
Press Release

Leclanché SA provides a mid-period business update

- **Ramp-up of new production line and order intake slower than planned**
- **Revised guidance for 2012 and adoption of cash preservation measures**
- **Investigating options to raise additional funds**
- **First energy storage solutions have met customer expectations**

Yverdon-les-Bains, 5 November 2012 - Leclanché S.A. (SIX Swiss Exchange: LECN), specialized in the production of large-format lithium-ion cells and energy storage solutions, today gave an update on the development of its business. During the third quarter of 2012, Leclanché's business suffered from a slower ramp-up of the new production line as well as a delay in the roll-out of its home storage modules and experienced a lower than anticipated order intake. As a result, Leclanché is revising its 2012 guidance and taking cash preservation measures. On the other hand, the first storage systems delivered so far have met customer expectations and contribute to the further validation of the Leclanché Lithium Ion storage technology.

The slower ramp-up of the new production line is due to a speed issue in one of the production steps. The machine supplier is currently working on the issue with a team of specialists and is aiming to attain the specified quality and speed at the latest by the end of the year. Accordingly, the number of cells produced so far is significantly below the planned quantities, even though several batches of the cell could be processed in automatic mode through the whole process chain.

At the same time, Leclanché experienced a lower than anticipated order intake, for three different reasons: delays in the implementation of industrial storage projects currently in discussion and awaiting client confirmation; delays in the development of specific modules for home storage applications with our partners; a slower than anticipated general market uptake for home storage solutions. This last factor could lead our partner Schüco to revise the ordered quantities.

Leclanché might therefore have to adjust the amount of its orders in hand and is revising its 2012 guidance. Despite an increase in revenues expected this year – particularly in the Lithium Ion Technology unit – the net loss in 2012 will now be higher than last year. Cash at the end of October 2012 represented CHF 2.9 million, which in the absence of new funds being raised, would allow for normal operations to continue until approximately mid-December 2012.

The Board of Directors and Management of Leclanché are monitoring the situation very closely and have initiated numerous contacts with potential industrial partners and investors to secure additional financing. While some of the negotiations were and still are encouraging, no definitive support has been secured at this date.

Therefore, while continuing very actively to work on the closing of any financing transaction, Leclanché has decided to put in place cash preservation measures immediately, especially by introducing reduced shifts and working hours.

Leclanché will provide timely updates on the development of its business.

Business highlights for the third quarter

In the area of Lithium Ion Technology Leclanché delivered cells for storage racks for an autonomous village, and storage racks for a wind energy project and for a utility have been completed and will be delivered within the next few weeks. Leclanché and its partner ads-tec sold over 150 HS Pro modules so far for industrial storage applications. These modules integrate the Leclanché Lithium Ion Titanate cells.

The collaboration with Nedap to address the energy storage market with "PowerRouter" and the Leclanché Lithium Ion Technology is on-going. Both companies expect to have compatibility and market readiness by first half of 2013.

In order to broaden distribution in the home storage market Leclanché is currently setting up an additional market approach in collaboration with Talesun, a leading Chinese solar panel manufacturer. This additional market offering should be in place as of January 2013.

About Leclanché

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 strategic priorities are stationary home electrical energy storage applications and expansion into the stationary industrial and grid electricity storage markets. Through participation in research consortia focusing on hybrid and E-mobility applications, Leclanché is positioned to take advantage of new market opportunities.

Through a unique, patented 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. The newly installed production line will have an annual capacity of 1 million cells or 76 MWh.

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 is listed on the SIX Swiss Exchange (LECN). The company has its headquarters in Yverdon-les-Bains (Switzerland) and production facilities in Willstätt (Germany).

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