

Carbone Lorraine is the exclusive supplier of brake linings for the South Korean TGV high-speed train project

Asia is Carbone Lorraine's number one growth market

Ahead of the inauguration of the first TGV in South Korea, Carbone Lorraine is proud to reiterate that it is the exclusive supplier of brake linings for the 46 units of this new high-speed train.

The Group works with Alstom, which supplies the TGV units, and provided original equipment for the construction stage in South Korea. It will also supply replacement brake linings for a two-year period.

At the outset, 40 TGV units will be in service, each carrying almost 1,000 passengers on board. Further ahead, up to 100 TGV units will be used during peak periods.

Carbone Lorraine has been working on this project since 1993 in close partnership with Alstom. The technical specifications are highly demanding because of the country's geographical constraints and because of the number of stops, which mean that trains have to brake frequently. As a result, the replacement market will be a substantial one—potentially one third the size of the French market in the future.

Carbone Lorraine also supplies brake linings for TGVs in France and Spain, as well as for the Eurostar and Thalys trains. These references certainly helped to influence Alstom's choice for the South Korean project, as did the technical quality and competitiveness of Carbone Lorraine's products, which are bolstered by its ability to innovate. Its solid presence in South Korea was also a key factor in that the end customer wanted to increase the local content and to take advantage of its local facilities, which make it an attractive option for replacement and maintenance orders.

The alliance between Alstom and Carbone Lorraine may be extended to China, since Alstom is bidding to supply the train units for the Peking to Shanghai high-speed link.

Carbone Lorraine's expansion in Asia

The proportion of Carbone Lorraine's sales deriving from Asia is growing rapidly. Its sales in the region increased by close to 25% during 2003, and the region contributed 12% of its total sales.

Carbone Lorraine is currently building up its manufacturing presence in China to cater more effectively to the booming Chinese market and to step up its penetration of other Asian markets. By the end of 2004, Carbone Lorraine will have seven workshops in China, four in India and two in South Korea. Its goal is to double the percentage of sales deriving from Asia over the next five years.

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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*
- *Permanent Magnets*
- *Electrical Protection*
- *Advanced Materials & Technologies*
- *World # 2 in brushes for electric motors*
- *World # 3 in magnets for automobiles*
- *World # 2 in industrial fuses*
- *World # 1 in thermal anti-corrosion equipment*
- *World # 2 in high-temperature applications of isostatic graphite*

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.

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