

**PRESS RELEASE**

Milan, September 12, 2019

**TWO-DIGIT GROWTH IN REVENUES AND SIGNIFICANT IMPROVEMENT OF THE ECONOMIC INDICATORS**

- **Consolidated revenues equal to €88.5 million, compared to €75.7 million in 1H 2018. Net of the positive exchange rate effect (+5.7%), two-digit organic growth (+11.2%)**
- **Total revenues of the Group equal to €94.2 million, up by 15.4% compared to €81.7 million in 1H 2018**
- **Consolidated gross profit equal to €37.8 million (42.7% of revenues), up by 16.4% compared to €32.5 million (42.9% of revenues) in 1H 2018**
- **Consolidated operating income equal to €13.4 million, significantly increased (+70.2%) compared to €7.9 million in 1H 2018**
- **Consolidated EBITDA equal to €18 million (20.3% of revenues) compared to €11.7 million (15.5% of revenues) in 1H 2018**
- **Net income from operating activities equal to €9 million, more than tripled compared to €2.7 million in 1H 2018**
- **Consolidated net financial position positive and equal to €105 million as at June 30, 2019**

The Board of Directors of SAES Getters S.p.A., gathered today in Lainate (MI), approved the consolidated results of the first half of 2019 (January 1 - June 30).

“The results of the semester, driven by the excellent performance of shape memory alloys for industrial applications and other new products, fully confirm the solidity of the Group and the potential for future developments” - stated **Mr. Massimo della Porta, President of SAES Getters S.p.A.** “For the coming months we maintain a cautious optimism, thanks to the weight of those components in turnover less subject to fluctuations in the economic cycle”.

In the first half of 2019 the SAES Group achieved **consolidated net revenues** equal to €88.5 million, up by 16.9% compared to €75.7 million recorded in corresponding semester of 2018. The **exchange rate effect** was positive and equal to +5.7% (mainly related to the progressive appreciation of the US dollar against the euro in the current semester). By excluding the exchange rate effect, the **organic growth** was two-digit (+11.2%), driven by the Industrial Business Unit (organic growth equal to +14.1%) and by the Medical Business Unit (organic growth equal to +12.8%). The packaging segment still recorded a negative sign, due to the revision of the product portfolio started in the second half of 2018, with the phase-out of non-strategic and not profitable products.

The greatest growth in absolute terms was recorded in the electronic device sectors (higher sales of both getter components for infrared sensors for surveillance applications and building maintenance, as well as of advanced getters for the consumer electronics market) and SMAs for industrial applications (sales of educated wires for consumer electronics applications and components for aerospace and automotive applications), as well as in the business of medical devices in Nitinol (higher volumes, distributed across the various product lines).

By including also the revenues of the joint ventures<sup>1</sup>, the **total revenues of the Group** were equal to €94.2 million in the first semester of 2019, up by 15.4% compared to € 81.7 million in the first six months of 2018, thanks mainly to the increased consolidated revenues and to the growth of sales of the joint venture SAES RIAL Vacuum S.r.l. Revenues of the joint venture Actuator Solutions decreased by 6.5%, penalized by the slow-down of the automotive sector and only partially offset by the revenues deriving from product developments in the telecom sector.

<sup>1</sup> Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

**Consolidated gross profit**<sup>2</sup> amounted to €37.8 million in the first semester of 2019, compared to €32.5 million in the first half of 2018. The strong growth (+16.4%), favored also by the positive exchange rate effect (+€21 million), was driven by the higher sales, mainly in the electronic devices and in the SMAs for industrial application sectors (Industrial Business Unit), as well as in the business of Nitinol medical devices (Medical Business Unit). The **gross margin**<sup>3</sup> was substantially stable (from 42.9% in the first half of 2018 to 42.7% in the current semester): the slight decrease was attributable to the Medical operating segment, due to temporary production inefficiencies in Memry Corporation.

**Consolidated operating income** amounted to €13.4 million (15.2% of consolidated revenues), strongly increased (+70.2%) compared to €7.9 million in the corresponding period of the previous year (10.4% of consolidated revenues): excluding the positive exchange rate effect (+€1.8 million), the growth (+€3.8 million, equal to +47.6%) was due to the increase in the gross profit, the latter supported to higher sales. Furthermore, in the current semester, please note the capital gain from a related party equal to €2.3 million (item “Other net income (expenses)”) for the sale of the OLET patents owned by E.T.C. S.r.l. in liquidation to the joint venture Flexterra, Inc. In the first half of 2018 a non-repayable grant provided by the State of Connecticut (CT) to Memry Corporation, equal to €1.1 million, was recorded under the same item “Other net income (expenses)”.

Please note that the adoption of the new accounting rules for operating leases starting from January 1, 2019 (**IFRS 16**) did not have any significant effect on either the consolidated gross profit or on the consolidated operating income.

**Consolidated EBITDA**<sup>4</sup> was equal to €18 million (20.3% of consolidated revenues) in the first half of 2019, compared to €11.7 million (15.5% of consolidated revenues) in the corresponding semester of 2018.

Net of the positive effect related to the first application of the **IFRS 16** (equal to €0.7 million), consolidated EBITDA would have been equal to €17.3 million (19.5% of sales), still significantly growing (+47.4%) compared to 2018, in line with that of the operating indicators and mainly driven by the electronic devices sector, the SMAs for industrial applications sector and that of Nitinol for medical applications. In 2019, the EBITDA was also favored by the above-mentioned capital gain from a related party amounting to €2.3 million; that of 2018 by the non-repayable grant provided to Memry Corporation, equal to €1.1 million.

**Net income from operating activities** amounted to €9 million (10.1% of consolidated revenues), more than tripled (+231.5%), compared to €2.7 million (3.6% of consolidated revenues) in the corresponding semester of 2018.

The **net income deriving from discontinued operations** was equal to €176 thousand, mainly consisting of the positive adjustment on the sale price of the purification business, resulting from the definition of the actual value of the tax credit of the companies sold SAES Getters USA, Inc. and SAES Pure Gas, Inc. resulting from the income tax return for the period January 1 - June 24, 2018, presented in April 2019.

In the first half of 2018, net income from discontinued operations amounted to €239.9 million, mainly composed of the net capital gain (€227.5 million) generated by the sale of the gas purification business, as well as by the net income generated by the purification business from January 1 to June 24, 2018 (effective sale date) equal to €12.4 million.

**Consolidated net income** amounted to €9.1 million (10.3% of consolidated revenues) in the first half of 2019 and compares to a consolidated net income amounting to €242.6 in the first semester of 2018 (320.4% of consolidated revenues).

**Consolidated net financial position** as at June 30, 2019 was positive and equal to €105 million, such amount resulting negatively affected by the effects deriving from the adoption of the **IFRS 16** new accounting principle, which entailed the recording of figurative financial debts representative of the current value of future commitments related to the use of assets owned by third parties, for a total amount of €3.4 million.

The worsening occurred compared to March 31, 2019 (NFP equal to €224.1 million) was mainly attributable to the disbursement for the purchase of treasury shares and to the ancillary expenses related to this extraordinary share capital transaction (-€93.4 million), to the payment of dividends at the beginning of May 2019 (-€16.6 million), as well as to the purchase, also occurred at the beginning of May, of the Memry Corporation building (-€4.9 million, net of the advance payment of €0.3 million paid at the end of the previous year).

For further details, please refer to the following sections of this press release.

<sup>2</sup> Calculated as the difference between net revenues and industrial costs directly and indirectly attributable to the products sold.

<sup>3</sup> Calculated as the ratio between gross profit and consolidated revenues.

<sup>4</sup> 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”.

### **Relevant events occurred in the first half of 2019**

On March 18, 2019, the Ordinary Shareholders' Meeting of SAES Getters S.p.A., following the proposal made by the Board of Directors on February 14, 2019, authorized a **voluntary Partial Tender Offer (PTO)** on a maximum of **3,900,000 ordinary shares** of SAES Getters S.p.A. (corresponding to 17.7% of the total shares and to 26.6% of the ordinary shares), at a price of €23 per share (ex 2018 dividend), for a maximum total counter value of €89.7 million.

The Offer Document relating to the PTO was approved by Consob on April 30, 2019 and published on May 2, 2019. The acceptance period for the PTO began on May 6, 2019 and ended on May 24, 2019. At the closing date, n. 6,475,263 ordinary shares were brought into acceptance of the total tender offer, equal to approximately 166% of the shares involved in the tender offer, corresponding to 44.1% of the ordinary shares and to 29.4% of the share capital of SAES Getters S.p.A., for a total value of €148.9 million before the application of the allotment ratio. An allotment coefficient of 60.2% was applied to the shares tendered and the payment, equal to €89.7 million, was made on May 31, 2019. Following the completion of the tender offer, SAES Getters holds n. 3,900,000 ordinary shares, equal to about 26.6% of the ordinary shares and about 17.7% of the Company's share capital.

These ordinary treasury shares represent a medium to long term investment in the Company, which might also be used to guarantee loans, at the time of any extraordinary operation and/or to develop alliances consistent with the Group's strategic direction. Until these opportunities to use the resources arise, the Company intends to keep the treasury shares purchased in its portfolio.

On April 17, 2019, for the purposes of issuing the guarantee for the fulfillment of the obligations of the Offer and of covering the outlay for the purchase of ordinary shares, as well as part of the fees and expenses related to the tender offer, the Parent Company signed a **medium-long term loan** for an amount of €92.7 million with *Mediobanca - Banca di Credito Finanziario S.p.A.* The loan has a maximum duration of five years and provides for the quarterly payment of interests at a fixed annual rate of 1.2%. The payback is possible in a single solution at the final date or it is allowed at any time through partial voluntary repayments for a minimum amount of €5 million and multiples of €1 million. In the event of early repayments, the Parent Company must pay Mediobanca, in addition to the amount subject to repayment, also any mark-to-market value - if negative - of the IRS derivative underwritten by the lender to cover the risk of interest rate fluctuations; in the case of a positive mark-to-market value, the latter will be paid to SAES by Mediobanca. There is a single financial covenant (a positive consolidated net financial position) subject to a six-monthly review. The loan is secured by pledges on the Group's financial assets.

In the first quarter of 2019, the sum of €100 million in cash, in addition to the €100 million already allocated as at December 31, 2018, have been invested in the construction of a **portfolio with a conservative investment profile** and mainly **with high flexibility and liquidity**, in order to be able to promptly face any future need of the Group.

On May 1, 2019, following the successful completion of the due diligence and of the environmental assessment, Memry Corporation finalized the **purchase of the property located in Bethel (CT)** for a value of \$5.8 million. Please note that Memry Corporation had already paid an advance payment of \$0.3 million at the end of 2018.

In May 2019, E.T.C. S.r.l. in liquidation finalized the **sale of its own OLET patents to the joint venture Flexterra, Inc.** Since this intellectual property was not valued in the assets of E.T.C. S.r.l., the transaction gave rise to a revenue from a related party of \$2.6 million (approximately €2.3 million).

### **First application of the standard IFRS 16 - Leases**

Starting from January 1, 2019, the SAES Group has adopted the new standard **IFRS 16**, on the basis of which the accounting on a straight-line basis of the costs for operating leases is replaced by the amortization of the right of use and by the financial charges on the liabilities recorded against the latter. The Group has chosen to apply the new standard using the modified retrospective method (i.e. without restating the data of the comparative period).

The main effects at June 30, 2019 deriving from the application of the new standard were the following:

- lower rental costs for €700 thousand;
- increase in amortization for €662 thousand;
- increase in financial charges for €24 thousand;
- recording among the non-current assets of a right of use of €3,434 thousand;
- recording of financial debts amounting to €3,432 thousand.

With reference to the main levels of operating profitability, in the first half of 2019 the introduction of the new leasing transaction methodology brought:

- a not material positive effect of €38 thousand in the **consolidated operating income**;

- a positive effect of €700 thousand in the **consolidated EBITDA**;
  - a negligible positive effect of €14 thousand in the **consolidated pre-tax income**.
- The effect of IFRS 16 on the **net financial position** at June 30, 2019 was detrimental for €3,432 thousand.

The following table shows the main indicators as at June 30, 2019, compared both with what would have been their value without applying the IFRS 16 and with the corresponding period of 2018.

Thousands of euro

|                                   | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2019<br>without IFRS 16<br>adoption | 1 <sup>st</sup> half 2018    |
|-----------------------------------|---------------------------|--|------------------------------|
| <b>EBITDA</b>                     | 17,952                    | 17,252   | 11,702                       |
| <i>% on sales</i>                 | 20.3%                     | 19.5%  | 15.5%                        |
| <b>Operating income (loss)</b>    | 13,412                    | 13,374   | 7,882                        |
| <i>% on sales</i>                 | 15.2%                     | 15.1%  | 10.4%                        |
| <b>Income (loss) before taxes</b> | 15,196                    | 15,182   | 6,861                        |
| <i>% on sales</i>                 | 17.2%                     | 17.2%  | 9.1%                         |
|                                   | <b>June 30, 2019</b>      | <b>June 30, 2019<br/>without IFRS 16<br/>adoption</b>    | <b>December 31,<br/>2018</b> |
| <b>Net financial position</b>     | 105,008                   | 108,440  | 223,310                      |

### **Industrial Business Unit**

**Consolidated revenues** of the Industrial Business Unit amounted to €42.2 million in the first half of 2019, up by 18.7% compared to €35.6 million in the corresponding semester of 2018. The trend of the euro against the major foreign currencies generated a positive exchange rate effect equal to +4.6%, net of which sales organically increased by 14.1%.

The organic growth was mainly driven by the electronic devices sector (Electronic Devices Business, +32.9%) thanks to higher sales of both getter components for infrared sensors for surveillance applications and building maintenance, as well as of advanced getters for the consumer electronics market, and by the SMAs for industrial applications (SMA Industrial Business, +43.4%) thanks to the revenues from educated wires for consumer electronics applications and from components for aerospace and automotive applications. Also the Sintered Components for Electronic Devices & Lasers Business showed an organic growth (+19.3%), thanks to the growth of the sector of thermal dissipation in semiconductor-based lasers (applications for the defense sector) and to higher sales of electron emitters (cathodes) for medical applications (devices dedicated to cancer treatments), as well as the Healthcare Diagnostics Business (+9.7%), thanks to the expansion of medical diagnostic systems in markets with a lower development rate (Asia and Africa).

On the other end, the following businesses showed a slight organic decrease:

- the Solutions for Vacuum Systems Business (-1.1%), where the increased sales of pumps for analytical instrumentation and to research labs were offset by the lower sales in the field of particle accelerators;
- the Security & Defense Business (-1.7%), due to the postponement of some sales of alkaline dispensers, related to some temporary sub-supply issues at the Avezzano plant. However, the general market continues to grow, mainly in the hydrogen getters sector.

In line with the full year 2018, the thermal insulation (Thermal Insulated Devices Business) and lamps (Lamps Business) segments recorded an organic decrease.

Finally, the organic decrease of the Functional Chemicals Systems Business (-28.7%) was due to the time required for the introduction of the new SAES dispensable products for passive matrix OLED displays of the next generation, currently in the qualification phase with some Asian customers. On the other hand, sales of functional chemicals for semi-hermetic electronic devices for photonics and automotive applications are on the rise.

The table below shows the revenues in the first semester of 2019 related to the various business areas, with evidence of the exchange rate effect and of the organic change, compared to the corresponding period of 2018.

Thousands of euro (except %)

| Business  | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 | Total difference (%) | Organic change (%) | Exchange rate effect (%) |
|---|---------------------------|---------------------------|----------------------|--------------------|--------------------------|
| Security & Defense                                  | 6,365                     | 6,147                     | 3.5%                 | -1.7%              | 5.2%                     |
| Electronic Devices                                  | 10,532                    | 7,735                     | 36.2%                | 32.9%              | 3.3%                     |
| Healthcare Diagnostics                              | 2,450                     | 2,162                     | 13.3%                | 9.7%               | 3.6%                     |
| Lamps   | 2,274                     | 2,622                     | -13.3%               | -16.1%             | 2.8%                     |
| Thermal Insulated Devices                           | 1,833                     | 1,791                     | 2.3%                 | -3.7%              | 6.0%                     |
| Solutions for Vacuum Systems                        | 5,522                     | 5,419                     | 1.9%                 | -1.1%              | 3.0%                     |
| Sintered Components for Electronic Devices & Lasers | 4,542                     | 3,554                     | 27.8%                | 19.3%              | 8.5%                     |
| SMA Industrial                                      | 8,246                     | 5,547                     | 48.7%                | 43.3%              | 5.4%                     |
| Functional Chemical Systems                         | 436                       | 574                       | -24.0%               | -28.7%             | 4.7%                     |
| <b>Industrial</b>                                   | <b>42,200</b>             | <b>35,551</b>             | <b>18.7%</b>         | <b>14.1%</b>       | <b>4.6%</b>              |

**Gross profit** of the Industrial Business Unit was equal to €20.8million, compared to €17.4 million in the first semester of 2018. The growth (+19.5%) was mainly related to the significant performance of the sales in the electronic devices sector and in SMAs for industrial applications. The **gross margin** slightly increased from 49% to 49.3%, thanks to the increase in margins in the same sectors.

**Operating income** of the Industrial Applications Business Unit was equal to €12.7 million, up by 47.5% compared to €8.6 million in the first semester of 2018; the **operating margin** increased from 24.2% to 30.1%.

### Medical Business Unit

**Consolidated revenues** of the Medical Business Unit were equal to €41.3 million in the first semester of 2019, up by 20.7% compared to €34.2 million in the corresponding period of 2018. The exchange rate effect was positive and equal to +7.9%, net of which the organic growth was still two-digit and equal to +12.8%, in line with the average increase trend of the latest periods and related to volume increases in the different product lines.

The table below shows the revenues in the first semester of 2019, with evidence of the exchange rate effect and of the organic change, compared to the corresponding period of 2018.

Thousands of euro (except %)

| Business                    | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 | Total difference (%) | Organic change (%) | Exchange rate effect (%) |
|-----------------------------|---------------------------|---------------------------|----------------------|--------------------|--------------------------|
| Nitinol for Medical Devices | 41,272                    | 34,207                    | 20.7%                | 12.8%              | 7.9%                     |
| <b>Medical</b>              | <b>41,272</b>             | <b>34,207</b>             | <b>20.7%</b>         | <b>12.8%</b>       | <b>7.9%</b>              |

**Gross profit** of the Medical Business Unit was equal to €16.5 million in the first half of 2019, compared to €14.6 million in the corresponding period of 2018 (+13.5%): the growth in revenues more than offset the decrease in **margins** (from 42.6 to 40.1%), penalized by temporary production inefficiencies at Memry Corporation.

**Operating income** of the Medical Business Unit amounted to €12 million, up by +3.7% compared to €11.6 million in the first semester of 2018. The **operating margin** decreased from 33.8% to 29%.

Please note that the previous year benefitted from the already mentioned non-repayable contribution granted by the CT State to Memry Corporation, equal to €1.1 million.

### Packaging Business Unit

**Consolidated revenues** of the Packaging Business Unit were equal to €5 million in the first half of 2019, compared to €6 million in the corresponding period of 2018.

Sales are exclusively denominated in euro.

The decrease (-15.7%) was partly due to the still ongoing rationalization of the product portfolio, aimed at reducing the incidence of metalized products compared to lacquered ones (the latter having higher margins) that started in the second half of 2018.

The table below shows the revenues in the first semester of 2019 with evidence of the exchange rate effect and of the organic change, compared to the corresponding period of 2018.

Thousands of euro (except %)

| Business                         | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 | Total difference (%) | Organic change (%) | Exchange rate effect (%) |
|----------------------------------|---------------------------|---------------------------|----------------------|--------------------|--------------------------|
| Solutions for Advanced Packaging | 5,015                     | 5,951                     | -15.7%               | -15.7%             | 0.0%                     |
| <b>Packaging</b>                 | <b>5,015</b>              | <b>5,951</b>              | <b>-15.7%</b>        | <b>-15.7%</b>      | <b>0.0%</b>              |

**Gross profit** of the Packaging Business Unit was equal to €0.5 million (9.2% of revenues) compared to €0.6 million (10.5% of revenues) in the corresponding period of 2018: the decrease, both in absolute terms and as a percentage of revenues, was mainly due to the already mentioned decrease in sales, while the phase-out process of non-strategic products has not yet shown its effects completely.

The first semester of 2019 ended with an **operating loss** equal to -€1.3 million, substantially in line with the previous year.

### Not Allocated Costs

It includes costs related to basic research processes, as well as corporate costs (costs that cannot be directly attributed or reasonably allocated to any business sector, but that refer to the Group as a whole).

**Operating costs** were equal to €12.1 million in the first half of 2019, up by €1.4 million compared to the figure of the first semester of 2018, equal to €10.7 million (in particular, higher remunerations to the Executive Directors and severance costs<sup>5</sup>, as well as increased consultancy fees).

Please note that the extraordinary capital gain of €2.3 million deriving from the sale of patents owned by E.T.C. S.r.l. in liquidation to the joint venture Flexterra, Inc., was not allocated to any operating sector, but it was included in the “Not Allocated” column.

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**Consolidated operating expenses** were equal to €26.8 million (30.2% of revenues), compared to €25.7 million (33.9% of revenues) in the corresponding semester of 2018. Excluding the exchange rate effect (+€0.5 million) the difference in the operating expenses was equal to +€0.6 million: the increase was exclusively concentrated in the **general and administrative expenses** (higher compensation for the Executive Directors, in addition to severance costs, equal to about €0.3 million and related to the conclusion of the process to reduce the staff of the Parent Company started at the end of last year, following the sale of the purification business). Net of the exchange rate effect, **selling expenses** and **research and development expenses** were substantially in line with the first half of 2018.

The net balance of the **other income (expenses)** was positive and equal to €2.3 million, compared to a positive balance equal to €1.1 million in the first semester of 2018. The difference was attributable to the income equal to €2.3 million from a related party for the sale of OLET patents owned by E.T.C. S.r.l. in liquidation to the joint venture Flexterra, Inc. Instead, in 2018 the item included an income equal to €1.1 million recorded by the US subsidiary Memry Corporation following the transformation of 50% of the loan granted by the State of Connecticut (CT) at the end of 2014 in a non-repayable grant. Furthermore, in the current semester, the other income included other extraordinary revenues equal to around €0.2 million, for insurance reimbursements and favorable settlement of legal disputes.

The net balance of **financial income and expenses** was positive and equal to €2.9 million, compared to a negative balance of -€0.3 million in the corresponding period of 2018. The positive change was mainly attributable to the financial income on the securities purchased at the end of 2018 and at the beginning of 2019 as investment of the liquidity deriving from the extraordinary transaction for the sale of the purification business (total income of €3.1 million, of which €2.3 million for the valuation of the securities at fair value and €0.8 million for coupons, net of management fees and losses for securities disinvestment).

<sup>5</sup> Severance costs equal to €0.3 million in the first half of 2019.

Finally, the item included the interest expense on long-term loans granted to the Parent Company, to SAES Coated Films S.p.A. and to the American subsidiary Memry Corporation, as well as the bank commissions on the credit lines of the Italian companies of the Group.

Please note that the first application of the new **IFRS 16** entailed the recognition of interest expenses of a not material amount (€24 thousand) in the first half of 2019.

The result deriving from the **evaluation with the equity method** of the joint ventures was overall negative and equal to -€1 million, exclusively attributable to the joint venture Flexterra, compared to a cost equal to -€0.7 million in the corresponding period of the previous year.

Please note that, in line with June 30, 2018, being the investment of SAES in Actuator Solutions already fully reduced to zero and since today there is no legal or implied obligation of its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solutions in the first half of 2019 (-€0.4 million) was not recognized by the Group (in line with the not recorded share of the net loss pertaining to SAES as at June 30, 2018). For further details, please refer to the specific paragraph dedicated to the joint ventures.

The sum of the **exchange rate differences** recorded a balance substantially equal to zero in the first six months of 2019 (-€31 thousand), in line with the first half of 2018 (+€17 thousand). Please note that, in the first six months of 2018, the foreign exchange gains had been offset by both realized losses and fair value valuation losses on hedging derivatives; in the current half-year, however, no forward contract was stipulated to hedge the exchange rate risk.

**Consolidated income before taxes** amounted to €15.2 million in the first half of 2019, more than doubled (+121.5%) compared to an income before taxes of €6.9 million in the first half of 2018, driven both by the increase in the operating income, as well as from the income (realized or not) on securities.

The adoption of the new accounting rules for operating leases starting from January 1, 2019 (**IFRS 16**) did not have any significant effect on the consolidated pre-tax income (positive effect equal to +€14 thousand).

**Income taxes** amounted to €6.2 million in the current semester, compared to €4.2 million in the corresponding period of the previous year. The Group's **tax rate** was equal to 41%, decreased if compared to 60.6% in the first semester of the previous year, but still significant, since both the Parent Company and SAES Coated Films S.p.A. ended the current semester with a negative taxable income not valued as a deferred tax asset, in the same way as in the previous year.

**Net income from operating activities** amounted to €9 million (10.1% of consolidated revenues), more than tripled (+231.5%), compared to €2.7 million (3.6% of consolidated revenues) in the first semester of 2018.

**Income from discontinued operations** was equal to €0.2 million, mainly consisting of the positive adjustment on the sale price of the purification business, following the definition of the actual value of the tax credit of the companies sold SAES Getters USA, Inc. and SAES Pure Gas, Inc. resulting from the income tax return for the period January 1 - June 24, 2018, presented in April 2019.

In the first half of 2018, net income from discontinued operations amounted to €239.9 million, mainly composed of the gross capital gain (€ 261.4 million) generated by the sale of the gas purification business, from which costs related to the transaction were deducted, equal to €34 million (mainly legal expenses, consultancy fees and incentives for both the personnel transferred and the corporate employees involved in the definition of this extraordinary corporate transaction, as well as interests, exchange rate differences and taxes). Finally, this item included the net income generated by the purification business from January 1 to June 24, 2018 (effective sale date) equal to €12.4 million.

**Consolidated net income** amounted to €9.1 million (10.3% of consolidated revenues) in the first half of 2019 and it compares with a consolidated net income amounting to €242.6 million (320.4% of consolidated revenues) in the first semester of 2018.

The **net income per ordinary share and per savings share** amounted respectively to €0.42137 and €0.43800 in the first semester of 2019; these figures compare with a net income per ordinary share equal to €10.99554 and a net income per savings share equal to €11.01217 in the first half of 2018.

In the hypothesis that the purchase of treasury shares<sup>6</sup> completed by the Parent Company at the end of May 2019 had taken place at the beginning of the year and, therefore, the average number of ordinary shares in circulation in the current semester corresponded to those actually in circulation as at June 30, 2019, the net income per ordinary and savings share would have been equal to €0.49682 and to €0.51345 respectively.

<sup>6</sup> Purchase following a voluntary partial tender offer completed by SAES Getters S.p.A. at the end of May 2019 (for further details, see the paragraph "Relevant events occurred in the first half of 2019").

**Consolidated net financial position** as at June 30, 2019 was positive and equal to €105 million, compared to a net financial position equal to +€223.3 million as at December 31, 2018.

The figure as at June 30, 2019 was negatively affected by the adoption of the new accounting standard **IFRS 16**, which entailed the entry of figurative financial debts, representing the current value of future commitments related to the use of assets owned by third parties, for a total amount of €3.4 million.

Compared to December 31, 2018, the decrease in the net financial position (-€118.3 million) was mainly due, in addition to the aforementioned figurative effect<sup>7</sup> of applying IFRS 16, to the extraordinary transaction for the purchase of treasury shares (total disbursement amounting to -€93.4 million, including the ancillary expenses related to the Public Tender Offer). In addition, please note the dividends paid at the beginning of May (-€16.6 million) and the investments in tangible and intangible assets (-€11 million).

These outflows were partially offset by those received from operations (about +€2 million) and from the sale of patents of E.T.C. S.r.l. to the joint venture Flexterra, Inc. (+€2.3 million), as well as from the revaluation of the securities in the portfolio (+€2.3 million), in addition to the coupons collected on the latter (+€0.9 million, net of securities portfolio management fees).

The impact of the exchange rate was positive for €0.1 million, mainly attributable to the effect of the revaluation of both the US dollar and the renminbi on the cash and cash equivalents in these currencies as at June 30, 2019, compared to the end of 2018.

The cash flows generated by the operating activities, in the first half of 2019, positive for €2.3 million, was mainly driven by the electronic devices sector, the shape memory alloys for industrial applications and Nitinol for medical applications ones, partially penalized by the increase in net working capital (in particular, increase in trade receivables, following the progressive increase in sales compared to the end of 2018).

### **Actuator Solutions**

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and 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 (Shenzhen) Co., Ltd., is focused on the development, production and commercialization of actuators using shape memory alloys in place of the engine.

Please note that, during the month of March, the liquidation process of the subsidiary Actuator Solutions (Shenzhen) Co., Ltd. started, whose conclusion is expected by the end of the year. No substantial negative effect is expected on the consolidated income statement of the joint venture (as at June 30, 2019 the extraordinary costs for asset write-down, related to the liquidation, amounted to approximately €52 thousand).

Actuator Solutions recorded net revenues equal to €1 million in the first semester of 2019, down by 6.5% compared to €11.7 million in the first semester of 2018, following the slow-down in the automotive sector and only partially offset by the revenues deriving from the product developments in the telecom sector.

The net result of the period was negative and equal to -€0.8 million, substantially in line with the first six months of the previous year (-€0.7 million): the decrease in the gross profit of the automotive business was offset by the increase in the telecom sector as well as by the operating savings following the reorganization implemented in the previous year within the Asian subsidiaries and aimed at outsourcing some production processes.

Finally, please note that the loss at June 30, 2019 included extraordinary charges of approximately €0.4 million, related to an IT fraud experienced by the German parent company in the first part of the year (€0.7 million was the amount of the extraordinary charges as at June 30, 2018, mainly related to the process of outsourcing the production at the Chinese subsidiary, in anticipation of its subsequent liquidation).

<sup>7</sup> The adoption of the new accounting standard IFRS 16 - Leases has led to an increase in the Group's net financial debt, against a notional increase in fixed assets due to the recording of rights of use on leased assets, equal to €4.1 million.

Thousands of euro

| <b>Actuator Solutions (100%)</b>          | <b>1<sup>st</sup> half 2019</b> | <b>1<sup>st</sup> half 2018</b> |
|---|---------------------------------|---------------------------------|
| Total net sales                           | 10,976                          | 11,735                          |
| Cost of sales                             | (8,944)                         | (9,451)                         |
| <b>Gross profit</b>                       | <b>2,032</b>                    | <b>2,284</b>                    |
| Total operating expenses                  | (2,094)                         | (2,253)                         |
| Other income (expenses), net              | (342)                           | (144)                           |
| <b>Operating income (loss)</b>            | <b>(404)</b>                    | <b>(113)</b>                    |
| Interests and other financial income, net | (294)                           | (242)                           |
| Foreign exchange gains (losses), net      | (50)                            | (82)                            |
| Income taxes                              | (2)                             | (280)                           |
| <b>Net income (loss)</b>                  | <b>(750)</b>                    | <b>(717)</b>                    |

The share of the SAES Group in the result of this joint venture in the first half of 2019 amounted to -€0.4 million (in line with the first half of 2018). In line with June 30, 2018, 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 June 30, 2019 was not recognized by the Group as a liability.

### **SAES RIAL Vacuum S.r.l.**

SAES RIAL Vacuum S.r.l., established at the end of 2015, is jointly controlled by SAES Getters S.p.A (49%) and Rodofil S.r.l. (51%). The company is specialized in the design and manufacturing of vacuum chambers for accelerators, synchrotrons and colliders and combines at the highest level the competences of SAES in the field of materials, vacuum applications and innovation, with the experience of Rodofil in the design, assembling and fine mechanical productions, with the aim of offering absolutely excellent quality products and of successfully competing in the international markets.

SAES RIAL Vacuum S.r.l. ended the first half of 2019 with sales equal to €1.2 million, up by +15.4% compared to €1 million in the corresponding period of 2018. Despite the decrease in gross margins resulting from the different product mix, the semester ended with a slightly positive net income (+€29 thousand), compared to a net break-even result (-€2 thousand) at June 30, 2018.

Thousands of euro

| <b>SAES RIAL Vacuum S.r.l. (100%)</b>     | <b>1<sup>st</sup> half 2019</b> | <b>1<sup>st</sup> half 2018</b> |
|---|---------------------------------|---------------------------------|
| Total net sales                           | 1,179                           | 1,023                           |
| Cost of sales                             | (972)                           | (767)                           |
| <b>Gross profit</b>                       | <b>207</b>                      | <b>256</b>                      |
| Total operating expenses                  | (193)                           | (185)                           |
| Other income (expenses), net              | 38                              | (41)                            |
| <b>Operating income (loss)</b>            | <b>52</b>                       | <b>30</b>                       |
| Interests and other financial income, net | (14)                            | (13)                            |
| Foreign exchange gains (losses), net      | 0                               | 0                               |
| Income taxes                              | (9)                             | (19)                            |
| <b>Net income (loss)</b>                  | <b>29</b>                       | <b>(2)</b>                      |

The share of the SAES Group in the result of this joint venture amounted to +€15 thousand in the first half of 2019 (-€1 thousand in the first half of 2018).

### **Flexterra**

Flexterra, Inc., based in Skokie (close to Chicago, Illinois, USA), was established at the end of 2016 as a development start-up, with the objective of designing, manufacturing and commercializing materials and components for truly flexible displays. Flexterra, Inc. fully controls Flexterra Taiwan Co., Ltd.

At present, SAES owns 46.73% of the capital stock of the joint venture Flexterra, Inc.

During the year 2018 the Flexterra project made a significant progress.

In 2018, Flexterra, in cooperation with E Ink, an important manufacturer of electrophoretic screens, presented at SID in Los Angeles the first fully flexible electrophoretic display, which uses the technology and the materials developed by Flexterra. In the following months Flexterra signed a Joint Development Agreement with a leading operator in the

electrophoretic screen sector. The partner with whom Flexterra is developing the product innovation has already invested in production facilities and is continuing the industrialization phase of the product.

Flexterra qualifies as a joint venture and it ended the first half of 2019 with a net loss equal to -€2.3 million, compared to -€2.2 million in the corresponding period of 2018 (mainly, costs for personnel employed in research activities and in general and administrative activities, consultancy fees, costs related to the management of patents and amortization of intangible assets, including intellectual property). The higher loss is mainly attributable to the depreciation of the intellectual property sold during the current semester to the joint venture by E.T.C. S.r.l. in liquidation.

| Thousands of euro                         |                                 |                                 |
|---|---------------------------------|---------------------------------|
| <b>Flexterra (100%)</b>                   | <b>1<sup>st</sup> half 2019</b> | <b>1<sup>st</sup> half 2018</b> |
| Total net sales                           | 12                              | 19                              |
| Cost of sales                             | (3)                             | (2)                             |
| <b>Gross profit</b>                       | <b>9</b>                        | <b>17</b>                       |
| Total operating expenses                  | (2,257)                         | (2,137)                         |
| Other income (expenses), net              | (1)                             | (4)                             |
| <b>Operating income (loss)</b>            | <b>(2,249)</b>                  | <b>(2,124)</b>                  |
| Interests and other financial income, net | 2                               | (11)                            |
| Foreign exchange gains (losses), net      | (42)                            | (60)                            |
| Income taxes                              | 23                              | 30                              |
| <b>Net income (loss)</b>                  | <b>(2,266)</b>                  | <b>(2,165)</b>                  |

The share of the SAES Group in the result of this joint venture in the first half of 2019 amounted to -€1.1 million (-€0.7 million as at June 30, 2018<sup>8</sup>).

#### **Reclassifications of the economic figures as at June 30, 2018**

To better reflect the SAES Management organizational structure in place at June 30, 2019, starting from January 1, 2019, the revenues and costs of the shape memory alloys for industrial applications segment, together with those of the Functional Chemical Systems (formerly Organic Electronics) sector, have been classified within the Industrial Business Unit.

Furthermore, please note the new name of all the operating sectors, for a better information clarity.

The economic figures as at 30 June 2018 have been reclassified to allow a homogeneous comparison with 2019.

#### **Significant events occurred after the end of the first semester of 2019**

The subsidiary Memry Corporation has started a negotiation for the rent of a further productive space of about 60,000 sq.ft. (approximately 5,600 square meters) located in Bethel (CT). It is estimated that the lease will have a five-year term and an annual cost of \$7.25 per sq.ft. The finalization of the rental contract is expected during the second half of this year.

On August 7, 2019, S.G.G. Holding S.p.A. has obtained the increase of the voting right for further no. 1,465,731 ordinary shares of SAES Getters S.p.A. At the end of this operation, the ordinary shares owned by S.G.G. Holding on which the increase is effective are equal to no. 2,819,773 and the company holds a percentage of voting rights equal to 43.19% (including in the calculation also the treasury shares held by SAES Getters S.p.A.).

On September 4, 2019, S.G.G. Holding registered the remaining ordinary shares still with a single vote in its possession (equal to no. 2,198,713) in the List for the attribution of the increased vote; these shares will accrue the increase of the voting right after twenty-four months from the date of the registration, only in the case of uninterrupted ownership by S.G.G. Holding in this period.

#### **Business Outlook**

We maintain a cautious optimism over the coming months, given the current uncertainties and tensions at international level.

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<sup>8</sup> Please note that, as at June 30, 2018, SAES owned 33.79% of the share capital of Flexterra, Inc.

The figures are drawn from the Interim consolidated financial statements as at June 30, 2019 (including the interim condensed consolidated financial statements, the interim management report and the certification required by article 154-bis, paragraph 5 of TUF) that was approved by the Board of Directors of SAES Getters S.p.A. today and already transmitted to the auditing firm to perform the related legal requirements.

This document, together with the results of the audit check, will be available to the public both on the Company's website ([www.saesgetters.com/investor-relations/financial-reports](http://www.saesgetters.com/investor-relations/financial-reports)) and on the centralized storage mechanism IInfo ([www.linfo.it](http://www.linfo.it)) starting from September 13, 2019.

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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*  
*Giulio Canale*

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## **SAES Group**

*A pioneer in the development of getter technology, the SAES® Group is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. In more than 70 years of activity, the Group's getter solutions have been supporting innovation in the information display and lamp industries, in sophisticated high vacuum systems and in vacuum thermal insulation, in technologies spanning from large vacuum power tubes to miniaturized silicon-based microelectronic and micromechanical devices (MEMS).*

*Starting in 2004, by leveraging the core competencies in special metallurgy and in the materials science, the SAES Group has expanded its business into the advanced material markets, in particular the market of shape memory alloys, a family of materials characterized by super elasticity and by the property of assuming predefined forms when subjected to heat treatment. These special alloys, which today are mainly applied in the biomedical sector, are also perfectly suited to the realization of actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector).*

*More recently, SAES has expanded its business by developing a technological platform that integrates getter materials in a polymeric matrix. These products, initially developed for OLED displays, are currently used in new application sectors, among which implantable medical devices and solid-state diagnostics imaging. Among the new applications, the advanced food packaging is a significantly strategic one, in which SAES is offering a range of new products for active packaging and aims to compete with fully recyclable and biodegradable solutions.*

*A total production capacity distributed in ten facilities, a worldwide-based sale & service network and over 1,000 employees allow the Group to combine multicultural skills and expertise to form a truly global enterprise.*

*SAES Group is headquartered in the Milan area (Italy).*

*SAES Getters S.p.A. is listed on the Italian Stock Exchange Market, STAR segment, since 1986.*

*More information on the SAES Group are available in the website [www.saesgetters.com](http://www.saesgetters.com).*

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**Legend:**

| <b>Industrial Business Unit</b>                       |   |
|---|---|
| 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 Insulated Devices                             | Products for thermal insulation   |
| Lamps   | Getters and metal dispensers used in discharge lamps and fluorescent lamps  |
| Solutions for Vacuum Systems                          | Pumps for vacuum systems  |
| Sintered Components for Electronic Devices and Lasers | Cathodes and materials for thermal dissipation in electronic tubes and lasers   |
| Functional Chemical Systems                           | Getter materials integrated in polymeric matrices for organic and hybrid electronics, photonics and implantable medical devices             |
| SMA Industrial  | Shape memory alloys actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector) |
| <b>Medical Business Unit</b>                          |   |
| Nitinol for Medical Devices                           | Nitinol raw material and components for the biomedical sector   |
| <b>Packaging Business Unit</b>                        |   |
| Solutions for Advanced Packaging                      | Advanced plastic films for the active packaging sector  |

**Consolidated Net Sales by Business**

Thousands of euro (except %)

| Business  | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 | Total difference (%) | Organic change (%) | Exchange rate effect (%) |
|---|---------------------------|---------------------------|----------------------|--------------------|--------------------------|
| Security & Defense                                  | 6,365                     | 6,147                     | 3.5%                 | -1.7%              | 5.2%                     |
| Electronic Devices                                  | 10,532                    | 7,735                     | 36.2%                | 32.9%              | 3.3%                     |
| Healthcare Diagnostics                              | 2,450                     | 2,162                     | 13.3%                | 9.7%               | 3.6%                     |
| Lamps   | 2,274                     | 2,622                     | -13.3%               | -16.1%             | 2.8%                     |
| Thermal Insulated Devices                           | 1,833                     | 1,791                     | 2.3%                 | -3.7%              | 6.0%                     |
| Solutions for Vacuum Systems                        | 5,522                     | 5,419                     | 1.9%                 | -1.1%              | 3.0%                     |
| Sintered Components for Electronic Devices & Lasers | 4,542                     | 3,554                     | 27.8%                | 19.3%              | 8.5%                     |
| SMA Industrial                                      | 8,246                     | 5,547                     | 48.7%                | 43.3%              | 5.4%                     |
| Functional Chemical Systems                         | 436                       | 574                       | -24.0%               | -28.7%             | 4.7%                     |
| <b>Industrial</b>                                   | <b>42,200</b>             | <b>35,551</b>             | <b>18.7%</b>         | <b>14.1%</b>       | <b>4.6%</b>              |
| Nitinol for Medical Devices                         | 41,272                    | 34,207                    | 20.7%                | 12.8%              | 7.9%                     |
| <b>Medical</b>                                      | <b>41,272</b>             | <b>34,207</b>             | <b>20.7%</b>         | <b>12.8%</b>       | <b>7.9%</b>              |
| Solutions for Advanced Packaging                    | 5,015                     | 5,951                     | -15.7%               | -15.7%             | 0.0%                     |
| <b>Packaging</b>                                    | <b>5,015</b>              | <b>5,951</b>              | <b>-15.7%</b>        | <b>-15.7%</b>      | <b>0.0%</b>              |
| <b>Total Net Sales</b>                              | <b>88,487</b>             | <b>75,709</b>             | <b>16.9%</b>         | <b>11.2%</b>       | <b>5.7%</b>              |

**Consolidated Net Sales by Geographic Location of Customer**

Thousands of euro

| Geographic Area        | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 |
|------------------------|---------------------------|---------------------------|
| Italy                  | 1,683                     | 2,233                     |
| European countries     | 17,448                    | 19,578                    |
| North America          | 51,859                    | 40,871                    |
| Japan                  | 2,645                     | 3,276                     |
| South Korea            | 601                       | 654                       |
| China                  | 11,285                    | 5,401                     |
| Rest of Asia           | 2,082                     | 2,929                     |
| Rest of the World      | 884                       | 767                       |
| <b>Total Net Sales</b> | <b>88,487</b>             | <b>75,709</b>             |

**Total revenues of the Group**

Thousands of euro

|  | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 | Difference    |
|--|---------------------------|---------------------------|---------------|
| <b>Consolidated sales</b>                              | <b>88,487</b>             | <b>75,709</b>             | <b>12,778</b> |
| 50% sales of the joint venture Actuator Solutions      | 5,488                     | 5,868                     | (380)         |
| 49% sales of the joint venture SAES RIAL Vacuum S.r.l. | 578                       | 501                       | 77            |
| Pro-quota sales of the <i>joint venture</i> Flexterra  | 6                         | 6                         | 0             |
| Intercompany eliminations                              | (280)                     | (406)                     | 126           |
| Other adjustments                                      | (34)                      | (26)                      | (8)           |
| <b>Total revenues of the Group</b>                     | <b>94,245</b>             | <b>81,652</b>             | <b>12,593</b> |

**Consolidated statement of profit or loss**

Thousands of euro

|  | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018<br>(*) |
|--|---------------------------|----------------------------------|
| <b>Total net sales</b>   | <b>88,487</b>             | <b>75,709</b>                    |
| Cost of sales  | (50,667)                  | (43,219)                         |
| <b>Gross profit</b>  | <b>37,820</b>             | <b>32,490</b>                    |
| R&D expenses   | (5,524)                   | (5,455)                          |
| Selling expenses   | (6,277)                   | (6,043)                          |
| G&A expenses   | (14,976)                  | (14,151)                         |
| Write-down of trade receivables                                | 25                        | (16)                             |
| Total operating expenses                                       | (26,752)                  | (25,665)                         |
| Other income (expenses), net                                   | 2,344                     | 1,057                            |
| <b>Operating income (loss)</b>                                 | <b>13,412</b>             | <b>7,882</b>                     |
| Interest and other financial income, net                       | 2,778                     | (305)                            |
| Write-down of financial receivables and other financial assets | 80                        | 0                                |
| Income (loss) from equity method evaluated companies           | (1,043)                   | (733)                            |
| Foreign exchange gains (losses), net                           | (31)                      | 17                               |
| <b>Income (loss) before taxes</b>                              | <b>15,196</b>             | <b>6,861</b>                     |
| Income taxes   | (6,232)                   | (4,157)                          |
| <b>Net income (loss) from continued operations</b>             | <b>8,964</b>              | <b>2,704</b>                     |
| Income (loss) from discontinued operations                     | 176                       | 239,870                          |
| <b>Net income (loss) before minority interest</b>              | <b>9,140</b>              | <b>242,574</b>                   |
| Net income (loss) pertaining to minority interest              | 0                         | 0                                |
| <b>Net income (loss) pertaining to the Group</b>               | <b>9,140</b>              | <b>242,574</b>                   |

**Consolidated statement of other comprehensive income**

Thousands of euro

|  | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018<br>(*) |
|--|---------------------------|----------------------------------|
| <b>Net income (loss) for the period from continued operations</b>                    | <b>8,964</b>              | <b>2,704</b>                     |
| Exchange differences on translation of foreign operations                            | 520                       | 2,002                            |
| Exchange differences on equity method evaluated companies                            | 79                        | 149                              |
| Total exchange differences   | 599                       | 2,151                            |
| Equity transaction costs related to equity method evaluated companies                | 0                         | 0                                |
| <b>Total components that will be reclassified to the profit (loss) in the future</b> | <b>599</b>                | <b>2,151</b>                     |
| <b>Other comprehensive income (loss), net of taxes - continued operations</b>        | <b>599</b>                | <b>2,151</b>                     |
| <b>Total comprehensive income (loss), net of taxes - continued operations</b>        | <b>9,563</b>              | <b>4,855</b>                     |
| <b>Net income (loss) for the period from discontinued operations</b>                 | <b>176</b>                | <b>239,870</b>                   |
| Exchange differences on translation of foreign operations                            | 0                         | (94)                             |
| Reversal of currency conversion reserve after the disposal of the subsidiaries       | 0                         | (1,827)                          |
| Total exchange differences   | 0                         | (1,921)                          |
| <b>Total components that have been reclassified to the profit (loss)</b>             | <b>0</b>                  | <b>(1,921)</b>                   |
| <b>Other comprehensive income (loss), net of taxes -discontinued operations</b>      | <b>0</b>                  | <b>(1,921)</b>                   |
| <b>Total comprehensive income (loss), net of taxes -discontinued operations</b>      | <b>176</b>                | <b>237,949</b>                   |
| <b>Total comprehensive income (loss), net of taxes</b>                               | <b>9,739</b>              | <b>242,804</b>                   |
| <i>attributable to:</i>  |                           |                                  |
| - Equity holders of the Parent Company   | 9,739                     | 242,804                          |
| - Minority interests   | 0                         | 0                                |

(\*) Some amounts shown in the column do not correspond to the 2018 Interim Consolidated Financial Statements because they reflect the reclassifications to give evidence of the write-downs of the financial assets, in accordance with IAS 1.

## Consolidated statement of profit or loss by Business Unit

Thousands of euro

|  | Industrial                   |                              | Medical                      |                              | Packaging                    |                              | Not Allocated Costs          |                              | TOTAL                        |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|  | 1 <sup>st</sup> half<br>2019 | 1 <sup>st</sup> half<br>2018 |
| Total net sales                                | 42,200                       | 35,551                       | 41,272                       | 34,207                       | 5,015                        | 5,951                        | 0                            | 0                            | 88,487                       | 75,709                       |
| Cost of sales                                  | (21,382)                     | (18,126)                     | (24,730)                     | (19,630)                     | (4,555)                      | (5,329)                      | 0                            | (134)                        | (50,667)                     | (43,219)                     |
| Gross profit (loss)                            | 20,818                       | 17,425                       | 16,542                       | 14,577                       | 460                          | 622                          | 0                            | (134)                        | 37,820                       | 32,490                       |
| Operating expenses and other income (expenses) | (8,104)                      | (8,806)                      | (4,556)                      | (3,020)                      | (1,739)                      | (1,961)                      | (10,009)                     | (10,821)                     | (24,408)                     | (24,608)                     |
| Operating income (loss)                        | 12,714                       | 8,619                        | 11,986                       | 11,557                       | (1,279)                      | (1,339)                      | (10,009)                     | (10,955)                     | 13,412                       | 7,882                        |

**EBITDA**

Thousands of euro

|   | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 |
|---|---------------------------|---------------------------|
| Operating income (loss)   | 13,412                    | 7,882                     |
| Property, plant and equipment depreciation & intangible assets amortization | 3,902                     | 3,713                     |
| Right of use depreciation   | 662                       | 0                         |
| Write-down of assets  | 1                         | 91                        |
| Bad debt provision accrual (release)  | (25)                      | 16                        |
| <b>EBITDA</b>   | <b>17,952</b>             | <b>11,702</b>             |
| <i>% on sales</i>   | <b>20.3 %</b>             | <b>15.5 %</b>             |

**Consolidated income (loss) per share**

Euro

|                                      | 1 <sup>st</sup> half 2019 | 1 <sup>st</sup> half 2018 |
|--------------------------------------|---------------------------|---------------------------|
| Net income (loss) per ordinary share | 0.42137                   | 10.99554                  |
| Net income (loss) per savings share  | 0.43800                   | 11.01217                  |

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**Consolidated Statement of Financial Position**

Thousands of euro

|   | June 30, 2019  | December 31, 2018 |
|---|----------------|-------------------|
| Property, plant and equipment, net                | 61,123         | 53,832            |
| Intangible assets                                 | 45,347         | 45,290            |
| Right of use                                      | 3,434          | 0                 |
| Securities  | 131,263        | 99,843            |
| Other non current assets                          | 17,344         | 17,401            |
| Current assets                                    | 164,884        | 218,394           |
| <b>Total Assets</b>                               | <b>423,395</b> | <b>434,760</b>    |
| Shareholders' equity                              | 240,997        | 341,220           |
| Minority interest in consolidated subsidiaries    | 0              | 0                 |
| <b>Total Shareholders' Equity</b>                 | <b>240,997</b> | <b>341,220</b>    |
| Non current liabilities                           | 122,625        | 28,187            |
| Current liabilities                               | 59,773         | 65,353            |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>423,395</b> | <b>434,760</b>    |

**Consolidated Net Financial Position**

Thousands of euro

|  | <b>June 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|--|--------------------------|------------------------------|
| Cash on hands                                | 9                        | 9                            |
| Cash equivalents                             | 41,792                   | 170,592                      |
| <b>Cash and cash equivalents</b>             | <b>41,801</b>            | <b>170,601</b>               |
| Related parties financial assets             | 1                        | 1                            |
| Securities - short term                      | 71,312                   | 0                            |
| Other current financial assets               | 32                       | 0                            |
| <b>Current financial assets</b>              | <b>71,345</b>            | <b>1</b>                     |
| Bank overdraft                               | (27,002)                 | (27,353)                     |
| Current portion of long term debt            | (5,544)                  | (5,438)                      |
| Other current financial liabilities          | (117)                    | (1,049)                      |
| Current financial liabilities for leases     | (1,618)                  | 0                            |
| <b>Current financial liabilities</b>         | <b>(34,281)</b>          | <b>(33,840)</b>              |
| <b>Current net financial position</b>        | <b>78,865</b>            | <b>136,762</b>               |
| Related parties non current financial assets | 49                       | 49                           |
| Securities - long term                       | 131,263                  | 99,843                       |
| <b>Non current financial assets</b>          | <b>131,312</b>           | <b>99,892</b>                |
| Long term debt, net of current portion       | (103,355)                | (13,344)                     |
| Non current financial liabilities for leases | (1,814)                  | 0                            |
| <b>Non current liabilities</b>               | <b>(105,169)</b>         | <b>(13,344)</b>              |
| <b>Non current net financial position</b>    | <b>26,143</b>            | <b>86,548</b>                |
| <b>Net financial position</b>                | <b>105,008</b>           | <b>223,310</b>               |

**Consolidated Cash Flows Statement**

Thousands of euro

|  | <b>1<sup>st</sup> half 2019</b> | <b>1<sup>st</sup> half 2018</b><br>(*) |
|--|---------------------------------|--|
| Net income (loss) from continued operations                                    | 8,964                           | 2,704                                  |
| Net income (loss) from discontinued operations                                 | 176                             | 239,870                                |
| Current income taxes   | 4,626                           | 10,408                                 |
| Change in deferred income taxes  | 1,550                           | (5,265)                                |
| Depreciation, amortization and write down of non current assets                | 4,565                           | 4,178                                  |
| Net loss (gain) on disposal of assets  | (2,272)                         | 9                                      |
| Net gain on purification business disposal                                     | (176)                           | (227,463)                              |
| Interests and other financial income, net                                      | (1,815)                         | 1,038                                  |
| Other non-monetary costs   | (519)                           | (2,583)                                |
|  | <b>15,099</b>                   | <b>22,896</b>                          |
| Change in operating assets and liabilities                                     | (6,975)                         | (6,528)                                |
| Payments of termination indemnities and similar obligations                    | (248)                           | (121)                                  |
| Financial income received, net of payment of interests                         | (60)                            | (163)                                  |
| Payment of income taxes  | (5,535)                         | (9,422)                                |
| <b>Net cash provided by (used by) operating activities</b>                     | <b>2,281</b>                    | <b>6,662</b>                           |
| Purchase of tangible and intangible assets, net of proceeds from sales         | (10,953)                        | (7,251)                                |
| Consideration for the acquisition of minority interests in subsidiaries        | 0                               | (75)                                   |
| Sale of intellectual property to related parties                               | 2,291                           | 0                                      |
| Purchase of securities, net of disinvestments                                  | (100,466)                       | 0                                      |
| Income from securities, net of management fees                                 | 877                             | 0                                      |
| Advances paid for the purchase of investments                                  | (1,100)                         | 0                                      |
| Price paid for the acquisition of businesses                                   | 0                               | (139)                                  |
| Consideration for the purification business disposal, net of the disposed cash | 0                               | 300,752                                |
| Ancillary monetary charges for the purification business disposal              | 0                               | (19,613)                               |
| Adjustment on the consideration for the purification business disposal         | (383)                           | 0                                      |
| <b>Cash flows provided by (used by) investing activities</b>                   | <b>(109,734)</b>                | <b>273,674</b>                         |
| Proceeds from debts, net of repayments   | 89,533                          | 9,672                                  |
| Financing receivables from related parties                                     | 1                               | (225)                                  |
| Dividends paid   | (16,580)                        | (15,435)                               |
| Interests and other expenses paid on loans                                     | (115)                           | (346)                                  |
| Repayment of financial liabilities for leased assets (interests included)      | (700)                           | 0                                      |
| Purchase of treasury shares and related accessory costs                        | (93,382)                        | 0                                      |
| Other financial liabilities/assets   | 17                              | 11                                     |
| <b>Cash flows provided by (used by) financing activities</b>                   | <b>(21,226)</b>                 | <b>(6,323)</b>                         |
| Effect of exchange rate differences  | 151                             | 640                                    |
| <b>Increase (decrease) in cash and cash equivalents</b>                        | <b>(128,528)</b>                | <b>274,653</b>                         |
| Cash and cash equivalents at the beginning of the period                       | 170,394                         | 27,312                                 |
| <b>Cash and cash equivalents at the end of the period</b>                      | <b>41,866</b>                   | <b>301,965</b>                         |

(\*) Some amounts shown in the column do not correspond to the 2018 Interim Consolidated Financial Statements because they reflect the reclassifications to give evidence of the write-downs of the financial assets, in accordance with IAS 1.

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**Actuator Solutions - SAES Group interest (50%)**

Thousands of euro

| <b>Statement of financial position</b>                  | <b>June 30,<br/>2019</b>        | <b>December 31,<br/>2018</b>    |
|---|---------------------------------|---------------------------------|
| Non current assets                                      | 3,456                           | 3,510                           |
| Current assets  | 1,693                           | 1,297                           |
| <b>Total Assets</b>                                     | <b>5,149</b>                    | <b>4,807</b>                    |
| Non current liabilities                                 | 4,000                           | 4,000                           |
| Current liabilities                                     | 3,067                           | 2,360                           |
| <b>Total Liabilities</b>                                | <b>7,067</b>                    | <b>6,360</b>                    |
| Capital Stock, Reserves and Retained Earnings           | (1,553)                         | (992)                           |
| Net income (loss) for the period                        | (375)                           | (537)                           |
| Other comprehensive income (loss) for the period        | 10                              | (24)                            |
| <b>Total Equity</b>                                     | <b>(1,918)</b>                  | <b>(1,553)</b>                  |
| <b>Statement of profit or loss</b>                      | <b>1<sup>st</sup> half 2019</b> | <b>1<sup>st</sup> half 2018</b> |
| Total net sales   | 5,488                           | 5,868                           |
| Cost of sales   | (4,472)                         | (4,726)                         |
| <b>Gross profit</b>                                     | <b>1,016</b>                    | <b>1,142</b>                    |
| Total operating expenses                                | (1,047)                         | (1,127)                         |
| Other income (expenses), net                            | (171)                           | (72)                            |
| <b>Operating income (loss)</b>                          | <b>(202)</b>                    | <b>(57)</b>                     |
| Interests and other financial income, net               | (147)                           | (121)                           |
| Foreign exchange gains (losses), net                    | (25)                            | (41)                            |
| Income taxes  | (1)                             | (140)                           |
| <b>Net income (loss)</b>                                | <b>(375)</b>                    | <b>(359)</b>                    |
| Exchange differences                                    | 10                              | 4                               |
| <b>Total comprehensive income (loss) for the period</b> | <b>(365)</b>                    | <b>(355)</b>                    |

**SAES RIAL Vacuum S.r.l. - SAES Group interest (49%)**

Thousands of euro

| <b>Statement of financial position</b>                       | <b>June 30,<br/>2019</b>        | <b>December 31,<br/>2018</b>    |
|--|---------------------------------|---------------------------------|
| Non current assets   | 162                             | 161                             |
| Current assets   | 691                             | 813                             |
| <b>Total Assets</b>  | <b>853</b>                      | <b>974</b>                      |
| Non current liabilities                                      | 149                             | 151                             |
| Current liabilities  | 440                             | 574                             |
| <b>Total Liabilities</b>                                     | <b>589</b>                      | <b>725</b>                      |
| Capital Stock, Reserves and Retained Earnings                | 249                             | 232                             |
| Net income (loss) for the period                             | 15                              | 25                              |
| Other comprehensive income (loss) for the period             | 0                               | (8)                             |
| <b>Total Equity</b>  | <b>264</b>                      | <b>249</b>                      |
| <b>Statement of profit or loss</b>                           | <b>1<sup>st</sup> half 2019</b> | <b>1<sup>st</sup> half 2018</b> |
| Total net sales  | 578                             | 501                             |
| Cost of sales  | (476)                           | (376)                           |
| <b>Gross profit</b>  | <b>102</b>                      | <b>125</b>                      |
| Total operating expenses                                     | (95)                            | (91)                            |
| Other income (expenses), net                                 | 19                              | (20)                            |
| <b>Operating income (loss)</b>                               | <b>26</b>                       | <b>14</b>                       |
| Interests and other financial income, net                    | (7)                             | (6)                             |
| Foreign exchange gains (losses), net                         | 0                               | 0                               |
| Income taxes   | (4)                             | (9)                             |
| <b>Net income (loss)</b>                                     | <b>15</b>                       | <b>(1)</b>                      |
| Actuarial gain (loss) on defined benefit plans, net of taxes | 0                               | 0                               |
| <b>Totale comprehensive income (loss) for the period</b>     | <b>15</b>                       | <b>(1)</b>                      |

**Flexterra - SAES Group interest**  
Thousands of euro

| Statement of financial position                  | June 30,<br>2019<br>(46.73%) | December 31,<br>2018<br>(46.73%) |
|--|------------------------------|----------------------------------|
| Non current assets                               | 6,937                        | 6,140                            |
| Current assets                                   | 1,880                        | 3,732                            |
| <b>Total Assets</b>                              | <b>8,817</b>                 | <b>9,872</b>                     |
| Non current liabilities                          | 48                           | 47                               |
| Current liabilities                              | 133                          | 227                              |
| <b>Total Liabilities</b>                         | <b>181</b>                   | <b>274</b>                       |
| Capital Stock, Reserves and Retained Earnings    | 9,465                        | 10,628                           |
| Reserve for stock options plan                   | 150                          | 143                              |
| Net income (loss) for the period                 | (1,058)                      | (1,498)                          |
| Other comprehensive income (loss) for the period | 79                           | 325                              |
| <b>Total Equity</b>                              | <b>8,636</b>                 | <b>9,598</b>                     |

| Statement of profit or loss                             | 1 <sup>st</sup> half 2019<br>(46.73%) | 1 <sup>st</sup> half 2018<br>(33.79%) |
|---|---------------------------------------|---------------------------------------|
| Total net sales   | 6                                     | 6                                     |
| Cost of sales   | (1)                                   | (1)                                   |
| <b>Gross profit</b>                                     | <b>5</b>                              | <b>5</b>                              |
| Total operating expenses                                | (1,055)                               | (722)                                 |
| Other income (expenses), net                            | 0                                     | (1)                                   |
| <b>Operating income (loss)</b>                          | <b>(1,050)</b>                        | <b>(718)</b>                          |
| Interests and other financial income, net               | 1                                     | (4)                                   |
| Foreign exchange gains (losses), net                    | (20)                                  | (20)                                  |
| Income taxes  | 11                                    | 10                                    |
| <b>Net income (loss)</b>                                | <b>(1,058)</b>                        | <b>(732)</b>                          |
| Exchange differences & equity transaction costs         | 79                                    | 149                                   |
| <b>Total comprehensive income (loss) for the period</b> | <b>(979)</b>                          | <b>(583)</b>                          |

**Total statement of profit or loss of the Group**  
Thousands of euro

|   | 1 <sup>st</sup> half 2019   |                        |   |                             |   |                  |   |                                   |
|---|-----------------------------|------------------------|---|-----------------------------|---|------------------|---|-----------------------------------|
|   | Consolidated profit or loss | 50% Actuator Solutions | Intercoy eliminations & other adjustments | 49% SAES RIAL Vacuum S.r.l. | Intercoy eliminations & other adjustments | 46.73% Flexterra | Intercoy eliminations & other adjustments | Total profit or loss of the Group |
| Total net sales   | 88,487                      | 5,488                  | (270)                                     | 578                         | (44)                                      | 6                |   | 94,245                            |
| Cost of sales   | (50,667)                    | (4,472)                | 270                                       | (476)                       | 44  | (1)              |   | (55,302)                          |
| <b>Gross profit</b>   | <b>37,820</b>               | <b>1,016</b>           | <b>0</b>                                  | <b>102</b>                  | <b>0</b>                                  | <b>5</b>         | <b>0</b>                                  | <b>38,943</b>                     |
| Total operating expenses  | (26,752)                    | (1,047)                |   | (95)                        |   | (1,055)          |   | (28,949)                          |
| Other income (expenses), net  | 2,344                       | (171)                  |   | 19                          |   | 0                |   | 2,192                             |
| <b>Operating income (loss)</b>                                      | <b>13,412</b>               | <b>(202)</b>           | <b>0</b>                                  | <b>26</b>                   | <b>0</b>                                  | <b>(1,050)</b>   | <b>0</b>                                  | <b>12,186</b>                     |
| Interest and other financial income, net                            | 2,858                       | (147)                  | 0   | (7)                         |   | 1                |   | 2,705                             |
| Income (loss) from equity method evaluated companies                | (1,043)                     |                        | 0   |                             | (15)                                      |                  | 1,058                                     | 0                                 |
| Foreign exchange gains (losses), net                                | (31)                        | (25)                   |   | 0                           |   | (20)             |   | (76)                              |
| <b>Income (loss) before taxes</b>                                   | <b>15,196</b>               | <b>(374)</b>           | <b>0</b>                                  | <b>19</b>                   | <b>(15)</b>                               | <b>(1,069)</b>   | <b>1,058</b>                              | <b>14,815</b>                     |
| Income taxes  | (6,232)                     | (1)                    |   | (4)                         |   | 11               |   | (6,226)                           |
| <b>Net income (loss) from continued operations</b>                  | <b>8,964</b>                | <b>(375)</b>           | <b>0</b>                                  | <b>15</b>                   | <b>(15)</b>                               | <b>(1,058)</b>   | <b>1,058</b>                              | <b>8,589</b>                      |
| Income (loss) from assets held for sale and discontinued operations | 176                         |                        |   |                             |   |                  |   | 176                               |
| <b>Net income (loss) before minority interest</b>                   | <b>9,140</b>                | <b>(375)</b>           | <b>0</b>                                  | <b>15</b>                   | <b>(15)</b>                               | <b>(1,058)</b>   | <b>1,058</b>                              | <b>8,765</b>                      |
| Net income (loss) pertaining to minority interest                   | 0                           |                        |   |                             |   |                  |   | 0                                 |
| <b>Net income (loss) pertaining to the Group</b>                    | <b>9,140</b>                | <b>(375)</b>           | <b>0</b>                                  | <b>15</b>                   | <b>(15)</b>                               | <b>(1,058)</b>   | <b>1,058</b>                              | <b>8,765</b>                      |

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**Reclassifications of the income statement figures of the first half of 2018**  
Thousands of euro

|                                     | Industrial                |              |  | Medical                   |                |  | Packaging                 |          |  | Not Allocated Costs       |              |  | TOTAL                     |          |  |
|-------------------------------------|---------------------------|--------------|--|---------------------------|----------------|--|---------------------------|----------|--|---------------------------|--------------|--|---------------------------|----------|--|
|                                     | 1 <sup>st</sup> half 2018 | Reclass.     | 1 <sup>st</sup> half 2018 reclassified | 1 <sup>st</sup> half 2018 | Reclass.       | 1 <sup>st</sup> half 2018 reclassified | 1 <sup>st</sup> half 2018 | Reclass. | 1 <sup>st</sup> half 2018 reclassified | 1 <sup>st</sup> half 2018 | Reclass.     | 1 <sup>st</sup> half 2018 reclassified | 1 <sup>st</sup> half 2018 | Reclass. | 1 <sup>st</sup> half 2018 reclassified |
| Total net sales                     | 29,430                    | 6,121        | 35,551                                 | 39,754                    | (5,547)        | 34,207                                 | 5,951                     | 0        | 5,951                                  | 574                       | (574)        | 0                                      | 75,709                    | 0        | 75,709                                 |
| Cost of sales                       | (14,230)                  | (3,896)      | (18,126)                               | (23,150)                  | 3,520          | (19,630)                               | (5,329)                   | 0        | (5,329)                                | (510)                     | 376          | (134)                                  | (43,219)                  | 0        | (43,219)                               |
| <b>Gross profit (loss)</b>          | <b>15,200</b>             | <b>2,225</b> | <b>17,425</b>                          | <b>16,604</b>             | <b>(2,027)</b> | <b>14,577</b>                          | <b>622</b>                | <b>0</b> | <b>622</b>                             | <b>64</b>                 | <b>(198)</b> | <b>(134)</b>                           | <b>32,490</b>             | <b>0</b> | <b>32,490</b>                          |
| Operating expenses and other income | (7,151)                   | (1,655)      | (8,806)                                | (4,317)                   | 1,297          | (3,020)                                | (1,961)                   | 0        | (1,961)                                | (11,179)                  | 358          | (10,821)                               | (24,608)                  | 0        | (24,608)                               |
| <b>Operating income (loss)</b>      | <b>8,049</b>              | <b>570</b>   | <b>8,619</b>                           | <b>12,287</b>             | <b>(730)</b>   | <b>11,557</b>                          | <b>(1,339)</b>            | <b>0</b> | <b>(1,339)</b>                         | <b>(11,115)</b>           | <b>160</b>   | <b>(10,955)</b>                        | <b>7,882</b>              | <b>0</b> | <b>7,882</b>                           |