



Carbone Lorraine's Board of Directors met on March 17, 2008 to approve the accounts for fiscal 2007.

Commenting on the full-year results, Claude Coccozza, the Group's Chairman and Chief Executive Officer, said:

*"The strong growth in sales recorded during fiscal 2007 illustrates the Group's transformation into a growth company, which is currently in progress.*

*In recent years, we have reoriented our sales towards fast-expanding regions, such as Asia, which now accounts for just under 20% of Carbone Lorraine's sales. This expansion in Asia is set to continue during 2008 and future years, and we expect to reach our goal of deriving 25% of our sales from Asia well ahead of our original target of 2011.*

*The Group has also overhauled its manufacturing base, making adjustments to its new geographical sales mix. The successful start-up of the new Chinese plant producing graphite blocks will further strengthen our manufacturing presence in emerging markets and particularly in China.*

*Carbone Lorraine, which has a balanced international footprint from an industrial and commercial standpoint, has firmly established itself in markets set to remain upbeat irrespective of broader economic conditions, such as renewable energies and industrial productivity based on energy efficiency.*

*Based on these far-reaching changes, I am confident in our ability to reach the objectives we have set for 2011, i.e. sales of €1 billion and a 50% increase in our return on capital employed.*

*Even though the economic environment will probably be less supportive this year, we believe that we are in a position to achieve a significant increase in our sales and our earnings thanks specifically to our growth momentum, particularly in Asia, and our resilience."*

**PRESS RELEASE**

Paris, March 18, 2008

**Condensed income statement (IFRS)**

<i>In millions of euros</i>	<b>2006</b>	<b>2007</b>
Sales	640	694
<b>Operating income before non-recurring items</b>	<b>66.1</b>	<b>70.7</b>
Operating margin before non-recurring items (%)	10.3%	10.2%
<b>Operating income</b>	<b>61.0</b>	<b>42.7</b>
<b>Net income from continuing operations</b>	<b>40.3</b>	<b>16.3</b>
Net income from assets held for sale/discontinued operations	(5.4)	
<b>Net income (attributable to eq. holders of the parent)</b>	<b>34.9</b>	<b>16.3</b>

**Consolidated sales: €694 million**  
**Double-digit organic growth**

During fiscal 2007, Carbone Lorraine posted strong growth in its sales to €694 million, representing increases of 8.4% on a reported basis, 12% at constant exchange rates and 10% on a like-for-like basis. Sales grew across all the Group's geographical regions, rising 7% in Europe, 4% in North America, 27% in Asia and 21% in the rest of the world.

**Operating income before non-recurring items: €71 million**  
**Increase of 7%**

**Operating income before non-recurring items** advanced by 7% to €71 million. The operating margin before non-recurring items stood at 10.2% of sales.

The **Advanced Materials and Technologies** division posted an 8% increase in its sales on the back of brisk demand in graphite equipment for high-temperature applications and anticorrosion equipment. The highlights of 2007 included the successful start-up of the plant producing graphite blocks in China, which will make a strong contribution from 2008 onwards to the Advanced Materials and Technologies division's sales growth.

Divisional operating income before non-recurring items came to €44.8 million, or 17% of sales.

In **Electrical Applications**, sales grew by 6%, with sales to industrial markets leading the way. The wind energy product range enjoyed further success during 2007, making Carbone Lorraine a key player in the segment. Sales were stable in the automobile segment. The closure of the plant in Farmville (Virginia), which was completed on schedule at the end of 2007, will drive further profitability improvement in 2008. Operating income before non-recurring items came to €19.5 million in 2007, or around 10% of sales.

In **Electrical Protection**, growth was very strong across all our regions, both in fuses and complementary products, such as coolers, high-power switches, and medium-voltage fuses. Divisional sales grew by 14% in 2007.

Divisional operating income before non-recurring items advanced to €22.4 million, or around 10% of sales.

**PRESS RELEASE**

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***Operating income up slightly excluding the goodwill impairment charge related to the automobile brush activities***

The Group's **operating income** reflected the anticipated non-recurring charges related to the start-up of companies in China and the restructuring of the automobile brush activities initiated in North America. In addition, since the potential sale of the automobile brush business could give rise to a loss owing to the amount of the corresponding goodwill, a decision was taken to write off this goodwill in full. The €20.2 million write-off (€18 million after tax) cut operating income from €62.9 million to €42.7 million, compared with €61 million in 2006.

**Net income €16.3 million**

***Down owing to the impact of non-recurring charges***

**Net income** attributable to Carbone Lorraine's shareholders came to €16.3 million in 2007, down from €34.9 million in 2006.

**Dividend: €0.85 per share**

***Dividend maintained at a high level***

Excluding the goodwill write-off referred to above, net income was almost stable. At the forthcoming AGM, the Board of Directors is thus set to propose payment of a dividend of €0.85 per share, representing an unchanged level compared with the previous year.

**Net debt**

***Growth capital expenditures self-financed***

The Group's **net debt** stood at €192 million at December 31, 2007. As expected, its net debt to equity ratio recorded a moderate increase to 0.62x from 0.50x at December 31, 2006. This rise was attributable to the substantial growth capital expenditures committed during the year.

**Outlook**

***Growth and profitability targets reiterated for 2011***

Carbone Lorraine has changed radically in just a few years. It has bolstered its resilience in terms of its global leadership, its balanced geographical sales mix, the shift in its production mix to new regions and its sharper focus on markets with significant consumable and replacement sales. It has expanded rapidly, with a special emphasis on markets enjoying strong growth, such as Asia, renewable energies and energy efficiency.

Thanks to its more resilient and resolutely expansion-oriented profile, the Group is confident in its ability to achieve the growth and profitability targets that it has set for 2011, i.e. sales of €1 billion and a 50% increase in our return on capital employed to 17% before tax.

Carbone Lorraine's strategic positioning will remain supportive in 2008. With its very positive start to the year, the Group is targeting sales growth of at least 5% on a like-for-like basis and a double-digit

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increase in operating income before non-recurring items in spite of what will probably be a less favorable economic environment.

Financial statements and annual report have been registered at the *Autorités des Marchés Financiers* and can be consulted on AMF or Carbone Lorraine internet sites.

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### About Carbone Lorraine

World leader of graphite solutions and electrical components, Carbone Lorraine specializes in the implementing of high technology materials in demanding industrial environments and in the development of systems, which are fundamental to the smooth operation of the motor and the protection of electrical equipment. With over 85% of its sales carried out internationally, the Group holds leadership positions in all of its occupations.

- Advanced Materials and Technologies:
- N°1 worldwide in anti-corrosion equipment in graphite
  - N°2 worldwide in high temperature applications of isostatic graphite
- Electrical Applications:
- N°1 worldwide in brushes for electrical motors
- Electrical Protection:
- N°1 worldwide in fuses for powerful semi-conductors
  - N°2 worldwide in industrial fuses

*The Group is listed at Premier Marché de la Bourse de Paris and is a part of the following indices  
CAC Mid100, SBF120 et Next 150.*

*Find Carbone Lorraine on Bloomberg: **CRL FP** and on Reuters: **CBLP.PA***



**Visit our Internet website [www.carbonelorraine.com](http://www.carbonelorraine.com)**

#### **Analyst and Investor Contact**

**Sébastien Desarbres**  
**VP Investor Relations**  
**Carbone Lorraine**

Tel.: +33 (0)1 46 91 54 49  
[dri@carbonelorraine.com](mailto:dri@carbonelorraine.com)

#### **Press Contact**

**Publicis Consultants**  
**Vilizara Lazarova**

Tel.: +33 (0)1 44 43 74 81  
[vilizara.lazarova@consultants.publicis.fr](mailto:vilizara.lazarova@consultants.publicis.fr)

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