



## **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

### **Report on Operations – 2<sup>nd</sup> Quarter 2007**

Quarterly consolidated net sales were €41.2 million, basically stable compared with €41.1 million in the year-ago period (+5.8% excluding the exchange rate effect). Consolidated sales decreased by 1.2% on a comparable consolidation basis, including the effect of the acquisition of the 50% shareholding in Dr.-Ing. Mertmann Memory-Metalle GmbH in May 2006 and the 51% shareholding in the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. in August 2006 and the acquisition of the opto going concern by SAES Opto Materials S.r.l. in May 2007.

Consolidated operating income was equal to €11.8 million, down from €14.6 million in the second quarter 2006, also because of restructuring costs and non recurring expenses.

Consolidated net income increased to €9.1 million from €6.9 million in the year-ago period, mainly because of the positive effect of the evaluation of derivate financial instruments with hedging purpose and a lower tax rate. Net income per ordinary share and savings share was €0.3998 and €0.4158, respectively, in the second quarter 2007 compared with net income per ordinary share and savings share equal to €0.3034 and €0.3194, respectively, in the year-ago period.

Quarterly results have been negatively affected by the non favorable currency trend and some restructuring costs due to the persistent drop of the cathode ray tube business, higher than Group's expectations.

On the contrary, the Industrial Applications Business Unit achieved brilliant results, mainly because of excellent sales in the Semiconductors Business Area and continuous improvements of manufacturing efficiency.

Signals coming from the market are positive, therefore, the Group remains confident on the outlook of the remaining part of the year, taking particular care of currency trend.

**CONSOLIDATED FINANCIAL STATEMENTS****SAES Getters S.p.A. and Subsidiaries - Consolidated Income Statement**

Thousands of euro

Three months ended June 30	2007	2006
<b>Total net sales</b>	<b>41,203</b>	<b>41,103</b>
Cost of sales	(15,642)	(13,671)
<b>Gross profit</b>	<b>25,561</b>	<b>27,432</b>
R&D expenses	(4,398)	(3,604)
Selling expenses	(3,090)	(3,878)
G&A expenses	(6,751)	(5,559)
Total operating expenses	(14,239)	(13,041)
Other income (expenses), net	438	237
<b>Operating income</b>	<b>11,760</b>	<b>14,628</b>
Interest and other financial income, net	587	383
Foreign exchange gains (losses), net	1,881	(917)
<b>Income before taxes</b>	<b>14,228</b>	<b>14,094</b>
Income taxes	(5,151)	(7,173)
<b>Net income before minority interest</b>	<b>9,077</b>	<b>6,921</b>
Net income pertaining to minority interest	5	0
<b>Net income pertaining to the group</b>	<b>9,082</b>	<b>6,921</b>

**SAES Getters S.p.A. and Subsidiaries - Consolidated Income Statement per Business Unit**

Thousands of euro

	<b>Total</b>		<b>Information Displays</b>		<b>Industrial Applications</b>		<b>Advanced Materials &amp; Corporate Costs</b>	
	2 <sup>nd</sup> qr.	2 <sup>nd</sup> qr.	2 <sup>nd</sup> qr.	2 <sup>nd</sup> qr.	2 <sup>nd</sup> qr.	2 <sup>nd</sup> qr.	2 <sup>nd</sup> qr.	2 <sup>nd</sup> qr.
	2007	2006	2007	2006	2007	2006	2007	2006
<b>Total net sales</b>	<b>41,203</b>	<b>41,103</b>	<b>25,692</b>	<b>28,389</b>	<b>14,725</b>	<b>12,358</b>	<b>786</b>	<b>356</b>
Cost of sales	(15,642)	(13,671)	(7,988)	(6,421)	(6,910)	(6,753)	(744)	(497)
<b>Gross profit (loss)</b>	<b>25,561</b>	<b>27,432</b>	<b>17,704</b>	<b>21,968</b>	<b>7,815</b>	<b>5,605</b>	<b>42</b>	<b>(141)</b>
Operating expenses and other income/(expenses)	(13,801)	(12,804)	(6,813)	(5,252)	(2,910)	(4,138)	(4,078)	(3,414)
<b>Operating income (loss)</b>	<b>11,760</b>	<b>14,628</b>	<b>10,891</b>	<b>16,716</b>	<b>4,905</b>	<b>1,467</b>	<b>(4,036)</b>	<b>(3,555)</b>

**SAES Getters S.p.A. and Subsidiaries - Consolidated Income per Share**

Euro

	2007 2 <sup>nd</sup> qr.	2006 2 <sup>nd</sup> qr.
Net income per ordinary share	0.3998	0.3034
Net income per savings share	0.4158	0.3194

**SAES Getters S.p.A. and Subsidiaries - Consolidated Income Statement**

Thousands of euro

Six months ended June 30	2007	2006
<b>Total net sales</b>	<b>81,753</b>	<b>83,857</b>
Cost of sales	(29,906)	(30,734)
<b>Gross profit</b>	<b>51,847</b>	<b>53,123</b>
R&D expenses	(8,306)	(7,269)
Selling expenses	(6,076)	(7,562)
G&A expenses	(12,516)	(10,708)
Total operating expenses	(26,898)	(25,539)
Other income (expenses), net	1,222	199
<b>Operating income</b>	<b>26,171</b>	<b>27,783</b>
Interest and other financial income, net	1,113	781
Foreign exchange gains (losses), net	2,330	(1,376)
<b>Income before taxes</b>	<b>29,614</b>	<b>27,188</b>
Income taxes	(11,183)	(12,828)
<b>Net income before minority interest</b>	<b>18,431</b>	<b>14,360</b>
Net income pertaining to minority interest	5	0
<b>Net income pertaining to the group</b>	<b>18,436</b>	<b>14,360</b>

**SAES Getters S.p.A. and Subsidiaries – Consolidated Balance Sheet**

Thousands of euro

	Jun 30, 2007	Dec 31, 2006
Property, plant and equipment, net	62,228	61,303
Intangible assets, net	6,570	4,674
Other non current assets	7,756	13,852
Current assets	129,675	153,744
<b>Total Assets</b>	<b>206,229</b>	<b>233,573</b>
Shareholders' equity	154,261	169,055
Minority interest in consolidated subsidiaries	15	0
Non current liabilities	18,645	22,831
Current liabilities	33,308	41,687
<b>Total Liabilities and Shareholders' Equity</b>	<b>206,229</b>	<b>233,573</b>

**SAES Getters S.p.A. and Subsidiaries - Consolidated Net Financial Position**

Thousands of euro

	June 30, 2007	Mar 31, 2007	Dec 31, 2006
Cash on hand	27	24	28
Cash equivalents	69,081	104,513	93,851
<b>Cash and cash equivalents</b>	<b>69,108</b>	<b>104,537</b>	<b>93,879</b>
<b>Current financial assets</b>	<b>1,787</b>	<b>460</b>	<b>388</b>
Bank overdraft	150	196	67
Current portion of long term debt	842	848	839
Other current financial liabilities	0	0	0
<b>Current financial liabilities</b>	<b>992</b>	<b>1,044</b>	<b>906</b>
<b>Current net financial position</b>	<b>69,903</b>	<b>103,953</b>	<b>93,361</b>
Long term debt, net of current portion	2,915	3,047	2,989
<b>Non current financial liabilities</b>	<b>2,915</b>	<b>3,047</b>	<b>2,989</b>
<b>Net financial position</b>	<b>66,988</b>	<b>100,906</b>	<b>90,372</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Accounting Principles, Methods and Structure of the Group**

The Quarterly Report has been prepared applying the international accounting standards (IFRS) and in accordance with Article 82 of the “Regulations for the implementation of the Legislative Decree No. 58 of February 24, 1998 on the activities of issuers of securities” (Consob Resolution No. 11971 of May 14, 1999, as amended).

Pursuant to the above mentioned Article 82, the Quarterly Report has been prepared applying for evaluations the international accounting standards (IFRS) according to the content stated by Exhibit 3D of the same Regulations. Therefore the Quarterly Report as of June 30, 2007 has not been prepared according to the accounting standard concerning disclosure in interim reports (IAS 34 “Interim financial reporting”).

The Quarterly Report is consistent with the accounting principles that govern the preparation of annual and consolidated financial statements, insofar as they are applicable, except for the following:

- jointly controlled entities: from the current period they have been included into the scope of consolidation according to the proportionate consolidation method, instead of the evaluation of the investments in share capital with the equity method;
- treatment of derivative financial instruments to hedge against changes in cash flows arising from highly probable future transactions that may produce effects on the income statement: for such financial instruments, if requirements set out by IAS 39 were met, hedge accounting, according to the cash flow hedge model, was applied, while starting from the current period they are evaluated at fair value with impact on the income statement of the period.

With reference to the composition of the operating income of the prior period, it should be noted that some costs have been reclassified according to the presentation criteria adopted in the current period, which reflect a better destination on the basis of more appropriate drivers.

Evaluation procedures adopted in the Quarterly Report are substantially similar to those usually applied to prepare annual and consolidated financial statements.

The following changes in the consolidation area occurred during the quarter:

- on April 3, 2007 the company SAES Opto Materials S.r.l., based in Cagliari (Italy), was incorporated, 90% held by Saes Getters S.p.A. and the remaining 10% by Mr Lorrai. The 90% shareholding was subsequently sold to the new company incorporated SAES Opto S.r.l.;
- on May 10, 2007 the 30% shareholding in Scientific Materials Europe S.r.l. was sold;
- on May 15, 2007 the company SAES Opto S.r.l., based in Lainate (Italy) was incorporated, 100% held by Saes Getters S.p.A.;
- on June 1, 2007 the company SAES Opto Components S.r.l., based in Lainate (Italy), was incorporated, 52% held by Saes Getters S.p.A. and for the remaining by three people.

It is to be noted that on May 10, 2007 the company SAES Opto Materials S.r.l. acquired the opto going concern from Scientific Materials Europe S.r.l.

To be noticed that quarterly reports are unaudited.

Six months results will be approved by the Board of Directors on September 26, 2007 and will be subjected to limited review by Reconta Ernst & Young S.p.A.

### **Net Sales by Business Area and by Geographic Location of Customer**

#### **SAES Getters S.p.A. and Subsidiaries - Consolidated Net Sales per Business Area**

Thousands of euro (except %)

Business Area	2007 2 <sup>nd</sup> qr.	2006 2 <sup>nd</sup> qr.	Total difference (%)	Price-qty effect (%)	Exchange rate effect (%)
Flat Panel Displays	21,093	21,284	-0.9%	6.4%	-7.3%
Cathode Ray Tubes	4,599	7,105	-35.3%	-31.3%	-4.0%
<b>Subtotal Information Displays</b>	<b>25,692</b>	<b>28,389</b>	<b>-9.5%</b>	<b>-3.0%</b>	<b>-6.5%</b>
Lamps	2,891	3,357	-13.9%	-11.1%	-2.8%
Electronic Devices	5,062	3,440	47.2%	50.6%	-3.4%
Vacuum Systems and Thermal Insulation	685	1,240	-44.8%	-40.5%	-4.3%
Semiconductors	6,087	4,321	40.9%	45.2%	-4.3%
<b>Subtotal Industrial Applications</b>	<b>14,725</b>	<b>12,358</b>	<b>19.2%</b>	<b>22.8%</b>	<b>-3.6%</b>
<b>Subtotal Advanced Materials</b>	<b>786</b>	<b>356</b>	<b>120.8%</b>	<b>121.8%</b>	<b>-1.0%</b>
<b>Total Net Sales</b>	<b>41,203</b>	<b>41,103</b>	<b>0.2%</b>	<b>5.8%</b>	<b>-5.6%</b>

**Index:**

<b>Information Displays Business Unit</b>	
Flat Panel Displays	Getters and metal dispensers for flat panel displays
Cathode Ray Tubes	Barium getters for cathode ray tubes
<b>Industrial Applications Business Unit</b>	
Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Electronic Devices	Getters and metal dispensers for electron vacuum devices
Vacuum Systems and Thermal Insulation	Pumps for vacuum systems and products for thermal insulation
Semiconductors	Gas purifier systems for semiconductor industry and other industries
<b>Advanced Materials Business Development Unit</b>	
Advanced Materials	Getters for microelectronic and micromechanical systems, optical crystals and shape memory alloys

**SAES Getters S.p.A. and Subsidiaries - Consolidated Net Sales by Geographic Location of Customer**

Thousands of euro

	2007 2 <sup>nd</sup> qr.	2006 2 <sup>nd</sup> qr.
Italy	278	301
Other EU and European countries	5,123	4,549
North America	4,069	4,621
Japan	9,658	11,146
South Korea	8,520	9,818
Rest of Asia	13,227	9,894
Rest of the World	328	774
<b>Total Net Sales</b>	<b>41,203</b>	<b>41,103</b>

Quarterly consolidated net sales were €41.2 million, basically stable compared with €41.1 million in the year-ago period (+5.8% excluding the exchange rate effect). Consolidated sales decreased by 1.2% on a comparable consolidation basis, including the effect of the acquisition of the 50% shareholding in Dr.-Ing. Mertmann Memory-Metalle GmbH in May 2006 and the 51% shareholding in the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. in August 2006 and the acquisition of the opto going concern by SAES Opto Materials S.r.l. in May 2007.

**Information Displays Business Unit**

**Consolidated revenues** of the Information Displays Business Unit were €25.7 million in the second quarter 2007, compared with €28.4 million in the same period one year-ago, representing a decrease by 9.5% (-3% net of exchange rate effect).

In particular, revenues of the Flat Panel Displays Business Area were €21.1 million with respect to €21.3 million in the second quarter 2006 (-0.9%). The rise net of exchange rate effect, equal to 6.4%, was due to a stronger demand of mercury dispensers for cold cathode lamps used as back-lighting of liquid crystal displays. The exchange rate effect was negative by 7.3%.

Net sales of the Cathode Ray Tubes Business Area decreased by 35.3% to €4.6 million from €7.1 million in the same period one year-ago. Revenues net of exchange rate effect drop by 31.3% because of the reduction in the cathode ray tubes market. The exchange rate effect was negative by 4%.

**Gross profit** for the Information Displays Business Unit was equal to €17.7 million in the second quarter 2007 against €22 million in the same period of 2006.

**Operating income** for the Information Displays Business Unit was equal to €10.9 million in the second quarter of 2007 compared with €16.7 million in the corresponding quarter of 2006. It is to be pointed out that restructuring costs and non recurring expenses, equal to €1.7 million, were charged in the second quarter 2007 with reference to the cathode ray tube business.

### **Industrial Applications Business Unit**

**Consolidated revenues** of the Industrial Applications Business Unit were €14.7 million in the second quarter of 2007 compared with €12.4 million in the same period one year-ago, representing an increase by 19.2% (+22.8% net of exchange rate effect).

Revenues of the Lamps Business Area were €2.9 million with respect to €3.4 million in the second quarter 2006, reflecting a decrease by 13.9%. The drop was due to lower sales of getters for discharge lamps (-11.1%) and the negative exchange rate effect (-2.8%).

Revenues from the Electronic Devices Business Area rose by 47.2% to €5.1 million from €3.4 million in the second quarter 2006. The growth was mainly due to higher sales of getters for solar collectors (+50.6%), partially offset by the negative exchange rate effect (-3.4%).

Net sales of the Vacuum Systems and Thermal Insulation Business Area decreased by 44.8% to €0.7 million with respect to €1.2 million in the second quarter 2006. It is to be pointed out that getters for solar collectors, previously included in this business area, were allocated to the Electronic Devices Business Area. The exchange rate effect was negative by 4.3%.

Net sales of the Semiconductors Business Area were equal to €6.1 million compared with €4.3 million in the same period of 2006, reflecting an increase by 40.9%. The growth was due to higher sales of gas purifiers (+45.2%), partially offset by the negative exchange rate effect (-4.3%).

**Gross profit** for the Industrial Applications Business Unit was €7.8 million in the second quarter of 2007 compared with €5.6 million in the same period of 2006.

**Operating income** for the Industrial Applications Business Unit increased to €4.9 million in the second quarter 2007 from €1.5 million in the corresponding quarter of

2006. The improvement was mainly due to the rise in sales and a better sales mix. It is to be pointed out that a gain, equal to 0.6M€, was booked in the second quarter 2007 with reference to the evaluation of the assets held for sale of the subsidiary SAES Getters Technical Service (Shanghai) Co., Ltd.

### **Advanced Materials Business Development Unit & Corporate Costs**

**Consolidated revenues** of the Advanced Materials Business Development Unit were €0.8 million in the second quarter 2007, thanks to sales of getter films for MEMS applications, crystals for laser applications and shape memory alloys. Sales were €0.4 million in the second quarter 2006.

Operating corporate costs and operating costs for the Advanced Materials Business Development Unit were €4.1 million in the second quarter 2007, compared with €3.4 million in the year-ago period. The increase was to higher corporate costs in comparison with the second quarter 2006.

**Consolidated gross profit** decreased to €25.6 million in the second quarter 2007 from €27.4 million in the same quarter of 2006, also because of restructuring costs and non recurring expenses. Consolidated gross profit in terms of sales was 62% compared with 66.7% in the second quarter 2006.

Total operating expenses were €14.2 million against €13 million in the second quarter 2006.

**Consolidated EBITDA** (operating income + depreciation and amortization + write down of property, plant and equipment) was €15.1 million in the second quarter 2007 compared with €17.8 million in the same quarter of 2006. Consolidated EBITDA in terms of sales was 36.6% compared with 43.2% in the second quarter 2006.

**Consolidated operating income** decreased to €11.8 million in the three months ended June 30, 2007 from €14.6 million in the year-ago period, because of the reduction of the consolidated gross profit and the increase of some operating expenses. The R.O.S. (Return on Sales) ratio was equal to 28.5% in the second quarter 2007 compared with 35.6% in the same period of 2006.

**Income taxes** were €5.2 million in the three months ended June 30, 2007, compared with €7.2 million in the three months ended June 30, 2006. As a percentage of income before taxes, income taxes were 36.2% in the second quarter 2007, compared with 50.9% in the second quarter 2006. It is to be recalled that in the second quarter 2006 income taxes included higher accruals related to the possible taxation on distributable reserves of foreign Group companies.

**Consolidated net income** grew to €9.1 million in the second quarter 2007 compared with €6.9 million in the correspondent quarter of 2006, mainly because of the positive effect of the evaluation of derivate financial instruments with hedging purpose and a lower tax rate.



Net income per ordinary share and savings share was €0.3998 and €0.4158, respectively, in the second quarter 2007 compared with net income per ordinary share and savings share equal to €0.3034 and €0.3194, respectively, in the year-ago period.

The Group's **net financial position** was €67 million as of June 30, 2007, from €100.9 million as of March 31, 2007. In the second quarter 2007 dividends were distributed equal to €31.5 million. The disbursement for expenditures of property, plant and equipment was equal to €2 million and for the acquisition of the opto going concern was equal to €2.2 million. Cash provided by operating activities was equal to €2.1 million.

### **First half 2007**

**Consolidated net sales** for the six months ended June 30, 2007 were €81.8 million down by 2.5% from €83.9 million in the year-ago period (+4.2% net of exchange rate effect). Consolidated sales decreased by 4.1% on a comparable consolidation basis, including the effect of the acquisition of the 50% shareholding in Dr.-Ing. Mertmann Memory-Metalle GmbH in May 2006 and the 51% shareholding in the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. in August 2006 and the acquisition of the opto going concern by SAES Opto Materials S.r.l. in May 2007.

**Consolidated gross profit** was equal to €51.8 million in the first half 2007, compared with €53.1 million in the same half 2006. The gross margin was equal to 63.4% of net sales in the first half 2007 compared with 63.3% in the same period of 2006.

**Consolidated EBITDA** was €32.3 million in the first half 2007 compared with €34.1 million in the same period of 2006.

**Consolidated operating income** was €26.2 million in the first half 2007 compared with €27.8 million in the same period of 2006. The R.O.S. ratio for the six months ended June 30, 2007 was 32% compared with 33.1% in the year-ago period.

**Consolidated net income** was €18.4 million in the first six months of 2007 (22.6% of net sales), with respect to €14.4 million in the same period of the previous year (17.1% of net sales).

Net income per ordinary share and savings share was €0.8170 and €0.8330, respectively, compared with €0.6352 and €0.6512 per ordinary share and savings share, respectively, in the first half 2006.

### **Events subsequent to the end of the period and business performance outlook**

On July 11, 2007 the Group signed a binding letter of intent for the acquisition of Spectra-Mat, Inc., located in Watsonville, California, USA. Spectra-Mat manufactures and supplies vacuum components for the telecommunication, medical and military markets, devices for capital equipment for the semiconductor industry, together with advanced materials for the industrial laser market.

The transaction is subject to customary due diligence and negotiation of the definitive stock purchase contract and ancillary agreements. The closing is estimated to take place within the end of September 2007.

The purchase price of the stock deal will be equal to \$5.8 million, net of possible adjustments.

The Group is confident on the outlook of the second half 2007. In particular, the Information Display market is expected to grow, even if less than in the past and with a higher fluctuation in the demand trend, due to a greater seasonality and continuous stock adjustments.

Other industrial markets in which the Group operates should confirm stability or slight growth.

The Group's economic results for the period will continue to be influenced by the exchange rates of the euro against the major currencies. The Group put in place (as of June 30, 2007) hedging contracts in respect of the US dollar and the Japanese yen, connected to already existing and future receivables, related to sales denominated in US dollars and Japanese yen to hedge against fluctuations in exchange rates existing at the balance sheet date. For the contracts on the US dollar, the notional value is \$30 million, the average spot exchange rate is 1.3087 against the euro. These contracts cover the whole 2007 and the first quarter 2008.

For the contracts on the Japanese yen, the notional value is Japanese yen 2.695 million, the average spot exchange rate is 153.04 against the euro. These contracts cover the whole 2007 and the first half 2008.

Lainate, Milan - Italy, July 26, 2007

On behalf of the Board of Directors  
The President  
Paolo della Porta

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 art. 154bis, part IV, title III, second paragraph, section V-bis, of Legislative Decree February 24, 1998, no. 58, in the best of his knowledge, the financial information included in the present document corresponds to book of account and book-keeping entries.

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