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Saft Groupe SA reports fourth quarter and full year 2007 sales

Paris, 7th February 2008 - Saft, leader in the design, development and manufacture of high-end batteries for industry and defence, announces its sales for the fourth quarter and the year ended 31 December 2007.

Sales highlights

- Full year 2007 sales of € 600.5m:
 - Up 10.7% compared with FY 2006 at constant exchange rates (+7.2% at actual exchange rates);
 - Above guidance despite average exchange rate of €1 = \$1.37 (compared with original guidance of € 580m - € 600m at €1 = \$1.26);
- Full year 2007 sales per division (at constant exchange rates);
 - IBG +21.7%
 - SBG +1.5%
 - RBS +5.2%
- Q4 2007 sales of €159.8m, up 12.5% compared with Q4 2006 (at constant exchange rates):
 - IBG +31.3%
 - SBG -0.2%
 - RBS -3.2%

John Searle, Chairman of the Management Board, commented:

"I am delighted that we have delivered sales growth of over 10% in 2007 (at constant rates) and achieved the top of our original sales guidance. This is despite an adverse currency effect from the weakening US\$, resulting in reported sales growth of 7.2%. We estimate that approximately 5-6% of the sales growth was due to pricing, demonstrating our success in passing on the increased nickel costs. Volume growth of approximately 5% was above our medium term expectations, and a creditable performance when also increasing prices.

The strong sales performance has helped to compensate for the adverse currency effect from the weakening US\$. I therefore expect to be able to announce that Saft has met its EBITDA¹ and EBIT² guidance for 2007, when our full results are announced on 13th March, although at the bottom end of the respective ranges.

¹EBITDA defined as net income from operations, before depreciation, amortisation, restructuring costs and other income and expenses.

²EBIT defined as net income from operations, before restructuring costs and other income and expenses.

IBG has had an exceptional year, achieving sales growth of 21.7% at constant exchange rates. This includes volume growth of 15%, of which approximately half is due to additional business with AT&T. This sales growth has increased steadily throughout 2007 as the nickel-related price increases have taken effect, such that the nickel cost is currently being fully recovered. We have also extended our nickel hedging of IBG's order backlog in H1 2008. This ensures that IBG's purchase price cannot exceed \$35k per tonne on approximately 60% of its nickel purchases in H1 2008, which is broadly in line with IBG's current pricing for new orders.

SBG has had a relatively disappointing year, with growth of only 1.5% at constant rates. Despite strong growth in Civil Lithium and Satellites, SBG has suffered from:

- A continued fall in sales to the US Army, which is still over-stocked and therefore in no hurry to re-bid the largest of our contracts, which has expired.*
- The effects of the small fire at Poitiers, which disrupted sales and production in the last 4 months of 2007, although everything is now back to normal.*

With sales growth of 5.2% at constant exchange rates, the RBS division has performed better than expected, as the benefits of increased pricing have exceeded the associated volume losses.

Lastly, the progress of our Johnson Controls-Saft joint venture continues to be encouraging with new business in China (a Ni-MH production contract with Chery and a Li-ion development contract with SAIC) to add to the production contract with Daimler to supply Li-ion batteries for the Mercedes S-Class Hybrid 400, and a number of other development contracts. In addition, at the inauguration of the new Li-ion production facility at Nersac on 31st January, we announced another production contract for Li-ion batteries for a hybrid vehicle for a European car manufacturer. The drivers for growth in the hybrid vehicle market are becoming more compelling and JC-S is demonstrating that it is a technology leader and well-positioned to win a significant share of this opportunity."

TURNOVER (€ millions, under IFRS)

Fourth quarter

Period	Q4 2007	Q4 2006	Growth / decline	
			at actual exchange rates	at constant exchange rates
IBG	77.8	61.6	26.3%	31.3%
SBG	61.8	65.2	(5.2%)	(0.2%)
RBS	20.2	21.4	(5.6%)	(3.2%)
Total	159.8	148.2	7.8%	12.5%

The average exchange rate in Q4 2007 was €1 to \$1.45 (compared with €1 to \$1.29 in Q4 2006).

There was no change in perimeter between Q4 2006 and Q4 2007.

Q4 2007 sales of € 159.8m were up 7.8% as reported and up 12.5% at constant exchange rates, compared with Q4 2006.

Year ended 31 December 2007

Period	FY 2007	FY 2006	Growth / decline	
			at actual exchange rates	at constant exchange rates
IBG	282.4	238.7	18.3%	21.7%
SBG	234.7	240.5	(2.4%)	1.5%
RBS	83.4	81.0	3.0%	5.2%
Total	600.5	560.2	7.2%	10.7%

The average exchange rate in 2007 was €1 to \$1.37 (compared with €1 to \$1.26 in 2006).

There was no change in perimeter between 2006 and 2007.

Sales for the year ended 31 December 2007 of € 600.5m were up 7.2% as reported and up 10.7% at constant exchange rates, compared with 2006.

Industrial Battery Group

In the fourth quarter, IBG sales increased by 26.3% as reported to €77.8m, and by 31.3% at constant exchange rates, compared with Q4 2006.

For the full year 2007, IBG sales increased by 18.3% as reported to €282.4m, and by 18.3% at constant exchange rates, compared with 2006.

IBG's volume growth was approximately 17% in Q4 2007, bringing the full year volume growth to approximately 15%. Approximately half of this full year volume growth was due to the market share gains in the Telecom segment which have been reported previously. Saft is supplying Ni-Cd batteries, providing back-up power for AT&T's remote terminals in its fixed

wireline network. Saft continues to expect that the rollout of this programme will extend beyond 2008. However, as previously disclosed, the margins on Telecom projects such as this are lower than in the rest of IBG's businesses, due to the higher volumes.

All segments performed well in Q4 and each achieved double-digit sales growth for the full year, at constant rates.

Saft estimates that nickel-related price increases accounted for c. 14% of the sales increase in Q4, demonstrating that the price increase on new orders from 1 April 2007 has been effective. Nickel-related price increases represented approximately 6-7% of the sales increase for the full year.

Specialty Battery Group

In the fourth quarter, SBG sales decreased by 5.2% as reported to € 61.8m, and by 0.2% at constant exchange rates, compared with Q4 2006.

For the full year 2007, SBG sales decreased by 2.4% as reported to € 234.7m, but increased by 1.5% at constant exchange rates, compared with 2006. This year to date growth rate at constant exchange rates rises to 2.2% if the sales of Air Depolarised batteries are excluded from 2006 (€ 1.6m). This small activity was discontinued at the end of 2006 and the business was sold.

SBG sales in Q4 were good, in particular in Civil Lithium, but suffered in comparison with Q4 2006 due to:

- The project oriented businesses, Satellites and New Defence Systems had a strong Q4 2007, but this compared with an exceptional Q4 2006.
- A poor performance in Military Lithium, mainly due to the expiry of the main US Army contract, which has still yet to be re-bid.
- The small fire at SBG's Poitiers plant in late September, which disrupted both Q3 and Q4 sales (as forewarned in Saft's Q3 2007 sales press release). However, production and sales at Poitiers are now fully back to normal, and Saft expects that the ultimate losses arising from the fire should be largely covered by insurance.

For the full year, SBG had good growth in Civil Lithium and Satellites, but military sales fell.

Rechargeable Battery Systems

In the fourth quarter, RBS sales fell by 5.6% as reported to € 20.2m, and by 3.2% at constant exchange rates, compared with Q4 2006.

For the full year 2007, RBS sales increased by 3.0% as reported to € 83.4m, and by 5.2% at constant exchange rates, compared with 2006.

For the full year, Saft estimates that approximately 16% of this sales increase is due to pricing, offset by approximately 11% volume losses. In arriving at the group sales guidance for 2007, the assumption was for no sales growth for RBS, on the basis that sales value growth from price increases would be offset by volume losses. This has been exceeded, partly due to a strong performance by the Professional Electronics segment.

Whilst there was some recovery in demand in Q4, following a weak Q3 (partly due to a peak nickel surcharge), the Emergency Lighting market remains challenging in the context of an economic slowdown.

Nickel costs

In 2007, the LME cash nickel price per tonne averaged \$37.2k, with the following quarterly averages:

- \$41.4k in Q1
- \$48.0k in Q2
- \$30.2k in Q3
- \$29.2k in Q4

Saft's average nickel cost over the year was slightly below \$40k per tonne, as the group did not fully benefit from the H2 price fall, having taken out derivative contracts to cap a proportion of H2 purchases with a cap of \$35k per tonne, as previously advised.

RBS was able to recover the full incremental nickel cost in 2007 due to the surcharge mechanism. However, IBG was unable to recover the full incremental cost until Q4 2007 as the price increases made did not apply to the existing order backlog. However, the price increase applied to new orders from 1 April 2007 now brings IBG's pricing for 2008 sales, broadly in line with current nickel costs.

Therefore, in order to protect the profitability of the majority of IBG's order backlog, Saft has entered into a number of derivative contracts to ensure that IBG's purchase price cannot exceed \$35k per tonne on approximately 60% of its nickel purchases for the first half of 2008.

Saft has not yet undertaken any hedging beyond June 2008. RBS will continue to apply the nickel surcharge. Where possible, Saft will continue to follow the strategy of buying forward a proportion of IBG's needs, at costs in line with the pricing inherent in IBG's order backlog.

Johnson Controls-Saft ("JC-S")

In January 2008, JC-S announced 3 further contract wins:

- A production contract for Chery Automobile, a major Chinese auto manufacturer, which has chosen nickel metal hydride batteries for its A5 ISG hybrid saloon. The cells for these batteries will be manufactured at Saft's RBS Nersac plant in France.
- A development contract for SAIC in China to supply lithium-ion batteries for a demonstration fleet of new energy vehicles.
- A production contract for Li-ion batteries for a hybrid vehicle for a European car manufacturer.

The new JC-S production line at Saft's RBS site in Nersac, France was officially opened on 31st January 2008, in the presence of 7 major car manufacturers. This is the production line which will be used to manufacture the batteries for the Mercedes S-Class Hybrid 400, and for the third new contract listed in the paragraph above.

Saft will provide guidance for 2008 at the time of its 2007 earnings release on 13th March 2008.

Financial calendar 2008

2007 Earnings release	13 March 2008
2008 Q1 turnover	6 May 2008
2008 Q2 turnover 2008 Half year turnover	24 July 2008
2008 Half year earnings	28 August 2008
2008 Q3 turnover	6 November 2008

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-cadmium 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. With approximately 3,900 employees worldwide, Saft is present in 18 countries. Its 16 manufacturing sites and extensive sales network enable the group to serve its customers worldwide. **For more information, visit Saft at www.saftbatteries.com**

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