



H1 sales growth of 18.4% **Net income up 96% at €21.8 million.**

Paris, 23 July 2014 – Saft, leader in the design, development and manufacture of advanced batteries for industry, announces its sales and earnings for the six-month period ended 30 June 2014.

H1 2014 Key figures highlights

- H1 2014 sales totalled €330.1m, growth of 18.4% at constant exchange rates and of 15.9% as reported.
- EBITDA totalled €50.7m during H1, an increase of 26.8% compared with H1 2013.
- Net income for the half year was €21.8m, compared with €11.1m in prior year.
- Earnings per share of €0.84 compared with €0.44 in H1 2013.

2014 Outlook

- Annual sales and profitability guidance confirmed.

John Searle, Chairman of the Management Board, commented:

“Sales continued to grow very strongly during Q2 continuing a trend which started in mid-2013. I am very pleased with the performance during H1.

The majority of the growth came from our Industrial Battery Division where we had good levels of demand in all markets during the half year. In the second quarter, the performance in the standby power and aviation markets was very positive. In our second division, Specialty Batteries, we have seen a strong recovery in demand from the electronics industry, notably in Europe and some signs of a stabilisation in demand in some of our defence markets. Overall our sales of Li-ion batteries grew by 60% in H1, helped by favourable comparables.

This very positive performance, notably from our Li-ion operations has led to an impressive improvement in the profitability of the Industrial Battery Division and for the Group in total.

I am confident that Saft will continue to deliver growing sales in H2, although the comparables will be more challenging from Q3. Sales and profitability guidance given in February remains unchanged.”

First half-year consolidated results

<i>(in € million)</i>	First half-year		
	2014	2013	Variations in % ⁽¹⁾
Sales	330.1	284.9	18.4%
Gross profit	94.5	79.1	19.5%
<i>Gross profit %</i>	28.6%	27.8%	
EBITDA ⁽²⁾	50.7	40.0	26.8%
<i>EBITDA margin %</i>	15.4%	14.0%	
EBIT ⁽³⁾	31.5	20.6	52.9%
<i>EBIT margin %</i>	9.5%	7.2%	
Net profit from continuing operations	21.8	16.3	33.7%
Net profit/(loss) from discontinued operations ⁽⁴⁾	-	(5.2)	n.s
Net profit for the period	21.8	11.1	96.4%
EPS (€ per share)	0.84	0.44	90.9%
EPS from continuing operations	0.84	0.65	29.2%

(1) Percentage changes are at actual exchange rates except for sales growth which is at constant exchange rates. Average exchange rate during H1 2014 was €1 = \$1.37, compared with €1 = \$1.31 during H1 2013.

(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.

(4) Net profit/(loss) from discontinued operations relates to the small nickel battery business sold on 28 June 2013.

First-half year 2014 condensed interim consolidated financial statements approved by the Saft Groupe SA Management Board have been examined by the Supervisory Board on 21 July 2014. These condensed interim consolidated financial statements have also been subject to a limited review by the Group's auditors.

Half year results by product line

	6 months ended 30 June 2014				6 months ended 30 June 2013		
	Sales (€m)	Variations (%)	EBITDA (€m)	EBITDA margin (%)	Sales (€m)	EBITDA (€m)	EBITDA margin (%)
IBG	205.5	31.7%	22.7	11.0%	159.9	12.2	7.6%
SBG	124.6	1.5%	29.8	23.9%	125.0	29.1	23.3%
Other	-	-	(1.8)	n.a.	-	(1.3)	n.a.
Total	330.1	18.4%	50.7	15.4%	284.9	40.0	14.0%

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

Average exchange rate during H1 2014 was €1 to \$1.37, compared with €1 to \$1.31 during H1 2013.

Second quarter sales

In the second quarter of 2014, sales amounted to €175.8 million, up 18.9% at constant exchange rates after sales growth of 17.9% during the first quarter.

	Q2 2014	Q2 2013	Variations in %	
			At actual exchange rates	At constant exchange rates
IBG	112.3	85.3	31.7%	34.9%
SBG	63.5	66.1	(3.9)%	(1.7)%
Total	175.8	151.4	16.1%	18.9%

Sales numbers are at actual exchange rates.

Euro/dollar average exchange rate was €1 to \$1.37 compared with €1 to \$1.32 in Q2 2013.

Industrial Battery Group (IBG)

At €205.5 million, the division's sales increased by 31.7% during the first half of 2014 at constant exchange rates (up 28.5% on a reported basis).

After the strong sales performance achieved in Q1, the trend continued into Q2 where sales grew by 34.9% at constant exchange rates.

The increase in H1 sales resulted from strong growth of activity in all market segments of the division. The most substantial contribution to this performance came from sales of batteries for stationary back-up power applications. Sales in the telecommunication networks market increased sharply compared to the first half of 2013, primarily due to sales of Evolion® batteries to Indian telecom network operator Reliance Jio Infocomm Limited but also due to increased sales of nickel batteries in the United States. Sales of back-up power batteries for industrial applications also recorded strong growth, above global market trend. Finally, sales of ESS batteries for energy storage applications increased sharply in the first half of 2014.



Transportation markets also contributed to this strong performance with sales up 19.0% at constant exchange rates. The aviation segment was the most dynamic with growth coming from both sales of replacement batteries to the civil market and from sales of lithium-ion batteries to the military. Sales to the rail segment continued to grow at a similar pace to that achieved in 2013.

The EBITDA margin for the division in the first half of 2014 totaled €22.7 million or 11.0% of sales, against a margin of 7.6% in the first half of 2013. This strong increase in profitability is due to higher volumes of nickel and lithium-ion batteries. Increased volumes in Jacksonville and Nersac, as well as good operational performance, resulted in a strong reduction of the combined EBITDA loss of these two factories.

IBG markets will remain positive during the second half of the year. Nevertheless, it should be noted that as the large telecom contract in India is now fully delivered, H2 telecom sales will therefore be below prior year. The ESS market segment will thus be the main source of demand for our lithium-ion products from Jacksonville and Nersac during H2.

Specialty Battery Group (SBG)

SBG division sales over the first six months amounted to €124.6 million, a 0.3% decrease on a reported basis as compared to H1 2013 but a 1.5% increase at constant exchange rates. Sales decreased by 1.7% during the second quarter, following an increase of 5.2% registered during the first quarter.

The strong recovery in sales to the civil electronics market segment during the first quarter continued during the second quarter leading to a sales growth of 12.3% for the first six months of 2014 at constant exchange rates. Main drivers of the increased activity in this segment are metering projects in Europe and China.

The defence & space market saw a 15,3% sales drop during the first half of 2014. Reduction in the defence activity is due to the anticipated low demand for batteries for torpedoes. Excluding this, combined sales of batteries for other military applications were in line with 2013.

The space activity saw reduced sales during the first six months, due to unfavorable timing of milestones in Q2.

The SBG division's EBITDA margin has increased to 29.8 million euros, at 23.9% of sales for the first half year compared to an EBITDA margin of 23.3% during H1 2013. Negative foreign exchange impact due to weak US dollar was more than compensated for by strong cost control and positive volume effect.

SBG sales should benefit from slow growth during the second half of the year.

Other highlights of 2014 first half-year financial results

After factoring in the cost of support activities and depreciation and amortization of €19.2m, Group operating profit amounted to €31.0m during the first-half, showing a YoY increase of 18.3% compared to 2013.

The net financial expense in H1 2014 was €2.8m, an improvement of €2.9m on 2013 due to a €1.5m profit from foreign exchange during the first half compared with a loss of €0.9m in 2013.

Income tax expense amounted to €6.8m for the first half, representing an overall tax rate of 23.8%, as compared to an overall group tax rate of 21.3% in H1 2013.



Net profit from continuing operations was €21.8m in the first-half, an increase of 33.7% compared with H1 2013. This result includes Saft's share in increased net profit of the ASB joint-venture at €0.4m.

Finally, the Group's net profit for H1 2014 totalled €21.8m, compared with a net profit of €11.1m in the same period of 2013, representing an increase of 96.4%.

At €27.8m, cash generated from operations in H1 2014 increased by 11.6% compared with previous year. Good control of operating working capital was partially offset by an increase in other receivables, mainly tax credits. This good operational performance combined with reduced investments at €17.2m, resulted in strong increase in free cash-flow at €10.6 for the half-year, compared with negative free cash-flow of €2.0m over the same period of 2013.

Saft ended H1 2014 with a strong cash position of €104.5m, and a net debt of €109.0m, compared with €111.6m at the end of 2013.

Financial calendar

2014 Q3 turnover	23 October 2014
Investor day in Jacksonville, Florida	7 November 2014
2014 full-year sales and results	18 February 2015

An investor and analysts' presentation is available on 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 leading designer and manufacturer of advanced technology batteries for industry. The Group is the world's leading manufacturer of nickel batteries and primary lithium batteries for the industrial infrastructure and processes, transportation, civil and military electronics' markets. Saft is the world leader in space and defence batteries with its Li-ion technologies which are also deployed in the energy storage, transportation and telecommunication network markets. More than 3,800 employees in 18 countries, 14 manufacturing sites and an extensive sales network all contribute to accelerating the Group's growth for the future.

Saft batteries. Designed for industry.

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Consolidated income statement

<i>(in € million)</i>	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2012
Revenues	330.1	284.9	293.0
Cost of sales	(235.6)	(205.8)	(207.0)
Gross profit	94.5	79.1	86.0
Distribution and sales costs	(21.3)	(20.6)	(19.4)
Administrative expenses	(25.0)	(23.9)	(21.7)
Research and Development expenses	(16.7)	(14.0)	(11.3)
Restructuring costs	(0.5)	(0.2)	(0.1)
Other operating income and expenses	0.0	5.8	0.0
Operating profit	31.0	26.2	33.5
Finance costs, net	(2.8)	(5.7)	(4.9)
Share of profit/(Loss) of associates	0.4	0.2	0.6
Profit before income tax from continuing operations	28.6	20.7	29.2
Income tax on continuing operations	(6.8)	(4.4)	(8.7)
Net profit/(loss) from continuing operations	21.8	16.3	20.5
Net profit/(Loss) from discontinued operations ⁽¹⁾	0.0	(5.2)	(0.5)
Net profit for the period	21.8	11.1	20.0
Attributable to owners of the parent company	21.7	11.1	19.9
Attributable to non-controlling interests	0.1	0.0	0.1
Earnings per share <i>(in € per share)</i>			
• basic	0.84	0.44	0.79
• diluted	0.83	0.44	0.79
Earnings per share of continued operations <i>(in € per share)</i>			
• basic	0.84	0.65	0.81
• diluted	0.83	0.65	0.81

(1) H1 2013 and 2012 net income from discontinued operations relate to the "SNB" Small Nickel Battery activity, sold on 28 June 2013.

Consolidated statement of comprehensive income

<i>(in € million)</i>	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2012
Net profit for the period	21.8	11.1	20.0
Other comprehensive income:			
Actuarial gains and losses recognised against statement of comprehensive income	0.0	0.0	0.0
Tax effect on actuarial gains and losses recognised against statement of comprehensive income	0.0	0.0	0.0
Items that will not be reclassified to profit or loss	0.0	0.0	0.0
Fair value gains/(losses) on cash flow hedge	1.6	(1.8)	(0.1)
Fair value gains/(losses), net on investment hedge	(1.0)	(1.0)	6.7
Currency translation adjustments	1.0	(0.4)	(0.7)
Tax effect on income/(expenses) recognised directly in equity	(0.2)	0.9	(2.2)
Items that may be reclassified subsequently to profit or loss	1.4	(2.3)	3.7
Total other comprehensive income for the period, net of tax	1.4	(2.3)	3.7
Total comprehensive income for the period	23.2	8.8	23.7
Attributable to:			
• Owners of the parent company	23.0	9.0	23.6
• Non-controlling interests	0.2	(0.2)	0.1

Consolidated cash flow statement

<i>(in € million)</i>	Six months ended 30 June 2014	Six months ended 30 June 2013	Six months ended 30 June 2012
Net profit for the period from continuing operations	21.8	16.3	20.5
Adjustments			
Share of net profit/(loss) of associates (net of dividends received)	0.7	0.7	0.4
Income tax expense from continued activities	6.8	4.4	8.7
Property, plant and equipment and intangible assets amortisation and depreciation	19.2	19.4	16.5
Finance costs, net	2.8	5.7	4.9
Net movements in provisions	(1.5)	(1.4)	0.0
Other	0.4	(3.4)	0.5
Net cash generated by operating activities, before changes in working capital, interest and income tax	50.2	41.7	51.5
Change in inventories	(6.1)	(14.5)	(13.1)
Change in trade and other receivables	(2.3)	9.9	0.0
Change in trade and other payables	5.9	0.6	0.7
Change in other receivables and payables	(10.3)	0.7	(10.9)
Changes in working capital	(12.8)	(3.3)	(23.4)
Cash flows from operations before interest and income tax	37.4	38.4	28.1
Interest paid	(3.5)	(3.7)	(2.9)
Income tax paid	(6.1)	(9.8)	(6.8)
Net cash generated by operating activities	27.8	24.9	18.4
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	0.2	(8.5)	0.0
Purchase of property, plant and equipment	(14.3)	(22.3)	(24.6)
Purchase of intangible assets	(3.1)	(3.6)	(5.0)
Proceeds from sale of property, plant and equipment	0.0	0.0	0.3
Variation of other non-current financial assets and liabilities	0.0	(0.2)	0.0
Net cash used in investing activities	(17.2)	(34.6)	(29.3)
Cash flows from financing activities	0.0	0.0	0.0
Capital increase	2.4	0.1	0.0
Purchase/Sale of treasury shares - liquidity contract	0.7	(0.2)	(0.3)
New financial debt	0.0	0.0	209.4
Financial debt repayments	0.0	0.0	(328.5)
Grants related to assets and insurance indemnities	0.0	7.7	6.9
Increase/(decrease) in other long-term liabilities	(0.7)	0.1	0.1
Dividends paid to Company shareholders	(9.8)	(9.1)	(43.1)
Net cash generated by/(used in) financing activities	(7.4)	(1.4)	(155.5)
Net cash generated by/(used in) continuing operations	3.2	(11.1)	(166.4)
Net cash generated by/(used in) discontinued operations ⁽¹⁾	0.0	(8.4)	(0.2)
Net increase/(decrease) in cash	3.2	(19.5)	(166.6)
Cash and cash equivalents at beginning of period	101.4	114.5	267.2
Impact of changes in exchange rates	(0.1)	(0.8)	(1.4)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	104.5	94.2	99.2

(1) Net cash used in discontinued operations for the first halves of 2012 and 2013 relate to the "SNB" Small Nickel Battery activity, sold on 28 June 2013.

Consolidated statement of financial position

Assets

<i>(in € million)</i>	30 June 2014	31 December 2013	31 December 2012
Non-current assets			
Intangible assets, net	203.0	205.9	213.3
Goodwill	108.5	107.8	111.1
Property, plant and equipment, net	244.0	245.1	226.7
Investment properties	0.1	0.1	0.1
Investments in joint undertakings	13.2	13.8	13.3
Deferred income tax assets	5.6	6.5	5.9
Other non-current financial assets	0.3	0.5	0.3
	574.7	579.7	570.7
Current assets			
Inventories	103.3	97.1	80.2
Tax credits	27.1	22.5	14.7
Trade and other receivables	178.9	173.0	170.0
Derivative financial instruments	1.8	1.0	1.0
Cash and cash equivalents	104.5	101.4	114.5
	415.6	395.0	380.4
Assets held for sale ⁽¹⁾	0.0	0.0	18.8
TOTAL ASSETS	990.3	974.7	969.9

(1) Assets held for sale as of end of 2012 relate to the "SNB" Small Nickel Battery activity, sold on 28 June 2013.

Liabilities and equity

<i>(in € million)</i>	30 June 2014	31 December 2013	31 December 2012
Shareholders' equity			
Ordinary shares	26.5	25.9	25.2
Share premium	101.1	88.9	78.1
Treasury shares	(0.7)	(1.5)	(2.0)
Cumulative translation adjustments	14.7	13.7	26.0
Fair value and other reserves	5.7	5.4	2.1
Group consolidated reserves	282.9	280.9	262.3
Minority interest in equity	2.4	2.2	2.7
Total shareholders' equity	432.6	415.5	394.4
Liabilities			
Non-current liabilities			
Financial debt	208.6	208.3	212.8
Other non-current financial liabilities	2.9	3.2	4.9
Deferred grants related to assets	50.2	52.7	53.4
Deferred income tax liabilities	68.5	69.9	75.1
Pensions and other long-term employee benefits	10.3	10.2	11.0
Provisions	30.2	32.4	31.5
	370.7	376.7	388.7
Current liabilities			
Trade and other payables	166.8	164.4	152.9
Income tax payable	8.2	6.3	5.7
Financial debt	4.9	4.7	4.7
Derivative instruments	0.4	0.6	1.0
Pensions and other long-term employee benefits	0.3	1.2	1.1
Provisions	6.4	5.3	6.3
	187.0	182.5	171.7
Liabilities associated with assets held for sale ⁽¹⁾	0.0	0.0	15.1
TOTAL LIABILITIES AND EQUITY	990.3	974.7	969.9

(1) Liabilities associated with assets held for sale as of end of 2012 relate to the "SNB" Small Nickel Battery activity, sold on 28 June 2013.

Consolidated statement of changes in equity

	Number of shares making up the capital	Owners of the parent company					Non-controlling interests	Shareholders' equity
		Share capital	Share premium	Reserves	Total comprehensive income for the period attributable to equity	Total		
<i>(in € million)</i>								
Balance at 1 January 2012	25,174,845	25.2	103.2	193.7	80.2	402.3	2.7	405.0
Appropriation of 2011 earnings		-	-	80.2	(80.2)	-	-	0.0
Employee stock option plans (value of employee services)		-	-	1.3	-	1.3	-	1.3
Dividend paid		-	(25.1)	(18.0)	-	(43.1)	-	(43.1)
Purchase/Sale of treasury shares		-	-	(0.2)	-	(0.2)	-	(0.2)
Total comprehensive income		-	-	-	31.4	31.4	-	31.4
Balance at 31 December 2012	25,174,845	25.2	78.1	257.0	31.4	391.7	2.7	394.4
Appropriation of 2012 earnings		-	-	31.4	(31.4)	-	-	0.0
Employee stock option plans (value of employee services)		-	-	0.6	-	0.6	-	0.6
Capital increase by exercise of Stock Options	6,690	-	0.1	-	-	0.1	-	0.1
Dividend paid in shares	583,596	0.6	9.2	(9.8)	-	(0.0)	-	(0.0)
Dividend paid		-	-	(9.0)	-	(9.0)	-	(9.0)
Purchase/Sale of treasury shares		-	-	(0.1)	-	(0.1)	-	(0.1)
Total comprehensive income		-	-	-	9.0	9.0	(0.2)	8.8
Balance at 30 June 2013	25,765,131	25.8	87.4	270.1	9.0	392.3	2.5	394.8
Employee stock option plans (value of employee services)		-	-	0.4	-	0.4	-	0.4
Capital increase by exercise of Stock Options	88 680	0.1	1.5	-	-	1.6	-	1.6
Purchase/Sale of treasury shares		-	-	0.6	-	0.6	-	0.6
Total comprehensive income		-	-	-	18.4	18.4	(0.3)	18.1
Balance at 31 December 2013	25 853 811	25.9	88.9	271.1	27.4	413.3	2.2	415.5
Appropriation of 2013 earnings		-	-	27.4	(27.4)	-	-	0.0
Employee stock option plans (value of employee services)		-	-	0.5	-	0.5	-	0.5
Capital increase by exercise of stock options	127 337	0.1	2.3	-	-	2.4	-	2.4
Dividend in shares	467 630	0.5	9.9	(10.4)	-	0.0	-	0.0
Cash dividend		-	-	(9.8)	-	(9.8)	-	(9.8)
Purchase/Sale of treasury shares		-	-	0.8	-	0.8	-	0.8
Total comprehensive income		-	-	-	23.0	23.0	0.2	23.2
Balance at 30 June 2014	26 448 778	26.5	101.1	279.6	23.0	430.2	2.4	432.6