone Lorraine's outlook. The growth projects initiated using the proceeds of the rights issue are set to accentuate the effects of the economic upswing currently underway from late 2005 onwards. The Group has now well and truly entered a new phase in its expansion.

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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 # 1 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 website at www.carbonelorraine.com

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