



# communiqué de presse **press** release

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## Saft Groupe SA reports full year 2009 earnings

**Paris, 19 February 2010** – Saft, leader in the design, development and manufacture of high-end batteries for industry and defence, announces its certified earnings for the full year ended 31 December 2009.

### Results highlights

- Full year 2009 sales of €559.3m, down 9.6% YoY at constant exchange rates (- 8.2% as reported);
- First signs of recovery seen in Q4 in several markets;
- EBITDA margin maintained (excluding the impact of Jacksonville) at 18.1% of sales, or €101.0m, in line with guidance;
- EBIT margin (excluding the impact of Jacksonville) at 12.4% of sales, or €69.4m, compared with €80.8m in 2008;
- Net income of €28.9m, compared with €35.1m in 2008(-17.7%);
- Earnings per share of €1.50 in 2009 compared with an adjusted earnings per share of €1.71 in 2008;
- Strong cash generation from operating activities, up €11.8m (14.4%) YoY;
- An unchanged dividend of €0.68 per share will be proposed at the Annual General Meeting.

John Searle, Chairman of the Management Board, commented: *“I am pleased to announce that despite a fall in sales approaching 10%, the Group has succeeded in maintaining a significant level of profitability during 2009. At 18.1% of sales, our EBITDA margin is in line with our beginning-of-year guidance. This positive performance reflects an improvement in our gross margins reflecting reduced costs of our raw material and component purchases, the initial impacts of the cost reduction measures we have implemented and a positive overall foreign exchange impact.*

*The strong cash generation achieved in 2009 has contributed to improving the Group’s financial structure and has enabled us to increase our investment in Research and Development and in the Johnson Controls-Saft joint venture. Finally, Saft will be proposing a dividend of €0.68 per share to shareholders at our Annual General Meeting in June”.*

## Full year consolidated results

(€m)	Year ended 31 December 2009		2008 reported	% growth**
	Restated*	Reported		
<b>Sales</b>	559.3	559.3	609.4	(9.6)%
<b>Gross profit</b>	161.6	161.6	171.8	(5.9)%
<i>Gross profit (%)</i>	28.9 %	28.9 %	28.2 %	
<b>EBITDA***</b>	101.0	100.4	110.1	(8.8)%
<i>EBITDA (%)</i>	18.1%	17.9%	18.1%	
<b>EBIT****</b>	69.4	68.8	80.8	(14.9)%
<i>EBIT (%)</i>	12.4%	12.3%	13.2%	
<b>Operational result</b>	68.7	68.1	80.7	(15.6)%
<b>Profit before income tax</b>	36.9	36.3	41.9	(13.4)%
<b>Net income</b>	29.5	28.9	35.1	(17.7)%
<b>EPS (€ per share)*****</b>	1.53	1.50	1.71	(12.3)%

\* Restated figures for 2009 exclude costs incurred by the Group in relation to the new production facility project in Jacksonville, US, for an amount of €0.7m.

\*\* Variations are measured at actual exchange rates except for the change in sales which is measured at constant exchange rates. Variations are calculated on the basis of reported data.

\*\*\* *EBITDA is defined as net income from operations, before depreciation, amortisation, restructuring costs and other operating income and expenses.*

\*\*\*\* *EBIT is defined as operating profit before restructuring costs and other operating income and expenses.*

\*\*\*\*\**2008 EPS adjusted to factor in the capital increase with maintained preferential subscription rights, carried out in 2009.*

2009 Consolidated Financial Statements approved by the Saft Groupe SA Management Board have been reviewed by the Supervisory Board on February 15, 2010. These Consolidated Financial Statements have been certified by the Group's Auditors on February 17, 2010.

## Results by product line

Product line	Year ended 31 December 2009				Year ended 31 December 2008		
	Sales (€m)	Sales growth 2009/2008 (%)	EBITDA (€m)	EBITDA margin (%)	Sales (€m)	EBITDA (€m)	EBITDA (%)
IBG (inc. RBS)	317.7	(15.3)%	52.3*	16.5%	368.6	61.1	16.6%
<i>IBG excl. RBS</i>	257.7	(13.5)%	53.5*	20.8%	292.1	58.7	20.1%
<i>Ex-RBS</i>	60.0	(22.5)%	(1.2)	(2.0)%	76.5	2.4	3.1%
SBG	241.6	(0.8)%	53.2	22.0%	240.8	51.6	21.4%
Other **	-	-	(4.5)	ns	0.0	(2.6)	ns
<b>Total</b>	<b>559.3</b>	<b>(9.6)%</b>	<b>101.0*</b>	<b>18.1%</b>	<b>609.4</b>	<b>110.1</b>	<b>18.1%</b>

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

\* Restated to exclude costs of €0.7m related to the start-up of the construction project for the Li-Ion unit in Jacksonville.

\*\* The "Other" cost centre includes central functions such as IT, research, central management, finance and administration.

### Industrial Battery Group (IBG)

IBG sales for 2009 of €317.7m registered a fall of 15.3% at constant foreign exchange rates. The aviation market and the supply of standby batteries for telecommunication applications overall fell sharply compared to 2008 but the rail market pursued its moderate progression. The small nickel batteries markets (formerly supplied by the RBS division) fell overall by more than 20%.

However some improvement in performance was noted in Q4 in sales of small nickel batteries and in the telecom and aviation segments.

The profitability of the division's historic activities rose significantly, with an EBITDA margin of 20.8% for 2009 excluding costs of €0.7m (\$1m) relating to Jacksonville. The reduction in raw material costs – metals and components – was a major factor in the increased profitability. The division also benefited from an overall positive foreign exchange impact and from the initial effects of the merger with the RBS division. However, given the fall in volumes and despite a return to positive EBITDA during the second half of 2009, the profitability of the activities of the former RBS division was negative at €(1.2)m.

The combined EBITDA margin, at 16.5% of sales, was stable compared to 2008 (16.6%).

### Specialty Battery Group (SBG)

Powered throughout the year by military markets, with annual growth of 17.8% at constant exchange rates, the Specialty Battery Group division was confronted, during the second quarter, with a significant slowdown in civil primary lithium markets, particularly in the US metering business. Sales in civil markets contracted by 13.1% at constant exchange rates as compared with 2008, but showed encouraging signs of recovery in the final quarter.

Division sales for 2009 remained stable overall at €241.6m, with growth of 0.3% at current exchange rates and a slight reduction of 0.8% at constant exchange rates.

The division's EBITDA margin reached 22.0% of sales in 2009 compared to 21.4% in 2008. Improved operating profitability is due, to a great extent, to an overall positive foreign exchange impact, the reduction in raw material purchasing costs, and the reduction in indirect production costs and fixed costs having globally offset the impact of the limited drop in volumes.

## **Raw material costs**

The average LME cost of nickel during 2009 was \$14,655/t (\$21,030/t in 2008) with a relative stabilisation at around \$18,000/t during the second half of the year. The Group did not however benefit fully from the fall in price given its hedging policy. The IBG division currently has close to 60% of its needs for 2010 hedged (excluding ex-RBS operations).

## **Cost reduction and organisation**

The three main sources of cost reduction identified at the beginning of 2009 were implemented according to plan. In particular, the merger of IBG and RBS took place with effect from 1<sup>st</sup> July 2009 and produced the expected early synergies. The full synergy impact will not be achieved until the end of 2010.

This reorganisation also enabled the Group to reallocate key technical and commercial resources to the development of emerging applications relating to high technology batteries. This effort will be accentuated in 2010 and will involve an estimated increase of 10% in the Group's R&D headcount.

Total restructuring costs amounted to €2.8m in 2009 compared with €0.2m in 2008.

## **Other financial highlights of the period**

After net finance costs of €18.5m, down more than €10m compared to 2008, and the Group's share of the loss of associates of €(13.3)m, the Group's share of net income amounted to €28.9m in 2009, compared to €35.1m for 2008, representing a decrease of 17.7% over the previous year.

Earnings per share, calculated on the weighted average number of outstanding shares during the year (18,974,281 shares), amount to €1.50 compared to an adjusted earnings per share of €1.71 in 2008.

As a result of the Group's capital increases of €120.9m during the year, and of its excellent free cash flow of €43.1m after repayment of €19.4m of bank loans, its cash position amounted to €207.4m at 31 December 2009 as against €68.8m at 31 December 2008.

The Group's net debt fell steeply to €108.5 million compared with €281.1 million at the end of 2008. Its net financial debt/EBITDA ratio thus amounted to 1.09 at 31 December 2009 compared with a contractual maximum of 3.0.

## **Jacksonville and Michigan projects**

With the benefit of major financial support from the US Department of Energy, the Group initiated in 2009 two major projects in the US designed to increase production of Li-ion batteries destined to serve both the new renewable energy storage markets and, via the Johnson Controls-Saft joint venture, the hybrid and electric vehicles market.

Saft's Jacksonville project amounts to \$200m and is intended to provide Li-ion batteries for renewable energy storage solutions, hybrid military vehicles, telecom networks and aviation.

Johnson Controls-Saft's Holland-Michigan project amounts to \$300m and is intended to enable the joint venture to complement the existing European production capacity in order to fulfil the production contracts already announced.

The €114.9m capital increase successfully performed last December has enabled the Group to secure the residual financing required by these projects.

## **Outlook for 2010**

If economists' current forecasts of global economic growth of between 3.5 and 4% in 2010 are realised, the Saft Group should undeniably benefit from this development. However, in light firstly of the fact that the standby batteries market for industrial infrastructure is a late cycle business and secondly, of the uncertainty with regard to the pace at which the civil lithium markets for meters will revive, growth in 2010 sales should be in a range of 0 to +5% at constant foreign exchange rates and in particular assuming a €/US\$ exchange rate of 1.39.

Saft is expected to maintain its profitability in 2010, with an EBITDA margin of at least 18% of sales excluding the impact of the costs related to the Jacksonville project (EBITDA impact estimated between \$5m and \$6m).

John Searle, Chairman of the Management Board, concluded as follows: *"After a year 2009 during which Saft's teams have coped successfully with a difficult economic context, our objective for 2010 is a dual one: renew with growth in our traditional markets and successfully develop our ambitious Jacksonville and Michigan industrial projects so as to be ready to serve the growing markets for renewable energy storage and clean vehicles"*.

## **Financial calendar for 2010**

2010 Q1 turnover	29 April 2010
Annual General Meeting	9 June 2010
2010 Q2 turnover and half year earnings	28 July 2010
2010 Q3 turnover	3 November 2010

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. Saft draws your attention to the risk factors described on pages 64 to 70 and 107 to 112 of its registration document (annual report) for 2008 registered on 2 April 2009 with the *Autorité des marchés financiers* under the number R.09-014.

### **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 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 and world leader in lithium-ion satellite batteries. Saft is also delivering its lithium-ion technology to the emerging applications of clean vehicles and renewable energy storage. With approximately 4,000 employees worldwide, Saft is present in 18 countries. Its 15 manufacturing sites and extensive sales network enable the group to serve its customers worldwide. Saft is listed in the SBF 120 index on the Paris Stock Market.*

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

### **SAFT**

Jill Ledger, Corporate Communications and Investor Relations Director  
Tel: +33 1 49 93 17 77, [jill.ledger@saftbatteries.com](mailto:jill.ledger@saftbatteries.com)

### **FINANCIAL DYNAMICS**

Stéphanie BIA, Tel: +33 1 47 03 68 16, [stephanie.bia@fd.com](mailto:stephanie.bia@fd.com)  
Yannick DUVERGÉ, Tel: +33 1 47 03 68 10, [yannick.duverge@fd.com](mailto:yannick.duverge@fd.com)  
Clément BENETREAU, Tel: +33 1 47 03 68 12, [clement.benetreau@fd.com](mailto:clement.benetreau@fd.com)

## APPENDICES

### Consolidated income statement

(in euro million)	<b>2009</b>	<b>2008</b>
Revenues	559.3	609.4
Cost of sales	(397.7)	(437.6)
<b>Gross profit</b>	<b>161.6</b>	<b>171.8</b>
Distribution costs	(32.3)	(31.9)
Administrative expenses	(42.4)	(43.5)
Research and development expenses	(18.1)	(15.6)
Restructuring costs	(2.8)	(0.2)
Other operating income and expenses	2.1	0.1
<b>Operating profit</b>	<b>68.1</b>	<b>80.7</b>
Finance costs-net	(18.5)	(28.8)
Share of profit / (loss) of associates	(13.3)	(10.0)
<b>Profit before income tax</b>	<b>36.3</b>	<b>41.9</b>
Income tax expense	(7.4)	(6.8)
<b>Profit for the period</b>	<b>28.9</b>	<b>35.1</b>
Attributable to:		
<b><i>Equity holders of the company</i></b>	<b>28.5</b>	<b>35.1</b>
<b><i>Minority interest</i></b>	<b>0.4</b>	<b>0.0</b>
Earnings per share (in € per share): Basic	1.50	1.90
Earnings per share (in € per share): Diluted	1.50	1.90

## Consolidated balance sheet

### Assets

(in euro million)	At 31/12/2009	At 31/12/2008
<b>Non-current assets</b>		
Intangible assets, net	228.2	236.0
Goodwill	104.8	107.3
Property, plant and equipment, net	109.9	112.6
Investment properties	0.2	0.2
Investments in joint undertakings	30.0	19.5
Deferred income tax assets	10.1	13.3
Other non current financial assets	0.9	1.3
	<b>484.1</b>	<b>490.2</b>
<b>Current assets</b>		
Inventories	63.1	79.2
Trade and other receivables	141.1	153.8
Derivative financial instruments	2.2	0.1
Cash and cash equivalents	207.4	68.8
	<b>413.8</b>	<b>301.9</b>
<b>Total assets</b>	<b>897.9</b>	<b>792.1</b>

## Liabilities and equity

(in euro million)	At 31/12/2009	At 31/12/2008
<b>Shareholders' equity</b>		
Ordinary shares	24.7	18.5
Share premium	92.5	(27.7)
Treasury shares	(0.3)	(1.0)
Cumulative translation adjustments	11.8	7.6
Fair value and other reserves	12.8	9.1
Group consolidated reserves	164.3	146.7
Minority interest in equity	1,0	0.6
<b>Total shareholders' equity</b>	<b>306.8</b>	<b>153.8</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Debt	312.7	324.3
Other non-current financial liabilities	8.1	5.5
Deferred income tax liabilities	69.0	66.8
Pensions and other long-term employee benefits	8.5	9.5
Provisions for other liabilities and charges	33.3	38.5
	<b>431.6</b>	<b>444.6</b>
<b>Current liabilities</b>		
Trade and other payables	136.4	152.9
Taxes payable	5.3	2.3
Debt	3.2	25.6
Derivative instruments	2.1	5.6
Pensions and other long-term employee benefits	1.0	0.2
Provisions for other liabilities and charges	11.5	7.1
	<b>159.5</b>	<b>193.7</b>
<b>Total liabilities and equity</b>	<b>897.9</b>	<b>792.1</b>

## Consolidated statement of comprehensive income

(in euro million)	2009	2008
<b>Profit for the period</b>	<b>28.9</b>	<b>35.1</b>
<b>Other comprehensive income</b>		
Fair value gains / (losses) on cash flow hedge	5.6	(5.8)
Fair value gains / (losses), net investment hedge	(0.3)	(6.7)
Actuarial gains and losses recognised against SCI	0.3	1.6
Currency translation adjustments	4.1	10.4
Tax effect on income / (expenses) recognised directly in equity	(1.9)	3.5
<b>Total other comprehensive income for the period, net of tax</b>	<b>7.8</b>	<b>3.0</b>
<b>Total comprehensive income for the period</b>	<b>36.7</b>	<b>38.1</b>
<b><i>Attributable to:</i></b>		
Equity holders of the company	36.3	38.3
Minority interest	0.4	(0.2)

## Consolidated cash flow statement

(in euro million)	2009	2008
<b>Net profit for the period</b>	<b>28.9</b>	<b>35.1</b>
<b>Adjustments :</b>		
Earning of equity basis companies (net of dividends)	13.8	10.5
Income tax expense	7.4	6.8
Tangible and intangible assets amortisation and depreciation	31.6	29.3
Finance costs-net	18.5	28.8
Net movements in provisions	(1.2)	(5.7)
Other	1.5	0.8
	<b>100.5</b>	<b>105.6</b>
Change in inventories	15.9	(1.7)
Change in trade and other receivables	6.3	3.2
Change in trade and other payables	(10.2)	0.0
<b>Changes in working capital</b>	<b>12.0</b>	<b>1.5</b>
<b>Cash generated from operations before interest and tax</b>	<b>112.5</b>	<b>107.1</b>
Interest paid	(14.5)	(16.8)
Income tax paid	(4.6)	(8.7)
<b>Net cash provided by operating activities</b>	<b>93.4</b>	<b>81.6</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(25.6)	(12.8)
Purchase of property plant and equipment	(16.7)	(22.6)
Purchase of intangible assets	(4.8)	(5.8)
Proceeds from sale of property, plant and equipment	0.1	1.3
Variation of other non current assets and liabilities	0.2	0.2
<b>Net cash generated from investing activities</b>	<b>(46.8)</b>	<b>(39.7)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	120.9	0.0
(Purchase) / Sale of treasury shares	0.8	0.7
New debts	315.3	0.0
Debts refund	(349.6)	0.0
Increase/(decrease) in other long-term liabilities	4.4	0.0
Dividends paid to company shareholder's	(7.0)	(12.6)
<b>Net cash used in financing activities</b>	<b>84.8</b>	<b>(11.9)</b>
Net increase/(decrease) in cash	<b>131.4</b>	<b>30.0</b>
Cash and cash equivalents at beginning of period	68.8	42.3
Exchange gain / (loss) on cash and cash equivalents	7.2	(3.5)
<b>Cash and cash equivalents at end of period</b>	<b>207.4</b>	<b>68.8</b>

## Statement of changes in equity

(in euro million)	Number of shares composing the capital	Attributable to equity holders of the company			Minority interest	Shareholders' equity
		Share Capital	Share Premium	Consolidated reserves and retained earnings		
<b>Balance at December 31, 2007</b>	<b>18,514,086</b>	<b>18.5</b>	<b>(15.1)</b>	<b>122.7</b>	<b>0.8</b>	<b>126.9</b>
Employee stock option scheme (value of employees' services)		0.0	0.0	1.7	0.0	1.7
Dividend payable		0.0	(12.6)	0.0	0.0	(12.6)
Treasury shares		0.0	0.0	(0.3)	0.0	(0.3)
Total comprehensive income		0.0	0.0	38.3	(0.2)	38.1
<b>Balance at December 31, 2008</b>	<b>18,514,086</b>	<b>18.5</b>	<b>(27.7)</b>	<b>162.4</b>	<b>0.6</b>	<b>153.8</b>
Employee stock option scheme (value of employees' services)		0,0	0,0	1.6	0,0	1.6
Share capital increase with preferential subscription rights of December 2, 2009	5,696,328	6,0	114.4	(5.5)	0,0	114.9
Share capital increase following exercise of stock options	231,864	0.2	5.8	0,0	0,0	6,0
Dividend paid	241,815	0,0	0,0	(7.0)	0,0	(7.0)
Purchase/Sale of treasury shares		0,0	0,0	0.8	0,0	0.8
Total comprehensive income		0,0	0,0	36.3	0.4	36.7
<b>Balance at December 31, 2009</b>	<b>24,684,093</b>	<b>24.7</b>	<b>92.5</b>	<b>188.6</b>	<b>1.0</b>	<b>306.8</b>