

**Carbone Lorraine :  
third-quarter sales of €167 million**

Carbone Lorraine posted consolidated sales of €167 million during the third quarter of 2002. As forecast last September when the Group presented its interim results, third-quarter 2002 sales declined by 9% on a like-for-like basis compared with the year-earlier period.

During the first nine months of the year, Carbone Lorraine's sales totalled €549 million, representing also a fall of 9% on a like-for-like basis compared with the same period of 2001.

Third-quarter 2002 sales		€m	% chg. vs. Q3 2001*
Electrical Components	➤ Electrical Applications	46	- 1
	➤ Magnets	22	- 17
	➤ Electrical Protection	48	- 7
	<b>Sub-total</b>	<b>116</b>	<b>- 7</b>
Advanced Materials and Technologies		51	- 13
<b>Group total</b>		<b>167</b>	<b>- 9</b>

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

*Electrical Components*

In **Electrical Applications**, sales of brushes and brush-holders posted a small decline owing primarily to the weakness of the economic environment. The sales to automotive equipment suppliers increased with the ramp-up in new auxiliary motor models, specifically for assemblies in North America. In **Magnets**, sales suffered a steep decline of 17%. This expected contraction was concentrated to a great extent in North America. Valeo, our main customer in the region, is in the process of replacing certain products that have reached the end of their life cycle. The 7% decline in **Electrical Protection** sales is attributable to very weak levels of spending on electrical equipment.

*Advanced Materials and Technologies*

In the **Advanced Materials and Technologies** segment, sales of **anti-corrosion equipment** declined sharply owing to the absence of investment spending in the chemicals sector. In **high-temperature applications of graphite**, the slump in the electronics market continued and the demand from the aerospace sector fell down. By contrast, the situation improved in North America. High-energy **braking** sales have increased further their growth on the back of contracts landed with rail operators.

**Outlook**

The Group's sales could stabilise during the fourth quarter to the level of 2001 if the deliveries of anticorrosion equipment expected for December are shipped in due time. Further ahead, nothing lets anticipate an upturn in our markets and the Group relies only on the new contracts signed this year to bolster its sales. Regarding these new contracts, it should be noted that in the magnet activity they are the compensation for significant price reductions.

In the broadly unresponsive economic conditions currently prevailing, Carbone Lorraine is focusing on implementing its savings plan, which is on track to generate annual savings of €20 million from 2004 including €5 million as early as 2003, as well as efforts to enhance cash management.

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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 :*

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|--|--|
| ▪ <i>Electrical Applications</i>               | <i>World no. 1 in brushes for electric motors</i>      |
| ▪ <i>Permanent Magnets</i>                     | <i>World no. 3 in magnets for the automobiles</i>      |
| ▪ <i>Electrical Protection</i>                 | <i>World no. 2 in industrial fuses</i>                 |
| ▪ <i>Advanced Materials &amp; Technologies</i> | <i>World no. 1 in thermal anti-corrosion equipment</i> |

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

**For further information, visit our website :** [www.carbonelorraine.com](http://www.carbonelorraine.com)

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