

## Sales growth in the first quarter in three of the four divisions Group sales impacted by slowdown of investments in oil sector

**Paris, 21 April 2016** - Saft, a leader in the design and manufacture of advanced batteries for industry, announces its revenue for the first quarter of 2016 ended 31 March.

### Key highlights

- Q1 revenue of €172.5 million, down 4.4% at constant exchange rates compared with Q1 2015.
- Slowdown in group sales due to the significant decrease in investment in the oil and gas sector, impacting the Industrial Stationary division.
- Solid organic growth in the three other divisions, i.e. Civil Electronics, Space & Defence, Transport, Telecom & Grid (TTG).
- Continued implementation of the Power 2020 transformation plan.

Ghislain Lescuyer, Chairman of the Management Board, said:

*"Group sales in the first quarter stood at €172.5 million, down by 4.4% at constant exchange rates compared to last year. This expected slowdown results from decreased investment and spending by our clients in the oil and gas sector, amplified by an unfavourable comparable basis. The other divisions showed solid growth in revenue compared to the first quarter of 2015, driven mainly by our activity in civil electronics, military aviation and telecoms.*

*The implementation of the strategic plan launched last autumn is on track, including the inauguration of our new factory in Zhuhai, China, which will allow us to double our production capacity in the near future. This new factory will be able to meet the strong demand in the Asian market for our products and solutions, particularly in civil electronics.*

*The increased visibility of our backlog in oil and gas activities allows us to anticipate a substantial improvement in sales in our Industrial Stationary division in the second quarter, and thus in the overall sales of the group."*

### Revenue by division

	Sales in € million		Change in %	
	Q1 2016	Q1 2015	At current exchange rates	At constant exchange rates
Civil Electronics	64.9	62.5	3.8%	3.2%
Industrial Stationary	34.4	49.4	-30.4%	-28.7%
Space & Defence	15.1	14.0	7.9%	6.6%
Transport, Telecom & Networks	58.1	55.4	4.9%	5.2%
<b>Total</b>	<b>172.5</b>	<b>181.3</b>	<b>-4.9%</b>	<b>-4.4%</b>

*Sales at current exchange rates.*

*The average euro/dollar exchange rate at the end of March 2016 was €1 to \$1.10, compared to €1 to \$1.13 in March 2015.*

**Divisional performance*****Civil Electronics***

The Civil Electronics market continued to be a driver in the first quarter, with sales growing by 3.2% at constant exchange rates, even despite the fact that our production capacity did not allow us to fully meet the demand on this market.

Last month, as part of the implementation of the Power 2020 plan, we opened a new factory in Zhuhai, China, which allows us to double our production capacity in order to meet increased local demand. Additional capacity is currently being deployed in France and in Israel.

***Industrial Stationary***

The Industrial Stationary division saw a strong decline this quarter, with sales down by 28.7%, mostly due to the significant decrease in client spending and investments in the oil and gas sector, and to an unfavourable comparison basis compared to the first quarter of the previous year, which recorded the delivery of several large projects in the oil and gas sector.

***Space & Defence***

The Space & Defence markets recorded a 6.6% growth in activity, mainly driven by the delivery of lithium-ion batteries for military aviation. The Space activity declined due to an unfavourable delivery schedule.

***Transport, Telecom and Grid***

Sales grew by 5.2% at constant exchange rates, reflecting contrasting performances from one segment to another.

Sales on the telecommunications networks market grew, driven by lithium-ion and nickel battery sales.

The transportation market, on the other hand, showed a decline. Sales of batteries for the aviation market suffered from inventory destocking by our distributors over the quarter, while those in the rail market were impacted by low order volumes, following a very good performance in 2015.

**Outlook**

Improved visibility over our backlog in oil and gas activities leads us to anticipate a substantial improvement in sales in the Industrial Stationary division in the second quarter, and thus in overall Group sales.

2016 will be a year of transition for Saft, aiming to reinforce profitable growth for the Group in the medium term through the implementation of the Power 2020 plan.

The Power 2020 transformation is being carried out according to plan. A number of initiatives have been launched regarding organisational changes and R&D efficiency, and in particular in the Transport, Telecom & Grid division. The first financial benefits are expected in 2017, taking into account implementation costs. The first operational improvements are however expected in the second half of 2016.

Saft confirms its medium-term objectives set out at the presentation of the Power 2020 plan in November 2015, namely revenue of over €900 million, and an EBITDA margin of at least 16% by 2019.

\* \* \*

**2016 financial calendar**

Shareholders' General Meeting	13 May 2016
Q2 revenue and half year earnings for 2016	27 July 2016
Q3 2016 revenue	20 October 2016

## Annexes

### Adjustments relating to organizational change

The new organisation associated with the Power 2020 plan, effective 1 January 2016, is based on four new divisions. Tables and graphs on the transition that explain the relationship of the old organisation and the new one, as well as the restatement of results by division for the 2014 and 2015 financial years, are presented below.

The new organisation required minor changes in the breakdown of sales. Thus, sales of lithium-ion batteries for military aviation and Formula 1 that were initially recorded in the transportation segment were re-integrated into the Space & Defence division. These batteries in fact use the same technology as that used in the Space & Defence division.

Furthermore, the Group also decided to re-allocate sales of primary lithium batteries, previously recorded in the Space and Defence division, to the Civil Electronics division, since these batteries, used to power portable equipment used by soldiers, use the same technology as that used for the civil electronics market.

Transition tables of sales by division 2014 and 2015

### Sales reconciliation - 2014

2014 as reported	Military Aviation	Formula 1	Military Lithium	2014 restated
Industrial stand-by 171,0				171,0 Industrial stand-by
Telecom & ESS 72,3				72,3 Telecom, Transport & Grid
Strips 14,1				14,1 226,0
Transportation 158,5	(6,8)	(12,2)		139,5
<b>Total IBG 415,9</b>				
Space & Defense 83,1	6,8	12,2	(37,8)	64,3 Space & Defence
Civil electronics 179,3			37,8	217,1 Civil electronics
<b>Total SBG 262,4</b>				
<b>Total Saft 678,4</b>				678,4 Total Saft

## Sales reconciliation – 2015

2015 as reported	Military Aviation	Formula 1	Military Lithium	2015 restated
Industrial stand-by 184,7				184,7 Industrial stand-by
Telecom & ESS 74,2				74,2 Telecom, Transport & Grid
Strips 12,4				12,4 248,4
Transportation 182,7	(7,0)	(13,9)		161,8
<b>Total IBG 454,0</b>				
Space & Defense 89,0	7,0	13,9	(37,9)	72,0 Space & Defence
Civil electronics 216,4			37,9	254,3 Civil electronics
<b>Total SBG 305,4</b>				
<b>Total Saft 759,4</b>				<b>759,4 Total Saft</b>

## Key figures by division in 2014

31/12/2014	TTG	IS	CE	S&D	Other	TOTAL
<b>Revenue</b>	<b>226,0</b>	<b>171,0</b>	<b>217,1</b>	<b>64,3</b>		<b>678,4</b>
<b>EBITDA</b>	<b>3,3</b>	<b>39,0</b>	<b>56,7</b>	<b>7,1</b>	<b>(2,1)</b>	<b>104,0</b>
Amortisation and Depreciation of Intangibles Assets	(5,0)	(1,2)	(4,6)	(1,7)	(0,3)	(12,8)
Amortisation of Property, Plant & Equipment	(12,6)	(3,5)	(7,1)	(2,7)	(0,9)	(26,8)
<b>EBIT</b>	<b>(14,3)</b>	<b>34,3</b>	<b>45,0</b>	<b>2,7</b>	<b>(3,3)</b>	<b>64,4</b>
Restructuring Costs	(1,1)	(0,3)	(0,1)		1,0	(0,5)
Other operating income \ (expenses)			(0,1)			(0,1)
<b>Operating Profit</b>	<b>(15,4)</b>	<b>34,0</b>	<b>44,8</b>	<b>2,7</b>	<b>(2,3)</b>	<b>63,8</b>
EBITDA margin	1,5%	22,8%	26,1%	11,0%		15,3%
EBIT margin	-6,3%	20,1%	20,7%	4,2%		9,5%
Operating Profit margin	-6,8%	19,9%	20,6%	4,2%		9,4%

## Key figures by division in 2015

At 2015.12	TTG	IS	CE	S&D	Other	TOTAL
<b>Revenue</b>	<b>248,4</b>	<b>184,7</b>	<b>254,3</b>	<b>72,0</b>		<b>759,4</b>
<b>EBITDA</b>	<b>(1,5)</b>	<b>40,3</b>	<b>69,2</b>	<b>8,3</b>	<b>(5,9)</b>	<b>110,4</b>
Amortisation and Depreciation of Intangibles Assets	(5,1)	(3,1)	(3,1)	(1,9)	(0,3)	(13,5)
Amortisation of Property, Plant & Equipment	(46,2)	(3,3)	(7,7)	(3,1)	(0,8)	(61,1)
<b>EBIT</b>	<b>(52,8)</b>	<b>33,9</b>	<b>58,4</b>	<b>3,3</b>	<b>(7,0)</b>	<b>35,8</b>
Restructuring Costs	(3,2)	(0,5)	(1,1)	(0,5)	(1,2)	(6,5)
Other operating income \ (expenses)	0,3		(0,2)		(1,0)	(0,9)
<b>Operating Profit</b>	<b>(55,7)</b>	<b>33,4</b>	<b>57,1</b>	<b>2,8</b>	<b>(9,2)</b>	<b>28,4</b>
<b>EBITDA margin</b>	<b>-0,6%</b>	<b>21,8%</b>	<b>27,2%</b>	<b>11,5%</b>		<b>14,5%</b>
<b>EBIT margin</b>	<b>-21,3%</b>	<b>18,4%</b>	<b>23,0%</b>	<b>4,6%</b>		<b>4,7%</b>
<b>Operating Profit margin</b>	<b>-22,4%</b>	<b>18,1%</b>	<b>22,5%</b>	<b>3,9%</b>		<b>3,7%</b>

**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 operations. 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, the deployment of which is also under way in the energy storage, transportation and telecommunications markets. Our 4,100 employees in 19 countries, our 14 manufacturing sites worldwide, and our extensive sales network contribute to accelerated Group growth for the future.

Saft batteries. Designed for industry.

For more information, visit [www.saftbatteries.com](http://www.saftbatteries.com)

**SAFT**

Karen Hollington, Head of Institutional Communications

Tel: +33 1 49 93 17 68, [karen.hollington@saftbatteries.com](mailto:karen.hollington@saftbatteries.com)

Vannara Huot, Director of Investor Relations

Tel.: +33 1 49 93 17 10, [vannara.huot@saftbatteries.com](mailto:vannara.huot@saftbatteries.com)

**Brunswick Group**

Benoît Grange, Tel.: +33 1 53 96 83 89

Guillaume Le Tarnec, Tel.: +33 1 53 96 83 73

e-mail: [saft@brunswickgroup.com](mailto:saft@brunswickgroup.com)