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## Saft Groupe SA reports 2010 fourth quarter sales, and full year sales and earnings

**Paris, February 16, 2011** – Saft, leader in the design, development and manufacture of high- end batteries for industry and defence, announces its fourth quarter and annual sales along with its earnings for the period ending 31 December 2010.

### Sales and Results highlights

- Q4 sales of €165.7 million, up 11.5% YoY at actual rates and 7.9% at constant exchange rates;
- Full year 2010 sales of €591.1 million, up 5.7% at actual rates and 2.9% YoY at constant exchange rates, ahead of revised guidance;
- EBITDA increased by 8% to €108.4m representing 18.3% of sales compared with 17.9% in 2009;
- EBIT increased by 13.8% to €78.3m, at 13.2% of sales compared with 12.3% of sales in 2009;
- Net income increased by 26.6% to €36.6 million, compared with €28.9m in 2009;
- Earnings per share of €1.46 in 2010 compared with an earnings per share of €1.50 in 2009;
- An increased dividend of €0.70 per share will be proposed at the Annual General Meeting.
- Record level of investment of €110m to support future growth.

John Searle, Chairman of the Management Board, commented:

*"I am pleased to say that we ended 2010 on a very positive note. Our sales in the fourth quarter grew strongly, showing an increase of almost 8% at constant exchange rates and our sales performance for the full year was ahead of the revised guidance, with 2.9% growth at constant exchange rates. This achievement reflects the fact that the majority of our markets are now performing well.*

*At 18.3% of sales, our EBITDA margin is ahead of guidance, showing a YoY increment of 40b.p. This performance reflects gross margin improvement in both IBG and SBG divisions with good control of costs.*

As a result, our net income increased by more than 26% YoY, at €36.6 million, and Saft will be proposing an increased dividend of €0.70 per share to shareholders at the Annual General Meeting in May.“

### Fourth quarter Sales

Q4 2010 sales of €165.7 million were up 11.5% as reported and up 7.9% at constant exchange rates, compared with Q4 2009.

	Q4 2010	Q4 2009	Variations in %	
			At actual exchange rates	At constant exchange rates
<b>IBG</b>	94.4	85.2	10.8%	8.1%
<b>SBG</b>	71.3	63.4	12.4%	7.7%
<b>Total</b>	<b>165.7</b>	<b>148.6</b>	<b>11.5%</b>	<b>7.9%</b>

Sales numbers are at actual exchange rates.

The average exchange rate in Q4 2010 was €1 to \$1.36 (compared with €1 to \$1.48 in Q4 2009).

There was no change in perimeter between Q4 2009 and Q4 2010.

### Full year consolidated results

(in euro million)	Year ended 31 December				% Growth **
	2010		2009		
	Restated *	As reported	As reported		
<b>Sales</b>	591.1	591.1	559.3	2.9%	
<b>Gross profit</b>	181.0	179.6	161.6	11.1%	
<b>Gross margin (%)</b>	30.6%	30.4%	28.9%		
<b>EBITDA ***</b>	109.9	108.4	100.4	8.0%	
<b>EBITDA (%)</b>	18.6%	18.3%	17.9%		
<b>EBIT ****</b>	79.8	78.3	68.8	13.8%	
<b>EBIT (%)</b>	13.5%	13.2%	12.3%		
<b>Operating profit</b>	80.2	78.7	68.1	15.6%	
<b>Profit before income tax</b>	46.1	44.6	36.3	22.9%	
<b>Net income</b>	38.1	36.6	28.9	26.6%	
<b>EPS (€per share)</b>	1.53	1.46	1.50	(2.7)%	

\* Restated figures for 2010 exclude project costs of €1.5 million incurred by the Group in respect of the construction of the new production facility in Jacksonville, USA. Costs incurred related to this project totaled €0.7 million in 2009.

\*\* Changes are measured at current exchange rates except for the change in sales, which is measured at constant exchange rates.

\*\*\* EBITDA is defined as operating profit before depreciation, amortization, restructuring costs and other operating income and expenses.

\*\*\*\* EBIT is defined as operating profit before restructuring costs and other operating income and expenses.

2010 Consolidated Financial Statements approved by the Saft Groupe SA Management Board have been reviewed by the Supervisory Board on February 11, 2011. These Consolidated Financial Statements have been certified by the Group's Auditors on February 14, 2011.

### Full year Results by product line

	Year ended December 31, 2010				Year ended December 31, 2009		
	Sales (€m)	Variations (%)	EBITDA * (€m)	EBITDA * margin (%)	Sales (€m)	EBITDA * (€m)	EBITDA * margin (%)
<b>IBG</b>	331.1	2.1%	54.2	16.4%	317.7	52.3	16.5%
<b>SBG</b>	260.0	4.0%	59.2	22.8%	241.6	53.2	22.0%
<b>Other **</b>	-	-	(3.5)	n.s	0.0	(4.5)	n.s.
<b>Total</b>	<b>591.1</b>	<b>2.9%</b>	<b>109.9</b>	<b>18.6%</b>	<b>559.3</b>	<b>101.0*</b>	<b>18.1%</b>

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

\* Restated to exclude project costs related to the construction of the Li-ion production unit in Jacksonville, of €1.5 million in 2010 and €0.7million in 2009.

\*\* The "Other" cost centre includes central functions such as IT, research, central management, finance and administration.

### Industrial Battery Group (IBG)

IBG sales in Q4 reached €94.4m, showing a 10.8% increase at actual exchange rates and an 8.1% increase at constant rates, compared to 2009.

IBG sales for the full year of €331.1m registered a 2.1% growth at constant exchange rates and a 4.2% growth as reported.

In the stationary back-up power market, strong sales growth was recorded throughout the year in the telecommunication infrastructure activity, whilst the industrial stand-by back-up power business returned to growth in H2 with a strong Q4. Overall, the stationary back-up power market registered broadly flat sales in 2010.

Transportation sales have been similarly flat in 2010 with a contrasting performance between aviation, which recorded a strong growth throughout the year, and the rail market which has been weaker since the beginning of the year.

Finally, the small nickel battery activity (ex. RBS division) continued to grow strongly in Q4 and H2, recording a 16% increase in the year, a recovery from a very weak 2009.

Excluding project costs related to Jacksonville, the profitability of the division's activities remained almost stable, with an EBITDA margin of 16.4% for 2010 compared with a 16.5% margin in 2009.

This performance results from an improvement in the gross margin, despite some unfavourable raw material price trends.

## Speciality Battery Group (SBG)

SBG achieved sales of €71.3m in Q4, showing an increase of 12.4% at actual exchange rates and 7.7% at constant exchange rates.

Driven by civil lithium markets, the division's revenue in 2010 reached €260.0 million, an increase of 7.6% at actual exchange rates and 4.0% at constant exchange rates.

Over 2010, the civil markets rose by almost 19%, mainly thanks to strong growth in the meters and smart metering systems market in the USA and Europe. The space market has been broadly flat in 2010 but registered record orders.

As expected at the beginning of last year, military markets were weaker in 2010. After recording growth of 18% in 2009, these markets contracted by 14% YoY.

Alongside its revenue growth, the SBG division has also improved its profitability. The division's EBITDA margin was 22.8% in 2010, compared with 22.0% in 2009. The improvement in profitability is largely due to the effectiveness of the division's cost control efforts, which had a positive impact on the gross margin.

### Other financial highlights of the period

After net finance costs of €18.8m, compared with €18.5m in 2009, and the Group's share of the loss of associates of €(15.3)m, the Group's share of net income amounted to €36.4m compared with €28.5m in 2009, representing an increase of 27.7% over the previous year.

Earnings per share, calculated on the weighted average number of outstanding shares during the year (24,865,856 shares vs 18,974,281 shares in 2009), amount to €1.46 compared to €1.50 in 2009.

Thanks to strong cash generating activities, the group ended 2010 with a cash position of €194.6m versus €207.4m at the end of 2009 after taking into account the €110m invested in the company and Johnson Controls-Saft JV activities.

The Group's net debt stood at €135.4m compared with €108.5 million at the end of 2009.

### Jacksonville and Michigan projects

Both projects are progressing on track with initial plans.

The Jacksonville factory building will be completed and equipment for the first production line installed during Q1 2011. Equipment commissioning will be completed during Q2. Product qualification and start of production will take place in Q3 and first sales from the line recorded in Q4. Hiring of the production team to commission the equipment began in Q1.

The Johnson Controls-Saft Michigan facility is also on schedule to begin cell production in H2. The battery assembly workshop has been operational since September 2010, meeting the current needs of Azure Dynamics and Ford.

## Outlook for 2011

Based on the recovery experienced during 2010, the Group anticipates continued growth in its traditional activities and markets as well as the first sales contribution from Jacksonville. Overall, sales in 2011 should grow at a minimum of 5% at constant foreign exchange rates.

In terms of profitability, Saft is expecting an EBITDA margin in the range of 17-17.5% after estimated costs related to the Jacksonville project and production start-up of \$10 million. This equates to an EBITDA margin of 18-18.5%, stripping out the impact of Jacksonville.

John Searle, Chairman of the Management Board, concluded as follows: *“2010 was a year of real recovery in our traditional businesses whose profitability enables us to finance our projects and increase our investments in research and development. In 2011, Saft should benefit from the first sales linked to the investments we made in 2009 and 2010.”*

### Financial calendar for 2011

2011 Q1 turnover	28 April 2011
Annual General Meeting	4 May 2011
2011 Q2 turnover and half year	27 July 2011
2011 Q3 turnover	27 October 2011

An investor and analysts' presentation is available on [www.saftbatteries.com](http://www.saftbatteries.com).

### **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 new applications in clean vehicles and renewable energy storage. With approximately 4,000 employees worldwide, Saft is present in 19 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](http://www.saftbatteries.com)

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## APPENDICES

### Consolidated Income Statement

(in € million)	2010	2009
Revenues	591.1	559.3
Cost of sales	(411.5)	(397.7)
<b>Gross profit</b>	<b>179.6</b>	<b>161.6</b>
Distribution and sales costs	(35.7)	(32.3)
Administrative expenses	(44.2)	(42.4)
Research and development expenses	(21.4)	(18.1)
Restructuring costs	(0.7)	(2.8)
Other operating income and expenses	1.1	2.1
<b>Operating profit</b>	<b>78.7</b>	<b>68.1</b>
Finance costs-net	(18.8)	(18.5)
Share of profit / (loss) of associates	(15.3)	(13.3)
<b>Profit before income tax</b>	<b>44.6</b>	<b>36.3</b>
Income tax expense	(8.0)	(7.4)
<b>Profit for the period</b>	<b>36.6</b>	<b>28.9</b>
<i>Attributable to:</i>		
<b>Equity holders of the company</b>	<b>36.4</b>	<b>28.5</b>
<b>Minority interest</b>	<b>0.2</b>	<b>0.4</b>
Earnings per share (in € per share): basic	1.46	1.50
Earnings per share (in € per share): diluted	1.45	1.50

## Consolidated statement of comprehensive income

(in €million)	2010	2009
<b>Profit for the period</b>	<b>36.6</b>	<b>28.9</b>
<b>Other comprehensive income</b>		
Fair value gains / (losses) on cash flow hedge	0.5	5.6
Fair value gains / (losses), net on investment hedge	(13.0)	(0.3)
Actuarial gains and losses recognised against Statement of Comprehensive Income	(1.6)	0.3
Currency translation adjustments	13.2	4.1
Tax effect on income / (expenses) recognised directly in equity	4.4	(1.9)
<b>Total other comprehensive income for the period, net of tax</b>	<b>3.5</b>	<b>7.8</b>
<b>Total comprehensive income for the period</b>	<b>40.1</b>	<b>36.7</b>
<b>Attributable to:</b>		
Equity holders of the company	39.7	36.3
Minority interest	0.4	0.4



## Consolidated cash flow statement

(in €million)	2010	2009
<b>Net profit for the period</b>	<b>36.6</b>	<b>28.9</b>
<b>Adjustments :</b>		
Share of profit/(loss) of associates (net of dividends)	16.2	13.8
Income tax expense	8.0	7.4
Property, plant and equipment and intangible assets amortisation and depreciation	30.1	31.6
Finance costs-net	18.8	18.5
Net movements in provisions	(4.4)	(1.2)
Other	0.1	1.5
	<b>105.4</b>	<b>100.5</b>
Change in inventories	(9.1)	15.9
Change in trade and other receivables	(13.3)	6.3
Change in trade and other payables	10.9	(10.2)
<b>Changes in working capital</b>	<b>(11.5)</b>	<b>12.0</b>
<b>Cash flows generated from operations before interest and tax</b>	<b>93.9</b>	<b>112.5</b>
Interest paid	(14.1)	(14.5)
Income tax paid	(5.0)	(4.6)
<b>Net cash provided by operating activities</b>	<b>74.8</b>	<b>93.4</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(35.9)	(25.6)
Purchase of property, plant and equipment	(69.6)	(16.7)
Purchase of intangible assets	(6.7)	(4.8)
Proceeds from sale of property, plant and equipment	1.7	0.1
Variation of other non-current financial assets and liabilities	0.1	0.2
<b>Net cash used in investing activities</b>	<b>(110.4)</b>	<b>(46.8)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	0.7	120.9
Purchase / Sale of treasury shares - liquidity contract	(0.4)	0.8
New debt	0.0	315.3
Debt repayments	0.0	(349.6)
Grants related to assets	24.5	0.0
Increase/(decrease) in other long-term liabilities	(0.8)	4.4
Dividends paid to company shareholders	(7.4)	(7.0)
<b>Net cash generated by/(used) in financing activities</b>	<b>16.6</b>	<b>84.8</b>
Net increase/(decrease) in cash	<b>(19.0)</b>	<b>131.4</b>
Cash and cash equivalents at beginning of period	207.4	68.8
Exchange gain / (loss) on cash and cash equivalents	6.2	7.2
<b>Cash and cash equivalents at end of period</b>	<b>194.6</b>	<b>207.4</b>

## Consolidated balance sheet

### Assets

(in €million)	31/12/2010	31/12/2009
<b>Non-current assets</b>		
Intangible assets, net	222.2	228.2
Goodwill	110.3	104.8
Property, plant and equipment, net	166.8	109.9
Investment properties	0.1	0.2
Investments in joint undertakings	49.6	30.0
Deferred income tax assets	6.6	10.1
Other non current financial assets	0.8	0.9
	<b>556.4</b>	<b>484.1</b>
<b>Current assets</b>		
Inventories	76.5	63.1
Trade and other receivables	153.7	141.1
Derivative financial instruments	2.1	2.2
Cash and cash equivalents	194.6	207.4
	<b>426.9</b>	<b>413.8</b>
<b>Total assets</b>	<b>983.3</b>	<b>897.9</b>

## Liabilities and equity

(in €million)	31/12/2010	31/12/2009
<b>Shareholders' equity</b>		
Ordinary shares	25.1	24.7
Share premium	102.1	92.5
Treasury shares	(0.7)	(0.3)
Cumulative translation adjustments	24.9	11.8
Fair value and other reserves	3.1	12.8
Group consolidated reserves	185.3	164.3
Minority interest in equity	1.4	1.0
<b>Total shareholders' equity</b>	<b>341.2</b>	<b>306.8</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Debt	327.7	312.7
Other non-current financial liabilities	6.1	8.1
Deferred grants related to assets	25.5	0.0
Deferred income tax liabilities	60.0	69.0
Pensions and other long-term employee benefits	9.9	8.5
Provisions for other liabilities and charges	35.0	33.3
	<b>464.2</b>	<b>431.6</b>
<b>Current liabilities</b>		
Trade and other payables	156.2	136.4
Taxes payable	8.1	5.3
Debt	2.3	3.2
Derivative instruments	1.8	2.1
Pensions and other long-term employee benefits	1.0	1.0
Provisions for other liabilities and charges	8.5	11.5
	<b>177.9</b>	<b>159.5</b>
<b>Total liabilities and equity</b>	<b>983.3</b>	<b>897.9</b>

## Statement of changes in equity

(in € 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		
<b>Balance at December 31, 2007</b>	<b>18,514,086</b>	<b>18.5</b>	<b>(15.1)</b>	<b>122.7</b>	<b>0.8</b>	<b>126.9</b>
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)
Buyback 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
<b>Balance at December 31, 2008</b>	<b>18,514,086</b>	<b>18.5</b>	<b>(27.7)</b>	<b>162.4</b>	<b>0.6</b>	<b>153.8</b>
Employee stock option schemes (value of employee services)		0.0	0.0	1.6	0.0	1.6
Capital increase with maintenance of preferential subscription rights of December 2, 2009	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	241,815	0.0	0.0	(7.0)	0.0	(7.0)
Buyback of treasury shares		0.0	0.0	0.8	0.0	0.8
Total comprehensive income		0.0	0.0	36.3	0.4	36.7
<b>Balance at December 31, 2009</b>	<b>24,684,093</b>	<b>24.7</b>	<b>92.5</b>	<b>188.6</b>	<b>1.0</b>	<b>306.8</b>
Employee stock option schemes (value of employees' services)		0.0	0.0	1.4	0.0	1.4
Payment of dividend in shares	410,647	0.4	8.9	(9.3)	0.0	0.0
Capital increase by exercise of stock options	31,100	0.0	0.7	0.0	0.0	0.7
Dividend paid		0.0	0.0	(7.4)	0.0	(7.4)
Purchase/Sale of treasury shares		0.0	0.0	(0.4)	0.0	(0.4)
Total comprehensive income		0.0	0.0	39.7	0.4	40.1
<b>Balance at December 31, 2010</b>	<b>25,125,840</b>	<b>25.1</b>	<b>102.1</b>	<b>212.6</b>	<b>1.4</b>	<b>341.2</b>