



Strong growth during the first half of 2006

Paris, July 26, 2006

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During the second quarter of 2006, Carbone Lorraine posted consolidated sales of €162 million, up 12% on a reported basis and up 11% at constant exchange rates. On a like-for-like basis, i.e. without including the sales generated by US company Graphite Engineering & Sales, which was acquired at the beginning of February, the increase in sales came to 8%.

Over the first six months, sales amounted to €324 million, up 14% on a reported basis, up 11% at constant exchange rates and up 9% on a like-for-like basis.

Sales	Q2 2006 (€ m)	Change * Q2 2006/ Q2 2005	H1 2006 (€ m)	Change * H1 2006/ H1 2005
Advanced Materials and Technologies	63	+12%	122	+12%
Electrical Applications	48	-1%	100	+2%
Electrical Protection	51	+13%	102	+14%
Group total	162	+8%	324	+9%

* on a like-for-like basis – Unaudited data

Advanced Materials and Technologies

In the second quarter, the Advanced Materials and Technologies division again posted very brisk growth. Its sales advanced to €63 million, up 20% at constant exchange rates. This growth included the sales posted by Graphite Engineering & Sales, which was acquired in February 2006.

The increase was very strong in high-temperature applications of graphite, particularly in the solar energy and semiconductor markets, as well as in sales to manufacturers of LEDs and of protective body armor.

Sales of anticorrosion equipment for the chemicals and pharmaceuticals industries also recorded a strong increase on the back of substantial deliveries in China and North America.

In braking, sales experienced a slight contraction because of a slowdown in deliveries to the aerospace sector.

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During the first half, the sales posted by the Advanced Materials and Technologies division reached €122 million, representing growth of 18% at constant exchange rates and 12% on a like-for-like basis.

Electrical Applications

In Electrical Applications, sales dropped by 1% during the second quarter to €48 million. Production cutbacks by North American carmakers again depressed sales of brushes and brushholders for small electric motors. Additional cost-cutting measures are currently being implemented in North America and the transfer of certain production lines to Mexico is continuing. Concurrently, sales of brushes and brushholders for industrial motors rose substantially, particularly in the wind energy, aerospace and mining markets.

During the first half, the sales posted by the Electrical Applications division advanced to €100 million, up 2% compared with the previous year on a like-for-like basis.

Electrical Protection

In Electrical Protection, sales recorded a strong advance of 13% to €51 million during the second quarter. All the geographical regions contributed to this growth, both in semiconductor protection fuses and general-purpose fuses.

The expansion in sales was also strong in fuse-related products, such as high-power switches, coolers and electrical equipment for urban transportation systems.

During the first half, the sales posted by the Electrical Protection division advanced by 14% on a like-for-like basis to reach €102 million.

Outlook

Sales growth is expected to remain brisk during the second half of 2006. Its pace may dip slightly compared with the first half because of the substantial deliveries made during the second half of 2005.

Over the year as a whole, growth will exceed the guidance given in March, making 2006 another good year for the Group in terms of its sales and earnings performance.

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About Carbone Lorraine

Carbone Lorraine is a world leader in graphite solutions and electrical components, specialising in the use of high-tech materials in highly demanding industrial environments and in the development of systems essential to a safe electrical motors' operation and to the protection of electrical equipment. With more than 85% of its sales realised outside France, the Group holds leadership positions in all of its core businesses.

- Advanced Materials and Technologies
 - World number one in graphite anticorrosion equipment
 - World number two in high-temperature applications of isostatic graphite
- Electrical Applications
 - World number one in brushes for electric motors
- Electrical Protection
 - World number one in fuses for power semiconductors
 - World number two in industrial fuses

*The Group is listed on the Premier Marché of the Paris Stock Exchange and is a constituent of the CAC Mid100, SBF120 and Next 150 indices.
Bloomberg ticker: **CRL FP** – Reuters ticker: **CBLP.PA***



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