

CARBONE LORRAINE

Partenaire de l'Innovation



Operating income up 32%

Acquisition of Graphite Engineering & Sales

Paris, March 15, 2006

Carbone Lorraine's Board of Directors met on March 14, 2006 to approve the accounts for fiscal 2005.

Commenting on the full-year results, Claude Cocozza, Groupe Carbone Lorraine's Chairman and Chief Executive Officer, said:

"2005 was a good year for Carbone Lorraine. We finalized our savings plan and focused on our core businesses thanks to the disposal of the Magnets division. Our operating income advanced by 32%, and we set our expansion drive in motion by launching our major projects."

Condensed income statement (IFRS)

In millions of euros	2004	2005
Sales	559	583
Operating income	40.5	53.5
Operating margin (%)	7%	9%
Net income from continuing operations	26.9	35.3
Net income from assets held for sale or discontinued operations	(7.1)	(12.8)
Net income (Group share)	19.8	22.5

Consolidated sales (continuing operations) up 4% at €583 million

Carbone Lorraine posted sales of €583 million from its continuing operations (€655 million including the Magnets division). Sales advanced by 4% on the back of the Advanced Materials and Technologies and the Electrical Protection. A geographical analysis shows that sales posted a strong increase in Asia (28%) and continued to grow at a brisk pace in North America (4%).

PRESS RELEASE

Paris, March 15, 2006

Operating income (from continuing operations) of €33.5 million (9% of sales)

Operating income moved up 32% compared with 2004 to €33.5 million. The operating margin rose by two points to 9%.

The high business volumes recorded by the Advanced Materials and Technologies division paved the way for its operating margin to move up one point to 18%. The operating margin held firm at 7% in Electrical Applications in spite of the inauspicious conditions caused by the woes of the three major US carmakers. Lastly, higher volumes and completion of restructuring measures in Electrical Protection drove a five-point increase in the operating margin to 7%.

Restated under French GAAP, total operating income (including the Magnets division) increased by 20% compared with 2004 to reach €63 million.

Net income of €22.5 million

Net income from continuing operations advanced to €35.3 million, up 31% compared with 2004.

The Magnets division posted a net loss of €12.8 million, including the disposal-related loss. Net income, Group share advanced by 14% to €22.5 million.

Dividend payment of €0.70 per share

At the forthcoming AGM, the Board of Directors is set to propose payment of a dividend of €0.70 per share, representing an increase of 27%. The total dividend payment would thus amount to €9.7 million or 44% of net income.

Net debt

Capital outflows during 2005 included €12 million linked to the expansion plans announced in connection with the October 2004 capital increase, as well as a payment of €20 million as a guarantee for the anti-trust appeal proceedings in Europe. This payment does not constitute a judgement in advance as regards the conclusions of the proceedings under way. The net debt/equity ratio stood at 51% vs. 49% at year-end 2004.

Acquisition of Graphite Engineering & Sales

Carbone Lorraine is pleased to announce the acquisition of Graphite Engineering and Sales (GES), a US company specialized in the precision machining of graphite.

GES generates annual sales of approximately USD15 million with a very good profitability. This company delivers first class service to highly demanding customers requiring graphite components for high-temperature industrial processes (furnace equipment, metal processing,

PRESS RELEASE

Paris, March 15, 2006

ceramic protection for military and aeronautical applications, crucibles for the solar cell industry, etc.).

The integration of GES within Carbone Lorraine's industrial and commercial network will give the Group access to an additional portfolio of end customers, thereby bringing it into closer contact with its markets. This acquisition reflects Carbone Lorraine's strategy of sustainable growth which stresses both organic growth and selective acquisitions.

Outlook

The general business environment in early 2006 and trading conditions in the promising markets in which Carbone Lorraine is positioned point to the prospect of further earnings growth this year.

By pressing ahead in 2006 with our major expansion plans and the various development initiatives taken across all our businesses, we will be laying the foundations for further earnings growth in future years.

--end--

Carbone Lorraine is a worldwide specialist in Advanced Materials and Technologies and Electrical Components. The Group holds leadership positions in its core businesses:

Advanced Materials and Technologies:

-world number one in graphite anti-corrosion equipment

-world number two in high-temperature applications of isostatic graphite

Electrical Components:

-world number one in brushes for electric motors

-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 the Next 150 indices.

Visit our web site at www.carbonelorraine.com

Contact for investors and analysts

Carbone Lorraine

Tel.: +33-1 46 91 54 49

Fax: +33-1 46 91 54 07

dri@carbonelorraine.com

Press contact

Publicis Consultants

Vilizara LAZAROVA

Tel.: +33-1 44 43 74 81

Fax: +33-1 44 43 75 65

vilizara.lazarova@consultants.publicis.fr

PRESS RELEASE