



## SAES GETTERS S.p.A.

Capital Stock Euro 12,220,000 fully paid-in  
 Address of Principal Executive Offices:  
 Viale Italia, 77 – 20020 Lainate (Milan), Italy  
 Registered with the Milan Court Companies Register no. 00774910152

### Additional periodic financial information as at September 30, 2019

#### HIGHLIGHTS OF THE THIRD QUARTER OF 2019

In the third quarter of 2019 the SAES® Group achieved **consolidated net revenues** equal to €49 million, up by 16.4% compared to the figure recorded in corresponding period of 2018 (€42.1 million). The **exchange rate effect** was positive and equal to +3.7%, mainly related to the appreciation of the US dollar against the euro. By excluding the exchange rate effect, the **organic growth** was a two-digit one (+12.7%), driven by the Medical Business Unit (organic growth equal to +23.5%) and by the Industrial Business Unit (+8.8%). The packaging operating segment still recorded a negative sign (-23.6%), due to the revision of the product portfolio, with the phase-out the non-strategic and less profitable metalized products, only partially offset by the sale increase of lacquered products.

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

By including also the revenues of the joint ventures<sup>1</sup>, the **total revenues of the Group** were equal to €52.2 million in the third quarter of 2019, up by 15.6% compared to €45.2 million in the third quarter of 2018, mainly thanks 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 4.8%, penalized by the slow-down of the automotive sector, only partially offset by the revenues deriving from product developments in the telecom sector.

**Consolidated gross profit**<sup>2</sup> amounted to €22.7 million in the third quarter of 2019, compared to €19 million in the corresponding period of 2018. The strong growth (+19.5%), favored also by the positive exchange rate effect, was driven by 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).

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

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

Also the **gross margin**<sup>3</sup> improved (from 45.2% in the third quarter of 2018 to 46.4% in the current semester), mainly driven by the industrial SMAs, that more than offset the slight decrease in the Medical Business Unit, in which, despite some temporary production inefficiencies in Memry Corporation still persisting, a progressive quarterly improvement in margins has been recorded in the current year.

**Consolidated operating income** amounted to €9.5 million in the third quarter of 2019, strongly increased (+67.4%) compared to €5.7 million in the corresponding period of the previous year, thanks both to the increase in the gross profit and to the slight reduction of the operating expenses (in particular, less G&A expenses, which, in the third quarter of 2018, were penalized by severance costs related to the reduction in the staff of the Parent Company, following the sale of the gas purification business).

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 €11.9 million (24.4% of consolidated revenues) in the third quarter of 2019, showing a strong growth compared to €7.7 million (18.2% of consolidated revenues) in the corresponding quarter of 2018.

Net of the positive effect (equal to €0.4 million) related to the first application of the **IFRS 16**, consolidated EBITDA would have been equal to €11.5 million (23.4% of sales), still significantly up (+49.9%) compared to 2018, in line with the improvement 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.

**Net income from operating activities** amounted to €8.8 million (17.9% of consolidated revenues) in the third quarter of 2019, almost tripled when compared to €3 million (7% of consolidated revenues) in the third quarter of 2018.

By including, in both quarters, the net income deriving from discontinued operations related to the sale of the gas purification business, the **consolidated net income** was equal to €8.7 million (17.8% of consolidated revenues) in the third quarter of 2019, more than tripled compared to a net income of €2.3 million (5.5% of consolidated revenues) in the third quarter of 2018.

That growth is attributable both to the increase in the operating income (+€3.8 million) and to the financial income (about €3 million) on securities purchased at the end of 2018 and at the beginning of 2019 as investment of the liquidity deriving from the sale of the purification business.

**Consolidated net financial position** as at September 30, 2019 was positive and equal to €111.8 million, and such amount was negatively affected by the effects deriving from the adoption of the **IFRS 16** new accounting principle, which entailed the recording of notional 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 €4.9 million.

The improvement, compared to June 30, 2019 (NFP equal to €105 million) was mainly attributable to the operating cash flows generation. In the current quarter, the capex amounted to €6.8 million, while the effect related to securities was overall positive for €2.8 million (including both the collection of coupons and the valuation of the securities at fair value). Within the financial management, please note a negative change equal to €1.8 million related to the application of the IFRS 16 (in particular, an

<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".

increase in notional financial debts following the signature by Memry Corporation of a new contract for the rental of an additional production space).

The **results of the third quarter** confirm the expectations in all sectors and it is worth noting the excellent performance of the Medical SMA segment, whose growth was much higher than that of the reference sector (the latter slightly below a double-digit figure).

The expectations for the **last part of the year** remain positive and the optimism for the **medium term** is still prudent because of the uncertainties and tensions on an international scale. We are particularly satisfied with the **recent developments in the packaging sector**, on which we strongly rely for the future expansion of the Group.

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

Thousands of euro

	3Q 2019	3Q 2018
<b>Total net sales</b>	<b>48,964</b>	<b>42,071</b>
Cost of sales	(26,241)	(23,063)
<b>Gross profit</b>	<b>22,723</b>	<b>19,008</b>
R&D expenses	(2,733)	(2,651)
Selling expenses	(3,155)	(2,951)
G&A expenses	(7,310)	(7,669)
Write-down of trade receivables	(1)	3
Total operating expenses	(13,199)	(13,268)
Other income (expenses), net	(46)	(78)
<b>Operating income (loss)</b>	<b>9,478</b>	<b>5,662</b>
Interest and other financial income, net	2,449	74
Write-down of financial receivables and other financial assets	0	0
Income (loss) from equity method evaluated companies	(343)	(320)
Foreign exchange gains (losses), net	87	(163)
<b>Income (loss) before taxes</b>	<b>11,671</b>	<b>5,253</b>
Income taxes	(2,914)	(2,303)
<b>Net income (loss) from continued operations</b>	<b>8,757</b>	<b>2,950</b>
Income (loss) from discontinued operations	(34)	(618)
<b>Net income (loss) before minority interest</b>	<b>8,723</b>	<b>2,332</b>
Net income (loss) pertaining to minority interest	0	0
<b>Net income (loss) pertaining to the Group</b>	<b>8,723</b>	<b>2,332</b>

**Consolidated statement of other comprehensive income**

Thousands of euro

	3Q 2019	3Q 2018
<b>Net income (loss) for the period from continued operations</b>	<b>8,757</b>	<b>2,950</b>
Exchange differences on translation of foreign operations	4,545	746
Exchange differences on equity method evaluated companies	380	35
Total exchange differences	4,925	781
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>4,925</b>	<b>781</b>
<b>Other comprehensive income (loss), net of taxes - continued operations</b>	<b>4,925</b>	<b>781</b>
<b>Total comprehensive income (loss), net of taxes - continued operations</b>	<b>13,682</b>	<b>3,731</b>
<b>Net income (loss) for the period from discontinued operations</b>	<b>(34)</b>	<b>(618)</b>
Exchange differences on translation of foreign operations	0	94
Reversal of currency conversion reserve after the disposal of the subsidiaries	0	(281)
Total exchange differences	0	(187)
<b>Total components that have been reclassified to the profit (loss)</b>	<b>0</b>	<b>(187)</b>
<b>Other comprehensive income (loss), net of taxes - discontinued operations</b>	<b>0</b>	<b>(187)</b>
<b>Total comprehensive income (loss), net of taxes - discontinued operations</b>	<b>(34)</b>	<b>(805)</b>
<b>Total comprehensive income (loss), net of taxes</b>	<b>13,648</b>	<b>2,926</b>
<i>attributable to:</i>		
- Equity holders of the Parent Company	13,648	2,926
- Minority interests	0	0

**Consolidated Statement of Financial Position**

Thousands of euro

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Property, plant and equipment, net	67,434	53,832
Intangible assets	46,735	45,290
Right of use	4,920	0
Securities	133,869	99,843
Other non current assets	18,023	17,401
Current assets	170,497	218,394
<b>Total Assets</b>	<b>441,478</b>	<b>434,760</b>
Shareholders' equity	254,645	341,220
Minority interest in consolidated subsidiaries	0	0
<b>Total Shareholders' Equity</b>	<b>254,645</b>	<b>341,220</b>
Non current liabilities	125,417	28,187
Current liabilities	61,416	65,353
<b>Total Liabilities and Shareholders' Equity</b>	<b>441,478</b>	<b>434,760</b>

**Consolidated Cash Flows Statement**

Thousands of euro

	<b>3Q 2019</b>	<b>3Q 2018</b>
Net income (loss) from continued operations	8,757	2,950
Net income (loss) from discontinued operations	(34)	(618)
Current income taxes	1,581	1,069
Change in deferred income taxes	1,322	1,148
Depreciation, amortization and write down of non current assets	2,450	2,024
Net loss (gain) on disposal of assets	0	(2)
Net gain on purification business disposal	34	1,564
Interests and other financial income, net	(2,106)	246
Other non-monetary costs	2,066	795
	<b>14,070</b>	<b>9,176</b>
Change in operating assets and liabilities	203	(583)
Payments of termination indemnities and similar obligations	(145)	(131)
Financial income received, net of payment of interests	(63)	53
Payment of income taxes	(2,049)	(1,599)
<b>Net cash provided by (used by) operating activities</b>	<b>12,016</b>	<b>6,916</b>
Purchase of tangible and intangible assets, net of proceeds from sales	(6,832)	(3,992)
Consideration for the acquisition of minority interests in subsidiaries	0	0
Sale of intellectual property to related parties	0	0
Purchase of securities, net of disinvestments	51	0
Income from securities, net of management fees	488	0
Advances paid for the purchase of investments	0	0
Price paid for the acquisition of businesses	0	(2)
Consideration for the purification business disposal, net of the disposed cash	0	41
Ancillary monetary charges for the purification business disposal	0	(16,998)
Adjustment on the consideration for the purification business disposal	(4)	0
<b>Cash flows provided by (used by) investing activities</b>	<b>(6,297)</b>	<b>(20,951)</b>
Proceeds from debts, net of repayments	(732)	(12,528)
Financing receivables from related parties	0	0
Dividends paid	0	0
Interests and other expenses paid on loans	(408)	(125)
Repayment of financial liabilities for leased assets (interests included)	(450)	0
Purchase of treasury shares and related accessory costs	0	0
Other financial liabilities/assets	(6)	2
<b>Cash flows provided by (used by) financing activities</b>	<b>(1,596)</b>	<b>(12,651)</b>
Effect of exchange rate differences	1,109	(236)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>5,232</b>	<b>(26,922)</b>
Cash and cash equivalents at the beginning of the period	41,866	301,965
<b>Cash and cash equivalents at the end of the period</b>	<b>47,098</b>	<b>275,043</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Accounting Principles, Methods and Structure of the Group**

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

The additional periodic information is consistent with the accounting principles that govern the preparation of the annual and consolidated financial statements, insofar as they are applicable. Evaluation procedures adopted in the additional periodic financial information are substantially similar to those usually applied to prepare the annual and consolidated financial statements.

During the third quarter of 2019 there were no changes in the scope of consolidation.

### **Relevant events occurred in the third quarter of 2019**

On July 1, 2019, the subsidiary Memry Corporation signed a rental agreement for an additional production site of more than 63,000 sq.ft. (equal to around 5,900 square meters) located in Bethel (CT). The lease contract has a five-year and six month term and an annual cost of \$7.25 per sq.ft.

On August 7, 2019, S.G.G. Holding S.p.A. obtained the increase of the voting right for further 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 voting right 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.

On September 20, 2019, the shareholders of SAES Getters S.p.A. and Rodofil S.r.l., owning respectively 49% and 51% of SAES RIAL Vacuum S.r.l., signed an agreement to postpone of one year the end-date of the put & call option that was signed by both parties at the date of the establishment of the company (occurred at the end of 2015).

As at September 30, 2019 the Group has no forward sale contracts in place.

### **Reclassifications of the economic figures of 2018**

To better reflect the SAES Management organizational structure, 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 related to the previous year have been reclassified to allow a homogeneous comparison with 2019.

Reclassifications of the income statement figures of the third quarter 2018  
Thousands of euro

	Industrial			Medical			Packaging			Not Allocated Costs			TOTAL		
	3Q 2018	Reclass.	3Q 2018 reclassified	3Q 2018	Reclass.	3Q 2018 reclassified	3Q 2018	Reclass.	3Q 2018 reclassified	3Q 2018	Reclass.	3Q 2018 reclassified	3Q 2018	Reclass.	3Q 2018 reclassified
Total net sales	18,033	3,380	21,413	20,767	(3,079)	17,688	2,970	0	2,970	301	(301)	0	42,071	0	42,071
Cost of sales	(8,566)	(2,240)	(10,806)	(11,614)	2,059	(9,555)	(2,585)	0	(2,585)	(298)	181	(117)	(23,063)	0	(23,063)
Gross profit (loss)	9,467	1,140	10,607	9,153	(1,020)	8,133	385	0	385	3	(120)	(117)	19,008	0	19,008
Operating expenses and other income	(3,405)	(747)	(4,152)	(2,744)	596	(2,148)	(1,001)	0	(1,001)	(6,196)	151	(6,045)	(13,346)	0	(13,346)
Operating income (loss)	6,062	393	6,455	6,409	(424)	5,985	(616)	0	(616)	(6,193)	31	(6,162)	5,662	0	5,662

Reclassifications of the income statement figures as at September 30, 2018  
Thousands of euro

	Industrial			Medical			Packaging			Not Allocated Costs			TOTAL		
	9M 2018	Reclass.	9M 2018 reclassified	9M 2018	Reclass.	9M 2018 reclassified	9M 2018	Reclass.	9M 2018 reclassified	9M 2018	Reclass.	9M 2018 reclassified	9M 2018	Reclass.	9M 2018 reclassified
Total net sales	47,463	9,501	56,964	60,521	(8,626)	51,895	8,921	0	8,921	875	(875)	0	117,780	0	117,780
Cost of sales	(22,796)	(6,136)	(28,932)	(34,764)	5,579	(29,185)	(7,914)	0	(7,914)	(808)	557	(251)	(66,282)	0	(66,282)
Gross profit (loss)	24,667	3,365	28,032	25,757	(3,047)	22,710	1,007	0	1,007	67	(318)	(251)	51,498	0	51,498
Operating expenses and other income	(10,556)	(2,402)	(12,958)	(7,061)	1,893	(5,168)	(2,962)	0	(2,962)	(17,375)	509	(16,866)	(37,954)	0	(37,954)
Operating income (loss)	14,111	963	15,074	18,696	(1,154)	17,542	(1,955)	0	(1,955)	(17,308)	191	(17,117)	13,544	0	13,544

## 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 September 30, 2019 deriving from the application of the new standard were the following ones:

- lower rental costs for €1,146 thousand (€446 thousand in the third quarter of 2019);
- increase in amortization for €1,082 thousand (€40 thousand in the third quarter of 2019);
- increase in financial charges for €41 thousand (€7 thousand in the third quarter of 2019);
- recording among the non-current assets of a right of use of €4,920 thousand;
- recording of financial debts amounting to €4,907 thousand.

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

- a not material positive effect of €64 thousand in the **consolidated operating income** (not material positive effect of €26 thousand in the third quarter of 2019);
- a positive effect of €1,146 thousand in the **consolidated EBITDA** (positive effect of €446 thousand in the third quarter of 2019);
- a not material positive effect of €23 thousand in the **consolidated pre-tax income** (not material positive effect of €9 thousand in the third quarter of 2019).

The effect of the IFRS 16 on the **net financial position** at September 30, 2019 was detrimental for €4,907 thousand.

The following table shows the main indicators as at September 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

	9M 2019	9M 2019 without IFRS 16 adoption	9M 2018
<b>EBITDA</b>	<b>29,880</b>	<b>28,734</b>	<b>19,364</b>
<i>% on sales</i>	<i>21.7%</i>	<i>20.9%</i>	<i>16.4%</i>
<b>Operating income (loss)</b>	<b>22,890</b>	<b>22,826</b>	<b>13,544</b>
<i>% on sales</i>	<i>16.7%</i>	<i>16.6%</i>	<i>11.5%</i>
<b>Income (loss) before taxes</b>	<b>26,867</b>	<b>26,844</b>	<b>12,114</b>
<i>% on sales</i>	<i>19.5%</i>	<i>19.5%</i>	<i>10.3%</i>
	<b>September 30, 2019</b>	<b>September 30, 2019 without IFRS 16 adoption</b>	<b>December 31, 2018</b>
<b>Net financial position</b>	<b>111,846</b>	<b>116,753</b>	<b>223,310</b>

The following table shows the main economic indicators related to the third quarter of 2019, compared both with what would have been their value without applying the IFRS 16 and with the third quarter of 2018.

Thousands of euro

	3Q 2019	3Q 2019 without IFRS 16 adoption	3Q 2018
<b>EBITDA</b>	<b>11,928</b>	<b>11,482</b>	<b>7,662</b>
<i>% on sales</i>	<i>24.4%</i>	<i>23.4%</i>	<i>18.2%</i>
<b>Operating income (loss)</b>	<b>9,478</b>	<b>9,452</b>	<b>5,662</b>
<i>% on sales</i>	<i>19.4%</i>	<i>19.3%</i>	<i>13.5%</i>
<b>Income (loss) before taxes</b>	<b>11,671</b>	<b>11,662</b>	<b>5,253</b>
<i>% on sales</i>	<i>23.8%</i>	<i>23.8%</i>	<i>12.5%</i>

### **Net Sales by Business and by Geographic Location of Customers**

<b>Industrial Business Unit</b>	
Security & Defence	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	3Q 2019	3Q 2018	Total difference (%)	Organic change (%)	Exchange rate effect (%)
Security & Defense	3,505	3,411	2.8%	-1.6%	4.4%
Electronic Devices	8,270	6,671	24.0%	22.7%	1.3%
Healthcare Diagnostics	1,023	1,048	-2.4%	-4.4%	2.0%
Lamps	995	1,271	-21.7%	-24.9%	3.2%
Thermal Insulated Devices	697	911	-23.5%	-27.6%	4.1%
Solutions for Vacuum Systems	2,024	2,879	-29.7%	-31.6%	1.9%
Sintered Components for Electronic Devices & Lasers	1,819	1,842	-1.2%	-5.6%	4.4%
SMA Industrial	5,186	3,079	68.4%	64.3%	4.1%
Functional Chemical Systems	340	301	13.0%	7.6%	5.4%
<b>Industrial</b>	<b>23,859</b>	<b>21,413</b>	<b>11.4%</b>	<b>8.8%</b>	<b>2.6%</b>
Nitinol for Medical Devices	22,836	17,688	29.1%	23.5%	5.6%
<b>Medical</b>	<b>22,836</b>	<b>17,688</b>	<b>29.1%</b>	<b>23.5%</b>	<b>5.6%</b>
Solutions for Advanced Packaging	2,269	2,970	-23.6%	-23.6%	0.0%
<b>Packaging</b>	<b>2,269</b>	<b>2,970</b>	<b>-23.6%</b>	<b>-23.6%</b>	<b>0.0%</b>
<b>Totale</b>	<b>48,964</b>	<b>42,071</b>	<b>16.4%</b>	<b>12.7%</b>	<b>3.7%</b>



**Consolidated Net Sales by Geographic Location of**  
Thousands of euro

<b>Geographic Area</b>	<b>3Q 2019</b>	<b>3Q 2018</b>
Italia	1,057	1,008
Europa	7,754	9,935
Nord America	25,579	21,960
Giappone	1,428	1,323
Corea del sud	409	247
Cina	10,952	5,623
Altri Asia	1,520	1,550
Altri	265	425
<b>Totale</b>	<b>48,964</b>	<b>42,071</b>

In the third quarter of 2019 the SAES® Group achieved **consolidated net revenues** equal to €49 million, up by 16.4% compared to the figure recorded in corresponding period of 2018 (€42.1 million). The **exchange rate effect** was positive and equal to +3.7%, mainly related to the appreciation of the US dollar against the euro. By excluding the exchange rate effect, the **organic growth** was a two-digit one (+12.7%), driven by the Medical Business Unit (organic growth equal to +23.5%) and by the Industrial Business Unit (+8.8%). The packaging operating segment still recorded a negative sign (-23.6%), due to the revision of the product portfolio, with the phase-out the non-strategic and less profitable metalized products, only partially offset by the sale increase of lacquered products.

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

By including also the revenues of the joint ventures<sup>5</sup>, the **total revenues of the Group** were equal to €52.2 million in the third quarter of 2019, up by 15.6% compared to €45.2 million in the third quarter of 2018, mainly thanks 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 4.8%, penalized by the slow-down of the automotive sector, only partially offset by the revenues deriving from product developments in the telecom sector.

**Total revenues of the Group**

Thousands of euro

	<b>3Q 2019</b>	<b>3Q 2018</b>	<b>Variazione</b>
<b>Consolidated sales</b>	<b>48,964</b>	<b>42,071</b>	<b>6,893</b>
50% sales of the joint venture Actuator Solutions	2,876	3,019	(143)
49% sales of the joint venture SAES RIAL Vacuum S.r.l.	547	299	248
Pro-quota sales of the <i>joint venture</i> Flexterra	1	2	(1)
Intercompany eliminations	(144)	(220)	76
Other adjustments	(16)	(6)	(10)
<b>Total revenues of the Group</b>	<b>52,228</b>	<b>45,165</b>	<b>7,063</b>

<sup>5</sup> Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

## Information by operating segment

Consolidated statement of profit or loss by Business Unit  
Thousands of euro

	Industrial		Medical		Packaging		Not Allocated Costs		TOTAL	
	3Q 2019	3Q 2018	3Q 2019	3Q 2018	3Q 2019	3Q 2018	3Q 2019	3Q 2018	3Q 2019	3Q 2018
Total net sales	23,859	21,413	22,836	17,688	2,269	2,970	0	0	48,964	42,071
Cost of sales	(11,254)	(10,806)	(12,851)	(9,555)	(2,136)	(2,585)	0	(117)	(26,241)	(23,063)
Gross profit (loss)	12,605	10,607	9,985	8,133	133	385	0	(117)	22,723	19,008
Operating expenses and other income (expenses)	(4,036)	(4,152)	(2,587)	(2,148)	(876)	(1,001)	(5,746)	(6,045)	(13,245)	(13,346)
Operating income (loss)	8,569	6,455	7,398	5,985	(743)	(616)	(5,746)	(6,162)	9,478	5,662

### Industrial Business Unit

**Consolidated revenues** of the Industrial Business Unit amounted to €23.9million in the third quarter of 2019, up by 11.4% compared to €21.4 million in the corresponding quarter of 2018. The trend of the euro against the major foreign currencies generated a positive exchange rate effect equal to +2.6%, net of which sales organically increased by 8.8%.

The organic growth was mainly driven by the SMAs for industrial applications business (SMA Industrial Business, +64.3%) thanks to the higher revenues from educated wires for consumer electronics applications and from components for luxury applications, and by the electronic devices sector (Electronic Devices Business, +22.7%) thanks to higher sales of both getter components for thermal sensors for surveillance and industrial applications, as well as of advanced getters for the consumer electronics market. Also the Functional Chemicals Systems Business showed a slight organic growth (+7.6%), thanks to the progressive recovery of the passive matrix OLED market and to the increase in sales of functional chemicals for semi-hermetic electronic devices for photonics and automotive applications.

On the other hand, the following businesses show a break-even or a slight organic decrease in the current quarter:

- The Security & Defense Business (-0.1%), due to the delay in the supply of alkaline metal dispensers, partially offset by the sales of products for the hydrogen absorption in electronic devices for military applications;
- The Healthcare Diagnostics Business (-4.4%) that, after the first part of the year clearly on the rise, returned to sales figures similar to those of the previous year;
- The Sintered Components for Electronic Devices & Lasers Business (-5.6%) due to the slow-down in sales of products for thermal dissipation in defense applications that were penalized by a stock adjustment policy of a major customer. This decrease was partially offset by the increase in sales of electron emitters for the avionics market.

The Solutions for Vacuum Systems Business showed an organic decrease (-31.6%) due to lower sales of pumps for analytical instrumentation and lower sales in the field of particle accelerators.

In line with the full year 2018, and with the previous months of 2019, the thermal insulation (Thermal Insulated Devices Business) and the lamps (Lamps Business) segments still recorded an organic decrease.

The table below shows the revenues in the third quarter 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	3Q 2019	3Q 2018	Total difference (%)	Organic change (%)	Exchange rate effect (%)
Security & Defense	3,505	3,411	2.8%	-1.6%	4.4%
Electronic Devices	8,270	6,671	24.0%	22.7%	1.3%
Healthcare Diagnostics	1,023	1,048	-2.4%	-4.4%	2.0%
Lamps	995	1,271	-21.7%	-24.9%	3.2%
Thermal Insulated Devices	697	911	-23.5%	-27.6%	4.1%
Solutions for Vacuum Systems	2,024	2,879	-29.7%	-31.6%	1.9%
Sintered Components for Electronic Devices & Lasers	1,819	1,842	-1.2%	-5.6%	4.4%
SMA Industrial	5,186	3,079	68.4%	64.3%	4.1%
Functional Chemical Systems	340	301	13.0%	7.6%	5.4%
<b>Industrial</b>	<b>23,859</b>	<b>21,413</b>	<b>11.4%</b>	<b>8.8%</b>	<b>2.6%</b>

**Gross profit** of the Industrial Business Unit was equal to €12.6million in the third quarter of 2019, up by +18.8% compared to €10.6 million in the corresponding quarter of 2018, thanks to the excellent performance of the sales in the electronic devices sector and in SMAs for industrial applications, as well as the increase in margins mainly in the latter one. The **gross margin** increased from 49.5% to 52.8%.

**Operating income** of the Industrial Applications Business Unit was equal to €8.6 million, up by 32.7% compared to €6.5 million in the third quarter of 2018 and the **operating margin** increased from 30.1% to 35.9%, thanks to the increase in revenues and in the gross profit and with operating expenses substantially unchanged.

### *Medical Business Unit*

**Consolidated revenues** of the Medical Business Unit were equal to €22.8 million in the third quarter of 2019, up by 29.1% compared to €17.7 million in the corresponding period of 2018. The exchange rate effect was positive and equal to +5.6%, net of which the organic growth was two-digit and equal to +23.5%, thanks to volume increases in the different product lines. The current quarter, whose growth rate was higher than that in the first part of the year, was also favored by product deliveries planned for the first part of the year, postponed in the third quarter for operational reasons.

The table below shows the revenues in the third quarter 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	3Q 2019	3Q 2018	Total difference (%)	Organic change (%)	Exchange rate effect (%)
Nitinol for Medical Devices	22,836	17,688	29.1%	23.5%	5.6%
<b>Medical</b>	<b>22,836</b>	<b>17,688</b>	<b>29.1%</b>	<b>23.5%</b>	<b>5.6%</b>

**Gross profit** of the Medical Business Unit was equal to €10 million (43.7% of consolidated revenues) in the third quarter of 2019, compared to €8.1 million (46% of consolidated revenues) in the corresponding period of 2018: the growth in revenues more than offset the decrease in **margins**, penalized by temporary production inefficiencies in Memry Corporation.

**Operating income** of the Medical Business Unit amounted to €7.4 million, up by +23.6% compared to €6 million in the third quarter of 2018, thanks to the already mentioned increase in the gross profit, only partially offset by an increase in the operating expenses (mainly higher costs for personnel in Memry Corporation). The **operating margin** decreased from 33.8% to 32.4%.

### ***Packaging Business Unit***

**Consolidated revenues** of the Packaging Business Unit were equal to €2.3million in the third quarter of 2019, compared to €3 million in the corresponding period of 2018.

Sales are exclusively denominated in euro.

The decrease (-23.6%) is related to the ongoing rationalization of the product portfolio, aimed at reducing the incidence of metalized products compared to lacquered ones (the latter having higher margins and with increased sales, although not yet enough to balance the decrease in metalized ones).

The table below shows the revenues in the first quarter 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	3Q 2019	3Q 2018	Total difference (%)	Organic change (%)	Exchange rate effect (%)
Solutions for Advanced Packaging	2,269	2,970	-23.6%	-23.6%	0.0%
<b>Packaging</b>	<b>2,269</b>	<b>2,970</b>	<b>-23.6%</b>	<b>-23.6%</b>	<b>0.0%</b>

**Gross profit** of the Packaging Business Unit was equal to €0.1 million (5.9% of revenues) compared to €0.4 million (13% of revenues): 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 completely shown its effects yet.

The third quarter of 2019 ended with an **operating loss** equal to -€0.7 million, substantially in line with the previous year (the operating loss of the third quarter of 2018 amounted to -€0.6 million): the decrease in the gross profit was offset by lower operating expenses (mainly, lower consultancy fees both for strategic consultancy and for the development of products).

### ***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 €5.7 million in the third quarter of 2019, down by €0.3 million compared to the figure of the third quarter of 2018 (in particular, the third quarter of 2018 was penalized by severance costs for the reduction in the staff of the Parent Company; such operation resulted in lower costs for personnel in the current quarter).

### **Economic results of the third quarter of 2019**

**Consolidated gross profit**<sup>6</sup> amounted to €22.7 million in the third quarter of 2019, compared to €19 million in the corresponding period of 2018. The strong growth (+19.5%), favored also by the positive exchange rate effect, was driven by 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).

Also the **gross margin**<sup>7</sup> improved (from 45.2% in the third quarter of 2018 to 46.4% in the current semester), mainly driven by the industrial SMAs, that more than offset the slight decrease in the Medical Business Unit, in which, despite some temporary production inefficiencies in Memry

<sup>6</sup> Calculated as the difference between net revenues and industrial costs directly and indirectly attributable to the products sold.

<sup>7</sup> Calculated as the ratio between gross profit and consolidated revenues.

Corporation still persisting, a progressive quarterly improvement in margins has been recorded in the current year.

**Consolidated operating income** amounted to €9.5 million in the third quarter of 2019, strongly increased (+67.4%) compared to €5.7 million in the corresponding period of the previous year, thanks both to the increase in the gross profit and to the slight reduction of the operating expenses (in particular, less G&A expenses, which, in the third quarter of 2018, were penalized by severance costs related to the reduction in the staff of the Parent Company, following the sale of the gas purification business).

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>8</sup> was equal to €11.9 million (24.4% of consolidated revenues) in the third quarter of 2019, showing a strong growth compared to €7.7 million (18.2% of consolidated revenues) in the corresponding quarter of 2018.

Net of the positive effect (equal to €0.4 million) related to the first application of the **IFRS 16**, consolidated EBITDA would have been equal to €11.5 million (23.4% of sales), still significantly up (+49.9%) compared to 2018, in line with the improvement 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.

#### EBITDA

Thousands of euro

	3Q 2019	3Q 2018
<b>Operating income (loss)</b>	<b>9,478</b>	<b>5,662</b>
Property, plant and equipment depreciation & intangible assets amortization	(2,122)	(1,946)
Right of use depreciation	(327)	0
Write-down of assets	0	(57)
Bad debt provision accrual (release)	(1)	3
<b>EBITDA</b>	<b>11,928</b>	<b>7,662</b>
<b>% on sales</b>	<b>24.4%</b>	<b>18.2%</b>

**Consolidated operating expenses** were equal to €13.2 million (27% of revenues) in the third quarter of 2019, compared to €13.3 million (31.5% of revenues) in the corresponding period of 2018. The decrease was concentrated in the area of **general & administrative expenses**; as highlighted above, the third quarter of 2018 was penalized by severance costs related to the reduction in the staff of the Parent Company, operation that resulted in lower costs for personnel in the current quarter.

The net balance of the **other income (expenses)** was negative and equal to -€46 thousand and it does not show any significant change compared to the negative balance equal to -€78 thousand in the third quarter of 2018.

The net balance of **financial income and expenses** was positive and equal to €2.4 million, compared to a positive balance of €0.1 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

<sup>8</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".

sale of the purification business (total income of €2.9 million, of which €2.3 million for the evaluation of the securities at fair value and €0.6 million for coupons, net of management fees and expenses related to securities disinvestment).

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 (€17 thousand) in the third quarter of 2019.

The result deriving from the **evaluation with the equity method** of the joint ventures was overall negative in the current quarter and equal to -€0.3 million, attributable both to the joint venture Flexterra (-€0.5 million) and to the joint venture SAES RIAL Vacuum S.r.l. (+€0.2 million), and compares to a negative result equal to -€0.3 million in the corresponding quarter of 2018 (mainly attributable to Flexterra).

The sum of the **exchange rate differences** recorded a positive balance amounting to € 0.1 million in the third quarter of 2019, compared to a negative balance equal to -€0.2 million in the corresponding period of 2018. In both quarters the result mainly included exchange differences deriving from commercial transactions in foreign currencies.

**Consolidated income before taxes** amounted to €11.7 million in the third quarter of 2019, strongly increased (+122.2%) compared to an income before taxes of €5.3 million in the third quarter 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 of the current quarter (positive effect equal to +€9 thousand).

**Income taxes** amounted to €2.9 million in the current quarter, up when compared to €2.3 million in the corresponding period of the previous year, in line with the increase in the operating results.

**Net income from operating activities** amounted to €8.8 million (17.9% of consolidated revenues) in the third quarter of 2019, strongly increased (+196.8%) when compared to €3 million (7% of consolidated revenues) in the third quarter of 2018.

By including, in both quarters, the net income deriving from discontinued operations related to the sale of the gas purification business, **consolidated net income** was equal to €8.7 million (17.8% of consolidated revenues) in the third quarter of 2019, more than tripled compared to a net income of €2.3 million (5.5% of consolidated revenues) in the third quarter of 2018.

### **Net financial position**

**Consolidated net financial position** as at September 30, 2019 was positive and equal to €111.8 million, being such figure negatively affected by the adoption of the new accounting standard **IFRS 16**, which entailed the entry of notional financial debts, representing the current value of future commitments related to the use of assets owned by third parties, for a total amount of €4.9 million.

Compared to December 31, 2018, the decrease in the net financial position (-€111.5 million) was mainly due, in addition to the above mentioned notional effect of the application of IFRS 16, 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 capex of the first nine months of the year (-€17,8 million).

These outflows were partially offset by those generated by the operating activities (about +€13.9 million) and by the sale of patents of E.T.C. S.r.l. to the joint venture Flexterra, Inc. (+€2.3 million), as well as by the revaluation of the securities in the portfolio (+€4.7 million), in addition to the coupons collected on the latter (+€1.3 million, net of these securities portfolio management fees).

The exchange rate effect was positive and equal to €0.9 million, mainly attributable to the effect of the appreciation of both the US dollar and the renminbi on the cash and cash equivalents denominated in these currencies.

#### Consolidated Net Financial Position

Thousands of euro

	September 30, 2019	June 30, 2019	December 31, 2018
Cash on hands	7	9	9
Cash equivalents	47,178	41,792	170,592
<b>Cash and cash equivalents</b>	<b>47,185</b>	<b>41,801</b>	<b>170,601</b>
Related parties financial assets	1	1	1
Securities - short term	71,035	71,312	0
Other current financial assets	0	32	0
<b>Current financial assets</b>	<b>71,036</b>	<b>71,345</b>	<b>1</b>
Bank overdraft	(27,156)	(27,002)	(27,353)
Current portion of long term debt	(5,455)	(5,544)	(5,438)
Other current financial liabilities	(220)	(117)	(1,049)
Current financial liabilities for leases	(1,890)	(1,618)	0
<b>Current financial liabilities</b>	<b>(34,721)</b>	<b>(34,281)</b>	<b>(33,840)</b>
<b>Current net financial position</b>	<b>83,500</b>	<b>78,865</b>	<b>136,762</b>
Related parties non current financial assets	49	49	49
Securities - long term	133,869	131,263	99,843
<b>Non current financial assets</b>	<b>133,918</b>	<b>131,312</b>	<b>99,892</b>
Long term debt, net of current portion	(102,555)	(103,355)	(13,344)
Non current financial liabilities for leases	(3,017)	(1,814)	0
<b>Non current liabilities</b>	<b>(105,572)</b>	<b>(105,169)</b>	<b>(13,344)</b>
<b>Non current net financial position</b>	<b>28,346</b>	<b>26,143</b>	<b>86,548</b>
<b>Net financial position</b>	<b>111,846</b>	<b>105,008</b>	<b>223,310</b>

#### JANUARY – SEPTEMBER 2019

##### Net Sales by Business and by Geographic Location of Customers

**Consolidated revenues** amounted to €137.5 million in the first nine months of 2019, up by 16.7% compared to €117.8 million in the corresponding period of 2018. The **exchange rate effect** was positive and equal to +5%; the **organic growth** was equal to +11.7%, driven by the Medical Business Unit (organic growth equal to +16.4%) and the Industrial one (+12.1%).

The greatest growth in absolute terms was recorded in the Nitinol medical devices business, in the industrial SMAs sector (sales of educated wires for consumer electronics applications) and in the business of electronic devices (higher sales of both getter components for thermal sensors for surveillance and industrial applications, and of advanced getters for the consumer electronics market), as well as in the defense applications.

The decrease in the Packaging Business Unit, attributable to the ongoing rationalization of the product portfolio, is confirmed for the nine months period, with the decrease in the sales of metalized products only partially offset by the growth of the new lacquered products.

The table below shows the revenues in the first nine months 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.

**Consolidated Net Sales by Business**

Thousands of euro (except %)

Business	9M2019	9M2018	Total difference (%)	Organic change (%)	Exchange rate effect (%)
Security & Defense	9,870	9,558	3.3%	-1.1%	4.4%
Electronic Devices	18,802	14,406	30.5%	28.2%	2.3%
Healthcare Diagnostics	3,473	3,210	8.2%	5.2%	3.0%
Lamps	3,269	3,893	-16.0%	-19.0%	3.0%
Thermal Insulated Devices	2,530	2,702	-6.4%	-11.7%	5.3%
Solutions for Vacuum Systems	7,546	8,298	-9.1%	-11.7%	2.6%
Sintered Components for Electronic Devices & Lasers	6,361	5,396	17.9%	10.9%	7.0%
SMA Industrial	13,432	8,626	55.7%	50.7%	5.0%
Functional Chemical Systems	776	875	-11.3%	-16.4%	5.1%
<b>Industrial</b>	<b>66,059</b>	<b>56,964</b>	<b>16.0%</b>	<b>12.1%</b>	<b>3.9%</b>
Nitinol for Medical Devices	64,108	51,895	23.5%	16.4%	7.1%
<b>Medical</b>	<b>64,108</b>	<b>51,895</b>	<b>23.5%</b>	<b>16.4%</b>	<b>7.1%</b>
Solutions for Advanced Packaging	7,284	8,921	-18.3%	-18.3%	0.0%
<b>Packaging</b>	<b>7,284</b>	<b>8,921</b>	<b>-18.3%</b>	<b>-18.3%</b>	<b>0.0%</b>
<b>Total Net Sales</b>	<b>137,451</b>	<b>117,780</b>	<b>16.7%</b>	<b>11.7%</b>	<b>5.0%</b>

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

Thousands of euro

Geographic Area	9M2019	9M2018
Italy	2,740	3,241
European countries	25,202	29,513
North America	77,438	62,831
Japan	4,073	4,599
South Korea	1,010	901
China	22,237	11,024
Rest of Asia	3,602	4,479
Rest of the World	1,149	1,192
<b>Total Net Sales</b>	<b>137,451</b>	<b>117,780</b>

**Total revenues of the Group** were equal to €146.5 million in the first nine months of 2019, compared to €126.8 million in the first nine months of 2018. The increase (+15.5%) was attributable both to the increase in consolidated revenues (+16.7%) and to the increase in the sales of the joint venture SAES RIAL Vacuum S.r.l. (+40.6%).

In the joint venture Actuator Solutions revenues decreased by 5.9%, penalized by the slow-down in the automotive sector, only partially offset by the income from product developments in the telecom sector.

**Total revenues of the Group**

Thousands of euro

	9M2019	9M2018	Difference
<b>Consolidated sales</b>	<b>137,451</b>	<b>117,780</b>	<b>19,671</b>
50% sales of the joint venture Actuator Solutions	8,364	8,887	(523)
49% sales of the joint venture SAES RIAL Vacuum S.r.l.	1,125	800	325
Pro-quota sales of the <i>joint venture</i> Flexterra	7	9	(2)
Intercompany eliminations	(424)	(626)	202
Other adjustments	(50)	(33)	(17)
<b>Total revenues of the Group</b>	<b>146,473</b>	<b>126,817</b>	<b>19,656</b>



## Information by operating segment

Consolidated statement of profit or loss by Business Unit  
Thousands of euro

	Industrial		Medical		Packaging		Not Allocated Costs		TOTAL	
	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018
Total net sales	66,059	56,964	64,108	51,895	7,284	8,921	0	0	137,451	117,780
Cost of sales	(32,636)	(28,932)	(37,581)	(29,185)	(6,691)	(7,914)	0	(251)	(76,908)	(66,282)
Gross profit (loss)	33,423	28,032	26,527	22,710	593	1,007	0	(251)	60,543	51,498
Operating expenses and other income (expenses)	(12,140)	(12,958)	(7,143)	(5,168)	(2,615)	(2,962)	(15,755)	(16,866)	(37,653)	(37,954)
Operating income (loss)	21,283	15,074	19,384	17,542	(2,022)	(1,955)	(15,755)	(17,117)	22,890	13,544

## Economic results of the first nine months of 2019

**Consolidated gross profit** amounted to €60.5 million in the first nine months of 2019, compared to €51.5 million in the first nine months of 2018. The strong growth (+17.6%), also favored by the exchange rate effect (+€2.9 million) was attributable to the increase in revenues, mainly in the electronic devices sector and in that of SMAs for industrial applications (Industrial Business Unit), as well as in the business of Nitinol medical devices (Medical Business Unit). Also the **gross margin** recorded an increase (from 43.7% to 44%), driven by the Industrial Business Unit (mainly the segment of SMAs for industrial applications), whose increase in margins (from 49.2% to 50.6%) had completely offset the slight decrease in the gross margin of the Medical Business Unit (from 43.8% to 41.4%), due to the already mentioned temporary production inefficiencies in Memry Corporation. However, please note that a progressive quarterly improvement in margins has been recorded in the Medical Business Unit in the current year.

**Consolidated operating income** amounted to €22.9 million (16.7% of consolidated revenues) in the first nine months of 2019, significantly increased (+69%) compared to €13.5 million (11.5% of consolidated revenues) in the corresponding period of the previous year. Excluding the positive exchange rate effect (+€2.4 million), the growth was due to the improvement in the gross profit, in turn favored by higher sales. Furthermore, in the current period, 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 nine months of 2018 an income equal to €1.2 million was recorded under the same item for the non-repayable grant provided by the State of Connecticut (CT) to Memry Corporation.

**Consolidated operating expenses** were equal to €40 million in the first nine months of 2019, compared to €38.9 million in the corresponding period of 2018. The increase was mainly concentrated in **G&A expenses** (particularly, higher consultancy costs and higher fees for the Executive Directors, partially balanced by lower personnel costs due to the aforementioned reduction in the staff of the Parent Company) as well as in **selling expenses** (attributable to the commissions paid on the sales of SMA educated wire for consumer electronics applications). Instead, **R&D expenses** did not show any significant change.

As mentioned before with regards to the quarterly results, 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 in the first nine months of 2019.

**Consolidated EBITDA** amounted to €29.9 million in the first nine months of 2019 (21.7% of revenues) compared to €19.4 million in the corresponding period of 2018 (equal to 16.4% of revenues).

Net of the positive effect related to the first application of the **IFRS 16** (equal to €1.1 million), consolidated EBITDA would have been equal to €28.7 million (20.9% of revenues), still significantly growing (+48.4%) compared to 2018, in line with the growth 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 €1.2 million (for more details, please see the next paragraph).

#### EBITDA

Thousands of euro

	9M 2019	9M 2018
<b>Operating income (loss)</b>	<b>22,890</b>	<b>13,544</b>
Property, plant and equipment depreciation & intangible assets amortization	(6,082)	(5,659)
Right of use depreciation	(931)	0
Write-down of assets	(1)	(148)
Bad debt provision accrual (release)	24	(13)
<b>EBITDA</b>	<b>29,880</b>	<b>19,364</b>
<b>% on sales</b>	<b>21.7%</b>	<b>16.4%</b>

The net balance of the **other income (expenses)** was positive and equal to €2.3 million, compared to a positive balance equal to €1 million in the first nine months of 2018. The positive value of the current year was mainly attributable to the income received 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 this item included an income equal to €1.2 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 year, the item “other income” included other extraordinary revenues, equal to around €0.2 million, for insurance reimbursements and the favorable settlement of some legal disputes.

The net balance of **financial income and expenses** was positive and equal to €5.3 million, compared to a negative balance of -€0.2 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 €6 million, of which €4.7 million for the valuation of the securities at fair value and €1.3 million for coupons, net of management fees and expenses related to securities disinvestment).

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 (€41 thousand) in the first nine months of 2019.

The result deriving from the **evaluation with the equity method of the joint ventures** was overall negative and equal to -€1.4 million, of which -€1.6 million attributable to the joint venture Flexterra and +€0.2 million related to SAES RIAL Vacuum S.r.l. (compared to a result equal to -€1.1 million in the corresponding period of the previous year, attributable to Flexterra).

Please note that, in line with September 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 nine months of 2019 was not recognized by the Group (-€0.4 million, in line with the amount for the first nine months of 2018).

The sum of the **exchange rate differences** recorded a positive balance equal to +€0.1 million in the first nine months of 2019, compared to a negative balance of -€0.1 million in the corresponding period of 2018. Please note that, in the first nine months of 2018, the foreign exchange gains had been offset

by both realized losses and fair value valuation losses on hedging derivatives; instead, in the current period no forward contract was stipulated to hedge the exchange rate risk.

**Consolidated income before taxes** amounted to €26.9 million in the first nine months of 2019, more than doubled compared to an income before taxes of €12.1 million in the corresponding period 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 +€23 thousand).

**Income taxes** amounted to €9.1 million in the first nine months of 2019, compared to €6.5 million in the corresponding period of the previous year. The Group's **tax rate** was equal to 34%, decreased compared to 53.3% in the corresponding period of the previous year, but still significant, since both the Parent Company and SAES Coated Films S.p.A. ended the current period, in analogy with the previous year, with a negative taxable income not valued as a deferred tax asset.

**Net income from operating activities** was equal to €17.7 million (12.9% of consolidated revenues) in the first nine months of 2019, strongly increased (+213.4%) compared to €5.7 million in the first nine months of 2018 (4.8% of consolidated revenues).

**Income from discontinued operations** was equal to €0.1 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 sold companies 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 nine months of 2018, the net income from discontinued operations amounted to €239.3 million, mainly composed of the gross capital gain (€ 261.8 million) generated by the sale of the gas purification business, from which costs related to the transaction were deducted, equal to €35.2 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 25, 2018 (effective sale date) equal to €12.7 million

**Consolidated net income** amounted to €17.9 million in the first nine months of 2019, compared to a net income of €244.9 million in the first nine months of 2018.

**Consolidated statement of profit or loss**

Thousands of euro

	9M2019	9M2018
<b>Total net sales</b>	<b>137,451</b>	<b>117,780</b>
Cost of sales	(76,908)	(66,282)
<b>Gross profit</b>	<b>60,543</b>	<b>51,498</b>
R&D expenses	(8,257)	(8,106)
Selling expenses	(9,432)	(8,994)
G&A expenses	(22,286)	(21,820)
Write-down of trade receivables	24	(13)
Total operating expenses	(39,951)	(38,933)
Other income (expenses), net	2,298	979
<b>Operating income (loss)</b>	<b>22,890</b>	<b>13,544</b>
Interest and other financial income, net	5,227	(231)
Write-down of financial receivables and other financial assets	80	0
Income (loss) from equity method evaluated companies	(1,386)	(1,053)
Foreign exchange gains (losses), net	56	(146)
<b>Income (loss) before taxes</b>	<b>26,867</b>	<b>12,114</b>
Income taxes	(9,146)	(6,460)
<b>Net income (loss) from continued operations</b>	<b>17,721</b>	<b>5,654</b>
Income (loss) from discontinued operations	142	239,252
<b>Net income (loss) before minority interest</b>	<b>17,863</b>	<b>244,906</b>
Net income (loss) pertaining to minority interest	0	0
<b>Net income (loss) pertaining to the Group</b>	<b>17,863</b>	<b>244,906</b>

**Consolidated statement of other comprehensive income**

Thousands of euro

	9M2019	9M2018
<b>Net income (loss) for the period from continued operations</b>	<b>17,721</b>	<b>5,654</b>
Exchange differences on translation of foreign operations	5,065	2,748
Exchange differences on equity method evaluated companies	459	184
Total exchange differences	5,524	2,932
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>5,524</b>	<b>2,932</b>
<b>Other comprehensive income (loss), net of taxes - continued operations</b>	<b>5,524</b>	<b>2,932</b>
<b>Total comprehensive income (loss), net of taxes - continued operations</b>	<b>23,245</b>	<b>8,586</b>
<b>Net income (loss) for the period from discontinued operations</b>	<b>142</b>	<b>239,252</b>
Exchange differences on translation of foreign operations	0	0
Reversal of currency conversion reserve after the disposal of the subsidiaries	0	(2,108)
Total exchange differences	0	(2,108)
<b>Total components that have been reclassified to the profit (loss)</b>	<b>0</b>	<b>(2,108)</b>
<b>Other comprehensive income (loss), net of taxes - discontinued operations</b>	<b>0</b>	<b>(2,108)</b>
<b>Total comprehensive income (loss), net of taxes - discontinued operations</b>	<b>142</b>	<b>237,144</b>
<b>Total comprehensive income (loss), net of taxes</b>	<b>23,387</b>	<b>245,730</b>
<i>attributable to:</i>		
- Equity holders of the Parent Company	23,387	245,730
- Minority interests	0	0

**Consolidated Cash Flows Statement**

Thousands of euro

	9M 2019	9M 2018
Net income (loss) from continued operations	17,721	5,654
Net income (loss) from discontinued operations	142	239,252
Current income taxes	6,207	11,477
Change in deferred income taxes	2,872	(4,117)
Depreciation, amortization and write down of non current assets	7,015	6,202
Net loss (gain) on disposal of assets	(2,272)	7
Net gain on purification business disposal	(142)	(225,899)
Interests and other financial income, net	(3,921)	1,284
Other non-monetary costs	1,547	(1,788)
	<b>29,169</b>	<b>32,072</b>
Change in operating assets and liabilities	(6,772)	(7,111)
Payments of termination indemnities and similar obligations	(393)	(252)
Financial income received, net of payment of interests	(123)	(110)
Payment of income taxes	(7,584)	(11,021)
<b>Net cash provided by (used by) operating activities</b>	<b>14,297</b>	<b>13,578</b>
Purchase of tangible and intangible assets, net of proceeds from sales	(17,785)	(11,243)
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	(100,415)	0
Income from securities, net of management fees	1,365	0
Advances paid for the purchase of investments	(1,100)	0
Price paid for the acquisition of businesses	0	(141)
Consideration for the purification business disposal, net of the disposed cash	0	300,793
Ancillary monetary charges for the purification business disposal	0	(36,611)
Adjustment on the consideration for the purification business disposal	(387)	0
<b>Cash flows provided by (used by) investing activities</b>	<b>(116,031)</b>	<b>252,723</b>
Proceeds from debts, net of repayments	88,801	(2,856)
Financing receivables from related parties	1	(225)
Dividends paid	(16,580)	(15,435)
Interests and other expenses paid on loans	(523)	(471)
Repayment of financial liabilities for leased assets (interests included)	(1,150)	0
Purchase of treasury shares and related accessory costs	(93,382)	0
Other financial liabilities/assets	11	13
<b>Cash flows provided by (used by) financing activities</b>	<b>(22,822)</b>	<b>(18,974)</b>
Effect of exchange rate differences	1,260	404
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(123,296)</b>	<b>247,731</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>47,098</b>	<b>275,043</b>

**Consolidated net result per share**

In the first nine months of 2019 the **net income per ordinary share** amounted to €0.87319, while that per savings share was equal to €0.88982; in the first nine months of the previous year the net income amounted to €11.10130 per ordinary share and €11.1793 per savings share. Please note that the net income per share in the first nine months of 2018 benefitted from the extraordinary operation regarding the sale of the purification business.

In the hypothesis that the purchase of treasury shares<sup>9</sup> completed by the Parent Company at the end of May 2019 had taken place at the beginning of the year and, therefore, that the average number of ordinary shares in circulation in the first nine months of 2019 corresponded to those actually in circulation as at September 30, 2019, the net income per ordinary and savings share would have been equal to €0.97743 and to €0.99406 respectively.

<sup>9</sup> Purchase following a voluntary partial tender offer completed by SAES Getters S.p.A. at the end of May 2019.

**Consolidated income (loss) per share**

Euro

	<b>9M2019</b>	<b>9M2018</b>
Net income (loss) per ordinary share	0.87319	11.10130
Net income (loss) per savings share	0.88982	11.11793

**Performance of the joint ventures*****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 (Schenzen) 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. The liquidation, whose conclusion is expected by the end of the year, didn't cause any significant negative effect on the consolidated income statement of the joint venture for the current year (as at September 30, 2019 the costs for asset write-down, related to the liquidation, amounted to approximately €52 thousand and no additional costs are expected in the fourth quarter).

Actuator Solutions recorded net revenues equal to €16.7 million in the first nine months of 2019, down by 5.9% compared to €17.8 million in corresponding period 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 first nine months of 2019 was negative and equal to -€0.9 million, compared to -€0.7 million in the corresponding period of the previous year: the decrease in the gross profit of the automotive business was only partially offset by the operating savings following the reorganization implemented in the previous year in the Asian subsidiaries and aimed at outsourcing some production processes.

Please note that the third quarter of 2019 ended with a consolidated operating result substantially at break-even.

Finally, please note that the loss at September 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 (as at September 30, 2018, the extraordinary charges amounted to €0.7 million, mainly related to the process of production outsourcing at the Chinese subsidiary, in anticipation of its subsequent liquidation).

Thousands of euro

<b>Actuator Solutions (100%)</b>	<b>9M2019</b>	<b>9M2018</b>
Total net sales	16,728	17,774
Cost of sales	(13,689)	(14,656)
<b>Gross profit</b>	<b>3,039</b>	<b>3,118</b>
Total operating expenses	(3,153)	(3,323)
Other income (expenses), net	(317)	310
<b>Operating income (loss)</b>	<b>(431)</b>	<b>105</b>
Interests and other financial income, net	(442)	(390)
Foreign exchange gains (losses), net	(23)	(52)
Income taxes	22	(368)
<b>Net income (loss)</b>	<b>(874)</b>	<b>(705)</b>

The share of the SAES Group in the result of this joint venture in the first nine months of 2019 amounted to -€0.4 million (in line with the previous year). In line with September 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 SAES towards actuator Solutions, in accordance with IAS 28, the share pertaining to the Group in the net loss of Actuator Solution as at September 30, 2019 was not recognized as a liability.

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

Thousands of euro

Statement of profit or loss	3Q 2019	3Q 2018
Total net sales	2,876	3,019
Cost of sales	(2,373)	(2,601)
<b>Gross profit</b>	<b>503</b>	<b>418</b>
Total operating expenses	(530)	(535)
Other income (expenses), net	13	227
<b>Operating income (loss)</b>	<b>(14)</b>	<b>110</b>
Interests and other financial income, net	(74)	(74)
Foreign exchange gains (losses), net	14	15
Income taxes	12	(44)
<b>Net income (loss)</b>	<b>(62)</b>	<b>7</b>
Exchange differences	(8)	(20)
<b>Total comprehensive income (loss) for the period</b>	<b>(70)</b>	<b>(13)</b>

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

Thousands of euro

Statement of financial position	September 30, 2019	December 31, 2018
Non current assets	3,348	3,510
Current assets	1,506	1,297
<b>Total Assets</b>	<b>4,854</b>	<b>4,807</b>
Non current liabilities	4,000	4,000
Current liabilities	2,842	2,360
<b>Total Liabilities</b>	<b>6,842</b>	<b>6,360</b>
Capital Stock, Reserves and Retained Earnings	(1,553)	(992)
Net income (loss) for the period	(437)	(537)
Other comprehensive income (loss) for the period	2	(24)
<b>Total Equity</b>	<b>(1,989)</b>	<b>(1,553)</b>

Statement of profit or loss	9M 2019	9M 2018
Total net sales	8,364	8,887
Cost of sales	(6,845)	(7,327)
<b>Gross profit</b>	<b>1,520</b>	<b>1,560</b>
Total operating expenses	(1,577)	(1,662)
Other income (expenses), net	(159)	155
<b>Operating income (loss)</b>	<b>(216)</b>	<b>53</b>
Interests and other financial income, net	(221)	(195)
Foreign exchange gains (losses), net	(12)	(26)
Income taxes	11	(184)
<b>Net income (loss)</b>	<b>(437)</b>	<b>(352)</b>
Exchange differences	2	(16)
<b>Total comprehensive income (loss) for the period</b>	<b>(436)</b>	<b>(368)</b>

**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 nine months of 2019 with sales equal to €2.3 million, showing a strong increase (+40.6%) compared to €1.6 million in the corresponding period of 2018, thanks to the recognized competitiveness, also international, of its offering in the field of vacuum chambers. The increase in sales enabled a strong recovery in the gross margin (from 24.2% to 36.7%) as well as the subsequent increase in the net income (from €40 thousand to €0.4 million).

Thousands of euro

<b>SAES RIAL Vacuum S.r.l. (100%)</b>	<b>9M2019</b>	<b>9M2018</b>
Total net sales	2,295	1,633
Cost of sales	(1,453)	(1,237)
<b>Gross profit</b>	<b>842</b>	<b>396</b>
Total operating expenses	(325)	(258)
Other income (expenses), net	50	(45)
<b>Operating income (loss)</b>	<b>567</b>	<b>93</b>
Interests and other financial income, net	(22)	(16)
Foreign exchange gains (losses), net	0	0
Income taxes	(152)	(37)
<b>Net income (loss)</b>	<b>393</b>	<b>40</b>

The share of the SAES Group in the result of this joint venture amounted to +€0.2 million in the first nine months of 2019 (+€19 thousand in the first nine months of 2018).

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

Thousands of euro

<b>Statement of profit or loss</b>	<b>3Q 2019</b>	<b>3Q 2018</b>
Total net sales	547	299
Cost of sales	(236)	(231)
<b>Gross profit</b>	<b>311</b>	<b>68</b>
Total operating expenses	(65)	(36)
Other income (expenses), net	6	(2)
<b>Operating income (loss)</b>	<b>252</b>	<b>30</b>
Interests and other financial income, net	(4)	(1)
Foreign exchange gains (losses), net	0	0
Income taxes	(70)	(9)
<b>Net income (loss)</b>	<b>178</b>	<b>20</b>



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

Thousands of euro

<b>Statement of financial position</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Non current assets	192	161
Current assets	904	813
<b>Total Assets</b>	<b>1,096</b>	<b>974</b>
Non current liabilities	150	151
Current liabilities	504	574
<b>Total Liabilities</b>	<b>654</b>	<b>725</b>
Capital Stock, Reserves and Retained Earnings	249	232
Net income (loss) for the period	193	25
Other comprehensive income (loss) for the period	0	(8)
<b>Total Equity</b>	<b>442</b>	<b>249</b>

  

<b>Statement of profit or loss</b>	<b>9M 2019</b>	<b>9M 2018</b>
Total net sales	1,125	800
Cost of sales	(712)	(607)
<b>Gross profit</b>	<b>413</b>	<b>193</b>
Total operating expenses	(159)	(127)
Other income (expenses), net	25	(22)
<b>Operating income (loss)</b>	<b>278</b>	<b>44</b>
Interests and other financial income, net	(11)	(7)
Foreign exchange gains (losses), net	0	0
Income taxes	(74)	(18)
<b>Net income (loss)</b>	<b>193</b>	<b>19</b>

***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 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 nine months of 2019 with a net loss equal to -€3.4 million, compared to -€3.2 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 was mainly attributable to the amortization of the intellectual property sold during the first semester of 2019 to the joint venture by E.T.C. S.r.l. in liquidation. In addition, please note some higher costs related to the management of patents.

Thousands of euro

<b>Flexterra (100%)</b>	<b>9M2019</b>	<b>9M2018</b>
Total net sales	15	26
Cost of sales	(3)	(4)
<b>Gross profit</b>	<b>12</b>	<b>22</b>
Total operating expenses	(3,384)	(3,164)
Other income (expenses), net	0	0
<b>Operating income (loss)</b>	<b>(3,372)</b>	<b>(3,142)</b>
Interests and other financial income, net	2	(11)
Foreign exchange gains (losses), net	(41)	(60)
Income taxes	32	40
<b>Net income (loss)</b>	<b>(3,379)</b>	<b>(3,173)</b>

The share of the SAES Group in the result of this joint venture in the first nine months of 2019 amounted to -€1.6 million (-€1.1 million as at September 30, 2018<sup>10</sup>).

**Flexterra - SAES Group interest**

Thousands of euro

<b>Statement of profit or loss</b>	<b>3Q 2019 (46.73%)</b>	<b>3Q 2018 (33.79%)</b>
Total net sales	1	3
Cost of sales	0	0
<b>Gross profit</b>	<b>1</b>	<b>3</b>
Total operating expenses	(527)	(347)
Other income (expenses), net	1	1
<b>Operating income (loss)</b>	<b>(525)</b>	<b>(343)</b>
Interests and other financial income, net	0	0
Foreign exchange gains (losses), net	0	0
Income taxes	4	3
<b>Net income (loss)</b>	<b>(521)</b>	<b>(340)</b>
Exchange differences & equity transaction costs	380	35
<b>Total comprehensive income (loss) for the period</b>	<b>(141)</b>	<b>(305)</b>

<sup>10</sup> Please note that, as at September 30, 2018, SAES owned 33.79% of the share capital of Flexterra, Inc.

**Flexterra - SAES Group interest**

Thousands of euro

<b>Statement of financial position</b>	<b>September 30, 2019 (46.73%)</b>	<b>December 31, 2018 (46.73%)</b>
Non current assets	7,089	6,140
Current assets	1,625	3,732
<b>Total Assets</b>	<b>8,714</b>	<b>9,872</b>
Non current liabilities	50	47
Current liabilities	166	227
<b>Total Liabilities</b>	<b>216</b>	<b>274</b>
Capital Stock, Reserves and Retained Earnings	9,463	10,628
Reserve for stock options plan	155	143
Net income (loss) for the period	(1,579)	(1,498)
Other comprehensive income (loss) for the period	459	325
<b>Total Equity</b>	<b>8,498</b>	<b>9,598</b>

  

<b>Statement of profit or loss</b>	<b>9M2019 (46.73%)</b>	<b>9M2018 (33.79%)</b>
Total net sales	7	9
Cost of sales	(1)	(1)
<b>Gross profit</b>	<b>6</b>	<b>8</b>
Total operating expenses	(1,581)	(1,069)
Other income (expenses), net	0	0
<b>Operating income (loss)</b>	<b>(1,575)</b>	<b>(1,061)</b>
Interests and other financial income, net	1	(4)
Foreign exchange gains (losses), net	(20)	(20)
Income taxes	15	13
<b>Net income (loss)</b>	<b>(1,579)</b>	<b>(1,072)</b>
Exchange differences & equity transaction costs	459	184
<b>Total comprehensive income (loss) for the period</b>	<b>(1,120)</b>	<b>(888)</b>

The following tables show the **Total Group's statement of profit or loss**, achieved by incorporating with the proportional method, instead of the equity method the joint ventures of the Group (Actuator Solutions - 50%, SAES RIAL Vacuum S.r.l. - 49% and Flexterra - 46.73%).

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

	3Q 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	Total profit or loss of the Group
Total net sales	48,964	2,876	(133)	547	(27)	1	52,228
Cost of sales	(26,241)	(2,373)	133	(236)	27	0	(28,690)
<b>Gross profit</b>	<b>22,723</b>	<b>503</b>	<b>0</b>	<b>311</b>	<b>0</b>	<b>1</b>	<b>23,538</b>
Total operating expenses	(13,199)	(530)	0	(65)	0	(527)	(14,321)
Other income (expenses), net	(46)	13	0	6	0	1	(26)
<b>Operating income (loss)</b>	<b>9,478</b>	<b>(14)</b>	<b>0</b>	<b>252</b>	<b>0</b>	<b>(525)</b>	<b>9,191</b>
Interest and other financial income, net	2,449	(74)	0	(4)	0	0	2,371
Income (loss) from equity method evaluated companies	(343)	0	0	0	(178)	0	521
Foreign exchange gains (losses), net	87	14	0	0	0	0	101
<b>Income (loss) before taxes</b>	<b>11,671</b>	<b>(74)</b>	<b>0</b>	<b>248</b>	<b>(178)</b>	<b>(525)</b>	<b>11,663</b>
Income taxes	(2,914)	12	0	(70)	0	4	(2,968)
<b>Net income (loss) from continued operations</b>	<b>8,757</b>	<b>(62)</b>	<b>0</b>	<b>178</b>	<b>(178)</b>	<b>(521)</b>	<b>8,695</b>
Income (loss) from assets held for sale and discontinued operations	(34)	0	0	0	0	0	(34)
<b>Net income (loss) before minority interest</b>	<b>8,723</b>	<b>(62)</b>	<b>0</b>	<b>178</b>	<b>(178)</b>	<b>(521)</b>	<b>8,661</b>
Net income (loss) pertaining to minority interest	0	0	0	0	0	0	0
<b>Net income (loss) pertaining to the Group</b>	<b>8,723</b>	<b>(62)</b>	<b>0</b>	<b>178</b>	<b>(178)</b>	<b>(521)</b>	<b>8,661</b>

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

Total statement of profit or loss of the Group Thousands of euro		9M 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 net sales	137,451	8,364	(404)	1,125	(70)	7	0	146,473
Cost of sales	(76,908)	(6,845)	404	(712)	70	(1)	0	(83,991)
Gross profit	60,543	1,520	0	413	0	6	0	62,481
Total operating expenses	(39,951)	(1,577)	0	(159)	0	(1,581)	0	(43,268)
Other income (expenses), net	2,298	(159)	0	25	0	0	0	2,164
Operating income (loss)	22,890	(216)	0	278	0	(1,575)	0	21,377
Interest and other financial income, net	5,307	(221)	0	(11)	0	1	0	5,076
Income (loss) from equity method evaluated companies	(1,386)	0	0	0	(193)	0	1,579	0
Foreign exchange gains (losses), net	56	(12)	0	0	0	(20)	0	25
Income (loss) before taxes	26,867	(448)	0	267	(193)	(1,594)	1,579	26,478
Income taxes	(9,146)	11	0	(74)	0	15	0	(9,194)
Net income (loss) from continued operations	17,721	(437)	0	193	(193)	(1,579)	1,579	17,284
Income (loss) from assets held for sale and discontinued operations	142	0	0	0	0	0	0	142
Net income (loss) before minority interest	17,863	(437)	0	193	(193)	(1,579)	1,579	17,426
Net income (loss) pertaining to minority interest	0	0	0	0	0	0	0	0
Net income (loss) pertaining to the Group	17,863	(437)	0	193	(193)	(1,579)	1,579	17,426

### **Significant events occurred after the end of the quarter**

On October 16, 2019, SAES Group and Novamont announced a technological partnership for the development of innovative solutions for packaging with reduced environmental impact and very high functional performance. After an intensive joint research and development work, based on their respective know-how in the field of functional and biodegradable materials, in partnership with leading Italian industrial players in the field of flexible packaging, SAES and Novamont have developed a range of compostable solutions for a variety of applications, including solutions for food packaging with gas and steam permeability comparable to that of the traditional packaging, that can be recycled at their end of life together with the organic waste in the industrial composting plants.

On October 22, 2019, at the CIBUS TECH exhibition, an annual event held in Parma and dedicated to technologic innovations in the food sector, SAES Group, through SAES Coated Films S.p.A., specialized in functional coating technologies, and Sacchital Group, a manufacturer of flexible paper, aluminum, and plastic packaging, announced a partnership for the production and promotion of a new line of innovative high-barrier packaging solutions that can be also recycled or composted.

The project is based both on the new coating technology developed by SAES Coated Films S.p.A. and called COATHINK™, that is a water-based deposition process that grants high-barrier properties to packaging surfaces, and on the Sacchital Group's new multilayer packaging solutions, designed to be recycled or composted. These are based on paper, mono-material plastic, or biomaterial, in line with the fundamental principles of the circular economy.

### **Business outlook**

Expectations for the last part of the year remain positive. With regards to the medium term, there are still international tensions that may have an impact on the business of the Group.

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It should be noted that the additional periodic financial information as at September 30, 2019 is unaudited.

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### **Consob regulatory simplification process**

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

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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*

Lainate, Milan - Italy, November 14, 2019

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