

2001 annual sales

Carbone Lorraine's 2001 consolidated sales comes to €803.7m, a drop of 8.3% compared with fiscal year 2000. The decline includes:

- a 6.2% drop due to changes in perimeter,
 - an impact of 0.2% of the foreign exchange rates,
 - a 1.9% decrease in sales on a like-for-like basis.
- Fourth quarter sales were down 7.5% to €187m on a like-for-like basis, confirming the business slowdown which

gathered pace during the year. After 4% like-for-like growth in the first quarter and flat growth in the second quarter, third quarter sales recorded a 4% decline, which reached 7.5% in the fourth quarter. However, the decline is less pronounced if we take into account some unfavourable comparison basis, due to the particularly high level of activity in 2000. On a quarter-on-quarter basis, Q4 2001 was down by only 3% on Q3 2001.

Geographical sales breakdown

	Q4 2001 Sales (€M)	% var. Q4 2001*	2001 annual sales €M	% var. annual sales *
Europe	96	- 5 %	405	+ 2 %
North America	76	-12 %	326	- 10 %
Asia	10	- 6 %	45	+ 14 %
Rest of the world	5	+ 6 %	28	+ 28 %
Total	187	- 7.5 %	804	- 1.9 %

* On a like-for-like basis

In Europe, Q4 sales amounted to €96m, showing a 5% decrease compared with Q4 2000. Sales were lower in most European countries, particularly in Germany and in activities dependent on capital spending such as brushes for electric motors and electrical protection. Over the full year, sales in Europe rose by 2% to €405m.

In North America, Q4 sales fell by 12% to €76m, as in Q3. This region benefited from strong deliveries of anti-corrosion equipment. Excluding anti-corrosion equipment, sales were down 20%, reflecting the very weak business conditions in this region.

Over the full year, sales in North America amounted to €326m, down 10%.

In Asia, Q4 sales recorded a 6% decline to €10m. However, since the beginning of the year, sales have increased by 14% to €45m. Sharp sales growth in Japan for anti-corrosion and electrical protection equipment offset poorer market conditions in Korea for automotive magnets.

In the rest of the world, growth slowed down but was still robust, with sales rising by 6% in Q4 to €5m. Over the full year, organic growth remained strong at 28%, reaching €28m in sales.

Divisional sales breakdown

	Q4 2001 sales (€M)	% var. Q4 2001*	2001 annual sales (€M)	Variation annual sales *
Electrical Applications	44	- 10 %	193	- 4 %
Magnets	28	- 11 %	124	- 9 %
Electrical Protection	51	- 14 %	226	- 7 %
Advanced Material & Technologies	64	+ 3 %	261	+ 9 %
Total	187	- 7.5 %	804	- 1.9 %

* On a like-for-like basis

In the Electrical Applications division, sales amounted to €44m in Q4, down by 10% compared with Q4 2000 on a like-for-like basis.

Sales of brushes for industrial motors remained flat compared with Q3. Sales of replacement brushes for industrial applications were hit by the economic slowdown, while sales for railway traction applications benefited from major deliveries in the Italian and Korean markets.

Brushes for small electric motors experienced an accelerated sales decline in all European countries, with a very sharp drop in Germany in December. The weak level of sales in North America held steady.

Over the 2001 full year, Electrical Applications generated sales of €193m, down 4 % on a like-for-like basis.

Q4 sales in the Permanent Magnets division dropped 11% to €28m, due to the combination of an unfavourable comparison basis, as Q4 2000 sales were high, and Valeo subsidiary's difficulties in North America. Sales to the European automobile industry were sustained due to a very strong performance by flux packages.

Over the 2001 full year, sales of permanent magnets totalled €124m, down 9 % on a like-for-like basis.

Sales of industrial fuses continued to decline, both in Europe and North America, due to the drop in capital spending on electrical equipment. In Europe, sales remained weak, in line with the previous quarter, although the downtrend was amplified by an unfavourable comparison basis. In North America, in spite of the sales decline, Ferraz Shawmut continued to

strengthen its ties with new suppliers within Affiliated Distributors, consolidating its position so as to benefit from the recovery as soon as it gets underway. Sales in Asia suffered from depressed business conditions in Japan and an unfavourable comparison basis due to very strong sales of high-voltage equipment at end-2000.

Q4 sales in the Electrical Protection division were down 14% compared with Q4 2000, at €51m. Over the 2001 full year, sales fell by 7 % to €226m.

In the Advanced Materials and Technologies division, Q4 sales rose as high as €64m, showing a 3% increase on a like-for-like basis. This growth was achieved in spite of a severe slump in the electronics markets, which caused sales of high-temperature applications to decrease by 19%. However, the setbacks in these markets were more than offset by strong billings in anticorrosion equipment (graphite and noble metals), which recorded a 19% sales increase, coupled with continued growth in braking activities. At end-December 2001, sales in the Advanced Materials and Technologies division totalled €261m, giving an 9 % like-for-like increase. This division is set to experience contrasting trends over the coming months. The fourth quarter was marked by a sharp slowdown in new orders for anti-corrosion equipment. Order book levels for this activity have returned to their early-2001 levels, but are down 20% over the quarter. However, orders for electronics applications have started again since January. The major wave of destocking by our customers seems to have come to an end and new orders are showing a moderate pick-up.

Conclusion

The fourth quarter confirmed the trend observed in the third quarter, namely the spread of the economic slowdown into all industrial sectors. 2002 has kicked off in the same vein as the end of 2001, with no tangible improvement in sales, apart from electronics- and semiconductor-related activities. Comparisons with the previous year will also suffer from an unfavourable basis effect, as sales were still very strong during the first quarter of 2001.

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