
Press Release

Leclanché SA reports 2012 financial results

- **Total revenues of CHF 16.1 million, up 20%**
- **150 energy storage modules in the market**
- **Net loss of CHF 15.2 million**
- **Implementation of cash preservation measures and turnaround plan**
- **Publication of Annual Report 2012**

Yverdon-les-Bains, March 5, 2013 - 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 2012 and also provided a strategic business update. Total consolidated revenues increased to CHF 16.1 million, up 20.1% compared to CHF 13.4 million in 2011, mainly due to a 177% increase of its business of large-format lithium-ion cells and systems.

The net loss amounted to CHF 15.2 million in 2012, compared with CHF 11.6 million in 2011. The higher than anticipated loss was mainly due to delays in the ramp up of the new production line of one production step and in the development of Leclanché's home storage modules, resulting in a lower than anticipated order intake. In view of the resulting liquidity issue, Leclanché took cash preservation measures, obtained a bridge loan and is now implementing a Turnaround Plan. Based on current cash flow forecasts, Leclanché believes that it will be able to meet all of its obligations until April, 2013. To cover its short and medium funding needs, Leclanché is actively investigating different options with the support of its financial advisor, Kepler Corporate Finance.

Leclanché's Turnaround Plan aims to achieve 5 key objectives: reducing costs by streamlining the organisation, strengthening key management functions, particularly in sales and production, applying a stronger focus on "go to market" processes for Leclanché's Lithium-ion storage systems, establishing key alliances to accelerate the market capture for Leclanché's products and maximizing the contribution from existing businesses.

The Board of Directors and the management believe that the successful implementation of these various measures, including the financing effort, will allow Leclanché to overcome its current difficulties and take advantage of the upcoming market opportunities.

Strategy

Leclanché's strategy is to expand its position as one of the leading European lithium-ion cell producers and solution providers for lithium-ion energy storage systems for the storage of renewable energy in Europe. The company's initial strategic priority is on stationary home residential electric energy storage applications and on expanding into the stationary industrial and grid electricity storage markets.

Leclanché remains fully convinced that it has the right technology and products to address the energy storage market. This market, which is still at an early stage so far, is expected to evolve soon into a major market opportunity worth several hundred millions Euros, if not billions. Energy storage is a necessity to effectively use solar and wind energy.

For this upcoming market opportunity, Leclanché has developed a unique cell technology with a number of differentiating factors: built in safety element with a flexible ceramic separator, high calendar life and competitive, highly automated, production process. The 150 modules already delivered so far have met customer expectations and contribute to the further validation of the Leclanché Lithium Ion storage technology.

Key developments in 2012

- Commissioned its large production line for Lithium Ion cells in Willstätt Germany. The total investment of CHF 20 million in machinery resulted in one of the most modern production lines. The ramp up process started mid-2012. First batches of cells have been produced and are in validation tests.
- Capital Increase with total gross proceeds of CHF 28 million in new shares and CHF 4 million in warrants. This funding was largely used for payments of the machinery, the investment into the development of the storage modules as well as for increasing our market presence.
- Launch of the home storage module HS 3200 at the Intersolar in Munich. This new module incorporates already the large cells produced on the new production line. The module has a capacity of 3.2 kWh and can be stacked up to 12.8 kWh. The module enables an increase in self consumption of the own produced solar energy.
- Production of cells for more than 150 storage modules for industrial application sold by Leclanché and our partner ads-tec. These cells have been produced in the company's pilot line and delivered throughout the year to ads-tec for the assembly of the modules. These modules are now in the field and working in pilot installations of solar, wind and utility.
- First delivery of test systems to Schüco, a leading solar modules company in Germany.
- Successfully passed the BATSO safety test performed by the German TÜV. It confirms Leclanché's strategic priority to build one of the safest Lithium Ion cells in the market, a key issue for high energy density cells.
- Leclanché's patented lithium ion technology received a further validation as it won the Global Cleantech Cluster Association (GCCA) 2012 award in the "Energy Storage" category. The GCCA Award assesses the most promising later stage companies across the globe and selects the Top 10 winners in each category from an original pool of 4500 eligible companies represented by the GCCA's 46 member clusters, including swisscleantech.
- Entered into a government funded research program together with Siemens, ZSW and Südchemie for the development of next generation cells for special storage applications.
- Leclanché GmbH, obtained a € 5 million/CHF 6 million bridge loan from Bruellan Corporate Governance Action Fund to cover its short term funding needs. The loan, with an extended maturity until end of June 2013, is secured with assets of Leclanché GmbH.

Subsequent events in 2013

- Leclanché and Schüco signed a new co-operation contract for Lithium Ion storage systems. Leclanché will design and produce storage systems to address the solar market today already

developed by Schüco, who will leverage its significant marketing and sales force to promote the Leclanche storage products. Development cost will be shared by both companies. The first systems are expected to be shipped to end users in 2014.

- The Board of directors appointed Talisman Infrastructure Ventures LLP (TIV) to work with the management to lead a turnaround process for Leclanche SA.

Financial highlights

Total consolidated revenues reached CHF 16.1 million in 2012, an increase of 20.1% compared to CHF 13.4 million in 2011. Revenues of Leclanché's large-format lithium-ion cells and storage systems, including grants, reached CHF 3.5 million, an increase of 177% compared with CHF 1.3 million in 2011. Leclanché's portable business reached CHF 8.8 million, an increase of 10.9%. As anticipated, the distribution business declined by 10.2% to CHF 3.8 million.

The net loss reached CHF 15.2 million in 2012, compared with CHF 11.6 million in 2011. This was largely due to the installation and ramp up cost of the new business as well as delays in the ramp up of the new production line and in the development of Leclanché's home storage modules, as well as a lower than anticipated order intake. Diluted earnings per share were CHF –2.82 compared with CHF –3.58 in 2011. Headcount increased slightly to 57 in Yverdon and 66 in Willstätt, to a total of 117 full time employees (FTE) in 2012 compared to 113 in 2011.

The company believes that the bridge loan will enable Leclanché SA and Leclanché GmbH to pursue their activities until the end of April 2013.

The orders in hand have been adjusted downwards and represent today CHF 9.8 million for all business units, compared with CHF 29.8 million one year ago. This revised order intake takes into account orders already delivered in 2012 and reflects as well changes in the new contract with Schüco, announced in February 2013.

Annual Report 2012 and Annual Shareholders Meeting

Leclanché published today its Annual Report 2012, which can be downloaded on the company's web site. The company's Annual Shareholders Meeting will take place in Yverdon on April 3, 2013.

Outlook

Leclanché's current outlook focusses on three priorities: cover its medium term funding needs, finalize the ramp-up of its new production unit by solving some technical issue with one of the sophisticated machines on the new production line, accelerate the market capture for its products by ensuring the company's products are market ready and, at the same time, maximize the contribution from existing businesses.

Regarding its funding need, no definitive solution has been secured at this stage. There is accordingly a significant uncertainty with respect to the going concern assumption, particularly in relation to the certainty and timing of future financing

From an operational point of view, Leclanché expects to have its cells validated during Q2 2013. Home storage modules are expected to be available as prototypes in Q2/Q3 2013. As soon as the modules are validated with the CE marking, Leclanché will deliver them to its B2B customers for field tests. These tests may take several months. Only after their completion, can Leclanché expect significant orders. The company is notably already been approached by several potential customers for industrial storage, especially where a high cycle rate is necessary. In addition, the German

government is discussing a subsidy program for storage of Euro 50 million for 2013, from which the company expects to benefit.

Leclanché expects gradual progress in its operational plan. Since the Lithium Ion storage technology is an emerging and new market and because of the uncertainty of some government regulation, it might not be straightforward. However the company remains confident that its unique technology will enable it to take advantage of this large market opportunity.

Analyst and investor meeting

Leclanché S.A. will discuss its full-year 2012 financial results and achievements during an analyst and investor meeting taking place today, Tuesday, March 5th, 2013 at the Storchen Zürich, Weinplatz 2, 8001 Zürich.

In addition, a live audio webcast of the meeting will be accessible on the Leclanché web site: www.leclanche.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: 4605014 and dial-in numbers:

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

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).

www.leclanche.eu

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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.

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Consolidated income statement for the year ended December 31, 2012

	31.12.2012	31.12.2011
	KCHF	KCHF
Sales of goods and services	12'907.0	12'183.0
Other income	3'222.8	1'207.7
Total income	16'129.8	13'390.7
Raw materials and consumables used	-10'283.7	- 6'198.1
Personnel costs	-10'765.0	-9'989.3
Depreciation and amortization expense	-1'909.0	-1'812.5
Other operating expenses	-7'859.9	-6'991.0
Finance costs	-235.2	-18.6
Finance income	7.5	23.4
Loss before tax for the year	-14'915.4	-11'595.4
Income tax	0.0	0.0
Loss for the year	-14'915.4	-11'595.4
Earnings per share (CHF)		
- basic	-2.82	-3.58
- diluted	-2.82	-3.58

Consolidated balance sheet at December 31, 2012

	31.12.2012	31.12.2011
	KCHF	KCHF
ASSETS		
Non-current assets	33'932.4	17'537.4
Property, plant equipment	4'397.1	4'640.8
Intangible assets	249.9	250.4
Other financial assets	38'579.5	22'428.6
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Current assets		
Inventories	4'710.6	4'217.6
Trade and other receivables	4'917.6	4'092.8
Cash and cash equivalents	3'936.2	2'617.2
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	13'564.4	10'927.6
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TOTAL ASSETS	52'143.9	33'356.2
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EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	28'150.7	16'179.2
Share premium	47'178.0	32'365.2
Accumulated value for share-based payment	983.8	556.8
Other reserves	16'800.6	16'800.6
Translation reserve	-2'280.3	-1'970.7
Actuarial loss on post-employment benefit obligations	-14'176.5	-14'527.0
Accumulated losses	-41'667.5	-26'752.1
Total Equity	34'988.9	22'652.0
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Non-current liabilities	70.0	90
Provisions	5'268.3	5'656.9
Defined benefit pension liability	5'338.3	5'746.9
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Current liabilities		
Provisions	130.0	20.0
Borrowings	6'243.4	0.0
Derivative financial instruments	0.0	37.0
Trade and other payables	5'443.3	4'900.3
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	11'816.7	4'957.3
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Total Liabilities	17'155.0	10'704.2
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TOTAL EQUITY AND LIABILITIES	52'143.9	33'356.2
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Consolidated statement of cash flows for the year ended December 31, 2012

	31.12.2012	31.12.2011
	KCHF	KCHF
Operating activities		
Loss before tax	-14'915.4	-11'595.4
Non cash adjustments:		
Depreciation of property, plant and equipment	1'122.3	1'157.1
Amortization of intangible assets	786.7	655.4
Non-realized foreign exchange differences	-335.5	-902.8
Recognized expense for stock option plan	427.0	299.0
Interest expense	234.7	17.6
Interest income	-7.5	-23.4
Movement in provisions	90.0	-18.8
Employer's contribution to defined benefit plan	-374.4	-399.6
Pension cost	336.3	279.8
Working capital adjustments:		
In/Decrease in trade and other receivables	-824.8	-603.9
In/Decrease in inventories	-493.0	-544.1
In/Decrease in trade and other payables	506.1	-122.3
Net cash flows used in operating activities	-13'447.4	-11'801.4
 Investing activities		
Purchase of property, plant and equipment	-17'494.9	-13'663.7
Investment in other financial assets	0.5	-0.8
Capitalized development expenses	-565.4	-277.4
Interest received	7.5	23.4
Net cash used in investing activities	-18'052.4	-13'918.5
 Financing activities		
Net proceeds from share capital increase	23'171.4	-
Net proceeds from warrants exercised	3'612.8	-
Additional costs in relation with capital increase Dec.2010	-	-258.0
Net proceeds from borrowings	6'038.5	-
Interest paid	-29.9	-17.6
Net cash from/ (used in) financing activities	32'792.9	-275.6
Increase / Decrease in cash and cash equivalent	1'293.0	-25'995.5
 Cash and cash equivalent at 1 January	2'617.2	28'640.8
Cash and cash equivalent at 31 December	3'936.2	2'617.2
Effect of exchange rate changes	-25.9	28.1
Variation	1'293.0	-25'995.5

