N° 33-11

Saft Groupe SA reports strong sales growth in H1 2011 and increases FY sales guidance

Paris, July 27, 2011 – 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 2011.

First half sales and earnings highlights

- Q2 sales of €160.9m, up 9.5% YoY at constant exchange rates and up 4.2% at actual exchange rates.
- H1 2011 sales of €311.6m, an increase of 9.8% YoY at constant exchange rates and an increase of 7.4% YoY as reported.
- EBITDA margin of 17.5% of sales in H1 2011, at €54.5m, at the top of the initial guidance range.
- Net income down by 30.7% YoY to €15.8m due to increased losses from Johnson Controls-Saft.

Outlook for FY 2011
FY 2011 sales guidance increased

- Sales guidance increased from ≥ 5% to ≥ 7% growth at constant exchange rates.
- 2011 EBITDA margin confirmed between 17.0 to 17.5% of sales after the Jacksonville impact.

John Searle, Chairman of the Management Board, commented: *"I am delighted to report strong sales growth in Q2, after a very good Q1. Most of Saft's markets continue to grow steadily with some activities recording very strong growth in H1, notably the industrial standby power market within Industrial Battery Group and civil activities within Specialty Battery Group.*

Due to strong sales growth, EBITDA in H1 was strong, at the top of the guidance range, despite foreign exchange and nickel price headwinds. H1 EBITDA margin excluding Jacksonville is 18.5% of sales.

I anticipate continued sales growth in H2 and thus revise our sales guidance upwards from ≥ 5% to ≥ 7% growth at constant exchange rates. I am also able to confirm our full year EBITDA margin guidance at 17.0 to 17.5% of sales."

Consolidated sales and results – First half 2011

In euro million	First half 2011	First half 2010	Variations in % [(1)]
Sales	311.6	290.0	9.8%
Gross profit	93.9	89.8	4.6%
Gross profit %	*30.1%*	*31.0%*	
EBITDA [(2)]	54.5	54.2	0.5%
EBITDA margin %	*17.5%*	*18.7%*	
EBIT [(3)]	39.5	38.8	1.8%
EBIT margin %	*12.7%*	*13.4%*	
Profit before income tax	20.7	27.6	(25.0)%
Net income	15.8	22.8	(30.7)%
EPS (€ per share)	0.62	0.92	(32.6)%

(1) Percentage changes are at actual exchange rates except for sales growth which is at constant exchange rates.

(2) EBITDA is defined as operating income, before depreciation, amortisation, restructuring costs and other operating income and expenses.

(3) EBIT is defined as operating income, before restructuring costs and other operating income and expenses.

Notes:

1. *There have been no changes in the consolidation perimeter between 2010 and 2011.*
2. *Average exchange rate during H1 2011 was €1 = $1.40, compared with €1 = $1.33 during H1 2010.*

Key figures

- Sales were €311.6m in H1 2011, compared with €290.0m in H1 2010, an increase of 7.4% at actual exchange rates and an increase of 9.8% at constant exchange rates.

- Gross profit margin slightly decreased by 90 bp to 30.1% of sales in H1 2011 compared to 31.0% in H1 2010, due to the cost impact of the Jacksonville project, foreign exchange and increased nickel prices.

- EBITDA margin of 17.5% of sales, at the top of the guided range. Excluding costs of €3.2m (vs €0.6m in H1 2010) incurred on the Jacksonville project, EBITDA was €57.7m in H1 2011 (18.5% of sales) compared with €54.9m (18.9% of sales) in H1 2010.

- Net income during H1 was €15.8m, down 30.7% compared with 2010 due to increased losses from the Johnson Controls-Saft JV.

- Earnings Per Share was €0.62 compared to EPS of €0.92 in H1 2010.

- Gross investments in fixed assets and capitalised R&D costs for H1 2011 were €43.1m, of which gross investment in the new Jacksonville lithium-ion factory was €30.5 million. Department of Energy funding for this project amounted to €15.2 million during H1 2011.

- Investment in the Johnson Controls-Saft joint venture was €22.9m, compared with €17.0m in H1 2010.

- After investments and dividend payment in H1 2011, net debt at June 30, 2011 increased to €165.2m, compared with €135.4m on December 31, 2010. Leverage ratio was 1.58 at end of June 2011, compared with 1.24 at end December 31, 2010.

- Group cash position remains strong at €151.7m on June 30, 2011, compared with €194.6m at end December 2010.

Second quarter sales by product line

In euro million

			Variations in %	
Product line	**Q2 2011**	**Q2 2010**	**At actual exchange rates**	**At constant exchange rates**
IBG	89.9	83.6	7.6%	12.9%
SBG	71.0	70.8	0.2%	5.5%
Total	**160.9**	**154.4**	**4.2%**	**9.5%**

Sales numbers are at actual exchange rates.

The average exchange rate in Q2 2011 was €1 to $1.44 (compared with €1 to $1.27 in Q2 2010).

There was no change in perimeter between Q2 2010 and Q2 2011.

Results by product line

	6 months ended 30 June 2011				6 months ended 30 June 2010		
Product line	**Sales €m**	**Sales growth %**	**EBITDA €m**	**EBITDA margin %**	**Sales €m**	**EBITDA €m**	**EBITDA Margin %**
IBG	177.6	12.7%	25.3	14.2%	160.7	27.0	16.8%
SBG	134.0	6.2%	32.2	24.0%	129.3	29.6	22.9%
Other	-	-	(3.0)	n.a	-	(2.4)	n.a.
Total	**311.6**	**9.8%**	**54.5**	**17.5%**	**290.0**	**54.2**	**18.7%**

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

Average exchange rate during H1 2011 was €1 = $1.40, compared with €1 = $1.33 during H1 2010.

Industrial Battery Group (IBG)

At €177.6 million, the division's sales increased by 12.7% during the first half of 2011 at constant exchange rates. On a reported basis, first half sales are up 10.5% compared with H1 2010, a strong performance aided by a favourable comparable.

The pace of growth in activity recorded in the first quarter was maintained in the second quarter with sales increase of 12.9% at constant exchange rates and sales increase of 7.6% at actual exchange rates.

The driver of H1 growth is the stationary back-up power market, in particular the market segment of batteries for industrial standby applications. Sales in the transportation segment continued to grow during the first half with the rail market returning to growth.

Finally, markets for small nickel batteries (former RBS activities) showed reduced sales during the first half. This reduction in sales mainly affected the professional electronics market.

The EBITDA margin for the division amounted to 14.2% of sales in the first half, compared with a margin of 16.8% in H1 2010. Operational leverage from higher volumes has been offset by some foreign exchange and nickel price increases. Net costs incurred for the Jacksonville project amounted to 3.2 million euros versus 0.6 million euros in the first half of 2010.

Specialty Battery Group (SBG)

SBG division sales over the first six months, amounting to €134.0 million, increased by 6.2% at constant exchange rates as compared to H1 2010 and by 3.6% on a reported basis.

Despite a challenging base of comparison, sales rose by 5.5% during the second quarter at constant exchange rates, following an increase of 6.9% registered during the first quarter.

This good performance during the first half year is the result of very strong growth in the civil activities. Military activities recorded reduced sales but order intake was strong and we anticipate growing military sales in H2.

Growth recorded in the civil electronics markets was diversified across almost all applications, mainly in the US and Europe. Additionally, sales to the space market were very strong in H1.

The division's EBITDA margin for the first half year has increased substantially to 32.2 million euros, at 24.0% of sales compared to an EBITDA margin of 22.9% during H1 2010. This growth is mainly due to increased volumes and good cost control.

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 two operational divisions.

EBITDA of other activities for the first half year is €(3.0)m compared to €(2.4)m in 2010.

Investments in the new lithium-ion plant in Jacksonville

Production line equipment installation and commissioning is progressing as planned and the first production line will be available for sales in Q4.

Opportunities exist in the energy storage, telecommunication networks, defense and aviation markets, and additional markets are emerging in rail and motive power. During the first half, Saft announced several successes in particular within the renewable energy storage market, the latest ones being *Millener* and *Nice Grid* projects in France and a project in San Diego.

The *Millener* project concerns 1000 smart grid photovoltaic systems for the French islands, of which 500 installations will have storage giving an overall storage capacity of 3 MWh.

The second project, called *Nice Grid* on the Côte d'Azur, is an electricity distribution project including 2.7 MWh storage.

Johnson Controls-Saft joint-venture

On May 18, 2011, Saft was notified that Johnson Controls (JCI) had filed a petition for the dissolution of the Johnson Controls-Saft Advanced Power Solutions LLC (JCS) joint venture under the Dispute Resolution Provisions set forth in the Johnson Controls-Saft Shareholders' Agreement signed in January 2006.

On June 3, 2011, Saft filed a motion with the Chancery Court in Delaware to dismiss the petition for dissolution of the Johnson Controls-Saft Advanced Power Solutions LLC (JCS) because of the absence of a legitimate reason for dissolution.

Saft and Johnson Controls have agreed to continue to support the joint venture so it can fulfil existing customer contracts, pending a legal outcome to the dispute or a negotiated settlement.

Outlook

Based on the H1 performance, Saft increases FY11 sales growth guidance to ≥ 7% at constant exchange rates, and confirms its 2011 profitability guidance as follows:

In euro million	FY 2010	H1 2011 Actual (1)	FY 2011 Initial Estimate (2)	FY 2011 Revised Estimate (2)
Sales	591.1	311.6	≥ 5%	≥ 7%
Reported EBITDA margin	18.3%	17.5%	17,0 – 17,5%	17,0 – 17,5%
Restated EBITDA margin excluding Jacksonville impact	18.6%	18.5%	18,0 – 18,5%	18,0 – 18,5%
Average €/$ exchange rate	*1.33*	*1.40*	*1.33*	*1.40*

(1) H1 2011 impact of the costs related to the Jacksonville project is $4.5 million (€3.2m) vs $ 0.8 million (€0.6 million) in H1 2010.

(2) Excluding impact of the costs related to the Jacksonville project estimated at $10.0 million (vs $2.0 million in 2010).

Financial calendar

2011 Q3 turnover	27 October 2011
2011 FY sales and results 2011	16 February 2012

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 energy storage systems. 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.
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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 2011 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, 2011	As of December 31, 2010	As of December 31, 2009
Non-current assets			
Intangible assets, net	218.2	222.2	228.2
Goodwill	104.6	110.3	104.8
Property, plant and equipment, net	190.3	166.8	109.9
Investment properties	0.1	0.1	0.2
Investments in joint undertakings	58.1	49.6	30.0
Deferred income tax assets	6.0	6.6	10.1
Other non-current financial assets	0.7	0.8	0.9
	578.0	**556.4**	**484.1**
Current assets			
Inventories	89.2	76.5	63.1
Trade and other receivables	151.8	153.7	141.1
Derivative financial instruments	0.9	2.1	2.2
Cash and cash equivalents	151.7	194.6	207.4
	393.6	**426.9**	**413.8**
Total assets	**971.6**	**983.3**	**897.9**

Consolidated balance sheet

Liabilities and equity

In euro million	As of June 30, 2011	As of December 31, 2010	As of December 31, 2009
Shareholders' equity			
Ordinary shares	25.2	25.1	24.7
Share premium	103.2	102.1	92.5
Treasury shares	(1.4)	(0.7)	(0.3)
Cumulative translation adjustments	11.0	24.9	11.8
Fair value and other reserves	11.5	3.1	12.8
Group consolidated reserves	184.1	185.3	164.3
Minority interest in equity	2.7	1.4	1.0
Total shareholders' equity	**336.3**	**341.2**	**306.8**
Liabilities			
Non-current liabilities			
Debt	315.1	327.7	312.7
Other non-current financial liabilities	6.9	6.1	8.1
Deferred grants related to assets	38.4	25.5	0.0
Deferred income tax liabilities	59.1	60.0	69.0
Pensions and other long-term employee benefits	10.9	9.9	8.5
Provisions for other liabilities and charges	32.8	35.0	33.3
	463.2	**464.2**	**431.6**
Current liabilities			
Trade and other payables	157.4	156.2	136.4
Taxes payable	4.2	8.1	5.3
Debt	2.2	2.3	3.2
Derivative instruments	1.1	1.8	2.1
Pensions and other long-term employee benefits	0.5	1.0	1.0
Provisions for other liabilities and charges	6.7	8.5	11.5
	172.1	**177.9**	**159.5**
Total liabilities and equity	**971.6**	**983.3**	**897.9**

Consolidated income statement

In euro million	Period ended June 30, 2011	Period ended June 30, 2010	Period ended June 30, 2009
Revenues	311.6	290.0	287.4
Cost of sales	(217.7)	(200.2)	(204.8)
Gross profit	**93.9**	**89.8**	**82.6**
Distribution and sales costs	(19.1)	(18.2)	(17.1)
Administrative expenses	(24.3)	(21.7)	(21.4)
Research and development expenses	(11.0)	(11.1)	(8.4)
Restructuring costs	0.1	(0.4)	(0.5)
Other operating income and expenses	(0.4)	1.9	2.0
Operating profit	**39.2**	**40.3**	**37.2**
Finance costs-net	(6.9)	(6.5)	(5.6)
Share of profit/(loss) of associates	(11.6)	(6.2)	(4.2)
Profit before income tax	**20.7**	**27.6**	**27.4**
Income tax expense	(4.9)	(4.8)	(5.8)
Profit for the period	***15.8***	**22.8**	**21.6**
Attributable to :			
- *equity holders of the Company*	*15.5*	*22.8*	*21.4*
- *minority interest*	*0.3*	*0.0*	*0.2*
Earnings per share (in € per share): basic	**0.62**	**0.92**	**1.14**
Earnings per share (in € per share): diluted	**0.61**	**0.92**	**1.14**

Consolidated statement of comprehensive income

In euro million	Period ended June 30, 2011	Period ended June 30, 2010	Period ended June 30, 2009
Profit for the period	**15.8**	**22.8**	**21.6**
Other comprehensive income			
Fair value gains/(losses) on cash flow hedge	(0.8)	(2.1)	3.0
Fair value gains/(losses), net on investment hedge	13.6	(29.0)	0.2
Actuarial gains and losses recognised against Statement of Comprehensive Income	0.0	0.0	0.9
Currency translation adjustments	(14.0)	28.5	(0.2)
Tax effect on income/(expenses) recognised directly in equity	(4.4)	10.4	(1.1)
Total other comprehensive income for the period, net of tax	**(5.6)**	**7.8**	**2.8**
Total comprehensive income for the period	**10.2**	**30.6**	**24.4**
Attributable to:			
- equity holders of the company	10.0	30.3	24.2
- minority interest	0.2	0.3	0.2

Consolidated statement of cash flows

In euro million	Period ended June 30, 2011	Period ended June 30, 2010	Period ended June 30, 2009
Net profit for the period	**15.8**	**22.8**	**21.6**
Adjustments:			
Share of profit/(loss) of associates	12.6	6.2	4.7
Income tax expense	4.9	4.8	5.8
Property, plant and equipment and intangible assets amortisation and depreciation	15.0	15.4	15.8
Finance costs-net	6.9	6.5	5.6
Net movements in provisions	(2.3)	(1.2)	(1.6)
Other	1.1	(0.9)	1.4
	54.0	**53.6**	**53.3**
Change in inventories	(15.9)	(9.1)	6.9
Change in trade and other receivables	(0.2)	(4.5)	7.6
Change in trade and other payables	3.0	13.0	(18.6)
Changes in working capital	**(13.1)**	**(0.6)**	**(4.1)**
Cash flows generated from operations before interest and tax	**40.9**	**53.0**	**49.2**
Interest paid	(5.4)	(6.8)	(8.5)
Income tax paid	(8.1	(3.7)	0
Net cash provided by operating activities	**27.4**	**42.5**	**40.7**
Cash flows from investing activities			
Capital increase of associates	(22.9)	(17.0)	(21.8)
Purchase of property, plant and equipment	(39.4)	(24.4)	(7.7)
Purchase of intangible assets	(3.7)	(2.9)	(2.2)
Proceeds from sale of property, plant and equipment	0.0	1.5	0.2
Variation of other non-current financial assets and liabilities	0.0	(0.1)	0.1
Net cash used in investing activities	**(66.0)**	**(42.9)**	**(31.4)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares [(a)]	2.3	0.1	0.0
Purchase/Sale of treasury shares - liquidity contract	(0.7)	(0.7)	0.0
Debt repayments	0.0	0.0	(10.2)
Grants related to assets	15.2	7.7	0.0
Increase/(decrease) in other long-term liabilities	0.1	0.0	0.0
Dividends paid to Company shareholders	(17.6)	0.0	0.0
Net cash generated by/(used) in financing activities	**(0.7)**	**7.1**	**(10.2)**
Net increase/(decrease) in cash	(39.3)	6.7	(0.9)
Cash and cash equivalents at beginning of period	194.6	207.4	68.8
Exchange gain/(loss) on cash and cash equivalents	(3.6)	11.2	1.3
Cash and cash equivalents at end of period	**151.7**	**225.3**	**69.2**

[(a)] including €1.1 million from capital increase of Indian subsidiary held at 51.04%.

Consolidated 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		
Balance at 01/01/2009	**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	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
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)
Buyback 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 30/06/2010	**24,688,543**	**24.7**	**92.6**	**202.0**	**1.3**	**320.6**
Employee stock option schemes (value of employee services)		0.0	0.0	0.8	0.0	0.8
Payment of dividend in shares	410,647	0.4	8.9	0.1	0.0	9.4
Capital increase by exercise of stock options	26,650	0.0	0.6	0.0	0.0	0.6
Purchase/Sale of treasury shares		0.0	0.0	0.3	0.0	0.3
Total comprehensive income		0.0	0.0	9.4	0.1	9.5
Balance at 31/12/2010	**25,125,840**	**25.1**	**102.1**	**212.6**	**1.4**	**341.2**
Employee stock option schemes (value of employee services)		0	0	0.9	0	0.9
Capital increase by exercise of stock options	49,005	0.1	1.1	0.0	0.0	1.2
Amco-Saft India Ltd capital increase		0.0	0.0	0.0	1.1	1.1
Dividend paid		0.0	0.0	(17.6)	0.0	(17.6)
Purchase/Sale of treasury shares		0.0	0.0	(0.7)	0.0	(0.7)
Total comprehensive income		0.0	0.0	10.0	0.2	10.2
Balance at June 30, 2011	**25,174,845**	**25.2**	**103.2**	**205.2**	**2.7**	**336.3**