

### **CARBONE LORRAINE'S FULL-YEAR 2002 RESULTS:**

- Good resilience in operating margin
- Sharp reduction in debt
- Savings and cash management plans paying off
- Net income impacted by exceptional items

Carbone Lorraine's Board of Directors met on 17 March 2003 to approve the accounts for the 2002 fiscal year.

(€m)	2002	2001
<b>Sales</b>	721	804
<b>Operating income</b>	59.6	76.1
<b>Operating margin (%)</b>	8.3%	9.5%
<b>Net income before non-recurring items (Group share)</b>	32.2	34.5
<b>Net income (Group share)</b>	(10.8)	(8.1)

#### **Consolidated sales: €721 million**

Full-year 2002 sales declined by 7.5% on a like-for-like basis compared with the previous year. The Group's business activities were adversely affected by the sharp economic slowdown and the resulting weakness in industrial capital spending.

#### **Operating income: €59.6 million**

Thanks to the initial benefits of the savings plan launched in early 2002, the Group managed to curb the impact of the contraction in its business volumes on its operating margin, which came to 8.3% of sales, down 1.2 points compared with 2001.

#### **Net income before non-recurring items: €32.2 million**

The reduction in debt and interest rates, as well as the favourable impact of currency fluctuations led to a steep fall in financial expense. Net income before non-recurring items, Group share came to €32.2 million in 2002, or 4.5% of sales, like in 2001. This represented a satisfactory performance in view of the decline in sales.

#### **Net income: €(10.8) million**

Carbone Lorraine posted a net loss of €10.8 million owing to provisions for litigation. Non-recurring items represented a net charge of €36.9 million, €29 million of which was accounted for by provisions aiming at covering the full amount of the financial penalties resulting from the anti-trust litigations. They also included €12 million in restructuring costs linked to the savings plan, as well as the write-back of €4 million in provisions following payment of amounts owed by Valeo's North American subsidiary.

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### Net debt down 25%

Strong cash generation (€6 million), as well as currency trends led to a 25% reduction in the Group's net debt to €236 million from €315 million at year-end 2001.

### Dividend: €0.60 per share

The Board of Directors will propose payment of a net dividend of €0.60 per share to the General Meeting of the Shareholders, which represents a yield of 5% based on the current share price. The dividend will be paid from 19 June.

### Outlook

In view of the persisting uncertainties, Carbone Lorraine is focusing on pursuing and extending its savings plan, instilling a culture of cash management throughout the Group and strengthening its fundamentals.

### Financial reporting schedule for 2003:

- Annual General Meeting: Monday 5 May 2003 (*1st notice*)  
or Wednesday 14 May 2003 (*2<sup>nd</sup> notice*)
- First-quarter 2003 sales: Tuesday 13 May 2003
- First-half 2003 sales: Thursday 24 July 2003
- First-half 2003 results: Tuesday 16 September 2003

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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* / *World number two in brushes for electric motors*
- *Permanent Magnets* / *World number three in magnets for automobiles*
- *Electrical Protection* / *World number two in industrial fuses*
- *Advanced Materials & Technologies* / *World number one in thermal anti-corrosion equipment*

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

To find out more about the Group, please visit our web site at [www.carbonelorraine.com](http://www.carbonelorraine.com).

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