communiqué de presse press release

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Saft Groupe SA reports 2008 first half earnings

Paris, August 28, 2008 – Saft, leader in the design, development and manufacture of high-end batteries for industry and defence, announces its results for the 6 month period ended 30 June 2008.

First half results highlights

- Strong first half sales of €306.4m, up 7.2% YoY at constant exchange rates (+1.4% YoY as reported);
- H1 2008 EBITDA up by 6.4% YoY, on a trend slightly ahead of guidance;
- Net income up by 42.4% YoY to €22.5m.

Outlook for FY 2008

FY 2008 guidance revised upwards

- 2008 Sales expected to be towards the top of the sales guidance of 4 to 6% at constant exchange rates;
- Based on the average H1 exchange rates, 2008 EBITDA should be equal to or slightly exceed 18% of sales, revised upwards from a range of 16.5 – 17.5% (at €1 = $ 1.53).

John Searle, Chairman of the Management Board, commented: *"Saft has delivered the expected sales and profitability growth during the first half of 2008, despite the unfavourable impact of exchange rates. The impact of price increases implemented during 2007 following the surge in the price of nickel, has benefited the profitability of our Industrial Battery division during the first half. These results confirm Saft's strong market positioning and defensive qualities due to its mix of businesses in growing applications and emerging markets. In addition, cash generation has been strong during H1.*

I remain confident that sales and profitability will continue to grow in H2, with a recovery in sales growth in our Specialty Battery division. The recent fall in the price of nickel has enabled Saft to hedge most of its needs for the second half giving us good visibility of our costs in H2. Finally, we continue to make good progress in developing our business in emerging applications notably for hybrid vehicles, through our JV Johnson-Controls-Saft, and renewable energy systems.

I am very pleased overall with Saft's performance and am now confident that sales and profitability for 2008 will be slightly ahead of our guidance given in March this year."

Consolidated results – first half 2008

€m	First half		
	2008	2007 Restated*	Growth %
Sales	**306.4**	**302.1**	**1.4%**
Gross profit	**85.6**	**81.8**	**4.6%**
Gross profit %	***27.9%***	***27.1%***	
EBITDA*	**54.8**	**51.5**	**6.4%**
EBITDA %	***17.9%***	***17.0%***	
EBIT*	**40.6**	**37.4**	**8.6%**
EBIT %	***13.3%***	***12.4%***	
Profit before income tax	**27.9**	**22.3**	**25.1%**
Net income	**22.5**	**15.8**	**42.4%**
EPS (€ per share)	**1.22**	**0.86**	**41.9%**

(*) EBITDA and EBIT presented above for the six month period ended June 30, 2007 include a €1.1m research tax credit. Up to 2007 year-end, research tax credits were accounted for under the line "Other operating income and expenses", below EBIT. This change in accounting principles is fully disclosed in the Interim condensed consolidated financial statement. The research tax credit in H1 2008 was €2.8m.

Notes:

1. *There have been no changes in consolidation perimeter between 2007 and 2008.*
2. *EBIT is defined as net income from operations, before restructuring costs and other income and expenses.*
3. *EBITDA is defined as net income from operations, before depreciation, amortisation, restructuring costs and other income and expenses.*
4. *Average exchange rate during H1 2008 was €1 = $1.53 compared with €1 = $1.33 during H1 2007.*

This press release includes the main Financial Statements as appendices.

Also available on Saft's website www.saftbatteries.com are:

- Saft's 2008 Interim Report, including the Interim Condensed Consolidated Financial Statements;
- A presentation on Saft's interim results.

Key figures

- Sales were €306.4m in the first half of 2008, compared with €302.1m in the first half of 2007, an increase of 1.4% at actual exchange rates and 7.2% at constant exchange rates.
- Gross profit increased by almost one point at 27.9% in first half 2008 as compared to 27.1% in first half 2007.
- EBITDA and EBIT have significantly increased as compared to first half 2007:
  - EBITDA was €54.8m (17.9% of sales), compared with €51.5m (17% of sales) in 2007;
  - EBIT was €40.6m (13.3% of sales), compared with €37.4m (12.4% of sales) in 2007.
- Net income during H1 was €22.5m compared with €15.8m in 2007. This marked improvement was the result of:
  - Reduced net financial costs;
  - The elimination of mark to market losses on commodity contracts;
  - Increased losses at Johnson-Controls-Saft to €5.1m from €3.8m in 2007 (equity accounted).
  - A significant reduction in the tax rate which was only 19% during H1. Full year effective tax rate is expected to be not more than 25%.
- Earnings Per Share were at €1.22 as compared with €0.86 in 2007.
- Net debt at June 30, 2008 was €268.1m, compared with €297.8m at December 31, 2007. Net debt to EBITDA ratio was 2.67 as of end of June 2008 (3.1 as at December 31, 2007).
- Shareholder's equity increased to €148.1m at June 30, 2008 as compared with €126.9 at December 31, 2007.
- Group cash position is €56.5m, showing a €14.2m increase as compared to December 31, 2007. The increase in cash position results from both increased profitability from operations and improved working capital management.
- Investments in fixed assets for 2008 first half were €13.9m, compared to €11.4m in 2007.

Results by product line

Product line	6 months ended 30 June 2008				6 months ended 30 June 2007		
	Sales €m	**Sales growth %**	**EBITDA €m**	**EBITDA margin %**	**Sales €m**	**EBITDA €m**	**EBITDA Margin %**
SBG	117.6	3.5%	25.4	21.6%	121.7	29.3	24.1%
IBG	149.2	14.4%	29.9	20.0%	137.3	22.1	16.1%
RBS	39.6	(5.1%)	1.1	2.8%	43.1	1.8	4.2%
Other	0.0		(1.6)		0.0	(1.7)	
Total	**306.4**	**7.2%**	**54.8**	**17.9%**	**302.1**	**51.5**	**17.0%**

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

June 2007 results modified to reflect research tax credit.

Industrial Battery Group (IBG)

In the first half, IBG sales increased by 14.4% at constant exchange rates to €149.2m, up by 8.6% as reported, compared with H1 2007.

Saft estimates that 50% of IBG sales growth was due to increased volumes. This was mainly due to the expected strong growth in the telecom market in Q1, but also to strong demand for industrial standby batteries, especially from the oil and gas, power generation and distribution markets throughout the first half. A significant part of that latter demand comes from emerging markets.

The rest of the growth was due to price increases, implemented in H1 2007, which only impacted sales from H2 2007.

The EBITDA margin recovered strongly at 20% of sales as a result of pricing and continued volume growth.

Foreign exchange rate changes have negatively impacted the result of IBG, partially offset by the division having significant purchases of metals in USD. Saft has taken advantage of the falling nickel price to increase its hedging to 80% of its needs for H2 2008, and has also taken positions for a lesser proportion of its needs in H1 2009.

Specialty Battery Group (SBG)

SBG sales increased by 3.5% at constant exchange rates to €117.6m, down 3.4% as reported compared with H1 2007.

Continued growth was seen from the civil market, most notably batteries for metering systems in the US and satellite batteries. Second quarter growth was stronger due to greater demand and sales in military markets. Important contracts were announced during the first half and strong orders from the military market were recorded in the second quarter.

Finally, the multi-year contract with the U.S. Defense Logistics Agency (DLA) to supply the U.S. armed forces with lithium batteries was renewed in July with Saft being awarded 100% of the contract.

The EBITDA margin for the division decreased by 2.5 points to 21.6% of sales in H1 2008, as a result of a weakening dollar against the euro. The Division had growing sales in the US but lower US production due to the low demand from the US Army. The fall in EBITDA margin % can be fully accounted for by foreign exchange movements.

Rechargeable Battery Systems (RBS)

In the first half, RBS reported sales of €39.6m, a decrease of 5.1% at constant exchange rates, down by 7.9% as reported, compared with H1 2007. This sales reduction, all in Q2, was largely the result of pricing adjustments related to the nickel surcharge. Despite a challenging market environment, the Division achieved a positive EBITDA at 2.8% of sales due to the combined effect of higher prices from the 1st January 2008 and tight control of costs.

Other

The “Other” cost centre includes central functions such as IT, research and central management, finance and administration, a proportion of which is recharged to each of the product lines. The cost centre result €(1.6)m is better than in 2007 €(1.7)m due to the slight effect of the tax credit on the net cost of research.

Johnson Controls – Saft Advanced Power Solutions LLC ("JC-S")

The recent announcement of a contract with Ford to develop and supply batteries for a fleet of Plug-In Hybrid Ford Escapes highlights the continuing progress of the Johnson Controls-Saft JV.

The JV has received contracts from six different car manufacturers and its Nersac production facility is ready to kick-off production of lithium batteries for Mercedes by the end of 2008.

Saft's share in operational losses at Johnson Controls-Saft was recorded in the first half Consolidated Financial Statements for a total amount of €5.1m, compared with €3.8m in 2007.
Saft has contributed €3.8m ($5.9m) of equity to the venture in H1 and anticipates contributing 49% of the $40m cash needs for the full year.

Outlook

€ m	FY 2007* Restated	H1 2008 Actual	FY 2008 March 08 Estimate	FY 2008 Revised Estimate
Sales	**600.5**	**306.4**	**4 – 6%****	**5 - 6%****
EBITDA*	**98.0**	**54.8**		
EBIDTDA margin %	*16.3%*	*17.9%*	*16.5- 17.5%*	*= 18.0%*
€ / $ rate	*1.37*	*1.53*	*1.53*	*1.53*
LME cash nickel ($k/t)	*37.2*	*27.3*	*<35.0*	*~20.0*

(*) EBITDA presented above for 2007 include research tax credits which amount to €1.9m. Research tax credits were previously reported below EBIT under the line "Other operating revenues and expenses. This change in accounting principles is fully disclosed in the interim condensed consolidated financial statements.

(**)Sales estimate assumes constant exchange rate €1=$1.37

The revised guidance takes into account the following:

- Impact of falling nickel costs on the level of sales in the RBS Division;
- EBITDA guidance based on FY average exchange rate €1 = $1.53;
- Assumes H2 LME nickel cash price will be in the region of $20k/t ;
- Assumes sensitivity of sales and EBITDA to exchange rates is unchanged as follows :
    - a 10 % change in $/€ exchange rates results in a 4% change in sales
    - a 10 % change in $/€ exchange rates results in a 6% change in EBITDA.

Financial calendar 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 15 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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Appendices

Consolidated balance sheet

ASSETS

in € million	**At June 30, 2008**	**At December 31, 2007**
ASSETS		
Non-current assets		
Property, plant and equipment, net	105.1	104.7
Assets held under finance leases	3.3	3.3
Investments in associates	14.0	17.2
Investment properties	0.3	0.4
Goodwill	98.9	103.5
Intangible assets, net	238.8	242.2
Investments in related undertakings	0.4	0.4
Deferred tax assets	9.2	10.5
Financial receivables	1.9	2.2
	471.9	**484.4**
Current assets		
Inventories	83.8	78.5
Trade and other receivables	149.2	156.7
Derivative instruments	1.1	0.3
Cash and cash equivalents	56.5	42.3
	290.6	**277.8**
Total assets	**762.5**	**762.2**

Liabilities and equity

in € million	**At June 30, 2008**	**At December 31, 2007**
SHAREHOLDERS' EQUITY		
Ordinary shares	18.5	18.5
Share premium	(15.1)	(15.1)
Treasury shares	(0.7)	(0.7)
Cumulative translation adjustment	(7.8)	(3.0)
Fair value and other reserves	19.3	16.5
Group consolidated reserves	133.2	109.9
Minority interest in equity	0.7	0.8
Total shareholders' equity	**148.1**	**126.9**
LIABILITIES		
Non-current liabilities		
Contingent advances	3.5	3.5
Debt	321.4	332.4
Other non-current liabilities	2.7	2.6
Deferred income tax liabilities	70.4	68.5
Pensions and other long-term employee benefits	9.6	9.5
Provisions for other liabilities and charges	34.6	37.5
	442.2	**454.0**
Current liabilities		
Trade and other payables	152.9	153.1
Taxes payable	3.9	5.6
Debt	3.2	7.7
Derivative instruments	1.4	1.3
Pensions and other long-term employee benefits	0.2	0.2
Provisions for other liabilities and charges	10.6	13.4
	172.2	**181.3**
Total liabilities and equity	**762.5**	**762.2**

Consolidated income statement

in € million	At June 30, 2008	At June 30, 2007 Restated
Revenue	306.4	302.1
Cost of sales	(220.8)	(220.3)
Gross profit	**85.6**	**81.8**
Distribution costs	(15.9)	(15.9)
Administrative expenses	(21.7)	(20.9)
Research and development expenses	(7.4)	(7.6)
Restructuring costs	-	(0.1)
Other operating income / expenses	0.1	(2.3)
Operating profit	**40.7**	**35.0**
Finance costs-net	**(8.3)**	**(9.1)**
Share of profit / (loss) of associates	(4.5)	(3.6)
Profit before income tax	**27.9**	**22.3**
Income tax expenses	(5.4)	(6.5)
Profit for the period	**22.5**	**15.8**
Net income of minority	-	0.1
Profit for the period after minority	**22.5**	**15.9**
Attributable to :		
Equity holders of the company	22.5	15.8
Minority interest	-	0.1
Earnings per share for profit attributable to the equity holders of the company during the year (in € per share)		
Basic	1.22	0.86
Diluted	1.22	0.86

Consolidated statement of income and expenses recognised in the period

in € million	6 months ended June 30, 2008	June 30, 2007
Fair value gains / (losses), cash flow hedge	(0.7)	(2.3)
Fair value gains / (losses), net investment hedge	4.5	0.4
Actuarial gains and losses on defined benefit pension plan	-	-
Currency translation adjustments	(4.9)	2.7
Tax effect on income / (expenses) recognised directly in equity	(1.0)	0.6
Net income / (expenses) recognised directly in equity	(2.1)	1.4
Profit for the period	22.5	15.8
Total recognised income in the period	**20.4**	**17.2**
Attributable to:		
Shares	20.4	17.2
Minority interests	-	-

Consolidated statement of cash flows

in € million	At 30 June 2008	At 30 June 2007
Profit for the year	**22.5**	**15.8**
Adjustments :		
Earning of equity basis companies (net of dividends received)	5.0	3.7
Tax	5.4	6.5
Tangible and intangible assets amortisation	14.2	14.1
Finance costs-net	8.3	9.1
Net movements in provisions	(4.7)	(3.7)
Other variable cost/income – lease part	0.1	(1.2)
	50.8	**44.3**
Change in inventories	(8.1)	(15.8)
Change in trade and other receivables	3.0	(17.3)
Change in trade and other payables	(1.2)	(1.7)
Changes in working capital	**(6.3)**	**(34.8)**
Cash generated from operations before interest and tax	**44.5**	**9.5**
Interest paid	(11.9)	(9.7)
Income tax paid	(2.0)	(3.2)
Net cash provided by operating activities	**30.6**	**(3.4)**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(3.8)	-
Purchase of property plant and equipment (PPE)	(10.9)	(8.8)
Purchase of intangible assets	(3.0)	(2.6)
Proceeds from sale of PPE	1.2	0.1
Proceeds from sale of available-for-sale financial assets	2.4	1.2
Purchases of short-term securities	(2.1)	(1.2)
Interest received	-	2.3
Net cash generated from investing activities	**(16.2)**	**(9.0)**
Cash flows from financing activities		
(Purchase) / Proceeds from issuance of treasury shares	-	(0.1)
Increase / (decrease) in other long-term liabilities	0.4	(0.3)
Net cash used in financing activities	**0.4**	**(0.4)**
Net increase in cash and bank overdrafts	14.8	(12.8)
Cash and bank overdrafts at beginning of period	42.3	61.6
Exchange gain / (loss) on cash and bank overdrafts	(0.6)	(0.6)
Cash and bank overdrafts at end of period	**56.5**	**48.2**