



SAES GETTERS S.p.A.

Capital Stock Euro 12,220,000 fully paid-in
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Registered with the Milan Court Companies Register no. 00774910152

Interim Management Report – 1st Quarter 2017

In the first quarter of 2017 the SAES[®] Group achieved **consolidated net revenues** equal to €58.7 million, up by 28.5% compared to the figure of the first quarter of 2016, equal to €45.7 million. The **exchange rate effect** was equal to +3.5%, mainly thanks to the strengthening of the US dollar against the euro. Considering the same scope of consolidation, the **organic growth** amounted to +17.6%, while the acquisition of Metalvuoto S.p.A., completed at the end of last year, generated in the first quarter of 2017 revenues equal to €3.4 million (+7.4% was the increase in revenues related to the **change in the scope of consolidation**).

The organic growth was mainly concentrated in the gas purification sector (Systems for Gas Purification & Handling Business), driven by the investments in China for new semiconductor fabs, as well as in the sector of Nitinol for medical devices (Nitinol for Medical Devices Business) confirming the positive trend of the previous year.

Total revenues of the Group¹ were equal to €62.1 million, up by 29.6% compared to €47.9 million in the first quarter of 2016. The growth was attributable to the increase in consolidated revenues (+28.5%), as well as to the strong increase in the revenues of the joint venture Actuator Solutions (+57.1%).

The strong growth of consolidated revenues enabled the increase (+24.2%) of the **consolidated gross profit**², equal to €24.9 million in the first quarter of 2017, compared to €20 million in the corresponding period of 2016. The **gross margin**³ was equal to 42.4%, slightly decreased compared to 43.9% in the first quarter of 2016, due to the dilution following the consolidation of the newly acquired Metalvuoto S.p.A., currently characterized by a different structure of production variable costs compared to that of the traditional perimeter of the Group.

Consolidated operating income amounted to €9.5 million in the first quarter of 2017, strongly increased (+46.5%) when compared to €6.5 million in the first quarter of the previous year. In percentage terms, the **operating margin** was equal to 16.3%, up when compared to 14.3% in the first quarter of 2016, thanks to the improvement in revenues and to the lower incidence of the operating expenses on revenues.

¹ Total revenues of the Group are achieved by incorporating with the proportional method, instead of the equity method, the 50% joint venture Actuator Solutions and the joint venture SAES RIAL Vacuum S.r.l., of which SAES owns 49% of the share capital.

² Calculated as the difference between net sales and industrial costs directly and indirectly attributable to the products sold.

³ Calculated as the ratio between gross profit and consolidated revenues.

Consolidated EBITDA⁴ was equal to €11.8 million (20.1% of consolidated revenues), compared to €8.5 million in the corresponding quarter of 2016 (18.7% of consolidated revenues), showing a growth in line with that of the operating indicators.

By excluding the non-recurring costs (around €0.2 million) for severance and for the retention plan addressed to strategic employees of Memry GmbH, whose liquidation was announced at the end of 2016, the **adjusted EBITDA**⁵ was equal to €12 million in the first quarter of 2017 (20.4% of consolidated revenues).

Consolidated net income amounted to €5.8 million, almost doubled (+90.8%) compared to a consolidated net income of €3 million in the corresponding quarter of the previous year.

The **net financial position** as at March 31, 2017 was equal to -€25.2 million, showing a significant improvement compared to the end of 2016 (-€33.8 million) thanks to the positive trend of the operating activities, as well as to the reabsorption of the net working capital, mainly in the gas purification sector, although the level of the net working capital remains high, to support the growth expected in the next months.

There is a strong satisfaction for the results of the first quarter of 2017, that confirm the positive trend of the previous year and are in line with the expectations. It is expected to maintain such trend and results also in the next quarters, in which the Group will be deeply committed to the development of the new business initiatives.

⁴ EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRSs); however, we believe that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, depreciation and amortization".

⁵ Adjusted EBITDA is meant to be the EBITDA itself, further adjusted to exclude non-recurring items or anyway considered as not indicating the current operating performance by the Management. As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

CONSOLIDATED FINANCIAL STATEMENTS**Consolidated statement of profit or loss**

Thousands of euro

	1st quarter 2017	1st quarter 2016
Total net sales	58,668	45,662
Cost of sales	(33,779)	(25,615)
Gross profit	24,889	20,047
R&D expenses	(3,837)	(3,528)
Selling expenses	(4,174)	(3,609)
G&A expenses	(7,253)	(6,348)
Total operating expenses	(15,264)	(13,485)
Other income (expenses), net	(78)	(47)
Operating income (loss)	9,547	6,515
Interest and other financial income, net	(282)	(355)
Income (loss) from equity method evaluated companies	(363)	(473)
Foreign exchange gains (losses), net	(104)	(60)
Income (loss) before taxes	8,798	5,627
Income taxes	(3,002)	(2,590)
Net income (loss) from continued operations	5,796	3,037
Income (loss) from assets held for sale and discontinued operations	0	0
Net income (loss) before minority interest	5,796	3,037
Net income (loss) pertaining to minority interest	0	0
Net income (loss) pertaining to the Group	5,796	3,037

Consolidated statement of other comprehensive income

Thousands of euro

	1st quarter 2017	1st quarter 2016
Net income (loss) for the period	5,796	3,037
Exchange differences on translation of foreign operations	(1,325)	(4,430)
Exchange differences on equity method evaluated companies	0	39
Total exchange differences	(1,325)	(4,391)
Total components that will be reclassified to the profit (loss) in the future	(1,325)	(4,391)
Other comprehensive income (loss), net of taxes	(1,325)	(4,391)
Total comprehensive income (loss), net of taxes	4,471	(1,354)
<i>attributable to:</i>		
- Equity holders of the Parent Company	4,471	(1,354)
- Minority interests	0	0

Consolidated income (loss) per share

Euro

	1st quarter 2017	1st quarter 2016
Net income (loss) per ordinary share	0.2573	0.1322
Net income (loss) per savings share	0.2739	0.1488

Thousands of euro

	Industrial Applications		Shape Memory Alloys		Solutions for Advanced Packaging		Business Development & Corporate Costs		TOTAL	
	1 st quarter 2017	1 st quarter 2016	1 st quarter 2017	1 st quarter 2016	1 st quarter 2017	1 st quarter 2016	1 st quarter 2017	1 st quarter 2016	1 st quarter 2017	1 st quarter 2016
Total net sales	34,913	27,587	19,995	17,799	3,369	0	391	276	58,668	45,662
Cost of sales	(18,992)	(14,311)	(11,741)	(11,149)	(2,763)	0	(283)	(155)	(33,779)	(25,615)
Gross profit (loss)	15,921	13,276	8,254	6,650	606	0	108	121	24,889	20,047
Operating expenses and other income (expenses)	(6,021)	(5,771)	(3,497)	(2,903)	(622)	0	(5,202)	(4,858)	(15,342)	(13,532)
Operating income (loss)	9,900	7,505	4,757	3,747	(16)	0	(5,094)	(4,737)	9,547	6,515

Consolidated Statement of Financial Position

Thousands of euro

	March 31, 2017	December 31, 2016
Property, plant and equipment, net	53,125	53,402
Intangible assets	58,024	58,984
Other non current assets	33,669	30,650
Current assets	104,315	102,112
Total Assets	249,133	245,148
Shareholders' equity	139,302	134,831
Minority interest in consolidated subsidiaries	0	0
Total Shareholders' Equity	139,302	134,831
Non current liabilities	54,557	55,569
Current liabilities	55,274	54,748
Total Liabilities and Shareholders' Equity	249,133	245,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting Principles, Methods and Structure of the Group

The Interim Management Report has been prepared applying the international accounting standards (IFRS) and in accordance with article 2.2.3, paragraph 3, of the Regulation of the Markets organized and managed by Borsa Italiana S.p.A. Concerning the content, please make reference to the pre-existing article 154-ter, paragraph 5, of “Financial Consolidation Act”, also in the light of what clarified by ESMA in the Q&A on the Directive 2004/109/CE.

The Interim Management Report is consistent with the accounting principles that govern the preparation of the annual and consolidated financial statements, insofar as they are applicable. Evaluation procedures adopted in the interim management report are substantially similar to those usually applied to prepare the annual and consolidated financial statements.

With reference to the changes occurred in the consolidation area during the first quarter of 2017, please note that on January 10, 2017 the company Flexterra Taiwan Corporation Ltd., wholly owned by Flexterra, Inc. (USA), was established. The new company is headquartered in Zhubei City (Taiwan).

Further relevant events occurred in the first quarter of 2017

On January 20, February 13 and March 20, 2017 SAES Nitinol S.r.l. paid three further tranches (equal to €1 million each) of the total financing of €4.5 million in favor of the joint venture Actuator Solutions GmbH, on the basis of the loan agreement signed on November 28, 2016.

It should be noted that the interim management report on 1st quarter 2017 is unaudited.

Changes in the Business structure organization

Following the acquisition of the control of Metalvuoto S.p.A., a significant player in the advanced packaging field, occurred at the end of 2016, a third Business Unit named “Solutions for Advanced Packaging” was established, in order to ensure a better information transparency.

Finally, please note the new segmentation of the Industrial Application Business Unit and the re-naming of some already existing operating segments, to better comply with the new organizational structure of the Group.

Industrial Applications Business Unit	
Security & Defense	Getters and metal dispensers for electronic vacuum devices
Electronic Devices	Getters for microelectronic, micromechanical systems (MEMS) and sensors
Healthcare Diagnostics	Getters for X-ray tubes used in image diagnostic systems
Thermal Insulation	Products for thermal insulation
Getters & Dispensers for Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Systems for UH Vacuum	Pumps for vacuum systems
Sintered Components for Electronic Devices and Lasers	Cathodes and materials for thermal dissipation in electronic tubes and lasers

Systems for Gas Purification and Handling	Gas purifier systems for semiconductor industry and other industries
Shape Memory Alloys (SMA) Business Unit	
Nitinol for Medical Devices	Nitinol raw material and components for the biomedical sector
SMAs for Thermal and Electro Mechanical Devices	Shape Memory Alloys actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Solutions for Advanced Packaging	
Solutions for Advanced Packaging	Advanced film plastics for the food packaging sector
Business Development Unit	
Organic Electronics	Materials and components for organic electronics applications

The figures related to 2016 were reclassified on the basis of the new organizational structure, to allow a homogeneous comparison with the current year.

Net Sales by Business and by Geographic Location of Customers

Consolidated Net Sales by Business

Thousands of euro (except %)

Business	1 st quarter 2017	1 st quarter 2016	Total difference (%)	Organic change (%)	Exchange rate effect (%)	Consolidation area effect (%)
Security & Defense	2,169	2,524	-14.1%	-16.0%	1.9%	0.0%
Electronic Devices	2,609	1,874	39.2%	37.0%	2.2%	0.0%
Thermal Insulation	1,037	947	9.5%	7.5%	2.0%	0.0%
Healthcare Diagnostics	1,819	2,081	-12.6%	-14.0%	1.4%	0.0%
Systems for UH Vacuum	1,271	1,390	-8.6%	-10.8%	2.2%	0.0%
Getters & Dispensers for Lamps	2,105	1,948	8.1%	5.8%	2.3%	0.0%
Sintered Components for Electronic Devices & Lasers	1,735	1,719	0.9%	-2.5%	3.4%	0.0%
Systems for Gas Purification & Handling	22,168	15,104	46.8%	41.9%	4.9%	0.0%
Industrial Applications	34,913	27,587	26.6%	22.9%	3.7%	0.0%
Nitinol for Medical Devices	17,853	15,427	15.7%	12.1%	3.6%	0.0%
SMAs for Thermal & Electro Mechanical Devices	2,142	2,372	-9.7%	-10.7%	1.0%	0.0%
Shape Memory Alloys	19,995	17,799	12.3%	9.0%	3.3%	0.0%
Solutions for Advanced Packaging	3,369	0	100.0%	0.0%	0.0%	100.0%
Business Development	391	276	41.7%	36.4%	5.3%	0.0%
Total Net Sales	58,668	45,662	28.5%	17.6%	3.5%	7.4%

Consolidated Net Sales by Geographic Location of Customer

Thousands of euro

Geographic Area	1 st quarter 2017	1 st quarter 2016
Italy	1,659	410
European countries	10,326	7,476
North America	25,036	22,493
Japan	1,543	1,524
South Korea	2,442	2,256
China	12,083	4,080
Rest of Asia	5,232	6,910
Rest of the World	347	513
Total Net Sales	58,668	45,662

In the first quarter of 2017 the SAES® Group achieved **consolidated net revenues** equal to €58.7 million, up by 28.5% compared to the figure of the first quarter of 2016, equal to €45.7 million. The **exchange rate effect** was equal to +3.5%, mainly thanks to the strengthening of the US dollar against

the euro. Considering the same scope of consolidation, the **organic growth** amounted to +17.6%, while the acquisition of Metalvuoto S.p.A., completed at the end of last year, generated in the first quarter of 2017 revenues equal to €3.4 million (+7.4% was the increase in revenues related to the **change in the scope of consolidation**).

The organic growth was mainly concentrated in the gas purification sector (Systems for Gas Purification & Handling Business), driven by the investments in China for new semiconductor fabs, as well as in the sector of Nitinol for medical devices (Nitinol for Medical Devices Business) confirming the positive trend of the previous year.

Total revenues of the Group were equal to €62.1 million, up by 29.6% compared to €47.9 million in the first quarter of 2016. The growth was attributable to the increase in consolidated revenues (+28.5%), as well as to the strong increase in the revenues of the joint venture Actuator Solutions (+57.1%).

Total revenues of the Group

Thousands of euro

	1 st quarter 2017	1 st quarter 2016	Difference
Consolidated sales	58,668	45,662	13,006
50% sales of the joint venture Actuator Solutions	3,495	2,225	1,270
49% sales of the joint venture SAES RIAL Vacuum S.r.l.	142	176	(34)
Intercompany eliminations	(159)	(139)	(20)
Other adjustments	(78)	(42)	(36)
Total revenues of the Group	62,068	47,882	14,186

Industrial Applications Business Unit

Consolidated revenues of the Industrial Applications Business Unit amounted to €34.9 million in the first quarter of 2017, up by 26.6% compared to €27.6 million in the corresponding quarter of 2016.

The trend of the euro against the major foreign currencies led to a positive exchange rate effect equal to +3.7%, net of which revenues organically increased by 22.9%.

The growth was mainly driven by the gas purification sector (Systems for Gas Purification & Handling Business), which recorded an organic growth of 41.9%, thanks to the investments in new semiconductors and displays fabs in Asia (particularly in China, Korea and Taiwan). The Electronic Devices Business also showed a growth (organic growth equal to +37%), thanks to higher sales of both film getters and traditional getters, favored by the more and more increasing penetration of the infrared technology for surveillance and industrial applications (such as monitoring of thermal dispersions and thermal regulation).

All the other sectors showed a substantial stability compared to the previous year, excluding the thermal insulation segment (Thermal Insulation Business) and the lamps segment (Getters & Dispensers for Lamps Business). In the former one, the decrease was mainly due to the weakness in the sales of insulation panels for the refrigeration market and of getters for vacuum bottles for the consumer market. The second one still recorded a structural decrease, in line with the last periods of 2016, due to the technological competition of LEDs towards fluorescent lamps.

The table below shows the revenues in the first quarter of 2017 related to the various business areas, with evidence of the exchange rate effect and of the organic change compared to the corresponding period of 2016.

Thousands of euro (except %)

Business	1 st quarter 2017	1 st quarter 2016	Total difference (%)	Organic change (%)	Exchange rate effect (%)
Security & Defense	2,169	2,524	-14.1%	-16.0%	1.9%
Electronic Devices	2,609	1,874	39.2%	37.0%	2.2%
Thermal Insulation	1,037	947	9.5%	7.5%	2.0%
Healthcare Diagnostics	1,819	2,081	-12.6%	-14.0%	1.4%
Systems for UH Vacuum	1,271	1,390	-8.6%	-10.8%	2.2%
Getters & Dispensers for Lamps	2,105	1,948	8.1%	5.8%	2.3%
Sintered Components for Electronic Devices & Lasers	1,735	1,719	0.9%	-2.5%	3.4%
Systems for Gas Purification & Handling	22,168	15,104	46.8%	41.9%	4.9%
Industrial Applications	34,913	27,587	26.6%	22.9%	3.7%

Gross profit of the Industrial Applications Business Unit was equal to €15.9 million in the first quarter of 2017, up by 19.9% compared to €13.3 million in the first quarter of 2016, mainly thanks to the significant performance of the sales in the gas purification sector.

As a percentage of revenues, the **gross margin** decreased from 48.1% to 45.6%, penalized by a product mix with an increased absorption of raw materials, mainly in the sector of vacuum pumps. The gross margin of lamps business also decreased, in line with the already mentioned structural decrease in sales. All the other segments recorded a substantially stable gross margin.

Operating income of the Industrial Applications Business Unit was equal to €9.9 million, up by 31.9% compared to €7.5 million in the first quarter of 2016; the **operating margin** increased from 27.2% to 28.4%. The improvement was mainly due to the industrial performance of the purification sector; operating expenses, in absolute value, were substantially in line with those of the previous year.

Shape Memory Alloys (SMA) Business Unit

Consolidated revenues of the Shape Memory Alloys Business Unit were equal to €20 million in the first quarter of 2017, showing an increase (+12.3%) compared to €17.8 million in the corresponding period of 2016. The exchange rate effect was positive for +3.3%, net of which the organic growth was equal to +9%.

Compared to the first quarter of the previous year, the Nitinol for Medical Devices Business recorded an organic growth of 12.1%, in line with the trend of the previous year.

Instead, the Industrial SMAs segment (SMAs for Thermal and Electro Mechanical Devices Business) recorded an organic decrease (-10.7%), due to a temporary slowdown in the sales of the luxury goods segment.

The table below shows the revenues in the first quarter of 2017 related to the various business areas, with evidence of the exchange rate effect and of the organic change compared to the corresponding period of 2016.

Thousands of euro (except %)

Business	1 st quarter 2017	1 st quarter 2016	Total difference (%)	Organic change (%)	Exchange rate effect (%)
Nitinol for Medical Devices	17,853	15,427	15.7%	12.1%	3.6%
SMAs for Thermal & Electro Mechanical Devices	2,142	2,372	-9.7%	-10.7%	1.0%
Shape Memory Alloys	19,995	17,799	12.3%	9.0%	3.3%

Gross profit of the Shape Memory Alloys Business Unit was equal to €8.3 million (41.3% of consolidated revenues) in the first quarter of 2017, compared to €6.7 million (37.4% as a percentage of revenues) in the corresponding period of 2016. This increase both in the gross profit (+24.1%) and in the gross margin was the result of the greater economies of scale following the sales' increase in the sector of Nitinol for medical devices.

Operating income of the Shape Memory Alloys Business Unit amounted to €4.8 million, showing an increase (+27%) compared to €3.7 million in the first quarter of 2016. The increase in revenues and in the gross margin favored the significant improvement of the operating result, as well as that of the operating margin, increased from 21.1% to 23.8%. The slight increase of the incidence of operating expenses (from 16.6% to 17.6%) was entirely attributable to the non-recurring personnel costs related to the process of liquidation of Memry GmbH (around €0.2 million).

Solutions for Advanced Packaging Business Unit

The newly established “Solutions for Advanced Packaging Business Unit”, which mainly comprises the newly acquired Metalvuoto S.p.A., recorded **revenues** equal to €3.4 million in the first quarter of 2017.

Gross profit of the Solutions for Advanced Packaging Business Unit was equal to €0.6 million in the first quarter of 2017 (18% of consolidated revenues) and it mainly comprises the contribution of the newly acquired Metalvuoto S.p.A., whose industrial activity is currently characterized by a different structure of variable production costs, compared to that of the traditional perimeter of the Group.

The first quarter of 2017 ended substantially in **operating breakeven**.

Business Development Unit & Corporate Costs

The Business Development Unit & Corporate Costs includes projects of basic research or in a developing phase, aimed at diversifying into innovative businesses, in addition to corporate costs (costs that cannot be directly attributed or reasonably allocated to any business sector, but that refer to the Group as a whole).

In the first quarter of 2017 **revenues** amounted to €0.4 million, compared to €0.3 million in the corresponding period of 2016. The exchange rate effect was positive and equal to +5.3%, while the organic growth was equal to +36.4%. The increase, compared to the first quarter of 2016, was attributable to higher sales of functional polymers for OLED applications; in particular, the sales for OLED displays for portable applications improved in Taiwan, while the first sales of polymers for OLED displays and lighting started to appear in China.

Gross profit was equal to €0.1 million in the first quarter of 2017, in line with the first quarter of 2016.

Operating result was negative and equal to -€5.1 million, compared to a negative figure equal to -€4.7 million in the first quarter of 2016. This slight worsening was due to higher costs of staff personnel.

Consolidated gross profit amounted to €24.9 million in the first quarter of 2017, up by 24.2% compared to €20 million in the first quarter of 2016, mainly thanks to higher sales in the sectors of gas purification and of Nitinol for medical applications.

As a percentage of revenues, the **gross margin** decreased from 43.9% to 42.4%, slightly penalized by the dilution subsequent to the consolidation of the newly acquired Metalvuoto S.p.A., currently characterized by a different structure of variable production costs which compared to that of the traditional perimeter of the Group. The slight decrease in the gross margin of the Industrial Applications Business Unit (from 48.1% to 45.6%) was more than offset by the strong increase in the Shape Memory Alloys segment (from 37.4% to 41.3%), mainly in the medical sector.

Consolidated operating income amounted to €9.5 million (16.3% of consolidated revenues), increased (+46.5%) compared to €6.5 million in the first quarter of 2016 (14.3% of consolidated revenues): the increase in revenues and in the gross margin, as well as the reduction of the operating expenses in percentage terms (from 29.5% to 26%) enabled the strong improvement in the operating indicators compared to the previous year.

Consolidated EBITDA amounted to €11.8 million (20.1% of consolidated revenues) compared to €8.5 million in the corresponding quarter of 2016 (18.7% of consolidated revenues), showing a growth which was in line with that of the operating indicators. By excluding the already mentioned non-recurring costs related to the liquidation of Memry GmbH (around €0.2 million), the **adjusted EBITDA** was equal to €12 million in the first quarter of 2017 (20.4% of consolidated revenues).

EBITDA

Thousands of euro

	1 st quarter 2017	1 st quarter 2016
Operating income (loss)	9,547	6,515
Depreciation & amortization	2,240	2,062
Write-down of assets	0	0
Bad debt provision accrual (release)	13	(33)
EBITDA	11,800	8,544
% on sales	20.1%	18.7%
Layoffs costs Memry GmbH	(168)	0
Adjusted EBITDA	11,968	n.a.
% on sales	20.4%	n.a.

The net balance of the **financial expenses** was negative and equal to -€0.3 million, in line with the figure of 2016 (-€0.4 million). Also the sum of the **exchange rate differences** was in line with the previous year, recording a balance close to zero (-€0.1 million).

The loss deriving from the **evaluation with the equity method** of the joint ventures totally amounted to -€0.4 million (-€0.5 million in the first quarter of 2016), almost exclusively attributable to the joint venture Flexterra. Please note that, being the investment of SAES in Actuator Solutions already fully reduced to zero and since today there is no legal or implied obligation of recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solutions as at March 31, 2017 (equal to -€0.6 million) was not recognized by the Group.

Consolidated income before taxes amounted to €8.8 million in the first quarter of 2017, increased by 56.4% when compared to an income before taxes of €5.6 million in the first quarter of 2016.

The Group's **tax rate** was equal to 34.1%, in line with the figure related to the full year 2016 (35%).

Consolidated net income was equal to €5.8 million, almost doubled (+90.8%) compared to a consolidated net income of €3 million in the corresponding quarter of the previous year.

The net income per ordinary share and per savings share amounted respectively to €0.2573 and €0.2739 in the first quarter of 2017; this figures compare with a net income per ordinary share equal to €0.1322 and to a net income per savings share equal to €0.1488 in the first quarter of 2016.

The **consolidated net financial position** was negative and equal to -€25.2 million as at March 31, 2017, compared to a negative net financial position equal to -€33.8 million as at December 31, 2016. The strong improvement was related to the already mentioned positive trend of the operating activities, as well as to the reabsorption of the net working capital, mainly in the gas purification sector, although the level of the net working capital remains high, to support the future growth.

Consolidated Net Financial Position
Thousands of euro

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Cash on hands	20	19	22	22	24
Cash equivalents	21,214	14,321	20,728	28,291	26,697
Cash and cash equivalents	21,234	14,340	20,750	28,313	26,721
Related parties financial assets	665	565	485	437	463
Other current financial assets	1	1	2,433	0	134
Current financial assets	666	566	2,918	437	597
Bank overdraft	(9,388)	(6,847)	(15,504)	(16,504)	(9,504)
Current portion of long term debt	(8,542)	(8,239)	(7,345)	(7,252)	(7,235)
Other current financial liabilities	(1,220)	(1,100)	(610)	(801)	(460)
Current financial liabilities	(19,150)	(16,186)	(23,459)	(24,557)	(17,199)
Current net financial position	2,750	(1,280)	209	4,193	10,119
Related parties non current financial assets	8,149	5,249	4,349	1,449	500
Long term debt, net of current portion	(34,302)	(35,916)	(22,652)	(23,882)	(25,359)
Other non current financial liabilities	(1,812)	(1,829)	(1,264)	(1,271)	(1,296)
Non current liabilities	(36,114)	(37,745)	(23,916)	(25,153)	(26,655)
Non current net financial position	(27,965)	(32,496)	(19,567)	(23,704)	(26,155)
Net financial position	(25,215)	(33,776)	(19,358)	(19,511)	(16,036)

Actuator Solutions

Actuator Solutions GmbH is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. This joint venture, which consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Schenzen) Co., Ltd., is focused on the development, production and commercialization of actuators using shape memory alloys in place of the engine.

Actuator Solutions recorded net revenues equal to €7 million in the first quarter of 2017, up by 57.1% compared to €4.4 million in the first quarter of 2016. This result was attributable both to the increase of sales in the traditional seat comfort business and to the contribution of the new segment of autofocus (AF) systems for high-end action cameras (which recorded revenues equal to €1.4 million in the quarter).

The net result of the period was still negative and equal to -€1.2 million, compared to -€0.9 million in the first quarter of 2016. The loss was fully concentrated in the Taiwanese subsidiary, still characterized by production inefficiencies due to the initial phase of operation; on the other hand, the German controlling company ended the first three months of 2017 substantially at breakeven, thanks to the reorganization announced at the end of 2016 and still in progress.

Thousands of euro

Actuator Solutions (100%)	1st quarter 2017	1st quarter 2016
Total net sales	6,991	4,450
Cost of sales	(7,135)	(4,544)
Gross profit	(144)	(94)
Total operating expenses	(1,264)	(1,143)
Other income (expenses), net	(121)	260
Operating income (loss)	(1,529)	(977)
Interests and other financial income, net	(151)	(39)
Foreign exchange gains (losses), net	430	(92)
Income taxes	79	245
Net income (loss)	(1,171)	(863)

The share of the SAES Group in the result of this joint venture in the first quarter of 2017 amounted to -€0.6 million

(-€0.4 million in the first quarter of 2016). However, as already mentioned, being the investment of SAES in Actuator Solutions already fully reduced to zero and since there is today no legal or implied obligation of recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solution as at March 31, 2017 was not recognized by the Group as a liability.

Actuator Solutions - SAES Group interest (50%)

Thousands of euro

Statement of financial position	March 31, 2017	December 31, 2016
Non current assets	5,545	5,143
Current assets	3,304	1,931
Total Assets	8,849	7,074
Non current liabilities	5,806	4,248
Current liabilities	4,011	3,011
Total Liabilities	9,817	7,259
Capital Stock, Reserves and Retained Earnings	(185)	3,376
Net income (loss) for the period	(586)	(3,373)
Other comprehensive income (loss) for the period	(197)	(188)
Total Equity	(968)	(185)

Statement of profit or loss	1st quarter 2017	1st quarter 2016
Total net sales	3,495	2,225
Cost of sales	(3,567)	(2,272)
Gross profit	(72)	(47)
Total operating expenses	(632)	(572)
Other income (expenses), net	(61)	130
Operating income (loss)	(765)	(489)
Interests and other financial income, net	(76)	(20)
Foreign exchange gains (losses), net	215	(46)
Income taxes	40	123
Net income (loss)	(586)	(432)
Exchange differences	(197)	39
Total comprehensive income (loss) for the period	(783)	(393)

Flexterra

Flexterra was born from a partnership activated by SAES with Polyera, a US Company active in the field of flexible thin film transistors for new generation displays and already partner of SAES in the

development of organic electronics applications. In particular, Flexterra, based in Skokie (close to Chicago, Illinois, USA) is a newco established at the end of 2016, whose objective is the design, manufacturing and commercialization of materials and components for the manufacturing of truly flexible displays, with an enormous application potential in different market sectors. As already mentioned before, starting from January 10, 2017 Flexterra, Inc. fully controls the newly established company Flexterra Taiwan Corporation Ltd.

As at March 31, 2017 SAES owned a share in the share capital of Flexterra, Inc. equal to 34.66%.

The newco, which is qualified as a joint venture, is a development start-up which generated costs equal to around €1 million in the first quarter of 2017.

Thousands of euro	
Flexterra (100%)	1st quarter 2017
Total net sales	0
Cost of sales	0
Gross profit	0
Total operating expenses	(995)
Other income (expenses), net	(51)
Operating income (loss)	(1,046)
Interests and other financial income, net	(9)
Foreign exchange gains (losses), net	62
Income taxes	0
Net income (loss)	(993)

The share of the SAES Group in the result of the joint venture Flexterra in the first quarter of 2017 amounted to -€0.3 million.

Flexterra - SAES Group interest (34.66%)

Thousands of euro

Statement of financial position	March 31, 2017	December 31, 2016
Non current assets	5,731	5,755
Current assets	2,000	2,309
Total Assets	7,731	8,064
Non current liabilities	0	0
Current liabilities	121	0
Total Liabilities	121	0
Capital Stock, Reserves and Retained Earnings	7,954	8,064
Net income (loss) for the period	(344)	0
Other comprehensive income (loss) for the period	0	0
Total Equity	7,610	8,064

Statement of profit or loss	1st quarter 2017
Total net sales	0
Cost of sales	0
Gross profit	0
Total operating expenses	(345)
Other income (expenses), net	(17)
Operating income (loss)	(362)
Interests and other financial income, net	(3)
Foreign exchange gains (losses), net	21
Income taxes	0
Net income (loss)	(344)

Significant events occurred after the end of the quarter

On April 7, 2017 SAES Getters S.p.A. signed a new loan agreement with Unicredit S.p.A. for a total amount of €10 million, with a duration of five years (expiring on March 31, 2022), without any pre-amortization period. The contract provides for the repayment of fixed principal amounts on a three-month basis and interests indexed to the three-month Euribor, plus a spread equal to 1.0%. The loan includes some covenants that are standard for this type of transactions, calculated annually on consolidated economic and financial figures.

On the same date, SAES Getters S.p.A. signed an IRS (Interest Rate Swap) contract expiring on March 31, 2022, on the total residual debt of the above-mentioned loan. The contract provides for the exchange of the three-month Euribor, either positive or negative, with a fixed rate of 0%. In case of negative three-month Euribor, the contract provides a floor equal to -1.0%.

On April 19, 2016 SAES Getters S.p.A. signed an IRS (Interest Rate Swap) contract on the mid-long-term loan obtained by Intesa Sanpaolo S.p.A. on December 21, 2016, whose total nominal value amounted to €10 million. The IRS contract is applied on 50% of the residual debt outstanding at each repayment date, starting on June 30, 2017 and expiring on December 21, 2022. Such contract provides for the exchange of the six-month Euribor with a fixed rate of 0.16%.

Business outlook

At the same current exchange rates, the positive results of the first quarter of 2017 are expected to be maintained also in the following quarters, when SAES Group will be strongly committed to the integration and development of the new business initiatives.

Consob regulatory simplification process

Please note that, on November 13, 2012, the Board of Directors has approved, pursuant to article no. 3 of Consob resolution no.18079/2012, to adhere to the opt-out provisions as envisaged by article no.70, paragraph 8, and no. 71, paragraph 1-bis of the Consob Regulation related to Issuer Companies, and it therefore avails itself of the right of making exceptions to the obligations to publish information documents required in connection with significant mergers, spin-offs and capital increases by contributions in kind, acquisitions and disposals.

The Officer Responsible for the preparation of corporate financial reports of SAES Getters S.p.A. certifies that, in accordance with the second subsection of article 154-*bis*, part IV, title III, second paragraph, section V-*bis*, of Legislative Decree February 24, 1998, no. 58, the financial information included in the present document corresponds to book of account and book-keeping entries.

The Officer Responsible for the preparation of corporate financial reports
Michele Di Marco

Lainate, Milan - Italy, May 11, 2017

On behalf of the Board of Directors
Dr Ing. Massimo della Porta
President