



# communiqué de presse **press** release

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## Saft Groupe SA reports second quarter and half year 2008 sales

**Paris, 24<sup>th</sup> July 2008** - Saft, leader in the design, development and manufacture of high-end batteries for industry and defence, announces its sales for the second quarter and first half of 2008.

### Sales highlights

- Q2 2008 sales up by 6.4% YoY at €156.5m, at constant exchange rates;
- Q2 2008 reported sales up 0.3% YoY, impacted by the weakness of the USD;
- Continued strong demand for Saft industrial products in Q2 2008, with sustained growth for IBG particularly from emerging markets, and with a recovery in the military market for SBG;
- H1 2008 sales of €306.4m, up by 7.2% YoY at constant exchange rates and 1.4% at actual rates;
- 2008 sales expected to be towards the top of the sales guidance of 4 to 6% growth at constant exchange rates.

*John Searle, Chairman of the Management Board, commented:*

*“Saft has experienced continued growth during Q2, and the overall performance in H1 has been slightly ahead of our full year sales growth guidance. The IBG Division has seen continued strong growth, due to a positive pricing effect, and the continued strength of demand from emerging markets for stationary back-up power batteries. I am pleased to report stronger growth in our SBG Division after a number of quarters being negatively impacted by low sales in the military market. Finally, for our RBS Division, the reduction in sales was largely due to price adjustments related to lower nickel costs.*

*Based on our H1 performance, I now anticipate that our 2008 sales will be towards the top of the guidance range, noting of course that sales in our RBS Division are linked to the nickel price through a surcharge.*

*The LME price of nickel has fallen significantly since the beginning of May. Whilst this has not impacted the effective nickel cost during the first half, it will reduce overall material costs during H2. Similar cost reductions in other metals and materials have not materialized. Saft continues with its nickel hedging strategy and now has over 60% of the needs of IBG hedged for the rest of 2008.*

*Finally, the recent announcement of the contract with Ford to develop and supply batteries for a fleet of PHEV Ford Escape highlights the continuing progress of the Johnson Controls-Saft J/V”.*

## TURNOVER (€ millions, under IFRS)

### Second quarter

Period	Q2 2008	Q2 2007	Growth / decline	
Exchange rate	Actual 2008	Actual 2007	at actual exchange rates	at constant exchange rates
SBG	60.6	61.9	(2.2)%	5.3%
IBG	76.6	71.7	6.8%	12.8%
RBS	19.3	22.5	(13.8)%	(11.0)%
Total	156.5	156.1	0.3%	6.4%

The average exchange rate in Q2 2008 was €1 to \$1.56 (compared with €1 to \$1.35 in Q2 2007).

There was no change in perimeter between Q2 2007 and Q2 2008.

### First half

Period	H1 2008	H1 2007	Growth / decline	
Exchange rate	Actual 2008	Actual 2007	at actual exchange rates	at constant exchange rates
SBG	117.6	121.7	(3.4)%	3.5%
IBG	149.2	137.3	8.6%	14.4%
RBS	39.6	43.1	(7.9)%	(5.1)%
Total	306.4	302.1	1.4%	7.2%

The average exchange rate in H1 2008 was €1 to \$1.53 (compared with €1 to \$1.33 in H1 2007).

There was no change in perimeter between H1 2007 and H1 2008.

Q2 sales of €156.5m were up by 0.3% as reported, and by 6.4% at constant exchange rate.

### Industrial Battery Group (IBG)

Sales growth in Q2 remained strong at 12.8% at constant exchange rates, bringing the growth rate for H1 to 14.4%.

The main growth driver during the quarter was the industrial standby power market, which saw continuing strength, especially from emerging markets. Demand remained strong from the oil and gas, electrical power generation and distribution markets.

Sales growth in H1 2008 was assisted by the price increases implemented in H1 2007, which only impacted sales during the second half of 2007, and it is estimated that these accounted for more than half of the growth seen in H1 2008.

Whilst most markets remain supportive, the rate of sales growth will be lower during H2 2008 as H1 2008 benefited from the impact of pricing and the strong growth in the telecom market.

## **Specialty Battery Group (SBG)**

Sales growth at constant exchange rates was 5.3% during Q2 bringing the growth rate for H1 to 3.5%.

Continued strength was seen from the civil market, most notably batteries for metering systems in the US and satellite batteries. This continued the trend growth seen throughout 2007.

Q2 saw greater levels of activity in the military market with increased orders and a recovery in sales, important contracts being announced in the U.S, U.K and Australia.

Saft was pleased to announce the successful renewal of the multi-year contract for lithium batteries for the U.S. Defense Logistics Agency, especially as the contract award for Saft was for 100% of the U.S. armed forces' needs. This contract is not expected to materially affect 2008 sales but provides an important base load for the Saft Valdese plant in North America for future years.

## **Rechargeable Battery Systems (RBS)**

Sales in Q2 decreased by 11.0% at constant exchange rates compared with Q2 2007, and overall in H1 the Division had a fall in sales of 5.1%.

It should be noted however that approximately 70% of the decrease in Q2 is due to pricing, resulting from the adjustment of the nickel surcharge and its effect on selling prices.

The remaining reduction in sales was again in the emergency lighting segment, where market demand has decreased since mid-2007 and the competition remains challenging.

## **Financial calendar 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 17 countries. Its 18 manufacturing sites and extensive sales network enable the group to serve its customers worldwide. **For more information, visit Saft at [www.saftbatteries.com](http://www.saftbatteries.com)**

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