

**First-quarter 2003 sales:
€164 million**

Carbone Lorraine posted consolidated sales of €164 million during the first quarter of 2003. This 5% decline on a like-for-like basis compared with the first quarter of 2002 was primarily attributable to an unfavourable base of comparison effect in the Magnets segment, which benefited from very unusual conditions during the first quarter of the previous year. Excluding the Magnets segment, sales declined by 2% in line with the Group's forecasts.

First-quarter 2003 sales		€m	% chg. Q1 2003 vs Q1 2002*
Electrical Components	➤ Electrical Applications	48	-1%
	➤ Magnets	22	-21%
	➤ Electrical Protection	43	-2%
	Sub-total	113	-6%
Advanced Materials and Technologies		51	-3%
Group Total		164	-5%

* on a like-for-like basis

Electrical Components

The small decline in sales in **Electrical Applications** (down 1% to €48 million) derived from weaker sales of brushes for industrial motors as a result of the economic weakness in Europe. The contraction in sales of brushes for small electric motors to the North American automobile market was offset by higher sales in Europe and growth in sales of a new brush/brush-holder assembly model in North America. The steep decline in sales in **Magnets** (down 21% to €22 million) had been anticipated. It was attributable to the withdrawal during the second half of 2002 of some ageing models, as well as price cuts that took place late last year. The slight decline in **Electrical Protection** sales (down 2% to €43 million) was concentrated in Germany, whereas the situation seems to have stabilised in the US since the start of the year in terms of sales to distributors and manufacturers.

Advanced Materials and Technologies

Sales in the **Advanced Materials and Technologies** segment declined by 3% to €51 million. The fall was concentrated in **anti-corrosion equipment** owing to the absence of any fresh capital spending in the chemicals and pharmaceuticals sectors. Sales in **high-temperature applications** of graphite remained stable, with weaker sales to the aerospace and silicon chip industries being offset by rapid gains posted by new products for the electronics market. **High-energy braking** sales experienced further growth owing in particular to deliveries for the South Korean high-speed train project.

Outlook

During the second quarter, our sales seem likely to stabilise at a comparable level to that seen in the first quarter of 2003.

The savings plan that we launched at the beginning of 2002 is on schedule and is yielding the expected benefits. We are implementing further measures in the Magnets and Electrical Protection segments that will enable us to achieve our savings target of €30 million by 2004.

In addition to our savings plan, we are continuing our efforts to improve cash management and to strengthen our fundamentals in a bid to enhance our ability to bounce back as soon as the economic recovery kicks in.

--end--

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 one 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.

Contact for investor relations

**Carbone Lorraine
Anne MILLS**

Tel.: +33 (0)1 46 91 54 48

Fax: +33 (0)1 46 91 54 07

anne.mills@carbonelorraine.com

Contact for press relations

**Publicis Consultants
Catherine ROSEC**

Tél. : +33 (0)1 44 43 79 57

Fax : +33 (0)1 44 43 76 78

