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Saft Groupe SA reports 2009 first half sales and earnings

Paris, July 29, 2009 – Saft, leader in the design, development and manufacture of advanced batteries for industry and defence, announces its sales and earnings for the 6 month period ended 30 June 2009.

First half sales and earnings highlights

- H1 2009 sales of €287.4m, a reduction of 6.2% YoY as reported, 9.9% YoY at constant exchange rates.
- Q2 sales of €141.8m, down 13.4% at constant exchange rates.
- EBITDA margin of 17.9% of sales in H1 2009, at €51.5m. In line with annual guidance.
- Net income down by 4.0% YoY to €21.6m.
- Earnings Per Share of €1.14 in H1 2009 compared to restated EPS of €1.20 in H1 2008.
- Strong cash generation with a free cash flow of €31.1m before a €10.2m debt repayment.

Outlook for FY 2009

FY 2009 sales guidance revised but profitability guidance maintained.

- 2009 revised sales guidance is expected to be 7 to 10% lower compared to 2008, at constant exchange rates.
- Based on H1 performance, 2009 EBITDA guidance is unchanged at 18% of sales or above.

John Searle, Chairman of the Management Board, commented: *"Market conditions have been challenging during H1, but overall I am pleased with the financial performance of the Group in the first half year. Despite continued growth in some of Saft's activities, overall sales have declined by close to 10% YoY. Today, there are few signs that the weak markets will recover rapidly but Saft will benefit from a more favourable base of comparison during H2. Despite the reduced sales, Saft has delivered a level of profitability in line with guidance and 2008, due to cost cutting.*

Following the H1 performance and as a result of the review which I announced in June, it is necessary to revise our sales guidance for 2009, but I remain confident that profitability will continue to be in line with both our original guidance and that achieved in 2008.

Finally, with its debt refinanced until 2012, and continuing strong cash flow, the company has solid finances and continues to invest in the future.

Consolidated sales and results – first half 2009

In euro million	First half 2009	First half 2008	Growth
Sales	**287.4**	**306.4**	**(6.2)%**
Gross profit	**82.6**	**85.6**	**(3.5)%**
Gross profit %	***28.7%***	***27.9%***	
EBITDA	**51.5**	**54.8**	**(6.0)%**
EBITDA %	***17.9%***	***17.9%***	
EBIT	**35.7**	**40.6**	**(12.1)%**
EBIT %	***12.4%***	***13.3%***	
Profit before income tax	**27.4**	**27.9**	**(1.8)%**
Net income	**21.6**	**22.5**	**(4.0)%**
EPS (€ per share)*	**1.14**	**1.20**	**(5.0)%**

(*) 2008 EPS has been adjusted in order to take into account new shares issued as a result of the 2008 dividend payments in shares. H1 2008 EPS before adjustment was €1.22.

Notes:

1. *There have been no changes in the consolidation perimeter between 2008 and 2009.*
2. *EBIT is defined as net income from operations, before restructuring costs and other income and expenses.*
3. *EBITDA is defined as net income from operations, before depreciation, amortisation, restructuring costs and other income and expenses.*
4. *Average exchange rate during H1 2009 was €1 = $1.33 compared with €1 = $1.53 during H1 2008.*
5. *Profit before tax includes accelerated amortisation of bank fees of €0.6m linked to current bank debt which has been refinanced in July.*

Key figures

- Sales were €287.4m in H1 2009, compared with €306.4m in H1 2008, a decrease of 6.2% at actual exchange rates and 9.9% at constant exchange rates.
- Gross profit margin increased by almost 1% at 28.7% in H1 2009 compared to 27.9% in H1 2008, due to metals, components and labour cost reductions.
- At 17.9% of sales, EBITDA margin has been maintained at the same level as in H1 2008. EBITDA was €51.5m in H1 2009 as compared with €54.8m in 2008.
- Net income during H1 was €21.6m, down 4.0% compared with 2008.
- Earnings Per Share was €1.14 compared to restated EPS of €1.20 in H1 2008.
- Net debt at June 30, 2009 was €265m, compared with €281.1m at December 31, 2008. Leverage ratio reduced to 2.48 as of end of June 2009, compared with 2.55 as at end December 31, 2008.
- Group cash position is €69.2m on June 30, 2009, showing a slight increase as compared to December 31, 2008, after €10.2m debt repayment and significant investments in H1 2009. The increase in the cash position results from increased cash from operations and lower interest and tax payments, as the overall working capital remains under strict management.
- Investments in fixed assets and capitalised R&D costs for H1 2009 were €9.9m, compared with €13.9m in H1 2008. Investment in the Johnson Controls-Saft joint-venture was €21.8m, compared with €3.8m in H1 2008.

Second quarter sales by product line

In euro million

			Growth / decline	
Product line	**Q2 2009**	**Q2 2008**	**at actual exchange rates**	**at constant exchange rates**
IBG	69.0	76.6	(9.9)%	(13.9)%
SBG	59.0	60.6	(2.6)%	(7.1)%
RBS	13.8	19.3	(28.5)%	(30.8)%
Total	**141.8**	**156.5**	**(9.4) %**	**(13.4)%**

Sales numbers are at actual exchange rates.

The average exchange rate in Q2 2009 was €1 to $1.32 (compared with €1 to $1.56 in Q2 2008).

There was no change in perimeter between Q2 2008 and Q2 2009.

Results by product line

Product line	6 months ended 30 June 2009				6 months ended 30 June 2008		
	Sales €m	Sales growth %	EBITDA €m	EBITDA margin %	Sales €m	EBITDA €m	EBITDA Margin %
IBG	133.5	(14.1)%	28.8	21.6%	149.2	29.9	20.0%
SBG	125.0	2.2%	27.4	21.9%	117.6	25.4	21.6%
RBS	28.9	(29.5)%	(1.9)	(6.4)%	39.6	1.1	2.8%
Other	0.0		(2.8)		0.0	(1.6)	
Total	**287.4**	**(9.9)%**	**51.5**	**17.9%**	**306.4**	**54.8**	**17.9%**

All at actual exchange rates, except sales growth % which is at constant exchange rates.

Industrial Battery Group (IBG)

In the first half of 2009, IBG sales decreased by 14.1% at constant exchange rates to €133.5m, down by 10.5 % as reported, compared with H1 2008.

Q2 2009 sales were down 13.9% YoY at constant exchange rates. The reduction in Q2 sales continues to be driven by a weak aviation market and low demand in the telecom market.

The decrease in telecom sales represented 95% of the overall decrease in H1 2009 sales compared to H1 2008, although Saft expects an improved performance in H2 with increasing sales of the new telecom product range.

The industrial standby market continued to see good growth in Q2 and remained the strongest market segment of the division in H1 2009. In addition, the rail market also continued to grow and is expected to remain positive during H2, supported by continued investment in urban transport systems.

EBITDA margin for the division increased by 160 bps to 21.6% compared to 20.0% in H1 2008. Cost reduction measures have enabled the division to increase the gross margin strongly during the first half while maintaining investment in future developments.

Specialty Battery Group (SBG)

SBG sales in the first half increased by 2.2% at constant exchange rates to €125.0m, up 6.3% as reported compared with H1 2008.

Q2 sales decreased by 7.1% YoY at constant exchange rates. Q2 sales have been impacted by the sharp and sudden slowdown in the civil lithium market, in particular the US metering business. Q2 sales in the civil lithium market segment decreased by more than 20% YoY at constant exchange rates.

Military sales remained very strong in all market segments in Q2, compared with a weak H1 2008.

The EBITDA margin for the division has slightly increased by 30 bps to 21.9% of sales in H1 2009.

Rechargeable Battery Systems (RBS)

In the first half, RBS reported sales of €28.9m, a decrease of 29.5% at constant exchange rates, down by 27.1% as reported, compared with H1 2008.

The sales reduction in Q2 was 30.8% at constant exchange rates, close to that reported in Q1.

Volumes have reduced by approximately 25% YoY, with an additional negative pricing effect due to the nickel surcharge.

This large fall in volumes resulted in the division recording a negative EBITDA at 6.4% of sales during the half year. Fixed cost reduction plans have been implemented linked to the merger of the RBS/IBG divisions effective July 1st, 2009. The initial benefits will be seen in H2.

Finally, the RBS division has seen some signs of stronger demand at the end of Q2 and market share gains as competitors exit the market.

Other activities

Costs of "Other activities" are costs not allocated to operational divisions and include costs of central functions such as IT, research and central management, finance and administration, a proportion of which is recharged to each of the product lines.

EBITDA of other activities for the first half year is €(2.8)m compared to €(1.6)m in 2008, mainly due to reduced service fees from operational divisions and increased R&D costs in H1 2009 compared to 2008.

Johnson Controls – Saft Advanced Power Solutions LLC ("JC-S")

Two new production contracts were announced during the first half: A 5 year contract with Ford to develop and supply batteries for its first series production of Plug-In Hybrid vehicles in 2012 and a five year supply agreement with Azure Dynamics for Lithium-Ion batteries for fleets of commercial vehicles in North America.

As of today, the JV has received production contracts from five different car manufacturers and its Nersac production facility has now been delivering lithium batteries for several months for the Mercedes S400, launched on the market last June.

Saft's share in operational losses at Johnson Controls-Saft was recorded in the first half Consolidated Financial Statements for a total amount of €4.8m, compared to €5.1m in H1 2008.

Saft has contributed €21.8m ($27.1m) of equity to the venture in H1 and anticipates contributing an additional $10m cash provisions for operations in the second half. The higher contribution during the first half is mainly due to the decision to strengthen the balance sheet of the JV but also due to increased working capital needs.

Johnson Controls-Saft has applied for 50% cost share funding to build a plant in North America under the American Recovery and Reinvestment Act provisions. If successful, future additional contributions will be required to fund a share of the cost of the facility to build Li-ion batteries for hybrid and electric vehicles. Important additional support has already been agreed with the State of Michigan. The US Department of Energy's decision is expected in the next few months.

Outlook

Based on the H1 performance and the business review announced in June, Saft has decided to revise its FY09 sales guidance but is maintaining its 2009 profitability guidance as follows:

€ m	FY 2008	H1 2009 Actual	FY 2009 February 09 Estimate	FY 2009 Revised Estimate
Sales	**609.5**	**287.4**	**0 to -5%**	**-7 to -10%**
EBITDA margin %	*18.1%*	*17.9%*	*≥ 18.0%*	*≥ 18.0%*
€ / $ rate	*1.47*	*1.33*	*1.47*	

The revised guidance assumes sensitivity of sales and EBITDA to exchange rates is unchanged as follows:

- a 10 % change in €/$ exchange rates results in a 4% change in sales
- a 10 % change in €/$ exchange rates results in a 6 to 7% change in EBITDA.

Financial calendar 2009

2009 Q3 turnover	2 November 2009

IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans, objectives or results of operation. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and Saft's plans and objectives to differ materially from those expressed or implied in the forward looking statements.

About Saft
Saft (Euronext: Saft) is a world specialist in the design and manufacture of high-tech batteries for industry. Saft batteries are used in high performance applications, such as industrial infrastructure and processes, transportation, space and defence. Saft is the world's leading manufacturer of nickel-cadmium batteries for industrial applications and of primary lithium batteries for a wide range of end markets. The group is also the European leader for specialised advanced technologies for the defence and space industries. With approximately 4,000 employees worldwide, Saft is present in 18 countries. Its 15 manufacturing sites and extensive sales network enable the group to serve its customers worldwide. Saft is listed in the SBF 120 index on the Paris Stock Market.
For more information, visit Saft at ***www.saftbatteries.com***

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This press release includes the main Financial Statements as appendices.

Also available on Saft's website www.saftbatteries.com are:

- Saft's 2009 Interim Report, including the Interim Condensed Consolidated Financial Statements,
- A presentation on Saft's interim results.

Appendices

Consolidated balance sheet

ASSETS

In euro million	30/06/2009	31/12/2008	31/12/2007
Non-current assets			
Intangible assets, net	231.9	236.0	242.2
Goodwill	106.2	107.3	103.5
Property, plant and equipment, net	110.7	112.6	108.0
Investment properties	0.2	0.2	0.4
Investments in joint undertakings	34.7	19.5	17.2
Deferred income tax assets	9.3	13.3	10.5
Other non current financial assets	1.2	1.3	2.6
	494.2	**490.2**	**484.4**
Current assets			
Inventories	72.3	79.2	78.5
Trade and other receivables	143.8	153.8	156.7
Derivative financial instruments	1.4	0.1	0.3
Cash and cash equivalents	69.2	68.8	42.3
	286.7	**301.9**	**277.8**
Total assets	**780.9**	**792.1**	**762.2**

Consolidated balance sheet

Liabilities and equity

In euro million	30/06/2009	31/12/2008	31/12/2007
Shareholders' equity			
Ordinary shares	18.5	18.5	18.5
Share premium	(40.3)	(27.7)	(15.1)
Treasury shares	(1.0)	(1.0)	(0.7)
Cumulative translation adjustment	7.5	7.6	(3.0)
Fair value and other reserves	12.0	9.1	16.5
Group consolidated reserves	168.9	146.7	109.9
Minority interest in equity	0.8	0.6	0.8
Total shareholders' equity	**166.4**	**153.8**	**126.9**
Liabilities			
Non-current liabilities			
Debt	322.3	324.3	332.4
Other non-current financial liabilities	6.2	5.5	6.1
Deferred income tax liabilities	66.4	66.8	68.5
Pensions and other long-term employee benefits	7.9	9.5	9.5
Provisions for other liabilities and charges	38.1	38.5	37.5
	440.9	**444.6**	**454.0**
Current liabilities			
Trade and other payables	146.9	152.9	153.1
Taxes payable	4.2	2.3	5.6
Debt	11.9	25.6	7.7
Derivative instruments	4,0	5.6	1.3
Pensions and other long-term employee benefits	0.7	0.2	0.2
Provisions for other liabilities and charges	5.9	7.1	13.4
	173.6	**193.7**	**181.3**
Total liabilities and equity	**780.9**	**792.1**	**762.2**

Consolidated income statement

In euro million	30/06/2009	30/06/2008	30/06/2007 restated *
Revenues	287.4	306.4	302.1
Cost of sales	(204.8)	(220.8)	(220.3)
Gross profit	**82.6**	**85.6**	**81.8**
Distribution costs	(17.1)	(15.9)	(15.9)
Administrative expenses	(21.4)	(21.7)	(20.9)
Research and development expenses	(8.4)	(7.4)	(7.6)
Restructuring costs	(0.5)	0,0	(0.1)
Other operating income and expenses	2.0	0.1	(2.3)
Operating profit	**37.2**	**40.7**	**35.0**
Finance costs-net	(5.6)	(8.3)	(9.1)
Share of profit / (loss) of associates	(4.2)	(4.5)	(3.6)
Profit before income tax	**27.4**	**27.9**	**22.3**
Income tax expense	(5.8)	(5.4)	(6.5)
Profit for the period	**21.6**	**22.5**	**15.8**
Attributable to:			
Equity holders of the company	**21.4**	**22.5**	**15.9**
Minority interest	**0.2**	**0,0**	**(0.1)**
Earnings per share (in € per share): Basic	1.14	1.20	0.85
Earnings per share (in € per share): Diluted	1.14	1.20	0.85

* Restated to reclassify Research Tax Credit of €2.8 million from “Other operating income and expenses” to “Research and development expenses”.

Consolidated statement of income and expenses recognised in the period

In euro million	30/06/2009	30/06/2008	30/06/2007
Profit of the period	**21.6**	**22.5**	**15.8**
Other comprehensive income			
Fair value gains / (losses), cash flow hedge	3.0	(0.7)	(2.3)
Fair value gains / (losses), net investment hedge	0.2	4.5	0.4
Actuarial gains and losses recognised against SORIE	0.9	0,0	0,0
Currency translation adjustments	(0.2)	(4.9)	2.7
Tax effect on income / (expenses) recognised directly in equity	(1.1)	(1.0)	0.6
Other comprehensive income for the period, net of tax	**2,8**	**(2,1)**	**1,4**
Total comprehensive income for the period	**24.4**	**20.4**	**17.2**
Part for shares	24.2	20.4	17.2
Part for minority interests	0.2	0,0	0,0

Consolidated cash flow statement

In euro million	30/06/2009	30/06/2008	30/06/2007
Net profit for the year (including minority interests)	**21.6**	**22.5**	**15.8**
Adjustments :			
Earning of equity basis companies (net of dividends)	4.7	5.0	3.7
Income tax expense	5.8	5.4	6.5
Tangible and intangible assets amortisation and depreciation	15.8	14.2	14.1
Finance costs-net	5.6	8.3	9.1
Net movements in provisions	(1.6)	(4.7)	(3.7)
Other	1.4	0.1	(1.2)
	53.3	**50.8**	**44.3**
Change in inventories	6.9	-8.1	(15.8)
Change in trade and other receivables	7.6	3,0	(17.3)
Change in trade and other payables	(18.6)	(1.2)	(1.7)
Changes in working capital	**(4.1)**	**(6.3)**	**(34.8)**
Cash generated from operations before interest and tax	**49.2**	**44.5**	**9.5**
Interest paid	(8.5)	(11.9)	(9.7)
Income tax paid	0	(2.0)	(3.2)
Net cash provided by operating activities	**40.7**	**30.6**	**(3.4)**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(21.8)	(3.8)	0,0
Purchase of property plant and equipment	(7.7)	(10.9)	(8.8)
Purchase of intangible assets	(2.2)	(3.0)	(2.6)
Proceeds from sale of property, plant and equipment	0.2	1.2	0.1
Proceeds from sale of available-for-sale financial assets (1)	0.1	2.4	1.2
Purchases of short-term securities (1)	0	(2.1)	(1.2)
Interest received	0	0,0	2.3
Net cash generated from investing activities	**(31.4)**	**(16.2)**	**(9.0)**
Cash flows from financing activities			
(Purchase) / Sale of treasury shares	0	0,0	(0.1)
Increase / (decrease) in debt	(10.2)	0,0	0,0
Increase/(decrease) in other long-term liabilities	0	0.4	(0.3)
Dividends paid to company shareholder's	0	0,0	0,0
Net cash used in financing activities	**(10.2)**	**0.4**	**(0.4)**
Net increase/(decrease) in cash	**(0.9)**	**14.8**	**(12.8)**
Cash and cash equivalents at beginning of period	68.8	42.3	61.6
Exchange gain / (loss) on cash and cash equivalents	1.3	(0.6)	(0.6)
Cash and cash equivalents at end of period	**69.2**	**56.5**	**48.2**

(1) Proceeds from sale of available-for-sale financial assets and purchase of short-term securities in 2007 and 2008 are relating to Saft share purchases and sales as part of the liquidity contract operated by a brokerage firm in order to improve the liquidity of Saft Group SA shares.

Statement of changes in consolidated shareholders' equity

In euro million	Attributable to equity holders of the company			Minority interest	Shareholders' equity
	Share Capital	Share Primium	Consolidated reserves and retained earnings		
Balance at January 1, 2007	**18.5**	**(2.6)**	**90.8**	**0.7**	**107.4**
Employee stock option scheme (value of employees' services)	0,0	0,0	1.5	0,0	1.5
Dividend paid	0,0	(12.5)	0,0	0,0	(12.5)
Treasury shares	0,0	0,0	(0.1)	0,0	(0.1)
Net income for the year	0,0	0,0	30.5	0.1	30.6
Balance at December 31, 2007	**18.5**	**(15.1)**	**122.7**	**0.8**	**126.9**
Employee stock option scheme (value of employees' services)	0,0	0,0	0.8	0,0	0.8
Dividend to be paid	0,0	(12.6)	0,0	0,0	(12.6)
Treasury shares	0,0	0,0	0,0	0,0	0,0
Net income for the year	0,0	0,0	20.5	(0.1)	20.4
Balance at June 30, 2008	**18.5**	**(27.7)**	**144.0**	**0.7**	**135.5**
Employee stock option scheme (value of employees' services)	0,0	0,0	0.9	0,0	0.9
Dividend paid	0,0	0,0	0,0	0,0	0,0
Treasury shares	0,0	0,0	-0.3	0,0	-0.3
Net income for the year	0,0	0,0	17.8	(0.1)	17.7
Balance at December 31, 2008	**18.5**	**(27.7)**	**162.4**	**0.6**	**153.8**
Employee stock option scheme (value of employees' services)	0,0	0,0	0.8	0,0	0.8
Dividend to be paid	0,0	(12.6)	0,0	0,0	(12.6)
Treasury shares	0,0	0,0	0,0	0,0	0,0
Net income for the year	0,0	0,0	24.2	0.2	24.4
Balance at June 30, 2009	**18.5**	**(40.3)**	**187.4**	**0.8**	**166.4**