
Press Release

Leclanché SA reports 2011 financial results and progress in its growth strategy for energy storage

- **Total consolidated revenues of CHF 13.4 million**
- **Orders in hand increased from CHF 10.5 to CHF 29.8 million**
- **Energy storage systems launched to address large market opportunities**
- **Mass production line for lithium-ion cells in installation process**
- **Publication of Annual Report 2011 and Outlook 2012**

Yverdon-les-Bains, March 20, 2011 - Leclanché S.A. (SIX Swiss Exchange: LECN), a Swiss company specialized in the production of large-format lithium-ion cells, announced today its financial results for the year 2011 and also reported progress in the implementation of its strategy for lithium-ion-based storage systems. Total consolidated revenues declined slightly to CHF 13.4 million compared to CHF 15.1 million in 2010, mainly due to traditional business, largely distribution and portable batteries. In contrast, the business of large-format lithium-ion cells and systems increased by 90% to CHF 1.3 million. Fully in line with its guidance, the net loss amounted to CHF 11.6 million, compared with CHF 12.6 million in 2010, and is mainly attributable to frontloading into the large-format lithium-ion technology as well as ramp-up costs to build a large-scale industrial manufacturing line. As a result of newly signed contracts, orders in hand increased to CHF 29.8 million at the end of December 2011, compared to CHF 10.5 million at the end of December 2010.

Ulrich Ehmes, Chief Executive Officer, commented: *“In 2011 Leclanché met its expected milestones. We are therefore on track to achieve our objective of becoming a leading provider of electric storage solutions based on large-format lithium-ion cells. Our progress was on both the technological and commercial fronts, with the signing of contracts and Memoranda of Understanding with important clients in Europe and China.”*

“For 2012, our focus will be threefold: the installation and ramp-up of the mass production line for large-format lithium-ion cells by mid-2012; starting to deliver entire storage systems equipped with cells from our new production line; and leveraging the growing interest in our lithium-ion cell technology in Europe and Asia, particularly in China,” Dr. Ehmes added.

He concluded: *“The current political and environmental trends are in our favor. After Fukushima, governments in several countries reacted quickly and set targets to replace nuclear power generation by alternative energy sources, with a large portion coming from renewable energies. For this reason, scalable industrial storage systems will play an ever-increasing role in the efficient use of fluctuating wind and solar energy.”*

Key achievements in 2011

- Signed a long-term contract of CHF 12.55 million with a large European customer to deliver portable battery packs for use in ruggedized applications. They are expected to be delivered between 2011 and 2015.
- Signed a contract with Schüco, a globally recognized leader in energy-efficient buildings, to provide home storage systems, integrating large-format lithium-ion cells as well as the necessary electronics.
- Entered into a Memorandum of Understanding with Talesun Solar, a leading Chinese manufacturer of high-quality photovoltaic panels to jointly provide a combined solution for the efficient generation and storage in large-sized solar farms. A first project has been identified in southern Europe for 2012 using container-size storage modules.
- Entered into a Memorandum of Understanding with Beijing-based Unipower to strengthen its supply chain in the field of raw material sourcing for large-format lithium-ion cells production.
- Implemented all the necessary steps in order to increase the production capacity for large-format lithium-ion cells from 4 to 76 MWh (titanate anodes) as of mid-2012. This new production unit represents an investment of approx. CHF 20 million in machinery and will allow Leclanché to be one of the few European mass producers of large-format lithium-ion cells.
- Entered into a research project to combine new active materials in large-format lithium-ion batteries. The project is linked to the growing demand for high-performance batteries to store renewable energies. It involves cooperation with large groups such as Siemens and research institutes like ZSW in Ulm, and is funded by the German Federal Ministry of Economic Affairs (BMWi).
- Developed the concept for large-scale industrial container storage units to provide energy storage for wind parks and solar farms as well as for utilities and other power stations.
- Launched environmentally friendly production of lithium-ion cells based on a new and innovative manufacturing process that uses water instead of solvents in the production of electrodes required for lithium-ion cells. This process represents a significant environmental improvement as it eliminates organic solvents while also allowing for higher stability and a longer life span for lithium-ion cells.

Subsequent events in 2012

- Successfully completed a capital increase by raising approximately CHF 28 million in gross proceeds. In total, Leclanché has issued a total of 2,148,238 new registered shares and 2,148,238 warrants.
- Entered the industrial energy storage market with the delivery of a first storage rack to a leading global electronics and electrical company. Altogether, six racks with a total storage capacity of 156 kWh will be delivered. The racks, combining Leclanché's lithium-ion cells and a battery management system, can be utilized in industrial containers for various applications such as grid stability management and also as large-scale energy storage solutions for wind and solar farms.

Financial highlights

Total consolidated revenues reached CHF 13.4 million in fiscal year 2011, a decline of 11% compared to CHF 15.1 million in the corresponding period of 2010. Sales of Leclanché's core business, large-

format lithium-ion cells, increased by 90% to CHF 1.3 million in 2011. Despite a significant increase in headcount, the net loss was reduced from CHF 12.6 million in 2010 to CHF 11.6 million in 2011, reflecting a tight control on costs. Diluted earnings per share were CHF –3.58 compared with CHF –5.87 in 2010. The number of employees increased from 87 to 113 persons in 2011. The strongest increase was in Willstätt, where Leclanché increased the number of machinery operators, as well as in production engineering and research and development.

Following the successful capital increase, cash and cash equivalents amounted to 21.4 million as of February 29, 2012. As a result of newly signed contracts, orders in hand increased to CHF 29.8 million at the end of December 2011, compared to CHF 10.5 million at the end of December 2010.

Annual Report 2011

Leclanché published today its Annual Report 2011, which can be downloaded on the company's web site. The company's Annual Shareholders Meeting will take place on April 16, 2012 in Lausanne.

Outlook

The energy revolution is in full swing. In this respect, Leclanché believes that scalable industrial storage systems will play an ever-increasing role in the efficient use of wind and solar energy as well as in grid load management. Leclanché intends to fully take advantage of these growing market opportunities. Leclanché's product benefits include enhanced cell safety through a patented ceramic separator, a long cycle life of 15,000 full charge and discharge cycles through lithium-titanate as anode material, as well as a competitive price point through an automated roll-to-roll production process.

To further penetrate the home energy storage market and seize upcoming opportunities as well, Leclanché will continue investments to refine its technological leadership, further develop its product offering and register additional sales orders. As planned, Leclanché will substantially increase its production capacity for large-format lithium-ion cells from 4 to 76 MWh (titanate anodes) by the end of June 2012.

Leclanché expects 2012 to be a "ramp-up" year, both in terms of production capacity and sales. In line with increased output from its new production line, the company expects a substantial increase in sales in the second half 2012 as well as a further reduction of its net loss, despite continuing investments.

Analyst and investor meeting

Leclanché S.A. will discuss its full-year 2011 financial results and achievements during an analyst and investor meeting taking place today, Tuesday, March 20, 2012 at the Steigenberger Bellerive au Lac, Utoquai 47, 8008 Zürich.

In addition, a live audio webcast of the meeting will be accessible on the Leclanché web site: www.leclanché.com. A replay of this teleconference will be made available one hour after the conference.

Analysts and media wishing to ask questions during the conference are invited to call at 14:15 CET (13:15 GMT/ 9:15 EST) using the following conference-ID: 4523912 and dial-in numbers:

- Europe: +41 (0) 22 592 73 12
- UK: +44-207-153-2027
- USA: +1-480-629-9673

About Leclanché

Leclanché specializes in the production of tailor-made energy storage solutions. Leclanché's strategy is to expand its position as one of the leading lithium-ion cell producers and solution providers for renewable energy storage systems in Europe. Its initial strategic priority is stationary home electric energy storage applications and expansion into the stationary industrial and grid electricity storage markets. Through participation in research consortia focusing on off-road and automotive applications, Leclanché is positioned to take advantage of new market opportunities.

Through a licensed ceramic separator technology and focus on lithium-titanate technology, Leclanché manufactures large-format lithium-ion cells optimized for safety and cycle-life in a fully automated production process. Leclanché currently operates a fully automated pilot production line with an installed annual production capacity of up to 4 MWh in large-format lithium-ion cells. By the end of the second quarter of 2012, Leclanché expects to commence commercial production at its first mass production line with an installed annual capacity of up to 76 MWh in lithium-titanate cells.

Leclanché was founded in 1909 in Yverdon-les-Bains. Through the integration of a spin-off from the Fraunhofer-Gesellschaft in 2006, the company evolved from a traditional battery manufacturer to become a leading developer and manufacturer of lithium-ion cells in Europe. Leclanché currently employs 120 staff and recorded revenues of CHF 13.4 million in 2011. The company has its headquarters in Yverdon-les-Bains (Switzerland) and production facilities in Willstätt (Germany). Leclanché is listed on the SIX Swiss Exchange (LECN).

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Disclaimer

This press release contains certain forward-looking statements relating to Leclanché's business, which can be identified by terminology such as "strategic", "proposes", "to introduce", "will", "planned", "expected", "commitment", "expects", "set", "preparing", "plans", "estimates", "aims", "would", "potential", "awaiting", "estimated", "proposal", or similar expressions, or by expressed or implied discussions regarding the ramp up of Leclanché's production capacity, potential applications for existing products, or regarding potential future revenues from any such products, or potential future sales or earnings of Leclanché or any of its business units. You should not place undue reliance on these statements. Such forward-looking statements reflect the current views of Leclanché regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no guarantee that Leclanché's products will achieve any particular revenue levels. Nor can there be any guarantee that Leclanché, or any of the business units, will achieve any particular financial results.

Consolidated income statement for the year ended December 31, 2011

	<u>31.12.2011</u>	<u>31.12.2010</u>
	KCHF	KCHF
Sales of goods and services	12'183.0	14'520.2
Other income	<u>1'207.7</u>	<u>533.9</u>
Total income	<u>13'390.7</u>	<u>15'054.1</u>
Raw materials and consumables used	-6'198.1	-9'236.7
Personnel costs	-9'989.3	-8'701.9
Depreciation and amortization expense	-1'812.5	-1'777.8
Other operating expenses	-6'991.0	-7'857.6
Finance costs	-18.6	-47.5
Finance income	<u>23.4</u>	<u>26.3</u>
Loss before tax for the year	<u>-11'595.4</u>	<u>-12'541.0</u>
Income tax	<u>0.0</u>	<u>-66.5</u>
Loss for the year	<u><u>-11'595.4</u></u>	<u><u>-12'607.5</u></u>
Earnings per share (CHF)		
- basic	-3.58	-5.87
- diluted	-3.58	-5.87

Consolidated balance sheet at December 31, 2011

	<u>31.12.2011</u>	<u>31.12.2010</u>
	KCHF	KCHF
ASSETS		
Non-current assets		
Property, plant and equipment	17'537.4	4'965.0
Intangible assets	4'640.8	5'084.7
Other financial assets	250.4	249.6
	<u>22'428.6</u>	<u>10'299.3</u>
Current assets		
Inventories	4'217.6	3'673.5
Trade and other receivables	4'092.8	3'488.8
Cash and cash equivalents	2'617.2	28'640.8
	<u>10'927.6</u>	<u>35'803.1</u>
TOTAL ASSETS	<u><u>33'356.2</u></u>	<u><u>46'102.4</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	16'179.2	16'179.2
Share premium	32'365.2	32'623.2
Reserve for share-based payment	556.8	257.8
Other reserves	16'800.6	16'800.6
Translation and Cash Flow hedge reserve	-1'970.7	-1'131.3
Actuarial loss on post-employment benefit obligations	-14'527.0	-8'992.3
Accumulated losses	-26'752.1	-15'156.7
Total Equity	<u>22'652.0</u>	<u>40'580.5</u>
Non-current liabilities		
Provisions	0.0	90.0
Defined benefit pension liability	5'656.9	242.3
	<u>5'656.9</u>	<u>332.3</u>
Current liabilities		
Provisions	110.0	130.0
Derivative financial instruments	37.0	0.0
Trade and other payables	4'900.3	5'059.6
	<u>5'047.3</u>	<u>5'189.6</u>
Total Liabilities	<u>10'704.2</u>	<u>5'521.9</u>
TOTAL EQUITY AND LIABILITIES	<u><u>33'356.2</u></u>	<u><u>46'102.4</u></u>

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of cash flows for the year ended December 31, 2011

	<u>31.12.2011</u>	<u>31.12.2010</u>
	KCHF	KCHF
Operating activities		
Loss before tax	-11'595.4	-12'541.0
Non cash adjustments:		
Depreciation of property, plant and equipment	1'157.1	1'269.6
Amortization of intangible assets	655.4	508.2
Non-realized foreign exchange differences	-902.8	50.7
Loss on disposal of fixed assets	-	17.1
Recognized expense for stock option plan	299.0	257.8
Interest expense	17.6	0.3
Interest income	-23.4	-10.8
Movement in provisions	-18.8	70.0
Employer's contribution to defined benefit plan	-399.6	-408.5
Pension cost	279.8	112.9
Working capital adjustments:		-
In/Decrease in trade and other receivables	-603.9	-804.7
In/Decrease in inventories	-544.1	-455.5
In/Decrease in trade and other payables	-122.3	2'688.5
Net cash flows used in operating activities	-11'801.4	-9'245.4
Investing activities		
Purchase of property, plant and equipment	-13'663.7	-1'100.9
Investment in other financial assets	-0.8	-0.5
Capitalized development expenses	-277.4	-
Interest received	23.4	10.8
Net cash used in investing activities	-13'918.5	-1'090.6
Financing activities		
Proceeds from share capital increase	-	27'341.8
Additional costs in relation with capital increase Dec.2010	-258.0	-
Interest paid	-17.6	-0.3
Net cash from / (used in) financing activities	-275.6	27'341.5
Increase / Decrease in cash and cash equivalent	-25'995.5	17'005.5
Cash and cash equivalent at 1 January	28'640.8	11'605.4
Cash and cash equivalent at 31 December	2'617.2	28'640.8
Effect of exchange rate changes	28.1	-29.9
Variation	-25'995.5	17'005.5