communiqué de presse press release

**N° 30-10**

# Saft Groupe SA reports 2010 first half sales and earnings

**Paris, July 28, 2010 –** 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 2010.

## First half sales and earnings highlights

- Q2 sales of €154.4m, up 8.9% at actual exchange rates and up 5.1% at constant exchange rates.
- H1 2010 sales of €290.0m, an increase of 0.9% YoY as reported and a reduction of 0.4% YoY at constant exchange rates.
- EBITDA margin of 18.7% of sales in H1 2010, at €54.2m, ahead of the initial annual guidance.
- Net income up by 5.6% YoY to €22.8m.
- Earnings Per Share of €0.92 in H1 2010 compared to an adjusted €1.03 in H1 2009.

## Outlook for FY 2010
## FY 2010 sales guidance maintained but EBITDA margin guidance increased

- Sales guidance unchanged with growth of 0 to 5% at constant exchange rates.
- 2010 EBITDA margin increased from ≥ 18.0% of sales to ≥ 18.5% of sales.

John Searle, Chairman of the Management Board, commented: *"I am delighted to report sales growth in Q2, following a challenging 2009. Saft's markets are recovering at different speeds with some activities recording strong growth in H1, notably sales to the electronics and lighting markets.*

*In contrast, we do have some late cycle activities such as the industrial standby power activities, where sales in H1 were lower than 2009, but I certainly expect this activity to return to growth during H2.*

*Saft has delivered a strong level of profitability, ahead of 2010 guidance and 2009, due to good cost control and the benefit of the restructuring carried out in 2009, notably the merger of Divisions.*

*I anticipate continued sales growth in H2 and maintain our sales guidance unchanged. However, following the strong performance in H1, I am able to revise our EBITDA margin guidance upwards to at least 18.5% of sales.*

*Finally, with continuing strong cash flow, the company has solid finances and continues to invest in the exciting markets of the future, notably batteries for clean vehicles and renewable energy storage."*

# Consolidated sales and results – first half 2010

| In euro million | First half 2010 | First half 2009 | Variations change |
|---|---|---|---|
| **Sales** | 290.0 | 287.4 | (0.4)% |
| **Gross profit** | 89.8 | 82.6 | 8.7% |
| ***Gross profit %*** | 31.0% | *28.7%* | |
| **EBITDA (*)** | 54.2 | 51.5 | 5.2% |
| ***EBITDA margin %*** | 18.7% | *17.9%* | |
| **EBIT (**)** | 38.8 | 35.7 | 8.7% |
| ***EBIT margin %*** | 13.4% | *12.4%* | |
| **Profit before income tax** | 27.6 | 27.4 | 0.7% |
| **Net income** | 22.8 | 21.6 | 5.6% |
| **EPS (€ per share) (***)** | 0.92 | 1.03 | (10.7)% |

*Percentages changes are at actual exchange rates except for sales which are at constant exchange rates.*

(*) EBITDA is defined as net income from operations, before depreciation, amortisation, restructuring costs and other operating income and expenses.

(**) EBIT is defined as net income from operations, before restructuring costs and other operating income and expenses.

(***) 2009 EPS has been adjusted to factor in the capital increase with maintained preferential subscription rights carried out in December 2009. 2009 non-adjusted EPS was €1.14.

*Notes:*

1. *There have been no changes in the consolidation perimeter between 2009 and 2010.*
2. *Average exchange rate during H1 2010 was €1 = $1.33, in line with €1 = $1.33 during H1 2009.*

2010 Interim Condensed Consolidated Financial Statements approved by the Saft Groupe SA Management Board have been reviewed by the Supervisory Board on July 23, 2010.

## Key figures

- Sales were €290.0m in H1 2010, compared with €287.4m in H1 2009, an increase of 0.9% at actual exchange rates and a decrease of 0.4% at constant exchange rates.
- Gross profit margin increased by 1.3% at 31.0% in H1 2010 compared to 28.7% in H1 2009, mainly due to cost controls and the benefit of the merger initiated in 2009 between the IBG and RBS divisions.
- At 18.7% of sales, EBITDA margin has been increased by 80 bps as compared to H1 2009 level. Excluding costs of €0.6m incurred on the Jacksonville project, EBITDA was €54.9m in H1 2010 (18.9% of sales) as compared with €51.5m (17.9% of sales) in 2009.
- Net income during H1 was €22.8m, up 5.6% compared with 2009.
- Earnings Per Share was €0.92 compared to adjusted EPS of €1.03 in H1 2009.
- Due to a stronger US dollar, net debt at June 30, 2010 slightly increased at €119.2m, compared with €108.5m at December 31, 2009. Leverage ratio was 1.0 as at end of June 2010, compared with 1.09 as at end December 31, 2009.
- Group cash position is €225.3m at June 30, 2010, showing a slight increase as compared to December 31, 2009, despite increased investments during the first half.
- Investments in fixed assets and capitalised R&D costs for H1 2010 were €27.3m, compared with €9.9m in H1 2009. Investment in our Johnson Controls-Saft joint venture was €17.0m, compared with €21.8m in H1 2009.

## Second quarter sales by product line

| In euro million | | | Variations in % | |
|---|---|---|---|---|
| **Product line** | **Q2 2010** | **Q2 2009** | **At actual exchange rates** | **At constant exchange rates** |
| **IBG** | 83.6 | 82.8 | 1.0% | (2.1)% |
| **SBG** | 70.8 | 59.0 | 20.0% | 15.1% |
| **Total** | **154.4** | **141.8** | **8.9%** | **5.1%** |

*Sales numbers are at actual exchange rates.*

*The average exchange rate in Q2 2010 was €1 to $1.27 (compared with €1 to $1.36 in Q2 2009).*

*There was no change in perimeter between Q2 2009 and Q2 2010.*

# Results by product line

| Product line | 6 months ended 30 June 2010 | | | | 6 months ended 30 June 2009 | | |
|---|---|---|---|---|---|---|---|
| | Sales €m | Sales growth % | EBITDA €m | EBITDA margin % | Sales €m | EBITDA €m | EBITDA Margin % |
| **IBG** | 160.7 | (2.0)% | 27.0 | 16.8% | 162.4 | 26.9 | 16.6% |
| **SBG** | 129.3 | 1.7% | 29.6 | 22.9% | 125.0 | 27.4 | 21.9% |
| **Other** | 0 | 0 | (2.4) | n.a. | 0 | (2.8) | n.a. |
| **Total** | **290.0** | **(0.4)%** | **54.2** | **18.7%** | **287.4** | **51.5** | **17.9%** |

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

**Industrial Battery Group (IBG)**

H1 2010 saw IBG sales decrease by 1% as reported at €160.7m, compared with H1 2009. At constant exchange rates, this equated to a reduction of 2% YoY. During Q2 alone, sales as reported increased by 1% but were down 2.1% YoY at constant exchange rates.

Sales into the telecom infrastructure market continued to record good growth, and aviation battery sales recovered strongly during Q2. This growth trend looks set to continue. In contrast, the industrial standby power and rail markets showed reduced sales, although the industrial standby sector is expected to return to growth in H2.

The small nickel battery activity (ex.RBS Division) had a strong H1 due to a market recovery and some market share gains.

EBITDA margin for the division increased to 16.8% compared to 16.6% in H1 2009. Excluding costs of the Jacksonville project, EBITDA margin reached 17.2% of sales at €27.6m. 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 H1 increased by 3.4% as reported to €129.3m, and by 1.7% at constant exchange rates. Q2 was extremely strong with sales increasing by 20.0% as reported and 15.1% at constant exchange rates.

The main driver of this growth was the civil electronics business and in particular the demand for batteries from the utility meter market. The military activities reported a slight growth in Q2 despite a challenging base of comparison.

During H2, the civil electronics activity is expected to continue to grow coupled with stronger sales in the space market. In contrast, as indicated earlier, the military market will remain more difficult and will not be a growth driver in 2010.

The EBITDA margin for the division has increased by 100 bps to 22.9% of sales in H1 2010. This improvement results from good cost control and stable prices.

### 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 €(2.4)m compared to €(2.8)m in 2009.

### Investments in applications for the future

Saft continues to invest heavily in two very significant emerging applications: batteries for clean vehicles and renewable energy storage.

In the developing renewable energy storage market, Saft has announced a new demonstration contract with the SMUD, and has been awarded a contract for the development and supply of containerised batteries for a grid stabilisation project in Spain.

In the clean vehicle space, Johnson Controls-Saft continues to see additional opportunities develop. Ford has decided to launch the Ford Transit Connect EV in Europe as well as in 2010 in the US, whilst Azure Dynamics will purchase batteries from Johnson Controls-Saft for a new PHEV delivery vehicle to be sold alongside the HEV model being launched in H2 2010.

Finally, in the important Chinese market, Johnson Controls-Saft is continuing discussions with a number of potential strategic partners.

## Outlook

Based on the H1 performance, Saft confirms unchanged FY10 sales guidance at 0 to 5% at constant exchange rates, but is increasing its 2010 profitability guidance as follows:

| In euro million | **FY 2009** | **H1 2010 Actual** | **FY 2010 Initial Estimate (**)** | **FY 2010 Revised Estimate (***)** |
|---|---|---|---|---|
| **Sales** | 559.3 | 290.0 | 0 to 5% | 0 to 5% |
| ***EBITDA margin % (*)*** | *18.1%* | *18.9%* | *≥ 18.0%* | *≥ 18.5%* |
| *Average €/$ exchange rate* | *1.39* | *1.33* | *1.39* | *1.33* |

(*) Excluding costs related to the construction project of Jacksonville lithium-ion factory.

(**) Excluding impact of the costs related to the Jacksonville project estimated at $5 to 6 million.

(***) Excluding impact of the costs related to the Jacksonville project re-estimated at $2 to 3 million.

Saft sales and EBITDA sensitivity to exchange rates remained 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 2010

| | |
|---|---|
| 2010 Q3 turnover | 3 November 2010 |
| FY sales and results 2010 | 17 February 2011 |

***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 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 and world leader in lithium-ion satellite batteries. Saft is also delivering its lithium-ion technology to the emerging applications of clean vehicles and renewable energy storage. 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***

**SAFT**
Jill Ledger, Corporate Communications and Investor Relations Director
Tel: +33 1 49 93 17 77, jill.ledger@saftbatteries.com

**FINANCIAL DYNAMICS**
Stéphanie BIA, Tel: +33 1 47 03 68 16, stephanie.bia@fd.com
Yannick DUVERGÉ, Tel: +33 1 47 03 68 10, yannick.duverge@fd.com
Clément BENETREAU, Tel: +33 1 47 03 68 12, clement.benetreau@fd.com

This press release includes the main Financial Statements as appendices.

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

- Saft's 2010 Interim Report, including the Interim Condensed Consolidated Financial Statements,
- A presentation on Saft's interim results.

# Appendices

## Consolidated balance sheet

### Assets

| In euro million | As of June 30, 2010 | As of December 31, 2009 | As of December 31, 2008 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets, net | 225.4 | 228.2 | 236.0 |
| Goodwill | 117.0 | 104.8 | 107.3 |
| Property, plant and equipment, net | 134.2 | 109.9 | 112.6 |
| Investment properties | 0.1 | 0.2 | 0.2 |
| Investments in joint undertakings | 42.7 | 30.0 | 19.5 |
| Deferred income tax assets | 10.2 | 10.1 | 13.3 |
| Other non current financial assets | 1.0 | 0.9 | 1.3 |
| | **530.6** | **484.1** | **490.2** |
| **Current assets** | | | |
| Inventories | 77.8 | 63.1 | 79.2 |
| Trade and other receivables | 151.4 | 141.1 | 153.8 |
| Derivative financial instruments | 0.8 | 2.2 | 0.1 |
| Cash and cash equivalents | 225.3 | 207.4 | 68.8 |
| | **455.3** | **413.8** | **301.9** |
| **Total assets** | **985.9** | **897.9** | **792.1** |

# Consolidated balance sheet

## Liabilities and equity

| In euro million | As of June 30, 2010 | As of December 31, 2009 | As of December 31, 2008 |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Ordinary shares | 24.7 | 24.7 | 18.5 |
| Share premium | 92.6 | 92.5 | (27.7) |
| Treasury shares | (1.0) | (0.3) | (1.0) |
| Cumulative translation adjustments | 40.1 | 11.8 | 7.6 |
| Fair value and other reserves | (8.0) | 12.8 | 9.1 |
| Group consolidated reserves | 170.9 | 164.3 | 146.7 |
| Minority interest in equity | 1.3 | 1.0 | 0.6 |
| **Total shareholders' equity** | **320.6** | **306.8** | **153.8** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Debt | 342.8 | 312.7 | 324.3 |
| Other non-current financial liabilities | 8.5 | 8.1 | 5.5 |
| Deferred grants related to assets | 8.3 | 0.0 | 0.0 |
| Deferred income tax liabilities | 67.6 | 69.0 | 66.8 |
| Pensions and other retirement benefits | 9.0 | 8.5 | 9.5 |
| Provisions for other liabilities and charges | 36.1 | 33.3 | 38.5 |
| | **472.3** | **431.6** | **444.6** |
| **Current liabilities** | | | |
| Trade and other payables | 172.8 | 136.4 | 152.9 |
| Taxes payable | 1.8 | 5.3 | 2.3 |
| Debt and other current financial liabilities | 3.0 | 3.2 | 25.6 |
| Derivative instruments | 3.4 | 2.1 | 5.6 |
| Pensions and other retirement benefits | 0.7 | 1.0 | 0.2 |
| Provisions for other liabilities and charges | 11.3 | 11.5 | 7.1 |
| | **193.0** | **159.5** | **193.7** |
| **Total liabilities and equity** | **985.9** | **897.9** | **792.1** |

## Consolidated income statement

| In euro million | Period ended June 30, 2010 | Period ended June 30, 2009 | Period ended June 30, 2008 |
|---|---|---|---|
| Revenues | 290.0 | 287.4 | 306.4 |
| Cost of sales | (200.2) | (204.8) | (220.8) |
| **Gross profit** | **89.8** | **82.6** | **85.6** |
| Distribution and sales costs | (18.2) | (17.1) | (15.9) |
| Administrative expenses | (21.7) | (21.4) | (21.7) |
| Research and development expenses | (11.1) | (8.4) | (7.4) |
| Restructuring costs | (0.4) | (0.5) | 0.0 |
| Other operating income and expenses | 1.9 | 2.0 | 0.1 |
| **Operating profit** | **40.3** | **37.2** | **40.7** |
| Finance costs-net | (6.5) | (5.6) | (8.3) |
| Share of profit / (loss) of associates | (6.2) | (4.2) | (4.5) |
| **Profit before income tax** | **27.6** | **27.4** | **27.9** |
| Income tax expense | (4.8) | (5.8) | (5.4) |
| **Profit for the period** | **22.8** | **21.6** | **22.5** |
| *Equity holders of the company* | *22.8* | *21.4* | *22.5* |
| *Minority interest* | *0.0* | *0.2* | *0.0* |
| **Basic earnings per share (in € per share)** | **0.92** | **1.14** | **1.20** |
| **Diluted earnings per share (in € per share)** | **0.92** | **1.14** | **1.20** |

## Consolidated statement of comprehensive income

| In euro million | Period ended June 30, 2010 | Period ended June 30, 2009 | Period ended June 30, 2008 |
|---|---|---|---|
| **Profit for the period** | **22.8** | **21.6** | **22.5** |
| **Other comprehensive income** | | | |
| Fair value gains / (losses) on cash flow hedge | (2.1) | 3.0 | (0.7) |
| Fair value gains / (losses), net on investment hedge | (29.0) | 0.2 | 4.5 |
| Actuarial gains and losses on defined-benefit pensions plans | 0.0 | 0.9 | 0.0 |
| Currency translation adjustments | 28.5 | (0.2) | (4.9) |
| Tax effect on income / (expenses) recognised directly in equity | 10.4 | (1.1) | (1.0) |
| **Total other comprehensive income for the period, net of tax** | **7.8** | **2.8** | **(2.1)** |
| **Total comprehensive income for the period** | **30.6** | **24.4** | **20.4** |
| *Attributable to:* | | | |
| Equity holders of the company | 30.3 | 24.2 | 20.4 |
| Minority interest | 0.3 | 0.2 | 0.0 |

## Consolidated statement of cash flows

| In euro million | Period ended June 30, 2010 | Period ended June 30, 2009 | Period ended June 30, 2008 |
|---|---|---|---|
| **Net profit for the period** | **22.8** | **21.6** | **22.5** |
| **Adjustments:** | | | |
| Earning of equity basis companies (net of dividends) | 6.2 | 4.7 | 5.0 |
| Income tax expense | 4.8 | 5.8 | 5.4 |
| Depreciation of property, plant and equipment and amortisation of intangible assets | 15.4 | 15.8 | 14.2 |
| Finance costs-net | 6.5 | 5.6 | 8.3 |
| Net movements in provisions | (1.2) | (1.6) | (4.7) |
| Other | (0.9) | 1.4 | 0.1 |
| | **53.6** | **53.3** | **50.8** |
| Change in inventories | (9.1) | 6.9 | (8.1) |
| Change in trade and other receivables | (4.5) | 7.6 | 3.0 |
| Change in trade and other payables | 13.0 | (18.6) | (1.2) |
| **Changes in working capital** | **(0.6)** | **(4.1)** | **(6.3)** |
| **Cash flows generated from operations before interest and tax** | **53.0** | **49.2** | **44.5** |
| Interest paid | (6.8) | (8.5) | (11.9) |
| Income tax paid | (3.7) | 0 | (2.0) |
| **Net cash provided by operating activities** | **42.5** | **40.7** | **30.6** |
| **Cash flows from investing activities** | | | |
| Acquisition of subsidiaries, net of cash acquired | (17.0) | (21.8) | (3.8) |
| Purchase of property, plant and equipment | (24.4) | (7.7) | (10.9) |
| Purchase of intangible assets | (2.9) | (2.2) | (3.0) |
| Proceeds from sale of property, plant and equipment | 1.5 | 0.2 | 1.2 |
| Variation of other non-current financial assets and liabilities | (0.1) | 0.1 | 0.3 |
| **Net cash used in investing activities** | **(42.9)** | **(31.4)** | **(16.2)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of ordinary shares | 0.1 | 0.0 | 0.0 |
| Purchase / Sale of treasury shares and liquidity contract | (0.7) | 0.0 | 0.0 |
| Debt repayments | 0.0 | (10.2) | 0.0 |
| Grants related to assets | 7.7 | 0.0 | 0.0 |
| Increase/(decrease) in other long-term liabilities | 0.0 | 0.0 | 0.4 |
| Dividends paid to company shareholders | 0.0 | 0.0 | 0.0 |
| **Net cash generated by/(used) in financing activities** | **7.1** | **(10.2)** | **0.4** |
| Net increase/(decrease) in cash | 6.7 | (0.9) | 14.8 |
| Cash and cash equivalents at beginning of period | 207.4 | 68.8 | 42.3 |
| Exchange gain / (loss) on cash and cash equivalents | 11.2 | 1.3 | (0.6) |
| **Cash and cash equivalents at end of period** | **225.3** | **69.2** | **56.5** |

## Consolidated statement of changes in equity

| In euro million | Number of shares making up the capital | Attributable to equity holders of the company | | | Minority interest | Shareholders' equity |
|---|---|---|---|---|---|---|
| | | Share Capital | Share Premium | Consolidated reserves and retained earnings | | |
| **Balance at 01/01/2008** | **18,514,086** | **18.5** | **(15.1)** | **122.7** | **0.8** | **126.9** |
| Employee stock option schemes (value of employee services) | | 0.0 | 0.0 | 1.7 | 0.0 | 1.7 |
| Dividend paid | | 0.0 | (12.6) | 0.0 | 0.0 | (12.6) |
| Purchase / Sale of treasury shares | | 0.0 | 0.0 | (0.3) | 0.0 | (0.3) |
| Total comprehensive income | | 0.0 | 0.0 | 38.3 | (0.2) | 38.1 |
| **Balance at 31/12/2008** | **18,514,086** | **18.5** | **(27.7)** | **162.4** | **0.6** | **153.8** |
| Employee stock option schemes (value of employee services) | | 0.0 | 0.0 | 0.8 | 0.0 | 0.8 |
| Dividend to be paid | | 0.0 | 0.0 | (12.6) | 0.0 | (12.6) |
| Purchase / Sale of treasury shares | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total comprehensive income | | 0.0 | 0.0 | 24.2 | 0.2 | 24.4 |
| **Balance at 30/06/2009** | **18,514,086** | **18.5** | **(27.7)** | **174.8** | **0.8** | **166.4** |
| Employee stock option schemes (value of employee services) | | 0.0 | 0.0 | 0.8 | 0.0 | 0.8 |
| Capital increase with maintenance of preferential subscription rights | 5,696,328 | 6.0 | 114.4 | (5.5) | 0.0 | 114.9 |
| Capital increase by exercise of stock options | 231,864 | 0.2 | 5.8 | 0.0 | 0.0 | 6.0 |
| Dividend paid in shares | 241,815 | 0.0 | 0.0 | 5.6 | 0.0 | 5.6 |
| Purchase / Sale of treasury shares | | 0.0 | 0.0 | 0.8 | 0.0 | 0.8 |
| Total comprehensive income | | 0.0 | 0.0 | 12.1 | 0.2 | 12.3 |
| **Balance at 31/12/2009** | **24,684,093** | **24.7** | **92.5** | **188.6** | **1.0** | **306.8** |
| Employee stock option schemes (value of employee services) | | 0.0 | 0.0 | 0.6 | 0.0 | 0.6 |
| Capital increase by exercise of stock options | 4,450 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| Dividend to be paid | | 0.0 | 0.0 | (16.8) | 0.0 | (16.8) |
| Purchase / Sale of treasury shares | | 0.0 | 0.0 | (0.7) | 0.0 | (0.7) |
| Total comprehensive income | | 0.0 | 0.0 | 30.3 | 0.3 | 30.6 |
| **Balance at June 30, 2010** | **24,688,543** | **24.7** | **92.6** | **202.0** | **1.3** | **320.6** |