



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

Interim Management Report – 1st Quarter 2014

In the first quarter of 2014, the SAES Group achieved **consolidated net revenues** equal to €33.2 million, up by 14.5% compared to the last quarter of 2013 (€29 million), but down (-7.8%) compared to €36 million achieved in the corresponding period of 2013.

Compared to the first quarter of 2013, the exchange rate effect was negative (-3.1%), mainly due to the strengthening of the euro against the U.S. dollar. At comparable exchange rates, consolidated net revenues would have decreased by 4.7%. Also compared to the last quarter of 2013, please note the negative exchange rate effect (-2.5%), excluding which net revenues would have increased by 17%. In relation to consolidated revenues, the scope of consolidation was unchanged.

Compared to the first quarter of 2013, in the Industrial Applications Business, the strong growth in the sales of products for thermal insulation (+33.9%) was not enough to offset the decrease in the other businesses. In the Shape Memory Alloys Business, the decrease was concentrated in the medical SMA sector and was primarily due to some stock-building policies adopted by a major U.S. customer in the first months of 2013 in the view of the launch of a new medical device, that was postponed because of some delays in the FDA (Food and Drug Administration) qualification. Instead the contribution of the industrial SMAs was positive, thanks to the higher sales for automotive applications.

Compared to the fourth quarter of 2013, please note a remarkable trend reversal, with an increase, sometimes significant, in the revenues of all businesses, with the exception of that of vacuum pumps, affected by the cyclic nature of the research projects. In particular, the Industrial Applications Business grew, supported by the gas purification sector, by the products for thermal insulation and for MEMS. Also the Shape Memory Alloys Business started to grow again, supported by the medical SMAs.

Total revenues of the Group, achieved by incorporating the 50% joint venture Actuator Solutions (ASG) with the proportional method instead of the equity method, amounted to €34.7 million, down (-6.3%) compared to €37.1 million in the first quarter of 2013, despite the strong growth in the revenues of the joint venture (+36.2%), but showing an increase of 14.9%, compared to the last quarter of 2013, thanks to the recovery of traditional markets (+14.5%) and to the revenues growth of Actuator Solutions (+21.6%).

Consolidated gross profit¹ was equal to €4 million in the first quarter of 2014, compared to €15.2 million in the corresponding period of 2013. Please note that the gross margin was unchanged (42.1% of consolidated revenues), despite the decrease in revenues.

Consolidated operating income was equal to €2.6 million in the first quarter of 2014, compared to an operating income of €3.1 million in the first quarter of the previous year. In percentage terms, the operating margin was equal to 7.8%, substantially unchanged (8.7% in the first quarter of 2013) thanks to the actions of cost containment implemented in the second half of 2013.

Consolidated EBITDA² amounted to €4.7 million, compared to €5.5 million in the corresponding quarter of 2013. As a percentage of revenues, EBITDA was equal to 14.2% in the current quarter, compared to 15.4% in the first quarter of 2013.

Consolidated income before taxes amounted to €2 million, compared to an income of €2.6 million in the first quarter of 2013.

Net income from discontinued operations was equal to €0.2 million, compared to a loss of €0.2 million in the first quarter of 2013.

Consolidated net income amounted to €0.5 million, compared to a net income of €1 million in the first quarter of the previous year, and it was strongly affected by the tax burden, with a 2014 tax rate equal to 83.5% (compared to 53.9% in the first quarter of 2013).

Strong satisfaction for all economic and financial indicators that show a gradual recovery compared to the previous periods, with the exception of the net income, penalized by a tax burden not comparable with that of 2013 following the prudent decision to suspend the recognition of the tax benefits related to the losses recorded by the Italian companies during the quarter. In 2014 the growth of volumes will be consolidated, sustained by the shape memory alloy products for industrial applications and by the recovery of sales in the medical sector. The results will improve thanks to increasing sales and the effects of the cost containment actions implemented in 2013.

¹ Calculated as the difference between net revenues and industrial costs directly and indirectly attributable to the products sold.

² EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRS); 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".

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

Thousands of euro

	1 st quarter 2014	1 st quarter 2013	
Total net sales	33,172	35,971	
Cost of sales	(19,214)	(20,813)	
Gross profit	13,958	15,158	
	R&D expenses	(3,524)	(3,779)
	Selling expenses	(3,182)	(3,270)
	G&A expenses	(4,949)	(5,661)
Total operating expenses	(11,655)	(12,710)	
Royalties	400	598	
Other income (expenses), net	(100)	79	
Operating income (loss)	2,603	3,125	
Interest and other financial income, net	(390)	(221)	
Income (loss) from equity method evaluated companies	(241)	(185)	
Foreign exchange gains (losses), net	40	(128)	
Income (loss) before taxes	2,012	2,591	
Income taxes	(1,681)	(1,396)	
Net income (loss) from continued operations	331	1,195	
Income (loss) from assets held for sale and discontinued operations	155	(158)	
Net income (loss) before minority interest	486	1,037	
Net income (loss) pertaining to minority interest	0	0	
Net income (loss) pertaining to the group	486	1,037	

Consolidated statement of other comprehensive income

Thousands of euro

	1 st quarter 2014	1 st quarter 2013
Net income (loss) for the period	486	1,037
Exchange differences on translation of foreign operations	(253)	1,933
Exchange differences on equity method evaluated companies	0	0
Total exchange differences	(253)	1,933
Total components that will be reclassified to the profit (loss) in the future	(253)	1,933
Total components that will not be reclassified to the profit (loss) in the future	0	0
Other comprehensive income (loss), net of taxes	(253)	1,933
Total comprehensive income (loss), net of taxes	233	2,970
<i>attributable to:</i>		
- Equity holders of the Parent Company	233	2,970
- Minority interests	0	0

Consolidated statement of profit or loss by Business Unit

Thousands of euro

	Industrial Applications		Shape Memory Alloys		Business Development & Corporate Costs		TOTAL	
	1 st quarter 2014	1 st quarter 2013	1 st quarter 2014	1 st quarter 2013	1 st quarter 2014	1 st quarter 2013	1 st quarter 2014	1 st quarter 2013
Total net sales	23,326	24,593	9,558	10,959	288	419	33,172	35,971
Cost of sales	(11,977)	(13,183)	(6,995)	(7,157)	(242)	(473)	(19,214)	(20,813)
Gross profit (loss)	11,349	11,410	2,563	3,802	46	(54)	13,958	15,158
Operating expenses and other income (expenses)	(4,777)	(4,481)	(2,044)	(2,618)	(4,534)	(4,934)	(11,355)	(12,033)
Operating income (loss)	6,572	6,929	519	1,184	(4,488)	(4,988)	2,603	3,125

Consolidated Income (Loss) per Share

Euro

	1st quarter 2014	1st quarter 2013
Net income (loss) per ordinary share	0.0000	0.0010
Net income (loss) per savings share	0.0659	0.1385

Consolidated Statement of Financial Position

Thousands of euro

	March 31, 2014	December 31, 2013
Property, plant and equipment, net	50,880	51,473
Intangible assets	44,390	44,721
Other non current assets	20,003	20,628
Current assets	73,359	71,328
Assets held for sale	1,993	2,038
Total Assets	190,625	190,188
Shareholders' equity	100,538	100,304
Minority interest in consolidated subsidiaries	3	3
Total Shareholders' Equity	100,541	100,307
Non current liabilities	26,969	15,938
Current liabilities	63,115	73,943
Liabilities held for sale	0	0
Total Liabilities and Shareholders' Equity	190,625	190,188

Consolidated Net Financial Position

Thousands of euro

	March 31, 2014	December 31, 2013
Cash on hands	20	17
Cash equivalents	19,186	20,317
Cash and cash equivalents	19,206	20,334
Related parties financial assets	502	0
Other current financial assets	42	0
Current financial assets	544	0
Bank overdraft	(35,775)	(33,371)
Current portion of long term debt	(5,681)	(18,283)
Related parties financial liabilities	0	0
Other current financial liabilities	(816)	(2,471)
Current financial liabilities	(42,272)	(54,125)
Current net financial position	(22,522)	(33,791)
Long term debt, net of current portion	(11,057)	(80)
Other non current financial liabilities	(2,674)	(2,675)
Non current liabilities	(13,731)	(2,755)
Net financial position	(36,253)	(36,546)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting Principles, Methods and Structure of the Group

The Interim Management Report has been prepared applying the international accounting standards (IFRS) and in accordance with article 154-ter of “Financial Consolidation Act”, introduced by the Legislative Decree 195/2007, through which the Italian Lawyer has given execution to the Directive 2004/109/CE on subject of periodical information. This article substituted the article 82 (“Quarterly reports”) and the Annex 3D (“Guidance for the editing of Quarterly Reports”) of the Issuers Regulations.

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

During the first quarter of 2014 no changes in the consolidation area have occurred.

It should be noted that the Interim Management Report on 1st quarter 2014 is unaudited.

Reclassifications of March 31, 2013 income statement figures

Please note that the figures of the first quarter of 2013, shown for comparative purposes, have been reclassified to enable a homogeneous comparison with 2014. In particular, following the announced sale of the factory of SAES Getters (Nanjing) Co., Ltd., the last production unit of the Group dedicated to the production of getters for CRTs, all revenues and expenses related to this business have been reclassified in the relevant income statement item “Net income from discontinued operations”.

The detail of these reclassifications is shown in the following table:

Reclassified consolidated statement of profit or loss

Thousands of euro

	1 st quarter 2013	Reclassifications	1 st quarter 2013 reclassified	
Total net sales	36,172	(201)	35,971	
Cost of sales	(20,984)	171	(20,813)	
Gross profit	15,188	(30)	15,158	
	R&D expenses	(3,781)	2	(3,779)
	Selling expenses	(3,339)	69	(3,270)
	G&A expenses	(5,785)	124	(5,661)
Total operating expenses	(12,905)	195	(12,710)	
Royalties	598	0	598	
Other income (expenses), net	86	(7)	79	
Operating income (loss)	2,967	158	3,125	
Interest and other financial income, net	(221)	0	(221)	
Income (loss) from equity method evaluated companies	(185)	0	(185)	
Foreign exchange gains (losses), net	(128)	0	(128)	
Income (loss) before taxes	2,433	158	2,591	
Income taxes	(1,396)	0	(1,396)	
Net income (loss) from continued operations	1,037	158	1,195	
Income (loss) from assets held for sale and discontinued operations	0	(158)	(158)	
Net income (loss) before minority interest	1,037	0	1,037	
Net income (loss) pertaining to minority interest	0	0	0	
Net income (loss) pertaining to the Group	1,037	0	1,037	

Please also note that as a result of the continuous technological evolution in the *Organic Light Emitting Diodes* business and of the delays in the commercial launch of OLED TVs, revenues and expenses of this segment have been reclassified within the Business Development Unit. Similarly, the figures related to the *Energy Devices* business, that doesn't have significant trade volumes because of the cuts in public incentives in the renewable energy sector, have been reclassified within the Business Development Unit. In this way, the Group can continue its research activities in both areas without any short-term commercial constraint, with the possibility to deepen its know-how in the field of hybrid getter and its potential applications.

Finally, operating revenues and expenses related to the LCD business (the former equal to approximately €0 thousand and the latter to €50 thousand in the first quarter of 2013) were reclassified within the Light Sources Business (Industrial Applications Business Unit).

The detail of these reclassifications is shown in the following table:

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

	Industrial Applications		Shape Memory Alloys		Information Displays		Business Development & Corporate Costs		TOTAL						
	1 st quarter 2013 reclassif.	Realloc.	1 st quarter 2013 reclassif.	Realloc.	1 st quarter 2013 reclassif.	Realloc.	1 st quarter 2013 reclassif.	Realloc.	1 st quarter 2013 reclassif.	Realloc.					
Total net sales	24,841	(248)	24,593	0	10,959	143	(143)	0	28	391	419	35,971	0	35,971	
Cost of sales	(13,466)	283	(13,183)	0	(7,157)	(75)	75	0	(115)	(358)	(473)	(20,813)	0	(20,813)	
Gross profit	11,375	35	11,410	3,802	0	3,802	68	(68)	0	(87)	33	(54)	15,158	0	15,158
Total operating expenses	(5,197)	79	(5,118)	(2,637)	0	(2,637)	(566)	566	0	(4,310)	(645)	(4,955)	(12,710)	0	(12,710)
Royalties	598	0	598	0	0	0	0	0	0	0	0	598	0	598	
Other income (expenses), net	39	0	39	19	0	19	0	0	21	0	21	79	0	79	
Operating income (loss)	6,815	114	6,929	1,184	0	1,184	(498)	498	0	(4,376)	(612)	(4,988)	3,125	0	3,125
Interest and other financial income, net												(221)	0	(221)	
Income (loss) from equity method evaluated companies												(185)	0	(185)	
Foreign exchange gains (losses), net												(128)	0	(128)	
Income (loss) before taxes												2,591	0	2,591	
Income taxes												(1,396)	0	(1,396)	
Net income (loss) from continued operations												1,195	0	1,195	
Income (loss) from assets held for sale and discontinued operations												(158)	0	(158)	
Net income (loss) before minority interest												1,037	0	1,037	
Net income (loss) pertaining to minority interest												0	0	0	
Net income (loss) pertaining to the Group												1,037	0	1,037	

Net Sales by Business and by Geographic Location of Customers

Consolidated Net Sales by Business

Thousands of euro (except %)

Business	1 st quarter 2014	1 st quarter 2013	Total difference (%)	Price-Quantity effect (%)	Exchange rate effect (%)
Electronic & Photonic Devices	2,806	3,324	-15.6%	-13.0%	-2.6%
Sensors & Detectors	2,140	2,451	-12.7%	-10.9%	-1.8%
Light Sources	3,298	3,477	-5.1%	-2.3%	-2.8%
Vacuum Systems	1,714	1,834	-6.5%	-2.9%	-3.6%
Thermal Insulation	1,744	1,302	33.9%	39.0%	-5.1%
Pure Gas Handling	11,624	12,205	-4.8%	-1.3%	-3.5%
Industrial Applications	23,326	24,593	-5.2%	-2.0%	-3.2%
SMA Medical Applications	8,839	10,354	-14.6%	-11.7%	-2.9%
SMA Industrial Applications	719	605	18.8%	20.8%	-2.0%
Shape Memory Alloys	9,558	10,959	-12.8%	-9.9%	-2.9%
Business Development	288	419	-31.3%	-25.5%	-5.8%
Total Net Sales	33,172	35,971	-7.8%	-4.7%	-3.1%

Index:

Industrial Applications Business Unit	
Electronic & Photonic Devices	Getters and metal dispensers for electronic vacuum devices
Sensors & Detectors	Getters for microelectronic and micromechanical systems (MEMS)
Light Sources	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Vacuum Systems	Pumps for vacuum systems
Thermal Insulation	Products for thermal insulation
Pure Gas Handling	Gas purifier systems for semiconductor industry and other industries
Shape Memory Alloys (SMA) Business Unit	
SMA Medical applications	Shape memory alloys for the biomedical sector
SMA Industrial applications	SMA actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Business Development Unit	
Business Development	Research projects undertaken to achieve the diversification into innovative businesses

Consolidated Net Sales by Geographic Location of Customer

Thousands of euro

Geographic Area	1 st quarter 2014	1 st quarter 2013
Italy	529	577
European countries	6,127	7,607
North America	14,094	17,728
Japan	1,384	1,562
South Korea	766	311
China	5,060	3,208
Rest of Asia	4,972	4,779
Rest of the World	240	199
Total Net Sales	33,172	35,971

Consolidated Net Sales by Business

Thousands of euro (except %)

Business	1 st quarter 2014	4 th quarter 2013	Total difference (%)	Price-Quantity effect (%)	Exchange rate effect (%)
Electronic & Photonic Devices	2,806	2,779	1.0%	3.0%	-2.0%
Sensors & Detectors	2,140	1,984	7.9%	9.3%	-1.4%
Light Sources	3,298	3,262	1.1%	3.2%	-2.1%
Vacuum Systems	1,714	1,901	-9.8%	-7.5%	-2.3%
Thermal Insulation	1,744	1,424	22.5%	26.2%	-3.7%
Pure Gas Handling	11,624	10,107	15.0%	17.9%	-2.9%
Industrial Applications	23,326	21,457	8.7%	11.2%	-2.5%
SMA Medical Applications	8,839	6,486	36.3%	38.8%	-2.5%
SMA Industrial Applications	719	743	-3.2%	-1.5%	-1.7%
Shape Memory Alloys	9,558	7,229	32.2%	34.6%	-2.4%
Business Development	288	297	-3.0%	0.5%	-3.5%
Total Net Sales	33,172	28,983	14.5%	17.0%	-2.5%

In the first quarter of 2014, the SAES Group achieved **consolidated net revenues** equal to €33.2 million, up by 14.5% compared to the last quarter of 2013 (€29 million), but down (-7.8%) compared to €36 million achieved in the corresponding period of 2013.

Compared to the first quarter of 2013, the exchange rate effect was negative (-3.1%), mainly due to the strengthening of the euro against the U.S. dollar. At comparable exchange rates, consolidated net revenues would have decreased by 4.7%. Also compared to the last quarter of 2013, please note the negative exchange rate effect (-2.5%), excluding which net revenues would have increased by 17%. In relation to consolidated revenues, the scope of consolidation was unchanged.

Industrial Applications Business Unit

Revenues of the Industrial Applications Business Unit were equal to €23.3 million in the first quarter of 2014, down by 5.2% compared to €24.6 million in the corresponding quarter of 2013.

The trend of the euro against the other major currencies led to a negative exchange rate effect equal to -3.2%, net of which revenues would have decreased by only 2%.

Please note the new segmentation and classification of the business areas, in order to better respond to the current organizational structure of the Group.

Compared to the first quarter of the previous year, please note the significant growth in the *Thermal Insulation Business* (+33.9%), thanks to higher sales of both getters for vacuum panels for the refrigeration industry and thermal insulation products for the consumer market (vacuum bottles).

All the other businesses decreased:

- in the *Electronic and Photonic Devices Business*, the decrease in sales in the defense sector caused by the linear cuts in the U.S. public spending (sequestration) was only partially offset by the growth in the field of microwave amplifiers and in the field of X-ray tubes;
- in the *Sensors and Detectors Business*, the decrease is due to lower sales of raw materials and of products for MEMS applications (micro-electromechanical systems);
- the *Light Sources Business* has been penalized by the decline in the demand for both high-intensity discharge lamps and fluorescent lamps also caused by some adjustments made in the inventory levels;
- the *Vacuum Systems Business* continued to be affected by the periodicity of the research projects in the field of particle accelerators;
- in the gas purification sector (*Pure Gas Handling Business*), the decrease in sales was mainly due to the decrease in the number of new production facilities in the display sector.

Thousands of euro (except %)

Business	1 st quarter 2014	1 st quarter 2013	Total difference (%)	Price-Quantity effect (%)	Exchange rate effect (%)
Electronic & Photonic Devices	2,806	3,324	-15.6%	-13.0%	-2.6%
Sensors & Detectors	2,140	2,451	-12.7%	-10.9%	-1.8%
Light Sources	3,298	3,477	-5.1%	-2.3%	-2.8%
Vacuum Systems	1,714	1,834	-6.5%	-2.9%	-3.6%
Thermal Insulation	1,744	1,302	33.9%	39.0%	-5.1%
Pure Gas Handling	11,624	12,205	-4.8%	-1.3%	-3.5%
Industrial Applications	23,326	24,593	-5.2%	-2.0%	-3.2%

The table below shows the revenues in the first quarter of 2014 related to the various business segments, with evidence of the exchange rate effect and of the organic change compared to the corresponding period of 2013.

Compared to the fourth quarter of 2013 where revenues were equal to €21.5 million, the Industrial Applications Business Unit showed a significant turnaround with consolidated

revenues up by 8.7% (+11.2% excluding the exchange rate effect) in the first quarter of 2014. All segments grew, with the exception of that of vacuum pumps (*Vacuum Systems Business*), which recorded a decrease in revenues of 9.8% and continued to be affected by the cyclic nature of the research projects.

In particular, compared to the positive steadiness of the *Electronic & Photonic Devices Business* (+1%), please note the significant growth (+7.9%) of the *Sensors & Detectors Business*, supported by the products for MEMS and infrared detectors; also the lamps segment (*Light Sources Business*) recorded a slight increase (+1.1%), thanks to higher sales in the field of high-intensity discharge lamps, which offset the decrease in dispensers for fluorescent lamps. The segment of products for thermal insulation (*Thermal Insulation Business*) recorded a significant growth compared also to the fourth quarter of 2013, thanks to the increase in the sales of vacuum getter panels for the refrigeration industry which fully developed in the first quarter of the current year. Also the gas purification segment (*Pure Gas Handling Business*) recorded a significant increase (+15%), related to the recovery in the investments both in the semiconductor industry and in that of LEDs for displays and lighting compared to the last period of the previous year.

The table below shows the revenues in the first quarter of 2014 related to the various business segments, with evidence of the exchange rate effect and of the organic change compared to the fourth quarter of 2013.

Thousands of euro (except %)

Business	1 st quarter 2014	4 th quarter 2013	Total difference (%)	Price-Quantity effect (%)	Exchange rate effect (%)
Electronic & Photonic Devices	2,806	2,779	1.0%	3.0%	-2.0%
Sensors & Detectors	2,140	1,984	7.9%	9.3%	-1.4%
Light Sources	3,298	3,262	1.1%	3.2%	-2.1%
Vacuum Systems	1,714	1,901	-9.8%	-7.5%	-2.3%
Thermal Insulation	1,744	1,424	22.5%	26.2%	-3.7%
Pure Gas Handling	11,624	10,107	15.0%	17.9%	-2.9%
Industrial Applications	23,326	21,457	8.7%	11.2%	-2.5%

Gross profit of the Industrial Applications Business Unit amounted to €1.3 million in the first quarter of 2014, unchanged compared to €1.4 million in the first quarter of 2013, despite the decrease in revenues. As a percentage of revenues, the gross margin increased from 46.4% to 48.7%; this increase was mainly due to the containment of both labor cost (following the staff rationalization measures implemented in the second half of 2013) and depreciation (following the extension of the useful life of the production facilities of SAES Advanced Technologies S.p.A. implemented in the second half of 2013).

Operating income of the Industrial Applications Business Unit was equal to €6.6 million, compared to €6.9 million in the first quarter of 2013 (-5.2%). The operating margin was unchanged and equal to 28.2%.

While operating expenses were more or less in line with those of the previous year, there was a decrease in the royalties accrued for the licensing of the thin film getter technology for MEMS of new generation; this reduction was due to lower lump-sums pertaining to 2014, while the amount of commissions received was unchanged.

Shape Memory Alloys (SMA) Business Unit

Revenues of the Shape Memory Alloys Business Unit amounted to €9.6 million in the first quarter of 2014, down by 12.8% compared to €11 million in the corresponding period of 2013.

The exchange rate effect was negative and equal to -2.9%, net of which the organic decrease was equal to -9.9%.

Compared to the first quarter of the previous year, the decrease in revenues, attributable to the *Medical SMA Business*, was mainly due to some stock-building policies adopted by a major U.S. customer in the first months of 2013 in the view of the launch of a new medical device, that was postponed because of some delays in the FDA (Food and Drug Administration) qualification. Instead the contribution of the *Industrial SMA Business* was positive, thanks to the higher sales of SMA springs for engine cooling systems in automotive applications.

The table below shows the revenues in the first quarter of 2014 related to the various business segments, with evidence of the exchange rate effect and of the organic change compared to the corresponding period of 2013.

Thousands of euro (except %)

Business	1 st quarter 2014	1 st quarter 2013	Total difference (%)	Price-Quantity effect (%)	Exchange rate effect (%)
SMA Medical Applications	8,839	10,354	-14.6%	-11.7%	-2.9%
SMA Industrial Applications	719	605	18.8%	20.8%	-2.0%
Shape Memory Alloys	9,558	10,959	-12.8%	-9.9%	-2.9%

On the other hand, the **comparison with the revenues of the fourth quarter of 2013** (equal to €7.2 million) shows a significant increase, equal to 32.2%; the medical sector returned to grow again thanks to higher sales of both raw materials and components, favored by some stock reduction policies implemented starting from the fourth quarter of 2013.

The table below shows the revenues in the first quarter of 2014 related to the various business

Thousands of euro (except %)

Business	1 st quarter 2014	4 th quarter 2013	Total difference (%)	Price-Quantity effect (%)	Exchange rate effect (%)
SMA Medical Applications	8,839	6,486	36.3%	38.8%	-2.5%
SMA Industrial Applications	719	743	-3.2%	-1.5%	-1.7%
Shape Memory Alloys	9,558	7,229	32.2%	34.6%	-2.4%

segments, with evidence of the exchange rate effect and of the organic change compared to the fourth quarter of 2013.

Gross profit of the Shape Memory Alloys Business Unit amounted to €2.6 million (26.8% of consolidated revenues) in the first quarter of 2014, compared to €3.8 million (equal to 34.7% as a percentage of revenues) in the corresponding period of 2013. The decrease in the gross margin was the result of an increased incidence of manufacturing fixed costs and of start-up costs related to the launch of a new medical component planned for the second half of the year.

Operating income of the Shape Memory Alloys Business Unit amounted to €0.5 million (5.4% of revenues), compared to €1.2 million in the first quarter of 2013 (10.8% of revenues). The decrease in revenues and in the gross profit, despite the decrease in the operating expenses in absolute terms, led to a consequent decrease in the operating income.

Business Development Unit & Corporate Costs

The Business Development Unit & Corporate Costs includes projects of basic research or projects aimed at diversifying into innovative businesses, in addition to corporate costs (costs

that cannot be directly attributed or reasonably allocated to any business sector but that refer to the Group as a whole).

In the first quarter of 2014, **revenues** were equal to €0.3 million (€0.4 million in the corresponding period of 2013), made exclusively of OLED revenues. The exchange rate effect was negative and equal to -5.8%.

Gross profit was positive and equal to €6 thousand in the first quarter of 2014, compared to a gross loss of €4 thousand in the corresponding quarter of 2013.

Operating income was negative and equal to €4.5 million in the first quarter of 2014, compared to a loss equal to €5 million in the first quarter of 2013; the improvement was mainly attributable to the reduction of general and administrative expenses, following the organizational rationalization occurred in the second half of 2013 and the maintenance of a strict control over fixed costs.

Consolidated gross profit amounted to €14 million in the first quarter of 2014, down compared to €15.2 million in the first quarter of 2013, but unchanged in percentage terms (42.1% of consolidated revenues), despite the decrease in revenues.

Consolidated operating income was equal to €2.6 million (7.8% of consolidated revenues) in the first quarter of 2014, substantially unchanged compared to an operating income of €3.1 million in the first quarter of 2013 (8.7% of consolidated revenues); despite the reduction in gross profit, the decrease in operating expenses resulting from the 2013 rationalization plan has made it possible to maintain the indicators overall stable compared to the previous fiscal year.

Total **consolidated operating expenses** amounted to €11.7 million in the first quarter of 2014, down compared to €12.7 million in the corresponding period of 2013. The reduction was mainly related to the general and administrative expenses, which decreased from €5.7 to €4.9 million (in particular, personnel costs, remuneration of Executive Directors and consulting fees).

The **royalties** accrued in the first quarter of 2014 for the licensing of the thin film getter technology for MEMS of new generation amounted to €0.4 million (€0.6 million in the corresponding quarter of the previous year). The decrease is attributable to lower lump-sums pertaining to 2014; instead, the amount of commissions received was substantially unchanged.

The balance of **other net income (expenses)** was negative and equal to €0.1 million, substantially in line with that of the corresponding period of 2013.

Consolidated EBITDA amounted to €4.7 million (14.2% of revenues) in the first quarter of 2014, compared to €5.5 million (15.4%) in the corresponding quarter of 2013.

The net balance of **financial income and expenses** was negative and amounted to €0.4 million (compared to a negative net balance of €0.2 million in the first quarter of 2013) and it mainly includes interest expenses on loans, both short and long term ones, held by the Parent Company and by the U.S. subsidiaries and bank fees related to the credit lines held by SAES Getters S.p.A.

The **loss deriving from the evaluation with the equity method** of the joint venture Actuator Solutions amounted to €0.2 million, in line with that of the corresponding period of the previous year.

The sum of the **exchange rate differences** recorded a slightly positive balance (+€40 thousand) in the first quarter of 2014, showing an improvement compared to the first quarter of 2013 (-€0.1 million), guaranteed by the hedging policies adopted by the Group.

Consolidated income before taxes amounted to €2 million in the first quarter of 2014, compared to an income before taxes of €2.6 million in the first quarter of 2013.

Income taxes amounted to €1.7 million in the first quarter of 2014, compared to €1.4 million in the corresponding period of 2013. The Group tax rate was equal to 83.5% in the first quarter of 2014, compared to 53.9% in the first quarter of 2013: in comparison with the previous year, please note that, given the current organizational structure of the Group, it has been prudently decided to suspend the recognition of deferred tax assets on the tax losses realized in the quarter by the Group companies participating in the national tax consolidation program.

Consolidated net income was equal to €0.5 million in the first quarter of 2014, compared to a net income of €1 million in the corresponding period of the previous year. The net income included an **income from discontinued operations** of €0.2 million, related to the residual proceeds arising from the sale of the factory of SAES Getters (Nanjing) Co., Ltd. (to be compared with a loss of €0.2 million in the first quarter of 2013).

In the first quarter of 2014 net income per savings share was equal to €0.0659, while net income per ordinary share was zero; these figures compare with €0.0010 per ordinary share and €0.1385 per savings share in the first quarter of 2013.

The **consolidated net financial position** as at March 31, 2014 was negative and equal to €6.2 million (cash equal to +€9.2 million and net financial liabilities equal to -€5.4 million), compared to a negative net financial position equal to -€6.5 million as at December 31, 2013. The slight improvement was due to the cash generated by the operating activities, which more than offset the investments in fixed assets (approximately €1 million) and the expenses related to the 2013 restructuring plan, whose payment has been deferred to the first quarter of 2014.

In order to manage the economic impact generated by the fluctuations in the exchange rates, primarily EUR/USD and EUR/JPY, the Group enters into hedges on current and future receivables related to the sales transactions denominated in currencies other than the euro of the main Group Italian companies. Particularly, as at March 31, 2014 the Group holds forward contracts on the Japanese yen which have a total notional value equal to JPY 225 million. The average forward exchange rate for these contracts is JPY 138.76 to the euro. All these contracts will extend throughout the remaining part of the fiscal year 2014.

Furthermore, in the first quarter 2014, the Group signed a forward sale contract in euros in order to limit the risk of fluctuation of the exchange rate of the Korean won on the balance of the financial credit in euro which the Korean subsidiary SAES Getters Korea Corporation holds in respect of the Parent Company. Such contract (with a notional value equal to 7.5 million of euro) expires on December 29, 2014 and provides for a forward exchange rate equal to 1,456.00 against the euro.

Subsequent to March 31, 2014 no further forward contracts have been entered into.

Actuator Solutions

Actuator Solutions GmbH, established in the second half of 2011, is headquartered 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.

The joint venture is focused on the development, production and distribution of actuators based on the SMA technology and its mission is to become a world leader in the field of actuators using shape memory alloys.

The joint venture, which in turn consolidates its wholly owned subsidiary Actuator Solutions Taiwan Co., Ltd., recorded net revenues equal to €3.3 million in the first quarter of 2014 (€2.3 million in the first quarter of 2013); these revenues, totally generated by the sale of valves used in lumbar control systems of the seats of a wide range of cars, significantly increased because the lumbar control system based on the SMA technology is gaining more and more market share.

The net result of the period was negative and equal to -€0.5 million, due to the research and development expenses in the various industrial sectors where the company will be present with its SMA actuators. In particular, Actuator Solutions GmbH, with the support of the laboratories in Lainate, is focused on the development of SMA actuators for the vending industry, the automotive sector, for the white goods sector and for the medical one, some of which have already generated the first orders; instead, the Taiwanese subsidiary is focused on the development of products for the consumer electronics market, such as those for the image focus and stabilization of mobile phones, which have found an increasing interest in the market and are currently subject to the qualification by some potential users.

Thousands of euro

Actuator Solutions (100%)	1st quarter 2014	1st quarter 2013
Total net sales	3,252	2,346
Cost of sales	(3,044)	(2,116)
Total operating expenses	(894)	(778)
Other income (expenses), net	86	6
Operating income	(600)	(542)
Interests and other financial income, net	(2)	16
Income taxes	120	156
Net income (loss)	(482)	(370)

As already mentioned above, the share of the SAES Group in the result of the joint venture in the first quarter of 2014 amounted to -€0.2 million.

Actuator Solutions - SAES Group interest (50%)

Thousands of euro

Statement of financial position	March 31, 2014	December 31, 2013
Non current assets	2,372	2,958
Current assets	2,527	1,672
Total Assets	4,899	4,630
Non current liabilities	727	216
Current liabilities	1,640	1,716
Total Liabilities	2,367	1,932
Capital Stock, Reserves and Retained Earnings	2,773	3,407
Net income (loss) for the period	(241)	(712)
Other comprehensive income (loss) for the period	0	3
Total Equity	2,532	2,698

Statement of profit or loss	1st quarter 2014	1st quarter 2013
Total net sales	1,626	1,173
Cost of sales	(1,522)	(1,058)
Total operating expenses	(447)	(389)
Other income (expenses), net	43	3
Operating income	(300)	(271)
Interests and other financial income, net	(1)	8
Income taxes	60	78
Net income (loss)	(241)	(185)

Significant events occurred after the end of the quarter

On April 4, 2014, the joint venture Actuator Solutions GmbH, 50% controlled by the Groups SAES and Alfmeier Präzision, won the prestigious “2014 German Innovation Award”. This award, established with the joint initiative of the German economic weekly “WirtschaftWoche”, in partnership with Accenture, EnBW Energie Baden-Württemberg and Evonik Industries, is awarded annually to companies based in Germany demonstrating the strongest focus on innovation. Among the 100 selected companies, the Jury, composed of the most important German economists, academics and experts in innovation, awarded the 2014 prize to Actuator Solutions GmbH in the category of medium-sized companies.

On April 25, 2014 the Group signed a binding letter of intent for the sale of the right to use the land, the building and related appurtenances of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. The consideration was fixed at about RMB 29 million, of which an advance payment of 50% was collected at the signing of the letter of intent; instead, the difference will be paid by the buyer in progressive *tranches* until the completion of the transaction expected in the second half of 2014.

Business outlook

In 2014 the growth of volumes and results will be consolidated. More specifically, we expect a growth in the shape memory alloys business, both for medical applications and for industrial applications.

The use of social security provisions in the Italian companies of the Group will continue in the remaining part of 2014.

Consob regulatory simplification process

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

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

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

Lainate, Milan - Italy, May 13, 2014

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