

This text takes the contents of the conference call of may 14, 2002.

First quarter sales for 2001

Group Carbone Lorraine reported first-quarter sales of € 189m. As indicated during our full-year earnings presentation, first-quarter sales were down 10% from the year-earlier period, or 12% on a like-for-like basis.

However, our business had reached a record high level in first-quarter 2001, thus making a very high basis of comparison.

Geographical breakdown of sales

	First-quarter 2002 published sales (M€)	First-quarter variation (%)
Europe	98	-10
North America	75	-15
Asia	9	- 16
Rest of the world	7	- 2
Total	189	- 12

In **Europe**, first-quarter sales totalled € 98m, down 10% from first-quarter 2001. Although this is a sharp decline, sales did not really begin to fall in Europe until fourth-quarter 2001. Sales growth remained strong through the first half of 2001 before levelling off in the third quarter. In first-quarter 2002, sales declined in all divisions with the exception of anti-corrosion equipment, and in all European countries except Italy, which benefited from big shipments of electrical brushes for rail traction applications.

In **North America**, first-quarter sales declined 15% to € 75m compared to the year-earlier period. Business clearly contracted again after declining only 12% in the previous two quarters. Activity continued to decline in the industrial fuses and electronics markets, while shipments of

anti-corrosion equipment were significantly lower than the previous year. The only growth during the quarter was for sales to automotive parts suppliers.

In **Asia**, sales declined 16% to € 9m in the first quarter. Sales had been very strong throughout the first nine months of 2001 thanks to contracts for power switches in the Electrical Protection division. The downturn was particularly sharp in Japan, while in South Korea the environment has become more favourable again.

In **the rest of the world**, the non-renewal of short-term contracts in South Africa masked sales growth in Brazil, where the market environment is still favourable. On the whole, sales declined 2% to € 7m during the quarter.

Breakdown of sales by activity

	First-quarter 2002 published sales (M€)	First-quarter variation (%)
Electrical Applications	50	- 8
Magnets	31	6
Electrical Protection	50	- 20
Advanced Materials and Technology	58	- 16
Total	189	- 12

In **Electrical Applications**, sales rose 6% to € 50m including the acquisition of AVO in May 2001, but declined 10% on a like-for-like basis.

In brushes for industrial motors, business continued to decline in North America and in Europe. All markets were sluggish, with the exception of rail traction applications in Germany and Italy, and replacement sales in France.

In brushes for small electric motors, sales were very slow although some signs of improvement could be seen compared to the end of last year. Ongoing growth is to be noted in brush/brush-holder units.

In **Magnets**, first-quarter sales were € 31m, up 6% on a like-for-like basis. The decline in magnet sales in Europe was partly offset by the strong growth of flux packages (an assembly of magnets found in the motor case). Altogether, division sales in Europe declined 3%. Inversely, sales in North America rose 10% during the quarter thanks in particular to strong business with Valeo. This trend should taper off soon since some of the models produced by Valeo are reaching the end of their life cycle. The division's performance will largely depend on Valeo's specific situation in North America.

The division posted strong sales growth in Brazil and South Korea. In both countries, the downturn in local markets was offset by exports of electric motors and vehicles.

In **Electrical Protection**, first-quarter sales in Industrial Fuses came to € 50m, down 20% from the year-earlier period: first-quarter 2001 was particularly strong for the division, especially in Europe and Japan. By first-quarter 2002, investments in electrical equipment had come virtually to a halt, triggering a significant decline in sales in Europe. In Japan, sales declined due to the ending of short-term contracts for power switches. In North America, business remains flat compared to the end of the year, albeit with no significant signs of a recovery in demand from our industrial customers.

In **Advanced Materials and Technologies**, sales came to €58m, down 14% from first-quarter 2001, a quarter marked by very strong sales growth in anti-corrosion equipment and products for the electronics industry. This year's decline is mainly due to weak sales of anti-corrosion equipment, as shipments were postponed on the request of customers. Sales for the electronics industry remained very low but picked up slightly from fourth-quarter 2001. Brakes business has held up well and the outlook for the full year is very bright, especially in rail applications.

Conclusion

These figures confirm the trends announced during the presentation of the Group's full-year 2001 results: sales declined in early 2002 compared to the year-earlier period due to a high basis of comparison, although they are consistent with the trends reported in late 2001. There was not a significant deterioration, but there were no concrete signs of a general economic recovery either.

In this persistently uncertain environment, we have focused our attention on setting up cost-cutting plans, which should amplify the earnings impact of the recovery once it finally gets underway. These programmes are unfolding on schedule and should reduce costs by an estimated 20 million euro by 2004, including 15 million euro as of next year. Savings of 20 million euro should be compared with an operating profit of 76 million euro reported in 2001 and 101 million euro in 2000, a year buoyed by an excellent market environment.

Financial Communication - Contact : Anne Mills
Tél.: + 33-1 46 91 54 48 - Fax : + 33-1 46 91 54 07
e-mail : anne.mills@carbonelorraine.com

This information is also available on our Internet site :
www.carbonelorraine.com
(heading : Shareholders and Investors / Downloads).