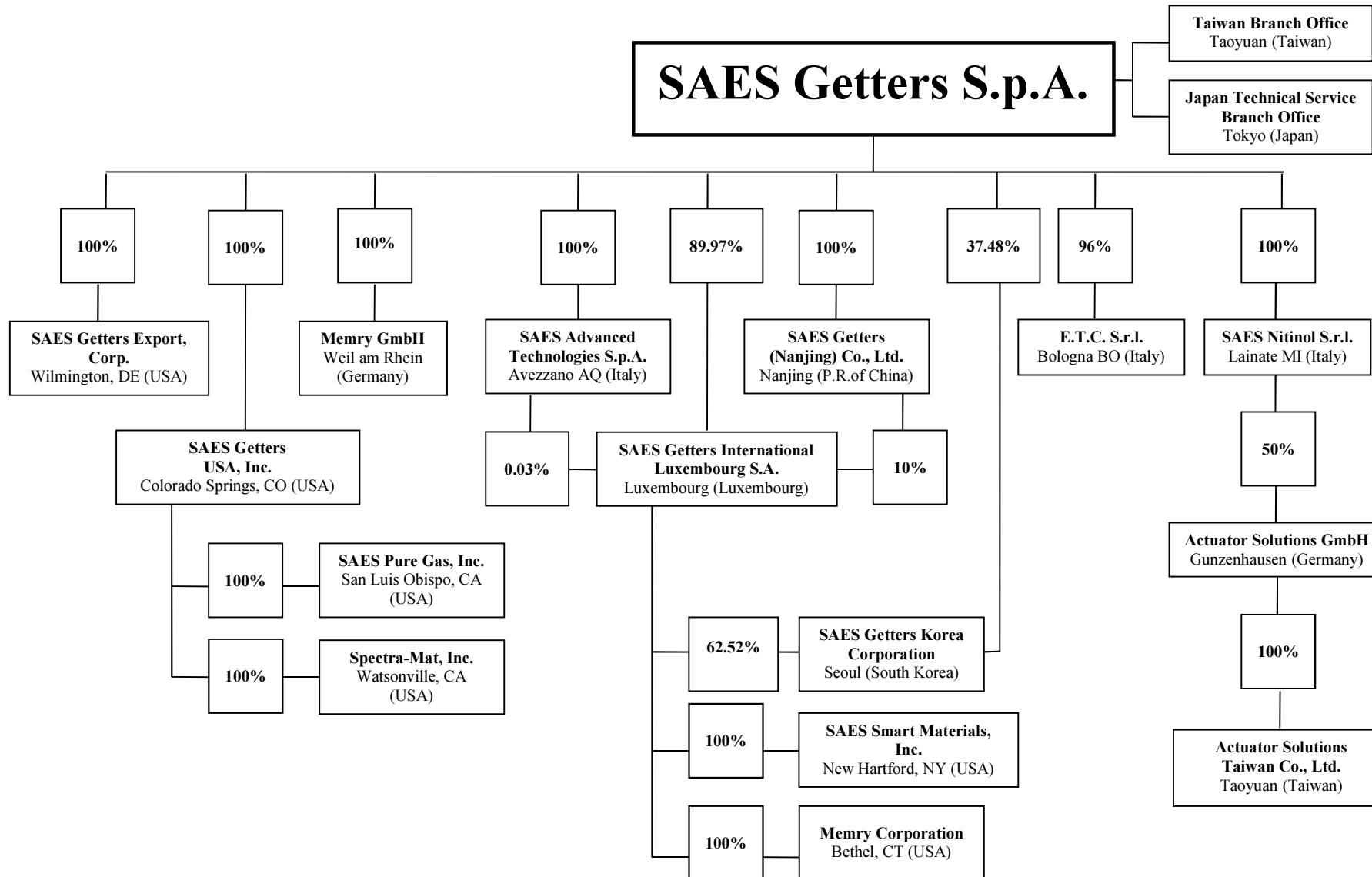


Consolidated Financial Statements **2013**

saes
group

2013

SAES Getters S.p.A.





Consolidated Financial Statements 2013

SAES Getters S.p.A.

Capital Stock of 12,220,000 fully paid-in

Corporate Headquarters:
Viale Italia, 77 – 20020 Lainate (Milan), Italy

Registered with the Milan Court
Companies Register no. 00774910152

Board of Directors

President

Massimo della Porta

Vice President and Managing Director

Giulio Canale

Directors

Stefano Baldi (2)

Emilio Bartezzaghi (1) (2) (4) (7)

Alessandra della Porta¹ (2)

Luigi Lorenzo della Porta (2)

Adriano De Maio (1) (2) (5)

Andrea Dogliotti (2) (3)

Pietro Alberico Mazzola (2)

Roberto Orecchia (2) (3) (4) (7) (8)

Andrea Sironi (1) (2) (3) (4) (6) (7)

Board of Statutory Auditors

President

Vincenzo Donnamaria (8)

Statutory Auditors

Maurizio Civardi

Alessandro Martinelli

Alternate Statutory Auditors

Fabio Egidi

Piero Angelo Bottino

Audit Firm

Deloitte & Touche S.p.A. (9)

Representative of Holders of Savings Shares

Massimiliano Perletti

(e-mail: massimiliano.perletti@roedl.it)

(1) Member of the Compensation and Appointment Committee

(2) Non-executive Director

(3) Member of the Audit Committee

(4) Independent Director, pursuant to the criteria of the Code of Conduct of the Italian Stock Exchange

(5) Independent Director, pursuant to the combined provisions of article 147-ter, paragraph 4, and article 148, paragraph 3, of Legislative Decree 58/1998

(6) Lead Independent Director

(7) Member of the Related Parties Committee

(8) Member of the Supervisory Body

(9) Appointed for the years 2013-2021 by the Shareholders' Meeting held on April 23, 2013

The mandate of the Board of Directors and of the Board of Statutory Auditors, elected on April 24, 2012, will expire on the same date of the Shareholders' Meeting in which the financial statements for the year ended December 31, 2014 are approved.

Powers

Pursuant to article 20 of the Articles of Association, the President and the Vice President and Managing Director are each of them separately entrusted with the legal representation of the Company, for the execution of Board of Directors' resolutions, within the limits of and for the exercise of the powers attributed to them by the Board itself.

Following the resolution adopted on April 24, 2012, the Board of Directors granted the President and the Vice President and Managing Director the powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board or of those powers reserved by law to the Shareholders' Meeting.

The President Massimo della Porta is also Group Chief Executive Officer. The Vice President and Managing Director Giulio Canale is also Deputy Group Chief Executive Officer and Group Chief Financial Officer.

¹ Co-opted by the Board of Directors held on May 9, 2013, pending the Shareholders' Meeting resolution, in place of the resigning Carola Rita della Porta.

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LETTER TO SHAREHOLDERS

Dear Shareholders,

2013 was a difficult year, strongly marked by a significant drop in revenues and by the consequent deterioration of all the economic and financial indicators, but it was also a year of great importance for the future of our Group.

The decrease in revenues was concentrated in two areas, the medical one and that of particle accelerators, and was caused by contingent phenomena that will be absorbed as early as in 2014. All the other sectors remained stable compared to 2012 and market studies point out a strong growth for the years to come.

The financial results were affected by non-recurring charges, which will result in improvements in 2014, and by significant investments needed to sustain our growth.

The technological assets of the company, that represents the true value of SAES, has been strongly strengthened in 2013 thanks to the work of our researchers, as well as thanks to targeted investments for the purchase of distinctive technologies.

The “getter” technology has seen the progress of a new family, that of the “hybrid getters”, that means organic nano-structured getters dispersed in a non-organic matrix, developed for OLED applications and now ready to be used in a wide range of other applications such as, for example, industrial and food packaging.

The “pure gas” technology has been enriched thanks to the acquisition of the “hydrogen purifiers” business by Power & Energy, Inc. and thanks to the internal development of purifiers for the recycling of industrial gases.

The “shape memory alloys – SMA” technology has recorded a significant success in industrial applications, thanks to the development of sophisticated electromechanical devices by the joint venture Actuator Solutions that, after having doubled its turnover in the automotive sector, is preparing to enter in areas with very high potential such as the ones of smartphones, of white goods and in the medical business.

The combination of these results, the expected recovery of the traditional markets and the strong cost containment allow us to confirm that the Group has come out from a difficult period started in 2009 and is now facing a new positive period characterized by the increase in sales and profits.

Dr Ing. Massimo della Porta
President

Group financial highlights

GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	2013	2012 (9)	Difference	Difference %
NET SALES				
- Industrial Applications	90,668	92,496	(1,828)	-2.0%
- Shape Memory Alloys	37,017	47,088	(10,071)	-21.4%
- Information Displays	832	1,646	(814)	-49.5%
- Business Development	26	12	14	116.7%
Total	128,543	141,242	(12,699)	-9.0%
GROSS PROFIT (1)				
- Industrial Applications	39,439	41,527	(2,088)	-5.0%
- Shape Memory Alloys	11,992	16,706	(4,714)	-28.2%
- Information Displays	272	472	(200)	-42.4%
- Business Development & Corporate Costs (2)	(286)	(332)	46	13.9%
Total	51,417	58,373	(6,956)	-11.9%
	<i>% on sales</i>	<i>40.0%</i>	<i>41.3%</i>	
Adjusted GROSS PROFIT (3)	51,371	n.a.		
	<i>% on sales</i>	<i>40.0%</i>		
EBITDA (4)	15,744	22,870	(7,126)	-31.2%
	<i>% on sales</i>	<i>12.2%</i>	<i>16.2%</i>	
Adjusted EBITDA (4)	17,165	n.a.		
	<i>% on sales</i>	<i>13.4%</i>		
OPERATING INCOME	5,508	12,701	(7,193)	-56.6%
	<i>% on sales</i>	<i>4.3%</i>	<i>9.0%</i>	
Adjusted OPERATING INCOME (3)	7,398	n.a.		
	<i>% on sales</i>	<i>5.8%</i>		
NET INCOME from continued operations	831	4,606	(3,775)	-82.0%
	<i>% on sales</i>	<i>0.6%</i>	<i>3.3%</i>	
Adjusted NET INCOME from continued operations (3)	2,499	n.a.		
	<i>% on sales</i>	<i>1.9%</i>		
NET INCOME (LOSS) (5)	(562)	3,340	(3,902)	-116.8%
	<i>% on sales</i>	<i>-0.4%</i>	<i>2.4%</i>	
Balance sheet and financial figures	December 31, 2013	December 31, 2012	Difference	Difference %
Tangible fixed assets	51,473	55,964	(4,491)	-8.0%
Group shareholders' equity	100,304	114,227	(13,923)	-12.2%
Net financial position	(36,546)	(16,331)	(20,215)	-123.8%
Other information	2013	2012 (9)	Difference	Difference %
Cash flow from operating activities	5,024	19,260	(14,236)	-73.9%
Research and development expenses (6)	14,864	14,459	405	2.8%
Number of employees as at December 31 (7)	926	1,050	(124)	-11.8%
Personnel cost (8)	54,881	56,573	(1,692)	-3.0%
Disbursement for acquisition of tangible assets	6,470	5,585	885	15.8%

(1) This item is calculated as the difference between the net turnover and the industrial costs directly and indirectly attributable to the products sold.

(2) This item includes costs that cannot be directly attributed or allocated in a reasonable way to the Business Units, but which refer to the Group as a whole.

(3) Net of non-recurring costs and other costs considered by the management as not meaningful with reference to the current operating performance. Please refer for the calculation to the table "Non-recurring items".

(4) 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". For Adjusted EBITDA we intend EBITDA rectified in order to not include non-recurring items and other items considered by the management as not meaningful with reference to the current operating performance. Please refer for the calculation to the table "Non-recurring items".

	(thousands of euro)	
	2013	2012
Operating income	5,508	12,701
Depreciation and amortization	9,436	9,957
Write down of assets	840	141
Bad debt provision accrual	(40)	71
EBITDA	15,744	22,870
	<i>% on sales</i>	<i>12.2%</i>
Personnel restructuring	1,096	0
Write down of inventory	325	0
Adjusted EBITDA	17,165	22,870
	<i>% on sales</i>	<i>13.4%</i>

(5) It includes the net loss from assets held for sale and discontinued operations (equal, respectively, to -1,393 thousand euro in 2013 and -1,266 thousand euro in 2012).

(6) In 2013 Research and Development expenses include non-recurring net costs equal to 124 thousand euro (severance costs equal to 320 thousand euro and savings resulting from the use of social security provisions in the Italian Group's companies equal to 196 thousand euro); net of these non-recurring items, R&D expenses are equal to 14,470 thousand euro, or 11.5% of consolidated sales.

(7) As at December 31, 2013 this item includes:
 - employees for 902 units (1,007 units as at December 31, 2012);
 - personnel employed with contract types other than employment agreements, equal to 24 units (43 units as at December 31, 2012).
 This figure does not include the employees of the joint venture Actuator Solutions amounting, according to the percentage of ownership held by the Group, to 22 units as at December 31, 2013 (11 units at the end of the previous year).

(8) As at December 31, 2013 the non-recurring severance costs included in the personnel costs are equal to 2,874 thousand euro; the use of the social security provisions in the Italian Group's companies has instead led to a reduction in the personnel costs equal to 1,778 thousand euro. Net of these items, the personnel cost would have been equal to 53,785 thousand euro (41.8% of consolidated sales).

(9) Please note that the revenues and costs of the fiscal year 2012, shown for comparative purposes, have been reclassified to enable a homogeneous comparison with 2013; in particular, following the announced disposal of the manufacturing plant of SAES Getters (Nanjing) Co., Ltd., the last production unit working in the production of getters for CRTs, all the revenues and costs related to the CRT business have been reclassified in the specific income statement item "Net result from discontinued operations".

Report on operations of SAES Group

REPORT ON OPERATIONS

A pioneer in the development of getter technology, the Company SAES Getters S.p.A., together with its subsidiaries, (hereinafter “SAES® Group”) is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions or ultra-pure gases are required. In more than 70 years of activity, the Group’s getter solutions have been supporting innovation in the information display and lamp industries, in sophisticated high vacuum systems and in vacuum thermal insulation, in technologies spanning from large vacuum power tubes to miniaturized silicon-based microelectronic and micromechanical devices. The Group also holds a leading position in ultra-pure gas refinement for the semiconductor and other high-tech markets.

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

More recently, SAES has expanded its business by developing components whose getter functions, traditionally obtained from the exploitation of the special features of some metals, are instead generated by chemical processes. Thanks to these new developments, SAES is evolving, adding to its competencies in the field of special metallurgy also those of organic chemicals.

A total production capacity distributed in ten facilities, a worldwide-based sales & service network and more than 900 employees allow the Group to combine multicultural skills and expertise to form a truly global enterprise.

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

SAES Getters S.p.A. is listed on the Italian Stock Exchange Market, STAR segment, since 1986. The Parent Company is controlled by S.G.G. Holding S.p.A., which does not exercise any management and coordination activity in accordance with article 2497 of the Civil Code, for the reasons explained later in the Report on corporate governance and ownership.

The Group’s business structure identifies three Business Units: Industrial Applications, Shape Memory Alloys and Information Displays. The corporate costs (those expenses that cannot be directly attributed or allocated in a reasonable way to the business units, but which refer to the Group as a whole) and the costs related to the basic research projects or undertaken to achieve the diversification into innovative businesses (Business Development Unit), are shown separately from the three Business Units.

The following table illustrates the Group’s Business organizational structure:

Industrial Applications Business Unit	
Electronic Devices	Getters and metal dispensers for electronic vacuum devices and getters for microelectronic and micromechanical systems (MEMS)
Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Vacuum Systems and Thermal Insulation	Pumps for vacuum systems and products for thermal insulation
Energy Devices	Getter sealants for photovoltaic modules and sophisticated getters for energy storage devices
Semiconductors	Gas purifier systems for semiconductor industry and other industries
Shape Memory Alloys Business Unit	
Shape Memory Alloys (SMA)	Shape memory alloys both for medical and for industrial applications

Information Displays Business Unit	
Liquid Crystal Displays (LCD)	Getters and metal dispensers for liquid crystal displays
Organic Light Emitting Diodes (OLED)	Disposable dryers and alkaline metal dispensers for OLED displays
Business Development Unit	
Business Development	Research projects undertaken to achieve the diversification into innovative businesses

In the second half of 2013 the Group has started the process that will lead, by the first half of 2014, to the shutdown of the Chinese plant of the subsidiary SAES Getters (Nanjing) Co., Ltd., the last production unit dedicated to the production of getters for the maintenance of the vacuum conditions in cathode ray tubes (CRTs). Therefore, all revenues and costs related to the CRT business have been classified in the income statement under the item “Net income from discontinued operations”; also the 2012 economic figures, presented for comparative purposes, have been reclassified to allow a homogeneous comparison with 2013 (please refer to Note no. 1 for more details about the main reclassifications).

Industrial Applications Business Unit

Electronic Devices Business

SAES Group provides advanced technological solutions to the electronic devices of a wide range of markets, including the aeronautical, medical, industrial, security and defence sectors. The portfolio of products includes, among others, getters of different types and formats, alkaline metal dispensers, cathodes and materials for thermal management. The offered products are able to satisfy the most stringent application requirements in terms of the high quality of the guaranteed vacuum and are employed in various devices such as night vision devices, infrared seeking devices, X-ray tubes, microwave tubes and gyroscopes.

The getter solutions for MEMS are also included in the Electronic Devices Business. In particular, in order to support adequately the growing trend for smaller microelectronic and microelectromechanic devices, SAES has developed solutions that involve the use of thin film getters, just a few microns thick, that can be deposited on various substrates in a wide variety of forms. By maintaining the vacuum or inert gas purity conditions present inside the MEMS devices, thin film getters ensure optimum functioning, improved performance and significantly increased lifespan.

Lamps Business

SAES Group is the world leader in the supply of getters and metal dispensers for lamps. Its innovative and high-quality products work by preserving the vacuum and the purity of the refill gases, thereby maintaining optimum lamp operation conditions over time.

SAES has also been involved for years in the development of mercury dispensers with a low environmental impact, in line with the stricter international legislation in force in this field.

Vacuum Systems & Vacuum Thermal Insulation Business

The expertise gained in vacuum technology has served to boost the development of pumps based on non-evaporable getter materials (NEG) and a proprietary technology for vacuum thermal insulation. NEG pumps are used in both industrial and scientific applications including analytical instruments, vacuum systems and particle accelerators. SAES solutions for vacuum thermal insulation include NEG products for cryogenic applications, for solar collectors both domestic and operating at high temperatures, for thermos and for vacuum insulated panels for the white industry.

Recently a new family of high vacuum pumps (NEXTorr[®]) was launched in the market, that concentrates both the getter and the ionic technology in a single highly miniaturized and compact device. These features make this product particularly innovative and have allowed the Group to expand its markets of reference.

Energy Devices Business

SAES, thanks to the expertise acquired in the getters sector, can contribute to increase the reliability and to extend the lifespan of thin-film photovoltaic panels by supplying a sealant strip that, if applied to the edge of a panel, ensures that the two sheets of glass that constitute it remain attached, at the same time preventing the entry of water vapor that would damage the structure of the photovoltaic thin film.

Always in the renewable energy business, SAES is exploring the sector of next-generation electrochemical energy storage devices, such as super-condensers and lithium batteries. In particular, the Group is developing systems for checking the gas generation inside these devices, whose main application is in hybrid and electric engines.

Semiconductors Business

In the microelectronics market, SAES mission is to develop and sell advanced gas purification systems for the semiconductors industry and for other industries which use pure gases in their processes. Through the subsidiary SAES Pure Gas, Inc., the Group offers a full range of purifiers for bulk gases and special gases. The range of SAES purifiers, which covers the full spectrum of flows required and all gases normally used in the production processes, represents the market standard as regards the technology used, the totality of impurities removed and the lifespan of the purifiers.

Shape Memory Alloys Business Unit

Shape Memory Alloys (SMA) Business

SAES Group produces semi-finished products, components and devices, made of shape memory alloy, a special NiTinol alloy characterized by super elasticity and by the property of assuming predefined forms when subjected to heat treatment. The SAES production process, vertically integrated following the 2008 acquisitions, allows for complete flexibility in the supply of the products, together with a total quality control. These SMA special alloys, which today are mainly applied in the biomedical sector, are also perfectly suited to the production of actuators for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector).

Information Displays Business Unit

Liquid Crystal Displays (LCD) Business

For the television set, monitor and liquid crystal display industry, SAES provides technologies for absorbing harmful gases in the cold cathode fluorescent lamps (CCFL).

Organic Light Emitting Diodes (OLED) Business

Organic semiconductors have opened a new frontier in the displays industry: SAES, that already supplies dryers and highly sophisticated getters for OLED (Organic Light Emitting Diodes) displays, has also successfully completed the development of a new generation of getters, based on organic matrices, for the next-generation of ultra-flat large screen OLED TVs.

Please note that following the decision to suspend the production activities of SAES Getters (Nanjing) Co., Ltd., the last company of the Group dedicated to the production of getters used to maintain vacuum conditions in the cathode ray tubes (CRTs), all revenues and costs related to the *CRT Business* have been reclassified in the specific income statement item “Net result from discontinued operations”.

Main events for the year ended December 31, 2013

The fiscal year 2013 ended with consolidated sales equal to 128.5 million euro, affected by the negative exchange rate effect and by non-recurring items related in part to the recessive cycle and in part to some critical issues involving some key customers.

However, the results for the year, excluding non-recurring items resulting from the restructuring plan started in the third quarter, highlight the substantial maintenance of the main indicators, thanks to an improved product mix and the effects of the restructuring actions undertaken with the aim of increasing the operational efficiency.

The growth in revenues recorded in some businesses of the Industrial Applications (Semiconductors, Lamps and Electronic Devices) was not enough to offset the decrease in revenues in the Vacuum Systems Business and in that of the shape memory alloys. The vacuum systems segment appears to be decreasing compared to the previous year, characterized by strong investments made by some customers, as a consequence of the postponement of some research projects following the continuing global economic crisis; revenues of the Shape Memory Alloys business have been penalized by the exit from the market of a product at the end of its life cycle, as well as, compared to 2012, by some stock-building policies, concentrated in the second half of 2012 and in the first months of 2013, adopted by a major U.S. customer in the view of the launch of a new medical device, initially expected in the first half of 2013 and then postponed due to some delays in the FDA (Food and Drug Administration) qualification.

The Semiconductors business recorded an increase, thanks to the strategy of diversification both in the product offering and in the markets of reference implemented by the Group in the field of gas purification.

Also the lamps business and that of electronic devices recorded a slight growth: the former thanks to the partial reversal of the saving policies adopted by Japan to decrease the cost of lighting and to the increased attention of the regulations regarding the reduced use of mercury that promotes our technology compared to the competition; the latter thanks to the partial recovery of the defence sector and to the growth in the MEMS sector.

The **Information Displays** business has been characterized both by the disappearance of the LCD revenues, and by the low sales volumes in the OLED sector.

To face the decrease in revenues and the consequent reduction in margins, in the second half of 2013 the Group has implemented structural operations of organizational rationalization and cost reduction, including the shutdown of the manufacturing plant of Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. mainly dedicated to the production of getters for CRTs, accompanied by cyclical actions that resulted in the use of social security provisions and of voluntary redundancy procedures in the Italian companies of the Group.

The shutdown of the Chinese plant marks the final exit of the Group from the CRT Business. The other productions of SAES Getters (Nanjing) Co., Ltd. (in particular getters for lamps) have been gradually moved to the factory in Avezzano, while the subsidiary SAES Getters (Nanjing) Co., Ltd. will continue to manage the commercial activities of the Group in the People's Republic of China.

The restructuring operations have generated non-recurring charges (approximately 1.7 million euro at the result from continuing operation level, to which it needs to be added a loss from discontinued operations equal to -1.4 million euro), which, in turn, have affected the 2013 results. Excluding the non-recurring charges, the main financial indicators of the Group showed a substantial maintenance in 2013 compared to the previous year.

Here below the other significant events occurred in 2013.

On April 3, 2013 SAES Getters S.p.A. acquired, for an amount of 0.5 million euro, the last 20% of the shares of Memry GmbH, a company operating in the production and distribution of shape memory alloy (SMA) semi-finished products and components for industrial and medical applications.

On April 19, 2013 the SAES Group, through its subsidiary SAES Pure Gas, Inc., acquired from the U.S. company Power & Energy, Inc. its “hydrogen purifiers” business, mainly utilized in the semiconductors market. The acquired business includes patents, know-how, manufacturing processes and commercial supply agreements.

The acquisition price includes a fixed amount of 7 million USD, plus an earn-out related to future SAES revenues deriving from the sales of hydrogen purifiers, up to a maximum of 3 million USD. The first *tranche* of the fixed amount, equal to 3.2 million USD was paid at the closing of the transaction; the second *tranche*, equal to 2 million USD, was paid in January 2014, while the remaining amount (1.8 million USD) will be paid by January 23, 2015. The earn-out will be paid by SAES in quarterly *tranches*, each one equal to 10% of the net revenues recorded in the quarter by SAES and deriving from the sale of hydrogen purifiers to third parties, up to the agreed maximum amount of 3 million USD.

On August 1, 2013, following the decision made by the Johnson Matthey Group, an international company specialized in fine chemicals, to close its “Gas Purification Technology (GPT)” business, the subsidiary SAES Pure Gas, Inc. signed an agreement for the acquisition of some of the dismissed assets related to the hydrogen purification, including precious metal components (palladium), key inventory components, equipment, together with drawings, source coding and customers contact list, as well as warranted and non-warranted support and assistance obligations towards Johnson Matthey Inc. gas purifiers customers, which will be managed by SAES Pure Gas, Inc.

The purchasing price for the acquisition is equal to the price of the precious metal stock that is subject to the transfer at the “spot” value of the palladium at the closing date (about 0.6 million USD). The payment by SAES has been made in two *tranches*, of which the first *tranche*, amounting to 50% of the purchasing price, was paid at the closing date and the remaining 50% in the first months of 2014.

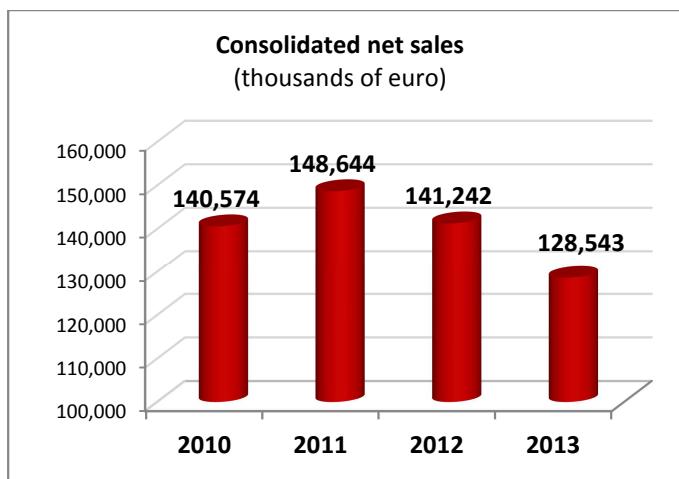
Both acquisitions are part of the strategy of strengthening the purification business, allowing the Group to complement its traditional offering, based on the getter technology, with innovative technology solutions in the field of catalytic hydrogen purification, with the consequent increase in the sales volumes and in the results of the Semiconductors business.

On June 14, 2013, the joint venture Actuator Solutions GmbH has established Actuator Solutions Taiwan Co., Ltd., a company 100% controlled by the former, for the development and distribution of SMA devices for the image focus and stabilization in tablet and smart-phone cameras. The new company is headquartered in Taiwan, in a strategic position for this market segment, characterized by a strong growth in the consumer electronics business.

On July 29, 2013 the capital stock of E.T.C. S.r.l. was increased from 20 thousand euro to 75 thousand euro. The increase was underwritten only by the majority shareholder SAES Getters S.p.A., while the minority shareholder Dr Michele Muccini didn't underwrite it. Following this transaction, the shareholding of SAES Getters S.p.A. in E.T.C. S.r.l. increased from 85% to 96%, while that of Dr Michele Muccini decreased from 15% to 4%. Please note that E.T.C. S.r.l. was already fully consolidated without any attribution to minority interests, because the shareholders' agreements provided for an obligation for the Parent Company to cover the losses also on behalf of the minority shareholder.

Notice is also given that on July 22, 2013 the Parent Company, prior to the capital increase, paid the sum of 981 thousand euro to cover the loss incurred by E.T.C. S.r.l. during the first half of 2013.

Sales and economical results for the fiscal year 2013



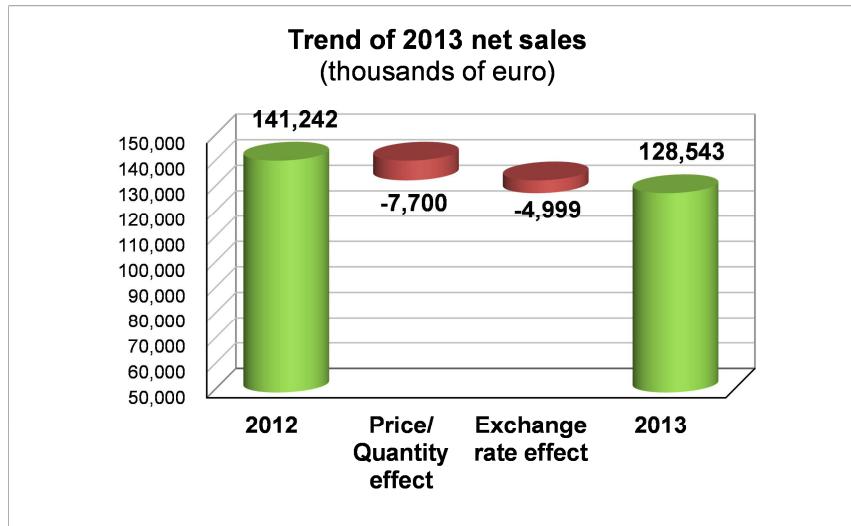
In 2013 **consolidated net revenues** were equal to 128,543 thousand euro, down (-9%) compared to 141,242 thousand euro achieved in 2012.

The **exchange rate effect** was negative and equal to -3.4%, due to the weakening of the U.S. dollar and of the yen against the euro, mainly concentrated in the second half of the year. At comparable exchange rates, consolidated net revenues would have decreased by 5.6% compared to 2012.

With respect to revenues, the **scope of consolidation** was unchanged compared to the previous year.

Total revenues of the Group, achieved by incorporating the 50% joint venture Actuator Solutions with the proportional method instead of the equity method, amounted to 133,292 thousand euro compared with 144,262 thousand euro² in 2012 (-7.6%).

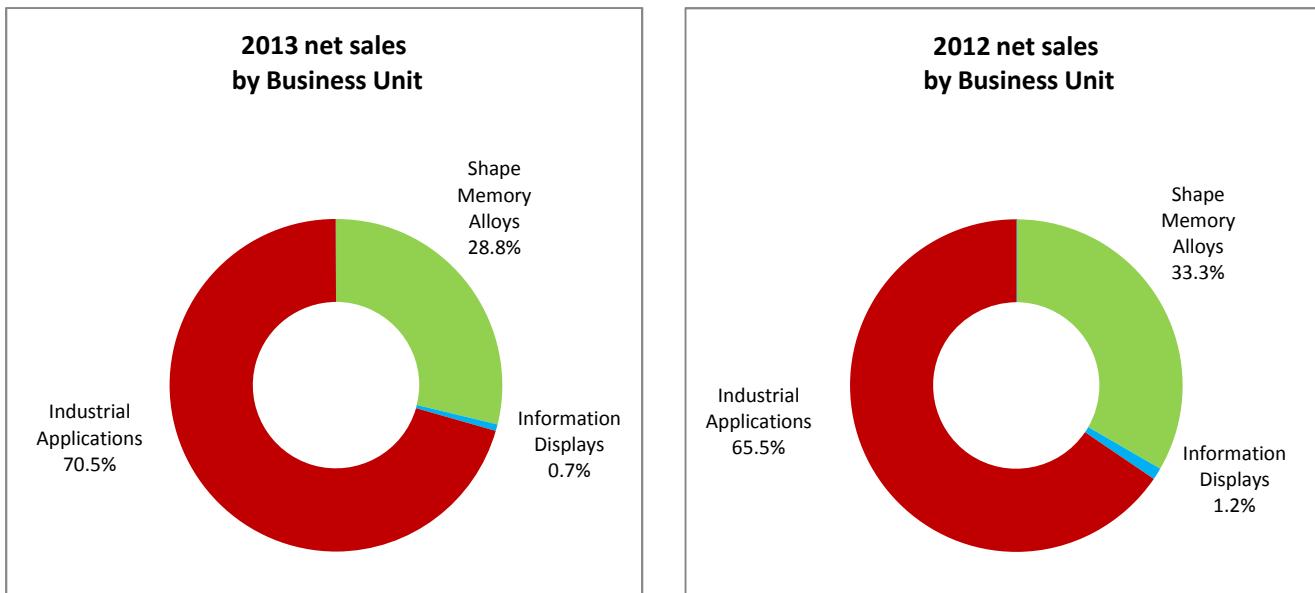
The following chart shows the trend of consolidated net sales during the year 2013, highlighting the effect of exchange rates and the variation due to the changes in selling prices and sales volumes:



2013 was characterized by a decrease in sales concentrated in the business of shape memory alloys for medical applications (the weight of the SMA sales over total consolidated revenues decreased from 33.3% to 28.8%) and in that of vacuum pumps for particle accelerators. Instead, all the other segments of the Industrial Applications Business Unit were substantially stable or slightly increased.

In the Information Displays Business Unit, LCD sales have practically disappeared, while OLED revenues remained low (0.6% of consolidated revenues) due to the delay in the mass introduction of TVs based on this technology.

² Please note that the joint venture Actuator Solutions GmbH has started to generate revenues from the second quarter of 2012, following the purchase of the SMA actuators business unit for the automotive sector.



The following table contains the breakdown of the consolidated net sales in 2013 and in 2012, by business segment, along with the percent change at current and comparable exchange rates:

Business	2013	2012	Difference	Difference %	Exchange rate effect %	Price/Quantity effect %
Electronic Devices	21,151	20,832	319	1.5%	-2.7%	4.2%
Lamps	12,150	11,506	644	5.6%	-4.1%	9.7%
Vacuum Systems and Thermal Insulation	12,041	15,687	(3,646)	-23.2%	-6.4%	-16.8%
Energy Devices	375	398	(23)	-5.8%	-0.4%	-5.4%
Semiconductors	44,951	44,073	878	2.0%	-3.4%	5.4%
Industrial Applications	90,668	92,496	(1,828)	-2.0%	-3.8%	1.8%
Shape Memory Alloys	37,017	47,088	(10,071)	-21.4%	-2.4%	-19.0%
Liquid Crystal Displays	30	761	(731)	-96.1%	-0.5%	-95.6%
Organic Light Emitting Diodes	802	885	(83)	-9.4%	-9.8%	0.4%
Information Displays (*)	832	1,646	(814)	-49.5%	-5.5%	-44.0%
Business Development	26	12	14	116.7%	-7.0%	123.7%
Total net sales	128,543	141,242	(12,699)	-9.0%	-3.4%	-5.6%

(*) Following the start of the process that will lead to the shutdown of the factory of SAES Getters (Nanjing) Co., Ltd., the last production unit working in the CRT business, its related revenues have been reclassified in the item "Results from discontinued operations", both for this year and for the previous one.

Revenues of the **Industrial Applications Business Unit** amounted to 90,668 thousand euro in 2013, down by 2% compared to 92,496 thousand euro in the previous year. The trend of the euro against the other major currencies affected the revenues of this Business Unit: in fact, excluding the exchange rate effect (-3.8%), sales increased by 1.8%.

Compared to 2012, please note the growth in the sector of gas purification (Semiconductors Business), driven by good sales both in the traditional semiconductors sector and in the field of displays. Also the Lamps Business increased (+9.7% excluding the exchange rate effect), thanks to the higher sales of mercury dispensers for fluorescent lamps following both the running out of the stock accumulated in the last part of 2012 and the need to employ alternative solutions with reduced environmental impact compared to the use of liquid mercury. In the Electronic Devices Business, the negative exchange rate effect (-2.7%) was offset by the positive product mix (+4.2%): sales in the defense sector have stabilized after the sharp decline that had characterized the previous year, while the sales of solutions for MEMS miniaturized sensors are growing.

On the other hand, the vacuum systems sector (Vacuum Systems and Thermal Insulation Business) decreased, with regards both to the getter pumps in the field of industrial analytical instrumentation, and to the products

for thermal insulation (particularly in the solar thermal sector, that recorded a further contraction of the market in 2013).

The *Energy Devices Business* has been penalized by the cuts in public incentives in the renewable energy sector and recorded a sharp slowdown in sales especially in the second half of the year following the shutdown of the production lines of the main customer.

Sales of the *Electronic Devices Business* were equal to 21,151 thousand euro, up by 1.5% compared to 20,832 thousand euro in 2012. Excluding the negative exchange rate effect (-2.7%), the overall organic growth was 4.2%.

Sales of the *Lamps Business* amounted to 12,150 thousand euro, up by 5.6% compared to 11,506 thousand euro in 2012. Excluding the negative exchange rate effect (-4.1%), the lamps business showed a strong growth (9.7%) compared to the previous year.

Sales of the *Vacuum Systems and Thermal Insulations Business* were equal to 12,041 thousand euro in 2013, compared to 15,687 thousand euro in 2012. The currency effect was negative and equal to -6.4%, while the overall organic decrease was equal to -16.8%.

Sales of the *Energy Devices Business* were equal to 375 thousand euro, compared to 398 thousand euro in 2012 (-5.8%). The exchange rate effect was negative and equal to -0.4%.

Sales of the purification sector (*Semiconductors Business*) were equal to 44,951 thousand euro in 2013, up by 2% compared to 44,073 thousand euro in 2012; the currency trend led to a negative exchange rate effect equal to -3.4%, net of which sales increased by 5.4%.

Revenues of the **Shape Memory Alloys Business Unit** amounted to 37,017 thousand euro in 2013, down by 21.4% compared to 47,088 thousand euro in the previous year. The exchange rate effect was negative and equal to -2.4%, net of which the decrease in revenues was reduced to -19%.

The decrease in revenues, concentrated in the medical SMAs, was due to the combined effect of the exit from the market of a product at the end of its life cycle and by the fact that, in the second half of 2012 and in the first months of 2013, a major customer had adopted some stock-building policies in the view of the launch of a new medical device, initially expected in the first half of 2013 and then postponed due to some delays in the FDA (Food and Drug Administration) qualification. Please also note, as a temporary impact in the second half of 2013, the slowdown in the sales of the subsidiary SAES Smart Materials, Inc., caused by the de-stocking policy cyclically undertaken by a major customer.

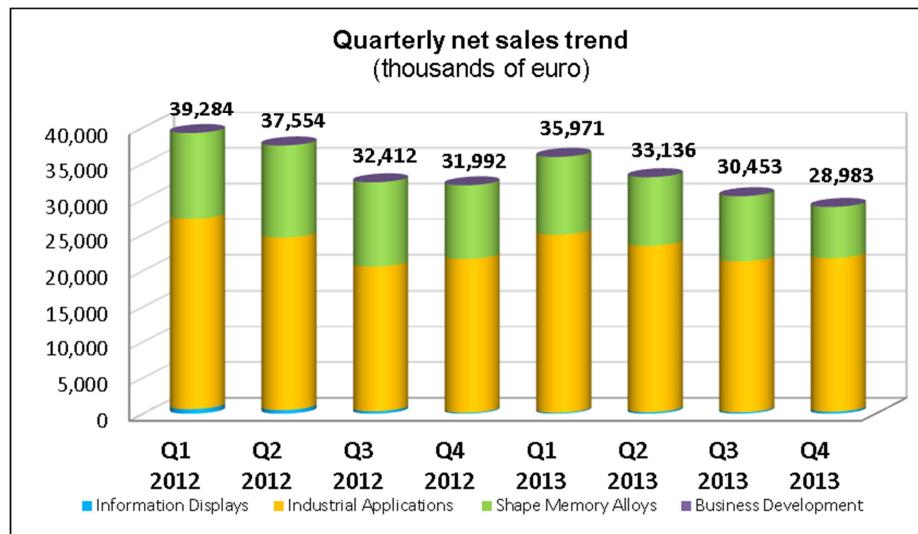
Revenues of the **Information Displays Business Unit** amounted to 832 thousand euro in 2013, down by 49.5% compared to 2012 that recorded revenues of 1,646 thousand euro. The currency trend led to a negative exchange rate effect of -5.5%.

The decrease is due both to the disappearance of the LCD revenues, and to the continued low volumes in the OLED business.

Sales of the *Liquid Crystal Displays Business* were essentially zero (30 thousand euro in 2013, compared to 761 thousand euro in 2012).

The *Organic Light Emitting Diodes (OLED) Business* recorded sales of 802 thousand euro, compared to 885 thousand euro in 2012 (-9.4%); excluding the negative exchange rate effect (equal to -9.8%), the sales of this business remained substantially stable (+0.4%), although still at levels typical of a start-up business.

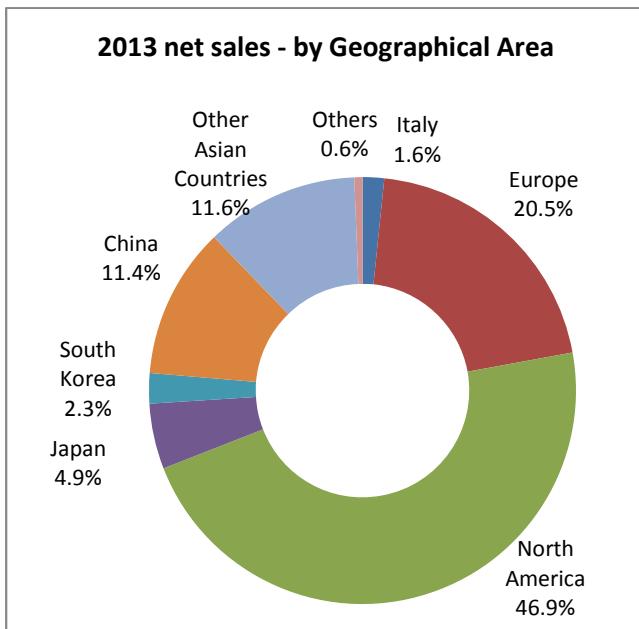
The following chart shows the quarterly trend of revenues in 2013 and in 2012, with evidence of the breakdown by Business Unit:



While revenues of the SMA Business Unit showed a gradual decline in 2013, in the Industrial Applications Business Unit the progressive decline in the first three quarters has stopped in last quarter thanks to the lamps business, which recorded a trend reversal compared to the previous periods.

A breakdown of **revenues by geographical location of customers** is provided below:

Geographical area	2013	%	2012	%	Difference	Difference %
Italy	2,089	1.6%	3,464	2.5%	(1,375)	-39.7%
Europe	26,386	20.5%	24,641	17.4%	1,745	7.1%
North America	60,322	46.9%	68,567	48.5%	(8,245)	-12.0%
Japan	6,362	4.9%	8,686	6.1%	(2,324)	-26.8%
South Korea	2,932	2.3%	8,800	6.2%	(5,868)	-66.7%
China	14,708	11.4%	10,238	7.2%	4,470	43.7%
Other Asian countries	14,966	11.6%	15,914	11.3%	(948)	-6.0%
Others	778	0.6%	932	0.7%	(154)	-16.5%
Total net sales	128,543	100%	141,242	100%	(12,699)	-9.0%



Compared to the previous year, in 2013 sales of the gas purification business were mainly concentrated in China and North America, while they decreased in South Korea. Despite the increase in revenues in the Semiconductors Business, sales in the U.S. went down due to the already mentioned weakness of the medical SMA business. The decrease in sales in Japan was instead due to lower projects both for the technology upgrade and for the construction of particle accelerators, and thus to lower sales of vacuum pumps.

To face the decrease in revenues and the consequent reduction in margins, in the second half of 2013 the Group has implemented **structural operations of organizational rationalization**, including the shutdown of the manufacturing plant of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. mainly dedicated to the production of getters for CRTs and other operations of workforce reduction, accompanied by **cyclical actions** that resulted in the use of social security provisions and of voluntary redundancy procedures in the Italian companies of the Group.

The restructuring operations have generated **non-recurring charges**, approximately **1.7 million euro** (excluding the fiscal effect), to which it needs to be added a **loss from discontinued operations** equal to **1.4 million euro**.

The detail of the non-recurring items which affected the 2013 results is provided below:

Non recurring items - full year 2013

(thousands of euro)	Income	Expenses	Total
Cost of sales			
Write down of assets	0	(3)	(3)
Write down of inventory	0	(325)	(325)
Personnel restructuring	1,290 (*)	(916)	374
Total effect on cost of sales	1,290	(1,244)	46
Operating expenses			
Write down of assets	0	(466)	(466)
Write down of inventory	0	0	0
Personnel restructuring	489 (*)	(1,959)	(1,470)
Total effect on operating expenses	489	(2,425)	(1,936)
Total effect on income (loss)	1,779	(3,669)	(1,890)
Income taxes			222
Net income (loss) from continued			(1,668)

(*) Personnel cost decrease resulting from the use of the social security provisions in the Italian Group companies, the use of which will continue for the full year 2014.

The following table provides the effects of the non-recurring items related to the organizational rationalization on the 2013 results:

(thousands of euro)	Gross profit	EBITDA	Operating income (loss)	Income (loss) before taxes	Net income (loss) from continued operations
2013	51,417	15,744	5,508	3,447	831
<i>% on sales</i>	<i>40.0%</i>	<i>12.2%</i>	<i>4.3%</i>	<i>2.7%</i>	<i>0.6%</i>
Non-recurring income (expenses)	46	(1,421)	(1,890)	(1,890)	(1,668)
2013 adjusted(*)	51,371	17,165	7,398	5,337	2,499
<i>% on sales</i>	<i>40.0%</i>	<i>13.4%</i>	<i>5.8%</i>	<i>4.2%</i>	<i>1.9%</i>
2012	58,373	22,870	12,701	10,100	4,606
<i>% on sales</i>	<i>41.3%</i>	<i>16.2%</i>	<i>9.0%</i>	<i>7.2%</i>	<i>3.3%</i>

(*) Net of non-recurring items attributable to the organizational rationalization implemented during 2013

Consolidated gross profit was equal to 51,417 thousand euro (40% of consolidated revenues) in 2013, down when compared to 58,373 thousand euro (41.3% of consolidated revenues) in 2012. Excluding the financial effects of the restructuring operations implemented during the second half of the year, the **adjusted gross profit** would have been substantially unchanged and equal to 51,371 thousand euro: the severance costs (916 thousand euro subsequent to the voluntary redundancy procedure in the subsidiary SAES Advanced Technologies S.p.A.) and the write-downs required for the shutdown of the Chinese plant (328 thousand euro) have been, in fact, offset by the savings resulting from the use of the social security provisions (1,290 thousand euro).

Despite the decrease in revenues, the combined effect of a more favorable sales mix and of the first positive effects resulting from the organizational rationalization allowed to limit the decline in margins compared to the previous year. For further details, please refer to the analysis by Business Unit.

The following table shows the 2013 gross profit by Business Unit, with evidence of the effect of the non-recurring items attributable to the organizational rationalization implemented during the second half of the year:

(thousands of euro)	Business Unit				Business Unit			
	2013	2012	Difference	Difference %	2013 adjusted	2012	Difference	Difference %
Industrial Applications <i>% on Business Unit net sales</i>	39,439 43.5%	41,527 44.9%	(2,088)	-5.0%	39,382 43.4%	41,527 44.9%	(2,145)	-5.2%
Shape Memory Alloys <i>% on Business Unit net sales</i>	11,992 32.4%	16,706 35.5%	(4,714)	-28.2%	12,012 32.4%	16,706 35.5%	(4,695)	-28.1%
Information Displays <i>% on Business Unit net sales</i>	272 32.7%	472 28.7%	(200)	-42.4%	264 31.7%	472 28.7%	(209)	-44.2%
Business Development & Corporate Costs <i>% on Business Unit net sales</i>	(286) n.s.	(332) n.s.	46	13.9%	(286) n.s.	(332) n.s.	46	13.9%
Gross profit	51,417	58,373	(6,956)	-11.9%	51,371	58,373	(7,002)	-12.0%

Gross profit of the **Industrial Applications Business Unit** amounted to 39,439 thousand euro in 2013, compared to 41,527 thousand euro in 2012. Substantially unchanged was the 2013 adjusted value (39,382 thousand euro). As a percentage of revenues, the gross margin³ was equal to 43.5%, slightly down compared to 44.9% in the previous year: the more and more increasing pricing pressure in the lamps business and the decrease in the sales of the vacuum pumps business were offset by a more favorable product mix in the business of electronic devices and in that of gas purification.

Please note that the gross profit of the Industrial Applications Business Unit was penalized by the write-down (487 thousand euro) made by the Parent company on the production line dedicated to getters for solar cells, made it necessary by the shutdown of the production line of the main customer.

Gross profit of the **Shape Memory Alloys Business Unit** amounted to 11,992 thousand euro in 2013 (the adjusted gross profit was equal to 12,012 thousand euro) compared to 16,706 thousand euro in 2012. Despite

³ Calculated as gross profit on consolidated net sales.

the shift in the sales mix towards medical solutions with a lower absorption of raw materials, the decrease in revenues and the consequent higher incidence of manufacturing fixed costs, led to a reduction of the gross margin that decreased from 35.5% to 32.4%.

Gross profit of the **Information Displays Business Unit** amounted to 272 thousand euro in 2013 (the adjusted gross profit was equal to 264 thousand euro), down compared to 472 thousand euro in 2012. On the contrary, the gross margin increased from 28.7% to 32.7%.

The gross loss of the **Business Development Unit & Corporate Costs** was equal to 286 thousand euro, substantially in line with that of the previous year (-332 thousand euro).

Consolidated operating income amounted to 5,508 thousand euro in 2013, compared to an operating income of 12,701 thousand euro in the previous year. In percentage terms, the operating margin was equal to 4.3%, compared to 9% in 2012. Excluding the non-recurring restructuring charges that penalized the current year, the **adjusted operating income** would have amounted to 7,398 thousand euro in 2013 (5.8% as a percentage of consolidated revenues), down by 41.8% compared to 2012: despite the containment of operating expenses, the decrease in revenues and in the gross profit led to the consequent reduction in the operating income.

The following table shows the operating income of the fiscal year 2013 by Business Unit, with evidence of the effect of the non-recurring items attributable to the organizational rationalization implemented during the second half of the year:

(thousands of euro)	Business Unit	2013	2012	Difference	Difference %	2013 adjusted	2012	Difference	Difference %
Industrial Applications		21,145	26,385	(5,240)	-19.9%	22,012	26,385	(4,373)	-16.6%
Shape Memory Alloys		2,905	6,201	(3,296)	-53.2%	3,033	6,201	(3,168)	-51.1%
Information Displays		(1,980)	(1,850)	(130)	-7.0%	(1,909)	(1,850)	(59)	-3.2%
Business Development & Corporate Costs		(16,562)	(18,035)	1,473	8.2%	(15,737)	(18,035)	2,298	12.7%
Operating income (loss)		5,508	12,701	(7,193)	-56.6%	7,398	12,701	(5,303)	-41.8%

Operating income of the **Industrial Applications Business Unit** amounted to 21,145 thousand euro in 2013. The same adjusted figure would have amounted to 22,012 thousand euro, compared to 26,385 thousand euro in 2012: the decrease (-16.6%) was mainly due to the reduction in sales which led to a contraction of the gross profit (-2,145 thousand euro), combined with a slight increase in the operating expenses (in particular, travel expenses and higher amortization of intangible assets identified with the acquisition of the “hydrogen purifiers” business by Power & Energy, Inc., in compliance with IFRS 3).

Operating income of the **Shape Memory Alloys Business Unit** was equal to 2,905 thousand euro, while the same adjusted figure would have amounted to 3,033 thousand euro, compared to 6,201 thousand euro in the previous year: the containment of operating expenses in absolute terms (in particular, the reduction in personnel cost resulting from the staff rationalization operations and from lower variable compensations) was not enough to offset the decrease in revenues and the consequent decline in the gross profit.

The **Information Displays Business Unit** ended the year 2013 with an operating loss equal to -1,980 thousand euro (adjusted operating loss equal to -1,909 thousand euro), to be compared with -1,850 thousand euro in the previous year. Despite the positive gross profit, the volumes of the OLED business were not yet enough to support the operating expenses (in particular, research expenses) and to ensure an operating income.

The operating loss of the **Business Development Unit & Corporate Costs** amounted to -16,562 thousand euro in 2013 and it included both the result of the Business Development Unit and the costs that cannot be directly attributed or reasonably allocated to any business sector but that refer to the Group as a whole. Excluding the non-recurring restructuring charges that penalized the year 2013, the adjusted operating loss would have amounted to -15,737 thousand euro, to be compared with a loss equal to -18,035 thousand euro in 2012: this improvement was mainly attributable to the reduction in the G&A expenses of the Parent Company

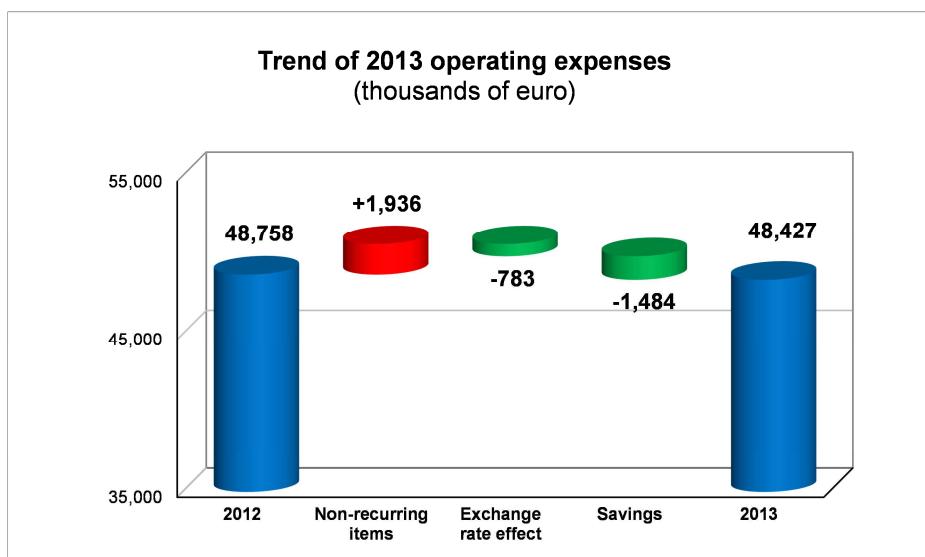
(in particular, lower consultant fees and training expenses, reduced hardware rental costs following the renegotiation of the related supply contracts, a reduction in the remuneration paid to the Executive Directors and lower variable compensations).

Total **consolidated operating expenses** were equal to 48,427 thousand euro; excluding the non-recurring restructuring charges that penalized the current year (1,936 thousand euro), operating expenses decreased to 46,491 thousand euro in 2013 and recorded a significant decrease (-4.6%) compared to 48,758 thousand euro in 2012, reflecting the continuous commitment of the Group to control costs, as well as the effect of the first savings resulting from the actions of organizational rationalization implemented during the second half of the year.

In particular, the reduction, partly attributable to the exchange rate effect (-783 thousand euro) is mainly concentrated in the **general and administrative expenses** (reduction of the contractual emoluments of the Executive Directors, lower variable compensations for employees, reduction of consultant fees and reduced hardware rental costs following the renegotiation of the related supply contracts) and in the **selling expenses** (savings deriving from the staff rationalization and lower variable compensations).

By contrast, the **research and development expenses** were slightly higher in absolute terms: the higher costs related to the increase of the workforce engaged in research activities at the Parent company in the second half of 2012 were only partly offset by the containment of the consultant fees.

The following chart shows the trend of operating expenses in the fiscal year 2013:



Total **personnel costs** amounted to 54,881 thousand euro in 2013, down by 3% compared to 56,573 thousand euro in 2012: the reduction of personnel costs made possible by the staff rationalization plan, the decrease in variable compensations in line with the trend of the corporate results of the year and the savings resulting from use of defensive job-security agreements by the subsidiary SAES Advanced Technologies S.p.A. more than offset the severance costs (equal to 2,874 thousand euro) following the restructuring actions that have affected the second half of 2013.

The result of the year takes into account **depreciation and amortization** (of tangible and intangible assets) equal to 9,436 thousand euro (9,957 thousand euro in the previous year).

The slight reduction in depreciation and amortization, equal to 521 thousand euro, was mainly due to the fact that some assets have reached the end of their useful life in 2013. Please also note that, in the second half of 2013, this item benefited from a reduction of approximately 276 thousand euro, following the review, based on some independent third party appraisals, of the remaining useful life of the production plant and machinery of the subsidiary SAES Advanced Technologies S.p.A. For further details please refer to Note no. 16.

Consolidated EBITDA amounted to 15,744 thousand euro in 2013 (12.2% of consolidated revenues), compared to 22,870 thousand euro in 2012 (16.2% as a percentage of revenues). Excluding the non-recurring restructuring charges that penalized the current year, the **adjusted EBITDA** would have been equal to 17,165 thousand euro (13.4% in terms of revenues).

The item **royalties** (2,105 thousand euro as at December 31, 2013) is exclusively composed of the lump-sums and by the royalties accrued for the licensing of the thin film getter technology for MEMS of new generation (to be compared with 2,452 thousand euro in 2012).

The decrease compared to the previous year (-347 thousand euro) is due to the lower lump-sums pertaining to 2013; instead, the amount of the commissions received was unchanged.

The balance of **other net income (expenses)** was positive and equal to 413 thousand euro (compared to a positive balance amounting to 633 thousand euro in 2012) and it was mainly composed of a penalty paid by a customer for the cancellation of some orders (0.2 million euro) and by the release of a provision following the favorable settlement of a dispute of the subsidiary SAES Advanced Technologies S.p.A. with a supplier (0.1 million euro).

The net balance of **financial income and expenses** was negative and amounted to -1,320 thousand euro (compared to a negative balance of -1,666 thousand euro in 2012), 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.

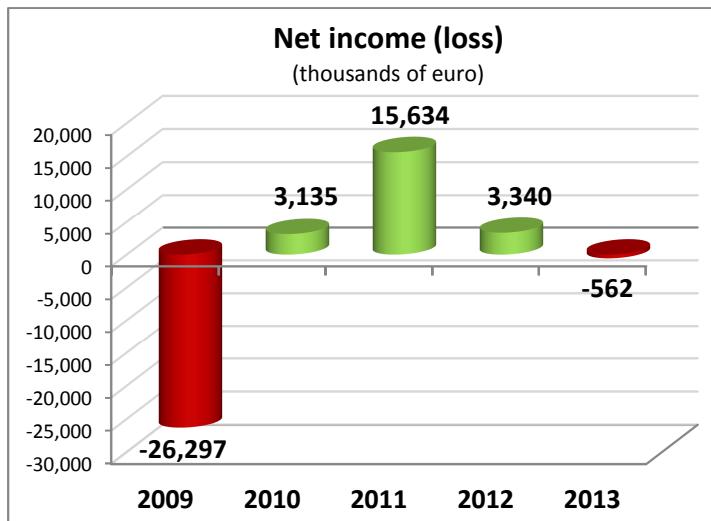
The loss deriving from the **evaluation with the equity method** of the joint venture Actuator Solutions amounted to -712 thousand euro (-829 thousand euro in the previous year). For further details on the composition of such loss, please refer to the Note no. 18.

The sum of the **exchange rate differences** recorded a balance at break-even (-29 thousand euro) in 2013, substantially in line with that of 2012 (-106 thousand euro) and guaranteed by the same hedging policy adopted by the Group in the previous year.

Consolidated income before taxes amounted to 3,447 thousand euro (10,100 thousand euro in 2012); excluding the non-recurring restructuring charges that penalized the year 2013, the adjusted figure would have been equal to 5,337 thousand euro.

Income taxes were equal to 2,616 thousand euro, compared to 5,494 thousand euro in 2012. The Group tax rate was 75.9% (the 2012 tax rate was 54.4%); the increase compared to the previous year is mainly the result of tax losses, primarily related to the shutdown of the factory of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., for which deferred tax assets have not been recognized as it is not expected that these losses may be used to offset future taxable income.

In 2013 the income taxes include a benefit resulting from the inclusion by the Parent Company of deferred tax assets on 2013 tax losses equal to 3 million euro (about 2.4 million euro of deferred tax assets on tax losses accounted for by SAES Getters S.p.A. in 2012). The inclusion of deferred tax assets is explained by the expectations of growth of the production activities in the Italian factories of the Group as expected in the industrial plan, that will generate taxable income in the years to come.



Consolidated net result was negative and equal to -562 thousand euro in 2013, compared to a net income of 3,340 thousand euro in the previous year.

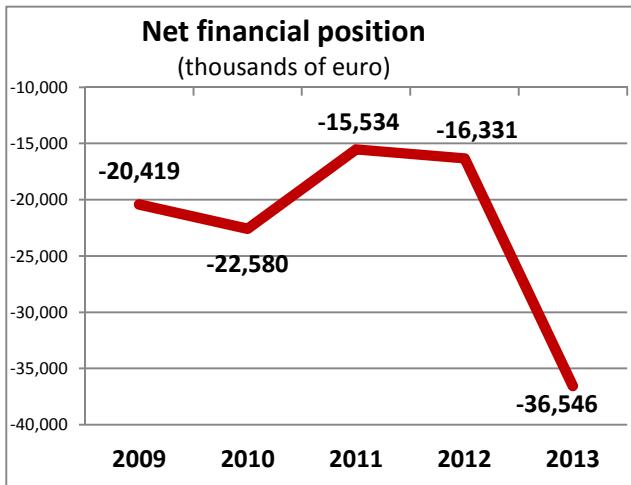
Please note that the 2013 net result includes a **loss deriving from assets held for sale and discontinued operations** of 1,393 thousand euro, corresponding to the net income of the CRT business, discontinued following the decision to shut-down the last factory dedicated to the production of getters for cathode ray tubes. This loss includes severance costs equal to 235 thousand euro as well as write-downs for an amount of 561 thousand euro, all related with the restructuring process implemented during the second half of 2013. For more details, please refer to the Note no. 13.

Net financial position – Investments – Other information

A breakdown of the items making up the consolidated net financial position is provided below:

(thousands of euro)	December 31, 2013	June 30, 2013	December 31, 2012
Cash on hands	17	19	16
Cash equivalents	20,317	15,779	22,594
Cash and cash equivalents	20,334	15,798	22,610
Current financial assets	0	124	114
Bank overdraft	(33,371)	(26,820)	(10,051)
Current portion of long term debt	(18,283)	(22,268)	(6,476)
Related parties financial liabilities	0	0	(2,019)
Other current financial liabilities	(2,471)	(2,443)	(1,276)
Current financial liabilities	(54,125)	(51,531)	(19,822)
Current net financial position	(33,791)	(35,609)	2,902
Long term debt, net of current portion	(80)	(80)	(19,179)
Other non current financial liabilities	(2,675)	(3,607)	(54)
Non current liabilities	(2,755)	(3,687)	(19,233)
Net financial position	(36,546)	(39,296)	(16,331)

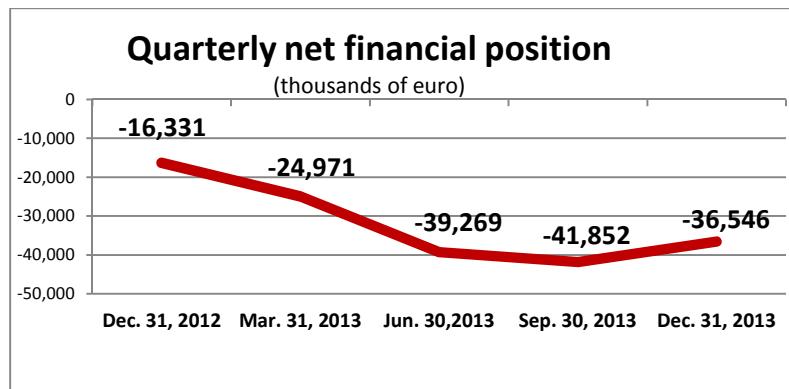
The **consolidated net financial position** as at December 31, 2013 was negative and equal to 36,546 thousand euro (cash equal to +20,334 thousand euro and net financial liabilities equal to -56,880 thousand euro), compared to a negative net financial position equal to 16,331 thousand euro as at December 31, 2012.



The worsening compared to December 31, 2012 was primarily due to the expenditures aimed at the technological strengthening of the Semiconductors Business (-7.5 million euro, of which 2.7 million euro already paid as at December 31, 2013 and 4.8 million euro included in the short term and long term financial debts depending on their contractual maturities) and to the payment of dividends (about 10 million euro).

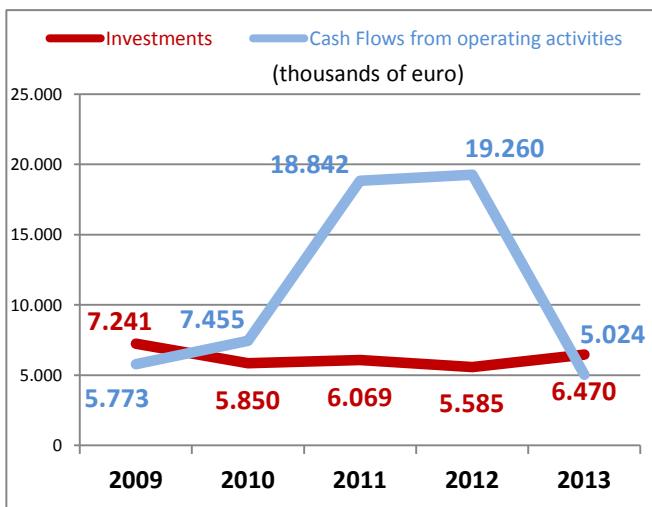
The exchange rate effect was almost null (+27 thousand euro): the negative effect on the long-term debt⁴ generated by the appreciation of the U.S. dollar in the first semester has been completely offset by the positive effect deriving from the devaluation of the dollar/euro in the second half of the year.

The chart below shows the quarterly amount of the net financial position during the fiscal year 2013:



By looking at the quarterly performance of the consolidated net financial position, please note, after the gradual deterioration in the first three quarters of the year, its remarkable improvement in the fourth quarter of 2013 (+5,306 thousand euro), fully attributable to the cash flows generated from the operating activities: the self-financing generated by the Group in the quarter can be added to the improvement in the net working capital (in particular, a decrease in trade receivables following higher proceeds in the gas purification business).

⁴ Almost all of the Group's long term financial debts are in U.S. dollar and they are held by the U.S. subsidiaries.



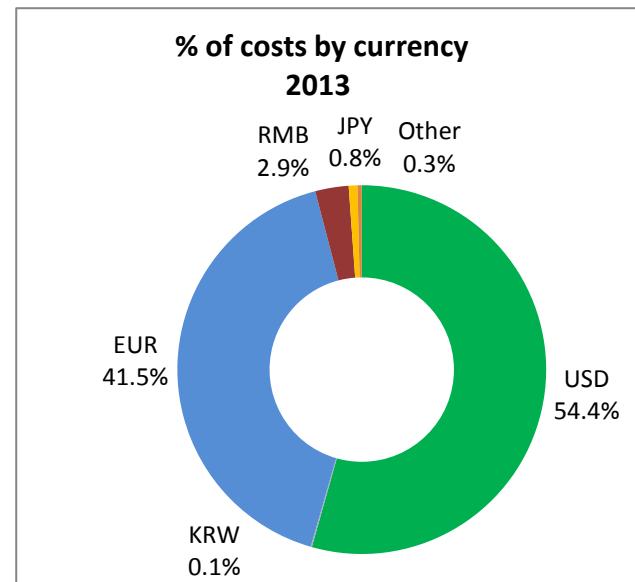
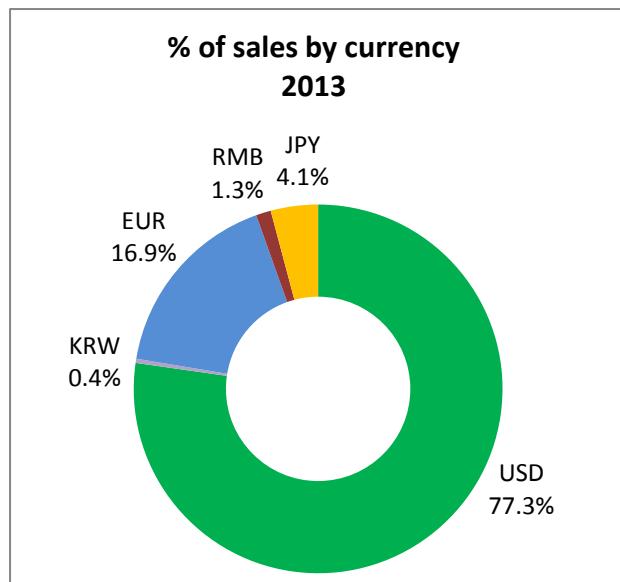
The cash flow from operating activities was positive and amounted to 5,024 thousand euro (3.9% of consolidated revenues), compared to 19,260 thousand euro in 2012 (13.6% of revenues). The decrease was mainly due to lower sales and non-recurring cash-out incurred in 2013 following the implementation of the Group restructuring plan.

In 2013, cash payments for investment in tangible fixed assets amounted to 6,470 thousand euro, substantially in line with those of the previous years (5,585 thousand euro in 2012). Instead, investments in intangible assets were not significant (285 thousand euro). Please also note, within the investment activities, the payment of 500 thousand euro for the acquisition of the last 20% of the shares of Memry GmbH and the payment of 2,675 thousand euro for the technological strengthening of the Semiconductors Business.

For more details on the investments, please refer to Notes no. 3, no. 16 and no. 17.

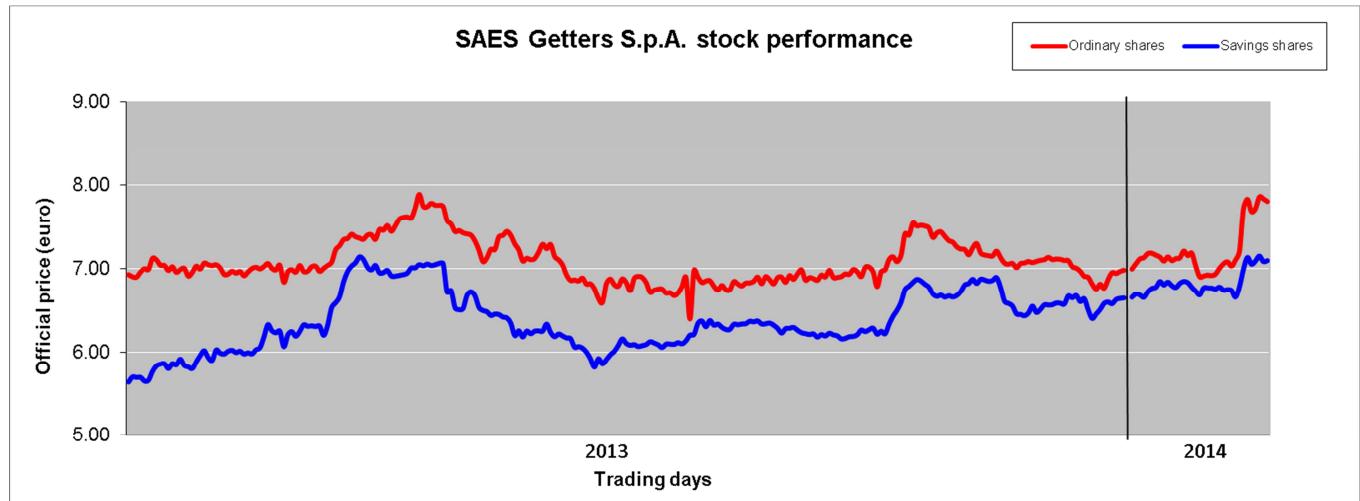
As at December 31, 2013, following the failure to comply with certain financial covenants⁵ in force, the long-term share of the loans of the U.S. subsidiaries Memry Corporation and SAES Smart Materials, Inc. has been reclassified as current (for further details please refer to Note no. 28). However, please note that on January 20, 2014 the issuing bank formally accepted the waiver to recall the debt and, simultaneously, the financial covenants governing these loans have been renegotiated with the financing institution (for further details please refer to the paragraph "Subsequent Events" of this Report).

The composition of net sales and costs (cost of sales and operating expenses) by currency is provided below:



⁵ Calculated on consolidated economic-financial figures.

The official price trend for ordinary and savings shares during the year 2013 is given below:



Ordinary and savings shares listed on the STAR segment of Mercato Telematico Azionario of Borsa Italiana in 2013 increased their values by +1% and +18% respectively, compared with an increase of 12% and 53% recorded on the FTSE MIB and FTSE Italia Star indices respectively.

The following table shows the main ratios:

Ratios	2013 adjusted	2013	2012	2011	
Operating income / Total net sales	%	5.8	4.3	9.0	8.7
Income before taxes / Total net sales	%	4.2	2.7	7.2	7.4
Net income from continued operations / Total net sales	%	1.9	0.6	3.3	10.3
Net income from continued operations / Average shareholders' equity (ROAE)	%	2.5	0.8	4.3	14.2
Research expenses / Total net sales	%	11.5	11.6	10.2	9.3
Depreciation of tangible assets / Total net sales	%	6.0	6.0	5.9	6.0
Cash flows from operating activities / Total net sales	%	3.9	3.9	13.6	12.7
Taxes / Income before taxes	%	53.2	75.9	54.4	-38.6
Total net sales / Average number of employees (*)	keuro	133	133	142	146
Accumulated depreciation / Tangible assets	%	70.0	70.0	68.7	68.1

(*) Calculated without considering the employees of the joint venture Actuator Solutions (established on July 5, 2011) evaluated using the equity method

Performance of SAES Getters S.p.A.'s subsidiaries

SAES ADVANCED TECHNOLOGIES S.p.A., Avezzano, AQ (Italy)

In 2013 the company achieved revenues equal to 33,076 thousand euro, compared to 37,375 thousand euro in the previous year. The decrease mainly concerned the sales of mercury dispensers for LCDs (due to the structural crisis of this business), and those of getter pumps for the industrial analytical instrumentation (penalized by the ongoing global economic crisis).

The decrease in revenues was the main cause of the deterioration in the net income that decreased from 7,115 thousand euro in 2012 to 3,332 thousand euro for the current year (-53.2%).

The use of the social security provisions, that will continue throughout 2014, led to a reduction of 1,537 thousand euro in personnel costs in 2013, while the severance costs related to the voluntary redundancy procedures implemented in the second semester amounted to 1,014 thousand euro.

SAES GETTERS USA, Inc., Colorado Springs, CO (USA)

The company recorded consolidated revenues equal to 83,225 thousand USD in 2013 (62,664 thousand euro at the average exchange rate of 2013), compared to 78,024 thousand USD in 2012 (60,729 thousand euro at the average exchange rate) and a consolidated net income of 9,533 thousand USD (7,177 thousand euro), compared to a consolidated net income of 7,366 thousand USD in 2012 (5,733 thousand euro).

Further notes are provided below.

The U.S. parent company **SAES Getters USA, Inc.** (which operates primarily in the Industrial Applications Business Unit) reported sales of 16,845 thousand USD, up when compared to 14,771 thousand USD recorded in the previous year. The increase was mainly due to the stabilization of sales in the defense sector, after the rapid decline that characterized the previous year, and to the recovery in the lighting business.

The company ended the year with a net income of 9,533 thousand USD, up when compared to a net income of 7,366 thousand USD in 2012 due to both the increase in sales and the higher income deriving from the evaluation of the shareholdings in the subsidiaries SAES Pure Gas, Inc. and Spectra-Mat, Inc., that have ended the year 2013 with a net income higher than that of the previous year.

The subsidiary **SAES Pure Gas, Inc.** based in San Luis Obispo, CA (USA) (active in the Semiconductors Business) achieved sales of 59,298 thousand USD (compared to 56,386 thousand USD in the previous year) and a net income of 7,234 thousand USD (compared to 5,695 thousand USD in 2012): the increase in revenues, driven by good sales both in the traditional semiconductors business and in the displays one, and a more favorable product mix allowed to end 2013 with a net income higher than the previous year, despite higher operating expenses (higher transport costs and higher commissions paid to brokers, both related to the increase in sales, and a higher amortization related to intangible assets identified with the acquisition of the “hydrogen purifiers” business by Power & Energy, Inc.).

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Electronic Devices business, achieved revenues of 7,082 thousand USD in 2013, slightly up (3.1%) when compared to 6,867 thousand USD in the previous year, and a net loss of 239 thousand USD (the net loss realized in 2012 was 405 thousand USD). Despite the fact that the 2013 result was negatively affected by severance costs (192 thousand USD) related to the organizational rationalization activities, the increase in sales volumes and a product mix with higher gross margin allowed to halve the loss compared to the previous year.

SAES GETTERS EXPORT, Corp., Wilmington, DE (USA)

The company, which is owned directly by SAES Getters S.p.A., operates with the object of managing the exports of some U.S. Group's companies.

In 2013 it achieved a net income of 7,077 thousand USD (5,329 thousand euro), slightly down when compared to the previous year (7,295 thousand USD, equal to 5,678 thousand euro), due to the lower commissions income⁶ collected from the associated companies for which it handles the exports.

SAES GETTERS (NANJING) Co., Ltd., Nanjing (P.R. of China)

The company, the last production unit of the Group dedicated to the production of getters for CRTs, ceased its production activity during the second half of 2013. The shutdown of the Chinese factory marks the final exit of the Group from the CRT business; the other smaller productions made by SAES Getters (Nanjing) Co., Ltd. (in particular, getters for lamps) were gradually absorbed by the factory of Avezzano, while in the future the subsidiary SAES Getters (Nanjing) Co., Ltd. will continue to manage the commercial activities of the Group in the People's Republic of China.

The company ended 2013 with revenues equal to 26,152 thousand RMB (3,203 thousand euro), compared to 23,544 thousand RMB (equal to 2,905 thousand euro) in the previous year: the decline in the Information

⁶ Being intercompany commissions, their reduction has no relevance on the consolidated result.

Displays business was more than offset by the growth in all the segments of the Industrial Applications business (in particular, higher sales of getter components for lamps and higher commissions paid by the subsidiary SAES Pure Gas, Inc. on the sales of gas purifiers made in the Chinese territory).

The company ended the year with a loss of 22,052 thousand RMB (2,701 thousand euro), more than doubled compared to a loss of 10,041 thousand RMB (1,239 thousand euro) in the previous year; however, excluding the non-recurring restructuring charges that affected the second half of 2013 (write-downs and costs related to staff reduction, totaling 16,223 thousand RMB), the net loss would have been reduced to 5,829 thousand RMB (714 thousand euro), down when compared to 2012 thanks to the reduction of the manufacturing fixed costs.

MEMRY GmbH, Weil am Rhein (Germany)

The company, which manufactures and markets in the European market shape memory alloy components for both medical and industrial applications, in 2013 reported sales equal to 3,354 thousand euro, substantially in line with those of the previous year (3,382 thousand euro), and a net income of 181 thousand euro, up when compared to 92 thousand euro in 2012: the higher incidence of in-house manufactured medical components compared to the resale ones allowed to increase the gross margin and, consequently, the net income.

Please note that on April 3, 2013 SAES Getters S.p.A. acquired, for a total amount of 0.5 million euro, the last 20% of the shares of Memry GmbH, as better described in the section “Main events for the year ended December 31, 2013”.

SAES NITINOL S.r.l., Lainate, MI (Italy)

The company, 100% owned by SAES Getters S.p.A., was established on May 12, 2011 and has as its business purpose the design, the production and the sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, on July 5, 2011, it established the joint venture Actuator Solutions GmbH, together with the German group Alfmeier Präzision (for further details on the joint venture, please refer to the next paragraph and to Notes no. 10 and no. 18 of the Consolidated financial statements).

SAES Nitinol S.r.l. ended the year 2013 with a loss of 114 thousand euro (in 2012 the loss was equal to 94 thousand euro) primarily consisting in the cash pooling interest expenses charged by the parent company SAES Getters S.p.A. This loss, together with the estimated one for the next year, will be covered by the same SAES Getters S.p.A. at the beginning of 2014 (for more information please see the paragraph “Subsequent events”).

E.T.C. S.r.l., Bologna, BO (Italy)

The company, a spin-off supported by the National Research Council (CNR), is located in Bologna and has as its purpose the development of functional materials for applications in the Organic Electronics and in the Organic Photonics, as well as the development of integrated organic photonic devices for niche applications. The company, 96% owned⁷ by the Parent Company, operates exclusively as a research center for the above mentioned developments and ended 2013 with a loss of 2,090 thousand euro, down compared to -2,484 thousand euro in the previous year as the result of the containment of consultant expenses.

Please note that the loss of the first half of 2013, in accordance with the signed shareholders' agreements, has already been fully covered by SAES Getters S.p.A. on July 22, 2013, while the loss of the second half of the year will always be fully covered by the Parent Company at the beginning of 2014 (for more information please see the paragraph “Subsequent events”). The full recapitalization by a single shareholder will not result in any change in the ownership structure.

SAES GETTERS INTERNATIONAL LUXEMBOURG S.A., Luxembourg (Luxembourg)

⁷ On July 29, 2013 the investment of SAES Getters S.p.A. increased from 85% to 96%; for more details please refer to the section “Scope of consolidation” of Note no. 1.

The company's main objectives are the management and the acquisition of investments, the optimal cash management, the grant of intra-group loans and the coordination of the Group services.

In 2013 the company achieved a net income of 5,491 thousand euro, with a significant increase compared to a net income of 95 thousand euro in the previous year, following the restoration of the historical value of the investment in SAES Smart Materials, Inc. made on the basis of the results achieved in the recent years and of those expected in the three-years business plan approved by the Board of Directors on February 18, 2014.

Some notes on the performance of the subsidiaries of SAES Getters International Luxembourg S.A. are provided below.

SAES Getters Korea Corporation, Seoul (South Korea) is 62.52% owned by SAES Getters International Luxembourg S.A., whereas the remainder of the capital stock is held directly by the Parent Company SAES Getters S.p.A. In 2011 the company ceased the production activities and now operates only as a distributor of products made by other Group's companies in the Korean market.

In 2013, SAES Getters Korea Corporation recorded revenues equal to 1,752 million KRW (1,205 thousand euro), down compared to 3,244 million KRW (2,241 thousand euro) in the previous year: the reduction in sales of getters for CRTs, caused by the progressive decline in the volumes of CRT televisions, is accompanied by the decrease in the sales in the OLED business (which in the previous year was positively affected by significant sales for samplings) and in the refrigeration business (Thermal Insulation Business). The fiscal year 2013 ended with a net loss of 390 million KRW (-268 thousand euro), compared to a loss of 362 million KRW (-250 thousand euro) in 2012: despite the decline in sales and the severance costs (392 million KRW) that have penalized the year 2013, the company managed to end the current year with a result substantially in line with that of 2012 thanks to foreign exchange gains which arose on the conversion of the financial receivable in euro that the Korean subsidiary holds in respect of the Parent Company following the devaluation of the Korean won against the euro (in the previous year, the result of the financial area was basically at break-even thanks to the forward contracts entered into by SAES Getters Korea Corporation; during the current year, these contracts, instead of being held by the Korean subsidiary, have been entered into by the Parent Company SAES Getters S.p.A. and then recharged to SAES Getters International Luxembourg S.A.).

The company **SAES Smart Materials, Inc.**, based in New Hartford, NY (USA), active in the development, production and sale of shape memory alloy semi-finished products, in 2013 achieved sales equal to 13,140 thousand USD (9,893 thousand euro), down (-18.9%) compared to 16,195 thousand USD (12,605 thousand euro) in 2012: the temporary slowdown in sales, concentrated in the second half of the year, was caused by the policies of de-stocking undertaken by a major customer.

The decrease in revenues was the reason of the decrease in the net income that went down from 2,582 thousand USD (2,010 thousand euro) in 2012 to 2,043 thousand USD (1,538 thousand euro) in 2013.

Memry Corporation, Bethel, CT (USA), is a technological leader in the new generation medical components with high engineering value sector, made of NiTinol shape memory alloy.

The company ended the year 2013 with sales equal to 34,890 thousand USD (26,270 thousand euro), compared to a turnover of 43,922 thousand USD (34,186 thousand euro) in 2012: the decrease in turnover was due to the combined effect of the exit from the market of a product at the end of its life cycle and of the fact that, in the second half of 2012 and in the early months of 2013, another major customer had carried out some stock-building activities in the view of the launch of a new medical device, initially expected in the first half of 2013 and then postponed due to some delays in the FDA (Food and Drug Administration) qualification.

In 2013 the net income amounted to 1,855 thousand USD (1,397 thousand euro), compared to a net income of 4,079 thousand USD (3,175 thousand euro) in 2012: despite the containment of operating expenses in absolute terms (in particular, the reduction in personnel costs following the staff rationalization actions and the lower variable compensations), the decrease in sales and the higher incidence of manufacturing fixed costs brought to a decrease in the net income.

Performance of joint venture companies

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

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.

Actuator Solutions GmbH, which in turn consolidates its wholly owned subsidiary Actuator Solutions Taiwan Co., Ltd., recorded net revenues equal to 10,198 thousand euro in 2013; these revenues, totally generated by the sale of valves used in lumbar control systems of the seats of a wide range of cars, increased because the lumbar control system based on the SMA technology is gaining market share.

The net income for the period was negative and equal to -1,424 thousand euro, 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, was 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 was focused on the development of products for the consumer electronic 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	2013	2012
	100%	100%
Net sales	10,198	6,076
Cost of sales	(9,594)	(5,952)
Total operating expenses	(3,106)	(2,426)
Other income (expenses), net	574	6
Operating income (loss)	(1,928)	(2,296)
Financial income (expenses)	4	20
Income taxes	500	620
Net income (loss)	(1,424)	(1,656)

The share of the 2013 net result of the joint venture pertaining to the SAES Group amounted to -712 thousand euro.

Certification pursuant to article 2.6.2, sub-paragraph 12 of the Regulations of Markets organized and managed by Borsa Italiana S.p.A.

In relation to article 36 of the Consob Market Regulations no. 16191 dated 10/29/2007, regarding the conditions for the listing of shares of companies with control over companies established or regulated under the law of non-EU countries and significant for the purposes of the consolidated financial statements, please note that (i) the Group's companies listed below fall within this regulatory provision, (ii) appropriate procedures have been adopted to ensure the full compliance with the above-mentioned regulations and (iii) the conditions laid down in the said article 36 exist.

The following companies are considered important in that, with reference to December 31, 2013, they exceed the individual significance parameters provided for in article 151 of the Issuer Regulation:

- SAES Getters USA, Inc. – Colorado Springs, CO (USA);
- SAES Pure Gas, Inc. – San Luis Obispo, CA (USA);
- Spectra-Mat, Inc. – Watsonville, CA (USA);
- SAES Smart Materials, Inc. – New Hartford, NY (USA);

- Memry Corporation – Bethel, CT (USA);
- SAES Getters Export, Corp. – Wilmington, DE (USA);
- SAES Getters Korea Corporation – Seoul (South Korea);
- SAES Getters (Nanjing) Co., Ltd. - Nanjing (P.R. of China).

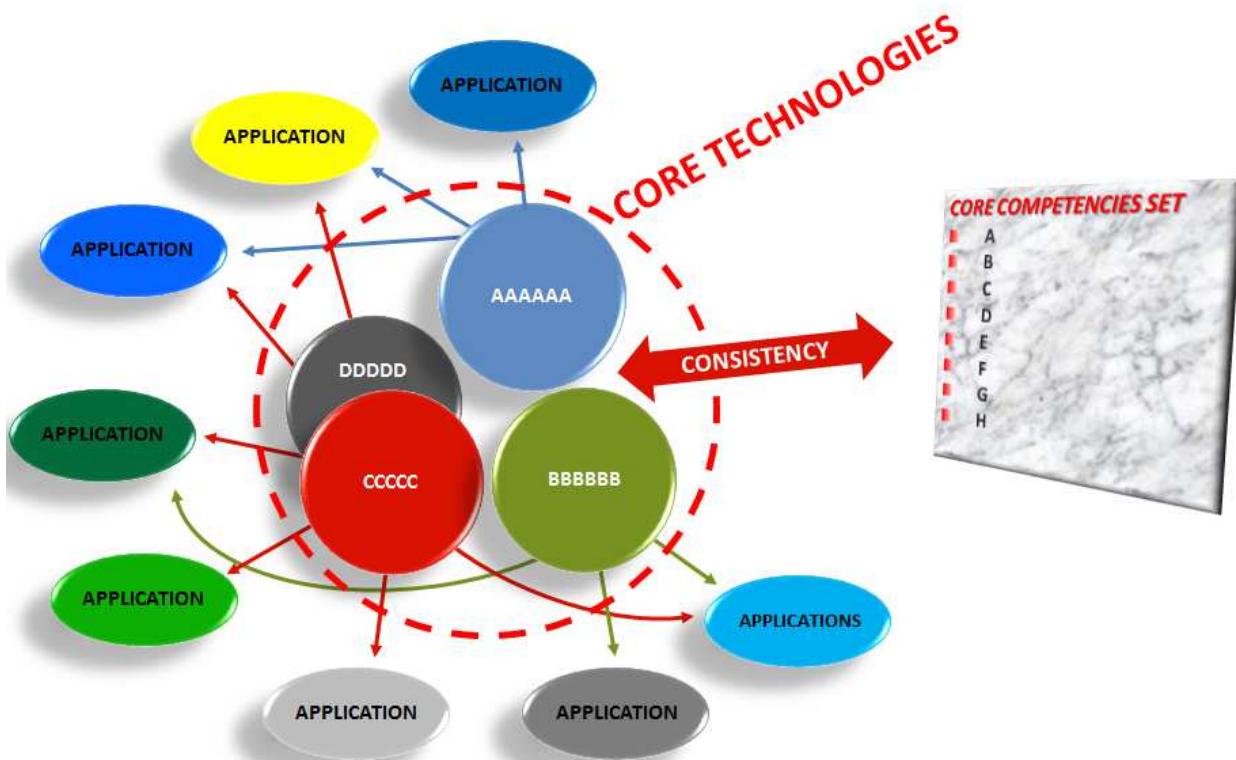
Research, development and innovation activities

In the year 2013 research and development expenses amounted to 14,740 thousand euro⁸ and were equal to 11.5% of consolidated net revenues, a percentage that confirms the strategic importance of the research activities for the SAES Group.

Unlike what has been done in previous years, the report on innovation is organized by technological areas, the true asset of SAES, a company that, since its inception, has taken advantage of applications in niche markets, using products with a high added value, as schematically shown in Figure no. 1.

The basic competencies are the starting point and are used to generate distinctive technologies or to maintain their competitive advantage against direct competitors or alternative technologies. The technologies are exploited in application sectors, that we call “markets” for the sake of simplicity, in the form of products. The technical-scientific coherence of the Group’s technologies often results in the simultaneous exploitation of one market by one or more distinctive technologies, or in a commercial synergy.

Figure no. 1



The Group, in the course of the recent years, has heavily invested in research and development activities in the two directions described above, namely the development of already existing technologies and the generation of a new distinctive technology.

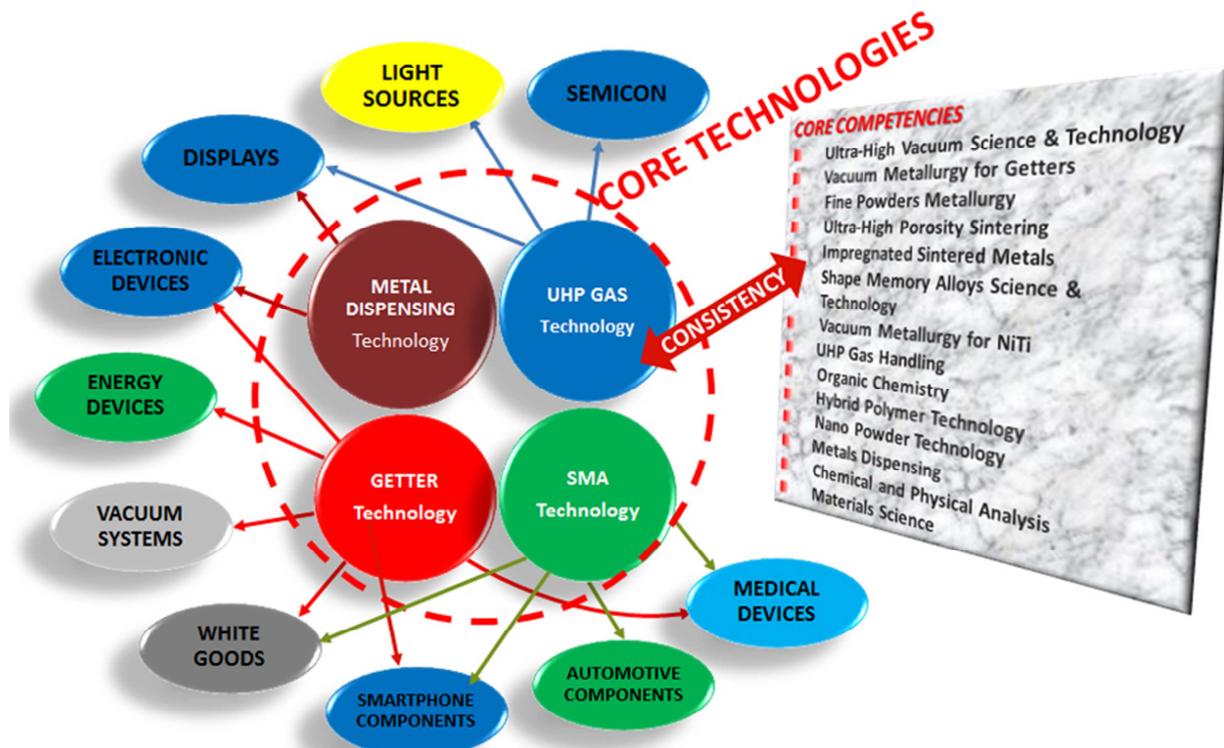
⁸ Figure net of non-recurring charges equal to 124 thousand euro.

The historical “core” technologies of the company are two, that of getters, which are metallic materials capable of reacting with the gases surrounding them and absorbing them in a controlled manner, and that of the gas purification systems, a technology that at the beginning exploited the getters as an active material for the purification and that has then gradually taken on distinctive characteristics of its own more and more independent from them.

In recent years the Group has heavily invested, both with research activities and with the acquisition of companies, in the development of the shape memory alloys technology that, today, stands beside the two historical technologies and that, in some cases, is used in the same final applications.

An updated view of the SAES Group as it appears in 2014 is provided in Figure no. 2.

Figure no. 2



In this graphic representation, the industrial applications of the same color are attributable to the same end market: the blue applications are all attributable to the consumer electronic market, the green ones to the automotive market, the light blue ones to the market of implantable medical devices, in yellow are the lamps for industrial and road applications, in light gray are the particle accelerators and, finally, the white goods industry is in dark gray.

The innovation activities of SAES are typically “market pull”, therefore the sales force dedicated to a specific application area identifies new opportunities consistent with the technologies of that area, while other corporate roles, the “scouts” or “business developers”, identify new application areas of the core technologies. Research activities are thus divided into two very distinct phases, the basic research, which is the one that maintains the technology system or develops new ones, and the development activities, that means the application of the core technologies to the application areas through the products. These activities are linked to each other, but they have different dynamics, the former are “knowledge intensive”, with medium-long time frames, the latter are “market driven” and they have shorter time frames. Also the required skills are often different, but complementary to each other.

In 2013, with a perfect coherence with what has been previously described, a major reorganization of the Research Department has been carried out, moving the development activities under the responsibility of the

Business Unit Managers and keeping the company's core laboratories, that means the laboratories of metals and organic materials and the laboratory of chemical-physical and structural analysis, under the responsibility of the CTIO (Chief Technology and Innovation Officer).

The getter technology has undergone a big progress over the years: it has gone from metal compressed or rolled getters to sintered ones, to then develop thin film getters placed on silicon wafers for MEMS applications, in particular those of the gyroscopes of mobile phones.

In 2013, the activities were focused on two fronts: the development of new alloys with much higher absorption characteristics and the consolidation of the new platform of hybrid getters, that means nanostructured inorganic getters dispersed in organic matrices, typically polymers.

The alloys that have been developed, for which the related patents have been filed, will enable to replace the active materials of a big portion of our products, significantly increasing their performance and strengthening our competitive position. The same alloys will allow the development, in the Vacuum Systems development laboratory, of a new generation of high vacuum pumps for particle accelerators and scientific instruments, expanding the range of applications of our pumps. The same laboratory, in the wake of the great success of the NEXTorr pump, has also continued the development of larger models and with a higher pumping speed.

An equally intense effort was made in the development of new mercury dispensing alloys with a low-temperature release, which will be integrated in the TQS® and Roof products and that will strengthen the SAES Group's position in the market of fluorescent lamps.

2013 was also the year of the consolidation of the hybrid getters family in which the active material, usually nano-particles of active oxide, is dispersed in a matrix of organic material, typically a polymer, which is in a liquid state, with a variable density depending on the matrices that are used. The products of this family are therefore liquids or dispensable pastes capable of absorbing various gases; this family includes also the glues that have a double function of being both adhesive and acting as a barrier to the water. This new type of getters has been developed to prevent the penetration of moisture in the OLED screens but, thanks to its chemical and physical characteristics, it can be employed in many applications ranging from the primary packaging, that means the internal protection of sealed devices (sealed electromechanical or optoelectronic devices), to the secondary packaging (for example, plastic films with high barrier characteristics for the protection of food or drugs).

In 2013 the Gas Purification technology has been enriched, thanks to the acquisition of the Micro Channel Technology of the U.S. company Power & Energy, Inc., a proprietary technology based on micro-tubes coated with palladium for the hydrogen purification. This technology will allow the subsidiary SAES Pure Gas, Inc. to develop a new family of hydrogen purifiers with characteristics by far superior to those of the competitors. In parallel, with the contribution of the material laboratory of Lainate, the development of new purifiers for the recovery of industrial gases has continued, a market that is expected to grow significantly in the coming years.

With regard to the new technological area, that of shape memory alloys, at the level of basic research, the studies aimed at understanding complex phenomena such as the hysteresis, the fatigue break and their relationship with the compositional characteristics of the alloy have continued. This activity is of great importance in order to produce materials with a high mechanical resistance and a longer life. The first important results have been achieved in the study of the relationship between impurity and fatigue, studies presented at the SMST (Shape Memory and Superelastic Technology) symposium and that have attracted considerable appreciation from the customers. These activities continued in collaboration with some leading European research centers.

Instead, with regard to the development of applications and products that use shape memory alloys, this activity takes place at Memry Corporation, as far as super-elastic SMA materials for medical applications are concerned, and at Actuator Solutions GmbH, for the advanced electromechanical devices that use shape memory alloys as an active part of the device.

Memry Corporation has developed many products that will enter the market in 2014 and, among them, a vena cava filter for a major new customer whose production will start at the beginning of 2014 with growing sales. Actuator Solutions has reorganized its development activities with the establishment of a wholly owned subsidiary in Taiwan, which deals with the design of the range of products for mobile phones: autofocus and image stabilizers using shape memory wires as "engines". The development of the autofocus has been completed and is in the process of qualification with some potential users. The competitive advantage of our product lies in its mechanical characteristics, decidedly superior to the existing magnetic suspension devices, a particularly important advantage in micro-cameras with optics having a big diameter, used to obtain a high resolution (higher than 16 megapixels), in addition to its smaller size. The qualification requires some time and stringent quality tests, since our technology is new and it has to make itself known in a consolidated market. Instead, the development of products for industrial applications other than mobile phones have been concentrated, on behalf of the joint venture Actuator Solutions, in the laboratories of Lainate that, among other things, have completed the construction of thermostatic valves for vending machines, for which an exclusive distribution agreement has been signed. The product development activities have been quite intense and wide-ranging. The most interesting sectors/applications are the automotive one, for which we are developing seat release systems and rear mirror handling systems, special electromechanical valves for refrigeration systems, the above mentioned thermostatic valves for the vending industry and for the white goods one and, finally, the medical one with the micro-pumps for inhalers.

Finally, please note the substantial progress in the OLET (Organic Light Emitting Transistors) project, which involves E.T.C. S.r.l., in collaboration with the National Research Center (CNR) and the U.S. company Polyera Corporation, in the development of demonstrators aimed at proving that the OLET technology can be used in the displays.

Please note that all research and development expenses incurred by the Group are charged directly in the income statement in the year in which they occurred as they do not qualify for capitalization.

Group's main risks and uncertainties

In accordance with the requirements of Legislative Decree no. 32/2007, the following is a brief account of the primary risks and uncertainties to which the Group is exposed and the primary mitigating actions implemented in order to deal with said risks and uncertainties.

Risks associated with the market context

Sensitivity to the market context

Some of the SAES Group's businesses are more sensitive to the performance of macroeconomic indicators (GDP trends, consumer confidence level, availability of liquidity, etc.) than others. In particular, some businesses, such as the thermal solar one and the applications for the defence market, were affected, also in 2013, by the evolution of some political choices regarding public investments. The effect on the Group's performance was a decline in the demand of getters for solar collectors while the sales of getters for military applications were negatively affected by the uncertainty on the U.S. public budget.

Also the Semiconductors Business is particularly exposed to the cyclical nature of some of the markets in which the "Gas Purification" technology is used, first of all the semiconductors industry.

The SAES Group has reacted by seeking to diversify and evolve into markets less dependent on the economic cycle, in particular the medical industry, and at the same time by rebalancing and rationalizing its fixed costs structure, however maintaining those functions (engineering, applied research, etc.) necessary to ensure a rapid reaction of the production structures when the suffering areas show some signs of recovery.

With particular reference to the recalled example of the semiconductors industry, in recent years the Group has seen a decrease in the weight of that industry in the end markets, making the fluctuation of revenues less

obvious than in the past, thanks to the widening of the product range and to the characteristics of excellence of the proposed solutions.

Another external factor that cannot be influenced by the Group is the evolution of the legislation in the countries in which the Group sells its products or in those countries that represent the end markets for SAES' customers: the rules and the resulting operating practices are of particular importance in the industrial lamps business, where the market is often influenced by environmental requirements, or with respect to the applications for the medical business: let's think, for example, at the indirect impact on the customers that buy these applications originated by the laws on welfare, or to the frequent need for qualification by some institutional bodies of those products of the customers in which the technologies of the Group, or the products themselves as components, are applied.

The Group seeks to mitigate the risks associated with changes in the regulations by monitoring the legislative trends where possible with the aim of anticipating the effects of any news, and keeping the focus on the product development activities, in order to be able to innovate the product range when needed: as mentioned above, the attention is also on responding rapidly and adapting the production structure through the engineering functions.

Competition

The Group is active in the upstream segment of the value chains and the production processes in the industrial sectors in which it operates and thus it does not sell to end consumers (B2B, i.e. Business-to-Business).

This decreases the SAES Group's capacity to anticipate and steer the evolution of the end demand for its products, which depends more on the success and ability of its customers.

Aggressive competitors have emerged in recent years, and these competitors target those customers and industries that are most price-sensitive and most mature, with the consequent risks of decreased margins.

The SAES Group has adopted various response strategies to deal with this risk. In particular, it has sought to increase customers' fidelity by long-term supply agreements, developing new solutions and services, offering new products of higher quality, repositioning the offer along different stages of the value chain and trying to maximize the leverage provided by a skilled global commercial structure.

In addition, as mentioned above, the Group aims at diversifying its target markets in order to reduce its dependency on markets characterized by a rising level of competition.

In parallel, the Group has continued with market researches aimed at anticipating the evolution of the demand, also through alliances and agreements with leading specialized centers of study.

Finally, also with the development of the activity of the joint venture Actuator Solutions, the Group intends to pursue the goal of changing its position in the value chain, moving from the production of simple components to the production of more complex devices that can be sold directly to their end users, with the possibility, thanks to the greater closeness to the customers, to better face the competition.

Technological obsolescence of products

A typical risk of companies that operate in the consumer electronic industry is the accelerated technological obsolescence of applications and technologies in the market. It may also happen, as mentioned above, that the replacement of one technology or particular peculiarity by another is also driven by changes in the law in target countries.

This risk is mitigated through constant market analyses and the screening of emerging technologies both to identify new development opportunities and to seek to avoid being caught unprepared by the phenomenon of technological obsolescence.

In addition, as mentioned above, the Group seeks to reduce its dependence on a single industry/application by diversifying the markets in which it operates.

Operational risks

Uncertainty concerning the success of research and development projects

The SAES Group, both on its own initiative or in cooperation with its customers and partners, works with the aim of developing innovative products and solutions, which are often on the cutting edge and intended to generate returns in the long term.

The risk of failure does not depend solely on our ability to provide the requested products in terms of form, schedule and cost. SAES has neither the control over its customers' ability to succeed in implementing the content of their business plans nor over the timing for the new technologies to take root in the market. Examples include, but are not limited to, the emergence of competitive technologies that do not require the use of the Group's products and know-how, or the development timeframe may be so long as to make it no longer profitable to continue the project, or in any case the time-to-market is delayed, with a negative effect on the return on investment.

This risk is mitigated through periodic, structured revisions of the project portfolio using the Stage-Gate® method.

Wherever and whenever possible, the Group seeks access to public funding, obviously only if they are intended to achieve goals that are perfectly consistent with the development project in question. The Group makes increasingly frequent use of "open" forms of cooperation with external centers of excellence in order to reduce the development timeframe.

A further cause of failure of the research and development projects can be found in the difficulty to transfer their results in the industrialization stage and this may limit the ability to switch to the mass production.

To mitigate this risk, the Group's organization has promoted the contiguity of the R&D and engineering functions, in order to encourage a greater interaction in managing the projects and to limit the timing dilution in switching to mass production.

Protection of intellectual property

The SAES Group has always sought to develop an original knowledge and, where possible, to protect this knowledge using patents. Please note that the Group is facing an increasing difficulty in defending its patents, in part due to the uncertainties relating to the legal systems of the countries in which the Group operates.

The risks in question are the loss of market shares and margins due to fake products, in addition to incurring enormous expenses for lawsuits.

The Group reacts to these risks by seeking to increase the quality and completeness of its patents, as well as by reducing the number of its published patents, and closely monitoring the commercial initiatives of its competitors, in order to promptly identify potential prejudices to the value of these patents.

Risks related to the production capacity

The rationalization of the Group's manufacturing and marketing structures is leading to an increasing polarization, between Italy, and in particular the Avezzano facility, being the sole manufacturing center for getter alloys and many products for displays and lamps, and the U.S.A., with some sub-specialized facilities, as the base of production addressed to the semiconductor and medical industries.

A similar situation is found in the shape memory alloys business, with the production of the alloy NiTinol concentrated in the plant of SAES Smart Materials, Inc.

The primary risks are associated with the greater distance from some customers, with possible consequences in the service level, in addition to the increase in transportation and insurance costs.

The Group has reacted by seeking to maintain the service level high and a direct customer relationship, also through an improved inventory management, with the aim of enhancing efficiency in delivering orders.

Moreover, following the mentioned exposure of the Group to the external context, the risk of a shortage in the production capacity may occur for specific markets/product lines, in case of particularly positive unforeseen changes in demand, to which the Group's factories may not be able to respond with the necessary promptness.

In order to limit the potential effects of such risk, the Group has tried to increase the integration between its sales departments and the operations one, in order to anticipate as much as possible the evolution of demand; in addition, the main factories have sought to maximize the flexibility of its structures, with particular regards to indirect activity centers.

Risks related to dealings with suppliers

This risk refers to the possibility that limited sources of energy and other key resources and/or difficulty in accessing such resources could jeopardize the ability to manufacture quality products at competitive prices and in a timely manner.

We believe that the Group's exposure to this risk is limited. The risk associated with the procurement of the major raw materials used by the Group is low, even in periods of growing demand.

Nevertheless, the Group always seeks to diversify its sources and, when possible, to enter into agreements with prices fixed over the medium/long-term, in order to mitigate the volatility of purchase prices.

Risks related to customers concentration

This risk refers to the possibility that revenues are concentrated in a small number of customers in some businesses, with the result that the Group's results are too much dependent on the financial performance of these customers or on their strategic decisions.

The Group seeks to mitigate the potential consequences of this risk as much as possible by widening the customer base, both through new prospects and diversifying the range of products offered to individual customers. In addition, the Group aims at strengthening the partnership with its major customers, also sharing, where appropriate, the specific technical skills and trying to obtain and renew medium and long-term contracts that ensure less volatility in invoiced volumes and unit prices.

Risks related to the location of production

This risk refers to the fact that the Parent Company (please refer to Note no.12), in 2013 and in previous years has recognized deferred tax assets on tax losses under the national consolidated taxation regime.

The recognition of these deferred tax assets was justified by the growth expectations regarding the production activities in the Group's Italian factories as envisaged in the industrial plan, that will generate a taxable income in the next few years. However, it is possible that future strategic decisions or some business opportunities, or even the evolution of the markets in which the Group operates, may lead to a geographical distribution of the production, and consequently of the composition of the financial results, different from the one expected, or that there may be some delays compared to what was planned, with the result that the recoverability of the tax losses carried forward may fail.

The Group periodically checks the tenability of the assumptions underlying the recognition of these deferred tax assets: more specifically, the estimates related to the achievement of a positive taxable income for the companies that adhere to the Italian national consolidated taxation are an integral part of the planning process and are subject to the specific approval by the Board of Directors.

Finally, there is a particular focus on the verification of the industrial plans, in order to ensure the likelihood of the development hypothesis made for the Italian companies involved, including the allocation in their own facilities of future productions deriving from research and development projects in progress at the time of the planning activities, and, consequently, of the related revenues and operating margins.

Financial risks

The SAES Group is also exposed to some risks having a financial nature, and in particular:

- Interest-rate risk, associated with the volatility of interest rates, which may influence the cost of the use of debt financing or the return on temporary investments of cash;
- Exchange-rate risk, associated with the volatility of exchange rates, which may influence the related value of the Group's costs and revenues according to the currency of denomination of accounting transactions and may thus have an impact on the Group's net result; the value of the exchange rates also affects the amount of financial receivables/payables denominated in currencies other than the euro, with a potential effect both on the net income and on the net financial position as well;
- The risk of changes in prices of raw materials, which may affect the Group's product margins if these changes are not charged to the price agreed upon with customers;
- Credit risk, associated with the solvency of customers and the ability to collect receivables claimed from them;
- Liquidity risk, associated with the Group's ability to raise funds to finance its operating activities.

With reference to financial risks, the Board of Directors periodically re-examines and sets the related risk-management policies, as described in detail in the Note no. 40, to which the reader may also refer for the associated sensitivity analysis.

Subsequent events

On March 13, 2014 SAES Getters S.p.A., in order to provide the subsidiary E.T.C. S.r.l. with more funds aimed at providing an adequate capitalization, resolved a capital contribution of 1,109 thousand euro, equal to the total loss recorded by E.T.C. S.r.l. in the second half of 2013, of which 6 thousand euro by waiving a financial receivable, 844 thousand euro by waiving a trade receivable, both claimed by the Parent Company towards E.T.C. S.r.l., and the remainder, amounting to 259 thousand euro, in cash. At the same time, the Parent Company resolved an additional capital contribution of 1,900 thousand euro, in favor of E.T.C. S.r.l., aimed to cover the expected loss for 2014. The percentage of ownership of SAES Getters S.p.A. remained unchanged compared to December 31, 2013⁹ (96% of the share capital).

Please also note that on July 22, 2013, the Parent Company had already covered the loss realized by E.T.C. S.r.l. during the first half of 2013, with a capital contribution of 981 thousand euro.

On March 13, 2014, SAES Getters S.p.A. resolved a capital contribution of 114 thousand euro to the subsidiary SAES Nitinol S.r.l. (equal to the loss incurred by the subsidiary during the year 2013) in order to restore its capital stock, decreased below one third as a result of the above mentioned loss. At the same time, the Parent Company resolved an additional capital contribution of 150 thousand euro in favor of SAES Nitinol S.r.l., aimed to cover the expected 2014 losses.

On January 10, 2014 the Group signed a forward contract for the sale of euro, in order to limit the currency risk arising from the effect of the fluctuation of the Korean won on the balance of the financial receivable denominated in euro that SAES Getters Korea Corporation holds in respect of the Parent Company.

The contract, with a notional value of 7.5 million euro, expires on December 29, 2014 and provides for a forward exchange rate of 1,456.00 against the euro.

The results of the Group will continue to be influenced by the trend of the exchange rate of the euro against the major currencies (in particular, the U.S. dollar and the Japanese yen). In order to protect the margins from the exchange rate fluctuations, on February 7, 2014 the Group has entered some forward sale contracts on the yen for a notional amount of 275 million JPY. These contracts provide for an average forward exchange rate equal to 138.79 against the euro and will extend for the full year 2014.

⁹ In the shareholders' agreements SAES Getters S.p.A. has committed to cover any losses, also on behalf of the minority shareholder if the latter is unwilling or unable to proceed to cover them, maintaining unchanged its percentage of ownership.

Following the failure to comply on June 30, 2013 with certain financial covenants related to the loans held by the U.S. subsidiaries, on January 20, 2014 the issuing bank formally accepted the waiver to recall the debt and it has been defined the charge of a fee equal to 0.625% of the outstanding amount of the loan as at December 31, 2013 (already included in the financial expenses in the year 2013). At the same time, the financial covenants governing the loans as at December 31, 2013 have been renegotiated with the financing institution (for further details, please refer to the Note no. 28).

In February 2014, SAES Nitinol S.r.l. signed an agreement with the joint venture Actuator Solutions GmbH for the granting of a loan up to a maximum amount of 1.5 million euro, expiring on December 31, 2016 (renewable on an annual basis). The payment can be made in one or more *tranches*, depending on the actual requirements of the joint venture. The contract provides for a flexible repayment of the principal amount by the expiry date and the recognition of a fixed annual interest of 6%. A loan of the same amount and with the same conditions was granted to the joint venture also by the other shareholder SMA Holding GmbH (Alfmeier).

On January 24, 2014, as envisaged by the contract, the second *tranche* of the fixed consideration for the acquisition of the “hydrogen purifiers” business (2 million USD) has been paid to Power & Energy, Inc. In addition, on February 7, 2014 the second and final *tranche* due to Johnson Matthey Inc. (0.3 million USD) has been paid.

At the end of December 2013 SAES Getters S.p.A. agreed with the trade unions upon the use of the Ordinary Redundancy Fund for a period of 13 days in the period January-April 2014.

The use of defensive job-security agreements in SAES Advanced Technologies S.p.A. will continue throughout the year 2014.

Business outlook

In the **first two months of 2014, consolidated net revenues** were equal to 22,434 thousand euro, substantially aligned with that of the corresponding period of the previous year, but up (+2.4%) excluding the negative exchange rate effect (-2.3%). In particular, the consolidated revenues of the **Industrial Applications Business Unit** amounted to 15,792 thousand euro in the first two months of 2014 (15,077 thousand euro in the corresponding period of 2013), while the **Shape Memory Alloys Business Unit** recorded revenues equal to 6,459 thousand euro (7,083 thousand euro in the first two months of 2013).

Total revenues of the Group were 23,518 thousand euro in the first two months of 2014, up (+1.2%) compared to 23,229 thousand euro in the corresponding period of 2013 thanks to the growth in the sales of the joint venture Actuator Solutions, while consolidated revenues were stable.

Finally, please note the remarkable increase both in the **consolidated net revenues** (+33.4%) and in the **total revenues of the Group** (+34%) compared to the last two months of 2013, thanks to the recovery of the traditional businesses and to the increase in the revenues of Actuator Solutions.

Please note that, as a result of continuous technological evolution in the Organic Light Emitting Diodes Business and of the delays in the commercial launch of OLED TVs, starting from January 1, 2014, the revenues and the costs of this segment have been reclassified within the Business Development Unit.

Similarly, also the figures of the Energy Devices Business have been reclassified within the Business Development Unit, as this business does not reach significant trade volumes due to the cuts in public incentives in the renewable energy sector.

In this way the Group will be able to 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 getters and their potential applications.

2013 figures were reclassified to make them comparable with 2014.

After the stabilization recorded in 2013, we expect a recovery of the traditional businesses in 2014. In addition, the significant growth of the joint venture Actuator Solutions will continue, contributing to the overall strengthening of the Group.

Going concern

The financial statements have been prepared on an ongoing concern basis because, despite a difficult economic and financial environment, we believe that there aren't any significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) surrounding the business continuity. This context, as previously highlighted in the paragraphs related to the risks to which the Group is subject, can be only partially influenced by the Management of the Company, being it mainly the result of external variables. Based on the best estimates available to date, the Company has approved a three-years business plan that includes the strategies envisaged by the Company's Management in order to succeed in achieving the defined business goals in this difficult economic environment. These strategies, that include also an increase in the production activities undertaken in Italy, will allow the full recovery of the corporate activities and, in particular, of the deferred tax assets recognized in the balance sheet.

Related party transactions

The Group reports that its dealings with related parties fall within ordinary operations and are settled at market or standard conditions.

Complete disclosure of related-party transactions during the year is provided in the Note no. 42 of the Consolidated financial statements.

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.

**Consolidated Financial Statements
for the year ended on December 31, 2013**

Consolidated statement of profit or loss			
(thousands of euro)	Notes	2013	2012 (*)
Total net sales	4	128,543	141,242
Cost of sales	5	(77,126)	(82,869)
Gross profit		51,417	58,373
Research & development expenses	6	(14,864)	(14,459)
Selling expenses	6	(11,898)	(12,618)
General & administrative expenses	6	(21,665)	(21,681)
Total operating expenses		(48,427)	(48,758)
Royalties	7	2,105	2,452
Other income (expenses), net	8	413	633
Operating income (loss)		5,508	12,701
Interest and other financial income	9	376	392
Interest and other financial expenses	9	(1,696)	(2,058)
Share of result of investments accounted for using the equity method	10	(712)	(829)
Foreign exchange gains (losses), net	11	(29)	(106)
Income (loss) before taxes		3,447	10,100
Income taxes	12	(2,616)	(5,494)
Net income (loss) from continued operations		831	4,606
Net income (loss) from assets held for sale and discontinued operations	13	(1,393)	(1,266)
Net income (loss) for the period		(562)	3,340
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		(562)	3,340
Net income (loss) per ordinary share	14	(0.0255)	0.1459
Net income (loss) per savings share	14	(0.0255)	0.1626

Consolidated statement of other comprehensive income			
(thousands of euro)	Notes	2013	2012
Net income (loss) for the period		(562)	3,340
Exchange differences on translation of foreign operations	27	(3,403)	(967)
Exchange differences on equity method evaluated companies	27	3	0
Total exchange differences		(3,400)	(967)
Total components that will be reclassified to the profit (loss) in the future		(3,400)	(967)
Actuarial gain (loss) on defined benefit plans	27	6	(536)
Income taxes	27	(2)	147
Actuarial gain (loss) on defined benefit plans, net of taxes		4	(389)
Total components that will not be reclassified to the profit (loss) in the future		4	(389)
Other comprehensive income (loss), net of taxes		(3,396)	(1,356)
Total comprehensive income (loss), net of taxes		(3,958)	1,984
<i>attributable to:</i>			
- Equity holders of the Parent Company		(3,958)	1,984
- Minority interests		0	0

(*) Some amounts shown in the column do not correspond to the 2012 financial statements because they reflect the reclassifications detailed in Note no. 1, paragraph "Reclassifications on 2012 income statement figures".

Consolidated statement of financial position			
(thousands of euro)	Notes	December 31, 2013	December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment, net	16	51,473	55,964
Intangible assets, net	17	44,721	41,563
Investments accounted for using the equity method	18	2,698	3,407
Deferred tax assets	19	16,514	15,378
Tax consolidation receivables from Controlling Company	20	529	484
Other long term assets	21	887	892
Total non current assets		116,822	117,688
Current assets			
Inventory	22	28,573	31,614
Trade receivables	23	14,019	15,991
Prepaid expenses, accrued income and other	24	8,402	6,388
Tax consolidation receivables from Controlling Company	20	0	0
Derivative financial instruments evaluated at fair value	36	0	114
Cash and cash equivalents	25	20,334	22,610
Assets held for sale	26	2,038	0
Total current assets		73,366	76,717
Total assets		190,188	194,405
EQUITY AND LIABILITIES			
Capital stock		12,220	12,220
Share issue premium		41,120	41,120
Treasury shares		0	0
Legal reserve		2,444	2,444
Other reserves and retained earnings		45,635	52,256
Other components of equity		(553)	2,847
Net income (loss) of the period		(562)	3,340
Group shareholders' equity	27	100,304	114,227
Other reserves and retained earnings of third parties		3	3
Minority interest in consolidated subsidiaries		3	3
Total equity		100,307	114,230
Non current liabilities			
Financial debts	28	80	19,179
Other non current financial debts towards third parties	30	2,675	54
Deferred tax liabilities	19	5,392	5,268
Staff leaving indemnities and other employee benefits	31	7,085	7,777
Provisions	32	706	1,163
Total non current liabilities		15,938	33,441
Current liabilities			
Trade payables	33	9,259	12,903
Other payables	34	8,659	9,602
Accrued income taxes	35	40	1,526
Provisions	32	1,067	2,102
Derivative financial instruments evaluated at fair value	36	240	487
Current portion of medium/long term financial debts	28	18,283	6,476
Financial debts towards related parties	29	0	2,019
Other current financial debts towards third parties	30	2,231	789
Bank overdraft	37	33,371	10,051
Accrued liabilities	38	793	779
Liabilities held for sale	26	0	0
Total current liabilities		73,943	46,734
Total equity and liabilities		190,188	194,405

Consolidated cash flow statement		
(thousands of euro)	2013	2012 (*)
Cash flows from operating activities		
Net income (loss) from continued operations	831	4,606
Net income (loss) from assets held for sale and discontinued operations	(1,393)	(1,266)
Current income taxes	3,604	5,498
Changes in deferred income taxes	(988)	(4)
Depreciation	7,781	8,441
Write down (revaluation) of property, plant and equipment	874	93
Amortization	1,736	1,711
Write down (revaluation) of intangible assets	3	48
Net loss (gain) on disposal of fixed assets	(8)	(131)
Interest and other financial income (expenses), net	2,032	2,495
Other non-monetary costs (revenues)	114	(205)
Accrual for termination indemnities and similar obligations	47	946
Changes in provisions	(1,526)	(665)
	13,106	21,567
Working capital adjustments		
<i>Cash increase (decrease):</i>		
Account receivables and other receivables	453	4,316
Inventory	2,480	(1,469)
Account payables	(3,644)	1,395
Other current payables	(893)	44
	(1,604)	4,286
Payment of termination indemnities and similar obligations	(627)	(434)
Interests and other financial payments	(342)	(727)
Interests and other financial receipts	141	152
Taxes paid	(5,651)	(5,584)
Net cash flows from operating activities	5,024	19,260
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(6,470)	(5,585)
Proceeds from sale of tangible and intangible assets	67	797
Disbursements for acquisition of intangible assets	(285)	(199)
Investments in joint ventures	0	(3,994)
Cash paid to acquire shares in controlled companies	(500)	(500)
Cash paid for acquisition of third parties businesses	(2,675)	0
Net cash flows from investing activities	(9,862)	(9,481)
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	0	0
Proceeds from short term financial liabilities	23,350	10,000
Dividends payment	(9,965)	(10,792)
Repayment of financial liabilities	(6,434)	(7,633)
Interests and other costs paid on financial liabilities	(1,138)	(1,306)
Proceeds (repayments) from financial liabilities towards related parties	(2,000)	2,000
Other financial payables	(214)	262
Payment of finance lease liabilities	(37)	(21)
Net cash flows from financing activities	3,562	(7,490)
Net foreign exchange differences	(1,000)	30
Net (decrease) increase in cash and cash equivalents	(2,276)	2,318
Cash and cash equivalents at the beginning of the period	22,609	20,291
Cash and cash equivalents at the end of the period	20,333	22,609

(*) Some amounts shown in the column do not correspond to the 2012 financial statements because they reflect the reclassifications detailed in Note no. 1, paragraph "Reclassifications on 2012 income statement figures".

Consolidated statement of changes in equity as at December 31, 2013

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2012	12,220	41,120	0	2,444	2,847	0	52,256	3,340	114,227	3	114,230
Distribution of 2012 result						3,340	(3,340)		0		0
Dividends paid							(9,965)		(9,965)		(9,965)
Net income (loss)							(562)	(562)	0	(562)	
Other comprehensive income (loss)						(3,400)	4		(3,396)		(3,396)
Total comprehensive income (loss)						(3,400)	4	(562)	(3,958)	0	(3,958)
December 31, 2013	12,220	41,120	0	2,444	(553)	0	45,635	(562)	100,304	3	100,307

Consolidated statement of changes in equity as at December 31, 2012

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2011	12,220	41,120	0	2,444	3,814	0	47,803	15,634	123,035	3	123,038
Distribution of 2011 result						15,634	(15,634)		0		0
Dividends paid							(10,792)		(10,792)		(10,792)
Net income (loss)							3,340	3,340	0	3,340	
Other comprehensive income (loss)						(967)	(389)		(1,356)		(1,356)
Total comprehensive income (loss)						(967)	(389)	3,340	1,984	0	1,984
December 31, 2012	12,220	41,120	0	2,444	2,847	0	52,256	3,340	114,227	3	114,230

Annex no. 1
Consolidated statement of profit or loss
prepared pursuant to CONSOB resolution no. 15519 of July 27, 2006 and Communication no. DEM/6064293 of July 28, 2006

(thousands of euro)

	2013	of which: non recurring items	2013 adjusted
Total net sales	128,543	0	128,543
Cost of sales	(77,126)	46	(77,172)
Gross profit (loss)	51,417	46	51,371
Research & development expenses	(14,864)	(124)	(14,740)
Selling expenses	(11,898)	(433)	(11,465)
General & administrative expenses	(21,665)	(1,378)	(20,287)
Total operating expenses	(48,427)	(1,936)	(46,491)
Royalties	2,105	0	2,105
Other income (expenses), net	413	0	413
Operating income (loss)	5,508	(1,890)	7,398
Interest and other financial income	376	0	376
Interest and other financial expenses	(1,696)	0	(1,696)
Share of result of investments accounted for using the equity method	(712)	0	(712)
Foreign exchange gains (losses), net	(29)	0	(29)
Income (loss) before taxes	3,447	(1,890)	5,337
Income taxes	(2,616)	222	(2,838)
Net income (loss) from continued operations	831	(1,668)	2,499
EBITDA	15,744	(1,421)	17,165

Annex no. 2
Non recurring items - full year 2013

(thousands of euro)	Income	Expenses	Total
Cost of sales			
Write down of assets	0	(3)	(3)
Write down of inventory	0	(325)	(325)
Personnel restructuring	1,290 (*)	(916)	374
Total effect on cost of sales	1,290	(1,244)	46
Operating expenses			
Write down of assets	0	(466)	(466)
Write down of inventory	0	0	0
Personnel restructuring	489 (*)	(1,959)	(1,470)
Total effect on operating expenses	489	(2,425)	(1,936)
Total effect on income (loss) before taxes	1,779	(3,669)	(1,890)
Income taxes			222
Net income (loss) from continued operations			(1,668)

(*) Personnel cost decrease resulting from the use of the social security provisions.

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

SAES Getters S.p.A., the Parent Company, and its subsidiaries (hereinafter “SAES Group”) operate both in Italy and abroad in the development, manufacturing and marketing of getters and other components for industrial applications where stringent vacuum conditions or ultra-pure gases are required (electronic devices, industrial lamps, vacuum systems and thermal insulation solutions), as well as in the gas purifiers business. The Group also operates in the field of advanced materials, particularly in the business of shape memory alloys for both medical and industrial applications.

The preparation of the financial statements is in compliance with the historical cost criterion, except when specifically required by the applicable standards, as well as on the going concern assumption: in spite of a difficult economic and financial environment, it is not considered to exist significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) on the business continuity.

The Parent Company SAES Getters S.p.A., based in Lainate (Italy), is controlled by S.G.G. Holding S.p.A.¹⁰, which does not exercise management and coordination activity.

The Board of Directors approved and authorized the publication of the 2013 Consolidated Financial Statements in a resolution passed on March 13, 2014.

The Consolidated Financial Statements of the SAES Group are presented in euro (rounded to the nearest thousand), which is the Group’s functional currency.

Foreign subsidiaries are included in the Consolidated Financial Statements according to the standards described in the Note no. 2 “Main accounting principles”.

The Consolidated Financial Statements for the year ended December 31, 2013 have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board (“IASB”) and approved by the European Union (“IFRS”), Consob resolutions no. 15519 and no. 15520 of July 27, 2006, Consob communication no. DEM/6064293 of July 28, 2006 and article 149-*duodecies* of the Issuers Regulations. The abbreviation “IFRS” includes all revised international accounting standards (“IAS”) and all interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), included those previously issued by the Standing Interpretations Committee (“SIC”).

In the interest of comparability, the comparative figures for 2012 have also been presented in application of the requirements of IAS 1 - *Presentation of Financial Statements*.

Accounting schemes

The presentation adopted is compliant with the provisions of the IAS 1 – revised, that provides the Consolidated statement of profit (loss) and of other comprehensive income (the Group elected to present two different statements) and a statement of consolidated financial position that includes only the details of operations on the Group’s shareholders’ equity, while changes in the minority interests are presented in a separate line.

¹⁰ Based in Milan at Via Vittor Pisani, 27.

Moreover we report that:

- the Consolidated statement of financial position has been prepared by classifying assets and liabilities as current or non-current and by stating “Assets held for sale” and “Liabilities held for sale” in two separate items, as required by IFRS 5;
- the Consolidated statement of profit or loss has been prepared by classifying operating expenses by allocation, inasmuch this form of disclosure is considered more suitable to represent the Group’s specific business, is compliant with internal reporting procedures and in line with standard industry practice;
- the Consolidated cash flow statement has been prepared by stating cash flows provided by operating activities according to the “indirect method” as permitted by IAS 7.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, in the Statement of profit or loss presented in the Annex no. 1, income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal conduct of operations are specifically identified and their effects are stated separately at the main interim result levels.

Non-recurring events and transactions are identified primarily on the basis of the nature of the transactions. In particular, non-recurring income/expenses include cases that by their nature do not occur consistently in the course of normal operating activities. In further detail:

- income/expenses arising from the sale of real property;
- income/expenses arising from the sale of business divisions and equity investments included among non-current assets;
- income/expenses arising from reorganization processes associated with extraordinary corporate actions (mergers, de-mergers, acquisitions and other corporate actions);
- income/expenses arising from discontinued businesses.

On the basis of the aforementioned Consob resolution, the amounts of positions or transactions with related parties have been highlighted separately from the related items in the Explanatory Notes.

Reclassifications on 2012 income statement figures

Please note that the income statement figures of 2012, presented for comparative purposes, have been reclassified in order to enable a homogeneous comparison with 2013. In particular, following the start of the process for the shutdown of the factory of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., the last production company of the Group dedicated to the production of getters for CRTs, all revenues and costs related to this business have been reclassified in the income statement item under “Net income from discontinued operations”.

The following table shows the effect of such reclassification on the Consolidated statement of profit or loss:

Consolidated statement of profit or loss			
(thousands of euro)	2012	Reclassifications	2012 reclassified
Total net sales	142,473	(1,231)	141,242
Cost of sales	(84,080)	1,211	(82,869)
Gross profit	58,393	(20)	58,373
Research & development expenses	(14,459)	1	(14,459)
Selling expenses	(12,962)	344	(12,618)
General & administrative expenses	(22,764)	1,083	(21,681)
Total operating expenses	(50,185)	1,428	(48,758)
Royalties	2,452	0	2,452
Other income (expenses), net	689	(56)	633
Operating income (loss)	11,349	1,352	12,701
Interest and other financial income	392	0	392
Interest and other financial expenses	(2,058)	0	(2,058)
Share of result of investments accounted for using the equity method	(829)	0	(829)
Foreign exchange gains (losses), net	(106)	0	(106)
Income (loss) before taxes	8,748	1,352	10,100
Income taxes	(5,494)	0	(5,494)
Net income (loss) from continued operations	3,254	1,352	4,606
Income (loss) from assets held for sale and discontinued operations	86	(1,352)	(1,266)
Net income (loss) before minority interest	3,340	0	3,340
Net income (loss) pertaining to minority interest	0	0	0
Net income (loss) pertaining to the group	3,340	0	3,340

Please also note that the item “royalties“ has been highlighted separately from the item “Other income (expenses), net”.

Segment information

The Group’s financial reporting is broken down into the following business segments:

- Industrial Applications;
- Shape Memory Alloys;
- Information Displays.

Seasonality of operations

Based on historical trends, the revenues of the different businesses are not characterized by seasonal circumstances.

Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at December 31, 2013:

Company	Currency	Capital stock	% of ownership	
			Direct	Indirect
Directly-controlled subsidiaries:				
SAES Advanced Technologies S.p.A. Avezzano, AQ (Italy)	EUR	2,600,000	100.00	-
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	9,250,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	13,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	89.97	10.03*
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
Memry GmbH Weil am Rhein (Germany)	EUR	330,000	100.00	-
E.T.C. S.r.l. Bologna, BO (Italy)	EUR	75,000	96.00**	-
SAES Nitinol S.r.l. Lainate, MI (Italy)	EUR	10,000	100.00	-
Indirectly-controlled subsidiaries:				
<i>Through SAES Getters USA, Inc.:</i>				
SAES Pure Gas, Inc. San Luis Obispo, CA (USA)	USD	7,612,661	-	100.00
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
<i>Through SAES Getters International Luxembourg S.A.:</i>				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	10,497,900,000	37.48	62.52
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	-	100.00
Memry Corporation Bethel, CT (USA)	USD	30,000,000	-	100.00

* % of indirect ownership respectively held by SAES Advanced Technologies S.p.A. (0.03%) and by SAES Getters (Nanjing) Co., Ltd. (10%).

** 4% held by third parties. However, the company is fully consolidated at 100% without attribution of minority interests since in the shareholders' agreements SAES Getters S.p.A. has committed to cover any losses, also on behalf of the minority shareholder if the latter is unwilling or unable to proceed to cover them, maintaining unchanged the Parent Company's percentage of ownership.

The following table shows the companies included in the scope of consolidation according to the equity method as at December 31, 2013:

Company	Currency	Capital stock	% of ownership	
			Direct	Indirect
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
Actuator Solutions Taiwan Co., Ltd. Taoyuan (Taiwan)	TWD	5,850,000	-	50.00**

* % of indirect ownership held by SAES Nitinol S.r.l.

** % of indirect ownership held by the joint venture Actuator Solutions GmbH (which holds a 100% interest in Actuator Solutions Taiwan Co., Ltd.)

The changes occurred in the consolidation area compared to December 31, 2012 are listed below:

- on April 3, 2013 SAES Getters S.p.A. acquired, for an amount of 500 thousand euro, the last 20% of the shares of Memry GmbH, a company operating in the production and distribution of shape memory alloy (SMA) semi-finished products and components for industrial and medical applications. Memry GmbH was already consolidated at 100% without attribution of minority interests given that SAES Getters S.p.A. had an obligation to acquire 100% of the shares;
- on July 29, 2013 the capital stock of E.T.C. S.r.l. was increased from 20 thousand euro to 75 thousand euro. The increase was underwritten only by the majority shareholder SAES Getters S.p.A., while the minority shareholder Dr Michele Muccini didn't underwrite it. Following this transaction, the shareholding of SAES Getters S.p.A. in E.T.C. S.r.l. increased from 85% to 96%, while that of Dr Michele Muccini decreased from 15% to 4%. Please note that E.T.C. S.r.l. was already fully consolidated without any attribution of minority interests, because the shareholders' agreements provided for an obligation for the Parent Company to cover the losses also on behalf of the minority shareholder.

Notice is also given that on July 22, 2013 the Parent Company, prior to the capital increase, paid the sum of 981 thousand euro to cover the loss incurred by E.T.C. S.r.l. during the first half of 2013.

With reference to the companies included in the scope of consolidation with the equity method, on June 14, 2013, the joint venture Actuator Solutions GmbH established Actuator Solutions Taiwan Co., Ltd., a company 100% controlled by the former, for the development and distribution of SMA devices for the image focus and stabilization in tablet and smart-phone cameras. The new company is headquartered in Taiwan, a strategic position for this market segment.

Regarding the other significant events occurred after December 31, 2012:

- on April 19, 2013 the subsidiary SAES Pure Gas, Inc., acquired by the U.S. company Power & Energy, Inc. its "hydrogen purifiers" business, mainly utilized in the semiconductors market. The acquired business includes patents, know-how, manufacturing processes and commercial supply agreements.

The acquisition price includes a fixed amount of 7 million USD, plus an earn-out related to future SAES revenues deriving from the sales of hydrogen purifiers, up to a maximum of 3 million USD. The first *tranche* of the fixed amount, equal to 3.2 million USD was paid at the closing of the transaction; the second *tranche*, equal to 2 million USD, was paid in January 2014, while the remaining amount (1.8 million USD) will be paid by SAES by January 23, 2015. The earn-out, if accrued, will be paid by SAES in quarterly *tranches*, each one equal to 10% of the net revenues recorded in the quarter by SAES and deriving from the sale of hydrogen purifiers to third parties, up to the agreed maximum amount of 3 million USD;

- on August 1, 2013, following the decision made by the Johnson Matthey Group, an international company specialized in fine chemicals, to close its "Gas Purification Technology (GPT)" business, the subsidiary SAES Pure Gas, Inc. signed an agreement for the acquisition of some of the dismissed assets related to the hydrogen purification, including precious metal components (palladium), other key components inventory, equipment, together with drawings, source coding and customers contact list, as well as warranted and non-warranted support and assistance obligations towards Johnson Matthey Inc. gas purifiers customers, which will be managed by SAES Pure Gas, Inc.

The purchasing price for the acquisition is equal to the price of the precious metal stock that is subject to the transfer at the "spot" value of the palladium at the closing date (about 0.6 million USD). The payment by SAES has been made in two *tranches*, of which the first *tranche*, amounting to 50% of the purchasing price, was paid at the closing date and the remaining 50% in the first months of 2014.

2. MAIN ACCOUNTING PRINCIPLES

Consolidation principles

The consolidated financial statements include the financial statements of SAES Getters S.p.A. and the financial statements of all the subsidiaries, effective from the date on which their control is assumed and until such control ceases to exist.

The control exists when the Parent Company SAES Getters S.p.A. holds, directly or indirectly, the majority of voting rights, or has the power, directly or indirectly, to determine, also through contractual agreements, the financial and operating policies of a company in order to secure benefits from its operations.

In preparing the consolidated financial statements, the assets, liabilities as well as costs and revenues of the consolidated companies are added up line by line, attributing to minority-interest shareholders their portion of net equity and net income or loss for the period in specific items in the statement of financial position and in the statement of profit or loss.

The carrying value of the equity investment in each of the subsidiaries is eliminated to account for the corresponding share of net equity, including any adjustment to the fair value on the date of acquisition; any resulting positive difference is recognized among intangible assets as goodwill, as illustrated below, whereas any negative difference is charged to the statement of profit or loss.

In preparing the consolidated financial statements, all balance sheet, income statement and cash flow balances among the Group companies have been eliminated, as well as unrealized gains and losses on infra-group transactions.

The consolidated financial statements are presented in euro, which is the functional currency of the Group.

Transactions in foreign currencies are initially recorded at the exchange rate (related to the functional currency) at the date of the transaction.

All of the assets and liabilities of foreign companies in currencies other than the euro that fall within the scope of consolidation are converted by using the exchange rates in force as of the balance sheet data (current exchange rate method), whereas the associated revenues and costs are converted at the average exchange rates for the year. Translation differences resulting from the application of this method are classified as a shareholders' equity item until the equity investment is sold. In preparing the consolidated cash flow statement, the cash flows of consolidated foreign companies expressed in currencies other than the euro are converted by using the average exchange rates for the year.

Non-current items measured at historical cost in a foreign currency (including goodwill and adjustments to the fair value generated during the purchase price allocation of a foreign company) are converted at the exchange rates at the date of their initial recording. At a later stage, these figures are converted at the exchange rate at year end.

The following table shows the exchange rates used for the conversion of the foreign financial statements:

expressed in foreign currency (per 1 euro)

Currency	December 31, 2013		December 31, 2012	
	Average rate	Final rate	Average rate	Final rate
U.S. dollar	1.3281	1.3791	1.2848	1.3194
Japanese yen	129.663	144.720	102.492	113.610
South Korean won	1,453.91	1,450.93	1,447.69	1,406.23
Renminbi (P.R. of China)	8.1646	8.3491	8.1052	8.2207
Taiwan dollar	39.4257	41.1400	37.9965	38.3262

During the first-time adoption of IFRSs, the cumulative translation differences generated by the consolidation of foreign companies operating outside of the euro area were reduced to zero, as permitted by IFRS 1 (*First-time adoption of International Financial Reporting Standards*). Consequently, only translation differences accumulated and recognized after January 1, 2004 are considered in determining any capital gains or losses arising from the sale thereof.

Investments in joint ventures are included in the consolidated financial statements according to the equity method, as permitted by IAS 31 – *Interests in joint ventures*, starting from the date when the joint control starts, until the time it ceases to exist.

Business combinations and Goodwill

Business combinations are recognized according to the purchase method. According to this method, the identifiable assets (including previously unrecognized intangible assets), liabilities and contingent liabilities (excluding future restructuring) acquired are recognized at their current values (fair values) at the date of acquisition. The positive difference between the purchase cost and the Group's interest in the fair value of such assets and liabilities is classified as goodwill and recognized among intangible assets. Any negative difference (badwill) is charged to the statement of profit or loss upon acquisition.

Any consideration subject to specific conditions in the business combination contract is measured at fair value at the acquisition date and included in the value of the consideration transferred in the business combination for the purposes of calculating the goodwill. Any subsequent changes in the fair value, which can be classified as adjustments arising during the measurement period, are included in the goodwill retrospectively. The changes in the fair value classified as adjustments in the measurement period are those resulting from additional information about facts and circumstances that existed at the acquisition date, obtained during the measurement period (which cannot exceed the period of one year from the business combination).

If the purchase cost and/or the value of the assets and liabilities acquired may only be determined on a provisional basis, the Group recognizes the business combination using the provisional values, that will be definitively determined within 12 months from the date of the acquisition. Any use of this accounting method, if used, will be mentioned in the explanatory notes.

The costs related to the acquisition are recognized in the statement of profit or loss when they are incurred. Goodwill is not amortized, but rather tested for impairment on an annual basis, or more frequently if specific events or particular circumstances indicate that impairment may have occurred, according to IAS 36 – *Impairment of assets*. After its initial recognition, goodwill is measured at cost, less any impairment recognized. Goodwill, once impaired, may not be recovered. For the purposes of congruity analysis, the goodwill acquired in a business combination is allocated, at the date of acquisition, to the Group's individual cash-generating units (CGUs) or to groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other Group's assets and liabilities have been allocated to such units or groups of units. Each CGU or group of CGUs to which goodwill is allocated, represents the lowest Group's level at which goodwill is monitored for internal management purposes.

When goodwill represents a part of a CGU and a part of the assets internal to the unit is sold, the goodwill associated with the assets sold is included in the carrying value of the assets in order to determine the gain or loss on the sale. The goodwill transferred in such circumstances is measured on the basis of the figures for the transferred assets and the portion of the unit retained.

When all or part of a previously acquired company, the acquisition of which had generated goodwill, is disposed of, the residual share of goodwill is considered when calculating the effects of the sale. The difference between the price of sale and net assets, plus any accumulated translation differences and goodwill is recognized on the statement of profit or loss. Retained earnings or losses entered directly in the shareholders' equity are transferred to the statement of profit or loss at the time of the sale.

Where options do not grant effective access to the economic benefits associated with the ownership of minority interests, the shares or units referring to these options are recognized at the date of the

acquisition of the control as “minority interests”; the share of the net income and losses (and other changes in equity) of the entity acquired are attributed to the minority interests after the business combination is completed. The minority-interest share is eliminated as of each balance sheet date and classified as a financial liability at its fair value (equal to the current value of the strike price of the option), as if the acquisition had occurred on that date. The Group has opted to recognize the difference between the financial liability at fair value and the minority-interest share eliminated as of the balance sheet date as goodwill (Parent entity extension method).

Intangible assets

Development expenses

Internally incurred costs for the development of new products and services constitute, depending on the circumstances, internally produced intangible or tangible assets and are recognized as assets solely if the costs can be reliably measured and the technical feasibility of the product, the expected volumes and prices indicate that the costs incurred in the development phase will generate future economic benefits.

Capitalized development costs consist solely of effectively incurred expenses that may be directly allocated to the development process.

Capitalized development costs are systematically amortized starting from the year of production throughout the estimated useful life of the product/service.

Other intangible assets with finite useful life

Other purchased or internally produced intangible assets with finite useful lives are recognized as assets, in accordance with the provisions of IAS 38 – *Intangible assets*, when it is likely that the use of the assets will generate future economic benefits and that the determination of their cost is reliable.

Such assets are recognized at the cost of purchasing or producing them and are amortized on a straight-line basis over their estimated useful lives. Intangible assets with finite useful life are also assessed for impairment annually, or whenever there is an indication that the assets may have become impaired.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. Amortization rates are revised annually and are amended if the current estimated useful life differs from the previous estimate. The effects of such changes are recognized prospectively in the statement of profit or loss.

Intangible assets are amortized according to their estimated useful lives, where finite, as follows:

Industrial and other patent rights	3/5 years/duration of the contract
Concessions, licenses, trademarks and similar rights	3/50 years/duration of the contract
Other	3/8 years/duration of the contract

Property, plant and equipment

Owned property, plant and equipment are recognized at the cost of purchase or production, or, where such assets were carried as of January 1, 2004, at deemed cost, which, for some assets, is represented by revalued cost. Costs incurred subsequent to the purchase are capitalized only if they increase the future economic benefits deriving from the asset to which they refer. All other costs are charged to the statement of profit or loss when they are incurred. The cost of the assets also includes the projected costs of dismantling the asset and restoring the site, where there is a legal or implicit obligation to do so. The corresponding liability is recognized at its net present value during the period in which the obligation arises as a provision among the liabilities within the provisions for risks and contingencies. The capitalized expense is recognized on the statement of profit or loss over the useful life of the associated property, plant and equipment through the depreciation process.

Depreciation is calculated at constant rates over the estimated useful life of the assets.

Land, including that annexed to buildings, is not depreciated.

Depreciation rates are revised annually and are amended if the current estimated useful life differs from the previous estimate. The effects of such changes are recognized prospectively on the statement of profit or loss.

The minimum and maximum depreciation rates are listed below:

Buildings	2.5% - 3%
Plant and machinery	10% - 25%
Industrial and commercial equipment	20% - 25%
Other assets	7% - 25%

Leasing contracts that substantially transfer to the Group all the risks and benefits of the leased item are considered as financial leases.

The leased assets are capitalized at the beginning of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and they are depreciated over the estimated useful life of the asset.

The liability due to the lessor is classified as a financial liability in the statement of financial position. Lease payments are apportioned between principal and interest in order to obtain the application of a constant interest rate on the remaining balance of the liability. Interests are recognized in the financial costs of the statement of profit or loss.

Leasing contracts in which the lessor does not transfer all the risks and benefits related to the ownership are considered as operating leases. The operating lease payments are charged to the statement of profit or loss on a straight-line basis over the term of the contract.

Impairment

At the end of each reporting period, the Group assesses whether there is any indication that the intangible assets and property, plant and equipment might have suffered an impairment.

Goodwill and intangible assets with an indefinite useful life are subjected to an impairment test at least once a year, or more frequently whenever there is an indication that the asset may have suffered an impairment.

Goodwill

Goodwill is assessed for impairment at the balance sheet date or during the fiscal year if there are indicators of criticality. The goodwill acquired and allocated during the year is assessed for impairment before the end of the year in which it was acquired and allocated.

For the purposes of impairment testing, goodwill is allocated, as of the date of acquisition, to each cash-generating unit or group of cash generating units that benefit from the acquisition, regardless of whether other Group's assets and liabilities have been allocated to such units.

If the carrying value of the cash-generating unit (or group of units) exceeds its recoverable value, the difference is recognized on the statement of profit or loss as an impairment loss.

The impairment loss is charged to the statement of profit or loss, initially by decreasing the carrying value of the goodwill allocated to the unit (or group of units), and only then is charged to the unit's other assets in proportion to their carrying value, up to a maximum of the recoverable value of assets with finite useful lives. The recoverable value of a cash-generating unit or group of cash-generating units to which the goodwill is allocated is the greater of the fair value, less selling costs, and the value in use of the unit itself.

The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. Future explicit cash flows normally cover a period of three years and they are projected along a defined period between 7 and 12 years, except for projections that require longer periods, such as in the case of initiatives in the start-up phase. The long-term growth rate used to estimate the terminal value of the unit (or group of units) cannot exceed the average

long-term growth rate for the industry, country or market in which the unit (or group of units) operates.

The value in use of cash-generating units in foreign currencies is estimated in the local currency discounting such cash flows at a rate appropriate to the currency itself. The current value obtained through this process is translated into euro at the spot exchange rate as of the date of the impairment test (which, in our case, is the balance sheet date).

Future cash flows are estimated by referring to the cash-generating unit's current conditions and consequently do not contemplate either the benefits of future restructuring operations to which the entity is not yet committed or future investments to improve or optimize the unit.

For impairment testing purposes, the carrying value of a cash-generating unit is determined in accordance with the criteria according to which the cash-generating unit's recoverable value is determined, excluding surplus assets (i.e. financial assets, deferred tax assets, and net non-current assets held for sale).

After having conducted an impairment test on the cash-generating unit (or group of units) to which the goodwill is allocated, a second level impairment test is conducted that includes also centralized assets with auxiliary functions (corporate assets) that do not generate positive cash flows and cannot be allocated to the individual units according to a reasonable and consistent criterion. At this second level, the recoverable value of all units (or groups of units) is compared with the carrying value of all units (or groups of units), including those units to which no goodwill has been allocated and corporate assets.

Where the conditions that had previously required the recognition of impairment cease to apply, the original value of the goodwill is not restored, according to IAS 36 - *Impairment of assets*.

Tangible and intangible assets with finite useful life

During the year, the Group verifies whether there are indications that tangible and intangible assets with finite useful lives may have become impaired. Both internal and external sources of information are considered in this process. These internal sources include: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to projections. The external sources include: the trend in the market prices of assets, any discontinuities of technology, market, or legislation, the trend in market interest rates and the cost of capital used to assess investments, and, lastly, whether the carrying value of the Group's net assets exceeds its market capitalization.

If there are indications that tangible or intangible assets with finite useful lives have become impaired, the carrying value of the assets is reduced to their recoverable value. The recoverable value of an asset is defined as the greater of its fair value, net of selling costs, and its value in use. The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. When it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable value of the asset's cash-generating unit.

Impairment is charged to the statement of profit or loss.

If the reasons that led to impairment subsequently cease to apply, the carrying value of the asset or cash-generating unit is increased up to the new estimate of the recoverable value, which, however, may not exceed the value that would have resulted if no impairment had been recognized. Reversals are recognized on the statement of profit or loss.

Investments in associates and joint ventures

Investments in associates and joint ventures are evaluated using the equity method. According to this method, the investment in an associate is initially recognized at cost and then it is adjusted to recognize the Group's share of its net equity changes. The share of net result deriving from the application of this consolidation method is recognized in the statement of profit or loss, under the item "Share of result of investments accounted for using the equity method".

Losses of associates in excess of the Group's share are not recognized, unless the Group has assumed any obligation to cover them.

The positive difference between the purchase price and the Group's interest in the fair value of the assets, liabilities and contingent liabilities of the associate at the date of acquisition represents the goodwill and it is included in the carrying value of the investment.

Any negative difference between the purchase price and the Group's interest in the fair value of assets, liabilities and contingent liabilities of the associate is charged to the statement of profit or loss once the acquisition method process is completed (within and no later than twelve months from the date of the acquisition).

When there has been a change recognized directly in the equity of the associate or of the joint venture and in its statement of comprehensive income, the Group recognizes its share of any changes and discloses this in the statement of changes in equity and in the consolidated statement of comprehensive income.

The consolidated net income is adjusted to delete the positive and negative economic effects arising from intercompany transactions with the associate or the joint venture and not yet realized with third parties at year end.

At least once a year, the Group verifies whether there are indications of impairment, by comparing the value of the investment according to the equity method and its recoverable value. Any impairment loss is allocated to the investment and charged to the statement of profit or loss.

Receivables

Receivables generated by the company are initially recognized at their nominal value and subsequently measured at their estimated realizable value.

Receivables with maturities over one year, that do not bear interest or bear interest at below-market rate, are discounted using market rates.

Cash and cash equivalents

Cash and cash equivalents are recognized, according to their nature, at their nominal value.

Cash equivalents consist of highly liquid short-term investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value, the original maturity or maturity upon acquisition of which does not exceed three months.

Financial liabilities

Financial liabilities include financial payables and other financial liabilities, including derivative instruments. Under IAS 39, they also include trade and other nature payables.

Non-derivative financial liabilities are initially recognized at fair value, less transaction costs, and are subsequently measured at amortized cost, i.e. the amount initially recognized less any repayments of principal, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial value and the value at maturity.

Financial liabilities hedged by derivative instruments aimed at covering the risk of changes in the value of the liability (fair value hedge derivatives) are measured at their fair value according to the hedge accounting methods set out in IAS 39: gains and losses arising from subsequent adjustments to fair value, limited to the hedged component, are recognized on the statement of profit or loss and offset by the effective portion of the loss or gain arising from subsequent measurements of the hedging instrument at fair value.

Derivative financial instruments

The derivatives transactions undertaken by the SAES Group are aimed at hedging its exposure to exchange-rate and interest-rate risks and diversifying debt parameters in order to reduce the cost and volatility of debt within pre-determined management limits.

According to the requirements of IAS 39, hedging instruments are accounted according to the hedge accounting methods only when:

a) at inception, they are formally designated as a hedge and the hedge relationship is documented;

- b) the hedge is expected to be highly effective;
- c) the effectiveness of the hedge can be reliably measured;
- d) the hedge is highly effective in each designated accounting period.

All derivative instruments are measured at their fair value according to IAS 39.

Where derivatives satisfy the requirements for their treatment under hedge accounting rules, the following accounting standards are applied:

- *Fair value hedges* - If a derivative financial instrument is designated as a hedge of the exposure to the changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss resulting from subsequent changes in the fair value of the hedging instrument is recognized on the statement of profit or loss. The portion of the gain or loss arising from the fair value adjustment of the hedged item attributable to the hedged risk is recognized as an adjustment to the carrying value of the item itself and entered in the statement of profit or loss.
- *Cash flow hedges* - If a derivative financial instrument is designated as a hedge of the exposure to the changes in the cash flows of an asset or liability carried on the balance sheet or of a highly probable planned transaction, the effective portion of the gains or losses arising from the fair value adjustment of the derivative instrument is recognized in a specific shareholders' equity reserve (cash flow hedge reserve). The cumulative gain or loss is reversed from the shareholders' equity reserve and recognized in the statement of profit or loss during the same years in which the effects of the hedged transaction are recognized in the statement of profit or loss.

The gain or loss associated with the ineffective portion of the hedge is immediately recognized in the statement of profit or loss. If the hedged transaction is no longer deemed highly probable, the unrealized gains or losses recognized in the shareholders' equity reserve are immediately entered in the statement of profit or loss.

Gains and losses arising from the fair-value measurement of derivatives not designated as hedges are directly recognized in the statement of profit or loss.

Inventory

Inventory, which consists of raw materials, purchased products, semi-finished, work in progress and finished products, is measured at the lesser of the cost of purchase and production and the estimated realizable value. Costs are determined according to the FIFO method. The measurement of inventory also includes direct material and labor costs and indirect production costs (both variable and fixed).

In addition, provisions for impairment are allocated for materials, finished products, spare parts and other articles deemed obsolete or with a slow rotation, on the basis of their expected future use and estimated realizable value.

Ceased assets/Assets held for sale/Discontinued operations

Ceased assets, Assets held for sale and Discontinued operations refer to lines of business and assets (or groups of assets) that have been sold or are in the process of being sold, the carrying value of which have been, or will be, recovered primarily through their sale rather than their continuing use. These conditions are met when the sale or discontinuity of the group of assets held for sale are highly probable and the assets and liabilities are immediately available for sale at their current state.

Assets held for sale are measured at the lesser of their net carrying value and fair value, net of selling costs.

Where such assets have originated in recent business combinations, they are measured at their current value, net of disposal costs.

In accordance with IFRSs, the figures for discontinued operations and/or assets held for sale are presented as follows:

- in two specific items of the balance sheet: Discontinued operations/Assets held for sale and Discontinued operations/Liabilities held for sale;

- in a specific item of the statement of profit or loss: Net income (loss) from discontinued operations and assets held for sale.

Staff leaving indemnity and other employee benefits

Staff leaving indemnity

The staff leaving indemnity, which is compulsory for Italian companies according to article 2120 of the Civil Code, is a deferred benefit and is correlated to the length of each employee's term of employment and the compensation received during the period of service.

In application of IAS 19, the staff leaving indemnity calculated as indicated above is a "Defined-benefit plan" and the associated obligation to be recognized (Staff leaving indemnity debt) is determined through an actuarial calculation by using the Projected Unit Credit Method. As required by the revised version of IAS 19, gains and losses arising from the actuarial calculation are fully recognized in the comprehensive income in the period in which they occur. These actuarial differences are entered immediately on the retained earnings and are not classified in the statement of profit or loss in the following periods.

The costs associated with the increase in the current value of the staff leaving indemnity obligation arising from the proximity of the moment in which benefits are to be paid are included among "Personnel costs".

Effective from January 1, 2007, the 2007 Finance Law and related implementation decrees have introduced significant changes to staff leaving indemnity rules, including the employees' right to choose whether to allocate the not accrued portion of their leaving indemnity to complementary pension funds or the "Treasury Fund" managed by INPS.

It follows that the obligation to INPS, as well as contributions to complementary pension schemes, acquire the status of "Defined-contribution plans" in accordance with IAS 19, whereas the amounts recognized in the Staff leaving indemnity debt continue to be considered "Defined-benefit plans".

The amendments to the law enacted in 2007 have consequently entailed the redetermination of actuarial assumptions and the ensuing calculations employed to determine the staff leaving indemnity.

Other long term benefits

Anniversary or other seniority bonuses and long-term incentive plans are discounted back in order to determine the present value of the defined-benefit liability and the cost relating to the current employment services. As required by the revised version of IAS 19, gains and losses arising from the actuarial calculation are fully recognized in the comprehensive income in the period in which they occur. These actuarial differences are entered immediately on the retained earnings and are not classified in the statement of profit or loss in the following periods.

Provisions for contingencies and obligations

Group companies recognize provisions for contingencies and obligations when there is a current (legal or implicit) obligation to a third party as the result of a past event and it is likely that the Group will be required to spend resources in order to fulfill this obligation and the amount of the obligation may be reliably estimated.

Changes in estimates are reflected in the statement of profit or loss for the year in which they occur.

Treasury shares

Treasury shares are deducted from the shareholders' equity.

Transactions in foreign currencies

Transactions in foreign currencies are entered at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange

rate in effect at the balance sheet date. Exchange differences resulting from the discharge of monetary items or the conversion of such items at rates differing from those at which they were initially recognized during the year or at those of the end of the previous year are recognized in the statement of profit or loss.

Non-current items measured at historical cost in a foreign currency (including goodwill and fair value adjustments generated in the allocation of the acquisition cost of a foreign company) are converted at the exchange rates at the date of their initial recording. At a later stage, these figures are converted at the exchange rate at year end.

Revenue recognition

Revenues are recognized to the extent that it is probable that the Group will receive the economic benefits and the amount of such benefits may be reliably determined. Revenues are represented net of discounts, allowances and returns.

Revenues from the sale of goods are recognized when the risks and benefits related to the ownership of the goods are transferred to the buyer.

Cost of sales

The cost of sales includes the cost of production or purchase of the products and goods that have been sold. It includes all the costs of materials, the manufacturing ones and the general expenses directly associated with the production, including the depreciation of the assets used for their production and the write-downs of inventory.

Research and development costs and promotion expenses

Research and promotion expenses are charged directly to the statement of profit or loss during the year in which they are incurred. Development expenses are capitalized if the conditions set out in IAS 38 are met, as already described in the paragraph on intangible assets. If the requirements for the mandatory capitalization of development expenses are not met, the expenses are charged to the statement of profit or loss for the year in which they are incurred.

Government grants

Government grants are recognized in the financial statements in accordance with IAS 20, that means when there is a reasonable certainty that the Company will comply with all the required conditions to receive such grants and that the grants will be received. Grants are recognized in the statement of profit or loss over the period in which the costs related to them are recognized.

Income taxes

Income taxes include all taxes calculated on the taxable income of the Group's companies.

Income taxes are recognized on the statement of profit or loss, with the exception of taxes pertaining to items directly charged or entered in a shareholders' equity reserve, in which case the associated tax effect is recognized directly in the respective shareholders' equity reserves.

Accruals for taxes that could be generated by the transfer of the undistributed earnings of subsidiaries are made solely where there is an effective intention to transfer such earnings.

Deferred tax liabilities/assets are recognized according to the balance sheet liability method. They are calculated on all temporary differences that arise between the taxable base of the assets and liabilities and the carrying values of these assets/liabilities in the consolidated financial statements, with the exception of goodwill, which is not tax-deductible.

Deferred tax assets on tax-losses carried forwards are recognized to the extent that there is likely to be a future taxable income against which they may be recovered. Current and deferred tax assets and liabilities are offset where the income taxes are applied by the same tax authority and there is a legal right to offset them. Deferred tax assets and liabilities are determined by applying the tax

rates expected to be applied under the tax codes of the various countries in which Group companies operate during the years in which the temporary differences will be eliminated.

Earning per share

Basic earning per ordinary share is calculated by dividing the Group's net income for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). In a like manner, basic earning per savings share is calculated by dividing the Group's net income for the year attributable to savings shares by the weighted average number of savings shares outstanding during the year.

Use of estimates and subjective assessments

In order to prepare the consolidated financial statements and the related notes in accordance with IFRSs, the management is required to make estimates and assumptions that have an effect on assets and liabilities as well as on the information about contingent assets and liabilities at the balance sheet date. In the future, should such estimates and assumptions, based on the best currently available assessment, differ from the actual circumstances, they will be amended accordingly when the circumstances change.

Estimates and subjective assessments are employed to determine the recoverable value of non-current assets (including goodwill), revenues, accruals to provisions for receivables, obsolete and slow-rotation inventory, depreciation and amortization, employees' benefits, taxes, restructuring provisions and other accruals and provisions. Estimates and assumptions are reviewed periodically and the effects of all changes are immediately reflected in the statement of profit or loss.

In the absence of a standard or interpretation specifically applicable to a transaction, the Group's management decides, through subjective assessments, which accounting methods to adopt in order to provide relevant and reliable information so that the financial statements:

- are a faithful representation of the Group's financial position, net result and cash flows;
- reflect the economic substance of transactions;
- are neutral;
- are drafted on a prudential basis;
- are complete in all significant aspects.

The balance sheet items that require more than others a subjective judgment on the part of the directors in the preparation of the estimates and for which a change in the underlying assumptions could have a significant impact on the financial statements are the following ones: goodwill, impairment of fixed assets, depreciation of assets, deferred tax assets, bad debt provisions, inventory write-downs, risk provisions, pension plans and other post-employment benefits.

With regard to the main assumptions and sources used in making such estimates, please refer to the relevant sections of the Notes to the financial statements.

New standards, interpretations and amendments effective from January 1, 2013

Accounting standards used to prepare the consolidated financial statements as at December 31, 2013 are consistent with those applied in the consolidated financial statements as at December 31, 2012, except for the adoption of new standards and interpretations applicable starting from January 1, 2013. The following accounting standards, amendments and interpretations are applicable for the first time from January 1, 2013.

IAS 1 - Presentation of Financial Statements (amendment)

The amendment requires companies to group all the items presented in the statement of "Other comprehensive income" into two categories depending on whether or not they can be subsequently reclassified in the statement of profit or loss. Related taxes should be allocated on the same basis. The aim of the amendments to IAS 1 is to make the exposure of the growing number of items of the other components of the other comprehensive income statement more clear and help users of the financial statements to distinguish between the items of the other components of the other

comprehensive income statement that may or may not be subsequently reclassified in the statement of profit or loss.

This change affected only the mode of presentation of the other items of the other comprehensive income statement and didn't have any impact on the financial position or performance of the Group.

IFRS 7 - Financial instruments: supplementary disclosures (amendment) and IAS 32 - Financial instruments: presentation in the financial statements (amendment)

The amendments require the introduction, in particular cases, of new quantitative information regarding compensation agreements, that means that they require disclosure on the effect or potential effect of offsetting financial assets and financial liabilities on the statement of financial position of a company carried out in accordance with IAS 32. The information must be provided retrospectively.

Given that the Group doesn't offset any financial instrument in accordance with IAS 32, the amendments to IFRS 7 did not result in the need for any supplementary information.

IFRS 13 - Fair value measurement

IFRS 13 - Fair value measurement defines a single framework for fair value evaluations, required or allowed by other standards, and for their related disclosures in the financial statements. Fair value is defined as the price to be received for the sale of an asset (or to be paid for the transfer of a liability) as part of an orderly transaction between market participants at the evaluation date.

This standard should be applied prospectively.

The application of IFRS 13 didn't have any significant impact on the fair value evaluations made by the Group.

Improvements to IFRS (2009-2011 cycle)

On May 17, 2012 the IASB published the document *Annual Improvements to IFRSs: 2009-2011 Cycle*, which reflects the amendments to the standards within the annual process to improve them, focusing on those changes assessed as necessary, but not urgent. These amendments, briefly described below, have to be applied, retroactively, to the financial statements beginning on or after January 1, 2013.

IAS 1 - Presentation of financial statements - Comparative information:

it is clarified that in case some additional comparative information is provided, it must be presented in accordance with IAS/IFRS. Moreover, it is clarified that in case an entity changes an accounting policy or makes a retrospective adjustment/reclassification, the same entity should present a balance sheet also at the beginning of the comparative period ("third balance sheet" in the financial statements) while comparative disclosures for this "third balance sheet" are not required in the notes, except for the items concerned.

The amendment didn't have any impact on the disclosure of the Group, as there weren't any changes to the accounting standards during the year that had an impact on the financial position or performance of the Group.

IAS 16 - Property, plant and equipment - Classification of servicing equipment:

it is clarified that servicing equipment should be classified as "Property, plant and equipment" when used for more than one year, and as "Inventory" in the opposite case.

This change did not result in the need for the Group to make any reclassification.

IAS 32 - Financial instruments: presentation in the Financial statements - Direct taxes on distributions to holders of equity instruments and on transaction costs on equity instruments:
it is clarified that direct taxes related to these particular cases follow the rules of IAS 12.

This clarification didn't have any effect on the financial position or on the performance of the Group, as the taxes related to the distribution to shareholders were already accounted for in accordance with IAS 12.

Accounting standards, amendments and interpretations of IFRS and IFRIC already validated by the European Union, but not yet applicable if not in advance (early adoption)

IFRS 10 - Consolidated Financial Statements

IFRS 10 - Consolidated Financial Statements will replace *SIC 12 - Consolidation - Special Purpose Entities* and some parts of *IAS 27 - Consolidated and Separate financial statements*, that will be renamed "Separate financial statements" and will address the accounting treatment of shareholdings in the separate financial statements. The main changes in the new standard are as follows:

- according to IFRS 10 there is a single basic principle to consolidate all types of entities, and this principle is based on the control. This change removes the perceived inconsistency between the previous IAS 27 (based on the control) and SIC 12 (based on the transfer of risks and benefits);
- it provides a definition of control stronger than in the past, based on three elements: (a) the power on the acquired company; (b) the exposure, or rights, to variable returns deriving from the involvement in the same company; (c) the ability to use the power to influence the amount of such returns;
- IFRS 10 requires an investor to focus on those activities that significantly affect the returns of the acquired company in order to assess whether it has control over the company itself;
- IFRS 10 requires that, in assessing whether control exists, only the substantive rights are considered, that means those which are effectively exercisable when relevant decisions on the acquired company must be taken;
- IFRS 10 provides practical guides in assessing whether control exists in complex situations, such as the *de facto* control, potential voting rights, those situations in which it is necessary to establish whether the person who has the decision power is acting as an agent or as a principal, etc. In general terms, the application of IFRS 10 requires a significant degree of judgment on a number of application aspects.

These amendments were endorsed by the European Union in December 2012 (EC Regulation no. 1254/2012) and will apply starting from January 1, 2014.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The document *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)*, first of all, clarifies the intentions of the Board with reference to the transition rules of IFRS 10 - *Consolidated financial statements*. In particular, the document clarifies that, for an entity with a financial year that corresponds to the calendar year and with the first application of IFRS 10 to the year ended December 31, 2013, the date of its initial application will be January 1, 2013.

In the event that the conclusions on the scope of consolidation are the same in accordance with IAS 27 and SIC 12 and in accordance with IFRS 10 at the date of its initial recognition, the entity shall have no obligation. Likewise, no obligation will arise in the event that the investment has been sold in the comparative period (and as such is no longer present at the date of its initial application).

The document aims at clarifying how an investor has to retrospectively rectify the comparative period(s) if the conclusions on the scope of consolidation are not the same in accordance with IAS 27/SIC 12 and IFRS 10 at the date of its initial recognition. In particular, when a retrospective adjustment as defined above is not applicable, an acquisition/disposal will be recorded at the beginning of the comparative period presented, with a consequent adjustment recorded in the retained earnings.

In addition, the Board amended IFRS 11 - *Joint Arrangements* and IFRS 12 - *Disclosure of Interests in Other Entities* to provide a similar preferential treatment for the presentation or the change of the comparative information on the periods earlier than that defined as "the immediately preceding period"(that is the comparative period presented in the financial statements). IFRS 12 is further amended by limiting the request to present comparative information for the disclosures related to the "structured entities" that were not consolidated in the periods prior to the effective application date of IFRS 12.

These amendments were endorsed by the European Union in April 2013 (EC Regulation no. 313/2013) and will apply starting from January 1, 2014.

IFRS 11 - Joint arrangements

IFRS 11 - Joint arrangements will replace *IAS 31 - Interests in joint ventures* and *SIC 13 - Jointly controlled entities - Contributions in kind by the joint controlling entities*. The new standard, subject to the criteria for the identification of the presence of a joint control, provides the criteria for the accounting treatment of joint arrangements based on the rights and obligations deriving from the agreements rather than on their legal form and requires to apply only the equity method as accounting method for investments in joint ventures in the consolidated financial statements. According to IFRS 11, the existence of a separate vehicle is not a sufficient condition for classifying a joint arrangement as a joint venture. These amendments were endorsed by the European Union in December 2012 (EC Regulation no. 1254/2012) and will apply starting from January 1, 2014. Following the adoption of this standard, *IAS 28 - Investments in associates* has been amended to include within its scope of application also the investments in joint ventures, starting from the effective date of application of the standard.

IFRS 12 - Disclosure of interests in other entities

IFRS 12 - Disclosure of interests in other entities is a new and comprehensive standard on the additional disclosure requirements in the consolidated financial statements for all types of investments, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated purpose entities. These amendments were endorsed by the European Union in December 2012 (EC Regulation no. 1254/2012) and will apply starting from January 1, 2014.

IAS 27 - Separate financial statements

The amendments to this standard have followed the issuance of *IFRS 10 - Consolidated Financial Statements*, of *IFRS 11 - Joint Arrangements*, of *IFRS 12 - Disclosure of Interests in other entities* and the amendments to *IAS 28 - Investments in associates and joint ventures*. These amendments establish the disclosure requirements and the accounting treatment for investments in subsidiaries, joint ventures and associates when an entity has to prepare separate financial statements. These changes are effective from the year beginning January 1, 2014 or later than that date.

IAS 28 - Investments in associates and jointly controlled entities

Following the new *IFRS 11 - Joint Arrangements* and *IFRS 12 - Disclosure of interests in other entities*, *IAS 28* has been renamed *Investments in associates and jointly controlled entities* and describes the application of the equity method for investments in jointly controlled companies, in addition to associates. These amendments were endorsed by the European Union in December 2012 (EC Regulation no. 1254/2012) and will apply starting from January 1, 2014.

IAS 32 - Financial Instruments: presentation in the financial statements (amendments)

The amendments to *IAS 32 - Financial Instruments: presentation in the financial statements* are intended to clarify the application of certain criteria in *IAS 32* for offsetting financial assets and liabilities. In particular, the amendments to *IAS 32* require that: (i) in order to operate a compensation, the right of offsetting must be legally enforceable in all circumstances that means both in the ordinary course of business and in the case of insolvency, default or bankruptcy of one of the contractual parties, and (ii) upon the occurrence of certain conditions, the simultaneous settlement of financial assets and liabilities on a gross basis, with the consequent elimination or significant reduction of credit risks and liquidity, can be considered equivalent to a net settlement. These amendments were endorsed by the European Union in December 2012 (EC Regulation no. 1256/2012) and will apply starting from January 1, 2014.

IAS 36 - Recoverable amount disclosures for non-financial assets (amendment)

On May 29, 2013 the IASB issued an amendment to *IAS 36 - Recoverable amount disclosures for non-financial assets*, that limits the disclosure requirement to indicate the recoverable amount of

assets or cash generating units (CGUs). To this end, please note that IFRS 13 - *Fair value measurement*, had modified IAS 36 by introducing the requirement to indicate in the disclosures the recoverable amount of each (or group of) CGU(s) to which is attributed a significant part of the net book value of the goodwill or of the intangible assets with an indefinite useful life. In addition, this amendment requires explicitly to provide information on the discount rate used to determine an impairment loss (or a reversal) when the recoverable amount (based on the fair value less cost to sell) is determined using the method of the present value. These amendments were endorsed by the European Union in December 2013 (EC Regulation no. 1374/2013) and will apply starting from January 1, 2014.

IAS 39 - Novation of derivatives and continuation of hedge accounting (amendment)

In June 2013, the IASB issued an amendment to IAS 39. These amendments are intended to regulate situations in which a derivative designated as a hedging instrument is subject to novation by a counterparty to a central counterparty as a result of regulatory changes. The hedge accounting can continue regardless of the novation, something which would not be allowed without this amendment. These amendments were endorsed by the European Union in December 2013 (EC Regulation no. 1375/2013) and will apply starting from January 1, 2014.

The Group has not adopted in advance new standards, amendments or interpretations validated by the European Union, but not yet in force.

Accounting standards, amendments and interpretations of the IFRS not yet validated by the European Union

At the date of these consolidated financial statements, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and the principles described below.

IFRS 9 - Financial Instruments

This standard will replace IAS 39 - *Financial Instruments: recognition and measurement*, in its entirety and currently it has not been yet defined any mandatory effective date for the implementation of IFRS 9, however entities can choose to apply it in advance. The replacement project has been divided into three main phases (classification and measurement of financial assets and liabilities; impairment methodology; hedge accounting).

IAS 19 - Employee Benefits

The IASB amended the requirements of IAS 19 for the contributions by employees or by third parties that are related to a service. If the amount of the contributions is independent from the number of years of service, the entity is allowed to recognize these contributions as a reduction of the cost of the service during the period in which the related service is given, rather than attributing the contributions to the entire service period. If the amount of contributions depends on the number of years of the service, the entity is required to recognize such contributions to the periods of service using the same allocation method required by paragraph 70 of IAS 19 for the gross benefit (for example, using the formula of the contribution plan or of the fixed percentage of salary). The entity, in accordance with IAS 8 - *Accounting standards, changes in accounting estimates and errors*, must apply retroactively these amendments for the financial statements beginning on or after July 1, 2014. An earlier application is allowed. If an entity applies the amendments to an earlier period it shall disclose it in the explanatory notes.

Annual Improvements to IFRSs (2010-2012 cycle)

These improvements affect the following standards:

- IFRS 2 - *Share-based payments*, changing the definition of vesting condition;
- IFRS 3 - *Business combinations*, changing the accounting for potential purchase prices in a business combination;

- IFRS 8 - *Operating segments*, requiring a greater disclosure in relation to the aggregation of operating segments and requiring the reconciliation between the total assets of the segments and the entity's assets;
- IFRS 13 - *Fair Value Measurement*, clarifying the impact of this standard on the evaluation of short-term receivables and payables;
- IAS 16 - *Property, plant and equipment*, changing the revaluation method;
- IAS 24 - *Disclosure of related party transactions*, changing the definition of key management personnel with strategic responsibility;
- IAS 38 - *Intangible assets*, changing the revaluation method.

Annual Improvements to IFRSs (2011-2013 cycle)

These improvements affect the following standards:

- IFRS 3 - *Business combinations*, clarifying that this IFRS doesn't apply to the accounting for the formation of a joint agreement;
- IFRS 13 - *Fair Value Measurement*, clarifying that the IFRS applies to financial assets and financial liabilities with offsetting positions for market risks or credit risks of the counterparty;
- IAS 40 - *Property investments*, clarifying the interaction between IFRS 3 and IAS 40 for the classification of property as a property investment or a property for its own use;
- IFRS 14 - *Regulatory Deferral Accounts*. This new IFRS describes how the positions regarding regulatory deferral accounts are amounts of expenses or income that would not be recognized as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with this standard since the amount is included, or is expected to be included, by the regulator in order to establish the price(s) that an entity can charge to customers for products or services with a regulated rate.

3. BUSINESS COMBINATION

Acquisition of the Hydrogen Purifiers Business by the U.S. company Power & Energy, Inc.

On April 19, 2013 the SAES Group, through its subsidiary SAES Pure Gas, Inc., acquired by the U.S. company Power & Energy, Inc. its "hydrogen purifiers" business, mainly utilized in the semiconductors market. The acquisition is part of the strategy to strengthen the purification business, allowing SAES Group to complement its traditional offering, based on getter technology, with innovative technology solutions in the field of catalytic hydrogen purification, with the consequent increase in the sales volumes and in the results of the Semiconductors Business.

The consideration for the acquisition of this business includes a fixed amount of 7 million USD, as well as an earn-out equal to 10% of the future SAES revenues deriving from the sales of hydrogen purifiers to third parties, up to a maximum of 3 million USD.

The first *tranche* of the fixed amount, equal to 3.2 million USD, was paid at the closing of the transaction; the second *tranche*, equal to 2 million USD, was paid, according to the contractual maturity, in January 2014, while the remaining amount (1.8 million USD) will be paid in January 2015. The earn-out, if any, will be in quarterly tranches,

In accordance with IFRS 3, the Group has recorded the identifiable acquired intangible assets at their fair value at the acquisition date. The evaluation of these assets has been carried out through a complex estimation process, based on some assumptions believed to be reasonable and realistic based on the information available at the date of the acquisition. Their related current value was determined with an appraisal made by an independent third party.

Please note that, given that the differences between the current values and the historical values are recognized also for tax purposes, deferred taxes were not recognized.

The evaluation carried out in accordance with IFRS 3 - revised has to be considered the final one.

The following table shows the fair value of the acquired assets (the dollar values have been converted in euro at the exchange rate reported at the acquisition date, equal to 1.3115):

(thousands of euro)	
	Fair value
Trademarks	23
Patents	1,479
Know-how	99
Non-compete agreement	38
Customer list	1,357
Total intangible assets	2,996
Total identifiable net assets	2,996
Goodwill arising on acquisition	4,039
Purchase consideration (fair value)	7,035

The goodwill arising from the acquisition is calculated with a residual approach as the difference between the fair value of the acquired assets and the fair value of the total consideration of the acquisition. The latter was determined by discounting the second and the third *tranche* of the payment of the fixed consideration using a risk-adjusted rate, based on the Moody interest rate for a BAA corporate debt (4.54%). Instead, the calculation of the present value of the earn-out was based on three different scenarios (high/base/low scenario) of future sales; the average pay-out obtained in this way was discounted using a risk-adjusted rate of 10%.

The goodwill is founded on the favorable economic and financial prospects of the acquired business, outlined in the 2014-2016 Group's strategic plan, which was approved by the Board of Directors on February 18, 2014.

The value of trademarks and patents was determined using the “relief from royalties” method. According to this method, the value of an asset is equal to the present value of the amount that a company would be willing to pay to receive the asset under concession or license; therefore, the value of trademarks and patents was determined based on the royalties saved by SAES Pure Gas, Inc.

The value of the know-how was obtained using the replacement cost method.

The non-competition agreement is a contractual clause that prohibits Power & Energy, Inc. to operate in the hydrogen purification business for ten years and has been evaluated using the with and without method (income method).

The main parameters that determine the value on the basis of this method are the following ones:

- future cash flows, assuming that the non-competition agreements are in place;
- future cash flows, assuming that the vendor has not signed the non-competition agreement;
- estimate of the likelihood of competition from the vendor in the absence of a non-competition agreement.

Also the value of the customer list has been calculated using the income method and, in particular, the multi-period excess earnings method (“MPEEM”). The main parameters that determine the value on the basis of this method are the following ones:

- the residual life of the customer relationship;
- the attrition rate for the acquired customers;
- the net margin on the sales made to the acquired customers, obtained by subtracting the remuneration of the fixed assets that contribute to generate the income from the gross margin.

Acquisition of the Gas Purification Technology (GPT) Business by the Johnson Matthey Group

On August 1, 2013, following the decision made by the Johnson Matthey Group, to close its “Gas Purification Technology (GPT)” business, the subsidiary SAES Pure Gas, Inc. signed an agreement for the acquisition of some of the dismissed assets related to the hydrogen purification, including precious metal components (silver and palladium), other key components inventory, equipment, together with drawings, source coding and customers contact list, as well as warranted and non-warranted support and assistance obligations towards Johnson Matthey Inc. gas purifiers customers, which will be managed by SAES Pure Gas, Inc.

Also this acquisition is part of the strategy of strengthening the SAES purification business and follows the previous acquisition of the “hydrogen purifiers” business by Power & Energy, Inc. The purchasing price for the acquisition is equal to the price of the precious metal stock that is subject to the transfer at the “spot” value of the palladium at the closing date (about 0.6 million USD). The payment by SAES has been made in two *tranches*, of which the first *tranche*, amounting to 50% of the purchasing price, was paid at the closing date and the remaining 50% after six months from the closing date.

In accordance with IFRS 3, the Group has recognized the identifiable acquired assets and liabilities at their fair value at the acquisition date. The fair value of the assets was determined through a complex estimation process, based on some assumptions believed to be reasonable and realistic based on the information available at the date of the acquisition.

Given that the differences between the current values and the historical values are recognized also for tax purposes, deferred taxes were not booked.

The evaluation carried out in accordance with IFRS 3 - revised has to be considered the final one.

The following table shows the fair values of the acquired assets (the dollar values have been converted in euro at the exchange rate reported at the acquisition date, equal to 1.3236):

(thousands of euro)	
	Fair value
Inventory	429
Total identifiable net assets	429
Goodwill arising on acquisition	0
Purchase consideration (fair value)	429

Following the evaluation process that was carried out, the result was that the only acquired asset with a current market value was the inventory and, in particular, the acquired precious metal components.

4. NET SALES

In 2013 consolidated net sales were equal to 128,543 thousand euro, down (-9%) compared to 141,242 thousand euro achieved in 2012. Sales have been penalized by the negative exchange rate effect (-3.4%), net of which the organic reduction was equal to -5.6%

The following table shows a breakdown of revenues by Business:

(thousands of euro)

Business	2013	2012	Difference	Difference %	Exchange rate effect %	Price/Quantity effect %
Electronic Devices	21,151	20,832	319	1.5%	-2.7%	4.2%
Lamps	12,150	11,506	644	5.6%	-4.1%	9.7%
Vacuum Systems and Thermal Insulation	12,041	15,687	(3,646)	-23.2%	-6.4%	-16.8%
Energy Devices	375	398	(23)	-5.8%	-0.4%	-5.4%
Semiconductors	44,951	44,073	878	2.0%	-3.4%	5.4%
Industrial Applications	90,668	92,496	(1,828)	-2.0%	-3.8%	1.8%
Shape Memory Alloys	37,017	47,088	(10,071)	-21.4%	-2.4%	-19.0%
Liquid Crystal Displays	30	761	(731)	-96.1%	-0.5%	-95.6%
Organic Light Emitting Diodes	802	885	(83)	-9.4%	-9.8%	0.4%
Information Displays (*)	832	1,646	(814)	-49.5%	-5.5%	-44.0%
Business Development	26	12	14	116.7%	-7.0%	123.7%
Total net sales	128,543	141,242	(12,699)	-9.0%	-3.4%	-5.6%

Please refer to the Report on operations for further details and comments.

5. COST OF SALES

The cost of sales amounted to 77,126 thousand euro in 2013, showing a decrease of 5,743 thousand euro compared to the previous year.

Excluding the effects of the organizational rationalization process implemented during the second semester¹¹, the adjusted cost of sales would have amounted to 77,172 thousand euro.

A breakdown of the cost of sales by category is provided below:

(thousands of euro)

Cost of sales	2013	2012	Difference	2013 adjusted	2012	Difference
Raw materials	31,404	33,054	(1,650)	31,404	33,054	(1,650)
Direct labour	14,553	15,914	(1,361)	15,370	15,914	(544)
Manufacturing overhead	31,818	34,336	(2,518)	31,372	34,336	(2,964)
Increase (decrease) in work in progress and finished goods	(649)	(435)	(214)	(974)	(435)	(539)
Total cost of sales	77,126	82,869	(5,743)	77,172	82,869	(5,697)

Comparing the 2013 adjusted figures with those of the previous year, in percentage terms, the reduction of the cost of raw materials (including also the change in work in progress and finished goods) and that of manufacturing overhead are substantially in line with the Group's revenues decrease.

Instead, the direct labor cost decreases to a slightly lesser extent than sales, as a result of the shift of the sales mix towards products with a higher labor absorption.

The exchange rate effect led to a decrease of the cost of sales of approximately 1.8 million euro.

6. OPERATING EXPENSES

The operating expenses were equal to 48,427 thousand euro, but, excluding the non-recurring restructuring charges that penalized the current year, the operating expenses decreased to 46,491 thousand euro, down by -4.6% compared to previous year, reflecting the continuous commitment of the Group to control costs, as well as the effect of the first savings resulting from the actions of organizational rationalization implemented during the second half of the year.

¹¹ The savings resulting from the use of the social security provisions, equal to 1,290 thousand euro, are offset by the severance costs (916 thousand euro) and by the write-downs (328 thousand euro).

(thousands of euro)

Operating expenses	2013	2012	Difference	2013 adjusted	2012	Difference
Research & development expenses	14,864	14,459	405	14,740	14,459	281
Selling expenses	11,898	12,618	(720)	11,465	12,618	(1,153)
General & administrative expenses	21,665	21,681	(16)	20,286	21,681	(1,395)
Total operating expenses	48,427	48,758	(331)	46,491	48,758	(2,267)

The reduction, partly attributable to the exchange rate effect for approximately -0.8 million euro, is mainly concentrated in the **general and administrative expenses** (reduction of the contractual emoluments of the Executive Directors, lower variable compensations for employees, reduction of consultant fees and reduced hardware rental costs following the renegotiation of the related supply contracts) and in the **selling expenses** (savings deriving from the staff rationalization and lower variable compensations).

By contrast, the **research and development expenses** were slightly higher in absolute terms: the higher costs related to the increase of the workforce engaged in research activities at the Parent Company in the second half of 2012 were only partly offset by the containment of consultant fees.

A breakdown by nature of total expenses included in the cost of sales and operating expenses, with evidence of non-recurring costs related to the organizational rationalization implemented during the year, is given below:

(thousands of euro)

Total costs by nature	2013	of which: non recurring costs	2013 adjusted	2012	Difference
Raw materials	31,404		31,404	33,054	(1,650)
Various materials	5,730		5,730	6,386	(656)
Personnel cost	54,881	1,096	53,785	56,573	(2,788)
Corporate bodies	1,644		1,644	2,195	(551)
Travel expenses	1,664		1,664	1,634	30
Maintenance and repairs	2,695		2,695	2,893	(198)
Transports	1,612		1,612	1,722	(110)
Commissions	1,049		1,049	984	65
Licenses and patents	1,212		1,212	1,106	106
Consultant fees and legal expenses	4,200		4,200	4,628	(428)
Audit fees (*)	461		461	465	(4)
Rent and operating leasing	1,931		1,931	2,492	(561)
Insurances	1,152		1,152	1,125	27
Promotion and advertising	424		424	491	(67)
Utilities	2,928		2,928	3,056	(128)
Telephones and faxes	410		410	484	(74)
General services (canteen, cleaning, vigilance, etc.)	1,181		1,181	1,309	(128)
Training	95		95	439	(344)
Depreciation	7,706		7,706	8,263	(557)
Amortization	1,730		1,730	1,694	36
Write-down of non current assets	840	469	371	141	230
Provision (release) for bad debts	(40)		(40)	71	(111)
Other	1,293		1,293	857	436
Total costs by nature	126,202	1,565	124,637	132,062	(7,425)
Increase (decrease) in work in progress and finished goods	(649)	325	(974)	(435)	(539)
Total cost of sales and operating expenses	125,553	1,890	123,663	131,627	(7,964)

(*) of which 76 thousand euro as reimbursement of out of pocket expenses incurred in 2013 (76 thousand euro also in 2012)

The items “Raw materials” and “Various materials”, that are strictly connected to the production cycle, decreased as a consequence of both the reduction in revenues and the shift of the sales mix towards solutions with a lower material absorption.

The decrease in the item “Personnel costs” was the result of the first effects of the staff rationalization implemented in 2013, as well as the reduction of the variable compensations for the current year, in line with the trend of Group’s economic results.

The item “Corporate bodies” includes the remuneration of the members of the Board of Directors and of the Board of Statutory Auditors of the Parent Company. The decrease compared to 2012 is the result of the waiver by the Executive Directors to their termination indemnity for the year and to part of their fixed compensation effective from May 1, 2013, a decision taken in line with the attention paid to the management of corporate costs.

For the details on the 2013 remunerations and the comparison with the previous year, please refer to the Note no. 42 and to the Report on the remuneration.

The item “Depreciation” decreased as a result of the fact that some production assets reached the end of their useful life during the year. In addition, please also note that this item benefited from a reduction of approximately 276 thousand euro in the second half of 2013, following the review of the remaining useful life of the general production plant and machinery of the subsidiary SAES advanced Technologies S.p.A., based on independent third party appraisals. For further details please refer to the Note no. 16.

Instead, the item “Amortization” was broadly in line with that of the previous year: the higher amortization related to the intangible assets acquired by the U.S. company Power & Energy, Inc. in 2013 (see Note no. 3) was offset by the fact that some intangible assets of the U.S. subsidiaries, identified during the acquisition, have ended their useful life in the second half of the year.

For the details on the item “Write-down of non-current assets”, equal to 840 thousand euro, please refer to the Notes no. 16 and no. 17.

Finally, please note a general reduction of all fixed overhead costs (maintenance, consultant fees, training, rent, utilities and general services), as a result of the continuing commitment of the management in the control of these costs.

7. ROYALTIES

The item “Royalties”, equal to 2,105 thousand euro, is exclusively composed of the lump-sums and the royalties accrued for the licensing of the thin film getter technology for MEMS of new generation (to be compared with 2,452 thousand euro in 2012). The decrease compared to the previous year (-347 thousand euro) is due to the lower lump-sums pertaining to 2013: in fact, in the first quarter of 2013, the transfer of technology to a second player, a process begun in the first half of 2012, has been completed with the recognition of the last lump-sum to the Parent Company.

8. OTHER INCOME (EXPENSES)

This item recorded a net income of 413 thousand euro as at December 31, 2013, compared with an always positive balance of 633 thousand euro in the previous year.

The breakdown is provided below:

(thousands of euro)

	2013	2012	Difference
Other income	841	1,052	(211)
Other expenses	(428)	(419)	(9)
Total other income (expenses)	413	633	(220)

The item “Other income” included the penalty paid by a customer for the cancellation of some orders (220 thousand euro) and the release of a provision following the favorable settlement of a

dispute of the subsidiary SAES Advanced Technologies S.p.A. with a supplier (139 thousand euro); instead, in the previous year, the item included an income resulting from the release of the excess of a risk provision following the settlement of a dispute of the subsidiary SAES Advanced Technologies S.p.A. with the social security institutions (263 thousand euro) and the non-recurring income arising from the sale of some finished products previously written-down (143 thousand euro).

The item "Other expenses", in both years, is mainly composed by the property taxes and other taxes, other than income taxes, paid by the Italian Group's companies.

9. FINANCIAL INCOME (EXPENSES)

The following table shows the breakdown of the financial income in the fiscal year 2013, compared to the previous year:

(thousands of euro)

Financial income	2013	2012	Difference
Bank interest income	127	145	(18)
Other financial income	14	7	7
Realized gains on IRS	0	0	0
Gains from IRS evaluation at fair value	235	240	(5)
Total financial income	376	392	(16)

The following table shows the breakdown of the financial expenses in the fiscal year 2013, compared to the previous year:

(thousands of euro)

Financial expenses	2013	2012	Difference
Bank interests and other bank expenses	1,205	1,519	(314)
Other financial expenses	239	180	59
Realized losses on IRS	252	359	(107)
Losses from IRS evaluation at fair value	0	0	0
Total financial expenses	1,696	2,058	(362)

The item "Bank interests and other bank expenses" mainly includes the interest expenses on loans, both short and long term ones, held by the Parent Company and by the U.S. subsidiaries, as well as the bank fees related to the credit lines held by SAES Getters S.p.A.

The decrease compared to the previous year is the result of the partial repayment of the loans of Memry Corporation and of SAES Smart Materials, Inc., in accordance with their original repayment plans.

The item "Other financial expenses" includes the waiver fee for the waiver to recall the loans held by the U.S. subsidiaries by the issuing bank as a result of the non-compliance with some covenants as at June 30 and December 31, 2013 and the effect on the income statement of the adjustment of the time horizon used in the calculation of the present value of the debt towards Power & Energy, Inc. (for further details please refer to Note no. 28 and to Note no. 3).

Finally, the item "Gains from IRS evaluation at fair value" represents the effect on the income statement of the measurement of the Interest Rate Swap (IRS) agreement held by the U.S. subsidiary Memry Corporation, while the item "Realized losses on IRS" includes the interest differences paid to the bank on this signed hedging contract.

10. SHARE OF RESULT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item includes the Group's share in the result of the joint venture Actuator Solutions GmbH, evaluated with the equity method. It should be noted that Actuator Solutions GmbH in turn, consolidates its wholly owned subsidiary Actuator Solutions Taiwan Co., Ltd.

In 2013 the loss deriving from the evaluation with the equity method amounted to -712 thousand euro, lower (-14.1%) than the previous year (-829 thousand euro) due to higher sales in the automotive sector, partially offset by higher costs of research for the development of SMA actuators for mobile phones. For further details, please refer to the Note no. 18.

11. FOREIGN EXCHANGE GAINS (LOSSES)

In 2013 the exchange rates management recorded an overall net loss equal to 29 thousand euro, substantially in line with that of the previous year (-106 thousand euro).

The exchange rate-related result, close to zero, confirms the overall effectiveness of the hedging policies implemented by the Group (the same for both the years), whose aim is precisely to limit the effect of currency fluctuations.

The breakdown of foreign exchange gains and losses as at December 31, 2013 compared to the previous year, is given below:

(thousands of euro)	2013	2012	Difference
Foreign exchange gains and losses	879	1,014	(135)
Foreign exchange gains	879	1,014	(135)
Foreign exchange losses	(1,130)	(1,725)	595
Foreign exchange gains (losses), net	(251)	(711)	460
Realized exchange gains on forward contracts	418	554	(136)
Realized exchange losses on forward contracts	(82)	(155)	73
Gains (losses) from forward contracts evaluation at fair value	(114)	206	(320)
Gains (losses) on forward contracts	222	605	(383)
Total foreign exchange gains (losses), net	(29)	(106)	77

The item "Foreign exchange gains (losses), net", equal to -251 thousand euro, is mainly composed of the negative differences originated, especially in the second half of the year, by the conversion of commercial items in Japanese yen; in the previous year (-711 thousand euro), in addition to the foreign exchange losses arising from trade receivables in yen, the item included the negative exchange rate effect generated by the euro financial credit held by the Korean subsidiary towards the Parent Company following the appreciation of the Korean won against the euro.

The item "Gains (losses) on forward contracts" recorded a positive balance of 222 thousand euro, compared with an always positive balance of 605 thousand euro in the previous year. This balance includes both the gains or losses realised when forward contracts on transactions in foreign currencies are unwound and the impact on the income statement of a fair market evaluation.

Please note that the losses incurred in 2013 on forward sale contracts are related only to the realization of an euro forward sale contract (total notional value of 7.5 million euro) entered at the beginning of the year and expiring on December 27, in order to limit the currency risk arising from fluctuations of the Korean won on the balance of the financial credit in euro that the Korean subsidiary SAES Getters Korea Corporation holds in respect of the Parent Company (in the previous year, a similar contract had generated a gain of 420 thousand euro).

12. INCOME TAXES

In 2013 income taxes amounted to 2,616 thousand euro, with a decrease of 2,878 thousand euro compared to the previous year.

The related breakdown is given below:

(thousands of euro)	2013	2012	Difference
Current taxes	3,604	5,498	(1,894)
Deferred taxes	(988)	(4)	(984)
Total	2,616	5,494	(2,878)

The reduction of tax expenses, compared to the previous year, is mainly due to the lower taxable income realized during the period following the decrease in sales.

The following table shows the reconciliation of the theoretical tax charges, on the basis of the tax rates in force in Italy (IRES), and the effective tax charges according to the consolidated financial statements:

(thousands of euro)	2013	2012
Income before taxes	3,447	10,100
Theoretical tax rate and tax charges	27.50%	27.50%
Effect of different tax rates	51.93%	24.56%
Non deductible costs/non taxable income	-51.12%	-20.68%
Taxes on subsidiaries' accumulated profits	35.28%	12.27%
Unrecognition (recognition) of deferred tax assets on fiscal losses	29.68%	3.08%
Unrecognition (recognition) of deferred tax assets on temporary differences	-6.96%	0.52%
R&D activities and other tax credits	-24.14%	-2.79%
Other permanent differences	-21.29%	-0.91%
IRAP and other local taxes	35.02%	10.84%
Effective tax rate and tax charges	75.89%	54.39%
	2,616	5,494

In 2013 the Group realized tax losses for 17,252 thousand euro; deferred taxes have been recognized only on losses equal to 11,037 thousand euro (the tax losses of the Parent Company and of SAES Nitinol S.r.l., both included in the consolidated taxation, for further details please refer to Note no. 20); on the residual amount (6,216 thousand euro, equal to tax loss to the Korean and Chinese subsidiaries and of E.T.C. S.r.l.) deferred taxes have been not recognized because these fiscal losses were not expected to be used to offset a future taxable income.

As already mentioned in the previous consolidated financial statements, the 2005 income tax return of SAES Getters S.p.A. was assessed by the Italian Revenue Agency, as a result of which notices of assessment for IRAP and IRES purposes were notified to the Company requiring additional taxes of 41 thousand euro (IRAP) and 290 thousand euro (IRES), respectively, plus sanctions and interests. The Company is awaiting the outcome of the application presented in previous years to the Regional Tax Commission of Milan and it has not entered any risk provision in the financial statements, since it considers its defensive reasons adequate to support its own operations.

13. NET INCOME (LOSS) FROM ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at December 31, 2013 the net loss deriving from assets held for sale and discontinued operations amounted to a total of -1,393 thousand euro, against a negative value equal to -1,266 thousand euro in the previous year, and the related breakdown is provided below:

(thousands of euro)	2013	2012
Total net sales	729	1,231
Cost of sales	(1,094)	(1,211)
Gross profit	(365)	20
Research & development expenses	(2)	(1)
Selling expenses	(328)	(344)
General & administrative expenses	(709)	(1,083)
Total operating expenses	(1,039)	(1,428)
Other income (expenses), net	11	56
CRT Business Result	(1,393)	(1,352)
<i>Result from the sale of the asset held for sale - SAES Getters USA, Inc.</i>	<i>0</i>	<i>86</i>
Net income (loss) from assets held for sale and discontinued operations	(1,393)	(1,266)
of which:		
<i>Depreciation</i>	<i>(75)</i>	<i>(178)</i>
<i>Amortization</i>	<i>(6)</i>	<i>(17)</i>
<i>Write down of assets</i>	<i>(37)</i>	<i>0</i>
<i>Other non-monetary items</i>	<i>0</i>	<i>62</i>

Under the organizational rationalization and cost reduction plan implemented in the second half of 2013, it was decided to close the manufacturing plant of the subsidiary SAES Getters (Nanjing) Co., Ltd., the last production unit of the Group dedicated to the production of getters for CRTs. The shutdown of the Chinese plant marks the final exit of SAES Group from the CRT Business and, therefore, all 2013 revenues and costs related to the such business have been classified in the item "Net income from discontinued operations".

As at December 31, 2012 this item included, in addition to the result of the CRT Business¹² (-1,352 thousand euro), also the capital gain generated by SAES Getters USA, Inc. following the sale of its factory located in Ohio (former plant of SAES Getters America, Inc.) and the equipment located therein (+86 thousand euro).

The following table shows the cash flows related to CRT Business in the year 2013, compared to the previous year:

¹² 2012 revenues and costs related to the CRT Business have been reclassified in the result from discontinued operations in order to enable a homogeneous comparison with 2013; for further details please refer to Note no. 1 – Reclassification on 2012 income statement figures.

(thousands of euro)	2013	2012
Cash flows from operating activities		
Net income (loss) for the period	(1,393)	(1,352)
Depreciation	75	178
Write down of property, plant & equipment	37	0
Amortization	6	17
Other non-monetary costs (revenues)	0	(62)
	(1,275)	(1,219)
Working capital adjustments		
<i>Cash increase (decrease):</i>		
Account receivables and other receivables	198	101
Inventory	1,263	477
Payables	(703)	(99)
Increase (Decrease) in cash and cash equivalents	(517)	(740)

14. EARNING (LOSS) PER SHARE

As indicated in the Note no. 27, SAES Getters S.p.A.'s capital stock is represented by two different types of shares (ordinary shares and savings shares) which bear different rights with regards to the distribution of dividends.

The pro-quota earning attributable to each type of shares is determined on the basis of the respective rights to receive dividends. Therefore, in order to calculate the earnings per share, the value of the preferred dividends contractually assigned to savings shares has been deducted from the net income for the period, assuming the theoretical distribution of the latter.

The value obtained is divided by the average number of outstanding shares in the relevant time-period.

As the year 2013 ended with a loss, the latter was instead allocated equally to each class of shares.

The following table shows the earning (loss) per share in the fiscal year 2013, compared with the corresponding figure in 2012:

Earning (loss) per share	2013			2012		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousands of euro)			(562)			3,340
Theoretical preference dividends (thousands of euro)		0	0		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	(374)	(188)	(562)	2,140	178	2,318
Total profit (loss) attributable to the different categories of shares (thousands of euro)	(374)	(188)	(562)	2,140	1,200	3,340
Average number of outstanding shares	14,671,350	7,378,619	22,049,969	14,671,350	7,378,619	22,049,969
Basic earning (loss) per share (euro)	(0,0255)	(0,0255)		0,1459	0,1626	
- from continued operations (euro)	0,0000	0,1126	(*)	0,2033	0,2200	
- from discontinued operations (euro)	(0,0632)	(0,0632)		(0,0574)	(0,0574)	
Diluted earning (loss) per share (euro)	(0,0255)	(0,0255)		0,1459	0,1626	
- from continued operations (euro)	0,0000	0,1126	(*)	0,2033	0,2200	
- from discontinued operations (euro)	(0,0632)	(0,0632)		(0,0574)	(0,0574)	

(*) The sum of the earning per share from continued operations and that from discontinued operations differs from the basic earning per share because the net income from continued operations has been attributed to savings shares only, while the loss from discontinued operations has been allocated equally to each class of shares.

15. SEGMENT INFORMATION

For management purposes, the Group is organized into three Business Units according to the final destination of the products and services provided. As at December 31, 2013 the Group's operations were divided into three main operating segments:

- **Industrial Applications** – getters and dispensers used in a wide range of industrial applications (lamps, electronic devices, MEMS, vacuum systems and vacuum thermal insulation solutions, semiconductors and other industries that use pure gases in their processes, photovoltaic modules and energy storage devices);
- **Shape Memory Alloys** – shape memory alloy raw materials, semi-finished products, components and devices for both medical and industrial applications;
- **Information Displays** – getters, dispensers and dryers used in displays.

The Top Management monitors the results of the various Business Units separately in order to make decisions concerning the allocation of resources and investments and to determine the Group's profitability. Each sector is evaluated according to its operating result. Financial income and expenses, foreign exchange performance and income taxes are measured at the overall Group level and thus they are not allocated to operating segments.

Internal reports are prepared in accordance with IFRSs and no reconciliation with carrying amounts is therefore necessary.

The column "Not allocated" includes corporate income statement and financial position amounts that cannot be directly attributed or allocated to the business units on a reasonable basis, but which refer to the Group as a whole, and the amounts related to the basic research projects or undertaken to achieve the diversification in innovative businesses (Business Development Unit).

The following table shows the breakdown of the main income statement figures by operating segment:

(thousands of euro)										
Statement of profit or loss	Industrial Applications		Shape Memory Alloys		Information Displays		Not allocated		Total	
	2013	2012	2013	2012	2013	2012 (*)	2013	2012	2013	2012 (*)
Total net sales	90,668	92,496	37,017	47,088	832	1,646	26	12	128,543	141,242
Gross profit	39,439	41,527	11,992	16,706	272	472	(286)	(332)	51,417	58,373
% on net sales	43.5%	44.9%	32.4%	35.5%	32.7%	28.7%	n.s.	n.s.	40.0%	41.3%
Royalties	2,105	2,452	0	0	0	0	0	0	2,105	2,452
Total operating expenses	(20,730)	(17,824)	(9,167)	(10,654)	(2,258)	(2,331)	(16,272)	(17,949)	(48,427)	(48,758)
Other income (expenses), net	331	230	80	149	6	9	(4)	246	413	633
Operating income (loss)	21,145	26,385	2,905	6,201	(1,980)	(1,850)	(16,562)	(18,035)	5,508	12,701
% on net sales	23.3%	28.5%	7.8%	13.2%	-238.0%	-112.4%	n.s.	n.s.	4.3%	9.0%
Interests and other financial income (expenses), net									(1,320)	(1,666)
Income (loss) from equity method evaluated companies									(712)	(829)
Foreign exchange gains (losses), net									(29)	(106)
Income (loss) before taxes									3,447	10,100
Income taxes									(2,616)	(5,494)
Net income (loss) from continued operations									831	4,606
Net income (loss) from discontinued operations									(1,393)	(1,266)
Net income (loss)									(562)	3,340
Minority interests in consolidated subsidiaries									0	0
Group net income (loss)									(562)	3,340

(*) Some figures shown in this column do not correspond to the 2012 financial statements because they reflect reclassifications as detailed in Note no. 1, paragraph "Reclassifications on 2012 income statement figures".

The following table shows the breakdown both of the non-recurring items of the year 2013 and of the adjusted income statement figures by operating segment:

(thousands of euro)

Statement of profit or loss	Industrial Applications			Shape Memory Alloys			Information Displays			Not allocated			Total		
	2013	Non recurring costs (revenue)	2013 adjusted	2013	Non recurring costs (revenue)	2013 adjusted	2013	Non recurring costs (revenue)	2013 adjusted	2013	Non recurring costs (revenue)	2013 adjusted	2013	Non recurring costs (revenue)	2013 adjusted
Total net sales	90,668	0	90,668	37,017	0	37,017	832	0	832	26	0	26	128,543	0	128,543
Gross profit	39,439	58	39,382	11,992	(20)	12,012	272	8	264	(286)	0	(286)	51,417	46	51,371
% on net sales	43.5%	43.4%	32.4%		32.4%	32.7%		31.7%		n.s.		n.s.	40.0%		40.0%
Royalties	2,105	0	2,105	0	0	0	0	0	0	0	0	0	2,105	0	2,105
Total operating expenses	(20,730)	(924)	(19,806)	(9,167)	(108)	(9,059)	(2,258)	(79)	(2,179)	(16,272)	(825)	(15,447)	(48,427)	(1,936)	(46,491)
Other income (expenses), net	331	0	331	80	0	80	6	0	6	(4)	0	(4)	413	0	413
Operating income (loss)	21,145	(867)	22,012	2,905	(128)	3,033	(1,980)	(71)	(1,909)	(16,562)	(825)	(15,737)	5,508	(1,890)	7,398
% on net sales	23.3%	24.3%	7.8%		8.2%		-238.0%		-229.5%		n.s.		4.3%		5.8%
Interest and other financial income (expenses), net													(1,320)	0	(1,320)
Income (loss) from equity method evaluated companies													(712)	0	(712)
Foreign exchange gains (losses), net													(29)	0	(29)
Income (loss) before taxes													3,447	(1,890)	5,337
Income taxes													(2,616)	222	(2,838)
Net income (loss) from continued operations													831	(1,668)	2,499
Net income (loss) from discontinued operations													(1,393)	(796)	(597)
Net income (loss)													(562)	(2,464)	1,902
Minority interests in consolidated subsidiaries													0	0	0
Group net income (loss)													(562)	(2,464)	1,902

The following table shows the breakdown of the main balance sheet figures by operating segment:

(thousands of euro)

	Continued operations								Discontinued operations		Total	
	Industrial Applications		Shape Memory Alloys		Information Displays		Not allocated		Information Displays			
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	31 dic. 2012
<u>Assets and liabilities</u>												
Non current assets	36,929	31,347	51,364	54,687	2,076	5,039	26,453	26,615	0	0	116,822	117,688
Current assets	30,469	33,796	12,669	12,571	1,048	3,127	27,142	27,223	2,038	0	73,366	76,717
Total assets	67,398	65,143	64,033	67,258	3,124	8,166	53,595	53,838	2,038	0	190,188	194,405
Non current liabilities	6,364	6,226	420	328	269	472	8,885	26,415	0	0	15,938	33,441
Current liabilities	10,643	11,863	3,006	4,341	362	1,761	59,932	28,769	0	0	73,943	46,734
Total liabilities	17,007	18,089	3,426	4,669	631	2,233	68,817	55,184	0	0	89,881	80,175
<u>Other segment information</u>												
Capital expenditure	8,866	2,190	2,026	1,589	787	419	2,111	1,586	0	0	13,790	5,784
Depreciation & amortization	4,425	4,808	3,340	3,394	338	586	1,333	1,169	81	195	9,517	10,152
Other non cash expenses	695	78	105	15	0	50	0	69	37	(62)	837	150

Information on geographical areas

The following table provides the non-current assets by geographical area:

(thousands of euro)

	Italy	Europe	United States	Asia	Total non current assets (*)
2013	39,936	2,394	57,781	197	100,308
2012	41,998	2,477	54,825	3,010	102,310

(*) It includes: tangible assets, intangible assets, investments in joint ventures, other long term assets and the non current part of the tax consolidation receivables from the Controlling Company.

Please refer to the table shown in the Report on operations for the breakdown of consolidated net sales by customer's location.

16. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net of accumulated depreciation, amounted to 51,473 thousand euro as at December 31, 2013, with a decrease of 4,491 thousand euro compared to December 31, 2012.

The following tables show the changes occurred during the current and the previous year:

(thousands of euro)

Tangible fixed assets	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2012	3,837	24,676	24,510	2,941	55,964
Additions	0	373	2,894	3,203	6,470
Disposals	0	0	(50)	(9)	(59)
Reclassifications	0	150	1,404	(1,554)	0
Reclassifications to assets held for sale	(327)	(1,164)	0	0	(1,491)
Depreciation	0	(1,601)	(6,180)	0	(7,781) (*)
Write-downs	0	(22)	(836)	(16)	(874) (**)
Revaluations	0	0	0	0	0
Translation differences	(126)	(190)	(375)	(65)	(756)
December 31, 2013	3,384	22,222	21,367	4,500	51,473
December 31, 2012					
Historical cost	3,837	44,291	127,788	3,097	179,013
Accumulated depreciation and write-downs	0	(19,615)	(103,278)	(156)	(123,049)
Net book value	3,837	24,676	24,510	2,941	55,964
December 31, 2013					
Historical cost	3,384	40,559	122,770	4,656	171,369
Accumulated depreciation and write-downs	0	(18,337)	(101,403)	(156)	(119,896)
Net book value	3,384	22,222	21,367	4,500	51,473

(*) This figure differs from the one shown in the table of Note no. 6 following the reclassification of 76 thousand euro into the result from assets held for sale and discontinued operations (Note no. 13)

(**) This figure differs from the one shown in the table of Note no. 6 following the reclassification of 37 thousand euro into the result from assets held for sale and discontinued operations (Note no. 13)

(thousands of euro)

Tangible fixed assets	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2011	3,891	25,633	27,960	1,779	59,263
Additions	0	245	2,533	2,807	5,585
Disposals	0	(7)	(6)	0	(13)
Reclassifications	0	456	1,175	(1,631)	0
Depreciation	0	(1,560)	(6,881)	0	(8,441) (*)
Write-downs	0	0	(89)	(4)	(93)
Revaluations	0	0	0	0	0
Translation differences	(54)	(91)	(182)	(10)	(337)
December 31, 2012	3,837	24,676	24,510	2,941	55,964
December 31, 2011					
Historical cost	3,891	43,834	136,263	1,935	185,923
Accumulated depreciation and write-downs	0	(18,201)	(108,303)	(156)	(126,660)
Net book value	3,891	25,633	27,960	1,779	59,263
December 31, 2012					
Historical cost	3,837	44,291	127,788	3,097	179,013
Accumulated depreciation and write-downs	0	(19,615)	(103,278)	(156)	(123,049)
Net book value	3,837	24,676	24,510	2,941	55,964

(*) This figure differs from the one shown in the table of Note no. 6 following the reclassification of 178 thousand euro into the result from assets held for sale and discontinued operations (Note no. 13)

As at December 31, 2013 land and buildings are not burdened by mortgages or other guarantees.

During the year 2013, investments in tangible assets amounted to 6,470 thousand euro and included purchases made by the Parent Company of machinery and laboratory equipment intended for use in the OLET (Organic Light Emitting Transistor) research project and for the improvement of the MEMS and industrial SMA production lines. The item also included the investments in medical

SMA area, aimed both at increasing the production capacity of the existing lines and at creating new production departments of new medical components that will enter the market in 2014. Finally, the investments included the improvements on the Lamps and Vacuum Systems production departments of the subsidiary SAES Advanced Technologies S.p.A.

The reclassifications to assets held for sale were related to the building and the land pertaining to the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., whose sale will be completed in 2014. For further details please refer to Note no. 26.

The write-downs, equal to 874 thousand euro, are mainly related to the shutdown of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. (469 thousand euro); they also include the write-down (equal to 270 thousand euro) of the entire residual value of the plant and equipment for the production of getters for solar cells owned by the Parent Company, made it necessary by the shutdown of the production activities of one major customer.

The translation differences (-756 thousand euro) were related to the assets of the U.S. companies and linked to the devaluation of the U.S. dollar as at December 31, 2013 compared to the exchange rate of December 31, 2012.

In the second half of 2013 the item “Depreciation” benefited from a reduction of approximately 276 thousand euro, as a result of the review of the remaining useful life of some plant and machinery of the subsidiary SAES Advanced Technologies S.p.A.

Based on some independent third party appraisals, that have evaluated the efficiency and the maintenance status of these assets, the useful life of the general equipment has been extended for about 6 years; with regards to specific production plant and machinery, the appraisals have expressed an opinion also on the up-to-date status of the technology and on the level of expected usage and this made it possible to extend their residual useful life for about 4 years.

The following table shows the composition of tangible fixed assets based on their related ownership rights:

	December 31, 2013			December 31, 2012		
	Owned assets	Finance leased assets	Total	Owned assets	Finance leased assets	Total
Land and building	25,606	0	25,606	28,513	0	28,513
Plant and machinery	21,334	33	21,367	24,433	77	24,510
Assets under construction and advances	4,500	0	4,500	2,941	0	2,941
Total	51,440	33	51,473	55,887	77	55,964

For further details on finance lease contracts, please refer to the Note no. 30.

17. INTANGIBLE ASSETS, NET

Intangible assets, net of accumulated amortization, were equal to 44,721 thousand euro as at December 31, 2013, and they recorded an increase of 3,158 thousand euro compared to the previous year.

The following tables show the changes occurred during the current and the previous year:

(thousands of euro)

Intangible fixed assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2012	33,137	0	1,893	2,061	4,369	103	41,563
Additions	0	0	0	0	22	263	285
Business combinations	4,039	0	1,480	23	1,493	0	7,035
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	34	183	0	(217)	0
Reclassifications to assets held for sale	0	0	0	(547)	0	0	(547)
Amortization	0	0	(332)	(412)	(992)	0	(1,736) (*)
Write-downs	0	0	0	(3)	0	0	(3)
Revaluations	0	0	0	0	0	0	0
Translation differences	(1,507)	0	(140)	(15)	(215)	1	(1,876)
December 31, 2013	35,669	0	2,935	1,290	4,677	150	44,721
December 31, 2012							
Historical cost	38,414	183	4,980	11,267	18,026	814	73,684
Accumulated amortization and write-downs	(5,277)	(183)	(3,087)	(9,206)	(13,657)	(711)	(32,121)
Net book value	33,137	0	1,893	2,061	4,369	103	41,563
December 31, 2013							
Historical cost	40,946	183	6,290	8,233	18,931	861	75,444
Accumulated amortization and write-downs	(5,277)	(183)	(3,355)	(6,943)	(14,254)	(711)	(30,723)
Net book value	35,669	0	2,935	1,290	4,677	150	44,721

(*) This figure differs from the one shown in the table of Note no. 6 following the reclassification of 6 thousand euro into the result from assets held for sale and discontinued operations (Note no. 13)

(thousands of euro)

Intangible fixed assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2011	33,900	0	2,071	2,451	5,536	51	44,009
Additions	0	0	0	28	0	171	199
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	70	0	0	(70)	0
Amortization	0	0	(214)	(408)	(1,089)	0	(1,711) (*)
Write-downs	0	0	0	0	0	(48)	(48)
Revaluations	0	0	0	0	0	0	0
Other movements	(167)	0	0	0	0	0	(167)
Translation differences	(596)	0	(34)	(10)	(78)	(1)	(719)
December 31, 2012	33,137	0	1,893	2,061	4,369	103	41,563
December 31, 2011							
Historical cost	39,177	183	4,970	11,280	18,272	714	74,596
Accumulated amortization and write-downs	(5,277)	(183)	(2,899)	(8,829)	(12,736)	(663)	(30,587)
Net book value	33,900	0	2,071	2,451	5,536	51	44,009
December 31, 2012							
Historical cost	38,414	183	4,980	11,267	18,026	814	73,684
Accumulated amortization and write-downs	(5,277)	(183)	(3,087)	(9,206)	(13,657)	(711)	(32,121)
Net book value	33,137	0	1,893	2,061	4,369	103	41,563

(*) This figure differs from the one shown in the table of Note no. 6 following the reclassification of 17 thousand euro into the result from assets held for sale and discontinued operations (Note no. 13)

During the year 2013, investments in intangible assets were equal to 285 thousand euro and they mainly refer to software licenses and other long term costs incurred by the Parent Company for the migration to the new release of the integrated information system.

For the details on the intangible assets acquired through business combinations during the year, please refer to Note no. 3.

The reclassifications to assets held for sale were related to the land use right owned by the subsidiary SAES Getters (Nanjing) Co., Ltd., whose sale, together with that of the building, is expected by the end of 2014. For further details please refer to Note no. 26.

The yearly change, in addition to the items commented above, is due to the amortization of the period (-1,736 thousand euro) and to the translation differences (-1,876 thousand euro) mainly related to the intangible assets of the U.S. companies of the Group.

As regards the changes of the item "Goodwill", please see the section below.

All intangible assets, except for goodwill, are considered to have finite useful lives and are systematically amortized each period to account for their expected residual use.

Goodwill is not amortized; instead, its recoverable value is periodically reviewed on the basis of the expected cash flows of the related Cash Generating Unit - CGU (impairment test).

Goodwill

The following table shows the changes in the item “Goodwill” and specifies the Cash Generating Unit to which the goodwill is allocated:

(thousands of euro)

Business Unit	December 31, 2012	Additions	Write-downs	Other movements	Translation differences	December 31, 2013
Industrial Applications	944	4,039	0	0	(197)	4,786
Shape Memory Alloys	32,193	0	0	0	(1,310)	30,883
Information Displays	0	0	0	0	0	0
Not allocated	0	0	0	0	0	0
Total goodwill	33,137	4,039	0	0	(1,507)	35,669

As already mentioned above in the paragraph “Business Combination” (Note no. 3) the increase of the year, excluding the exchange rate effect, is entirely due to the goodwill arising from the acquisition of “hydrogen purifiers” business by the U.S. company Power & Energy, Inc. The goodwill was calculated with a residual approach as the difference between the fair value of the acquired assets and the fair value of the total consideration of the acquisition and it is founded on the favorable economic and financial prospects of this acquisition, outlined in the 2014-2016 Group's strategic plan, which was approved by the Board of Directors on February 18, 2014.

The following table shows the gross book values of goodwill and their accumulated write-downs for impairment from January 1, 2004 to December 31, 2013 and to December 31, 2012:

(thousands of euro)

Business Unit	December 31, 2013			December 31, 2012		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial Applications	4,849	(63)	4,786	1,007	(63)	944
Shape Memory Alloys (*)	34,283	(3,400)	30,883	35,593	(3,400)	32,193
Information Displays	1,456	(1,456)	0	1,456	(1,456)	0
Not allocated	358	(358)	0	358	(358)	0
Total goodwill	40,946	(5,277)	35,669	38,414	(5,277)	33,137

(*) The difference between the gross value as at December 31, 2013 and the gross value as at December 31, 2012 is due to the translation differences on goodwill in currencies other than euro.

Impairment test

Pursuant to IAS 36, goodwill is not amortized, but rather is assessed for impairment annually or more frequently where specific events or circumstances indicate that it may have become impaired. For the purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGUs) or groups of units, which may be no larger than the segments identified for management reporting purposes pursuant to IFRS 8. In particular, the CGUs identified by the SAES Group for the impairment test coincide with the following operating segments:

- Industrial Applications;
- Shape Memory Alloys.

For further details on activity performed by each operating segment please refer to Note no. 15.

Please note that, as a result of continuous evolving technology in the *Organic Light Emitting Diodes* business and of the delays in the commercial launch of OLED TVs, in the three-years plan 2014-2016 the revenues and costs of this segment have been reclassified within the Business Development Unit. As a result of this reclassification, of the progressive resetting of LCD sales and of the shutdown of the last factory dedicated to the CRT production, the Information Displays business disappeared. The net book value of the goodwill allocated to the Information Displays CGU is equal to zero.

Impairment testing consists in estimating the recoverable amount of each Cash Generating Unit (CGU) and comparing it with the net carrying amount of the associated assets, including goodwill. The recoverable amount is estimated by determining the value in use, which corresponds to the present value of the future cash flows that are expected from each Cash Generating Unit according to the most recent three-years 2014-2016 plan, developed by the top management and approved by the Board of Directors on February 18, 2014.

In making these projections, the management employed many assumptions, including an estimate of future sales volumes, price trends, gross margin, operating costs, changes in working capital and investments.

Expected sales growth is based on the management's projections. The margins and operating costs of the various businesses were estimated on the basis of historical data, adjusted to account for the expected results and projected market price trends. The value of investments and working capital was determined according to various factors, such as expected future growth rates and the products development plan.

The discount rate applied in discounting cash flows represents the estimate of the expected rate of return of each Cash Generating Unit in the market. In order to select an appropriate discount rate to be applied to future cash flows, the indicative interest rates that would be applied to the Group in case of subscription of a new medium-long term loan, the long-term government bond yield curve and the perspective Group's equity/debt structure were taken into consideration. The weighted average cost of capital (WACC) applied to future cash flows was estimated to be 8.2%, and it is deemed to be representative of all of the Group's CGUs. The WACC used is net of taxes, in accordance with the cash flows employed.

The model used to discount future cash flows considers a terminal value, which reflects the residual value that each Cash Generating Unit is expected to generate beyond the three-year period covered by the plans. This value was estimated by conservatively assuming a growth rate equal to zero and a timeframe deemed representative of the estimated duration of the various businesses, as reported in the table below:

	Industrial Applications	Shape Memory Alloys
Estimated years after the three years plan	7 (*)	12

(*) With reference to the Vacuum Systems & Thermal Insulation Business, characterized by more innovative products, it was assumed a longer timeframe of 12 years, in addition to the three-years plan approved by the Board of Directors.

In this first grade of testing no need for any write-down was identified.

A sensitivity analysis of up to 1 percentage point of the WACC value employed by the Group doesn't show any criticality with reference to the net assets reported in the balance sheet as of December 31, 2013.

A second level of verification was then carried out, including in the recoverable amount also the costs related to corporate offices, as well as those economic values that cannot be allocated to the major sectors univocally or through reliable drivers, among which basic research expenses, incurred by the Group to identify innovative technical solutions not yet available on the market, are of great importance. Also this second grade of testing did not reveal any potential impairment of the assets.

The estimation of the recoverable amounts of the various Cash Generating Units required the management to use its discretion and to prepare estimates. Accordingly, the Group cannot guarantee that impairment losses will not be incurred in future periods. In fact, several factors, including those associated with the future development of the current market scenario and of the demand, could require asset values to be re-determined in future periods. The Group will constantly monitor the circumstances and events that could require further testing of impairment losses.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at December 31, 2013 this item included the share of the net assets attributable to the Group in the joint venture Actuator Solutions GmbH¹³.

The following table shows the changes in this item during the current year:

(thousands of euro)								
Investments accounted for using the equity method	December 31, 2012	Additions	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Disposals	Other	December 31, 2013
Actuator Solutions	3,407	0	(712)	3	0	0	0	2,698

The item "Share of the net result" (negative for 712 thousand euro) relates to the adjustment, in connection with the percentage of ownership, of the value of the investment held by the Group in relation to the results achieved by the joint venture in 2013.

The item "Share of other comprehensive income (loss)" refers to the share of the Group in the currency translation difference reserve arising from the conversion, for consolidation purposes, of the financial statements of the subsidiary Actuator Solutions Taiwan Co., Ltd.

The table below shows the SAES Group interest in Actuator Solutions' assets, liabilities, revenues and costs:

(thousands of euro)		
Actuator Solutions	December 31, 2013	December 31, 2012
Statement of financial position	50%	50%
Non current assets	2,958	2,405
Current assets	1,672	2,108
Total assets	4,630	4,513
Non current liabilities	216	35
Current liabilities	1,716	1,071
Total liabilities	1,932	1,106
Capital stock, reserves and retained earnings	3,407	4,236
Net income (loss) for the period	(712)	(829)
Other comprehensive income (loss) for the period	3	0
Total equity	2,698	3,407
Statement of profit or loss and of other comprehensive income	50%	50%
Net sales	5,099	3,038
Cost of sales	(4,797)	(2,976)
Total operating expenses	(1,553)	(1,213)
Other income (expenses), net	286	3
Operating income (loss)	(964)	(1,148)
Financial income (expenses)	2	10
Income taxes	250	310
Net income (loss)	(712)	(828)
Exchange differences	3	0
Total comprehensive income (loss)	(709)	(828)

Overall Actuator Solutions recorded net revenues equal to 10,198 thousand euro in 2013; these revenues, totally generated by the sale of valves used in lumbar control systems of the seats of a wide range of cars, increased because the lumbar control system based on the SMA technology is gaining market share.

The net income for the period was negative for 1,424 thousand euro, 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

¹³ It should be noted that Actuator Solutions GmbH in turn, consolidates its wholly owned subsidiary Actuator Solutions Taiwan Co., Ltd..

Lainate, was 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 was 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.

The value of the investment in Actuator Solutions GmbH was subjected to the impairment test. To this end, the value in use was determined with the Free Operating Cash Flow method, on the basis of the most recent plans prepared by the management and approved by the Supervisory Committee of the Company, and by using a WACC of 6.8%, which considers the structure of the capital/debt of the joint venture and the long-term German government bond yields curve.

The analysis conducted did not reveal any potential impairment of the asset.

A sensitivity analysis was also conducted increasing the discount rate to bring it in line with that used by the Group for impairment test purposes (8.2%); also in this case there wasn't any criticality.

The following table provides the number of employees of the joint venture as at December 31, split by category, based on the percentage of ownership held by the Group:

Actuator Solutions	December 31, 2013	December 31, 2012
	50%	50%
Managers	3	2
Employees and middle management	14	5
Workers	5	5
Total	22	11

19. DEFERRED TAX ASSETS AND LIABILITIES

As at December 31, 2013 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to 11,122 thousand euro, with an increase of 1,012 thousand euro compared to December 31, 2012.

The related details are provided below:

(thousands of euro)	December 31, 2013	December 31, 2012	Difference
Deferred taxes			
Deferred tax assets	16,514	15,378	1,136
Deferred tax liabilities	(5,392)	(5,268)	(124)
Total	11,122	10,110	1,012

Since deferred tax assets and liabilities have been recognized in the consolidated financial statements by setting off the figures attributable to the various legal entities against one another, the following table shows deferred tax assets and liabilities before the offsetting process:

(thousands of euro)

Deferred taxes	December 31, 2013	December 31, 2012	Difference
Deferred tax assets	20,457	19,885	572
Deferred tax liabilities	(9,335)	(9,775)	440
Total	11,122	10,110	1,012

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities by their nature, compared with the figures for the previous year.

(thousands of euro)

Deferred tax assets	December 31, 2013		December 31, 2012	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	1,321	474	1,548	534
Differences on depreciation/amortization and write-downs	6,746	2,129	8,213	2,644
Bad debts	395	149	514	194
Inventory write-down	4,795	1,734	4,722	1,743
Provisions	2,621	996	2,808	1,060
Cash deductible expenses	3,643	1,107	5,044	1,565
Deferred taxes on recoverable losses	48,447	13,561	39,709	11,328
Exchange differences and other	701	306	1,503	817
Total	20,457		19,885	

The increase in deferred tax assets as at December 31, 2013 (+572 thousand euro) is the cumulative effect of several factors; in particular, the recognition of deferred tax assets on 2013 tax losses of the Parent Company was offset by the tax losses carried forward (for which deferred tax assets had been accrued) used by SAES Getters USA, Inc. and by the effects generated by temporary differences on depreciation/amortization and cash deductible expenses.

The Group had 105,093 thousand euro in tax losses eligible to be carried forward as of December 31, 2013, most of which were attributable to the subsidiary SAES Getters International Luxembourg S.A. and to the Parent Company (tax losses eligible to be carried forward amounted to 95,752 thousand euro in 2012).

The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets were equal to 48,447 thousand euro.

The item “Deferred taxes on recoverable losses” includes also the effect resulting by the presentation by the subsidiary SAES Advanced Technologies S.p.A of the application for the refund related to the non-deduction of IRAP on the personnel costs in the years 2009, 2010 and 2011, in which the national consolidated taxable income was negative; for the years 2007 and 2008, when the national tax consolidation recorded a positive taxable income, the application for the refund led instead to the recognition of a tax consolidation receivable from the Controlling Company S.G.G. Holding S.p.A. equal to 272 thousand euro (for further details, please refer to the Note no. 20).

(thousands of euro)

Deferred tax liabilities	December 31, 2013		December 31, 2012	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(40,689)	(1,988)	(40,035)	(1,376)
Differences on depreciation/amortization and fair value revaluations	(20,068)	(7,163)	(22,613)	(8,100)
IAS 19 effect	(435)	(120)	(493)	(151)
Other	(215)	(65)	(496)	(148)
Total		(9,335)		(9,775)

The deferred tax liabilities recorded in the consolidated financial statements as at December 31, 2013 included not only a provision allocated to account for taxes due in the event of distribution of the net income and of the reserves of the subsidiaries, for which it is probable the distribution in the foreseeable future, but also temporary differences on the plus-values identified during the purchase price allocation of the U.S. companies acquired in the past years.

The reversal of the latter was the main reason of the decrease in deferred tax liabilities compared to the previous year.

20. TAX CONSOLIDATION RECEIVABLES/PAYABLES FROM/TO THE CONTROLLING COMPANY

SAES Getters S.p.A., SAES Advanced Technologies S.p.A. and SAES Nitinol S.r.l. participate in the tax consolidation program with S.G.G. Holding S.p.A., which directly controls SAES Getters S.p.A., opting for the taxation at Group level in accordance with article 117 of the Consolidated Income Tax Act.

The item “Tax consolidation receivables/payables from/to the Controlling Company” includes the net balance of tax receivables/payables that the Italian companies of the Group have accrued towards the Controlling Company S.G.G. Holding S.p.A. as at December 31, 2013.

Since the national tax consolidation results for the year 2013 show a tax loss, the Parent Company and SAES Nitinol S.r.l. recognized as income the taxes on income (IRES) corresponding to their tax loss solely for the share recoverable with the consolidation mechanism and proceeded to the recognition of deferred taxes on the fiscal losses exceeding this amount (for further details please see the Note no. 12). The Group claims a receivable related to its adhesion to the national tax consolidation corresponding to the recoverable withholding taxes on royalties, on bank interest income and dividends received by the Parent Company, in addition to the receivable (equal to 272 thousand euro) arising from the presentation in the previous year by the subsidiary SAES Advanced Technologies S.p.A. of the application for the reimbursement for the non-deduction of IRAP on personnel costs limited to the years 2007 and 2008, in which the national tax consolidation recorded a positive taxable income. Instead, for the years 2009, 2010 and 2011, when the national tax consolidation recorded a loss, the application for the refund led to the recognition of a deferred tax asset on the higher tax losses of the Parent Company equal to 216 thousand euro (for more details, please refer to Note no. 19).

Tax consolidation receivables and payables from and to the Controlling Company have been set off against one another. The receivables due beyond one year have been classified among non-current assets.

21. OTHER LONG TERM ASSETS

The item “Other long term assets” amounted to 887 thousand euro as at December 31, 2013, compared to 892 thousand euro as at December 31, 2012.

This item includes the caution money given by the Companies of the Group for their operating activities and the trade down payments with recoverability over 12 months.

They include also the advance payment of the Parent Company towards Cambridge Mechatronics Limited (CML), amounting to 489 thousand euro, decreased compared to the previous year; it was considered recoverable based on the commissions which are expected to be accrued on the future SMA wire sales of the Parent Company to Actuator Solutions and to other players for the production of autofocus and image stabilization systems based on the CML technology.

22. INVENTORY

Inventory amounted to 28,573 thousand euro as at December 31, 2013, with a decrease of 3,041 thousand euro compared to the previous year.

Excluding the impact of exchange rates (equal to -988 thousand euro), mainly linked to the U.S. dollar depreciation as of December 31, 2013 compared to end of the previous year, the decrease in stock is equal to around 2 million euro and it is the result both of the process, currently ongoing, to transform the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. from a production site to a manager of the Group's commercial activities in the People's Republic of China, and of an improved timing in the management of the Group's supply, particularly at the subsidiary SAES Pure Gas, Inc.

The following table shows the breakdown of inventory as of December 31, 2013 and December 31, 2012:

(thousands of euro)

Inventories	December 31, 2013	December 31, 2012	Difference
Raw materials, auxiliary materials and spare parts	11,739	14,936	(3,197)
Work in progress and semifinished goods	11,426	11,003	423
Finished products and goods	5,408	5,675	(267)
Total	28,573	31,614	(3,041)

Inventory is stated net of any provision for depreciation, which recorded the following changes in 2013:

(thousands of euro)

Inventory provision	
December 31, 2012	3,747
Accrual	1,916
Release to income statement	(140)
Utilization	(1,239)
Translation differences	(105)
December 31, 2013	4,179

Its accrual (+1,916 thousand euro) is mainly related to the previously mentioned process of reorganization of the activity of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., as well as to the write-down made by the Parent Company of all the inventory related to the production of getters for solar cells, made it necessary by the difficulties that the photovoltaic solar sector is facing, and that of LCD mercury dispensers stock of the subsidiary SAES Advanced Technologies S.p.A., a consequence of the progressive resetting of the sales in this business.

Its utilization (-1,239 thousand euro) is mainly attributable to the subsidiary SAES Smart Materials, Inc. and it is a consequence of the scrapping of items already written-down in the previous years, as well as to SAES Getters (Nanjing) Co., Ltd.

23. TRADE RECEIVABLES

Trade receivables, net of bad debt provision, were equal to 14,019 thousand euro as at December 31, 2013 and were down by 1,972 thousand euro compared to the previous year.

The reduction, which is also influenced by the exchange rate effect, is in line with the decline in sales recorded in the second part of the year 2013 compared to second part of the previous year.

The breakdown of the item is shown in the following table:

(thousands of euro)			
Trade receivables	December 31, 2013	December 31, 2012	Difference
Gross value	14,238	16,321	(2,083)
Bad debt provision	(219)	(330)	111
Net book value	14,019	15,991	(1,972)

Trade receivables do not bear interests and generally are due after 30-90 days.

The bad debt provision showed the following changes during the year:

(thousands of euro)			
Bad debt provision	December 31, 2013	December 31, 2012	
Opening balance	330	372	
Accrual	26	96	
Release to income statement	(62)	(87)	
Utilization	(66)	(46)	
Translation differences	(9)	(5)	
Closing balance	219	330	

The following table provides a breakdown of trade receivables by those not yet due and past due as of December 31, 2013, compared with the previous year:

Ageing	Total	Not yet due	Due not written down					Due written down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
December 31, 2013	14,238	11,018	1,585	700	147	402	167	219
December 31, 2012	16,321	11,956	2,125	924	277	517	192	330

Receivables past due and not written down, as deemed recoverable, represent an insignificant percentage when compared to the total trade receivables and they are constantly monitored.

Please refer to the Note no. 40 for the credit risk on trade receivables, in order to understand how the Group detects and manages the credit quality, in case the related trade receivables are neither past due nor written down.

24. PREPAID EXPENSES, ACCRUED INCOME AND OTHER

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 8,402 thousand euro as at December 31, 2013, compared with 6,388 thousand euro as at December 31, 2012.

A breakdown of the item is provided below:

(thousands of euro)

Prepaid expenses, accrued income and other	December 31, 2013	December 31, 2012	Difference
Income tax and other tax receivables	978	490	488
VAT receivables	4,649	3,695	954
Social security receivables	574	7	567
Personnel receivables	20	101	(81)
Receivables for public grants	728	787	(59)
Other receivables	80	60	20
Total other receivables	7,029	5,140	1,889
Accrued income	5	3	2
Prepaid expenses	1,368	1,245	124
Total prepaid expenses and accrued income	1,373	1,248	126
Total prepaid expenses, accrued income and other	8,402	6,388	2,015

The item “Income tax and other tax receivables” includes the receivables for advance corporation taxes and other tax credits of the Group’s companies with local authorities. The increase compared to the previous year is mainly due to the advance payments made by the U.S. subsidiaries that were higher than what was actually due as a balance for 2013.

The increase in “VAT receivables” is due to the fact that the credit generated mainly by the Parent Company during the year due to the excess of passive taxable transactions compared to active ones was added to the credit generated in previous years for which a reimbursement has not yet been obtained.

The item “Social security receivables” increased compared to December 31, 2102 as a result of the indemnities paid to employees and connected to the use of social security provisions, which will be reimbursed from the social security institutions to the Italian companies of the Group.

Please note that the item “Receivables for public grants” is mainly composed of credits matured by the Parent Company as of December 31, 2013 as a result of contributions for outstanding research projects. During the year 2013, income from government grants amounted to 88 thousand euro.

It should be noted that there are no receivables due after more than five years.

25. CASH AND CASH EQUIVALENTS

The item includes the liquid funds mainly held by the U.S. and Asiatic subsidiaries for the cash flow management necessary for operating activities.

The following table shows a breakdown of this item as at December 31, 2013 and December 31, 2012:

(thousands of euro)

Cash and cash equivalents	December 31, 2013	December 31, 2012	Difference
Bank accounts	20,317	22,594	(2,277)
Petty cash	17	16	1
Total	20,334	22,610	(2,276)

The item “Bank accounts” consists of short-term deposits with leading financial institutions, denominated primarily in U.S. dollars, Chinese renminbi and Korean won.

For the analysis of the changes occurred in cash and cash equivalents during the year please refer to the comments on the Cash flow statement (Note no. 39).

As of December 31, 2013, the Group had access to unused credit lines of 28.2 million euro (51.9 million euro as of December 31, 2012), of which 15 million euro available to fund possible acquisitions or restructuring plans.

The decrease compared to the previous year, equal to 23.7 million euro, is due to a higher use of the available credit lines, in the form of “hot money” debt (in particular, for the payment of dividends and for the first payment *tranche* of the fixed consideration for the acquisition of the “hydrogen purifiers” business from Power & Energy, Inc.).

26. ASSETS AND LIABILITIES HELD FOR SALE

This item includes, as at December 31, 2013, the building and the land use right of the subsidiary SAES Getters (Nanjing) Co., Ltd., reclassified to assets held for sale during the current year. As part of the plan to rationalize the organization implemented in the second half of 2013, the Chinese subsidiary will only have a commercial nature, while the above-mentioned non-current assets will be divested and, therefore, have been reclassified as required by IFRS 5, in a specific balance sheet item pending their disposal (expected by the end of 2014).

(thousands of euro)	December 31, 2013	December 31, 2012
Intangible fixed assets	547	0
Property, plant and equipment	1,491	0
Assets held for sale	2,038	0

27. SHAREHOLDERS' EQUITY

The Group shareholders' equity amounted to 100,304 thousand euro as at December 31, 2013, down by 13,923 thousand euro compared to December 31, 2012. A summary of the changes occurred is provided in the Statement of changes in the shareholders' equity.

Capital stock

As at December 31, 2013 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand euro and consisted of no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares.

The composition of the capital stock was unchanged compared to December 31, 2012.

The implicit book value per share was 0.554196 euro as at December 31, 2013, unchanged from December 31, 2012.

Please refer to the Report on corporate governance for all of the information required by article 123-bis of the Consolidated Finance Act (TUF).

All of the Parent Company's securities are listed on the segment of the *Mercato Telematico Azionario* known as "STAR" (Securities with High Requirements), dedicated to small-caps and mid-caps that meet specific requirements with regard to reporting transparency, liquidity and Corporate Governance.

Share issue premium

This item includes amounts paid by the shareholders in excess of the par value for new shares of the Parent Company subscribed in capital issues.

This item was unchanged compared to December 31, 2012.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as of December 31, 2013 and it was unchanged compared to December 31, 2012, since the reserve had reached its legal limit.

Other reserves and retained earnings

This item includes:

- the reserves (totalling 2,729 thousand euro) formed from the positive monetary revaluation balances resulting from the application of Law no. 72 of March 19, 1983 (1,039 thousand euro) and Law no. 342 of November 21, 2000 (1,690 thousand euro) by the Italian companies of the Group. Pursuant to Law no. 342 of 2000, the revaluation reserve has been stated net of the associated substitute taxes of 397 thousand euro;
- the other reserves of subsidiaries, retained earnings, and other shareholders' equity items of the companies of the Group which were not eliminated during the consolidation process.

The change in the item "Other reserves and retained earnings" includes the distribution to shareholders of 2012 dividends, approved by the Parent Company's Shareholders' Meeting and equal to 9,965 thousand euro and the actuarial gains and losses on defined benefit plans arising from the revised version of IAS 19, net of the related fiscal effect (+4 thousand euro).

As reported in the Report on corporate governance and ownership enclosed to the Consolidated financial statements, each share is entitled to a proportional part of the net income that it is decided to distribute, except the rights attached to savings shares.

More specifically, as described in article no. 26 of the By-laws, savings shares are entitled to a preferred dividend equal to 25% of their implied book value; if, in one financial year, a dividend of less than 25% of the implied book value has been allocated to savings shares, the difference will be made up by increasing the preferred dividend in the following two years. The remaining profit that the Shareholders' Meeting has resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the implied book value higher than that of ordinary shares. In case of distribution of reserves, shares have the same rights irrespective of the category to which they belong.

Other components of equity

This item includes the exchange differences arising from the translation of financial statements in foreign currencies. The translation reserve had a negative balance of 553 thousand euro as at December 31, 2013, compared to a positive balance of 2,847 thousand euro as at December 31, 2012. The decrease of 3,400 thousand euro was due to the overall impact on the consolidated shareholders' equity of the conversion into euro of the financial statements of foreign subsidiaries expressed in currencies other than the euro and the respective consolidation adjustments (-3,403 thousand euro), as well as the share of the Group in the currency translation reserve arising from the consolidation of Actuator Solutions Taiwan Co., Ltd. into Actuator Solutions GmbH, both accounted for using the equity method.

Please note that the Group exercised the exemption allowed under IFRS 1, *First-time adoption of International Financial Reporting Standards*, regarding the possibility of writing-off the accumulated translation gains or losses generated by the consolidation of foreign subsidiaries as of January 1, 2004. Consequently, the translation reserve includes only the translation gains or losses generated after the date of transition to IASs/IFRSs.

The reconciliation between the net income and the shareholders' equity of SAES Getters S.p.A. and the consolidated net income and the consolidated shareholders' equity as at December 31, 2013 and December 31, 2012 is set out below:

(thousands of euro)	December 31, 2013		December 31, 2012	
	Net income	Shareholders' equity	Net income	Shareholders' equity
SAES Getters S.p.A. - Parent Company	5,331	69,799	8,495	74,423
Shareholders' equity and net result of consolidated subsidiaries, net of dividends distribution and write-downs of investments in share capital	(6,584)	146,434	(4,525)	149,456
Book value of investments in share capital		(110,847)		(103,880)
Consolidation adjustments:				
Elimination of profit arising from intercompany transactions, net of the related tax effect	2,006	(1,291)	48	(3,297)
Accrual of deferred taxes on equity distributable of consolidated	(605)	(1,988)	192	(1,383)
Equity evaluation of joint venture	(712)	(1,802)	(829)	(1,093)
Other adjustments	2	(1)	(41)	1
Consolidated financial statements	(562)	100,304	3,340	114,227

28. FINANCIAL DEBTS

As at December 31, 2013, the financial debts amounted to 18,363 thousand euro, down by 7,292 thousand euro compared to December 31, 2012.

The decrease was due to the repayments made during the year (about -6.4 million euro) and the fluctuations of the exchange rates (-862 thousand euro): the 99.6% of the Group's financial debt is

composed by loans denominated in U.S. dollars, contracted by the U.S. subsidiaries, Memry Corporation e SAES Smart Materials, Inc., whose equivalent in euro has declined following the devaluation of the U.S. dollar as at December 31, 2013 compared to December 31, 2012.

The following table shows the breakdown of the financial debt by contractual maturity. Please note that the debt with a maturity of less than one year is included among the “Current portion of medium/long term financial debts”.

(thousands of euro)

Financial debt	December 31, 2013	December 31, 2012	Difference
Less than 1 year	18,283	6,476	11,807
Current portion of financial debt	18,283	6,476	11,807
Between 1 and 2 years	0	5,938	(5,938)
Between 2 and 3 years	0	4,863	(4,863)
Between 3 and 4 years	80	5,457	(5,377)
Between 4 and 5 years	0	2,921	(2,921)
Over 5 years	0	0	0
Non current financial debt	80	19,179	(19,099)
Total	18,363	25,655	(7,292)

The item “Financial debts” consists primarily of the loans, denominated in U.S. dollars, contracted by the U.S. companies, the details of which are provided below:

Description	Currency	Principal (millions of USD)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate as at December 31, 2013 (spread included)	Value as at December 31, 2013 (*) (thousands of euro)
Memry Corporation							
<i>Tranche Amortising Loan</i>	USD	20.2	half yearly with maturity date January 31, 2016	Half-yearly	USD Libor for a variable period (1-3 months); Cost of Funds if not available	2.13%	14,657
<i>Tranche Bullet Loan</i>	USD	10.3	repayments in two tranches with maturity date July 31, 2016 and July 31, 2017				
SAES Smart Materials, Inc.	USD	20	half yearly with maturity date May 31, 2015	Half-yearly	USD Libor for a variable period (1-3 months); Cost of Funds if not available	1.20%	3,626

(*) interests included

Please note that, as further described in the following paragraph related to covenants, as at December 31, 2013 not all the covenants relating to the loans held by the U.S. subsidiaries were respected. Consequently, the entire financial liability was reclassified as current inasmuch as the condition of default has rendered the loan repayable immediately. As better described in the following section dedicated to the covenants, it is anticipated that in order to avoid the recall of the debt, the guarantee clauses that were not met have been formally renegotiated with the issuing bank with positive results at the beginning of 2014.

The loan agreement for a nominal amount of 3.5 million euro held by SAES Getters S.p.A., signed during the year 2011 with maturity date on April 18, 2013 and intended to support the company's financial requirements (1,108 thousand euro as at December 31, 2012) was fully repaid during first semester 2013, according to the original repayment plan.

Covenants

The loans held by the U.S. subsidiaries Memry Corporation and SAES Smart Materials, Inc. are subject to the compliance with covenants calculated on Group's economic and financial values and verified every semester (June 30 and December 31 of each year).

Following the failure to comply with some of these covenants as at December 31, 2013, given that, at the balance sheet date, the Group didn't have an unconditional right to defer the payment of the financial obligation for at least twelve months, the related financial liability was reclassified as current.

However, please note that on January 20, 2014 the issuing bank formally accepted the waiver to recall the debt and, simultaneously, the financial covenants governing these loans as at December 31, 2013 have been renegotiated with the financing institution.

The following table shows the covenants as at December 31, 2013, before and after the renegotiation:

	Covenant before renegotiation	Covenant after renegotiation	December 31, 2103
Net equity (*)	$\geq 110,000$	$\geq 93,000$	100,304
Net financial position	≤ 1	≤ 1	0.36
Net equity			
Net financial position	≤ 1.2	≤ 3.25	2.32
EBITDA			

(*) thousands of euro

On the basis of the future plans, the Group is expected to be able to comply with the covenants as recently renegotiated.

29. FINANCIAL DEBTS TOWARDS RELATED PARTIES

The item "Financial debts towards related parties" equal to 2,019 thousand euro as at December 31, 2012, referred to the interest-bearing loan issued to the Parent Company by the joint venture Actuator Solutions GmbH on July 5, 2012.

The loan was fully repaid during the first half of 2013.

30. OTHER FINANCIAL DEBTS TOWARDS THIRD PARTIES

As at December 31, 2013, the item "Other financial debts towards third parties" was equal to 4,907 thousand euro, compared to 843 thousand euro in the previous year, and it is split in long-term portion (2,675 thousand euro) and short-term portion (2,231 thousand euro).

The increase compared to the previous year was mainly due to the consideration still to be paid for the acquisition of the business "hydrogen purifiers" from the U.S. company Power & Energy, Inc. (4,463 thousand euro, of which 1,807 thousand euro to be paid within one year and 2,656 thousand euro to be paid over one year) and for the acquisition of dismissed assets, always related to the gas purification, from the Johnson Matthey Group (214 thousand euro to be paid in first quarter of 2014). For more details on the acquisitions please refer to Note no. 3.

The item "Other financial debts towards third parties" also included 45 thousand euro of a residual debt resulting from the acquisition, finalized in 2008, of the subsidiary Memry Corporation. In 2008 the price for the acquisition of the company was paid to a financial broker. During 2011 the brokerage mandate came to maturity and the consideration related to the shares not collected was paid to the state of Delaware (USA). In 2012 the latter paid back part of the amount to the U.S. subsidiary, because it didn't fall within its jurisdiction. Memry Corporation must pay this amount to other U.S. states, according to the residence of the previous holders of the shares.

Finally, this item included the financial debt, equal to 118 thousand euro, related to the waiver by the issuing bank to recall the loans held by the U.S. subsidiaries Memry Corporation and SAES Smart Materials, Inc. following the non-compliance with the financial covenants (0.625% of the outstanding amount of the loan as at December 31, 2013, for further details please refer to Note no.

28), as well as the debts (totalling 35 thousand euro) related to finance lease contracts signed during the previous years by some subsidiaries.

The table below shows the future minimum payments related to these finance lease contracts:

(thousands of euro)

	December 31, 2013	December 31, 2012
Less than 1 year	14	19
Between 1 and 5 years	21	54
Over 5 years	0	0
Total	35	73

Compared to December 31, 2012, the financial debt of 500 thousand euro to Matthias Mertmann, minority shareholder of Memry GmbH, has been closed as a result of the payment made by the Parent Company on April 3, 2013 to acquire the last 20% of the shares of the German company operating in the production and distribution of shape memory alloy (SMA) semi-finished products and components for industrial and medical applications.

31. STAFF LEAVING INDEMNITIES AND OTHER EMPLOYEE BENEFITS

Please note that this item includes liabilities to employees under both defined-contribution and defined-benefit plans existing in the companies of the Group in accordance with the contractual and legal obligations in place in the various countries.

The following table shows a breakdown of this item and the changes occurred during the period:

(thousands of euro)

Staff leaving indemnities and other employee benefits	Staff leaving indemnities	Other employee benefits	Total
December 31, 2012	4,738	3,039	7,777
Accrual (release)	152	(73)	79
Indemnities paid	(407)	(253)	(660)
Other changes	34	(107)	(73)
Translation differences	0	(38)	(38)
December 31, 2013	4,517	2,568	7,085

The amounts recognized in the income statement may be broken down as follows:

(thousands of euro)	2013	2012
Financial expenses	185	288
Current service cost	364	662
Release into the statement of profit (loss)	(470)	0
Expected return on plan assets	0	0
Past service costs recognised	0	0
Total cost	79	950

The split between the obligations under defined-contribution and defined-benefit plans and relative changes occurred during the year 2013 are shown below:

(thousands of euro)

	December 31, 2012	Financial expenses	Current service cost	Benefits paid	Actuarial gains (losses)	Other changes	Release	Exchange differences	December 31, 2013
Present value of defined benefit obligations	6,750	185	311	(442)	(6)	(67)	(470)	0	6,261
Fair value of plan assets	0	0	0	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0	0	0	0
Defined benefit obligations	6,750	185	311	(442)	(6)	(67)	(470)	0	6,261
Defined contribution obligations	1,027	0	53	(218)	0	0	0	(38)	824
Staff leaving indemnities and similar obligations	7,777	185	364	(660)	(6)	(67)	(470)	(38)	7,085

The item “Actuarial gains (losses)” refers to the differences on the amounts due for defined benefit plans resulting from the actuarial calculation, which are immediately recognized in the shareholders’ equity among the retained earnings.

The item “Other changes” refers to the share of the long term incentive plans which will be paid during the first half of 2014 and whose amount was, therefore, reclassified into the item “Other payables” to employees. For further details on this item, please refer to the following paragraphs.

The item “Release” consists of the release of some long-term monetary incentive plans accrued in previous years, following the failure of the beneficiaries to achieve the objectives set for 2013.

When referred to the Group’s Italian companies, staff leaving indemnity consists of the estimated obligation, according to actuarial techniques, in connection with the sum to be paid to the employees of Italian companies when employment is terminated.

Following the entry into force of the 2007 Budget Act and associated implementation decrees, the liability associated with past years staff leaving indemnity continues to be considered a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid in to pension funds is instead considered a defined-contribution plan and is therefore not discounted.

The obligations under defined-benefit plans are measured annually by independent actuarial consultants according to the projected unit credit method, separately applied to each plan.

The following table shows the primary assumptions employed in the actuarial assessments of the defined-benefit plans as at December 31, 2013 and December 31, 2012, respectively:

	Italy	
	December 31, 2013	December 31, 2012
Discount rate	3.10%	3.00%
Inflation rate	2.20%	2.20%
Expected annual salary increase rate *	3.50%	3.50%

* factor not considered in the actuarial appraisal of staff leaving indemnity

With reference to the demographic assumptions, the ISTAT 2004 mortality tables and the INPS disability/invalidity tables were used.

With regards to the probability of employees leaving for reasons other than death, we have used employee turn-over probabilities consistent with previous assessments and identified in the companies being evaluated over a representative period of observation.

The item “Other employee benefits” includes the provision for long-term incentive plans, signed by some employees of the Parent Company identified as particularly important for the medium to long term purposes of the Group. The three-year plans provide for the recognition of money incentives proportionate to the achievement of certain personal and Group objectives.

The aim of these plans is to further strengthen the alignment over time of individual interests to business interests and, consequently, to the shareholders’ interests. The final payment of the long-term incentive is always subject to the creation of value in the medium to long-term viewpoint, rewarding the achievement of performance objectives over time. The performance conditions are based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes in the year of expiry of the plan.

Such plans fall into the category of defined-benefit obligations and therefore were discounted back. The discount rates used, reflecting the rates of return of government bonds, taking into account the different duration of the plans, are shown below:

Year	Discount rate
2014	0.88%
2015	1.30%

With regards to defined-benefit plans, the following table shows the effect on the obligation of an increase or a decrease of half a percentage point in the discount rate:

(thousands of euro)	Discount rate	
	+0.5%	-0.5%
Effect on the defined-benefit obligation	(190)	148

The following table provides an analysis of the distribution of the Group's employees:

Group's employees	December 31, 2013	December 31, 2012	Average 2013	Average 2012
Managers	81	90	88	88
Employees and middle management	369	404	395	394
Workers	452	513	482	514
Total (*)	902	1,007	965	996

(*) It does not include the employees of the joint venture Actuator Solutions, for which please refer to the Note no. 18.

The workforce amounted to 902 units (out of which 475 were employed outside of Italy) as at December 31, 2013, and recorded a decrease of 105 units compared to December 31, 2012, mainly related to the shutdown of the Chinese factory and to the rationalization of the staff engaged in the medical SMA manufacturing activities.

32. PROVISIONS

Provisions amounted to 1,773 thousand euro as at December 31, 2013.

The following table shows the composition of and the changes in these provisions compared to the previous year:

(thousands of euro)	Provisions	December 31, 2012	Increase	Utilization	Release into IS	Reclassifications	Translation differences	December 31, 2013
Warranty provisions on product sold	457	251	(383)	(25)	72	(16)	356	
Bonus	1,890	955	(2,055)	(25)	111	(42)	835	
Other provisions	917	33	(26)	(251)	(72)	(19)	582	
Total	3,265	1,239	(2,464)	(301)	111	(77)	1,773	

The item "Bonus" includes the accrual of bonuses to the Group's employees (referring to the U.S. companies, whose monetary incentive plan is related also to the results of the individual company and not just to those of the Group) related to the year 2013. The change compared to the previous year is due to both the accrual of bonuses related to the period and to the payment of the bonuses of the previous financial year, settled during the first half of 2013.

The item "Other provisions" mainly includes the implicit obligations of Spectra-Mat, Inc. in connection with the expenses to be incurred to monitor pollution levels at the site in which it operates (407 thousand euro). The value of this liability has been calculated on the basis of the agreements reached with the local authorities.

The provision made by the subsidiary SAES Advanced Technologies S.p.A. in previous years in relation to a dispute with a supplier (139 thousand euro) was released following the settlement of the dispute without any cost for the company.

A breakdown of provisions by current and non-current portion is provided below:

(thousands of euro)

Provisions	Current provisions	Non current provisions	December 31, 2013	Current provisions	Non current provisions	December 31, 2012
Warranty provisions on product sold	59	297	356	0	457	457
Bonus	835	0	835	1,890	0	1,890
Other provisions	173	409	582	211	706	917
Total	1,067	706	1,773	2,102	1,163	3,265

33. TRADE PAYABLES

Trade payables were equal to 9,259 thousand euro as at December 31, 2013, down by 3,644 thousand euro compared to December 31, 2012.

The decrease is mainly attributable to the fact that in the last months of the previous year more purchases had been made, especially in the gas purification business, to meet the raw material requirements for the orders to be delivered in the first half of 2013, characterized by a greater absorption than the average ones.

Trade payables do not bear interests and are due within twelve months.
There are no trade payables in the form of debt securities.

The following table provides a breakdown of trade payables by those not yet due and past due as at December 31, 2013, compared with the previous year:

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2013	9,259	7,876	103	975	88	77	140
December 31, 2012	12,903	7,514	4,345	589	228	121	106

34. OTHER PAYABLES

The item “Other payables” includes amounts that are not strictly classified as trade payables and amounted to 8,659 thousand euro as at December 31, 2013, compared to 9,602 thousand euro as at December 31, 2012.

(thousands of euro)

Other payables	December 31, 2013	December 31, 2012	Difference
Employees payables (vacation, wages, staff leaving indemnity, etc.)	4,208	5,031	(823)
Social security payables	1,443	1,545	(102)
Tax payables (excluding income taxes)	1,220	966	254
Other	1,788	2,060	(272)
Total	8,659	9,602	(943)

The item “Employees payables” is mainly made up of the provision for holidays accrued but not taken during the year and of the salaries for the month of December 2013. The decrease is the

result of several factors that have divergent impacts: the reduction of the debt resulting from the staff rationalization plan (as previously pointed out, the number of employees as at December 31, 2013 recorded a decrease of 105 units compared to December 31, 2012) and from the use of the social security provisions, was partially offset by severance costs accrued during the year as a result of contractual agreements already finalized but not yet paid.

The item “Social security payables” consists primarily of the payables owed by the Group’s Italian companies to the INPS (Italy’s social-security agency) for contributions to be paid on wages. It also includes payables to the treasury fund operated by the INPS and pension funds under the reformed staff leaving indemnity legislation.

The item “Tax payables” consists primarily of the payables owed by the Italian companies to the Treasury in connection with the withholding taxes on the wages of salaried employees and independent contractors.

Lastly, the item “Other” mainly includes payables of the Parent Company for Directors’ compensation, for commissions to agents and for the down payment on public grants received for research activities. The decrease compared to the previous year is mainly due to lower amounts payable to Executive Directors as a result of both the waiver to their termination indemnity and to part of their fixed compensation and the non-provision for their variable compensation for the year.

It should be noted that there are no payables due after more than five years.

35. ACCRUED INCOME TAXES

This item consists of payables for taxes associated with the SAES Getters Group’s foreign subsidiaries, as the Italian companies (excluding E.T.C. S.r.l., which however closed the year with a tax loss) have elected to participate in the national tax consolidation program and the associated tax balance is included in “Tax consolidation receivables/payables from/to controlling company” (please refer to the Note no. 20 for further information).

The item also includes the IRAP debt of the Italian companies.

Accrued income taxes amounted to 40 thousand euro as at December 31, 2013 and included the tax obligations of the year, net of advance payments. The decrease compared to the previous year (1,486 thousand euro) was mainly due to the fact that advance payments made in 2013, calculated on the basis of the taxes of the previous year, covered almost all the settlements of the taxes due.

36. DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

As at December 31, 2013 the item “Derivative financial instruments evaluated at fair value” was negative for 240 thousand euro and it represents the fair value of Interest Rate Swap contract, signed in 2009 and aimed to fix the interest rate on the loan in U.S. dollars held by the U.S. subsidiary Memry Corporation.

The following table provides a summary of this Interest rate Swap contract and its fair value as at December 31, 2013, compared to the previous year:

Interest Rate Swap (IRS)	Currency	Notional amount (U.S. dollars)	Subscription date	Maturity date	Interest rate	Period	Fair value December 31, 2013 (thousands of euro)	Fair value December 31, 2012 (thousands of euro)
IRS executed on loan of \$30.5 million by Memry Corporation	USD	12,000,000	April 9, 2009	December 31, 2014	Fixed rate paid: 3.03% Variable rate received: USD Libor BBA - 3 months	Quarterly	(240)	(487)
Total							(240)	(487)

The fair value calculation, carried out by an independent third party, consists of discounting the future cash flows, both sure and estimated ones, using the zero-coupon rates derived from the market base curve; the pricing thus obtained was then corrected, in accordance with IFRS 13, using a component of Credit Value Adjustment (CVA) and Debt Value Adjustment (DVA), calculated using the “Provision Model” method. The recovery rate was assumed equal to 40% in accordance with the best practice in use.

With regards to such contract, the formal requirements to apply the hedge accounting method are not met, therefore it is evaluated at fair value and the profits or losses deriving from its evaluation is directly charged to the income statement.

No new Interest Rate Swap contracts have been signed during the year 2013.

As can be seen from the table below, as at December 31, 2013 the Group did not have any hedging contract against the exposure to the variability of future cash flows arising from commercial and financial transactions denominated in currencies other than the euro:

Currency	December 31, 2013		December 31, 2012	
	Notional (local currency)	Fair value (thousands of euro)	Notional (local currency)	Fair value (thousands of euro)
thousands of USD	0	0	7,800	114
thousands of JPY	0	0	0	0
thousands of EUR	0	0	0	0
Total	0	0	Total	114

The Group enters into derivative contracts with various counterparties, primarily leading financial institutions and it uses the following hierarchy to determine and document the fair values of its financial instruments:

Level 1 – (unadjusted) prices listed on an active market for identical assets or liabilities;
Level 2 – other techniques for which all inputs with a significant effect on the fair value reported may be observed, either directly or indirectly;
Level 3 – techniques that use inputs with a significant effect on the fair value reported that are not based on observable market data.

As at December 31, 2013, all the derivative instruments held by the Group belonged to Level 2: in fact, their fair value, carried out by an independent third party, is calculated on the basis of market data, such as interest rate curves and exchange rates.

No instruments were transferred from one level to another during the year.

37. BANK OVERDRAFT

As at December 31, 2013 bank overdraft amounted to 33,371 thousand euro and consisted primarily of short-term debt owed by the Parent Company in the form of “hot money” debt (33,370 thousand euro compared to 10,050 thousand euro as at December 31, 2012), whose average interest rate was around 2% (spread included).

The difference (1 thousand euro) consisted in the overdrafts on current bank accounts.

38. ACCRUED LIABILITIES

Accrued expenses and deferred income were equal to 793 thousand euro as at December 31, 2013. This item may be broken down as follows:

(thousands of euro)				
Accrued liabilities	December 31, 2013	December 31, 2012	Difference	
Accrued expenses	271	216	55	
Deferred income	522	563	(41)	
Total	793	779	14	

It should be noted that there are no accrued liabilities due after more than five years.

39. CASH FLOW STATEMENT

Cash flow provided by operating activities was positive for 5,024 thousand euro, compared to 19,260 thousand euro generated in the previous year: the decrease was mainly due to lower sales, as well as the non-recurring disbursements incurred in 2013 following the implementation of the restructuring plan of the Group.

Investing activities used liquidity for 9,862 thousand euro (the cash absorption was 9,481 thousand euro in 2012).

In 2013, the net disbursements for purchases of tangible and intangible assets amounted to 6,688 thousand euro (4,987 thousand euro in the previous year). In addition, please note the disbursement of 500 thousand euro for the acquisition of the last 20% of the shares of Memry GmbH (a company active in the production and sale of semi-finished products and components in shape memory alloy) and the one of 2,675 thousand euro aimed to technological upgrade of the semiconductor business (for further information on this transaction see the Note no. 3).

The balance of financing activities was positive and equal to 3,562 thousand euro, compared to a negative balance of 7,490 thousand euro in the previous year.

The financial management of the period was characterised by the financial disbursements for the payment of dividends, equal to 9,965 thousand euro, as well as by the repayments of loans according to their contractual repayment plans (including the one received by the joint venture Actuator Solutions GmbH) and related interests. These cash-out were more than offset by the cash-in generated by the short-term loans (hot money debt) taken by the Parent Company. For further details please refer to the Note no. 37.

The following is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the cash flow statement:

(thousands of euro)		
	2013	2012
Cash and cash equivalents	20,334	22,610
Bank overdraft	(33,371)	(10,051)
Cash and cash equivalents, net - statement of financial position	(13,037)	12,559
Short term debt	33,370	10,050
Cash and cash equivalents, net - cash flow statement	20,333	22,609

40. FINANCIAL RISK MANAGEMENT

The Group's main financial liabilities, other than derivatives, include bank loans, both short and long term ones, and trade payables, as well as financial liabilities towards third parties related to the amount still to be paid for the acquisitions made during the year with the aim of strengthening the hydrogen purification business (for further details please refer to Note no. 3); the main objective of these liabilities is to finance the operating activities of the Group and to support future growth (both the organic one and that achieved through external acquisitions).

The Group also holds cash and cash equivalents and short-term deposits, as well as trade receivables deriving directly by its operating activities.

The derivative instruments used by the Group were primarily forward foreign currency contracts and Interest Rate Swaps (IRS). The purpose of these instruments is to manage exchange-rate risk and interest-rate risk arising from the Group's commercial and financing transactions denominated in currencies other than the euro.

The Group does not deal in financial instruments.

The Board of Directors periodically reviews and sets the policies for managing such risks, as summarized below.

Interest-rate risk

The Group's financial debts, both short and long-term ones, are mainly structured on a variable interest rate basis, therefore they are subject to the risk of interest rate fluctuations.

With refer to long-term financial debts, the exposure to interest rate variation is handled by way of entering into Interest Rate Swap (IRS) agreements, with a view to guarantee a level of financial expenditures which are sustainable by the SAES Group's financial structure. See Note no. 36 for further details on the agreements in place as at December 31, 2013.

The funding for the working capital is managed through short-term financing transactions and, as a consequence, the Group does not hedge itself against the interest-rate risk.

Interest-rate sensitivity analysis

The following table provides a sensitivity analysis of the short-term financial assets (cash and cash equivalents) in terms of the impact of changes in interest rates on the income before taxes and the Group's shareholders' equity, assuming that all the other variables remain unchanged:

		(% on basis point)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on result before taxes	Effect on net result
2013	euro	+/- 0.20	+/- 3	+/- 2
	other currencies	+/- 0.20	+/- 31	+/- 21
2012	euro	+/- 0.20	+/- 5	+/- 4
	other currencies	+/- 0.20	+/- 43	+/- 28

With regards to Interest Rate Swaps, the table below provides a breakdown of the sensitivity of the income before taxes and of the Group's shareholders' equity, assuming the stability of all the other variables, following the shift of 20 basis point of the spot rate curve (and, consequently, the variation of the forward rate curve associated with the spot rates):

(amounts in USD)

Description	Notional (USD)	Fair Value (USD)	Fixed rate (%)	Estimated FV +0.20%	Difference FV +0.20%	Estimated FV -0.20%	Difference FV -0.20%
IRS with maturity date December 31, 2014 executed on loan of \$30.5 million by Memry Corporation	12,000,000	(329,933)	3.03%	(305,208)	24,725	(354,718)	(24,785)
Total		(329,933)		(305,208)	24,725	(354,718)	(24,785)

The following table provides a sensitivity analysis of financial liabilities (both short and long term debts) in terms of the impact of changes in interest rates on the income before taxes and the Group's shareholders' equity, assuming that all the other variables remain unchanged:

		(% on basis point)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on result before taxes	Effect on net result
2013	euro	+/- 1	+/- 255	+/- 185
	USD/other currencies	+/- 1	+/- 213	+/- 132
2012	euro	+/- 1	+/- 137	+/- 99
	USD/other currencies	+/- 1	+/- 273	+/- 164

Exchange-rate risk

The Group is exposed to the exchange rate risk on foreign commercial transactions.

Such exposure is generated predominantly by sales in currencies other than the reference currency. In 2013 around 83.1% of the Group's sales and around 58.5% of the Group's operating costs were denominated in a currency other than the euro.

In order to manage the economic impact generated by the fluctuations in exchange rates, primarily EUR/USD and EUR/JPY, the Group has in place hedges on these currencies, whose values are periodically determined by the Board of Directors according to the net currency cash flows expected to be generated by SAES Getters S.p.A. and SAES Advanced Technologies S.p.A. The maturities of hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

Moreover, the Group can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables denominated in a currency different from the one used in the financial statements, included those related to cash pooling (executed by foreign subsidiaries but denominated in euro).

In order to hedge against the risk of fluctuation in exchange rates on trade receivables denominated in foreign currencies, during the year 2013 the Group signed forward contracts on the U.S. dollar for a total notional value of 13.7 million USD (average forward exchange rate USD/EUR equal to 1.2912) and forward contracts on the Japanese yen for a notional value of 117 million JPY (average forward exchange rate YEN/EUR equal to 120.6242). These contracts expired on December 31, 2013.

In addition, at the beginning of 2013 the Group signed a forward sale contract in euro (for a notional value equal to 7.5 million euro) in order to mitigate the exchange risk of fluctuation of the Korean won on the balance of the financial credit in euro which the Korean subsidiary SAES Getters Korea Corporation has with the Parent Company. Also this contract expired on December 31, 2013.

Exchange-rate sensitivity analysis

The following table provides a sensitivity analysis for the trade receivables and payables outstanding at year-end in terms of the impact of changes in the EUR/USD and EUR/JPY exchange rates on the consolidated income before taxes and Group's shareholders' equity, assuming that all the other variables remain unchanged.

Exchange-rate risk – Sensitivity analysis – Trade account receivables and payables

(thousands of euro)

U.S. dollar	Increase / Decrease	Effect on result before taxes	Effect on net result
2013	+ 5%	73	47
	- 5%	(81)	(52)
2012	+ 5%	52	39
	- 5%	(57)	(43)

(thousands of euro)

Japanese YEN	Increase / Decrease	Effect on result before taxes	Effect on net result
2013	+ 5%	25	18
	- 5%	(28)	(19)
2012	+ 5%	52	38
	- 5%	(58)	(42)

The following tables provide a sensitivity analysis of cash and cash equivalents and cash-pooling receivables outstanding at year-end in terms of the impact of changes in exchange rates between the U.S. dollar and euro and other currencies on the Group's income before taxes and Group's shareholders' equity, assuming that all the other variables remain unchanged. This analysis has been conducted as the subsidiaries have both cash and cash equivalents and cash-pooling receivables/payables from/to the Parent Company in euro, whose conversion may result in exchange gains or losses.

Exchange-rate risk – Sensitivity analysis – Cash, cash equivalents and cash pooling account receivables

(thousands of euro)

euro	Increase / Decrease	Effect on result before taxes	Effect on net result
2013	+ 5%	(434)	(413)
	- 5%	434	413
2012	+ 5%	(383)	(383)
	- 5%	383	383

(thousands of euro)

U.S. dollar	Increase / Decrease	Effect on result before taxes	Effect on net result
2013	+ 5%	68	66
	- 5%	(75)	(73)
2012	+ 5%	85	85
	- 5%	(94)	(94)

All forward contracts entered into in 2013 expired on December 27, 2013, therefore a sensitivity analysis is not provided; with regard to the analysis of the previous year, please refer to the 2012 financial statements.

With reference to the Net Financial Position (NFP), an appreciation of the U.S. dollar by 5% would have had a negative impact of approximately 173 thousand euro on the net financial position as at

December 31, 2013, whereas a depreciation of the same percentage would have had a positive impact of approximately 156 thousand euro.

	(% on basis point) (thousands of euro)	
	Increase / Decrease	Effect on Net Financial Position
December 31, 2013	+5% - 5%	(173) 156
December 31, 2012	+5% - 5%	(613) 555

Commodity price risk

The Group's exposure to commodity price risk is usually moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed to be critical. In order to reduce its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the commodity price volatility. The Group monitors the trends of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions using derivative instruments with the aim of neutralizing the price volatility of its commodities.

Credit risk

The Group deals predominantly with well-known and reliable customers: the Sales and Marketing Department assesses new customers' solvency and periodically verifies that credit limit conditions are met.

The balance of receivables is constantly monitored so as to minimize the risk of potential losses, particularly in the light of the difficult macroeconomic situation.

The credit risk associated with other financial assets, including cash and cash equivalents, is not significant due to the nature of the counterparties: the Group places such assets exclusively in bank deposits held with leading Italian and international financial institutions.

Liquidity risk

This risk can arise from the incapacity to obtain the necessary financial resources to grant the continuity of the Group's operations.

In order to minimize such risk, the Administration Finance and Control Division acts as follows:

- constantly monitors the Group's financial requirements in order to obtain credit lines necessary to meet such requirements;
- optimizes the liquidity management through a centralized management system of available liquidity (cash pooling) in euro which involves nearly all the Group's companies;
- manages the correct balance between short-term financing and medium/long-term financing depending on the expected generation of operational cash flows.

For further information about the Group's financial debts as at December 31, 2013 and about the maturity date of these debts please refer to Note no.28.

As at December 31, 2013 the Group was not significantly exposed to a liquidity risk, also considering the unused credit lines to which it has access.

Equity management

The objective pursued by the Group's equity management is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximize the value for shareholders.

No changes were made to equity management objectives or policies during the year 2013.

The Group periodically monitors some performance indicators, such as the debt-to-equity ratio, with the aim of keeping them at low levels in accordance with the agreements undertaken with its lenders.

41. POTENTIAL LIABILITIES AND COMMITMENTS

The guarantees that the Group has granted to third parties are the following ones:

(thousands of euro)				
Guarantees	December 31, 2013	December 31, 2012	Difference	
Guarantees in favour of third parties	28,117	35,358	(7,241)	

The decrease compared to the previous year was mainly explained by the partial expiration of some guarantees provided by the Parent Company to secure the loans undertaken by some foreign subsidiaries, consistent with the repayment of the principal during the year.

The maturities of operating lease obligations outstanding as at December 31, 2013 are shown below:

(thousands of euro)				
	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	1,369	1,547	50	2,966

Following a legal proceeding opened by the State of New York and concerning the compensation for environmental damages and costs for the decontamination of water and the cleaning of the sediments below the Onondaga Lake, located in the U.S. city of Syracuse, the SAES Group, through its subsidiary SAES Getters USA, Inc. (successor in legal matters of SAES Getters America, Inc., formerly owner of a factory in the area of the lake), could be sued for contributing to the compensation for such costs.

The SAES Group has not received any summons or notification to date and, based on the investigations carried out, it doesn't seem to be responsible for the pollution of the Onondaga Lake; in addition, given that to date it is not possible to make a reasonable estimate of any costs to be incurred, the company hasn't allocated any risk provision as at December 31, 2013.

42. RELATED PARTY TRANSACTIONS

Related Parties are identified in accordance with IAS 24 revised.

Related Parties include:

- **S.G.G. Holding S.p.A.**, the controlling company, which is both creditor and debtor of the SAES Group as a result of the election by the Group's Italian companies¹⁴ to participate in the national tax consolidation program. Also to be noted that S.G.G. Holding S.p.A. receives dividends from SAES Getters S.p.A.
- **KStudio Associato**, a tax, legal and financial consultancy firm whose founding member is Vincenzo Donnamaria, President of the Board of Statutory Auditors of SAES Getters S.p.A. It provides consultancy services to the Italian companies of the Group.

¹⁴ SAES Getters S.p.A., SAES Advanced Technologies S.p.A. and SAES Nitinol S.r.l.

- **Actuator Solutions GmbH**, a joint venture, 50% jointly owned by SAES and Alfmeier Präzision Groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint venture Actuator Solutions GmbH, for the development and commercialization of SMA devices for the image focus and stabilization in tablet and smart-phone cameras.
- **Managers with Strategic Responsibilities**, these include the members of the Board of Directors, including non-executive directors and the members of the Board of Statutory Auditors.

Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Legal General Counsel, the Corporate Research Manager¹⁵ and the Group Administration, Finance and Control Manager are considered managers with strategic responsibilities.

Their close relatives are also considered related parties.

The following tables show the total values of the related party transactions undertaken in 2013 and 2012:

	(thousands of euro)									
	December 31, 2013									
	Total net sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Trade receivables	Tax consolidation receivables from Controlling Company	Tax consolidation payables to Controlling Company	Financial debt towards related parties
S.G.G. Holding S.p.A. KStudio Associato Actuator Solutions GmbH	652	659 (*)	220 (*)	26 (*)		(10)	692	2,391	(1,862)	0
Total	652	659	220	26	0	(10)	692	2,391	(1,862)	0

(*) costs recovery

	(thousands of euro)									
	December 31, 2012									
	Total net sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Trade receivables	Tax consolidation receivables from Controlling Company	Tax consolidation payables to Controlling Company	Financial debt towards related parties
S.G.G. Holding S.p.A. KStudio Associato Actuator Solutions GmbH	69	174 (*)	545 (*)	(51) 27 (*)	9 (*)	(19)	830	3,247	(2,763)	(2,019)
Total	69	174	545	(24)		(19)	830	3,247	(2,763)	(2,019)

(*) costs recovery

The following table shows the remunerations to managers with strategic responsibilities as identified above:

(thousands of euro)										
Total remunerations to key management					2013		2012			
Short term employee benefits						2,726		2,884		
Post employment benefits						0		0		
Other long term benefits						152		210		
Termination benefits						52		381		
Total						2,930		3,476		

¹⁵ Please note that, with effect from June 10, 2013, in the view of containing costs and optimizing organizational processes, the role of Corporate Research Manager has been removed and its related responsibilities were transferred to the Chief Technology Innovation Officer, in the person of Dr Eng. Massimo della Porta.

As at December 31, 2013 payables to Managers with Strategic Responsibilities, as defined above, were equal to 1,580 thousand euro, to be compared with payables of 2,484 thousand euro as at December 31, 2012.

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in 2013 all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

43. FEES PAID TO INDEPENDENT AUDITORS AND THEIR RELATED COMPANIES

Pursuant to article 149-*duodecies* of the Issuer Regulations ("Disclosure of Compensation"), which was introduced by the Consob resolution no. 15915 of May 3, 2007, the following table shows the remunerations of the independent auditors and of the entities belonging to the independent auditors' network for auditing engagements and for other services, broken down by type or category:

(thousands of euro)

Business services	Supplier	Customer	Fees
Audit	Parent Company auditor	SAES Getters S.p.A.	79
Tax and legal advices	Parent Company auditor	SAES Getters S.p.A.	0
Other	Parent Company auditor	SAES Getters S.p.A.	0
Audit	Parent Company auditor	Subsidiaries	149
Tax and legal advices	Parent Company auditor	Subsidiaries	5
Other	Parent Company auditor	Subsidiaries	0
Audit	Network of Parent Company auditor	Subsidiaries	165 ^(*)
Tax and legal advices	Network of Parent Company auditor	Subsidiaries	5
Other	Network of Parent Company auditor	Subsidiaries	8 ^(**)

(*) of which 15 thousand euro classified in the item "Result from discontinued operations".

(**) 8 thousand euro for the review of the purchase price allocation for the "hydrogen purifiers" business of the U.S. company Power & Energy, Inc.

Lainate (MI), March 13, 2014

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

Certification of the Consolidated financial statements

Certification of the Consolidated financial statements
pursuant to article no. 81-ter of CONSOB Regulation no. 11971 of May 14, 1999, as subsequently amended

1. The undersigned, Giulio Canale, in his capacity as Vice President and Managing Director, and Michele Di Marco, in his capacity as Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of the Legislative Decree no. 58 of February 24, 1998:
 - the adequacy for the characteristics of the firm and
 - the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during the period from January 1 to December 31, 2013.

2. The following remarks apply to this situation:

2.1 The Administrative and Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative and Accounting Control Model, issued on May 14, 2007, the adoption of which is aimed at ensuring that SAES complies with the provisions of Law no. 262 of December 28, 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of the Legislative Decree no. 303/06, and, specifically, the obligations pertaining to the preparation of corporate accounting documents, as well as all documents and communications with a financial nature issued into the market.
- The Control Model, with reference to the organizational structure of SAES Group:
 - sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group and introduces the role of the Officer responsible for the preparation of the corporate financial reports (hereinafter the "Officer Responsible");
 - describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
 - regarding the latter in particular, it calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of matrices of administrative and accounting controls which describe the control activities implemented in each process;
 - establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to the accounting and financial information.

2.2 Implementation of the Administrative and Accounting Control Model within SAES Getters S.p.A. and the results of the internal certification process

For further information on this issue, please refer to paragraphs 2.2, 2.3 and 2.4 of the Certification of the Separate financial statements of SAES Getters S.p.A., which are of particular relevance in this regards in relation to the consolidation process.

2.3. Internal administrative and accounting control system of the subsidiaries of the SAES Group

- Following the administrative and accounting risk assessment conducted on the basis of the 2012 consolidated financial statements - the most significant administrative and accounting processes were selected, on the basis of their materiality, for each of the Group companies.
- In order to certify the consolidated financial statements, the Officer Responsible requested to each of the companies subject to controls and affected by significant processes the dispatch of a representation letter prepared in the format attached to the Administrative and Accounting Model of the SAES Group and signed by the General Managers/Financial Controllers, certifying the application and adequacy of procedures ensuring the accuracy of company accounting and financial information and the correspondence of financial reports with company transactions and accounting records.

2.4. Results of the certification process by the subsidiaries of the SAES Group

- As of today, the Officer Responsible, with the support of the Group Reporting and Consolidation Manager, has received all the twelve representation letters requested, signed by the General Managers/Financial Controllers of the subsidiaries affected by the processes deemed relevant after a risk assessment.

The result of the process was positive and no anomalies were reported.

3. Furthermore, we certify that:

3.1. The consolidated financial statements for the year ended December 31, 2013:

- a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002;
- b) correspond to the results of accounting records and books;
- c) are suitable to providing a truthful, accurate representation of the earnings and financial position of the issuer and the companies included in the consolidation perimeter.

3.2. The report on operations includes a reliable analysis of operating performance and results, as well as the situation of the issuer and the companies included in the scope of consolidation, along with a description of the primary risks and uncertainties to which they are exposed.

Lainate (MI), March 13, 2014

Vice President
and Managing Director
Dr Giulio Canale

Officer responsible for the preparation
of the corporate financial reports
Dr Michele Di Marco

**Board of Statutory Auditors' report to the
Shareholders' Meeting**

SAES Getters S.p.A.
BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS'
MEETING

*pursuant to article 153 of the Legislative Decree 58/1998 and article 2429, paragraph 3, of the
Italian Civil Code*

To the Shareholders' Meeting of SAES Getters S.p.A.

Dear Shareholders,

During the year ended on December 31, 2013, our supervisory activity was conducted in accordance with the regulation of the "Consolidated Law on financial intermediation" enacted by the Legislative Decree 58/1998, and with the applicable provisions of the Civil Code, taking into account also the Principles of Conduct recommended by the National Board of Chartered Accountants and Auditors, as well as Consob communications concerning the corporate governance and the activities of the Board of Statutory Auditors and, in particular, the communication n. DEM/1025564 dated April 6, 2001 and its subsequent amendments.

In addition, the Board of Statutory Auditors, in his role of Internal Control and Audit Committee, pursuant to article 19 of the Legislative Decree n. 39/2010, has carried out, during the year, the verification activities assigned to it by law.

Having acknowledged the foregoing, we report on the supervisory activities required by law, that we have carried out during the year ended on December 31, 2013 and, in particular:

- we ensure that we have verified the compliance with the law and the Company By-laws and the respect of the principles of proper administration, holding n. 5 meetings of the Board of Statutory Auditors during the year, without considering other informal meetings;
- in these meetings, in the Board of Directors' meetings and, in any case, at least quarterly, we obtained information from the Directors on the general corporate management and its foreseeable outlook, as well as on the most significant transactions, because of their size or nature, carried out by the Company also in relation to its subsidiaries;
- in the calendar year 2013, we took part to n. 1 Shareholders' Meeting and to n. 12 meetings of the Board of Directors, held in accordance with the statutory rules and laws that regulate their operation and for which we can reasonably assure that the actions approved in these meetings were compliant with the law and the by-laws and were always in the corporate interest, including intra-group transactions, that were not manifestly imprudent, hazardous, atypical or unusual, or in potential conflict of interest or as such to compromise the integrity of the company's assets. At these meetings, it was possible to freely express considerations, views and opinions;
- we assessed and verified the adequacy of the organizational, administrative and accounting system and the reliability of said system in correctly representing the operating activities, by obtaining information from the department managers and through the analysis of corporate documents. In this respect, we have no particular remarks to report. Furthermore, having followed the work done by the Internal Audit Department, and by the Audit and Risk Committee, we can confirm that the internal control system adopted by the Company is fully adequate;
- we supervised, pursuant to article 19, paragraph 1, of the Legislative Decree n. 39/2010, the financial reporting process; the effectiveness of the internal control system, of the audit system and of the risk management one; the statutory audit of the annual accounts and consolidated accounts; the independence of the legal independent audit firm, in particular as regards the provision of non-auditing services to the Company;
- we also verified the adequacy of the instructions provided to subsidiaries in accordance with article 114, paragraph 2, of the Legislative Decree 58/1998;
- we read and obtained information on the organizational and procedural activities carried out pursuant to the Legislative Decree 231/2001 and subsequent additions, on the administrative responsibility of the entities for the offences envisaged by this regulation. The report of the Supervisory Body on the activities carried out during 2013 and the meetings of this Committee

with the Board of Statutory Auditors did not point out any significant critical situation to be reported herein.

With reference to the provisions set forth in article 36 of the Market Regulation, issued by Consob, concerning relevant controlled companies, established and governed by the law of non-EU Countries, please note that the companies to which such provisions refer were identified and their related administrative and accounting system is suitable for submitting on a regular basis all the economic and financial data required for the preparation of the consolidated financial statements to the Company and to the independent auditors.

Having acknowledged the foregoing, we would like to draw the attention of the Shareholders' Meeting to the following paragraphs.

Performance of the period

As appropriately illustrated by the Directors in the annual Report, 2013 results highlight a significant decrease in revenues mainly concentrated in the medical business and in that of particle accelerators, not absorbed by the growth recorded in some sectors of the Industrial Applications Business. The financial results are also negatively affected by non-recurring charges related to the restructuring plan implemented during the year and by significant investments needed to sustain the growth, which should result in improvements already in 2014. In particular, to face the decrease in revenues and the consequent reduction in margins, in the second half of 2013 the Group has implemented structural operations of organizational rationalization and cost reduction, including the shutdown of the manufacturing plant of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. mainly dedicated to the production of getters for CRTs, accompanied by some short-term actions that resulted in the use of social security provisions and of voluntary redundancy procedures in the Italian companies of the Group. The shutdown of the Chinese plant marks the final exit of the Group from the CRT Business. The other productions of SAES Getters (Nanjing) Co., Ltd., such as getters for lamps, have been gradually moved to the factory in Avezzano, while the subsidiary SAES Getters (Nanjing) Co., Ltd. will continue to manage the commercial activities of the Group in the People's Republic of China.

Most significant transactions undertaken during the year

Among the significant events that marked 2013 please note that on April 3, 2013 SAES Getters S.p.A. acquired, for an amount of 0.5 million euro, the last 20% of the shares of Memry GmbH, a company operating in the production and distribution of shape memory alloy semi-finished products and components for industrial and medical applications.

On April 19, 2013 the SAES Group, through its subsidiary SAES Pure Gas, Inc., acquired from the U.S. company Power & Energy, Inc. its "hydrogen purifiers" business, mainly utilized in the semiconductors market. The business that includes patents, know-how, manufacturing processes and commercial supply agreements, was acquired for a fixed amount of 7 million USD, plus an earn-out related to future SAES revenues deriving from the sales of hydrogen purifiers, up to a maximum of 3 million USD. The first *tranche* of the fixed amount, equal to 3.2 million USD was paid at the closing of the transaction; the second *tranche*, equal to 2 million USD, was paid in January 2014, while the remaining amount (1.8 million USD) will be paid by January 23, 2015. The earn-out will be paid by SAES in quarterly *tranches*, each one equal to 10% of the net revenues recorded in the quarter by SAES and deriving from the sale of hydrogen purifiers to third parties, up to the agreed maximum amount. Always in the hydrogen purifiers business, on August 1, 2013, following the decision made by the Johnson Matthey Group to close its "Gas Purification Technology (GPT)" business, the subsidiary SAES Pure Gas, Inc. signed an agreement for the acquisition of some of the dismissed assets related to the hydrogen purification, including precious metal components (palladium), key inventory components, equipment, drawings, source coding and customers contact list, as well as warranted and non-warranted support and assistance obligations towards Johnson Matthey Inc. gas purifiers customers.

The purchasing price for the acquisition is equal to the price of the precious metal stock that is subject to the transfer at the "spot" value of the palladium at the closing date (about 0.6 million USD). The payment by SAES has been made in two *tranches*, of which the first *tranche*,

amounting to 50% of the purchasing price, was paid at the closing date and the remaining 50% on February 7, 2014.

On June 14, 2013, the joint venture Actuator Solutions GmbH has established Actuator Solutions Taiwan Co., Ltd., for the development and distribution of SMA devices for the image focus and stabilization in tablet and smart-phone cameras. The new company is headquartered in Taiwan, in a strategic position for this market segment, characterized by a strong growth in the consumer electronics business.

On July 29, 2013 the capital stock of E.T.C. S.r.l. was increased from 20 thousand euro to 75 thousand euro. The increase was underwritten entirely by SAES Getters S.p.A. Following this transaction, the shareholding of SAES Getters S.p.A. in E.T.C. S.r.l. increased from 85% to 96%, while that of the minority shareholder, Dr Michele Muccini decreased from 15% to 4%. Please note that on July 22, 2013 SAES Getters S.p.A. paid the sum of 981 thousand euro to cover the loss incurred by E.T.C. S.r.l. during the first half of 2013.

As regards the events occurred after the end of 2013, please note that on March 13, 2014 the Company, in order to provide the subsidiary E.T.C. S.r.l. with more funds aimed at providing an adequate capitalization, resolved a capital contribution of 1,109 thousand euro, equal to the total loss recorded by E.T.C. S.r.l. in the second half of 2013. This capital contribution was executed by waiving a financial receivable equal to 6 thousand euro, by waiving a trade receivable of 844 thousand euro and the remainder, amounting to 259 thousand euro, in cash. At the same time, the Company resolved an additional capital contribution of 1,900 thousand euro, aimed at covering the expected loss in 2014.

Always on March 13, 2014, the Company resolved a capital contribution of 114 thousand euro to the subsidiary SAES Nitinol S.r.l. in order to restore its capital stock, decreased below one third as a result of the losses incurred in 2013. At the same time, the Company resolved an additional capital contribution of 150 thousand euro aimed at covering the expected 2014 losses. In fact, please note, that SAES Nitinol S.r.l. is the vehicle through which SAES Getters S.p.A. holds its investment in the joint venture Actuator Solutions GmbH.

On January 10, 2014 the Group signed a forward contract for the sale of euro, in order to limit the currency risk arising from the effect of the fluctuation of the Korean won on the balance of the financial receivable denominated in euro that SAES Getters Korea Corporation holds in respect of the Parent Company.

The contract, with a notional value of 7.5 million euro, expires on December 29, 2014 and provides for a forward exchange rate of 1,456.00 against the euro.

Furthermore, given that the economic result of the Group is influenced by the trend of the exchange rate of the euro against the major currencies, in particular, the U.S. dollar and the Japanese yen, in order to protect the margins from the exchange rate fluctuations, on February 7, 2014 the Group has entered some forward sale contracts on the yen for a notional amount of 275 million JPY. These contracts provide for an average forward exchange rate equal to 138.79 against the euro and will extend for the full year 2014.

At the end of December 2013 SAES Getters S.p.A. agreed with the trade unions upon the use of the Ordinary Redundancy Fund for a period of 13 days in the period January-April 2014.

With regard to the other Group's companies, in February 2014, SAES Nitinol S.r.l. signed an agreement with the joint venture Actuator Solutions GmbH for the granting of a loan up to a maximum amount of 1.5 million euro, expiring on December 31, 2016, renewable on an annual basis. The payment can be made in one or more *tranches*, depending on the actual requirements of the joint venture. The contract provides for a flexible repayment of the principal amount by the expiry date and the recognition of a fixed annual interest of 6%. A loan of the same amount and with the same conditions was granted to the joint venture also by the other shareholder SMA Holding GmbH (Alfmeier).

The use of defensive job-security agreements in SAES Advanced Technologies S.p.A. will continue throughout the year 2014, in so far as the evolution of the legislation allows.

The Board of Statutory Auditors, after being properly and promptly informed by the Directors, assessed the compliance of the foregoing transactions with the law, the Company By-laws, and the principles of proper administration, ensuring that said transactions were not manifestly imprudent,

hazardous, or in conflict with the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the Company's assets.

Atypical and/or unusual transactions, including infra-group and related-party transactions

There weren't any atypical or unusual transactions to report; the transactions with the Group's companies were part of the Company's ordinary operations.

Related-party transactions generally consist of intra-group transactions with subsidiaries, mainly of a commercial nature. In particular, these include the purchase and sale of raw materials, semi-finished products, finished products, tangible assets and various types of services. Cash-pooling and interest-bearing financing agreements are in force with some companies of the Group. Also some agreements for the provision of commercial, technical, information technology, administrative, legal, and financial services and for the development of specific projects are in force with some subsidiaries. All these agreements were entered at arm's length economic and financial conditions.

With reference to the transactions with related parties other than subsidiaries, the Directors indicated in their Report:

- the relations with S.G.G. Holding S.p.A., the parent company, which holds 7,812,910 ordinary shares, representing 53.25% of the ordinary share capital with voting rights. An agreement concerning the participation in the national tax consolidation program has been in force with this company since 2005, that was renewed on June 14, 2011 for a further three year period 2011-2013. Under the term of this agreement, as at December 31, 2013, SAES Getters S.p.A. claimed a receivable of 2,093 thousand euro from S.G.G. Holding S.p.A.;
- relations with Actuator Solutions GmbH, a joint venture jointly controlled with equal shares by the two Groups SAES and Alfmeier Präzision, aiming at the development, production and distribution of actuators based on the SMA technology. The economic relationship includes proceeds from the sale of semi-finished products. In addition, a service contract is in force, which provides for the recharge to Actuator Solutions GmbH of the costs incurred by the Company for commercial, research and development and administrative services.

The Directors also identified the following additional related parties:

- the members of the Board of Directors, including non-executive directors and their close family members;
- the members of the Board of Statutory Auditors and their close family members;
- the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Legal General Counsel, the Corporate Research Manager¹ and the Group Administration, Finance and Control Manager and their close family members.

The above remarks on the transactions with related parties comply with the provisions of article 2391-bis of the Civil Code and with the Consob Notices dated February 20, 1997 and February 28, 1998, as well as with the revised IAS 24. In addition, as required by the Consob resolution 15519 dated July 27, 2006, the explanatory notes to the financial statements bear information on the amounts of positions or transactions with related parties highlighted separately from the related items.

The information disclosed by the Directors in their Report on the Financial statements for the year ended on December 31, 2013 is complete and adequate with respect to the transactions undertaken with all the companies of the Group and with related parties as well.

In this regard, the Board of Statutory Auditors acknowledges that, as appropriately indicated in the corporate governance report, the Company adopted the procedures for related-party transactions, in compliance with article 2391-bis of the Civil Code, as implemented by the Consob Regulation n. 17221 dated March 12, 2010, and with the Consob Regulation dated September 24, 2010, as well as article 9.C.I of the Code of Conduct for Listed Companies, aimed at ensuring the transparency and the substantial and procedural correctness of related-parties transactions, identified in accordance with the revised IAS 24.

¹ With effect from June 10, 2013, in the view of containing costs and optimizing organizational processes, the role of Corporate Research Manager has been removed and its related responsibilities were transferred to the Chief Technology Innovation Officer, in the person of Dr Eng. Massimo della Porta.

Independent audit firm

Deloitte & Touche S.p.A., the independent audit company, issued the audit reports today, in which they expressed a judgment containing no remarks on either the Consolidated or the Parent Company accounts for 2013.

We held meetings, including informal ones, with the representatives of Deloitte & Touche S.p.A., the audit firm in charge of reviewing the consolidated and SAES Getters S.p.A. financial statements as well as the statutory audit of the accounts pursuant to article 150, paragraph 3, of Italian Legislative Decree 58/1998. At these meeting there weren't any data or information that should be highlighted in this report

The Board of Statutory Auditors acknowledges that it has received, today, pursuant to article 19, paragraph 3, of the Legislative Decree n. 39/2010, the report of the legal audit firm explaining the basic issues emerged during the legal audit and any significant deficiency recorded in the internal audit system in relation to the financial reporting process, on which no specific deficiencies were identified.

The Board also acknowledges that it has received from the audit firm, today, pursuant to article 17, paragraph 9 letter a), of the Legislative Decree n. 39/2010, the confirmation of its independence, the indication of the services other than the statutory audit provided to the Company by any of the entities belonging to its network and, finally, that it has discussed with the legal audit firm the risks related to its independence as well as the measures taken to limit such risks, pursuant to the mentioned article 17, paragraph 9, letter b).

Indication of the assignment of additional mandates to the audit firm and/or parties bearing long-term relationships with the former

With regards to any additional mandates assigned to the audit firm and/or parties bearing long-term relationships with the former, please refer to the information provided by the Company in the notes to the consolidated financial statements, pursuant to article 149-*duodecies* of the Issuer Regulations regarding the disclosure of compensations.

Indication of the existence of opinions issued in accordance with the law during the year

In 2013, the Board of Statutory Auditors was not asked to provide any opinion in accordance with the law. For the sake of completeness, please note that, on March 13, 2013, the Board of Statutory Auditors provided the Shareholders' Meeting with the reasoned proposal for the appointment of the Independent Auditors.

Filing of complaints pursuant to article 2408 of the Civil Code and of petitions

The Board of Statutory Auditors did not receive any complaints pursuant to article 2408 of the Italian Civil Code nor any kind of petition.

Proper administration - Organizational structure

The Company is competently administered in accordance with the law and the Company By-laws. We attended the Shareholders' Meetings and the meetings of the Board of Directors as well as those meetings of the other Committees in which our presence is required. These meetings were held in accordance with the Company By-laws and the regulations governing their operation.

The delegations and powers conferred were appropriate to the Company's needs and adequate for the evolution of the corporate management.

The Board of Statutory Auditors believes that the Company's overall organizational structure is appropriate to the Group's size.

Finally, the Statutory Auditors, in the periodic reviews made during the year, were able to observe the accuracy and timeliness of all the fulfillment of obligations and communications to Borsa Italiana and Consob, related to the listing of the Parent Company on the STAR segment of the Italian Stock Exchange.

Internal control and risk management system-Administrative and accounting system

The system of internal control and corporate risk management, which is the set of rules, procedures and organizational structures aimed at the identification, measurement, management and monitoring of the main risks in order to ensure the protection of the company's assets, is the responsibility of the Board of Directors, of the manager in charge of the internal control and risk management system, of the Audit and Risk Committee, of the Internal audit Department, of the Supervisory Board and of the Board of Statutory Auditors, each one within the scope of its role and related responsibilities. In addition to the above-mentioned individuals, also the Manager responsible for preparing the corporate accounting documents in accordance with the Legislative Decree n. 262/2005, the independent auditors and other corporate internal control departments are involved in this process.

During the year, the Board of Statutory Auditors, as part of its monitoring activity on the effectiveness of the system and the compliance with the law, also as a result of its regular meetings with the above-mentioned individuals, didn't find any particular issues or anomalies that require to be mentioned in this report.

Moreover, please note that the Board of Directors, gathered on March 13, 2014, following the proposal of the Audit and Risk Management Committee, after consulting the Board of Statutory Auditors, considered appropriate the internal control and risk management system adopted by the Company.

We had the knowledge and supervised the adequacy of both the Company's organizational structure and of its administrative and accounting system, as well as the reliability of the latter to accurately represent operating events, by obtaining the information from the heads of the respective offices, reviewing the corporate documents, through direct controls, and exchanging information with the audit firm Deloitte & Touche S.p.A., in accordance with article 150 of the Legislative Decree 58/1998. We do not have any particular remarks to report in this regard.

The Company has adopted appropriate procedures to govern and monitor the disclosure to the market of data and transactions pertaining to the companies of the Group. In this regard, please note that the Company has a complex administrative and accounting control model, approved by the Board of Directors on May 14, 2007, adopted also following the obligations introduced by the Savings Law concerning the drafting of corporate accounting documents and of all the financial documents and communications intended for the market. This model, that puts into a legal form the system of corporate rules and procedures adopted by the Group, in order to identify and manage the principal risks associated with the preparation and dissemination of the financial information and thereby to achieve the Company's objectives of truthfulness and accuracy of such information, was subjected to an update process that led to the issue of a new release approved by the Board of Directors on December 20, 2012.

Subsidiaries

As required by the internal control model adopted by the Company, the Officer Responsible ensures the dissemination and the update of the rules for the control of the subsidiaries, ensuring their alignment with the principles of the Group. On this issue, the Board of Statutory Auditors refers to the details provided in the specific paragraph of the corporate governance and ownership Report, approved by the Board of Directors on March 13, 2014 and available on the Company's website.

Code of Conduct for listed Companies

The Corporate Governance system of the Company incorporates, in its essentials, the principles and recommendations contained in the "Code of Conduct for the corporate governance of listed companies" in its edition dated December 2011, to which the Board of Directors has decided to adhere on February 23, 2012. The Board of Directors also approved the Annual Report on Corporate Governance and ownership structure for the year 2013. The full text of this report, which can be consulted for a detailed information, is available to the public in the ways provided for by the current laws and regulations.

Report on remuneration pursuant to article 123-ter of the Consolidated Finance Act and article 84-quarter of the Issuers' Regulation and monetary incentive systems of strategic resources

The Board of Statutory Auditors states that it has previously examined and expressed its favorable opinion, together with the Compensation and Appointment Committee, also in accordance with the provisions set forth in article 2389, paragraph 3 of the Civil Code, on the policies and general guidelines for the remuneration of the administrative bodies and managers with strategic responsibilities of the Company and, in particular, on the Report on remuneration, drawn up pursuant to article 123-ter of the Consolidated Finance Act and 89-quarter of the Issuers Regulation as well as with reference to the annual and three-year instruments of monetary incentive targeted to the strategic resources of the Company and of the SAES Group.

The Board of Statutory Auditors states that it has verified the accuracy of the criteria adopted by the Board of Directors in assessing the independence of its members, taking note of the statements granted by the Directors.

The Board of Statutory Auditors also supervises the conditions of independence and autonomy of its own members and notifies the Board of Directors in time for the drafting of the corporate governance Report. In particular, with regards to 2013, the Board of Statutory Auditors verified the continuing satisfaction of the independence requirements on February 18, 2014.

Finally, each member of the Board of Statutory Auditors fulfilled the requirements to notify Consob, pursuant to article 144 *quaterdecies* of the Issuers' Regulation, with regard to the regulation on the plurality of assignments.

CONSOLIDATED AND SAES Getters S.p.A. FINANCIAL STATEMENTS

for the year ended on December 31, 2013

As we are not responsible for an analytical review of the contents of the financial statements, we certify that we have verified the general setting adopted for both the Consolidated and SAES Getters S.p.A. financial statements and its general compliance with the law in terms of form and structure. We further certify that the information contained therein corresponds to the facts and information in our possession.

As in previous years, we report that both the consolidated financial statements, following the entry into force of the EC Regulation n. 1606/2002, and the financial statements of the Parent Company were drafted in accordance with the IAS/IFRS, which have been applied since January 1, 2005. Having acknowledged the foregoing, the financial statements of the Parent Company and the Consolidated ones consist of the balance sheet, the statement of profit or loss, the statement of other comprehensive income, the cash flow statement, the statement of changes in the shareholders' equity and the explanatory notes. The reporting formats adopted are compliant with the provisions of the IAS 1-revised.

The financial position was prepared by distinguishing between current and non-current assets and liabilities, according to whether the assets and liabilities are likely to be realized within or beyond twelve months from the reporting date and stating under two separate items, the "Assets held for sale" and the "Liabilities held for sale" as required by the IFRS 5.

In the statement of profit or loss, operating expenses are disclosed on the basis of their destination. The cash flow statement has been prepared according to the indirect method, as allowed under the IAS 7.

In addition, as required by the Consob resolution n.15519 dated July 27, 2006, in the statement of profit or loss by destination, revenues and costs derived from non-recurring transactions or events that do not occur frequently in the ordinary course of business have been specifically identified.

In accordance with this resolution, the amounts of positions or transactions with related parties have been presented separately from the applicable items in the explanatory notes.

With regards to the financial statements submitted for your review, we point out the following (figures in thousand euro):

<u>Statement of profit or loss</u>	<i>Separate financial statements</i>	<i>Consolidated financial statements</i>
Net revenues	4,441	128,543
Operating income (loss)	(18,377)	5,508

Other income and expenses	19,242	(2,061)
Income before taxes	865	3,447
Net income (loss)	331	(562)
Total comprehensive income (loss)	5,342	(3,958)
	=====	=====

Statement of financial position

Non-current assets	104,820	116,822
Current assets	<u>24,178</u>	<u>73,366</u>
Total assets	128,998	190,188
Non-current liabilities	4,119	15,938
Current liabilities	55,079	73,943
Shareholders' equity	<u>69,800</u>	<u>100,307</u>
Total liabilities and Shareholders' equity	128,998	190,188
	=====	=====

As of December 31, 2013, the Parent Company's cash flow statement showed net cash and cash equivalents of 693 thousand euro; at the same date, the consolidated cash flow statement showed net cash and cash equivalents of 20,333 thousand euro.

Intangible assets with finite useful lives, acquired or produced internally, have been classified among the assets in accordance with the IAS 38, as it is likely that some future economic benefits will derive from their use, and they are amortized on the basis of their estimated useful lives. Goodwill is not amortized, but it is subjected to audit at least annually in order to identify any devaluation.

Long-term equity investments, equal to 73,978 thousand euro at the end of the year, are valued at cost and adjusted as necessary to account for any impairment in the Parent Company's financial statements. In the consolidated financial statements, the subsidiaries have been included in the scope of consolidation with the line-by-line method, with the exception of the joint venture Actuator Solutions GmbH and its wholly owned subsidiary Actuator Solutions Taiwan Co., Ltd., to which the equity method has been applied.

The dividends collected by the Parent Company in 2013 amounted to 22,199 thousand euro, compared to 26,735 thousand euro in 2012.

Financial debts amounted to 48,383 thousand euro in the Parent Company's financial statements as at December 31, 2013.

Share Capital

As at December 31, 2013 the share capital, fully subscribed and paid, amounted to 12,220 thousand euro and consisted, as in the previous year, of n. 14,671,350 ordinary shares and n. 7,378,619 savings shares, for a total of n. 22,049,969 shares.

The shareholders' equity of the Parent Company, equal to 69,800 thousand euro, included, inter alia, the reserve of positive currency revaluation balances, following the application of the Laws 72/1983 and n. 342/2000 for a total amount of 1,727 thousand euro, the retained earnings reserve of 2,753 thousand euro, the IAS conversion reserve of 2,712 thousand euro, the reserve for capital gains on the sale of treasury shares in portfolio (a negative 589 thousand euro), and the reserve representing the capital gain on the sale of the three business units to SAES Advanced Technologies S.p.A., equal to 2,426 thousand euro, entered as an increase of the shareholders' equity according to the OPI 1 principle issued by the Italian Association of Chartered Accountants, and the reserve representing the difference between the appraised value and the book value of the assets transferred to the Company by the subsidiary SAES Advanced Technologies S.p.A., negative

for 344 thousand euro and recorded as a reduction of the shareholders' equity in accordance with the same principle OPI 1.

Research, development and innovation expenses were equal to 8,932 thousand euro in the Parent Company's financial statements and equal to 14,864 thousand euro in the consolidated financial statements. These expenses were charged to the income statement because they did not meet the requirements as envisaged by the IAS 38 for their compulsory capitalization.

Current and deferred income taxes were entered with a positive balance of 4,466 thousand euro for the Parent Company, consisting of 1,460 thousand euro in current taxes and 3,006 thousand euro in deferred taxes. The positive balance of current taxes was primarily due to the national tax consolidation program in which the Company participates and, in particular, to the remuneration of the tax loss for the period transferred to the consolidated financial statements. Current and deferred income taxes recorded a negative balance equal to 2,616 thousand euro in the consolidated financial statements. For more information concerning the recognition of deferred tax assets and liabilities, please refer to the remarks made by the Directors in the explanatory notes and to the statements of temporary differences and associated tax effects.

The information on the performance of the subsidiaries, on the research, development and innovation activities, on the significant events occurred after the end of the year and on the business outlook, can be found in the Report on operations of the SAES Group.

The Board of Statutory Auditors takes note of the proposal of the Board of Directors to partially distribute the net income for the period for a total amount of 3,430,172.27 euro, any rounding excluded, therefore assigning a total dividend of 0.166626 euro per savings shares, including the total higher dividend due to this kind of shares according to the article no. 26 of the By-laws, and a total dividend of 0.150000 euro per ordinary shares.

On the basis of the foregoing, and in consideration of the results of our activity, we propose that the Shareholders' Meeting approve the consolidated financial statements and the financial statements of the Parent Company for the year ended on December 31, 2013, as prepared by the Directors.

April 3, 2014

Vincenzo Donnamaria

Alessandro Martinelli

Maurizio Civardi

Independent Auditors' report

**AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16
OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
SAES GETTERS S.p.A.**

1. We have audited the consolidated financial statements of SAES Getters S.p.A. and subsidiaries (the "SAES Group"), which comprise the statement of financial position as of December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to the auditors' report issued by other auditors on March 28, 2013.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of SAES Group as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

4. The Directors of SAES Getters S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section on corporate governance are consistent with the consolidated financial statements of the SAES Group as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Carlo Laganà
Partner

Milan, Italy
April 3, 2014

This report has been translated into the English language solely for the convenience of international readers.

SAES Getters S.p.A. financial highlights

FINANCIAL HIGHLIGHTS OF SAES GETTERS S.p.A.

(thousands of euro)

Income statement data	2013	2012	Difference	Difference %
NET SALES				
- Industrial Applications	2.678	3.374	(696)	-20,6%
- Shape Memory Alloys	1.386	558	828	148,4%
- Information Displays	352	751	(399)	-53,1%
- Advanced Materials & Corporate Costs	25	2	23	n.a.
Total	4.441	4.685	(244)	-5,2%
GROSS PROFIT (1)				
Industrial Applications	(608)	(504)	(104)	-20,6%
Shape Memory Alloys	(236)	(52)	(184)	-353,8%
Information Displays	27	(265)	292	110,2%
Advanced Materials & Corporate Costs (2)	(288)	(332)	44	13,3%
Total	(1.105)	(1.153)	48	4,2%
% on sales	-24,9%	-24,6%		
GROSS PROFIT adjusted (3)	(1.162)		n.a.	
% on sales	-26,2%			
EBITDA (4)	(15.334)	(15.673)	339	2,2%
% on sales	-345,3%	-334,5%		
EBITDA adjusted (4)	(14.323)		n.a.	
% on sales	-322,5%			
OPERATING LOSS	(18.377)	(18.404)	27	0,1%
% on sales	-413,8%	-392,8%		
PERDITA OPERATIVA adjusted (3)	(17.366)		n.a.	
% on sales	-391,0%			
NET INCOME	5.331	8.495	(3.164)	-37,2%
% on sales	120,0%	181,3%		
NET INCOME adjusted (3)	6.064		n.a.	
% on sales	136,5%			
Balance Sheet and Financial data	2013	2012	Difference	Difference %
Property, plant and equipment, net	15.950	15.344	606	3,9%
Shareholders'equity	69.800	74.423	(4.623)	-6,2%
Net financial position	(36.512)	(25.739)	(10.773)	-41,9%
Other information	2013	2012	Difference	Difference %
Cash flow from operating activities	(18.789)	(19.681)	892	4,5%
Research & development expenses (5)	8.932	8.255	677	8,2%
Number of employees as at 31 December (6)	204	213	(9)	-4,2%
Personnel cost (7)	15.751	15.622	129	0,8%
Purchase of property, plant and equipment	3.383	3.376	7	0,2%

(1) This parameter is calculated as the difference between net revenues and industrial costs directly and indirectly attributable to the products sold.

(2) It includes costs that cannot be directly attributed or reasonably allocated to any business sector, but that refer to the Company as a whole.

(3) Excluding non-recurring charges and other costs considered by the management as not meaningful with respect to the current operating performance. For the purposes of this calculation, please refer to the table “non-recurring income and expenses”.

(4) 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”.

For Adjusted EBITDA we intend EBITDA rectified in order to not include non-recurring items and other items considered by the management as not meaningful with reference to the current operating performance. Please refer for the calculation to the table “Non-recurring items”.

	(thousands of euro)	
	2013	2012
Operating income	(18.377)	(18.404)
Depreciation and amortisation	2.773	2.660
Write down of assets	270	69
Bad debt provision accrual	0	2
EBITDA	(15.334)	(15.673)
	<i>% on sales</i>	<i>-345,3%</i>
Personnel restructuring	1.011	0
EBITDA adjusted	(14.323)	(15.673)
	<i>% on sales</i>	<i>-322,5%</i>

(5) In 2013, research and development expenses included net non-recurring charges equal to 205 thousand euro (costs for personnel reduction equal to 320 thousand euro and savings resulting from the use of social security provisions equal to 115 thousands euro); excluding these charges, R&D expenses amounted to 8,727 thousand euro.

(6) Includes staff employed by the Company other than contracts of employment and personnel of SAES Getters S.p.A. – Taiwan Branch and SAES Getters S.p.A. - Japan Branch.

(7) In 2013, non-recurring severance costs included in the personnel costs were equal to 1,253 thousand euro; in 2013, the use of the redundancy fund (Cassa Integrazione Guadagni) brought a benefit to the personnel costs equal to 242 thousand euro compared to 67 thousand euro in 2012; net of these amounts, personnel costs would have been equal to 14,740 thousand euro.

Report on operation of SAES Getters S.p.A.

REPORT ON OPERATIONS

The organisational structure of SAES Getters S.p.A., as the Parent Company (also referred to hereinafter as the “Company”), identifies three Business Units, Industrial Applications, Shape Memory Alloys and Information Displays. The corporate costs (those expenses that cannot be directly attributed or allocated in a reasonable way to the business units, but which refer to the Group as a whole) and the costs related to the basic research projects or undertaken to achieve the diversification in innovative business (Business Development Unit), are shown separately from the three Business Units.

The following table illustrates the Group’s Business organizational structure:

Industrial Applications Business Unit	
Electronic Devices	Getters and metal dispensers for electronic vacuum devices and getters for microelectronic and micromechanical systems (MEMS)
Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Vacuum Systems and Thermal Insulation	Pumps for vacuum systems and products for thermal insulation
Energy Devices	Getter sealants for photovoltaic modules and sophisticated getters for energy storage devices
Semiconductors	Gas purifier systems for semiconductor industry and other industries
Shape Memory Alloys Business Unit	
Shape Memory Alloys (SMA)	Shape memory alloys both for medical and for industrial applications

Net sales were 4,441 thousand euro compared to 4,685 thousand euro in 2012.

EBITDA for the year came to a negative - 15,334 thousand euro, compared to a negative - 15,673 thousand euro in 2012.

The operating loss came to -18,377 thousand euro in 2013, compared to -18,404 thousand euro in 2012.

Dividends, net financial income, net foreign exchange gains and write-downs of investments in subsidiaries were equal to 19,242 thousand euro in 2013, down from 23,204 thousand euro in the previous year, mainly due to lower dividends received by the subsidiaries (equal to 22,199 thousand euro in 2013 compared to 26,735 thousand euro in 2012).

The net income for 2013 was 5,331 thousand euro, compared to a net income of 8,495 thousand euro in 2012.

Financial position as at December 31, 2013 stood at net debt of 36,512 thousand euro compared to net debt of 25,739 thousand euro as at December 31, 2012.

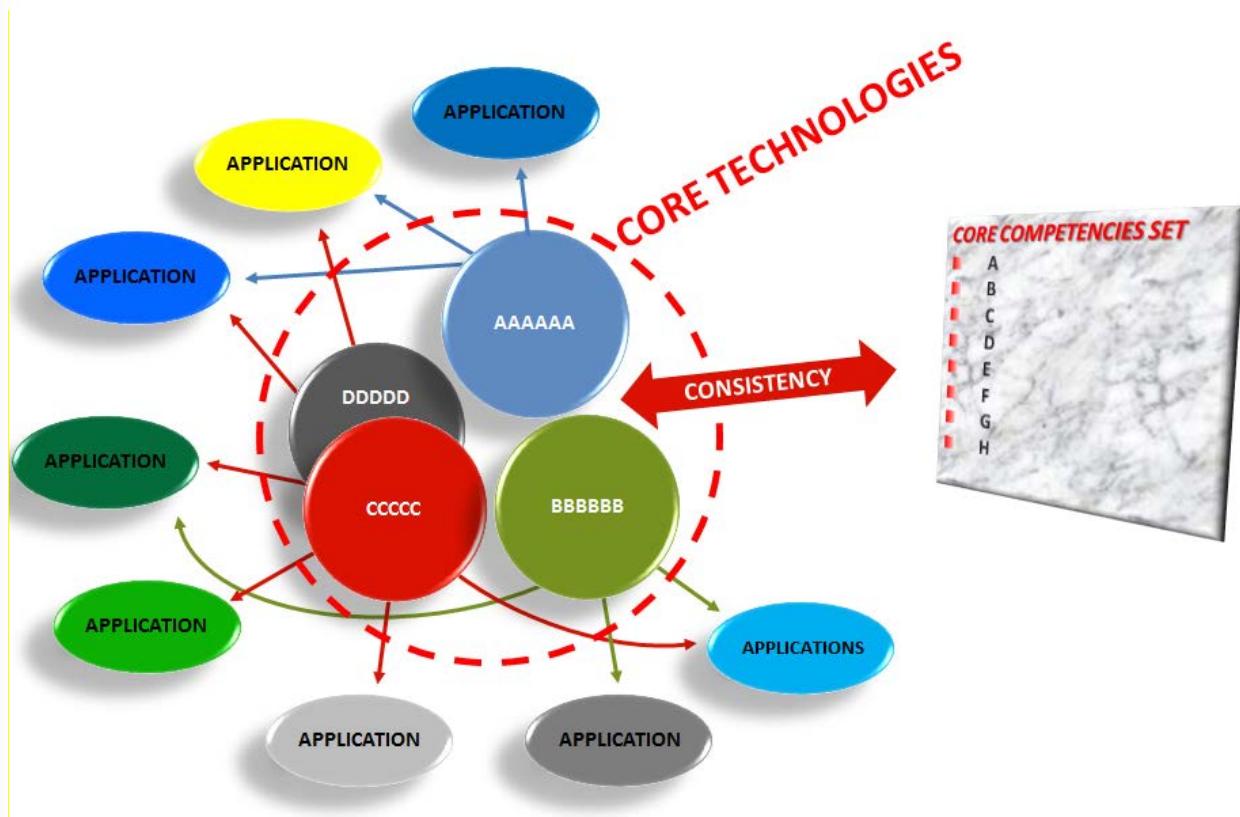
Research, Development and Innovation Activities – Parent Company

Research and innovation activity was intense in 2013, as shown by the amount of the related expenditure, which came to Euro 8,932 thousand euro. The expenditure increased compared to 2012, confirming the importance of research for the SAES Getters S.p.A.

Unlike what has been done in previous years, the report on innovation is organized by technological areas, the true asset of SAES, a company that, since its inception, has taken advantage of applications in niche markets, using products with a high added value, as schematically shown in Figure no. 1.

The basic competencies are the starting point and are used to generate distinctive technologies or to maintain their competitive advantage against direct competitors or alternative technologies. The technologies are exploited in application sectors, that we call “markets” for the sake of simplicity, in the form of products. The technical-scientific coherence of the Company’s technologies often results in the simultaneous exploitation of one market by one or more distinctive technologies, or in a commercial synergy.

Figure no. 1



The Company, in the course of the recent years, has heavily invested in research and development activities in the two directions described above, namely the development of already existing technologies and the generation of a new distinctive technology.

The historical “core” technologies of the company are two, that of getters, which are metallic materials capable of reacting with the gases surrounding them and absorbing them in a controlled manner, and that of the gas purification systems, a technology that at the beginning exploited the getters as an active material for the purification and that has then gradually taken on distinctive characteristics of its own more and more independent from them.

In recent years the Company has heavily invested, both with research activities and with the acquisition of companies, in the development of the shape memory alloys technology that, today, stands beside the two historical technologies and that, in some cases, is used in the same final applications.

For a broader view of the Group's strategy SAES regard to research and development, please refer to the Report on the consolidated financial statements.

In 2013 a major reorganization of the Research Department has been carried out, moving the development activities under the responsibility of the Business Unit Managers and keeping the company's core laboratories, that means the laboratories of metals and organic materials and the laboratory of chemical-physical and structural analysis, under the responsibility of the CTIO (Chief Technology and Innovation Officer).

The getter technology has undergone a big progress over the years: it has gone from metal compressed or rolled getters to sintered ones, to then develop thin film getters placed on silicon wafers for MEMS applications, in particular those of the gyroscopes of mobile phones.

In 2013, the activities were focused on two fronts: the development of new alloys with much higher absorption characteristics and the consolidation of the new platform of hybrid getters, that means nanostructured inorganic getters dispersed in organic matrices, typically polymers.

The alloys that have been developed, for which the related patents have been filed, will enable to replace the active materials of a big portion of our products, significantly increasing their performance and strengthening our competitive position. The same alloys will allow the development, in the Vacuum Systems development laboratory, of a new generation of high vacuum pumps for particle accelerators and scientific instruments, expanding the range of applications of our pumps. The same laboratory, in the wake of the great success of the NEXTorr® pump, has also continued the development of larger models and with a higher pumping speed.

An equally intense effort was made in the development of new mercury dispensing alloys with a low-temperature release, which will be integrated in the TQS® and Roof products and that will strengthen the SAES Group's position in the market of fluorescent lamps.

2013 was also the year of the consolidation of the hybrid getters family in which the active material, usually nano-particles of active oxide, is dispersed in a matrix of organic material, typically a polymer, which is in a liquid state, with a variable density depending on the matrices that are used. The products of this family are therefore liquids or dispensable pastes capable of absorbing various gases; this family includes also the glues that have a double function of being both adhesive and acting as a barrier to the water. This new type of getters has been developed to prevent the penetration of moisture in the OLED screens but, thanks to its chemical and physical characteristics, it can be employed in many applications ranging from the primary packaging, that means the internal protection of sealed devices (sealed electromechanical or optoelectronic devices), to the secondary packaging (for example, plastic films with high barrier characteristics for the protection of food or drugs).

With regard to Gas Purification technology, development continued in the laboratory of Lainate to support the requests of the controlled company SAES Pure Gas.

With regard to the new technological area, that of shape memory alloys, at the level of basic research, the studies aimed at understanding complex phenomena such as the hysteresis, the fatigue break and their relationship with the compositional characteristics of the alloy have continued. This activity is of great importance in order to produce materials with a high mechanical resistance and a longer life. The first important results have been achieved in the study of the relationship between impurity and fatigue, studies presented at the SMST (Shape Memory and Superelastic Technology) symposium and that have attracted considerable appreciation from the customers. These activities continued in collaboration with some leading European research centers.

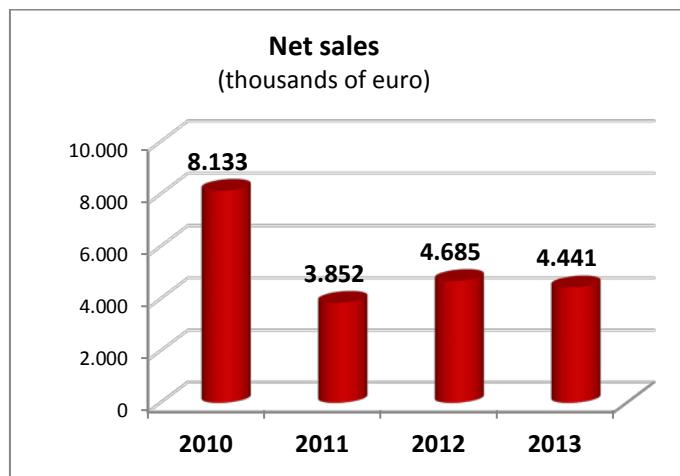
Instead, the development of products for industrial applications other than mobile phones have been concentrated, on behalf of the joint venture Actuator Solutions, in the laboratories of Lainate that, among other things, have completed the construction of thermostatic valves for vending machines, for which an exclusive distribution agreement has been signed. The product development activities have been quite intense and wide-ranging. The most interesting sectors/applications are the automotive one, for which we are developing seat release systems and rear mirror handling systems, special electromechanical valves for refrigeration systems, the above mentioned thermostatic valves for the vending industry and for the white goods one and, finally, the medical one with the micro-pumps for inhalers

Finally, please note the substantial progress in the OLET (Organic Light Emitting Transistors) project, which involves laboratories of Lainate and E.T.C. S.r.l., in collaboration with the National Research Center (CNR) and the U.S. company Polyera Corporation, in the development of demonstrators aimed at proving that the OLET technology can be used in the displays.

Please note that all research and development expenses incurred by the Company are charged directly in the income statement in the year in which they occurred as they do not qualify for capitalization.

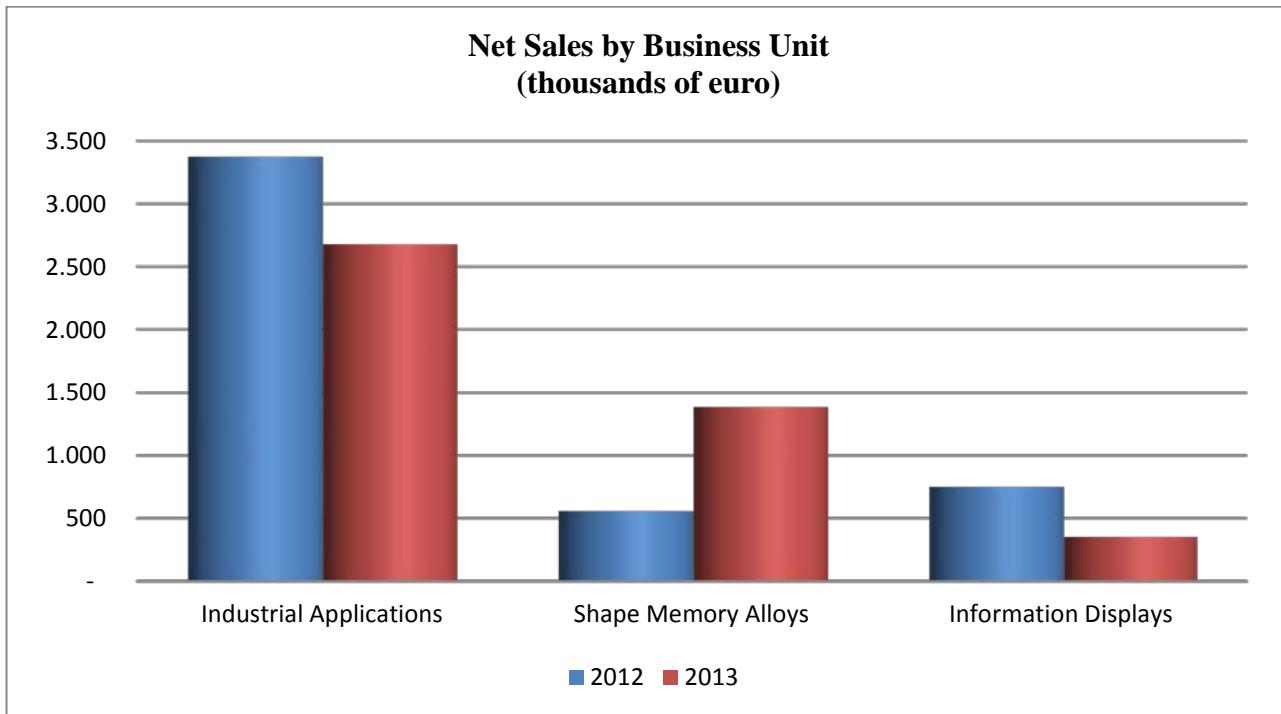
Sales and net income for the year ended December 31, 2013

Net sales were 4,441 thousand euro in 2013, down 5.2% from the 4,685 thousand euro reported in 2012.



The following table contains a breakdown of net sales in 2013 and 2012 by business segment, along with the percent change at current and comparable exchange rates:

(thousands of euro)	2013	2012	Difference	Difference %	Exchange rate effect	Price/quantity effect %
Electronic Devices	1.749	1.794	(45)	-2,5%	-2,0%	-0,5%
Lamps	3	8	(5)	-62,5%	0,0%	-62,5%
Vacuum Systems and Thermal Insulation	307	1.181	(874)	-74,0%	-1,0%	-73,0%
Energy Devices	354	385	(31)	-8,1%	0,0%	-8,1%
Semiconductors	265	6	259	100,0%	0,0%	100,0%
Subtotal Industrial Applications	2.678	3.374	(696)	-20,6%	-2,0%	-18,6%
Subtotal Shape Memory Alloys	1.386	558	828	148,4%	-1,0%	149,4%
Liquid Crystal Displays	0	443	(443)	-100,0%	0,0%	-100,0%
Cathode Ray Tubes	0	0	0	0,0%	0,0%	0,0%
Organic Light Emitting Diodes	352	308	44	14,3%	-7,0%	21,3%
Subtotal Information Displays	352	751	(399)	-53,1%	-3,0%	-50,1%
Subtotal Business Development	25	2	23	1150,0%	-56,0%	1206,0%
Total Net Sales	4.441	4.685	(244)	-5,2%	-2,0%	-3,2%

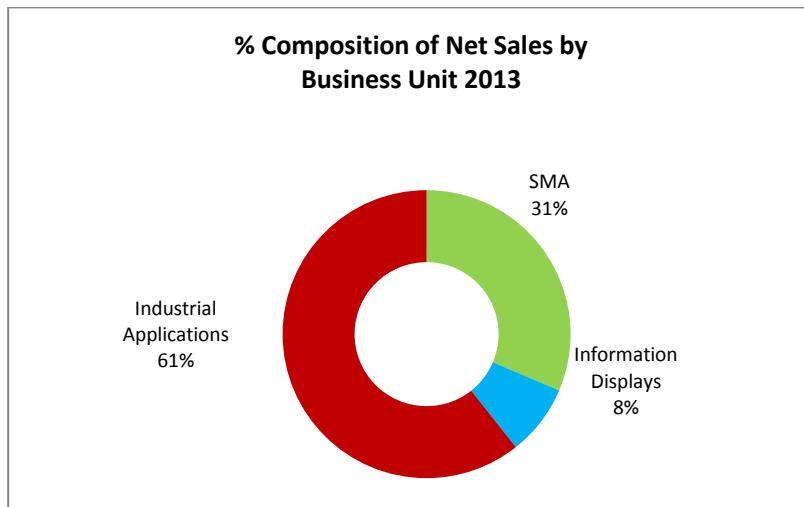


Revenues of the **Industrial Applications Business Unit** were equal to 2,678 thousand euro, down by 20,6% compared to the previous year. The currency trend led to a negative exchange rate effect equal to 2%. The decrease is mainly attributable to the Vacuum Systems & Thermal Insulation Business, that recorded lower sales of getter pumps for particle accelerators, being it a typically cyclical market.

Revenues of the **Shape Memory Alloys Business Unit** were equal to 1,386 thousand euro, more than doubled (+828 thousand euro) compared to the previous year. The increase is mainly attributable to the higher revenues in respect of the joint venture Actuator Solutions GmbH.

Revenues of the **Information Displays Business Unit** amounted to 352 thousand euro, down by 399 thousand euro compared to 2012. The currency trend led to a negative exchange rate effect equal to 3%. This Business Unit had an overall decrease of 53.1% over the previous year, mainly due to the disappearance of revenues from sales of getters for Liquid Crystal Displays.

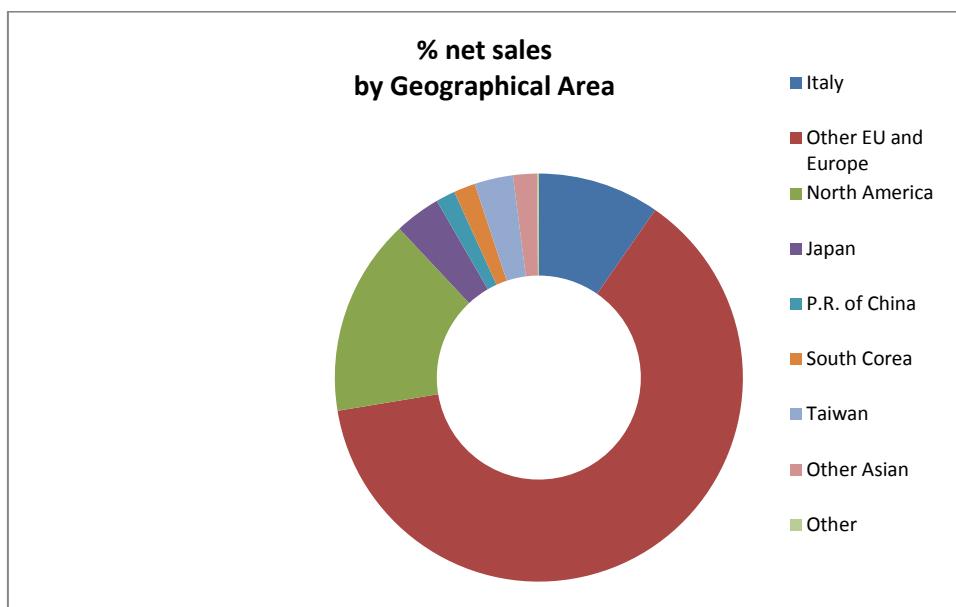
The following table shows the percentage of sales by Business Unit:



A breakdown of revenues by geographical location of customers is provided below:

(thousands of euro)

Geographical Area	Year 2013	%	Year 2012	%	Difference	Difference %
Italy	429	9,7%	242	5,2%	187	77,3%
Other EU and Europe	2.786	62,7%	2.170	46,3%	616	28,4%
North America	694	15,6%	558	11,9%	136	24,4%
Japan	162	3,7%	194	4,1%	(32)	-16,5%
P. R. of China	68	1,5%	21	0,5%	47	223,8%
South Korea	76	1,7%	146	3,1%	(70)	-47,9%
Taiwan	136	3,1%	1.073	22,9%	(937)	-87,3%
Other Asian	84	1,9%	281	6,0%	(197)	-70,1%
Other	6	0,1%	0	0,0%	6	0,0%
Total Net Sales	4.441	100,0%	4.685	100,0%	(244)	-5,2%



The following table shows the gross profit by Business Unit in 2013 and 2012:

(thousands of euro)

Business Unit	2013	2012	Difference	Difference %
Industrial Applications	(608)	(504)	(104)	-20,6%
Shape Memory Alloys	(236)	(52)	(184)	-353,8%
Information Displays	27	(265)	292	110,2%
Business Development & Corporate Costs	(288)	(332)	44	13,3%
Gross profit	(1.105)	(1.153)	48	4,2%

Gross profit was equal to -1,105 thousand euro in 2013, compared to -1,153 thousand euro in 2012. The figure for 2013, essentially unchanged from 2012, is consistent with the Company's business is characterized by development projects and pilot production lines, which have frequent interaction with research activities.

The following table shows the operating income by Business Unit in 2013 and 2012:

Business Unit	2012	2011	Difference	Difference %
Industrial Applications	(4.080)	(2.377)	(1.703)	-71,6%
Shape Memory Alloys	(1.651)	(2.546)	895	35,2%
Information Displays	(2.004)	(2.247)	243	10,8%
Business Development & Corporate Cost	(10.642)	(11.234)	592	5,3%
Operating Income (Loss)	(18.377)	(18.404)	27	0,1%

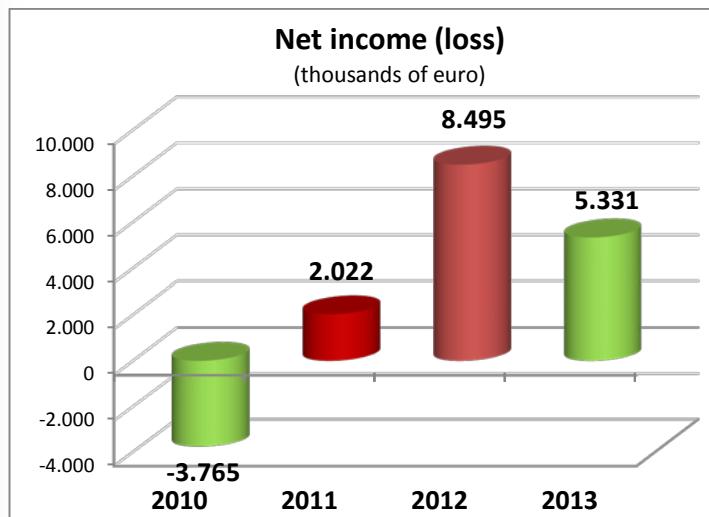
The **operating loss** was equal to 18,377 thousand euro in the current year, compared to a loss of 18,404 thousand euro in the corresponding period of 2012.

Dividends received from the subsidiaries, equal to 22,199 thousand euro, allowed to end 2013 with an income before taxes of 865 thousand euro.

2013 taxes recorded (see Note n.11) a positive balance of 4,466 thousand euro including current and deferred taxes.

Research and development expenses amounted to 8,932 thousand euro, compared to 8,255 thousand euro in 2012. In 2013, research and development expenses included net non-recurring charges equal to 205 thousand euro (costs for personnel reduction equal to 320 thousand euro and savings resulting from the use of social security provisions equal to 115 thousand euro); excluding these charges, R&D expenses amounted to 8,727 thousand euro.

Net income or loss is shown in the following chart:



The Net Income for year 2013 was 5,331 thousand euro compared to a Net Income of 8,495 thousand euro in 2012.

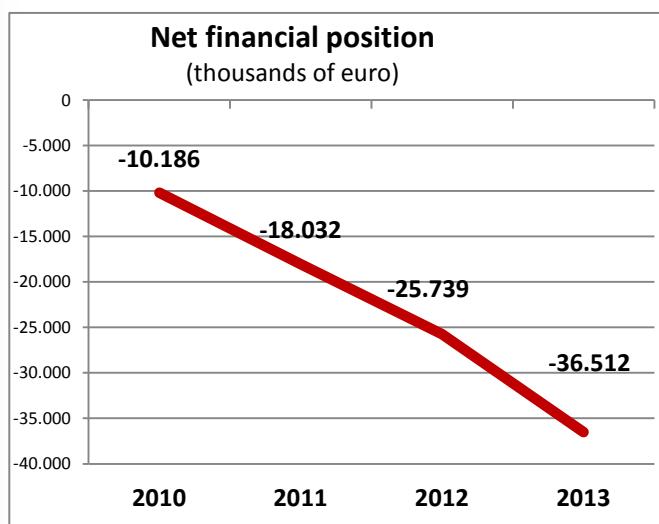
Financial position – Investments – Other information

A breakdown of the items making up the Company net financial position is provided below:

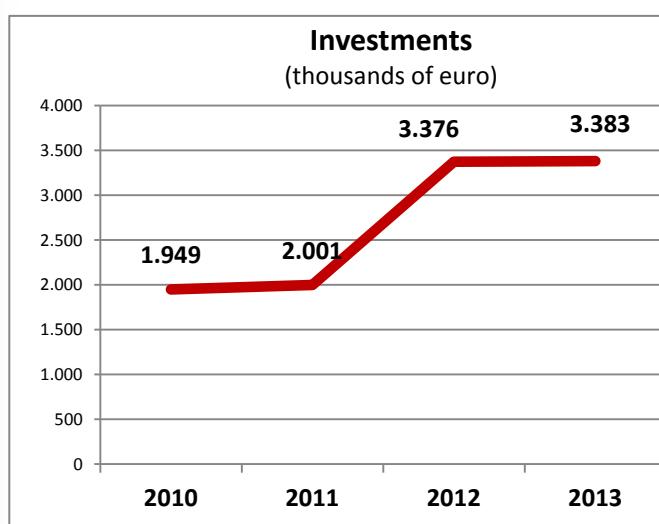
(thousands of euro)

	December 31, 2013	December 31, 2012	Difference
Cash on hand	7	8	(1)
Cash equivalents	686	4,408	(3,722)
Total cash and cash equivalents	693	4,416	(3,723)
Current financial assets*	11,178	4,946	6,232
Bank overdraft	(33,370)	(10,050)	(23,320)
Current portion of long term debt	0	(1,108)	1,108
Other current financial liabilities*	(14,976)	(23,722)	8,746
Other financial debt	(37)	(221)	184
Total current liabilities	(48,383)	(35,101)	(13,282)
Current net financial positions	(36,512)	(25,739)	(10,773)
Long term debt, net of current portion	0	0	0
Total non current liabilities	0	0	0
Net financial position	(36,512)	(25,739)	(10,773)

* current financial payables to and receivables from Group companies.

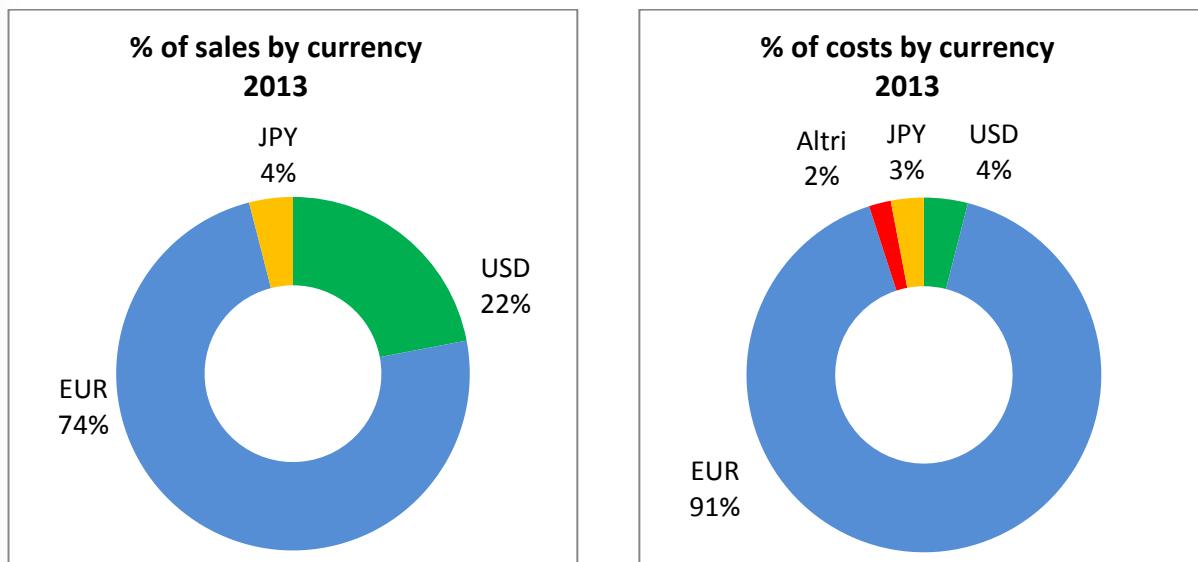


Financial position showed a negative amount of 36,512 thousand euro as at December 31, 2013, as result of cash and cash equivalents of 693 thousand euro and financial liabilities of 37,205 thousand euro, compared to net debt of 25,739 thousand euro as at December 31, 2012. The negative change compared to 2012 is due to lower dividends received from subsidiaries, 4,536 thousand euro less than the previous year, and to the repayment of financial debts in favor of some companies of the Group.



In the 2013 financial year, increases in **property, plant and equipment** came to 3,383 thousand euro (3,376 thousand euro in 2012) of which 2,623 thousand euro consisted of investments in fixed assets for research activities.

The composition of net sales and costs (cost of sales and operating expenses) by currency is provided below:



Transactions with Group Companies

Transactions with Group companies are identified on the basis of IAS 24 revised and article 2359 of the Italian Civil Code. Transactions with subsidiaries continued in 2013. Transactions were undertaken with such counterparties as part of the Company's ordinary operations. These transactions were predominantly commercial in nature and involved the purchase and sale of raw materials, semi-finished goods, finished goods, machinery, tangible assets and services of various kinds and were undertaken under at arm's-length financial conditions. Interest-bearing cash pooling agreements and loan agreements are in force with several Group companies. All agreements entered into were at arm's length conditions.

The main transactions with the subsidiaries, associates or joint ventures of the SAES Group were as follows:

SAES ADVANCED TECHNOLOGIES S.p.A., Avezzano, AQ (Italy)

Revenue from royalties relating to the sale of getters for industrial applications; charge-backs relating to the use of software licenses purchased centrally; the charge-back of centrally managed insurance costs; revenue on the charge-back of centralised group services; purchase of finished products for resale; purchases of raw materials. In addition, an interest-bearing cash pooling agreement and a receivables insurance agreement have been entered into with SAES Advanced Technologies S.p.A.

SAES GETTERS USA, Inc., Colorado Springs, CO (USA)

Getter sales; purchases of finished products; charge-backs of centrally managed insurance costs; revenue on the charge-back of centralised group services and revenue on the use of the SAES brand and royalties for the licensing of the PageLid technology. In addition, an interest-bearing cash-pooling agreement is in effect.

SAES PURE GAS, Inc., San Luis Obispo, CA (USA)

Revenue on licensing rights for purifier sales; the charge-back of centrally managed insurance costs and revenue on the charge-back of centralised group services.

SAES SMART MATERIALS, Inc., New York, NY (USA)

Revenue on the charge-back of centrally managed insurance costs and revenue on the charge-back of centralised group services.

SPECTRA-MAT. INC., Watsonville, CA (USA)

Revenue on the charge-back of centralised group services, the charge-back of centrally managed insurance costs.

MEMRY CORPORATION, Bethel, CT (USA)

Purchase of raw materials; revenue on the charge-back of centralised group services and the charge-back of centrally managed insurance costs.

SAES GETTERS KOREA Corporation – Seoul (South Korea)

Revenue deriving from the charge-back of centrally managed insurance costs; commission expenses related to commercial transactions. In addition, an interest-bearing financing through borrowing is in effect.

SAES GETTERS (NANJING) CO., LTD. – Nanjing (P.R. of China)

Purchase of getters, revenue on the charge-back of centralised group services; and charge-backs of centrally managed insurance costs.

MEMRY GmbH, Weil am Rhein (Germany) (formerly Dr.-Ing Mertmann Memory-Metalle GmbH)

Purchases of raw materials and charge-back of centralised group services. In addition, an interest-bearing financing through borrowing is in effect.

SAES GETTERS INTERNATIONAL LUXEMBOURG S.A., Luxembourg (Luxembourg)

An interest-bearing loan agreement is in effect. During 2013, the Company received a mandate for the management of derivative transactions for hedging on the Korean Won currency.

E.T.C. S.r.l., Bologna (Italy)

Revenue on the charge-back of general and administrative services. In addition, an interest-bearing cash-pooling agreement is in effect. The Company has leased to the subsidiary the use of its specific equipment for research and development projects.

SAES Nitinol S.r.l. – Lainate (Italy)

In addition, an interest-bearing cash-pooling agreement is in effect with the Company.

SAES GETTERS EXPORT CORP. – Wilmington, DE (USA)

No transactions.

In clarification of the foregoing, it should be noted that the Company has entered into agreements for the provision of commercial, technical, information technology, legal, and financial services and the study of specific projects with the following subsidiaries (SAES Advanced Technologies S.p.A., E.T.C. S.r.l., MEMRY GmbH, SAES Getters USA, Inc., Inc., SAES Pure Gas, Inc., SAES Getters Korea Corporation, SAES Getters (Nanjing) Co., Ltd., Spectra-Mat, Inc., SAES Smart Materials, Inc., Memry Corporation).

The Company manages and coordinates SAES Advanced Technologies S.p.A., E.T.C. S.r.l. and SAES Nitinol S.r.l., pursuant to Article 2497 et seq. of the Italian Civil Code.

The Company provides bank guarantees to its subsidiaries, as described in the note concerning contingent liabilities and commitments.

Comments on the most significant transactions undertaken during 2013 are given in the Explanatory Notes, as part of the analysis on the composition of the individual items of the Financial Statements.

Financial transactions with the subsidiaries, associates or joint ventures of the SAES Getters Group are summarized below:

(thousands of euro)

Company	Receivables	Payables	Revenues	Expenses	Memorandum accounts
	2013	2013	2013	2013	2013 *
SAES Advanced Technologies S.p.A.	7.485	38	3.360	439	0
SAES Getters USA, Inc.	279	1.107	921	41	4.000
SAES Pure Gas, Inc.	664	83	775	188	0
SAES Smart Materials, Inc.	62	3	70	108	0
Spectra-Mat, Inc.	112	0	129	10	3.626
Memry Corporation	35	59	65	377	0
SAES Getters Korea Corporation	36	7.573	114	116	0
SAES Getters (Nanjing) Co.Ltd.	64	1	76	32	0
Memry GmbH	353	0	21	0	18.634
SAES Getters International S.A.	81	6.296	81	146	0
E.T.C. S.r.l.	0	0	706	107	0
SAES Nitinol S.r.l.	4.659	0	147	0	0
Actuator Solutions GmbH	708	0	0	0	0
Total	14.538	15.160	6.465	1.564	26.260

*includes guarantees issued by SAES Getters S.p.A.

With reference to IAS 24 (revised), the following Related Parties other than subsidiaries, associates or joint ventures are identified:

- **S.G.G. Holding S.p.A.**, the controlling company. It is the Company's majority shareholder. As of the reporting date, it held 7,958,920 ordinary shares, representing 53.25% of ordinary capital with voting rights.

As regards the majority interest held by S.G.G. Holding S.p.A., it should be noted that said company does not manage or coordinate SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code. On the basis of the assessments conducted by the Board of Directors, it was determined that S.G.G. Holding S.p.A. does not play any role in defining the annual budget, long-term strategic plans or investment choices, does not approve specific significant transactions undertaken by the Company and its subsidiaries (acquisitions, disposals, investments, etc.) and does not coordinate business initiatives and actions in the sectors in which the Company and its subsidiaries operate. Furthermore, SAES Getters S.p.A. is entirely independent in its organisation and decision-making and acts in an independent negotiating capacity in its dealings with customers and suppliers.

It should be recalled that a national tax consolidation agreement was signed with the controlling company S.G.G. Holding S.p.A. on May 12, 2005 and then renewed for the second time on June 14, 2011, for the following three years in order to control the effects of the joint exercise of the group taxation option, as described in article 117 of the Consolidated Income Tax Act. As a result of the tax consolidation process, at the end of 2013 the Company claimed a total of 2,093 thousand euro in receivables from S.G.G. Holding S.p.A.

It should further be noted that, pursuant to article 2428, paragraphs 3 and 4, of the Italian Civil Code, the Company does not own shares of the controlling company, either directly or through trusts or intermediaries. During 2013, no transactions were undertaken involving the purchase or sale of shares of the controlling company.

- **Actuator Solutions GmbH**: a joint venture 50% owned by the two groups SAES and Alfmeier Präzision respectively, aimed at the development, production and distribution of actuators based on the SMA technology.

The economic and financial relations include proceeds from the sale of semi-finished products; a contract is in place for the recharge of commercial, research and development and administrative costs and services; in addition, a contract is in place for a financing against payment.

- Managers with Strategic Responsibilities: these include the members of the Board of Directors, including non-executive directors and the members of the Board of Statutory Auditors.

Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Legal General Counsel, the Corporate Research Manager¹ and the Group Administration, Finance and Control Manager are considered managers with strategic responsibilities. Their close relatives are also considered Related Parties.

The following table details balance sheet and income statement dealings with Related Parties other than subsidiaries, associates and joint ventures for years 2013 and 2012:

(thousands of euro)										
December 31, 2013	Net sales	Research and development expenses (*)	Selling expenses (*)	General and administrative expenses (*)	Other income (expenses)	Financial expenses	Trade receivables	Tax consolidation receivables from Controlling Company	Tax consolidation payables from Controlling Company	Intercompany financial payables
S.G.G. Holding S.p.A. Actuator Solutions GmbH	653	659	220	26	0	10	708	2.093		
Total	653	659	220	26	0	10	708	2.093	0	0

(*) costs recovery

(thousands of euro)										
December 31, 2012	Net sales	Research and development expenses (*)	Selling expenses (*)	General and administrative expenses (*)	Other income (expenses)	Financial expenses	Trade receivables	Tax consolidation receivables from Controlling Company	Tax consolidation payables from Controlling Company	Intercompany financial payables
S.G.G. Holding S.p.A. Actuator Solutions GmbH	102	174	515	27	9	(19)	832	2.729		(2.019)
Total	102	174	515	27	9	(19)	832	2.729	0	(2.019)

The following table shows the compensation provided to key management personnel as identified above:

	Year 2013	Year 2012
(thousands of euro)		
Short term employee benefits	2.691	2.829
Post employment benefits	0	0
Other long term benefits	156	214
Termination benefits	52	381
Payments in shares	0	0
Other benefits	0	0
Total remuneration provided to managers with strategic responsibilities	2.899	3.424

On December 31, 2013 the payable entered in the financial statements towards Managers with strategic responsibilities as defined above, amounted to 1,579 thousand euro, to be compared to a payable of 2,429 thousand euro as at December 31, 2012.

In accordance with the Consob notices of February 20, 1997 and February 28, 1998 and IAS 24 revised, we report that in 2012 all related party transactions were undertaken within the Company's ordinary operations and at arm's-length conditions and within the Company's ordinary operations.

¹With effect from 10 June 2013, with a view to containing costs and optimizing organizational processes, the role of Corporate Research Manager was abolished and the responsibilities of the latter were transferred to the Chief Technology Innovation Officer, in the person of Massimo della Porta.

Research, Development and Innovation Activities – Parent Company

For information concerning the performance of subsidiaries, reference is made to the Consolidated Financial Statements and the “Summary of main data of subsidiaries’ Financial Statements”.

The Company has two branch offices, one in Taoyuan City (Taiwan) and one in Tokyo (Japan).

The disclosures concerning ownership structure required under paragraph 1 of article 123-bis of Italian Legislative Decree No. 58/98 (Consolidated Finance Act) are provided in the Company’s Corporate Governance Report, which is included in the financial statement package and has been published in the Corporate Documentation area of the Investor Relations section of the Company’s website, www.saesgroup.com.

Subsequent events

On January 10, 2014 SAES Getters S.p.A. signed a forward contract for the sale of euro, in order to limit the currency risk arising from the effect of the fluctuation of the Korean won on the balance of the financial receivable denominated in euro that SAES Getters Korea Corporation holds in respect of the Company. The contract, with a notional value of 7.5 million euro, expires on December 29, 2014 and provides for a forward exchange rate of 1,456.00 against the euro.

On March 13, 2014 SAES Getters S.p.A., in order to provide the subsidiary E.T.C. S.r.l. with more funds aimed at providing an adequate capitalization, resolved a capital contribution of 1,109 thousand euro, equal to the total loss recorded by E.T.C. S.r.l. in the second half of 2013, of which 6 thousand euro by waiving a financial receivable, 844 thousand euro by waiving a trade receivable, both claimed by the Parent Company towards E.T.C. S.r.l., and the remainder, amounting to 259 thousand euro, in cash. At the same time, the Parent Company resolved an additional capital contribution of 1,900 thousand euro, in favor of E.T.C. S.r.l., aimed to cover the expected loss for 2014. The percentage of ownership of SAES Getters S.p.A. remained unchanged compared to December 31, 2013² (96% of the share capital).

Please also note that on July 22, 2013, the Parent Company had already covered the loss realized by E.T.C. S.r.l. during the first half of 2013, with a capital contribution of 981 thousand euro.

On March 13, 2014, SAES Getters S.p.A. resolved a capital contribution of 114 thousand euro to the subsidiary SAES Nitinol S.r.l. (equal to the loss incurred by the subsidiary during the year 2013) in order to restore its capital stock, decreased below one third as a result of the above mentioned loss. At the same time, the Parent Company resolved an additional capital contribution of 150 thousand euro in favor of SAES Nitinol S.r.l., aimed to cover the expected 2014 losses.

The results of the Company will continue to be influenced by the trend of the exchange rate of the euro against the major currencies (in particular, the U.S. dollar and the Japanese yen). In order to protect the margins from the exchange rate fluctuations, on February 7, 2014 the Group has entered some forward sale contracts on the yen for a notional amount of 275 million JPY. These contracts provide for an average forward exchange rate equal to 138.79 against the euro and will extend for the full year 2014.

At the end of December 2013 SAES Getters S.p.A. agreed with the trade unions upon the use of the Ordinary Redundancy Fund for a period of 13 days in the period January-April 2014.

Project of approval of Financial Statements and distribution of dividends

Dear Shareholders,

We hereby submit the following proposed resolution for your approval

“The Ordinary Shareholders' Meeting,

- having examined the figures of the Financial Statements of SAES Getters S.p.A. at December 31 2013, together with the Management Report of the Board of Directors, the Report of the Board of Statutory Auditors, the Report of the Auditing Firm as well as the other documents required by law;
- having noticed that the legal reserve has reached 20% of the share capital;
- having taken note of the results of the year ended on December 31, 2013, given the high capital base of the Company;

Resolves the following:

- to approve the Financial Statements of SAES Getters S.p.A. at December 31, 2013, which report a net income of 5,330,984.25 euro;
- to partially distribute the net income of the year, for a total amount of 3,430,172.27 euro, subject to rounding, and therefore attributing to the satisfaction of the rights of the savings shares and of the ordinary shares, pursuant to Article 26 of the By-laws: (i) a dividend of 0.166626 euro per savings share, inclusive of the total increase these shares are entitled to pursuant to the above mentioned statutory provision, and (ii) a dividend of 0.150000 euro per ordinary share;

	euro
Net income for the period	5.330.984,25
(Net exchange gains - unrealised and undistributable)	0,00
Distributable Net income	5.330.984,25
From distributable Net income:	
to ordinary and saving shares as below detailed:	
- euro	0,150000 for each out of
	n. 14.671.350 ordinary shares
	2.200.702,50
- euro	0,166626 (including the increase of euro
	0,016626 for each out of
	n. 7.378.619 saving shares
	1.229.469,77
to retained earnings for roundings	0,00
For a maximum total equal to:	3.430.172,27

- to pay such amounts in favor of the entitled ordinary shares and savings shares that will be outstanding at the date of May 7, 2014 (Record date) with effect from May 8, 2014, with the detachment of the coupon no. 30; the share will trade ex-dividend starting from May 5, 2014;

- to allocate any rounding in the payment to the Retained earnings reserve;

- to grant the Chairman, the Vice Chairman and the Chief Executive Officer separately, all the powers necessary for the implementation of this resolution

Lainate (MI) Italy, March 13, 2014

On behalf of the Board of Directors

Dr Ing. Massimo della Porta

President

**Separate financial statements of the SAES Getters S.p.A.
for the year ended December 31, 2013**

Income Statement

(euro)	Notes	2013	2012
Third party net sales		3.531.162	3.802.189
Intercompany net sales		909.638	882.955
Total net sales	4	4.440.800	4.685.144
Third party cost of sales		(4.724.357)	(4.229.158)
Intercompany cost of sales		(821.426)	(1.608.650)
Total cost of sales	5	(5.545.783)	(5.837.808)
Gross profit		(1.104.983)	(1.152.664)
Research & development expenses	6	(8.932.160)	(8.255.052)
Selling expenses	6	(4.323.577)	(4.875.226)
General & administrative expenses	6	(10.575.862)	(11.926.692)
Total operating expenses		(23.831.599)	(25.056.970)
Royalties third party		2.105.323	2.452.303
Royalties Intercompany		1.381.258	1.495.491
Other third party income (expenses), net		(99.101)	(37.468)
Other intercompany income (expenses), net		3.172.268	3.895.543
Total other income (expenses), net	7	6.559.747	7.805.869
Operating income (loss)		(18.376.835)	(18.403.764)
Dividends	8	22.198.821	26.734.608
Third party financial income		6.733	5.508
Intercompany financial income		367.645	226.833
Total financial income	8	374.378	232.341
Third party financial expenses		(761.677)	(828.325)
Intercompany financial expenses		(220.814)	(377.128)
Total financial expenses	8	(982.491)	(1.205.453)
Foreign exchange gains (losses), net	9	(258.874)	(73.413)
Write down of intercompany investments	10	(2.089.780)	(2.484.304)
Income before taxes		865.219	4.800.015
Income taxes	11	4.465.765	3.695.009
		1.460.024	1.528.598
		3.005.741	2.166.411
Net income (loss) from continuing operations		5.330.984	8.495.024
Net income (loss) from discontinuing operations		0	0
Net income (loss)		5.330.984	8.495.024

Statement of comprehensive income

(euro)	Notes	2013	2012
Net income (loss) for the period		5.330.984	8.495.024
Actuarial gain (loss) on defined benefit plans		14.819	(320.055)
Income tax		(4.075)	88.015
Actuarial gain (loss) on defined benefit plans, net of taxes		10.744	(232.040)
Total components that will not be reclassified to the profit (loss) in subsequent periods		10.744	(232.040)
Other comprehensive income (loss), net of taxes		10.744	(232.040)
Total comprehensive income (loss), net of taxes		5.341.728	8.262.984

Statement of financial position

(euro)	Notes	December 31 2013	December 31 2012
<u>ASSETS</u>			
Non Current Assets			
Property, plant and equipment, net	12	15.950.049	15.343.672
Intangible assets, net	13	1.374.518	1.487.248
Investments and other financial activities	14	73.978.074	73.383.727
Non current tax consolidation receivables	20	245.822	201.414
Deferred tax assets	15	12.734.475	9.732.810
Other long term assets	16	536.730	566.082
Total Non Current Assets		104.819.668	100.714.953
Current Assets			
Inventory	17	625.094	519.358
Third party trade receivables		1.051.931	1.215.633
Intercompany trade receivables		3.360.053	4.432.394
Trade receivables	18	4.411.985	5.648.027
Derivative instruments evaluated at fair value	30	0	11.364
Intercompany financial credits	19	11.177.807	4.935.311
Tax consolidation receivables	20	1.847.253	2.527.689
Prepaid expenses, accrued income and other	21	5.423.581	4.090.826
Cash and cash equivalents	22	692.854	4.415.531
Total Current Assets		24.178.574	22.148.106
Total Assets		128.998.242	122.863.059

(euro)	Note	December 31 2013	December 31 2012
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
Capital stock		12.220.000	12.220.000
Share issue premium		41.119.940	41.119.940
Treasury shares		0	0
Legal reserve		2.444.000	2.444.000
Sundry reserves and retained earnings		8.685.085	10.144.284
Net income (loss) for the period		5.330.984	8.495.024
Shareholders' Equity	23	69.800.009	74.423.248
Non Current Liabilities			
Staff leaving indemnity and other employee benefits	25	4.119.091	4.488.646
Non current provisions	26	0	90.485
Total Non Current Liabilities		4.119.091	4.579.131
Current Liabilities			
Third party trade payables		2.689.197	3.943.122
Intercompany trade payables		183.804	409.848
Trade payables	27	2.873.001	4.352.970
Intercompany financial payables	28	14.976.227	23.722.337
Other payables	29	3.636.622	3.893.900
Current provisions	26	186.588	512.041
Bank overdraft	31	33.369.923	10.050.163
Current portion of long term debt	24	0	1.108.269
Other Financial Debts		36.781	221.000
Total Current Liabilities		55.079.142	43.860.680
Total Liabilities and Shareholders' Equity		128.998.242	122.863.059

Cash Flow Statement

(euro)	2013	2012
Cash flows provided from operating activities		
Net income from continuing operations	5.330.984	8.495.024
Net income from discontinuing operations	0	0
Current income taxes	(1.460.024)	(1.528.598)
Change in deferred income taxes	(3.005.741)	(2.166.411)
Depreciation of property, plant and equipment	2.403.956	2.328.570
Amortization of intangible assets	368.462	330.820
Capital gains (losses) on sales of intangible assets	(15.500)	(40.846)
Write down of assets	270.451	68.983
Dividends in Income Statement	(22.198.821)	(26.734.608)
Financial revenues (expenses), net	866.987	1.046.525
Accrual for termination indemnities	406.424	726.693
Accrual (utilization) for risk and contingencies, net	(415.938)	(334.664)
	(17.448.760)	(17.808.512)
Change in operating assets and liabilities		
Cash increase (decrease) in :		
Account receivables and other receivables	(67.361)	(1.939.369)
Inventory	(105.736)	(175.069)
Trade account payables	(1.479.969)	1.187.287
Other current payables	(913.227)	(2.179.834)
	(2.566.293)	(3.106.985)
Payments of termination indemnities and similar obligations	(234.473)	(203.203)
Payments of debit interest and other financial expenses	(935.197)	(771.172)
Interest and other financial receipts	1.243	4.876
Income taxes received (paid)	2.394.186	2.204.484
Cash flows from operating activities	(18.789.294)	(19.680.511)
Cash flows used by investing activities		
Purchase of property, plant and equipment	(3.382.691)	(3.376.474)
Proceeds from sales of property, plant and equipment	15.500	40.869
Dividends received	22.198.821	26.734.608
Purchase of intangible assets	(255.731)	(149.519)
Decrease (increase) of non current financial assets	(594.347)	(513.035)
Decrease (increase) of current financial assets	11.364	(20.670)
Cash flows from investing activities	17.992.916	22.715.778
Cash flows used by financing activities		
Proceeds from short term financial debts	23.319.760	10.267.765
Proceeds from long term financial debts	0	0
Proceeds from / repayments of Intercompany financial debts	(14.988.606)	2.220.949
Dividends paid	(9.964.965)	(10.791.680)
Purchase of treasury shares	0	0
Repayments of financial debts	(1.292.488)	(2.703.782)
Cash flows from financing activities	(2.926.299)	(1.006.748)
Exchange gains (losses) from balances conversion into foreign currencies	0	0
Increase (decrease) in cash equivalents, net	(3.722.677)	2.028.519
Cash and equivalents at the beginning of the period	4.415.531	2.387.012
Cash and cash equivalents, net, at the end of the period	692.854	4.415.531

Statement of changes in the shareholders' equity as at December 31, 2013

(thousands of euro)

	Capital stock	Share issue premium	Treasuring shares	Legal reserve	Sundry reserves and retained earnings					Net income (loss) for the period	Total shareholders' equity
					Reserve for treasury shares	Cash flow hedge reserve	Revaluation reserve	Other	Total		
Balance at December 31, 2012	12.220	41.120	0	2.444	0	0	1.727	8.417	10.144	8.495	74.423
Appropriation of 2012 result						8.495	8.495	(8.495)		0	
Dividends paid						(9.965)	(9.965)			(9.965)	
Revocation of treasury shares								0		0	
Income (loss) from transactions with Group companies								0		0	
Net income for the period								0	5.331	5.331	
Other comprehensive income (loss)								11	11		11
Balance at December 31, 2013	12.220	41.120	0	2.444	0	0	1.727	6.958	8.685	5.331	69.800

Statement of changes in the shareholders' equity as at December 31, 2012

(thousands of euro)

	Capital stock	Share issue premium	Treasuring shares	Legal reserve	Sundry reserves and retained earnings					Net income (loss) for the period	Total shareholders' equity
					Reserve for treasury shares	Cash flow hedge reserve	Revaluation reserve	Other	Total		
Balance at December 31, 2011	12.220	41.120	0	2.444	0	0	1.727	17.763	19.490	2.022	77.296
Appropriation of 2011 result						2.022	2.022	(2.022)		0	
Dividends paid						(10.792)	(10.792)			(10.792)	
Revocation of treasury shares								0		0	
Income (loss) from transactions with Group companies						(344)	(344)			(344)	
Net income for the period								0	8.495	8.495	
Other comprehensive income (loss)						(232)	(232)			(232)	
Balance at December 31, 2012	12.220	41.120	0	2.444	0	0	1.727	8.417	10.144	8.495	74.423

Annex 1
Statement of profit and loss
prepared pursuant to CONSOB resolution no. 15519 of July 27, 2006 and Communication no.
DEM/6064293 of July 28, 2006

(thousands of euro)

	2013	of which: non recurring items	2013 <i>adjusted</i>
Total net sales	4.441	0	4.441
Cost of sales	(5.546)	57	(5.603)
Gross profit (loss)	(1.105)	57	(1.162)
R&D expenses	(8.932)	(205)	(8.727)
Selling expenses	(4.324)	(322)	(4.002)
G&A expenses	(10.576)	(541)	(10.035)
Total operating expenses	(23.832)	(1.068)	(22.764)
Royalties	3.487	0	3.487
Other income (expenses), net	3.073	0	3.073
Operating income (loss)	(18.377)	(1.011)	(17.366)
Interest and other financial income, net	22.573	0	22.573
Oneri finanziari	(3.072)	0	(3.072)
Income (loss) from equity method evaluated companies	0	0	0
Foreign exchange gains (losses), net	(259)	0	(259)
Income (loss) before taxes	865	(1.011)	1.876
Income taxes	4.466	278	4.188
Net income (loss) from continued operations	5.331	(733)	6.064
EBITDA	(15.334)	(1.011)	(14.323)

Annex 2
Non recurring income and expenses - 12 months ended Dec 31, 2013

(thousands of euro)	Income	Expenses	Total
Cost of sales			
Write down of assets	0	0	0
Write down of inventory	0	0	0
Personnel restructuring	69 (*)	(12)	57
Total effect on cost of sales	69	(12)	57
Operating expenses			
Write down of assets	0	(320)	(320)
Write down of inventory	0	(340)	(340)
Personnel restructuring	173 (*)	(581)	(408)
Total effect on operating expenses	173	(1.241)	(1.068)
Total effect on income (loss) before taxes	242	(1.253)	(1.011)
Income taxes			278
Net income (loss) from continued operations			(733)

(*) Personnel costs savings resulting from the use of social security provisions

**Summary of main data of subsidiaries' Financial Statements as of
December 31, 2013**

Statement of financial position 2013

	SAES Advanced Technologies S.p.A.	SAES Getters USA, Inc.	SAES Getters Korea Corporation	SAES Getters International Luxembourg S.A.	SAES Getters (Nanjing) Co., Ltd.	SAES Getters Export, Corp.	Mentry GmbH	E.T.C. S.r.l.	SAES Nitrol S.r.l.
	(thousands of euro)	(US Dollar)	(thousands of Won)	(thousands of euro)	(Chinese Renminbi)	(US Dollar)	(thousands of euro)	(thousands of euro)	(thousands of euro)
Property, plant and equipment, net	18,694	1,299,121	8,395	0	590,251	0	444	0	0
Intangible assets, net	786	29,008	0	0	0	0	6	0	0
Other non current assets	683	54,876,167	174,386	36,249	31,839,911	0	9	0	4,545
Current assets	12,295	19,885,838	14,947,949	6,350	54,962,950	11,881,852	1,091	507	17
Total assets	32,457	76,070,134	15,130,730	42,599	87,393,112	11,881,852	1,550	507	4,562
Shareholders' equity	16,489	29,485,928	14,763,720	42,409	81,797,556	7,559,885	799	(1,032)	(104)
Non current liabilities	2,133	1,686,653	0	0	0	0	80	13	0
Current liabilities	13,835	44,887,552	367,010	190	5,595,556	4,321,967	671	1,525	4,666
Total liabilities and shareholders' equity	32,457	76,070,134	15,130,730	42,599	87,393,112	11,881,852	1,550	507	4,562

Income statement 2013

	SAES Advanced Technologies S.p.A.	SAES Getters USA, Inc.	SAES Getters Korea Corporation	SAES Getters International Luxembourg S.A.	SAES Getters (Nanjing) Co., Ltd.	SAES Getters Export, Corp.	Mentry GmbH	E.T.C. S.r.l.	SAES Nitrol S.r.l.
	(thousands of euro)	(US Dollar)	(thousands of Won)	(thousands of euro)	(Chinese Renminbi)	(US Dollar)	(thousands of euro)	(thousands of euro)	(thousands of euro)
Total net sales	33,076	16,844,893	1,751,730	0	26,152,079	0	3,354	0	0
Cost of sales	(21,348)	(10,481,374)	(1,467,407)	0	(26,758,224)	0	(2,018)	0	0
Gross profit	11,727	6,363,519	284,323	0	(606,145)	0	1,336	0	0
Research & development expenses	(686)	(120,028)	0	0	0	0	(156)	(1,455)	0
Selling expenses	(688)	(1,538,317)	(416,790)	0	(6,109,231)	5,402,231	(298)	(0)	0
General & administrative expenses	(2,763)	(476,916)	(817,603)	(80)	(16,063,272)	0	(645)	(35)	(10)
Total operating expenses	(4,137)	(2,135,282)	(1,234,393)	(80)	(22,172,503)	5,402,231	(1,099)	(1,491)	(10)
Other income (expenses), net	(2,528)	(231,449)	21,161	5,551	(702,930)	1,685,612	47	(585)	(1)
Operating income (loss)	5,063	3,956,809	(928,909)	5,471	(23,481,578)	7,087,843	284	(2,076)	(10)
Interest and other financial income (expenses), net	(209)	9,836,494	199,776	145	2,004,476	(10,371)	(28)	(14)	(147)
Foreign exchange gains (losses), net	107	46,179	338,868	(81)	(450,530)	0	0	0	0
Income (loss) before taxes	4,961	13,879,482	(390,265)	5,535	(21,927,632)	7,077,472	256	(2,990)	(157)
Income taxes	(1,630)	(4,346,918)	0	(44)	(124,435)	0	(75)	0	43
Net income (loss) from continuing operations	3,332	9,532,564	(390,265)	5,491	(22,052,067)	7,077,472	181	(2,990)	(114)
Net income (loss) from discontinued operations	0	0	0	0	0	0	0	0	0
Net income (loss)	3,332	9,532,564	(390,265)	5,491	(22,052,067)	7,077,472	181	(2,990)	(114)

Certification of the Financial Statements of the Parent Company

**CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
pursuant to article no. 81-ter of CONSOB Regulation no. 11971 of May 14, 1999, as amended**

1. The undersigned, Giulio Canale, in his capacity as Vice President and Managing Director, and Michele Di Marco, in his capacity as Officer Responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998:

- the adequacy for the characteristics of the enterprise and
- the effective application

of the administrative and accounting procedures for the formation of the Company Financial Statements during the period from January 1 to December 31, 2013.

2. The following remarks apply to this situation:

2.1 The Administrative and Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative and Accounting Control Model, issued on May 14, 2007, the adoption of which is aimed at ensuring that SAES Getters complies with the provisions of Law no. 262 of December 28, 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of Legislative Decree no. 303/06, and, specifically, obligations pertaining to the preparation of corporate accounting documents and all documents and communications of a financial nature disseminated to the market.
- The Control Model, which refers to the organizational structure of the SAES Group:
 - sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group and introduces the role of manager in charge of the preparation of corporate accounting documents (hereinafter the "Officer Responsible");
 - describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
 - regarding this latter aspect in particular, calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of administrative and accounting procedures and the related control matrices, which describes the controlling activities implemented in each process;
 - establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to accounting and financial information.

2.2. Matrices of administrative and accounting controls of SAES Getters S.p.A.

- On December 20, 2012, 9 Matrices of administrative and accounting controls were issued, related to the most significant processes of SAES Getters S.p.A., selected after the risk assessment conducted on the basis of the 2011 financial statements.
- The controls described in these matrices were shared with the responsibles - according to the current organization chart - of the audited processes, and a process of continuous monitoring

and alignment of these matrices to the effective operations has been established, requiring each responsible to verify the implementation of the controls and to confirm their adequacy and effectiveness, and to report non-operating controls, or inadequate ones, or controls made obsolete by the evolution of the internal organization. This process was implemented in 2013, with reference to the results of the monitoring activities related to the 2012 financial statements and to the abbreviated consolidated financial statements at June 30 2013, and led to the review of the controls whose description was not consistent with the operating activities.

2.3. Results of the internal certification process of SAES Getters S.p.A.

- The process owners have signed and submitted to Officer Responsible its own “internal certification letters” in which they confirmed that they had verified the activities /processes forming the object of the controls for which they were responsible and deemed them suitable and operationally effective to ensuring the reliability of the corresponding information flows and the processing of the associated data in accordance with the administrative and accounting procedures adopted by SAES Getters S.p.A.
- As of today, the Responsible Officer has received all the 11 letters of internal declaration required to the process responsibles of SAES Getters S.p.A.;
- The results of the process were positive and no anomalies were reported.

2.4. Results of the review by the Internal Audit Department of SAES Getters S.p.A.

- The Officer Responsible requested the support of the Internal Audit Department for verification of part of the controls included in administrative and accounting procedures by a department independent from the offices responsible for the controls.
- With regards to this review, the Internal Audit Department, through its own assessment of critical situations, selected n. 3 administrative and accounting processes and it verified with its related managers the proper operation of controls within the processes themselves, collecting the supporting documentation where necessary.

The results of the reviews were positive according to the report prepared by the Head of Internal Audit Department.

3. Furthermore, we certify that:

3.1. the Financial Statements of the Parent Company for the year ended December 31, 2013:

- a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1602/2002 of the European Parliament and the Council;
- b) correspond to the results of accounting records and books;
- c) are suitable to providing a truthful, accurate representation of the issuer's earnings and financial position.

3.2. the Report on Operations includes a reliable analysis of operating performance and income, as well as the issuer's situation, along with a description of the primary risks and uncertainties to which it is exposed.

Lainate, (MI) Italy, March 13, 2014

Vice President
and Managing Director
Dr Giulio Canale

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

The present is the English translation of the Italian official report approved by the Board of Directors on March 13, 2014. For any difference between the two texts, the Italian text shall prevail.

Report of the Board of Directors drafted pursuant to Art. 123-ter of Legislative Decree No. 58/1998 and Art. 84-quater of Consob resolution No. 11971 of May 14, 1999 on issuer regulations, on 2) item on the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A., to be held at the company's offices in Viale Italia, 77, Lainate, in single call on April 29, 2014 at 10.30 am.

Shareholders,

you have been called by the Board of Directors, in ordinary session, to resolve also with regard to the first section of the compensation report, drafted pursuant to Art. 123-ter of Legislative Decree No. 58/1998 (TUF) and Art. 84-quater and related Annex 3A, Schedule 7-bis of Consob resolution No. 11971 of May 14, 1999, relating to issuer regulations.

We inform you that the above mentioned report was approved by the Board of Directors on March 13, 2014, upon proposal by the Compensation Committee, and having heard the opinion of the Audit Committee, who have met on February 4 and 18, 2014.

The compensation report is made available to the public at the Company's headquarters in Lainate, Viale Italia 77, and online on the Company's website at www.saesgetters.com/investor/shareholders-meeting.

The report was drafted in compliance with the above mentioned Laws and regulations issued by the Consob, as well as in keeping with the recommendations contained in the amended application principles and criteria of the Self-Regulatory Code of public companies, issued by the Corporate Governance Committee of Borsa Italiana S.p.A. in December 2011.

We remind you that, pursuant to Art. 123-ter of the TUF, the Shareholders are called to resolve, either granting or denying their approval, on the first section of the compensation report, with a non-binding vote.

Now, therefore, we submit to your approval the following proposal of resolution:

“The Shareholders of SAES Getters S.p.A., in ordinary session:

- having acknowledged the information received;*
- having acknowledged the results of the vote;*

resolves

- 1. to approve the first section of the compensation report, drafted pursuant to Art. 123-ter of Legislative Decree No. 58/1998 and Art. 84-quater and related Annex 3A, Schedule 7-bis of Consob resolution No. 11971 of May 14, 1999, relating to issuers regulations;*
- 2. to appoint the Chairman, Deputy Chairman, and Chief Executive Officer, each in their separate function, to do anything which may be needed to fully execute said resolutions, through and by any*

The present is the English translation of the Italian official report approved by the Board of Directors on March 13, 2014. For any difference between the two texts, the Italian text shall prevail.

power which may be deemed necessary or opportune to such end, none excluded, including through any third party, upon their discretion.”

Lainate, March 13, 2014

For the Board of Directors

Mr. Massimo della Porta

Chairman

SAES Getters S.p.A.

FIRST SECTION OF THE REMUNERATION REPORT

Pursuant to article 123-*ter*, paragraph 3, of Legislative Decree no. 58/1998 and article 84-*quater* and related Annex 3A, Schedule 7-*bis* – section I of Consob resolution no. 11971/1999 relating to issuer regulations.

SAES GETTERS S.P.A.**Compensation Policy for Strategic Resources - 2014****Foreword**

Remuneration of Directors and other executive officers with strategic responsibilities within SAES Getters S.p.A. (hereafter “SAES” or the “Company”) is determined to be of an amount sufficient to attract, retain, and motivate qualified professionals with the attributes needed to successfully manage the Company.

The Company annually defines the general policy on compensation (the “Policy”), which summarizes principles and procedures which the SAES Group (as defined hereafter) abides by, in order to:

- **consent the correct application** of compensation practice as defined hereafter;
- guarantee an adequate level of **transparency** with regard to compensation policies and the amounts paid out;
- favor the **proper involvement** of the competent Company bodies in the approval of the compensation Policy.

The Policy is drafted in light of the recommendations contained in Art. 6 of the Self-regulating Code of Borsa Italiana S.p.A. - as amended on December 2011, adopted by SAES, and in keeping with the provisions of Art. 123-ter of Legislative Decree No. 58 of February 24, 1998, as amended (the “Consolidated Financial Act”), with Art. 84-quater of the Consob Regulations, approved with resolution No.11971 of May 14, 1999, as amended (the “Issuers Regulations”), and with Annex 3A to the Issuers Regulations, Schedule 7-bis. The Policies are also drafted in compliance with the regulatory provisions contained in the procedure for transactions with related parties, approved by the Board of Directors of the Company on November 11, 2010, pursuant to the regulations adopted by Consob with resolution No.17221 of March 12, 2010, as amended.

The Policy applies to Directors and Executives with Strategic Responsibilities, as further detailed hereafter.

Some of the terms frequently used herein are defined as follows:

Code/Self-regulatory Code: the Self-Regulatory Code of listed companies, approved in December 2011 by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A.

Compensation and Appointment Committee: the Compensation and Appointment Committee created by the Company in implementing Art. 6 of the Code.

Executive Directors or vested with special powers: they are the directors of SAES Getters SpA holding the office of President and Managing Director.

Non-executive and / or independent or not vested with special powers: they are all directors of SAES Getters S.p.A. appointed by the shareholders. Directors in other companies of the Group SAES who are also directors of the Group.

Executives with Strategic Responsibilities: the persons endowed with the powers and with the responsibilities, either direct or indirect, over the planning, direction, and control of the

Company's activities, including directors (whether executive or non-executive) of the Company, and all the regular members of the Audit Committee, as defined in the regulations adopted by Consob with resolution No. 17221 of March 12, 2010, as amended, on related party transactions.

Group or SAES Group: the group of companies controlled by or connected to SAES pursuant to Art. 2359 of the Civil Code.

RAL: the gross annual fixed component of the remuneration for those who have an employment relationship.

MBO (Management by Objectives): indicates the component, variable annually, of the compensation paid to executives based on the attainment of predefined company objectives.

PFS (Partnership for Success): means the annual variable component of remuneration that based on the achievement of pre-defined business objectives for the population of executives with strategic responsibilities.

LTI Plan: indicates the “Long Term Incentive” Plan as illustrated in paragraph 7 of this Policy, with regard to executive directors, and in paragraph 9, with regard to Executives with Strategic Responsibilities. Payment of such long-term component of variable compensation is deferred by three years.

Variable Compensation: compensation connected with the attainment of annual and long-term objectives, a relevant part of which (LTI Plan) is paid in deferred rates, as required by the provisions on company governance in the Code. The MBO and the LTI Plan constitute the overall Variable Compensation.

Yearly Total Direct Compensation Target: it indicates the sum (i) of the gross fixed annuity, (ii) the gross variable annuity which the executive would receive in case of attainment of objectives; (iii) the annualization of the medium/long term gross variable component (so-called LTI Plan) which the executive has a right to receive in case of attainment of the medium/long term objectives.

1. Principles and objectives

The Company defines and applies a Policy. This Policy is formalized – in order to attract, motivate, and retain the resources with the professional characteristics required to attain the objectives set by the Group, which are more and more concerned with increasingly more complex, diverse, and highly competitive technological markets, keeping into account the dynamics of the labor market.

The Policy is defined so as to align the interests of the top management with those of the shareholders, and is designed to pursue the priority objective to create sustainable assets in the medium/long term. A fundamental aspect of said objective is represented by the consistent and compliant observance, in time, of the core principles of this Policy.

We must note the distinctive aspect of SAES: she operates in highly technological fields of business, and wholly oriented in international markets, though based in Italy; for these reasons she needs unique, international experiences not only focused on the Italian market. Therefore the most relevant aspect in determining compensation is the creation of

mechanisms that allow executives to identify with the Company, and are adequate to the global market or reference.

2. Compensation and Appointment Committee

The Board of Directors has instituted, as part of the Board, since December 17, 1999, the “Compensation Committee”, now Compensation and Appointment Committee with consulting and proposition-oriented tasks. Particularly, in compliance with Art. 6 of the Self-regulatory Code, the Compensation and Appointment Committee:

- 1) elaborate and define a Remuneration Policy and propose to the Board of Director its adoption;
- 2) periodically evaluates the adequacy, the overall coherence and the practical application of the Policy for the Directors and Executives with Strategic Responsibilities remuneration and provides the Board of Directors with proposals and opinions with regard to the policies adopted by the Company with regard to compensation, based on the information provided by the executive officers, and suggesting improvements, where needed;
- 3) examines the proposals relative to compensation of executive officers and Executives with Strategic Responsibilities;
- 4) expresses opinions or submits proposals to the Board of Directors over the compensation of executives vested of special appointments, based on the Policy;
- 5) verifies the accuracy and correct application of compensation criteria for the Company's Executives with Strategic Responsibilities and their consistency through time;
- 6) proposes and collaborates in establishing objectives (targets) with regard to the variable compensation plans;
- 7) verifies the attainment of the variable compensation objective defined for executive officers;
- 8) verifies the application of the resolutions taken by the Board of Directors with regard to compensation.

To date, the members of the Compensation and Appointment Committee are the following: Prof. Emilio Bartezzaghi (Independent Director), Prof. Adriano De Maio (Non-executive Director) and Prof. Andrea Sironi (Independent Director and Lead Independent Director).

All components of the Compensation and Appointment Committee possess adequate experience in economic / financial compensation and assessed by the Board of Directors at the time of appointment.

3. Procedure for the definition, approval, and implementation of the Policy

The Policy was defined following a transparent process in which the Compensation and Appointment Committee and the Board of Directors have taken a leading role. The Board of

Directors, as proposed by the Compensation and Appointment Committee, defines the Policy.

The Compensation and Appointment Committee, in carrying out its tasks, ensures suitable functional and operational connections with the competent Company structures. In particular, the Company's Human Resource Department, with the assistance, where needed, of specialized consulting firms, provides the Compensation and Appointment Committee with all the information and analyses needed to finalize its contents.

The Chairman of the Statutory Auditors or other auditor appointed by the Chairman participates in the meetings of the Compensation and Appointment Committee. Such meetings can be attended also by the other Statutory Auditors.

Once defined, the proposed Policy drafted by the Compensation and Appointment Committee is submitted to the approval of the Board of Directors, who may make the amendments or alterations it may deem necessary.

The Board of Directors, having heard the Statutory Auditors, keeping into account the observations and proposals of the Compensation and Appointment Committee, reaches a final resolution on the Policy and approves the compensation report detailed in the paragraph below.

The Compensation and Appointment Committee has approved the proposed Policy with regard to the year 2014 on February 4 and 18, 2014. During the meeting the Committee has evaluated the adequacy, the overall coherence and the practical application of the Policy of 2013 considering than put in place by the Company.

The Board of Directors has approved the Policy for the year 2014 on March 13, 2014.

Based on the Policy, the following are approved:

- by the Board of Directors: the compensation and contract proposals for executive directors upon conferral of their appointment, according to company practice, as well as any modification or adjustment, if needed;
- by the Company's Human Resources Department, with the approval of executive officers: the compensation adjustment proposals for the Executive Officers with Strategic Responsibilities (excluding regular members of the Statutory Auditors);
- by the Shareholders: the compensation of the Statutory Auditors (please see paragraph 11 below on this regard).

4. Transparency

The Policy is part of the compensation report to be submitted annually to the Meeting of the Shareholders pursuant to Art. 123-*ter* of the Testo Unico, which must be drafted in compliance with the provisions of Art. 84-*quater* of the Issuers Regulations and with Schedule 7-*bis* and 7-*ter*, contained in Annex 3A to the Issuers Regulations (the "**Compensation Report**"). The Compensation Report, in Section II, includes also: (i) indication of the compensation of the members of the control and direction bodies, of managing directors, if any, and, collectively, of the Executive Officers with Strategic

Responsibilities, and (ii) reports the shares owned by the members of the directing or control bodies, by managing directors and Executive Officers with Strategic Responsibilities in the Company and in the Group.

The Compensation Report is made available to the public at the Company's registered offices, on the corporate website, and it is sent and filed with the authorized storage mechanism (SDIR NIS) at least 21 days before the annual Meeting of the Shareholders, generally coinciding with the meeting for the approval of the financial statement, so as to allow the Shareholders to express their non-binding vote to approve or disapprove the Policy. The results of the vote of the Shareholders on the Policy must be filed and available to the public on the corporate website of the Company no later than 5 days after the meeting has taken place.

The Compensation Report remains available on the corporate website in compliance with current regulations.

5. Directors compensation – general guidelines

Within the Board, Directors are divided as follows:

- (i) executive Directors;
- (ii) non-executive and/or independent Directors.

There may also be Directors with special appointments (members of the Compensation and Appointment Committee or the Audit Committee, the Director part of the Supervisory Body pursuant to Legislative Decree 231/01, the Lead Independent Director, and the members of the Committee for Transactions with Related Parties).

On the date of approval of this Policy, the Directors are divided as follows:

- Executive Directors: the Chairman of the Board of Directors, Massimo della Porta (also serving as Chief Technology and Innovation Officer and as Group CEO) and the Managing Director Giulio Canale (serving also as Chief Financial Officer as well as Deputy CEO);
- Non-executive Directors: all the remaining Directors, and namely Stefano Baldi, Emilio Bartezzaghi, Adriano De Maio, Alessandra della Porta, Luigi Lorenzo della Porta, Andrea Dogliotti, Pietro Mazzola, Roberto Orecchia and Andrea Sironi.

The Meeting of the Shareholders of SAES of April 24, 2012, on occasion of the appointment of the Board of Directors, has defined an overall compensation pursuant to Art. 2389, paragraph 1, of the Civil Code, as wages and remuneration for the Directors, appointing the Board of Directors with the task of dividing said overall amount among its members.

In particular, the overall annual gross compensation was established by the Shareholders in the measure of Euro 120,000.00, and was subdivided by the Board of Directors, upon their meeting following their appointment, as follows:

- Euro 10,000.00 per each Director; and
- Euro 20,000.00 for the Chairman of the Board of Directors.

The Shareholders also resolved the following compensations for the committees part of the Board of Directors:

- Euro 9,000.00 per each member of the Audit Committee, and Euro 16,000.00 for the Chairman of the Audit Committee;
- Euro 4,000.00 per each member of the Compensation and Appointment Committee, and Euro 7,000.00 for the Chairman of the Compensation and Appointment Committee.
- no additional compensation was resolved for the members of the Committee for Transactions with Related Parties.

The additional compensation for Directors invested of special appointments was determined by the Board of Directors.

The Board determined the following yearly compensations:

- Euro 16,000.00 for the Independent Director part of the Supervisory Body;
- Euro 20,000.00 for the Lead Independent Director.

Directors are also entitled to the refund for all expenses incurred in the performance of their duties.

In line with best practice, an insurance policy, the so-called D&O (Directors and Officers) Liability is entered into, covering for third party liability of corporate bodies acting in their capacity as directors or officers. Said insurance policy is aimed at holding the Group harmless from the losses deriving from any damages connected and attributable to the events foreseen in the applicable National Collective Labor Agreement and as defined in the relevant provisions of the appointment contract, excluding any willful misconduct or gross negligence.

Furthermore, in line with best practice, non-executive Directors are not entitled to a variable compensation adjustment, nor are they entitled to any bond or stock-based compensation plan.

6. Executive Directors Compensation (Chairman and Managing Director)

The Compensation and Appointment Committee submits to the Board of Directors proposals and/or opinions relative to the compensation to be attributed to Executive Directors.

Executive Directors compensation is comprised of the following elements:

- a gross, fixed annuity;
- a variable component divided in two parts:
 - ✓ one payable annually (called MBO), to which directors are entitled upon the attainment of a specific company objective;
 - ✓ a medium/long term component with deferred payment (so-called LTI Plan).

The Company believes that compensation should be connected with company performances. Nonetheless the competitive aspect of compensation should be based on an excessive emphasis on short-term results alone, but rather find a balanced middle-ground between fixed and variable compensation, avoiding unbalanced highs or lows that would hardly be justified in a business where the success of the Company is not always directly linked to short-term performance.

The fixed component is determined proportionally to the range of the tasks to which each executive is appointed and the responsibilities undertaken, and it must also reflect the experience and competence of each executive officer, so as to justly compensate the position, efforts, and performance even in case the Company's objectives are not attained due to causes outside of the Executive Directors' sphere of influence (i.e., adverse market conditions). Equally important is the consistency with which the Policy is applied through time, to ensure the necessary organizational stability.

In determining the compensation and its single components, the Board of Directors keeps into account the scope of the appointments conferred upon the executive Directors. Particularly, compensation is determined based on the following criteria:

- a) the fixed component weighs upon the Executive Direct Compensation Target in a generally adequate and sufficient measure, in order to avoid excessive fluctuations which could not be justified in light of the labor market structure indicated above;
- b) the (yearly) MBO target incentive, assigned to Executive Directors upon attaining company objectives, may represent a significant component of compensation, but it may not exceed the total amount of the Gross Annuity (RAL);
- c) all payments are payable only after the approval by the Shareholders of the relevant Financial Statements.

The executive directors who hold positions on the Board of Directors of the subsidiaries do not receive any remuneration in addition to the remuneration described in this Policy.

Please refer to section 7 below for a more detailed description of the MBO and LTI Plan.

For Executive Directors not under top-management labor agreements, the Board of Directors generally provides, with the purpose of ensuring comparable work conditions as those provided by the Law and/or by the National Collective Labor Agreement to the Italian executive officers of the Group:

- a Directors' Severance Indemnity (the "TFM") pursuant to Art. 17, paragraph 1, letter c) of the T.U.I.R., No. 917/1986, having analogous characteristics with those typical of a regular Severance Indemnity (TFR) pursuant to art. 2120 of the Civil Code, due, pursuant to the Law, to the Italian executive officers of the Group, inclusive of all contributions borne by the employer, normally payable to social security Institutes or Funds for manager-level employment contracts. The TFM was regularly instituted by the Shareholders of SAES Getters S.p.A. on April 27, 2006, and by the Shareholders on their Meeting held April 21, 2009. The Chairman and the Managing Director are entitled to such TFM, as well as additional Directors with operative/executive

appointments, as indicated by the Board of Directors, after having examined the compensation and social contribution status of each Director.

- the institution of a TFM is aimed at obtaining, upon retirement, a sufficient retirement fund – in line with Italian and international standards, which is conventionally indicated in the measure of 70% of the last salary received.

The resolutions relating to the TFM were implemented by purchasing a TFM insurance policy, with a major insurance company, in the name of the Company, in compliance with the requirements of Law, alimented by an annual premium of amount equal to the provision for severance indemnity, in order to reach company objectives. Said provision is made in the measure of 18% of compensation – both fixed and variable – paid to Directors, as resolved by the Board of Directors pursuant to Art. 2389 of the Civil Code.

- an insurance policy covering work and non-work related injuries, with premiums paid by the Company;
- indemnity for permanent invalidity or death caused by illness;
- health insurance;
- additional benefits typically awarded to top management officers.

As of the date of validity of this Policy the Company has no incentive plans based on financial instruments.

The Board of Directors, upon request by the Compensation and Appointment Committee, may award Executive Directors discretionary bonuses in relation to specific operations of exceptional import, in terms of strategic relevance and consequence affecting the Group's results.

An analysis of the positioning, composition, and, more generally, of the competitiveness of the Executive Directors' compensation is carried out by the Compensation and Appointment Committee and by the Board of Directors, with the assistance, where needed, of external consultants with proven and specific competences in the field, and ascertained independence.

7. MBO and LTI Plan

The annual variable component of compensation ("MBO") requires an evaluation of an officer's performance on a yearly basis. The MBO objectives for Executive Directors are established by the Board of Directors, in line with the Policy, upon a proposal by the Compensation and Appointment Committee, and are connected with the performance, on an annual basis, of the Company and the Group.

Accrual of the annual variable component is subordinated to reaching a specific access threshold (so-called *on/off*) on a financial scale in compliance with the triennial strategic plan, and it is proportional to a quantitative parameter of annual net income in compliance with the triennial strategic plan.

In particular, the amount of MBO awarded to Executive Directors may never amount to more than 1 (one) time the gross fixed annuity/RAL. In order to contribute to the attainment

of medium/long term interests, the Group adopted, since 2009, a medium/long term incentive system connected with the attainment of the objectives contained in the triennial strategic plan (first the “2009/2011”, and then the following “2012/2014”), called LTI Plan.

In case the objectives of said triennial strategic plan is reached, the executive officer participating in such objectives accrues an LTI incentive determined as a percentage of the gross fixed annuity/RAL awarded at the time in which his participation in the LTI Plan was established. This medium/long term variable component based on a target can in no case be in excess of 75% of the gross fixed annuity/RAL (Policy 2012-2014) upon reaching the target. Should results not only reach but go beyond the target, the incentive shall increase up to a maximum cap of 2 (two) times the gross fixed annuity/RAL.

Payment of this incentive is deferred to the last year of the triennial period. Payment is subject to the Shareholders’ approval of the Financial Statements for the relevant year.

With regard to the variable components of Executive Directors compensation please note that the Compensation and Appointment Committee elaborates and presents to the Board of Director, on an annual basis, the MBO objectives and, during the following year, verifies the performance of each Director in order to verify the attainment of the MBO objectives of the previous year.

The Compensation and Appointment Committee is also in charge of evaluating the proposal to award and the exact quantification of the LTI Plan, with regard to the attainment of the objectives previously assigned in said Plan.

In case the objectives are not reached, the competent Director receives no incentive, including pro-quota, with regard to the LTI Plan.

The LTI Plan is also aimed at promoting retention: in case of severance of the appointment, for any reason, before the end of the triennial period, Directors cannot claim any right over the LTI Plan, and consequently the triennial incentive, including *pro-quota*, will not be paid out.

8. Indemnity in case of resignation, dismissal, or severance

With regard to Executive Directors, the Company does not pay out any extraordinary indemnity linked to severance.

No indemnity is due in case of revocation of appointment for just cause.

A specific indemnity may be awarded in case of revocation by the Meeting of the Shareholders or revocation, by the Board of Directors, of the powers granted to a Director, without just cause, or termination of the work agreement upon initiative of the Director for just cause, such as, by way of example, a substantial modification of the role or powers of such Director, and/or in case of hostile take-over.

In such case the indemnity shall be equal to 2.5 gross annuities, including only the fixed compensation and thus excluding all the variable components.

Said amount is defined with the purpose of guaranteeing a uniform indemnity among Executive Directors and Executives with Strategic Responsibilities, and is in line with the prevailing market practice of listed companies.

In case of revocation of the powers by the Board of Directors, motivated by a significantly substandard company performance (i.e. not under 40%) as compared to the results of comparable companies – in terms of dimension and market of reference – or of a relevant harm to the company's value, unrelated to market fluctuations, said indemnity may be reduced, or, in extreme circumstances, be revoked in full.

In case of non-renewal of the position, the indemnity shall be equal to one annuity, not including variables.

In case of resignation, Executive Directors are not entitled to any indemnity. Executive Directors may resign with a six-month notice.

In case of illness or injury, which may inhibit a Director vested with special appointments to carry out his duties, said Director shall be entitled to receive, for a period not exceeding twelve (12) consecutive months, an indemnity equal to one annuity, excluding variables. Past said period, the Company may choose to terminate the work agreement with said Director, with a three-month prior notice, paying an indemnity of Euro 1,500,000.00 gross.

9. Compensation of Executive with Strategic Responsibilities (excluding regular members of the Statutory Auditors)

In order to motivate and retain Executive officers with Strategic Responsibilities (i.e. first-level managers and members of the so-called Corporate Management Committee, a company committee, outside of the corporate structure that includes first-level officers of the Company with reporting functions, where Executive Directors provide and share guidelines and objectives, and thus excludes all regular members of the Statutory Auditors), compensation guidelines are as follows:

- a gross fixed annuity/RAL;
- a variable component paid annually (called MBO/PFS or “Partnership for success”) which is awarded upon reaching predefined company/personal objectives with a target bonus of 40% of the base annuity;
- a medium/long term variable component (LTI Plan) connected to specific objectives, with deferred payment and a maximum cap of one annuity, calculated on the base annuity at the time the incentive is assigned.

Base salaries/RAL are verified, and, where needed, adjusted on an annual basis by the Human Resource Department, and approved by the Board of Directors, in consideration of a number of factors, including, by way of example, but not limited to: a) labor market fluctuations; b) work performance; c) level of responsibility/capacity; d) balance/equality of internal retribution levels; e) benchmark of similar positions in comparable companies; f) experience, competence, potential, career opportunities.

Variable components are aimed at motivating Executives with Strategic Responsibilities to reaching annual objectives (MBO/PFS) as well as long term strategic objectives.

The LTI Plan for Executives with Strategic Responsibilities is aimed at promoting the fidelization and motivation of key resources, based on a retribution structure modified in some of its component, allowing the accrual of long-term capital. The LTI Plan is aimed at guaranteeing the Company greater organizational stability as a result of key-positions being held by the same people in time, and thus obtaining managerial continuity and alignment with strategic company objectives of medium time range.

Executives with Strategic Responsibilities, being hired under executive contracts, enjoy non-monetary benefits that include health insurance, injury policies (both work and non-work related), life insurance policies and social security benefits. During 2013, the Company has established for Executives with Strategic Responsibilities and other executives of the Company an *ad hoc* program of non-monetary benefits the Flex Benefits 2013, the amount of which varies depending on length of service in service in the executive (seniority calculated with exclusive reference to SAES) (2,500 euro for managers with seniority in qualification in SAES of over 6 years, 1,500 euro for the other managers) also applied for the year 2014.

Executive officers with Strategic Responsibilities enjoy indemnities in case of termination of the work relationship without just cause by the Company, pursuant to the National Collective Labor Agreement (CCNL Dirigenti Industria), which provides quantitative limits and application procedures.

Executive officers with Strategic Responsibilities who hold positions on the Boards of Directors of subsidiaries or other corporate bodies (eg Supervisory Body) do not receive any remuneration in addition to the remuneration they receive as employees.

10. Non competition agreements and of change of controls

The Company may enter into non competition agreements with Executive Directors and Executives with Strategic Responsibilities, which may provide the payment of a sum related to compensation with regard to the duration and scope of the obligations deriving from said agreement.

Non-competition obligations shall refer to the market sector in which the Group operates, and may extend to all the Countries in which the Group operates.

For the Managers with Strategic Responsibilities (meaning the first line managers that are part of the so-called Corporate Management Committee at the time of the event), is provided a recognition of a bonus equal to 2.5 annual global gross in the event of termination of employment for "change of control". "Change of control" means any event which directly or indirectly change the ownership, control, and its change of top management of the company.

11. Compensation of the Statutory Auditors

The compensation to be awarded to the Statutory Auditors is decided by the Shareholders upon appointment of said committee, and is based on professional fees (as long as applicable) and/or normal market practice.

According to their participation in the Company's supervisory bodies (for example, in the Supervisory Board pursuant to Legislative Decree 231/01), and within the limits provided by the applicable laws, Statutory Auditors may be entitled to additional compensation.

The present is the English translation of the Italian official report approved by the Board of Directors on March 13, 2014. For any difference between the two texts, the Italian text shall prevail.

Report of the Board of Directors drafted pursuant to Art. 73 of the Issuers Regulations, approved by Consob resolution No. 11971 of May 14, 1999, paragraph 1, TUF on item 3) of the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A., to be held at the company's offices in Viale Italia, 77, Lainate, in single call on April 29, 2014 at 10.30 am.

Proposal to authorize the Board of Directors, pursuant to and by the effects of Articles 2357 *et seq.* of the Civil Code, and 132 of Legislative Decree No. 58, 1998, to purchase and dispose of a maximum of 2,000,000 treasury shares; related and consequent resolutions.

Shareholders,

you have been called by the Board of Directors, in ordinary session, to resolve also this year with regard to the proposal to approve and regulate share buy backs.

1. Reasons why approval is required for share buy backs operations.

We would first like to remind you that the Shareholders, on their Meeting of April 23, 2013, had authorized share buy backs up to a maximum 2,000,000 shares for a period of 18 months starting on the day of approval.

During the course of the year 2013 the Board has not made use of the authorization granted by the Shareholders on April 23, 2013, nor has it used, in the months prior said Meeting, the authorization previously granted by the Shareholders on their Meeting of April 24, 2012. However, it is not to be excluded that circumstances may arise in the future which would call for an intervention by the Company, and thus we think it appropriate for the Board, after the revocation of the previous authorization granted by the Shareholders on April 23, 2013, to continue to exercise the faculty granted by the Shareholders for the purchase and disposal of shares in the Company's portfolio. It is the opinion of the Board that the purchase and sale of treasury shares constitutes a flexible instrument in terms of company management and strategy. From such perspective, the request for authorization is thus linked to the opportunity to be able to intervene on Company securities in relation to activities relating to investment and the efficient utilization of company liquidity and for purposes of stock titles in accordance with the terms and purposes defined by law and in particular EC Regulation 2273/2003 and market practices referred to in Article 180, paragraph 1, lett. c) of the TUF, approved by Consob resolution no. 16839 of March 19, 2009, to which it can be made reference.

Said authorization is also requested for additional purposes, such as the opportunity to use treasury shares as payment in extraordinary operations or acquisition operations, or to obtain the required financing for the realization of projects and/or the attainment of company goals, or, lastly, as part of

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share-incentive plans or stock options in favor of directors and/or employees and/or other collaborators of the Company.

2) Maximum number, category and value of the buy back shares.

We propose to pass a resolution, pursuant to Art. 2357, second paragraph, of the Civil Code, on the authorization to purchase, either in one or several lots, up to a maximum number of 2,000,000 ordinary and/or saving shares of the Company, with no nominal value, keeping into account the shares already in the portfolio of the Company, and in any case within the limitations of Law.

3) Compliance with the provisions of the third paragraph of Art. 2357 of the Civil Code.

After implementing, on May 26, 2010, the resolutions of the Extraordinary Meeting of the Shareholders held on April 27, 2010, ordering the annulment of 600,000 ordinary shares and 82,000 saving shares in the Company's portfolio, as of today the Company has no shares in its portfolio.

As of today no subsidiary company owns any SAES Getters S.p.A. shares. In any case all the subsidiary companies shall be given specific dispositions to promptly inform us of any shares owned by them.

In no case whatsoever, in compliance with the provisions of Articles 2346, third paragraph, and 2357, third paragraph, of the Civil Code, may the number of treasury shares purchased – keeping into account also the shares owned by subsidiary companies – exceed the tenth part of the overall number of shares issued.

Share buy backs shall be kept within the limitations of distributable profit and available reserves as per the last duly approved Financial Statement. Where, and in the measure in which, the prospected buy backs shall be completed, pursuant to Article 2357-ter of the Civil Code, the necessary accounting recordings shall be made, in keeping with the provisions of Law and the applicable accounting principles. All operations employing treasury shares shall be equally accounted for, in keeping with the provisions of law and applicable accounting principles.

4) Duration of the authorization.

The authorization to purchase shares is requested for a period of 18 months, starting on the date in which the Shareholders shall resolve accordingly. The authorization to dispose the treasury shares purchased is requested with no limitations of time.

5) Minimum and maximum prices, and market valuations used to determine said prices.

5.1. Minimum and maximum purchase price.

The price of purchase, including accessory costs, shall not go above or below the quota of 5% of the reference stock price on the day before any such operation: said parameters are deemed adequate to identify the range of values where the purchase of shares is beneficial to the Company.

5.2. Sale price.

Treasury shares purchase operations may be effected at a minimum price equal to the weighted average of the registered price of the shares in the same category registered in the 20 trading days prior to such purchase.

Said limitation shall not be applied in case of any exchanges or transfer of treasury shares effected as part of acquisition of stock, or in case of extraordinary finance operation entailing the use of unassigned treasury shares. In the latter case price shall be applied using reference average prices in line with international best practice procedures.

Sales operations subject to stock option plans shall be effected at the conditions provided in the stock option plan to be approved by the Shareholders pursuant to Art. 144-bis of Legislative Decree No. 58 of February 24, 1998 (TUF) and to any applicable regulation.

6) Procedures for the purchase and sale of shares.

Purchase operations shall be effected on the stock exchange, in one or more operations, with the procedures agreed with the stock exchange operator, so as to assure full equality of treatment among Shareholders pursuant to Art. 132 of the TUF, and in any case in keeping with any procedure that may be allowed under any Law applicable, including *pro tempore*.

Furthermore, following the admission of the Company in the STAR Segment (High Performance Equities Segment), in keeping with the terms of the agreement entered into with the Market Specialist, the purchase and sale of ordinary treasury shares must be previously communicated to the Market Specialist, who may not unreasonably deny its consent to said operations.

Buy backs may be effected pursuant to Art. 144-bis letters a) and b) of the Issuers Regulations:

- a) by means of public offer of purchase or exchange;
- b) on the stock exchange, regulated according to operational procedures established in the organization and administration of said market, not allowing any direct match of purchase proposals with predetermined sale proposals.

Among the procedures allowed under the Issuers Regulations, we consider preferable the purchase on the stock exchange, regulated for the purposes above indicated, particularly for the purposes of supporting the course of the stock, which purposes we consider most effectively reached through a simple, elastic and flexible mechanism such as the direct purchase on the stock exchange, as soon as an intervention is deemed appropriate. We don't exclude the possibility to use the public offer procedure for exchange or purchase, which shall have to be resolved upon by the Board of Directors with adequate motivation.

The Shareholders and the stock exchange shall promptly be informed pursuant to the third, fourth, and fifth paragraph of Art. 144-bis of the Issuers Regulations.

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The Treasury shares purchased may be utilized at any moment, in whole or in part, in one or several operations, even before having completed all purchases, in the manners deemed most propitious in the interest of the Company: i) by selling the ownership of said shares, or by transferring any of the real and/or personal rights of said shares (including, but not limited to, the lending of stock); ii) by selling on the stock exchange and/or outside of the stock exchange, on the block market, through institutional placement, or exchange, even through public offer, iii) by sale or assignment to directors and/or employees and/or collaborators of the Company as part of share incentive plans or stock options, iv) as payment for the purchase of company stock and/or companies and/or assets and/or businesses, v) in case of extraordinary finance operations entailing the availability of unassigned treasury stock (including, but not limited to, mergers, spinoffs, issue of convertible bonds or warrant, etc., vi) given, within the limitations of Law, as security in order to obtain, for the Company and/or the companies of the Group, any loan which may be necessary for the realization of projects or the pursuit of company objectives, and vii) under any form of utilization allowed by the applicable laws and regulations.

Sale/assignment operations aimed at share incentive plans shall be effected in keeping with the terms and conditions of the relative plans approved by the Shareholders pursuant to Art. 144-bis of the TUF and the applicable Laws and regulations.

With regard to the above written report, we submit to your approval the following proposal of resolution
“The Shareholders,

- having acknowledged the Directors’ Report;
- having also acknowledged the provisions of Articles 2357 and 2357-ter of the Civil Code, as well as Art. 132 of Legislative Decree 58/1998;

resolves

- 1) to revoke, starting on this day, the resolution of approval for the purchase of treasury shares and utilization of the same, adopted by the Shareholders on April 23, 2013;*
- 2) to authorize, pursuant to and by the effects of Art. 2357 of the Civil Code, the purchase, in one or several operations and over a period of eighteen (18) months starting on the day of this resolution, on the stock market and with the procedures agreed with the stock exchange operator pursuant to Art. 132 of Legislative Decree 58/1998, up to a maximum of 2,000,000 ordinary and/or saving shares of the Company, and in any case within any limitation of law, for a price, inclusive of any accessory costs, not above nor under 5% of the official price registered by the stock on the day*

prior to every single operation, targeted to deliver any market intervention to support the liquidity of the stock and for any purpose of stock titles in the terms, the terms and purposes defined by law and in particular EC Regulation 2273/2003 and market practices referred to 'Article 180, paragraph 1, lett. c) of the TUF, approved by Consob resolution no. 16839 of March 19, 2009, to which reference may usefully be given to possible or investment needs and the efficient use of corporate liquidity, as well as for any other purposes, such as the opportunity to use treasury shares as payment in extraordinary operations or acquisitions, or to obtain necessary funding to implement projects and / or the achievement of corporate objectives and, ultimately, for any stock option plans or stock options to directors and / or employees and / or associates of Company;

- 3) to appoint the Board of Directors, and in representation thereof the Chairman, Deputy Chairman and Chief Executive Officer, each in their separate function, to purchase the shares subject to the conditions above defined, and in keeping with the terms of Art. 144-bis letter a) and b) of Consob Regulations No. 11971 of May 14, 1999, and in the degree deemed opportune in the interest of the Company, without prejudice to the terms of the agreement entered into with the Market Specialist as concerns ordinary shares;*
- 4) to appoint the Board of Directors, and in representation thereof the Chairman, Deputy Chairman, and CEO, each in their separate function, pursuant to and by the effects of Art. 2357-ter of the Civil Code, so as they may dispose – at every moment, in whole or in part, on one or several operations, even before having completed purchasing, of the treasury shares purchased base on this resolution, in the manner deemed most favorable to the interests of the Company, provided that said disposal may include: i) the sale of the ownership of such shares, or the transfer of the real and/or personal rights attached to such shares (including, but not limited to, the lending of stock), ii) the sale on the stock exchange and/or outside the stock exchange market, on the block market, through institutional placement, or exchange, including through public offer, iii) the sale or assignment to directors and/or employees and/or collaborators of the Company as part of share incentive plans or stock options, iv) or as payment for the purchase of company stock and/or companies and/or assets and/or businesses, v) in case of extraordinary finance operations entailing the availability of unassigned treasury stock (including, but not limited to, mergers, spinoffs, issue of convertible bonds or warrant, etc., vi) given such shares, within the limitations of Law, as security in order to obtain, for the Company and/or the companies of the Group, any loan which may be necessary for the realization of projects or the pursuit of company objectives, and vii) any form of utilization allowed by the applicable laws and regulations, attributing to the same the faculty to establish, from time to time and in compliance with the provisions of Law and other regulations, the terms, manner, and conditions that they may deem most appropriate, provided*

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that the sale of shares may only be effected against a minimum payment equal to the weighted average of the official prices of shares in the same category in the 20 trading days preceding such sale. The latter term shall not apply in case of any exchange or transfer of treasury shares effected as part of acquisitions of company stock and/or companies and/or assets and/or businesses, or in case of extraordinary finance operations;

- 5) *to dispose that purchases be effected within the limits of the distributable profit and available reserves as per the last duly approved Financial Statement, and that where, and in the measure in which, the prospected buy backs shall be completed, an unavailable reserve called “Portfolio treasury shares reserve”, containing the same amount of shares as the treasury shares purchased and in the portfolio, be constituted by withdrawing an equal amount of distributable profit and available reserves; and that upon the transfer of portfolio treasury shares, either ordinary and/or saving, and shares purchased based on this resolution, the portfolio treasury share reserve is liberated to match;*
- 6) *to grant the Chairman, Deputy Chairman, and CEO, each in their separate functions, any power needed to execute this resolution, making any suitable entry in the balance sheet and records in the accounts, with the faculty also to purchase and dispose of treasury shares, within the limitations provided above, also through specialized intermediaries including by entering into liquidity agreements according to the provisions of the competent market authority.”*

Lainate, March 13, 2014

For the Board of Directors

Mr. Massimo della Porta

Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 13, 2014. For any difference between the two texts, the Italian text shall prevail.

Report of the Board of Directors drafted pursuant to Art. 125-ter, first paragraph, of the TUF, on the item 4) on the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A., to be held at the company's offices in Viale Italia, 77, Lainate, in single call on April 29, 2014 at 10.30 am.

Shareholders,

The Board of Directors is pleased to invite you to attend the ordinary session of the Shareholders' Meeting to discuss the appointment of a director.

You will recall, as disclosed to the market on 9 May 2013, that the Board, meeting on that day, decided, in response to the resignation of the non-executive director Carola Rita della Porta, to co-opt Alessandra della Porta until the next Meeting of Shareholders.

The curriculum vitae of the non-independent and non-executive director, Alessandra della Porta, has been published on the company's website (Investor Relations section, Corporate Governance/Corporate Profile subsection).

We also wish to remind you that, as stated in the invitation to attend the meeting of shareholders, in consideration of the fact that none of the members of the Board of Directors in office were elected from a minority list, the Meeting of Shareholders will proceed to the appointment with the majorities required by law, without the use of the slate system.

Now, therefore, we present the following resolution proposal for your approval:

“The ordinary Meeting of Shareholders of SAES Getters S.p.A.:

- Having acknowledged the information received;
- Having acknowledged the results of the vote;

resolves

1. to appoint Ms. Alessandra della Porta as member of the Board of Directors of the Company, who shall remain in office until the expiry of the mandate granted by the Board currently in office, and therefore until the date of the meeting that will approve the financial statements as at 31 December 2014.

Lainate, March 13, 2014

for and on behalf of the Board of Directors

Massimo della Porta

Chairman

Report of the Board of Directors drafted pursuant to Art. 125-ter, first paragraph, of the TUF, on the single item on the agenda of the Special Meeting of Holders of Savings Shares of SAES Getters S.p.A., to be held at the company's offices in Viale Italia, 77, Lainate, in single call on April 29, 2014 at 12.00 am (and in any case at the end of the Ordinary Shareholders' Meeting called, in single call, on the same date)

Shareholders,

The Board of Directors is pleased to invite you to attend the Special Meeting of Holders of Savings Shares to discuss the appointment of a common representative for holders of savings shares for the period 2014-2015-2016 and establishing his/her compensation.

The mandate of the current common representative, Dr. Massimiliano Perletti, born in Milan the 20th of July 1964, Lawyer and charter member of the legal firm Roedl&Partner, appointed by the Special Meeting of the holders of SAES Getters S.p.A. saving shares on April 20, 2011, will expire upon the approval of the SAES Getters S.p.A. financial statements for the year ended at December 31, 2013.

You are therefore invited to appoint a new common representative pursuant to Article 146 of Legislative Decree no. 58 dated February 24, 1998 for the three fiscal years 2014, 2015 and 2016 and to resolve upon on the related annual remuneration which is currently established in the amount of EUR 1,100.00 (one thousand and one hundred).

Dr. Perletti has informed the Company about its intention to attend this office for the three year period 2014-2016.

With reference to the report above indicated the following resolutions are proposed to the Shareholders:

“The Special Meeting of the Holders of SAES Getters S.p.A. savings shares,
- taking into account the Directors report

resolved

- to confirm common representative, Dr. Massimiliano Perletti, born in Milan the 20th of July 1964, Lawyer and charter member of the legal firm Roedl&Partner for the three year period 2014-2016
- to resolve on an annual remuneration of EUR 1,100.00

Lainate, March 13, 2014

For the Board of Directors

Dr Ing. Massimo della Porta
Chairman

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

Drawn up pursuant to articles 123-*bis* Italian Consolidated Finance Act and
89-*bis* of CONSOB Regulations for Issuers

(Traditional administration and control model)

Issuer: SAES[®]Getters S.p.A. – Viale Italia 77 – 20020 Lainate (MI)
Website: www.saesgetters.com

Financial year to which the Report refers: 2013
Date of approval of the Report: 13 March 2014

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GLOSSARY

Independent Director: member of the Board of Directors of the Company satisfying the independence requirements provided for in the Code of Conduct and articles 147-ter, paragraph 4, and 148, paragraph 3, of Italian Legislative Decree 58/1998.

2011 Code/ Corporate Governance Code: the Corporate Governance Code of listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Board: the Board of Directors of the Company.

Financial year: 2013 financial year (01.01.2013-31.12.2013).

Savings Law: Italian Law on protection of savings of 28 December 2005, no.262.

Model 231: The organisational, management and control model ex Italian Legislative Decree no.231 of 8 June 2001 approved by the Board of Directors of SAES Getters S.p.A. on 22 December 2004 and subsequent amendments.

Accounting Control Model: Administrative and Accounting Model adopted by the Board of Directors of SAES Getters S.p.A. on 14 May 2007 and subsequently updated on 20 December 2012 also in light of the provisions introduced by the Savings Law (as defined above).

Regulations for Issuers: the Regulations issued by CONSOB with resolution no.11971 of 14 May 1999 (and subsequent amendments and additions) on issuers.

Market Regulations: the Regulations issued by CONSOB with resolution no.16191 of 29 October 2007 (and subsequent amendments and additions) on markets.

Report: The corporate governance report and ownership structures that companies are obliged to draw up pursuant to articles 123-*bis* of Italian Consolidated Financial Act and 89-*bis* CONSOB Regulations for Issuers.

Company: SAES Getters S.p.A.

By-laws: the current version of the Company by-laws (amended by the Shareholders' Meeting of 23 April 2013).

Consolidated Financial Act: Italian Legislative Decree 24 February 1998, no.58.

1. PROFILE OF THE ISSUER

A pioneer in the development of getter technology, the SAES[®] Group is the world leader in a variety of scientific and industrial applications requiring stringent vacuum or ultra-pure gases. For more than 70 years, the getter solutions of the Group have been supporting technological innovation in the information display and lamp industries, ultra-high vacuum systems and vacuum thermal insulated devices, and in technologies that range from large vacuum power tubes to silicon-based miniaturised microelectronic and micromechanical devices. The Group also holds a leading position in ultra-pure gas refinement for the semiconductor industry and other high-tech industries.

Since 2004, by taking advantage of the expertise it acquired in the special metallurgy and material science field, the SAES Group expanded its business into the advanced material market, and the market of shape memory alloys in particular, a family of advanced materials characterised by super-elasticity and their ability to assume predefined forms when heated. These special alloys, which today are used mainly in the biomedical sector, are also perfectly suited to the production of actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and the automotive sector).

More recently, SAES has expanded its business by developing components whose getter properties, traditionally obtained from the exploitation of the special properties of some metals, are instead generated by chemical processes. Thanks to these new developments, SAES is evolving, adding advanced chemistry to its expertise in the field of special metallurgy.

A total production capacity distributed in ten manufacturing plants, a worldwide commercial and technical assistance network and more than 900 employees allow the Group to combine multicultural skills with experience to form a company that is truly global.

The headquarters of the SAES Group are located in the Milan area.

SAES has been listed on the Telematic Stock Exchange (“MTA”) of Borsa Italiana S.p.A., STAR segment, since 1986.

In compliance with its By-laws, the administration and control **model** adopted by the Company is the so-called **traditional** model based on the combination of a Board of Directors - Board of Auditors. More specifically, in this model the Governance of the Company, is characterised by the existence of:

- a Board of Directors in charge of the management of the company, which operates in compliance with principle 1.P.1. of the 2011 Code;
- a Board of Auditors/Internal Control and Audit Committee called upon to supervise the compliance with the law and the By-laws, among the other matters prescribed by the current legal provisions, as well as the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of the annual accounts and

consolidated accounts, and the independence of the external audit firm, in particular with regard to the provision of non-auditing services to the Company;

- the Shareholders' Meeting, responsible for passing resolutions in accordance with the provisions of law and the By-laws, in ordinary and extraordinary session.

The statutory audit of the annual accounts and consolidated accounts is entrusted to an audit firm registered in the register of statutory auditors and audit firms, set up pursuant to article 2, paragraph 1, of Italian Legislative Decree no. 39/2010.

2. INFORMATION ON OWNERSHIP STRUCTURES

The information reported below, unless otherwise indicated, refers to the date of approval of this Report, i.e. 13 March 2014.

2.1. Share capital structure

The share capital of SAES Getters S.p.A. is EUR 12,220,000.00, fully paid-up, and is divided into 22,049,969 shares, broken down as follows:

	No. of shares	% of share capital	Listed/unlisted	Rights and obligations
Ordinary shares	14,671,350	66.54	MTA STAR segment – Borsa Italiana S.p.A.	Art. 5, 6, 11, 26, 29, 30 By-laws
Shares with limited voting rights	0	0	-	-
Savings shares (without holding rights)	7,378,619	33.46	MTA STAR segment – Borsa Italiana S.p.A.	Art. 5, 6, 11, 26, 29, 30 By-laws

All shares are without par value and currently have an implied book value (understood as the ratio between the total amount of the share capital and the total number of issued shares) of EUR 0.554196.

Each ordinary share awards the right to vote without any restrictions. All administrative and economic rights and the obligations provided for by law and the By-laws are connected to ordinary shares. Savings shares are without voting rights in ordinary and extraordinary meetings.

The rights related to the different classes of shares are indicated in the By-laws, and in particular in articles 5, 6, 11, 26, 29 and 30. The By-laws are available on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Company By-laws section).

The ordinary shares are registered shares, whereas the savings shares are either bearer shares or registered shares according to the choice of the Shareholder or the provisions of law. All shares are issued in dematerialised form.

Each share awards the right to a proportion of the profits allocated for distribution and the shareholders' equity resulting from liquidation, without prejudice to the rights established in favour of savings shares, as set forth in articles 26 and 30 of the By-laws.

More precisely, the net profits of each financial year are distributed as follows:

- 5% to the legal reserve, until the latter has reached one fifth of the share capital;
- the remaining amount is distributed as follows:

- savings shares are entitled to a preferred dividend of 25% of the implied book value. When savings shares are assigned a dividend of less than 25% of the implied book value in a particular financial year, the difference will be made up on the preferred dividend in the next two financial years;
- the residual profits that the Shareholders' meeting decides to distribute will be divided among all the shares in such a way to ensure that the savings shares will be entitled to a total dividend that will be higher than ordinary shares by 3% of the implied book value (understood as the ratio between the total amount of the share capital and the total number of issued shares)

In the event of the distribution of reserves, shares have the same rights irrespective of the category to which they belong.

In the event of the winding-up of the Company, savings shares have priority in the reimbursement of capital for their implied book value.

To the present date, the Company does not hold any treasury shares.

The share capital may also be increased by issuing shares with different rights from those of the shares already issued. In the event of an increase in share capital, the owners of shares in each category have the proportional right to receive, in option, newly-issued shares of the same category and, if these are not available or to make up the difference, the shares of another category (or other categories).

The resolutions to issue new shares with the same characteristics of those in circulation do not require the further approval of special shareholders' meetings.

If ordinary or savings shares are excluded from trading, the savings shares shall be awarded the same rights as those previously due to them.

There are no other financial instruments that award the right to subscribe newly-issued shares.

2.2. Restrictions on the transfer of shares

There are no restrictions on the transfer of shares.

Nevertheless, attention is drawn to the indications of subsequent article 2.8 and several restrictions applicable to Significant Persons for limited periods of time (so-called blackout periods) as identified in the Internal Dealing Code published in the Company website www.saesgetters.com.

2.3. Significant investments in capital

S.G.G. Holding S.p.A. is the majority shareholder of the Company currently holding 7,812,910 SAES Getters S.p.A. ordinary shares, representative of 53.25% of the ordinary capital, according to the understanding of the Company on the basis of the communications received pursuant to article 120 of the Consolidated Finance Act and articles 152-*sexies* and 152-*octies* of the Regulations for Issuers.

The parties that hold voting rights exceeding 2% of the subscribed capital, represented by shares with voting rights, according to the results of the shareholders' register updated on 31/12/2013 and supplemented by the communications received by the Company up to the present date and by other information, are:

Declarer	Direct shareholder	% of ordinary capital (14,671,350 ordinary shares)	% of voting capital (14,671,350 ordinary shares)
S.G.G.Holding S.p.A.	S.G.G.Holding S.p.A.	53.25	53.25
Giovanni Cagnoli	Carisma S.p.A.	5.80	5.80
The Tommaso Berger Trust	Berger Trust S.p.A.	2.73	2.73

2.4. Shares with special rights

Shares that grant special controlling rights have not been issued, nor are there any parties that hold special powers pursuant to the provisions of law and the By-laws in force.

2.5. Shareholdings of employees: system for exercising voting rights

The company does not have share-based incentive plans (stock options, stock grants, etc.).

2.6. Restrictions on voting rights

There are no restrictions on voting rights.

2.7. Shareholder Agreements

The Company is unaware of any agreements stipulated by Shareholders pursuant to article 122 of the Consolidated Finance Act.

2.8. Change of control clauses and provisions laid down by the By-laws on Takeover Bids

The companies of the Group, in the normal course of business, are party to supply agreements or collaboration agreements with customers, suppliers and industrial or

financial partners, which, as customary in international agreements, at times include clauses that assign the counterparty or each party the power to cancel these agreements in the event of any changes in control on the part of the Parent Company, SAES Getters S.p.A., or, more generally, on the part of one of the parties. None of these agreements are significant.

Several companies of the Group are also party to bank financing agreements, as well as credit lines: these agreements with the credit institutions, as customary in these types of agreement, set forth the right of the institutions to request or claim the early reimbursement of the loans and the obligation on the part of the financed company to redeem all the sums it has used in advance, if there is a change in the control of the financed company and/or the parent company (SAES Getters S.p.A.). The debt exposure for which the application of the change of control clause may be applied is approximately 18.3 million euros.

With reference to the provisions in force on takeover bids, it is to be noted that the By-laws do not provide for any derogation of the provisions on the passivity rule set forth in article 104, paragraphs 1 and 2, of the Consolidated Finance Act, nor do they expressly provide for the application of the neutralisation rules set forth in article 104-*bis*, paragraphs 2 and 3, of the Consolidated Finance Act.

2.9. Authorisation to increase share capital and authorisations to purchase treasury shares

The extraordinary Shareholders' Meeting of 23 April 2013 granted the Board the power, pursuant to article 2443 of the Italian Civil Code, to increase the share capital, with or without consideration, in one or several occasions within a period of five years from the resolution up to an amount of EUR 15,600,000,

- by means of one or more increases without consideration, without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already held, in observance of the provisions of Article 2442 of the Civil Code; the increase may be effected - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2012, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase;

and/or

- by means of one or more increases with consideration, with the issue of ordinary and/or savings shares, having the same characteristics as the corresponding shares already in issue, to be offered pre-emptively in the form of rights, with the right for the administrative body to determine the issue price, including any premium; it is stipulated that the conversion shares in such increase(s) cannot be issued with an implied book value less than that of the shares in issue at the time of the board resolution(s) to issue shares.

The Shareholders' meeting of 23 April 2013 authorised the purchase of treasury shares of the Company up to a maximum of 2,000,000 ordinary and/or savings shares for a period of 18 months from the authorisation date, taking the shares already held in the portfolio by the Company itself into account, and any case within the limits permitted by law, for a consideration, inclusive of all additional purchase charges, but no more than 5% and no less than 5% of the official stock-exchange price registered by the share at the close of the trading session prior to each individual transaction.

During the Financial Year at the Board did not set up any treasury share purchase program, and therefore did not make use of the authorisation granted by the Shareholders' Meeting of 23 April 2013 (nor did it use, in the months prior to the Shareholders' Meeting, the authorisation previously granted by the Shareholders' Meeting of 24 April 2012).

As stated in the previous paragraph, to the present date, the Company does not hold any treasury shares.

The withdrawal of the resolution for the purchase of treasury shares and the use of the latter, adopted by the Shareholders' Meeting of 23 April 2013, and the proposal to adopt a similar resolution is entered in the agenda of the subsequent Shareholders' Meeting, in ordinary session, planned for 29 April 2014.

Reference is to be made to the special explanatory report for the Shareholders' Meeting prepared by the Board of Directors on this subject, pursuant to article 73 of the Regulations for Issuers, which shall be filed, within the time limits provided for by the laws in force (i.e. at least 21 days prior to the date of the Shareholders' Meeting) at the registered office of the Company, as well as made available on the Company website www.saesgetters.com (Investor Relations/Shareholders' Meeting).

2.10. Management and Coordination

The Company is not subject to management or coordination, pursuant to article 2497 *et seq.* of the Italian Civil Code.

For the purposes of article 37, paragraph 2, of the Market Regulations, it is to be specified that, following the assessment of the Board, confirmed on this date, considering the presumption set forth in article 2497 of the Italian Civil Code to be overcome, S.G.G.Holding S.p.A. does not manage or coordinate SAES Getters S.p.A. by virtue of the majority interest held by it. This is in consideration of the fact that S.G.G. Holding S.p.A., from a managerial, operational and industrial point of view does not play any role in the definition of the long-term strategic plans, the annual budget and the choice of investments, nor does it approve specific significant transactions of the Company and its subsidiaries (acquisitions, transfers, investments, etc.). Furthermore, it does not coordinate business initiatives and actions in the sectors in which the Company and its subsidiaries operate, and it does not give instructions or

provide technical, administrative and financial services or coordination in favour of the Company or its subsidiaries.

The Company is fully independent from an organisational and decision-making point of view, and has independent negotiating capacity in dealings with customers and suppliers.

It is to be specified that the information required by article 123-bis, paragraph 1, letter i) (“*the agreements between the Company and the Directors (...) that provide for compensation in the event of resignation or dismissal without just cause or if employment is terminated following a takeover bid*”) is contained in the remuneration report published pursuant to article 123-ter of the Consolidated Finance Act.

Furthermore, the information required by article 123-bis, first paragraph, letter l) (“*the laws applicable to the appointment and replacement of the directors (...) as well as the amendment of the company by-laws, if different from the laws and regulations additionally applicable*”) is included in the section of the Report dedicated to the Board of Directors (section 4).

3. COMPLIANCE

The Corporate Governance system of SAES Getters S.p.A. is essentially based on the transposing of the principles and recommendations contained in the 2011 Corporate Governance Code, which the Board of Directors decided to comply with on 23 February 2012 and can be found on the website of Borsa Italiana S.p.A. www.borsaitaliana.it, in the conviction that the principles and provisions expressed therein contribute significantly to the achievement of the proper and entrepreneurial management of the Company as well as to the creation of value for Shareholders, increasing the level of trust and interest of investors, foreign or otherwise.

The company did not adopt nor comply with corporate governance codes other than the one promoted by Borsa Italiana.

The following Report provides information on the corporate governance of SAES Getters S.p.A. and on the level of compliance of the Company with the 2011 Corporate Governance Code.

When drafting the Report, the Company mainly used the format circulated by Borsa Italiana S.p.A. in January 2013, applying the “*comply or explain*” principle and therefore stating the reasons for the failure to comply with one or several provisions, as well as indicating the corporate governance practices actually applied by the Company beyond the obligations prescribed by laws and regulations, pursuant to article 123-bis of the Consolidated Financial Act and article 89-bis of the Regulations for Issuers.

Neither the Company nor its major subsidiaries are subject to non-Italian legal provisions that influence the structure of the Corporate Governance of SAES Getters S.p.A.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors

The Board is appointed by the Shareholders' Meeting, on the basis of lists presented by the Shareholders, according to the procedure set forth in article 14 of the Company By-laws, and in any case without prejudice to the application of different and further provisions under mandatory laws or regulations or depending on the compliance with or subjecting of the Company to codes of conduct drafted by the management companies of regulated markets or trade associations.

As resolved by the Board of Directors of 23 February 2012, on the occasion of the Shareholders' Meeting called to renew the Board of Directors of the Company on 24 April 2012, the Company applied the provisions of the 2011 Code regarding the composition of the Board of Directors and its Committees and, in particular, the provisions of principles 5.P.1., 6.P.3. and 7.P.4., as well as application criteria 2.C.3. and 2.C.5.

At present, the Board believes that the Directors should be appointed by following a transparent procedure, as described below.

On the present date, only those Shareholders that, taking into consideration the shares registered in favour of the shareholder on the day of deposit of the list at the Company offices, individually or together with other Shareholders, own voting shares representing at least the percentage in the voting capital equal to the one indicated in article 144-*quater* of the Regulations for Issuers, are entitled to present lists for the appointment of the Directors. On the date of this Report the requested amount is 2.5% of the share capital with voting rights.

The lists, signed by the submitting shareholders, complete with the information and documents requested by law, or filed by the Shareholders at the Company headquarters within the twenty-fifth day prior to the date of the Shareholders' Meeting convened to appoint the members of the Board of Directors. The Company makes these lists available to the public at its headquarters, as well as at the management company of the markets and on its website, within the terms and using the methods provided for by the applicable laws in force.

Each list contain a number of candidates that it no higher than fifteen, each with a progressive number. Each list must contain and expressly identify at least one Independent Director¹, with a progressive number no higher than seven. If the list has more than seven candidates, it must contain and expressly identify a second Independent Director.

A Shareholder may not submit nor vote for more than one list, even through intermediaries or trust companies. The candidate may appear on one list only, under penalty of ineligibility.

¹ Meaning a Director that satisfies the requirements of independence prescribed by article 147-*ter*, paragraph 4 of the Consolidated Finance Act, as well as the further requirements of independence provided for in the Corporate Governance Code.

At the end of the voting, the candidates on the two lists that have received the highest number of votes are elected, according to following criteria: (i) from the list that received the highest number of votes, (hereinafter also “Majority List”), all the members of the Board are selected, in the number previously established by the Shareholders’ Meeting, minus one; within these number limits, the candidates are elected in the order they appear on the list; (ii) from the list with the second-highest number of votes and that is not connected, even indirectly, with the Shareholders that have submitted or voted for the Majority List pursuant to applicable regulations (hereinafter also “Minority List”), one Director is selected, and more precisely the candidate indicated with the first number on the list; however, if not even one Independent Director is elected from the Majority List in the event that the Board is made up of no more than seven members, or if only one Independent Administrator is elected in the event that the Board is made up of more than seven members, the first Independent Administrator stated in the Minority List will be elected, rather than the first name on the Minority List.

However, lists are not taken into consideration unless they obtain a percentage of votes equal at least to half the percentage required for submitting them.

If one or more lists receive the same number of votes, the one presented by Shareholders owning the highest shareholding when the list is submitted shall prevail or, subordinately, the one submitted by the highest number of Shareholders.

If only one list is submitted, the Shareholders’ Meeting votes on this list and if it obtains the majority of the voters, without taking abstentions into account, the candidates listed in progressive order will be elected Directors up to the number established by the Shareholders’ Meeting, without prejudice to the fact that if the Board is made up by more than seven members, a second Independent Director is elected, in addition to the Independent Director that must be listed among the first seven candidates.

If no list is submitted, or if the number of Directors elected on the basis of the lists is lower than the number established by the Shareholders’ Meeting, the members of the Board of Directors are appointed by the Shareholders’ Meeting with the majority requested by law, without prejudice to the obligation of the Shareholders’ Meeting to appoint the minimum number of Independent Administrators required.

The company is not subject to special regulations of the sector regarding the composition of the Board of Directors.

The shareholders’ meeting convened on 24 April 2012 resolved to fix 11 (eleven) members of the Board of Directors and appointed the following persons as directors: Mr. Stefano Baldi, Mr. Emilio Bartezzaghi, Mr. Giulio Canale, Mr. Adriano De Maio, Ms. Carola Rita della Porta², Mr. Luigi Lorenzo della Porta, Mr. Massimo della Porta, Mr. Andrea Dogliotti, Mr. Pietro Alberico Mazzola, Mr. Roberto Orecchia and Mr. Andrea Sironi.

The Board in office was elected using the slate system (introduced with the Extraordinary Shareholders’ Meeting of 29 June 2007 in order to transpose the amendments and additions to the election methods introduced in the meantime by the

² Resigned from her position in office on 24 April 2013 and on 9/05/2013 the Board of Directors co-opted Ms. Alessandra della Porta to replace the resigning Director.

Majority Shareholder S.G.G. Holding S.p.A.), however, on the basis of a single list, filed and published by the majority Shareholder S.G.G. Holding S.p.A. in compliance with the methods and the time limits provided for by the law and the provisions of the By-laws. The list and accompanying documents were also duly published on the Company website.

4.1.1. Succession Plans

In its meeting of 19 February 2013, the Board of Directors, having consulted the Remuneration and Appointment Committee that met to discuss this subject on 15 February 2013, assessed how the structure of the body of shareholders was characterised by the presence of a stable majority shareholder, as well as the existence of powers of representation of ordinary and extraordinary administration equally granted to both the executive directors and thus, on the present date, considers it unnecessary to setup ad hoc succession plans.

4.2. Composition

The current Board of Directors of the Company was appointed by the ordinary Shareholders' Meeting on 24 April 2012 using the slate system pursuant to article 14 of the Company By-laws. It is to be noted that only one list was submitted by the majority shareholder S.G.G. Holding S.p.A., which obtained 95.24% of the voting capital. The Board of Directors elected through this system shall remain in office until the approval of the financial statements as at 31 December 2014.

The current By-laws set forth that the Shareholders' Meeting may select a minimum of three (3) and a maximum of fifteen (15) Directors. The higher, maximum number of Directors reflects the need to structure the Board in a way that is more suited to the needs of the Company, also in relation to the number of its subsidiaries and the various business areas in which the group operates. Furthermore, it allows the company to procure a range of professionals from different areas and to integrate different skills and experience in order to respond better to current and future demands, maximising value for Shareholders. The complex and broad range of interests of the Company and the Group make it increasingly necessary to have different professions, experience and expertise within the administrative body. When the Board has a higher number of members it is in a position to guarantee better internal communication and to carry out its responsibilities more efficiently, with the necessary skill and authority, responding promptly to the increasingly complex subjects that the Company has to confront.

In compliance with articles 147-*ter*, paragraph 1-*ter*, and 148, paragraph 1-*bis*, of Italian Legislative Decree no.58 of 1998, as amended by Italian Law 12 July 2011 no. 120 on the subject of equality of access to the administration and control bodies of companies listed in regulated markets, the Board amended articles 14 and 22 of its By-laws to ensure the presence of both genders in the administration and control bodies of the Company.

On 31/12/2013 the Board of Directors was composed of eleven Directors, as indicated in Table 1 annexed to this Report. During the Financial Year the Director, Ms. Carola Rita della Porta, handed in her resignation from the position and on 9/05/2013 the Board of Directors co-opted Ms. Alessandra della Porta to replace the resigning Director. Ms.

Alessandra della Porta is a non-executive Director and is not a member of any committee.

The personal and professional information of each Director is provided below:

Stefano BALDI - born in Trieste on 26 May 1950

He graduated with a Law degree from the Università degli Studi of Trieste in 1975.

In 1977 he held the position of export manager at Acciaierie Waissenfels S.p.A. in Fusine (UD), a leading company in the industrial and snow chains sector.

In 1978 he started to work as product manager in Laboratori DON BAXTER S.p.A. in Trieste, a pharmaceutical company.

In 1983 he was employed as associate sales manager and then as marketing manager by GEFIDI S.p.A. of Trieste, a company promoting financial products and Italian mutual funds.

From 1986 to 1988 he was employed as a marketing manager in HAUSBRANDT S.p.A., a company operating in the coffee sector.

Subsequently, up to 1990, he held the position of inspector in Friuli-Venezia Giulia for ASSICURAZIONI GENERALI S.p.A.

He has been a Director of SAES Getters S.p.A. since 1987.

Emilio BARTEZZAGHI –born in Milan on 15 January 1948

He graduated with a degree in Electronic Engineering in 1971 from the Politecnico di Milano.

He is currently Full Professor of Business Management at the Department of Management Engineering of the Politecnico di Milano, where he is an Organisational Systems lecturer.

He is vice-chairman of the Fondazione Politecnico di Milano and member of the assessment Group of the University of Verona.

From 2004 to 2008 he was appointed Rector for Internationalisation of the Politecnico di Milano.

He is a member of the Committee for the Protection of Impartiality and Product Quality and Certiquality, and is independent administrator of the Boards of Directors of the Artemide Group and SAES Getters.

He has contributed to the development of Management Engineering in Italy, not only as a lecturer and researcher, but by carrying out intense organisational and cultural activities: in fact he was Director of the Department of Management Engineering of the Politecnico di Milano from 1993 to 2000 and Chairman of the MIP - Business School of the Politecnico di Milano from 2000 to 2004.

He was Chairman of the Italian Association of Management Engineering, member of the board of the European Operations Management Association and Professor of EIASM - European Institute for Advanced Studies in Management of Brussels.

His interest in research concerns the management of innovation and organisational change, operations and supply chain management, and capital organisation and management. From the beginning of his career he has combined research and teaching with consultancy for both companies and public bodies.

He has been a Director of SAES Getters S.p.A. since 2012.

Giulio CANALE -born in Genoa on 16 March 1961

He graduated with a degree in Economics and Business from the Università degli Studi of Genoa.

From 1984 to 1989 he embarked upon his career at the Milan branch of a leading advertising company, IGAP S.p.A. There he held various positions, finally reaching the position of Sales Manager.

He joined the SAES Getters Group in 1990. His first position, after a brief acclimatisation period at SAES Getters S.p.A., the central headquarters of the SAES Getters Group, was as representative of the interests of the Group at SAES Getters Korea (known at that time as Hankuk Getters Corporation), where he remained for four years. The last position he held at SAES Getters Korea was as Representative Director, a position equivalent to that of Managing Director of an Italian Company. To the present date he is still Chairman of SAES Getters Korea.

In 1994 he moved to the Tokyo office of SAES Getters Japan, taking on the delicate role of Asian Markets Coordinator. In this position he promoted the international expansion of the Group, managing workgroups responsible for the incorporation of new companies in Singapore, Taiwan and China and coordinating all the activities of the Asian Companies of the Group existing at that time (SAES Getters Japan, SAES Getters Korea, SAES Getters Singapore and its Branch in Taiwan, SAES Getters Representative Office in Shanghai, PRC). In particular, he also held the position of Chief Negotiator of the SAES Group delegation that negotiated the setting-up of a Joint Venture in Nanjing, PRC, with a Chinese partner: this joint venture was inaugurated in November 1997.

In 1997 he returned to SAES Getters S.p.A. in Lainate, Milan, being appointed vice Managing Director, and holding the position of SAES Group Subsidiaries Director. His responsibilities as Managing Director were those typically associated with the position pursuant to Italian legislation. In his role as Subsidiaries Director, he was responsible for ensuring that the strategic and operational instructions of the SAES Getters Group were correctly transferred and followed precisely at the Subsidiaries, in coordination with the other company Management departments involved from time to time. Among the other activities assigned to the role, he supervised the drafting of the Business Plan of the Subsidiaries, suggested possible local reorganisation and restructuring, coordinated the activities required for the opening of new companies or acquisitions, and proposed SAES Getters presence strategy in new market areas, especially in emerging and prospective future markets.

In 2003 he was reconfirmed Managing Director and appointed Group Deputy Chief Executive Officer.

In 2006 he was confirmed Managing Director and appointed Group Deputy Chief Executive Officer, as well as Group Chief Financial Officer.

In 2009 he was appointed Vice Chairman and Managing Director and appointed Group Deputy Chief Executive Officer, as well as Group Chief Financial Officer.

In 2012 he was reconfirmed Vice Chairman and Managing Director, Chief Deputy Executive Officer and Group Chief Financial Officer.

Finally, he is a member of the Board of Directors of various companies of the SAES Getters Group. In particular he is the Chairman of ETC S.r.l., SAES Getters Export Corp., SAES Pure Gas Inc., SAES Smart Materials Inc., Chairman di SAES Getters Korea and Vice-Chairman of SAES Getters International Luxembourg.

He is also a Director of S.G.G. Holding S.p.A...

Alessandra DELLA PORTA –born in Milan on 27 July 1963.

She was awarded a Law degree in March 1989 from Università degli Studi of Milan

Profession:

She is registered in the Register of Lawyers on 9 July 1992

She is registered in the Register of Court of Cassation Lawyers on 21 November 2007

She was a member of the professional Association “Janni Fauda e associate” from July 1999 to July 2009

She was a member of the professional Association “NCTM” from July 2009 to June 2010

Currently she is a partner in the Professional Association “Studio DPC”

Specialisation:

Civil law in general with particular specialisation in family Law.

She has been a Director of SAES Getters S.p.A. since 2013.

Luigi Lorenzo DELLA PORTA – born in Milan on 5 March 1954.

He embarked upon his career in Rome in 1975 by founding the first private radio station of the capital with other partners, which he managed until 1979 when he opened the RAM production centre that produces and distributes news and current affairs programmes to private radio stations in Italy.

From 1979 he managed the Soram company, the owner of large recording studios studies, which he sold in 1983, the year in which he founded the Delven company, which he is still manages today and which markets historical military finds from 1500 to 1945.

In 1997 he took over a business together with a partner in the centre of Rome offering various collectible items - an activity that has made the shop famous all over the world.

He has been a Director of SAES Getters S.p.A. since 2012.

Massimo DELLA PORTA - born in Pontremoli (MS) on 8 September 1960

He graduated with a degree in Mechanical Engineering from the Politecnico di Roma in 1989.

In April 1989, he began working at one of the companies of the SAES Getters Group, the SAES Metallurgia of Avezzano (AQ), as a researcher and with the specific task of creating an applied research laboratory at the SAES Metallurgia di Avezzano subsidiary. In this role, he was also responsible for the activities carried out in Avezzano (southern area) as part of a project funded by IMI and concerning the "Super-purification of gas".

In 1991, after having worked for approximately one year in a project to improve production processes, he was involved in the management of production of SAES Metallurgia S.p.A.

In 1992 he took on the role of Technical Manager of the subsidiaries of Avvezzano, responsible for the coordination of applied research and production activities of the two companies, SAES Metallurgia and SAES Engineering.

From 1993 to 1985 he personally followed the construction (and partial design) of a new plant in Avezzano, the SAES Advanced Technologies factory, and travelled regularly to Korea to follow the construction of the second plant in Chinchon and the USA plant, SAES Pure Gas.

During the same period he worked as a project leader in several innovative projects of the Group with the responsibility of industrialising new products developed by the Central Research and Development department within the SAES 2001 project. In this role he co-ordinated multi-disciplinary and multi-national workgroups whose mission was to design, build and launch mass production plants.

In 1995 he followed the start-up of new production lines at the new SAES Advanced Technologies plant, as well as the transfer of several production lines from the factory in Lainate. Furthermore, in his role as Technical Manager, he followed the ISO 9001 certification of the companies in Avezzano.

In 1996 he moved with his family to Milan in order to take on the role of Group Innovation Manager at the parent company SAES Getters S.p.A., while simultaneously maintaining his previous responsibilities at the production sites in Avezzano.

In 1997 he took up the position of Vice Chairman and Managing Director of SAES Getters S.p.A. In the same year he was appointed Chief Technology and Innovation Officer of the Group and was in charge of IT Systems at a Group level.

In 1998 he launched and coordinated a global project for the creation of a corporate intranet system, the linking of all the subsidiaries of the Group and the development of support applications supporting the local and Group management activities.

In 2003 he was reconfirmed Vice Chairman and Managing Director, Chief Technology & Innovation Officer of the Group and was appointed Group Chief Executive Officer.

In 2009 he was appointed Chairman and reconfirmed Group Chief Executive Officer and Chief Technology & Innovation Officer of the Group.

In 2012 he was reconfirmed Chairman and Group Chief Executive Officer and Group Chief Technology & Innovation Officer.

He is member of the Board of Directors of various companies within the SAES Getters Group. He is also the Chairman of SAES Advanced Technologies and Director of SAES Nitinol S.r.l., Chairman of Spectra-Mat, Memry Corp., SAES Getters International Luxembourg S.A. and Actuator Solutions GmbH.

He is a director of S.G.G. Holding S.p.A..

He has been an independent director of Alto Partners SGR S.p.A. since December 2004.

He is a manager of MGM Srl.

He is the Inventor and/or co-inventor of alloys and products for which patents have been obtained.

Member of EIRMA (European Industrial Research Management Association).

Adriano DE MAIO – born in Biella, on 29 March 1941.

He graduated with a degree in Electrical Engineering from the Politecnico di Milano in 1964.

He was Full Professor of Corporate Management, Innovation Management and Management of Complex Projects at the Politecnico di Milano from 1969 until 2012, and was Rector from 1994 to 2002. He was a Full Professor of Economics and corporate innovation management at the Università Luiss Guido Carli, of which he was Rector from 2002 until 2005 and Chairman of the IReR (Research Institute of Lombardy) from 1996 to 2010. In 2003-2004 he was Extraordinary Commissioner of the National Research Centre.

He has been Chairman of the CEN European Centre of Nanomedicine Foundation since its incorporation in 2009. He has also been Chairman of the Science Park Area of Trieste since February 2012. He currently sits on the Scientific Committees of the Italian Space Agency, the Fondazione Politecnico and the Fondazione Tronchetti Provera and is a member of the Board of Directors of Saes Getters S.p.A., Telecom Italia Media S.p.A., TXT e-solutions S.p.A. and EEMS S.p.A.. He is member of the board of Unitech, an international programme that groups together top multi-national universities, and has received an honorary degree in Engineering from the École Centrale de Paris.

He is the author of numerous publications in national and international scientific journals.

He has been a Director of SAES Getters S.p.A. since 2001.

Andrea DOGLIOTTI - born in Genoa on 23 January 1950, married, one daughter.

He studied classics at high school and graduated with an honours degree cum laude in Mechanical Engineering/Methods for Conducting Business in Genoa, February 1974, with top marks. He has excellent knowledge of English, French, economy, law and computer science.

From 1974 to 1995 he worked at Italimpianti and became manager in 1981, where he was involved in the setting up and assessment of projects and investment plans in Italy and abroad. He managed major industrial logistics projects in Italy. He also dealt with industry strategies and the organisational approach of the company and the IRI Group. He is the member of the Board of Directors of various operating companies.

From 1995 to 2005 he was the “Logistics Development Manager” of a leading Italian international shipping and logistics company. He managed and developed logistics planning, project management, IT systems and quality systems.

From 2005 to 2010 he was the Chairman of Fos Progetti S.r.l., a consultancy company based in Genoa. He followed organisation, IT, innovative technologies and internationalisation projects.

He has been working as a freelance consultant in “Technology, Processes and Strategies” since 2010.

Has been a member of the Board of Directors of SAES Getters S.p.A. as well as a member of the Audit Committee since 2009.

Pietro Alberico MAZZOLA – born in Milan on 13 June 1960

He is Full Professor of “Business strategy and policy” at the Università IULM of Milan and Adjunct Professional Professor of “Financial Statements” at the Università L. Bocconi of Milan.

He also holds the following positions:

- senior lecturer of Strategy in the Management School of the Università L. Bocconi of Milan;
- member of the Board of Directors of the Italian Society of Engineering and Business Economics Lecturers;
- member of the editorial board of the Family Business Review, Journal of Family Business Strategy and Financial Reporting journals;
- registered in the Register of Chartered Accountants, the Register of Auditors and member of the European Accounting Association;
- expert consultant in several civil and criminal proceedings pending before the public judicial authorities or arbitration boards, in determining the damage or value of companies and company branches;
- management consultant for several medium-sized Italian companies;
- co-founder of Partners - Consulenti e Professionisti Associati S.p.A.;
- co-author of the listing guide for the industrial plan prepared by Borsa Italiana S.p.A.;

- member of the examining board for the CONSOB public tender, held in 2005, based on qualifications and examinations, to ten positions of assistant on a trial basis in the operational career of permanent personnel, for economics graduates;
- author and co-author of various national and international publications (H-Index database Scopus: 7) among which:
 - Is Corporate Board More Effective Under IFRS or “It’s just an Illusion?”, Journal of Accounting, Auditing & Finance, 2014;
 - The Influence of the institutional context on corporate illegality, Accounting, Organizations and Society, 2013;
 - Family Management and Entrepreneurial Orientation: Exploring linear and non-linear effects, Entrepreneurship: Theory and Practice, 2013;
 - A Note on the Non-Linear Effects of Family Sources of Power on Performance, Journal of Business Research, 2013;
 - Board monitoring and Earnings management pre and post-IFRS, The International Journal of Accounting, 2011;
 - Earnings Management for Income Smoothing in Family-Controlled Companies, Corporate Governance: An International Review, 2011;
 - Family involvement in ownership and management: exploring non-linear effects on performance, Family Business Review, 2008;
 - Strategic Planning in Family Business: a powerful developmental tool for the next generation, Family Business Review, 2008;
 - Building reputation on financial markets, Long Range Planning, 2006;
 - The “Thresholds of Punishability” in new regulations on false corporate notices: several problems in application, in Business Jurisprudence, 2004
 - The industrial plan. Design and communication of corporate strategies, Milan, Egea, 2003;
 - The Role of Going Public in Family Business’ Long-Lasting Growth: A study of Italian IPOs, in Family Business Review, 2002.

He has been a Director of SAES Getters S.p.A. since 2008.

Roberto ORECCHIA – born in Turin on 19 September 1952

He graduated with a degree in Medicine and Surgery from the University of Turin in 1980.

He specialised in three areas: Radiotherapy, Medical Oncology and Medical Imaging.

From 1980 to 1994 he conducted his medical and scientific activities as a Doctor and as University Researcher at the Radiotherapy Division of the Radiology Institute of the University of Turin. In 1994 he became Full Professor of Radiotherapy at the Università degli Studi in Milan and Director of the Radiotherapy Division of the European Oncology Institute (IEO) of Milan. In recent years has held various scientific positions (Chairman of the Italian Therapeutic Radiation Association (AIRO), Director of the

School of Specialisation in Radiotherapy, Chairman of the Degree Course in Radiological Techniques etc.). He currently holds the position of Director of the Medical Imaging and Radiation Sciences department and is Scientific Co-Director of the European Oncology Institute of Milan, Scientific Director of the National Centre of Oncological Hadrontherapy of Pavia (CNAO) and Chairman of the Italian Therapeutic Radiation Association (AIRO) of Lombardy. He is the author of approximately 300 scientific publications in the most prestigious journals. The field which interests Mr. Orecchia most is advanced radiotherapy, radiotherapy in breast and prostate neoplasia, and hadrontherapy.

He has been at Director of SAES Getters S.p.A. since 2009.

Andrea SIRONI - born in Milan on 13 May 1964

He was awarded an honours degree cum laude with top marks in Political Economy in March 1989, specialising in “International Economics”, from the Università Commerciale L. Bocconi.

He has been Rector of the Università Bocconi since October 2012 and is a professor of Economics of Financial Intermediaries at the same University.

He was a visiting scholar at the Department of Finance of the Stern School of Business of New York University and visiting professor at the Division of Research and Statistics of the Federal Reserve Board of Washington.

He is an independent director of the Banco Popolare.

He was Vice-Chairman of Banca Aletti SpA until September 2012.

From 1989 to 1990 he was a financial analyst at the Chase Manhattan Bank of London.

His research mainly concerns the measurement and management of risk in financial institutions and the regulation of markets and financial institutions.

He has published various articles in international scientific journals and numerous Italian and international books.

He has been a Director of SAES Getter S.p.A. since 2006.

4.2.1. Maximum number of positions held in other companies

In compliance with principle 1.P.2. of the 2011 Code, the Directors of the Company act and pass resolution in full cognition of the facts and independently, pursuing the objective of creating value for the Shareholders. In compliance with application standard 1.C.2. of the 2011 Code, the Directors accept the office when they believe they can dedicate the time necessary to diligently perform their duties, also taking into consideration the number of positions as director or auditor held in other companies listed in regulated markets, even abroad, in financial, banking, insurance companies or large companies.

The Board reveals and reports the positions of director or auditor held by the Directors in listed companies and in the other companies listed above in the Corporate Governance Report. The offices of director or auditor held by each Director in other

companies listed in regulated markets, even abroad, in financial, banking, insurance companies or large companies as at 31 December 2013, as disclosed in the board meeting of 18 February 2014, are stated in Annex 1 of this Report.

The Board believes that the accumulation of an excessive number of positions in boards of directors or boards of auditors in companies, whether listed or not, may compromise or risk the efficient performance of the position of Director in the Company.

In compliance with application standard 1.C.3 of the 2011 Code, the Board defined some general principles regarding the maximum number of administration and control positions in other companies that may be considered compatible with the efficient performance of the role of Director of the Company, taking into account the participation of the directors in the committees set-up within the Board itself.

In particular, in the meeting of 21 December 2006 the Board considered it appropriate to assign a score to each position, different from the one assigned to the office of member of the Board of the Company. The score differs based on the commitment related to the type of office (executive/non-executive director), as well as in relation to the type and size of the companies in which the position is held. The Board also decided to set a maximum score, beyond which it is reasonable to assume that the office of Director of the Company cannot be carried out efficiently. Exceeding the maximum threshold constitutes a just cause to remove the Director from his/her office.

The Board believes that 100 points constitutes the maximum threshold beyond which the office of Director of the Company cannot be performed with the due efficiency.

The Board of the Company reserves the right to amend and supplement the general principles stated above, taking into account changes in regulations, experience and the best practice gained in this field.

The current Board complies with the above general principles.

The offices and equivalent scores are summarised in the following table:

OFFICE	SCORE
Executive Director in listed issuer, banking, financial or insurance company, whether listed or not.	50
Chairman (without operational proxies) in listed issuer, banking, financial or insurance companies, whether listed or not.	15
Participation in each committee of the listed issuer (Appointment Committee, Control and Risk Committee, Remuneration Committee)	5
Non-executive director in listed issuer, banking, financial or insurance companies, whether listed or not.	12
Executive Director in a company subject to the controls prescribed by the Consolidated Finance Act other than the subsidiaries of the Company	25
Non-executive director in a company subject to the controls prescribed by the Consolidated Finance Act other than the subsidiaries of the Company	10
Executive Director in subsidiaries of the Company	5

Non-executive director in subsidiaries of the Company	3
Executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Act and not controlled by the Company with net shareholder's equity exceeding €100 million	20
Non-executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Act and not controlled by the Company with net shareholder's equity exceeding €100 million	7
Executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Act and not controlled by the Company with net shareholder's equity less than €100 million	18
Non-executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Act and not controlled by the Company with net shareholder's equity less than €100 million	5
Member of the Board of Auditors in listed companies, banking, financial and insurance companies, whether listed or not	17
Member of the Board of Auditors in unlisted companies, which are not controlled by the Company, but are subject to the controls prescribed by the Consolidated Finance Act	13
Member of the Board of Auditors in subsidiaries of the Company	10
Member of the board of auditors in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Act and are not controlled by the Company	10
Member of a Supervisory Body	5
Owner (or co-owner) of the management department in a trust	7

In compliance with application standard 2.C.2. of the 2011 Code, the Directors are obliged to be aware of the duties and responsibilities concerning their office. The Chairman of the Board ensures that, subsequent to the appointment and during their mandate, the Directors and Auditors are able to participate in initiatives aimed at providing them with an adequate knowledge of the business sector in which the Issuer operates, as well as company trends and development, and the legal framework of reference.

Within the context of the initiatives aimed at increasing the Directors' knowledge of how the company is set-up, the Chairman invited the Chief Executive Officer of Memry Corporation and SMA Medical Business Unit Manager to attend the board meeting of 22 January 2013, who provided an overview of the Memry Corporation, a company acquired by the SAES Group in 2008, and the SMA Medical Business Unit of the SAES Group. The Getters Technology Business Unit Manager was also invited, who provided an overview on the Getters Technology Business Unit.

The Chairman also invited the Chief Executive Officer of SAES Pure Gas Inc. and Semiconductor Business Manager to attend the board meeting of 19 February 2013, who provided an overview of SAES Pure Gas Inc. founded in 1989 in San Luis Obispo, California.

4.3. Role of the Board of Directors

The Board of Directors convenes on a regular basis to examine management trends and business results, as well as all significant transactions. The By-laws provide that the Board is to meet at least every three months.

During the Financial Year the Board met 12 times, with an average attendance rate of 83.3% of the Directors (compared to 90% in the 2012 financial year). The attendance of the Executive Directors was 100% (as in the 2012 Financial Year), the attendance of non-executive Directors was on average 79.6% (compared to 87.7% in the 2012 financial year) and the attendance of the Independent Directors was on average 88.9% (compared to 90% in the 2012 financial year).

The board meetings lasted an average of approximately 3 hours.

For the 2014 financial year the Board expects to meet at least ten times, four of which to approve the periodic results. The latter dates were already communicated to Borsa Italiana S.p.A. in December 2013 during the publication of the calendar of company events, made available on the Company website. In 2014, on the date of this Report, the Board had already met three times, on 22 January, 18 February and on the date of approval of this report.

On the occasion of the board meetings the Chairman does his utmost to ensure that the Directors are provided with the documents and information necessary for enabling the Board to express an informed opinion on the topics under its consideration with reasonable notice, where possible together with the notice to attend (generally sent ten days prior to the board meeting). With regard to the financial reports, these are sent with at least two working days' notice, depending on the technical time required to prepare the documents. As an exception, in light of the nature of the resolutions to be passed and due to confidentiality requirements, such as, for example, with regard to strategy plans, with the consent of the Directors, the material may not be forwarded to them or the documents may be made available to the Directors in a data room, which is prepared and dedicated specially for this purpose at the registered office of the Company.

Each Director is entitled to propose topics for discussion at subsequent Board meetings.

The Chairman, with the agreement of those present, may invite persons that are not members of the Board to attend the meetings, as speakers or to provide support. The Officer in Charge of the preparation of the Company's accounting documents pursuant to article 154-bis of the Consolidated Finance Act is invited to participate in all the meetings of the Board of Directors regarding the approval of the interim management report, the half-year financial report, the financial statements and the consolidated financial statements, and whenever the agenda of the Board of Directors includes the approval of resolutions that require the issuing of a certificate by the Officer in Charge, and each time that it is considered appropriate by the Chairman, also on the proposal of the Managing Director, when there are items on the agenda of the Board of Directors that may have an impact on the accounting information of the Company or the Group.

The Group Legal General Counsel, who usually acts as Secretary of the Board, may also attend Board meetings.

During the meetings, and in all cases at least once every quarter, pursuant to article 19 of the By-laws, the Board of Directors and the Board of Auditors are informed by the

Chairman and the Managing Director, also in relation to subsidiaries, of the activities undertaken, the general business trends, their foreseeable development and the most significant economic, financial and equity-related transactions in terms of size or characteristics, including, where relevant transactions in which Board members have a direct or third party interest.

The Directors examine the information received from the Executive Directors, and are responsible for requesting the latter for any clarifications, explanations or additional information considered necessary or appropriate for a complete and correct assessment of the facts brought to the attention of the Board.

The Board plays a central role in the Corporate Governance system of the Company, being vested with the most extensive powers for the ordinary and extraordinary administration of the Company, with the power to carry out all acts considered necessary for the implementation and the achievement of corporate purposes, with the exclusion of powers that are reserved by law and without exception for the Shareholders' Meeting.

Without prejudice to the exclusive jurisdiction in the subjects set forth in article 2381 of the Italian Civil Code and the provisions of the By-laws, the Board, exclusively and in compliance with application standard 1.C.1 of the 2011 Code:

- a) defines, applies and updates the corporate governance rules, in conscious accordance with the regulations in force; defines the guidelines of the corporate governance of the Company and the Group it controls;
- b) examines and approves the strategic, industrial and financial plans of the Company and the Group it controls;
- c) defines the nature and level of risk that is compatible with the strategic objectives of the Company;
- d) assesses and approves the annual budget and the investment plan of the Company and the Group it controls;
- e) assesses and approves the regular reporting documents provided for by the regulations in force;
- f) awards and revokes powers within the Board (and within the Executive Committee, if appointed) defining the limits, methods of exercise and frequency, usually at least every three months, with which such bodies must report to the Board on the activities carried out in the exercising of the powers granted to them; please refer to paragraph 4.4.1 for more information;
- g) once the proposals of the Remuneration and Appointment Committee have been examined and the Board of Auditors has been consulted, determines the remuneration of Executive Directors and the other Directors that hold special offices, as well as the division of the total remuneration due to the individual members of the Board, if the Shareholders' Meeting has not already taken care of this matter;
- h) monitors and evaluates general management trends, including any conflicts of interest, taking the information received from the Executive Directors, the Remuneration and Appointment Committee and the Audit and Risk Committee into

consideration, in particular, as well as regularly comparing the results achieved with planned results;

- i) examines and approves significant transactions and transactions with related parties; please refer to paragraph 12 for more information;
- j) evaluates the adequacy of the organisational, administrative and general accounting structure, as well as the structure of the Company and the subsidiary companies with strategic significance³, with particular reference to the Internal Control and Risk Management System; please refer to paragraph 11 for more information;
- k) evaluates the size, composition and functioning of the Board itself and its Committees, expressing opinions on any professional figures whose presence on the Board it might deem advisable;
- l) reports to the Shareholders during the Shareholders' Meeting; provides information in the corporate governance report and, in particular, on the number of meetings of the Board held during the financial year and the related attendance rate of each Director;
- m) at the end of each financial year prepares a calendar of the company events for the subsequent financial year; during the 2013 Financial Year, the 2014 calendar of company events was communicated to the market on 9 December 2013;
- n) is ultimately responsible for the operation and efficiency of the organisational, management and control model ex Italian Legislative Decree 231/2001.

With reference to letter b) above, during the Financial Year, the Board evaluated the strategic plans in the meetings of 19 February and 19 December.

With reference to letter c) above, the Board defined the nature and level of risk that is compatible with the strategic objectives of the Company, as specified in more detail in paragraph 11;

With reference to letter d) above, during the Financial Year, the Board approved the budget of the Company and the Group in the meeting of 22 January 2013; in 2014, on 22 January.

With reference to letter e) above, in the Financial Year, the Board met for this purpose on 13 March, 9 May, 31 July and 12 November; in 2014, on 13 March.

³ Intended as a “significant” company in accounting terms (with assets exceeding 2% of the assets in the consolidated financial statements or revenues exceeding 5% of the consolidated revenues) or more generally in terms of the market and the business (therefore a newly incorporated company may also be considered “significant”). On the basis of the updated evaluations at the end of 2013, in compliance with the parameters stated above as well as together with business considerations, the following companies are considered to be significant: SAES Advanced Technologies S.p.A., SAES Nitinol S.r.l., SAES Getters USA, Inc., SAES Getters (Nanjing) Co. Ltd., SAES Getters Korea Corporation, SAES Smart Materials, Inc., Memry Corporation, SAES Pure Gas, Inc, Spectra-Mat, Inc. On the contrary, while still complying with the parameters stated above, as a result of business considerations, the following companies are not considered to have strategic significance: SAES Getters International Luxembourg S.A. and SAES Getters Export, Corp.

With reference to letter f) above, the Board did not consider it necessary to fix any limit of power, considering it is adequate to reserve the significant transactions to the Board. Moreover it is to be noted that, in the past, as well as during the Financial Year, the Directors with proxies used the powers assigned to them wisely, only for the normal management of the business, and on which the Board was regularly and promptly updated. The Executive Directors are in fact obliged to report regularly to the Board of Directors and the Board of Auditors on the exercising of the delegated powers, providing adequate information on the actions carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in its subsequent meeting on the activities carried out while exercising the powers granted to them. Please see paragraph 4.4.1 for further information.

With regard to letter g) above, the Board passed resolution on this matter on 13 March and 23 April on the proposal of the Remuneration and Appointment Committee, which met on 15 February and 23 April.

With reference to letter j) above, the Board of Directors met for this purpose on 13 March and, on the proposal of the Audit and Risk Committee, having consulted and obtained the approval of the Board of Auditors (which met together with the Audit Firm, the Director in charge of the internal control and risk management system, the Officer in Charge of the preparation of the Company's accounting documents and the Group Legal General Counsel), considered the organisational, administrative and general accounting structure to be adequate, as well as the structure of the Company and the subsidiary companies with strategic significance, with particular reference to the Internal Control and Risk Management System.

With reference to the letter k) above, in line with international best practices, the Board carried out a self-assessment on the composition and activities of the Board of Directors and the Board Committees for the third consecutive year. In December 2013 a series of responses to a questionnaire sent by the Company Secretary's office aimed at the formalisation of the self-assessment by the Board was collected. After the responses were processed in an aggregated and anonymous manner, the Board carried out this assessment successfully in the meeting of 22 January 2014.

In particular, it was highlighted how the decision-making process within the board is powered by timely and effective information flows, supported by documents and complete, high-quality information that enables the company processes and the most significant matters for the company to be easily understood. A Director, although acknowledging the degree and quality of the information provided during board meetings, expressed the need to increase dialogue within the Board, urging more internal debate.

The Directors as a whole, also expressed their appreciation for the regular and thorough update provided by the Managing Directors on the recent and prospective developments in the sector, and market and research and development initiatives.

The Directors also pointed out in-depth meetings on R&D, business development and group organisation, if possible with the presence of the business management involved each time in the management of the topics dealt with, to be among the initiatives that

could further increase the knowledge and understanding of the Directors of the management trends and business developments of the SAES Group.

The By-Laws award the Board, without prejudice to the limits imposed by law, the powers to pass resolution on the proposals regarding:

1. merger resolutions in cases pursuant to Articles 2505 and 2505-*bis* of the Civil Code, also as referred to for demergers pursuant to Article 2506-*ter*, final paragraph of the Civil Code, where the said regulations are applicable;
2. the establishment or closure of secondary offices and branches;
3. the awarding of powers of representation to Directors;
4. any reduction in capital in the event of withdrawal of a shareholder;
5. the amendment of the By-laws in order to comply with legal provisions;
6. the transfer of registered offices within Italy.

The Shareholders' Meeting did not grant any general or prior authorisation for any derogations of the prohibition on competition provided for by article 2390 of the Italian Civil Code.

The Board of Directors of 13 November 2012 decided to comply with the opt-out system set forth in articles 70, paragraph 8, and 71, paragraph 1-*bis*, of the CONSOB Regulations on Issuers, by making use of the right to derogate from the obligation to publish information required on the occasion of significant mergers, demergers, capital-increase by non-cash contributions, acquisitions and transfers.

4.4. Delegated Bodies

4.4.1. Managing Directors

In compliance with application standard 2.C.1. of the 2011 Code, the following persons are considered Executive Directors of the Company:

- the Managing Directors of the Company or the strategically significant⁴ subsidiary, therein including the related Chairpersons when they are vested with individual management powers when they have a specific role in the formation of company strategies;
- the Directors that called managerial offices in the Company or in a subsidiary company that is strategically significant, or in the parent company when the office also concerns the Company;

The granting of vicarious powers or powers only in the event of an emergency to Directors that are not vested with operational authorisation does not make them Executive Directors, *per se*, unless these powers are, in fact, used with considerable frequency.

Two of the Directors in office are Executive Directors. The Board appointed by the Shareholders' Meeting of 24 April 2012 met at the end of this meeting to allocate the company positions, to grant the various powers, and to appoint the Committees. As in

⁴See Note no.3

the past, the Board adopted a proxy model that provides for the granting of extensive operating powers to the Chairman and the Managing Director. Consequently, the Chairman (namely, Mr. Massimo della Porta) and the Managing Director and Group Chief Financial Officer (Mr. Giulio Canale) were granted the powers of ordinary and extraordinary administration, acting severally, with the exclusion of the powers reserved exclusively for the Board or those reserved by law for the Shareholders' Meeting.

The powers granted to the Chairman and the Managing Director are identical and do not differ in value and competence.

In particular, Mr. Massimo della Porta and Mr. Giulio Canale, acting severally and with individual signature rights, were vested with the following powers (by way of example, but not limited to):

- a) appointing and revoking proxies for individual acts or categories of acts, establishing their powers and remuneration;
- b) representing the Company in any dealings with third parties, public administrations and public bodies, as well as with other companies of the Group, by signing the related deeds and agreements and undertaking commitments of any kind and nature;
- c) purchasing, exchanging and transferring assets when running the company business; stipulating, with all the appropriate clauses, amending and cancelling any kind of contract, agreement and convention without limitation as to the cause or matter; authorising purchases of raw materials, semi-finished goods, finished products and consumables; authorising offers also outside the current business conditions;
- d) demanding the fulfilment of third-party obligations or obligations from third parties to the Company;
- e) opening bank and/or post office accounts, making payments, via bank transfer and by cheque, making withdrawals from bank and post office accounts, carrying out debit and credit transactions on the current account of the Company at banks and post offices, uncovered or otherwise, always in interest of the Company, as well as issuing and requesting the issue of bank cheques and bank drafts;
- f) negotiating and stipulating all the documents required to obtain bank credit and loans of any kind in favour of the Company and negotiating the terms and conditions related or connected to the granting of credit facilities or loans; stipulating factoring agreements for the assignment of credits of the Company;
- g) carrying out transactions with the railway and customs Administrations, regarding the shipment, clearance and collection of all kinds of goods;
- h) issuing relevant certificates and declarations for tax purposes, extracts from the payrolls regarding the personnel for Social Security, Insurance and National Health Insurance Bodies, and for other Bodies and individuals, signing all declarations prescribed by tax legislation;
- i) taking-on and dismissing employees and personnel, of all categories and levels, including managers, signing the related agreements and fixing the employment conditions and subsequent wages increases;
- j) representing the Company before all the Authorities of the Italian Republic and foreign countries; representing the Company as either plaintiff or defendant in any

civil, criminal or administrative proceedings and at any instance and level of jurisdiction; appointing and revoking, if necessary, lawyers, attorneys *ad litem* and expert consultants, granting them the most extensive powers;

- k) representing the Company before the Banca d'Italia, CONSOB and management company of the market, negotiating and defining all practices regarding these parties;
- l) reaching compromises and settling disputes of the Company with third parties, appointing arbitrators also for amicable settlements, and signing the corresponding settlement deeds;
- m) representing the Company in insolvency procedures against third parties with all the necessary powers.

The Board did not consider it necessary to fix any limit of power, considering it is adequate to reserve the significant transactions to the Board and pointing out that in the past, as well as during the Financial Year, the Directors with proxies used the powers assigned to them wisely, only for the normal management of the business, and on which the Board was regularly and promptly updated.

The Executive Directors are in fact obliged to report regularly to the Board of Directors and the Board of Auditors on the exercising of the delegated powers, providing adequate information on the deeds carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in the subsequent meeting on the activities carried out while exercising the powers granted to them.

4.4.2. Chairman of the Board of Directors

The Chairman, Mr. Massimo della Porta, coordinates and organises the activities of the Board. He is responsible for ensuring that it runs smoothly, serves as a link between the Executive and Non-Executive Directors, defines the agenda, and leads the related meetings.

The Chairman does his utmost to ensure that the Directors are provided with the documents and information necessary for enabling the Board to express an informed opinion on the topics under its consideration with reasonable notice, where possible together with the notice to attend (generally sent ten days prior to the board meeting), except in case of need or emergency. With regard to the financial reports, these are sent with at least two working days' notice, depending on the technical time required to prepare the documents. As an exception, in light of the nature of the resolutions to be passed and due to confidentiality requirements, such as, for example, with regard to strategy plans, with the consent of the Directors, the material may not be forwarded to them or the documents may be made available to the Directors in a data room, which is prepared and dedicated specially for this purpose at the registered office of the Company.

The Chairman of the Board is also the Chief Executive Officer, but shares the responsibility for the management of the Company with the Managing Director, Mr.

Giulio Canale. Both are on a list of Directors submitted to the Majority Shareholder of the Company (S.G.G. Holding S.p.A.).

In accordance with principle 2.P.5 of the 2011 Code, it is to be noted that the Board considered it appropriate to grant proxies to the Chairman equal to those granted to the Managing Director, in such a way that Mr. Massimo della Porta, former Managing Director for the 2006-2008 three-year period, could continue to act efficiently and to provide the strategic impulse he always provided as Managing Director in previous board mandates (as from April 1997). The granting of proxies and the concentration of offices held by Mr. Massimo della Porta is considered to be consistent with the organisational structure of the Company.

In compliance with application standard 2.C.3. of the 2011 Code, the Board assessed the possibility of appointing an Independent Director as Lead Independent Director in order to strengthen the impartiality and equilibrium that are required of the Chairman of the Board, as the latter is the main person responsible for the management of the company and has operational authorisations. Therefore, the Board of 24 April 2012 considered it appropriate to appoint Mr. Andrea Sironi as Lead Independent Director and informed the market, on the same date, in accordance with the provisions of the Regulations for Issuers.

In compliance with application standard 2.C.2 of the 2011 Code, the Chairman invited the Chief Executive Officer of Memry Corporation and SMA Medical Business Unit Manager to attend the board meeting of 22 January 2013, who provided an overview of the Memry Corporation, a company acquired by the SAES Group in 2008, and the SMA Medical Business Unit of the SAES Group. The Getters Technology Business Unit Manager was also invited, who provided an overview on the Getters Technology Business Unit.

The Chairman also invited the Chief Executive Officer of SAES Pure Gas Inc. and Semiconductor Business Manager to attend the board meeting of 19 February 2013, who provided an overview of SAES Pure Gas Inc. founded in 1989 in San Luis Obispo, California.

The Chairman and the Managing Director do their utmost to ensure that the Board is kept informed on the main new laws and regulations that concern the Company and the company bodies.

Should the Directors require explanations and information from the management of the Company, they must send a request to the Chairman, who takes care of the matter, by gathering the necessary information or by putting the Directors in contact with the management concerned. The Directors may request the Chairman and/or the Managing Director for business representatives of the Company and the Group to attend board meetings in order that they may provide the appropriate insight into the topics on the agenda.

The Officer in Charge of the preparation of the Company's accounting documents pursuant to article 154-bis of the Consolidated Financial Act is invited to participate in all the meetings of the Board of Directors regarding the approval of the interim management report, the half-year financial report, the financial statements and the consolidated financial statements, and whenever the agenda of the Board of Directors includes the approval of resolutions that require the issuing of a certificate by the

Officer in Charge, and each time that it is considered appropriate by the Chairman, also on the proposal of the Managing Director, when there are items on the agenda of the Board of Directors that may have an impact on the accounting information of the Company or the Group.

The Group Legal General Counsel, who usually acts as Secretary of the Board, may also attend Board meetings.

4.4.3. Reporting to the Board

The delegated bodies are obliged to report regularly to the Board of Directors and to the Board of Auditors on the exercising of the delegated powers, providing adequate information on the actions carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in the subsequent meeting on the activities carried out while exercising the powers granted to them.

4.5. Other Executive Directors

At present, there are no other executive directors apart from the Chairman and the Managing Director.

4.6. Independent Directors

The Board in office, elected by the Shareholders' Meeting of 24 April 2012, is made up of 11 (eleven) members, including two (2) Executive Directors and nine (9) non-Executive Directors, three (3) of which qualify as Independent Directors and one (1) qualify as Independent Director pursuant to the provisions of articles 147-ter, paragraph 4, and 148, paragraph 3, of Italian Legislative Decree 58/1998, who do not have, nor have recently had, direct or indirect relations with the Company or subjects related to the latter that currently influence their independence of judgement.

With reference to principle 3.P.1. and application standard 3.C.3. of the 2011 Code, the Company believes that three (3) non-Executive Directors should be appointed.

It is also believed that with this composition, the number, expertise, availability of time and authoritativeness of the non-Executive Directors contribute to the enrichment of the board discussions and guarantee that their opinion carries considerable weight in the making of well thought-out, informed board decisions.

Non-Executive Directors contribute their specific expertise to board discussions, contributing to the making of sound decisions, in compliance with the interests of the company and paying special attention to areas where conflicts of interest may arise.

In compliance with application standard 3.C.1. of the 2011 Code, the Board takes the independence of its non-executive members into account, placing more emphasis on substance than form. Moreover, in principle, within this assessment, the Board tends to consider a Director as non-Independent, as a rule, in the following non-mandatory situations:

a) if the Director is the holder of a quantity of shares, either directly or indirectly, also through subsidiary companies, trust companies or third parties, that enable the Director

to exercise control or to have considerable influence over the Company, or is party to a shareholder agreement through which one or more parties may exercise control or have considerable influence over the Company;

b) if the Director is, or has been in the previous three financial years, a significant figure⁵ in the Company, of one of its strategically-significant subsidiaries or a company under common control with the Company, or a company or body that, together with others controls the Company or is in a position to exercise a considerable influence over the Company through a shareholder agreement;

c) if the Director directly or indirectly (for example through subsidiary companies or companies in which he/she is a significant figure, or as partner of a professional company or consultancy firm) has, or has had in the previous financial year, a significant commercial, financial or professional relationship⁶:

– with the Company, one of its subsidiaries, the parent company or with any of the related significant figures;

– with a party that, also together with others through a shareholders agreement, or with the related significant figures, controls the Company;

or is, or has been an employee of one of the aforesaid parties in the previous three financial years;

d) if the Director receives, or has received in the previous three financial years, significant additional remuneration to the “fixed” remuneration of the non-Executive Director of the Company and the remuneration for the participation on the committees, also in the form of incentive plans linked to company performance, based on shares or otherwise, from the Company or one of its subsidiaries or the parent company;

e) if the Director has been a Director of the Company for more than nine years in the last twelve years;

f) if the Director holds the office of Executive Director in another company in which an Executive Director of the Company holds the office of Director;

g) if the Director is a shareholder or Director of a company or body belonging to the network of the company entrusted with the statutory audit of the Company;

h) if the Director is a close relative of a person in one of the situations described in the previous points and in particular if the Director is the spouse that is not legally separated, common law spouse, relative or relative by marriage up to fourth degree of kinship of a Director of the Company or the companies controlled by the latter or the parent company/companies or those subjected to common control or parties in the situations described in the previous points.

The possibilities listed above are not mandatory. During its evaluation the Board must take all the circumstances into consideration that may appear to compromise the

⁵In compliance with application standard 3.C.2 of the 2011 Code, the Chairman of the Board of Directors, the Executive Directors and Managers with Strategic Responsibilities are considered to be “significant figures” of the Company;

⁶The relationships stated above are certainly significant when: (i) trade or financial relationships exceed 5% of the turnover of the supplier or the beneficiary company; or (ii) the professionals services exceed 5% of the income of the Director or EUR 100,000”.

independence of the Director.

Evaluation: The Independent Directors are obliged to promptly inform the Board if an event considered likely to change the “independent” status of a Director occurs.

The independence of the Directors and the relationships that may be or appear to compromise the independent opinion of a Director are evaluated annually by the Board, taking into account the information supplied by the individuals concerned or in any case available to the Company. The outcome of the evaluations of the Board are duly communicated to the market at the time of the appointment of the Independent Directors, as well as within the context of the corporate governance report.

If the Board is entirely certain that the requirement of independence is satisfied even in the presence of situations that are abstractly referable to non-independent cases, the Board will provide adequate information to the market on the outcome of the evaluation, without prejudice to the verification of the adequacy of the related reason on the part of the Board of Auditors.

More restrictive legal provisions or provisions established by the By-laws that set forth the expiry of the office of the Director in the event that he/she loses any of the independence requirements shall prevail.

In compliance with principle 3.P.2 and application standard 3.C.4. of the 2011 Code, in the meeting of 18 February 2014, as every year, the Board reported the degree of independence of its Directors pursuant to the laws in force (article 147-ter of the Consolidated Finance Act), confirming, on the basis of the requirements set forth in the Corporate Governance Code and articles 147-ter, paragraph 4, and 140 paragraph 3, of the Consolidated Finance Act, that the Directors Mr. Emilio Bartezzaghi, Mr. Roberto Orecchia, Mr. Andrea Sironi qualified as “Independent”, and on the basis of the individual independence requirements set forth in articles 147-ter, paragraph 4, and 140, paragraph 3, of the Consolidated Finance Act, that Mr. Adriano De Maio qualified as “Independent”. The Board did not make use of additional or different criteria, as there were no situations that were abstractly referable to the cases identified by the Code as indicative of lacking independence. The three Directors filed suitable declarations before the Shareholders’ Meeting stating that they satisfied the requirements of Independent Directors (as explained above). The Board, in the next meeting after the Shareholders’ Meeting then accepted this qualification, communicating it to the market on the same date (24 April 2012).

Also for the purposes of application standard 3.C.5 of the 2011 Code, the Board of Auditors checked that criteria adopted by the Board to evaluate the independence of its members had been applied correctly, acknowledging the declarations issued by the individuals.

On 13 May 2013 the Board of Directors and Board of Auditors issued a regular certificate ex article 2.2.3, paragraph 3, letter K) of the Market Regulations organised and managed by Borsa Italiana S.p.A. (verification of the degree of independence and correct application of evaluation criteria).

Meetings. In compliance with application standard 3.C.6 of the 2011 Code, the Independent Directors usually meet once a year in the absence of the other Directors (also in the light of the number of persons attending the meetings of the Board and the various Committees). The meeting may also be held informally via audio or video

conferencing.

During the Financial Year the Independent Directors met in the absence of the other Directors on 15 February 2013, in order to discuss proposals for the further improvement in the management of the Board, aimed at making the directors even more involved in the dynamics of the company.

The Independent Directors did not consider it necessary to meet again in the absence of the other Directors, considering the high quality of the information received from the delegated bodies and their active participation in the Board and in the Committees, which enabled them to analyse the issues of interest to them in adequate depth.

Number. If the Shareholders' meeting resolves to amend the number of members of the Board, it is advisable that the following proportions are respected:

- Board composed of up to eight (8) members: at least two (2) Independent Directors;
- Board composed of nine (9) to fourteen (14) members: at least three (3) Independent Directors;
- Board composed of fifteen (15) members: at least four (4) Independent Directors.

4.7. Lead Independent Director

As illustrated in paragraph 4.4.2 above, as the Chairman of the Board has also operational powers, holding the office of Chief Executive Officer, although he is not the sole person responsible for the management of the company, in compliance with application standard 2.C.3. of the 2011 Code, the Board of 24 April 2012 considered it appropriate to appoint the Independent Director Mr. Andrea Sironi as Lead Independent Director. The non-executive Directors (and in particular the Independent Directors) refer to Mr. Sironi for a better contribution to the activities and operation of the Board. The Lead Independent Director collaborates (as he has collaborated during the Financial Year) with the Chairman in order to guarantee that the Directors are the recipients of complete and timely information flows. The Lead Independent Director is also granted the power, *inter alia*, to call special meetings with Independent Directors in order to discuss the issues considered to be of interest to the operations of the Board of Directors or the management of the company, either independently or on the request of the other Directors.

Mr. Andrea Sironi is a member of two Committees set up within the Board: the Audit and Risk Committee and the Remuneration and Appointment Committee.

5. PROCESSING OF COMPANY INFORMATION

On 24 March 2006, the Board adapted itself to the new provisions of the Consolidated Finance Act, the Regulations for Issuers, as supplemented by CONSOB resolution no.15232 of 29 November 2005, as well as the Market Regulations organised and managed by Borsa Italiana S.p.A and related Instructions, as amended following the Italian Savings Law, in transposing the EC directive on market abuse, introducing ad hoc internal procedures or amending and updating those already existing on this matter.

More precisely, the Board adopted:

- the *Procedure for Managing Inside Information*: also for the purposes of the application standard 1.C.1., letter j) of the 2011 Code, which defines the behaviour of Directors, Auditors, managers and employees in relation to the internal management and disclosure to the market of inside information, i.e. precise information that has not been made public, concerning, directly or indirectly, one or more issuers of financial instruments or one or more financial instruments, which, if made public, could have a considerable influence on the prices of these financial instruments.

The procedure stated above, available on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Policies and Procedures/Inside Information section) has been drawn up for the purpose of ensuring that information regarding the Company that is disclosed externally is in full compliance with the principles of correctness, clarity, transparency, timeliness, and broad and equal disclosure in order to guarantee equal treatment, completeness, comprehensibility and continuity of information, in a complete and adequate manner and, in any case, through the institutional channels and according to the terms established by the Company, as well as to ensure that internal management of information in particular is in compliance with the obligations of confidentiality and lawfulness;

- the Insiders Register: set-up effectively from 1 April 2006, identified the persons that, due to their working or profession or the tasks carried out, have access to the information indicated in article 114, paragraph 1 of the Consolidated Finance Act, pursuant to and in accordance with article 115-bis of the Consolidated Finance Act and articles 152-bis, 152-ter, 152-quater and 152-quinquies of the Regulations for Issuers.

The Board also approved the Code of Conduct for Internal Dealing (hereinafter also “Internal Dealing Code”), which regulates the information disclosure requirements that the Significant Persons and/or in the Persons Closely Associated to the Significant Persons, as identified in the Code itself, are obliged to observe in relation to the transactions they carry out on financial instruments of the Company or other financial instruments related to them. The Internal Dealing Code also regulates the obligations that the Company is obliged to observe towards the market in relation to the transactions on financial instruments carried out by Significant Persons and by Closely Associated Persons. The Internal Dealing Code provides for black-out periods, i.e. predetermined periods (the 15 calendar days preceding the Board meetings to approve the accounting data for the period and the 24 hours subsequent to the issuance of the related press release) during which the persons subject to the provisions of the Code may not carry out transactions on SAES Getters financial instruments or on financial instruments related to them.

The Chairman and the Managing Director may prohibit, or restrict, the performance of transactions by Significant Persons and Closely Associated Persons in other periods of the year when particular events are taking place.

In this case the Officer In Charge will be responsible for informing the Significant Persons (who have not already been informed on account of their position) of the start and finish dates of the period during which the Transactions are prohibited.

On the proposal of the Executive Directors and granting special proxies in this regard if necessary, the Board reserves the right to make all further amendments or adjustments

to the procedures that are considered necessary or that are advisable following changes in laws or regulations.

During the Financial Year transactions carried out by Significant Persons were reported to the market and to the competent authorities. The related filing models as well as the Code of Conduct for Internal Dealing, as amended by the Board of Directors on 28 August 2008 and on 23 February 2012 to comply with new legal provisions, can be consulted on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Policies and Procedures/Internal Dealing section).

The Directors and Auditors are obliged to keep the documents and information acquired throughout the performance of their duties confidential and to comply with the procedures adopted for the internal management and external disclosure of these documents and information.

The information disclosed outside the company must be uniform and transparent. The Company must be accurate and consistent in communicating with mass media. Relations with the mass media are reserved exclusively to the Chairman and the Managing Director, or to the business departments in charge of these matters.

6. COMMITTEES WITHIN THE BOARD

In order to perform its duties more efficiently, the Board set up the Audit and Risk Committee and the Remuneration and Appointment Committee within the Board, whose functions are described in the following sections.

The Chairman of each Committee reports regularly to the Board on the work of this Committee.

Both the Committees are composed exclusively of non-Executive Directors, who are predominantly Independent.

The Board does its upmost to ensure an adequate rotation within the Committees, unless for any reason and cause it is considered appropriate to confirm one or more Directors beyond the established terms and conditions.

The Board has the power to set up one or more further Committees within it with to act in an advisory or consultative capacity, which shall be defined in practical terms in the board resolution concerning the formation of the aforesaid Committees.

In relation to application standard 4.C.1., letter e) of the 2011 Code, it is specified that the existing Committees (Remuneration and Appointment Committee and the Audit and Risk Committee) are provided with annual predetermined expenses budgets that are considered adequate for the performance of their activities.

6.1. Audit and Risk Committee

For all information regarding the Audit and Risk Committee please refer to paragraph 10.

6.2. Appointment Committee

On the basis of the recommendations of the 2011 Code, application standard 4.C.1., letter c), on the occasion of the renewal of the Board during the meeting of 24 April 2012, the Board assessed the possibility of grouping the functions provided for the Appointment Committee (application standard 5.C.1., letters a) and b)) into a single Committee - the Remuneration and Appointment Committee - in consideration of the close correlation and mutual relevance of the subjects dealt with.

6.3. Executive Committee

The Board did not consider appropriate to set up an Executive Committee within the Board, as already explained in paragraph 4.5

6.4. Remuneration and Appointment Committee

For all information on the Remuneration and Appointment Committee please refer to the Report on remuneration published by the Company, pursuant to article 123-ter of the Consolidated Finance Act.

6.5. Committee for transactions with related parties

The Committee is composed of 3 unrelated directors that satisfy the requirements of independence and is chaired by the Lead Independent Director. The Committee meets whenever any resolution on the transactions with related parties is to be passed pursuant to the Procedure on transactions with related parties published on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Policy and Procedures/Related Parties section).

7. APPOINTMENT COMMITTEE

On the basis of the recommendations of the 2011 Code, application standard 4.C.1., letter c), on the occasion of the renewal of the Board during the meeting of 24 April 2012, the Board assessed the possibility of grouping the functions provided for the Appointment Committee (application standard 5.C.1., letters a) and b)) into a single Committee - the Remuneration and Appointment Committee - in consideration of the close correlation and mutual relevance of the subjects dealt with.

8. REMUNERATION AND APPOINTMENT COMMITTEE

The Board of Directors set up the Remuneration and Appointment Committee within the Board on 17 December 1999 and it is composed of 3 non-executive directors, of which 2 are independent and 1 has considerable knowledge and experience in accounting and finance matters. The Committee has its own Regulations, approved by

the Board of Directors on 20 December 2012, which regulates its composition and appointment, the tasks and operating procedures of the Committee itself, in compliance with the principles and application criteria contained in the Corporate Governance Code of listed companies.

Its current members are: Mr. Emilio Bartezzaghi (Independent Director), Mr. Adriano De Maio (non-executive director and Independent Director pursuant to the combined provisions of articles 147-*ter*, paragraph 4, and 148, paragraph 3, of Italian Legislative Decree 58/1998) and Mr. Andrea Sironi (Lead Independent Director). During the Financial Year the Committee met twice with the attendance of all its members. The meetings lasted approximately one and a half hours. On the invitation of the Chairman, the Group Legal General Counsel attended the meetings. At least four meetings are planned for 2014, two of which have already been held on 4 and 18 February 2014. Minutes of the meetings of the Committee are duly recorded.

Executive directors do not usually participate in the meetings of the Remuneration and Appointment Committee. The Committee has the right to access the information and the company departments required for the performance of its duties and, if it is considered appropriate, may make use of external consultants (this power was not exercised during the Financial Year).

In compliance with application standard 4.C.1. of the 2011 Code, it is to be specified that the Remuneration and Appointment Committee has an annual predetermined expenses budget that is considered adequate for the performance of its activities.

For all information on the Remuneration and Appointment Committee please refer to the Report on remuneration published by the Company pursuant to article 123-*ter* of the Consolidated Finance Act.

9. REMUNERATION OF THE DIRECTORS

For all information on the remuneration of the directors please refer to the Report on remuneration published by the Company pursuant to article 123-*ter* of the Consolidated Finance Act.

10. AUDIT AND RISK COMMITTEE

10.1. Composition and operation of the Audit and Risk Committee

Composition and Operation. By virtue of principle 7.P.4. of the 2011 Code, the Board set up an Audit and Risk Committee (Committee replacing the Internal Control Committee), composed of three (3) non-Executive Directors, the majority of whom are independent. On 24 April 2012 the Board appointed the following Directors as members of the Audit and Risk Committee: Mr. Roberto Orecchia, Mr. Andrea Sironi and Mr. Andrea Dogliotti.

At least one member of Committee has adequate experience in accounting and financial matters. In this case, this member is Mr. Andrea Sironi.

The Committee has its own Regulations, which regulates its composition and appointment, the tasks and operating procedures of the Committee itself, in compliance with the principles and application criteria contained in the Corporate Governance Code of listed companies.

The Audit and Risk Committee is chaired and meets on the initiative of the Chairman. The minutes of the Committee meetings are duly recorded. The Chairman of the Board of Auditors or other Auditor appointed by the Chairman of the Board of Auditors attends the Committee meetings. On invitation of the Committee, the Internal Audit Manager also attends.

The Committee carries out its duties, listed under paragraph 10.2, in collaboration with the Board of Auditors, the Internal Audit Manager and the Managing Director entrusted with the supervision of the operations of the Internal Control and Risk Management System.

In the performance of its tasks, the Audit and Risk Committee has the right to access the information and Company departments required for the performance of its duties, and may make use of external consultants, at the expense of the Company. During the Financial Year the Audit and Risk Committee accessed the information and made contact with the company departments made available by the Company and did not consider it necessary to exercise its right to use external consultants.

The Committee may invite non-members to attend its meetings on the invitation of the Committee itself, with reference to each item on the agenda. The Chairman of the Audit and Risk Committee reports regularly to the Board on the work of the Committee. During the Financial Year the Audit and Risk Committee performed its duties by also making appropriate contact with the auditing company, the Chairman of the Board of Auditors, the Officer in Charge of the preparation of the Company's accounting documents, with the Internal Audit Manager and the Group Legal General Counsel.

10.2. Tasks assigned to the Audit and Risk Committee

In the meeting of 23 February 2012, the Board of Directors decided to adjust the tasks of the Audit and Risk Committee to the recommendations contained in article 7 of the 2011 Code. Therefore, the Audit and Risk Committee is responsible for:

- a) expressing opinions to the Board of Directors with regard to:
 - i. the definition of the guidelines of the internal control and risk management system;
 - ii. the adequacy of the internal control and risk management system compared to the characteristics of the company and its risk profile, as well as on its effectiveness, at least every year;
 - iii. the formulation of the work plan prepared by the Internal Audit Manager, approved annually by the Board of Directors;
 - iv. the description of the main characteristics of the internal control and risk management system in the corporate governance report, whose overall adequacy is evaluated by the Board;

- v. the results reported by the statutory auditor in the suggestion letter, if any, and in the report on the fundamental issues emerging during the statutory audit;
- vi. the appointment, cancellation and definition of the remuneration of the Internal Audit Manager.

b) evaluating the correct use of the accounting principles and their consistency for the purpose of the drafting of the consolidated financial statements together with the Officer in Charge of the preparation of the Company's accounting documents and after having consulted the statutory auditor and the Board of Auditors;

c) expressing opinions on specific aspects related to the identification of the main business risks;

d) examining the regular reports on the assessment of the internal control and risk management system, and those of particular relevance prepared by the Internal Audit Manager;

e) monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit Department;

f) requesting the Internal Audit Department to inspect specific operational areas;

g) the task of reporting to the Board of Directors regarding the activities carried out and on the adequacy of the internal control and risk management system.

Following the entry into force of Italian Legislative Decree 39/2010, the Audit and Risk Committee is even more focused on its main task of preparing the relevant issues to be submitted to the Board of Directors in order to enable the latter to make adequate choices and decisions on the internal control and risk management system issues.

The role of the Audit and Risk Committee, as an investigation body and analysis and study centre of proposals in preparation for the resolutions of the Board of Directors and aimed at putting the necessary conditions in place for enabling the administrative body to make adequate choices and decisions on internal control and risk management system issues, is in perfect harmony with the new provisions on statutory auditing introduced in the system by the provisions of Italian Legislative Decree 39/2010.

During the Financial Year the Committee met five times (on 19 February, 23 April, 27 June, 30 July and 12 November). The members, as well as the Chairman of the Board of Auditors and the Internal Audit Manager attended all the meetings.

The average length of each meeting was approximately one hour. The average participation of members in the Committee meetings was 93%. For the current financial year the Audit and Risk Committee plans to meet five times. Two meetings were already held on 22 January and 12 March 2014, the latter as part of the regular meetings between the Committee, the Internal Control and Audit Committee, the Audit Firm, the Internal Audit Manager, the Director in charge of the internal control and risk management System and the Officer in Charge of the preparation of the Company's accounting documents pursuant to Italian Legislative Decree 262/05.

During the financial year the Audit and Risk Committee:

- assisted the Board in determining the guidelines of the internal control and risk management system, in the regular assessment of its adequacy and its actual operation;
- monitoring the progress of the audit plan implemented by the Internal Audit Department, as well as the implementation of the recommendations issued from time to time;
- evaluating the correct use of the accounting principles and their consistency for the purpose of the drafting of the consolidated financial statements together with the Officer in Charge and the audit firm;
- reported to the Board (on 31 July 2013 and on 20 January 2014) on the activities carried out in the first and second six months of 2013 and on adequacy of the Internal Control and Risk Management System.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In compliance with principle 7.P.1. of the 2011 Code, and the Internal Control and Risk Management System is defined as the set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of the main risks. An efficient Internal Control and Risk Management System helps to ensure the protection of company assets, the efficiency and effectiveness of corporate transactions, the reliability of financial information and compliance with laws and regulations.

The Internal Control and Risk Management System is maintained by the following parties within the company, which are involved in various capacities and with different responsibilities in the Internal Control and Risk Management System. Each one has specific duties, as described below:

- Board of Directors;
- Director in charge of the Internal Control and Risk Management System;
- Board of Auditors;
- Supervisory Body;
- Audit and Risk Committee;
- Internal Audit Department.

In addition to the parties mentioned above, other parties are involved, in various capacities and with different levels of responsibility in the management of the Internal Control and Risk Management System:

- Officer in Charge of the preparation of the Company's accounting documents pursuant to Italian Legislative Decree 262/05;
- Audit firm;
- other internal control departments (Quality, Safety, etc.);

- other bodies prescribed by different regulations (ISO certification bodies).

The Board of Directors believes that the current division of the parties involved in the Internal Control and Risk Management System and the interrelationship between the control bodies and departments guarantee an adequate level of reliability on the capacity of the system itself to achieve its goals.

The evaluation, insofar as it refers to the Internal Control and Risk Management System in its entirety, reflects the limitations inherent in such a system. Even if it is well-conceived and functional, this System, in fact, can only guarantee with reasonable probability that Company objectives are achieved.

The Board of Directors met on 13 March 2014, and, on the proposal of the Audit and Risk Committee, having consulted and obtained the approval of the Board of Auditors (which met together with the Audit Firm, the Director in charge of the internal control and risk management system, the Officer in Charge of the preparation of the Company's accounting documents and the Group Legal General Counsel) considered the internal control and risk management system to be adequate.

In order to be able to define the nature and level of risk compatible with the strategic objectives, in 2012 the Company set up a project to develop Risk Management tools and methods aimed at identifying, analysing and understanding the main risks to the company and their mitigation level. These tools were subsequently tested on the field by choosing a pilot area of focus: the Medical Business Unit. The project was re-launched in 2014 with the extension of the analysis through the preparation of a plan for the entire Group. The Project was continuously collated with the Audit and Risk Committee from its initial implementation and is ongoing. All the results obtained were shared with the Board of Directors, which appreciated the work carried out and, together with the Audit and Risk Committee, encouraged the continuation of the activities described above.

The information on the main characteristics of the Internal Control System for the purposes of financial reporting and the risk management system in place in relation to the financial reporting process, including the consolidated reporting process, is given below.

THE INTERNAL CONTROL SYSTEM FOR THE PURPOSES OF THE FINANCIAL REPORTING PROCESS AND RISK MANAGEMENT.

Introduction

The changes in regulations in recent years have regulated different aspects of the internal control and risk management system, and as a consequence there has been a proliferation of control models and different bodies called upon in various capacities to provide a level of reliability on these models. Within this context the Administrative and Accounting Control Model (hereinafter also referred to as the "Accounting Control Model") is defined as a document describing the Internal Control System with reference to the financial reporting process.

The Internal Control System related to the financial reporting process is an integral part of the internal control and risk management system of the SAES Group, and contributes to the ensuring of the achievement of the objectives stated above.

More specifically, for the purposes of the financial reporting process, this System is aimed at ensuring:

- the reliability of the reporting, its correctness and compliance with accounting standards and legal requirements;
- the accuracy of the reporting, its neutrality and precision;
- the reliability of the reporting, which must be clear and complete so that investors can make informed investment decisions;
- the timeliness of the reporting, with particular reference to the observance of the deadlines prescribed for its publication according to applicable laws and regulations.

The task of monitoring the implementation of the above Accounting Control Model was assigned, by the Board of Directors, to the Officer in Charge of the preparation of the Company's accounting documents (hereinafter also "Officer in Charge"), and the Managing Director.

The guidelines taken as a reference in the planning, implementation, monitoring and updating of the Accounting Control Model, even if not explicitly indicated, are the guidelines set forth in the CoSO Report⁷.

Reference is to be made to the subsequent paragraphs for in the specific details on the Accounting Control Model and the tasks assigned to the Officer in Charge.

Furthermore, in order to ensure the integration of the internal control System for the purposes of the financial reporting process with the more general Internal Control And Risk Management System of business risks, the Officer in Charge closely collaborates with the Internal Audit Department and orders regular independent checks aimed at analysing compliance with administrative and accounting procedures.

These checks, by selecting specific processes among those consider important following the risk assessment process described below, are always included in the more general inspection of the actions of the Internal Control Department at the subsidiary companies of the SAES Group.

ADMINISTRATIVE AND ACCOUNTING CONTROL MODEL

On 14 May 2007 the Board of Directors of the Company approved the accounting control model, adopted also in light of the provisions introduced by the Savings Law, with a special reference to the obligations on the drafting of corporate accounting documents and all documents and communications of a financial nature intended for the market.

⁷ Report of the Treadway Commission of the Committee of Sponsoring Organisations (CoSO) of 1992, considered as the best practice of reference for the structure of the Internal Control Systems and the Enterprise Risk Management Framework, published in September 2004.

This Accounting Control Model, which represents the set of company rules and procedures aimed at achieving the Company's objectives of truthfulness and correctness in its reporting through the identification and management of the main risks associated with the preparation and the disclosure of financial information, was subjected to a revision process that led to the issue of a new release approved by the Board of Directors on 20 December 2012.

Components of the Accounting Control Model

The Accounting Control Model is made up of the following elements:

- general control environment;
- administrative and accounting risk assessment;
- counterfoils of administrative and accounting controls (hereinafter also "counterfoils");
- regular evaluation of the adequacy and effective application of the controls described in the counterfoils;
- internal certification process, functional to the external certifications required by law.

The control environment is the basis of an effective internal control and risk management system. The main documents formalising its essential characteristics are: the Code of Ethics and Business Conduct, the set of governance rules contained in the Report on corporate governance and ownership structures, the organisation chart and the organisational provisions, and the system of proxies.

The administrative and accounting risk assessment is the process of identifying and assessing the risks related to accounting and financial reporting. The risk assessment is conducted on an entity level as well as on a single process level. The criteria set forth in Italian Legislative Decree 61/2001 are followed when determining the materiality threshold.

This process is repeated and updated every year by the Officer in Charge with the support of the Internal Audit Department and subsequently shared with the Managing Director, and requires:

- the identification, using quantitative criteria (size) and qualitative (significance) criteria, of the balance sheet items/financial information that are highly volatile or that imply the risk of error, with reference to the financial statements of the Company, the consolidated financial statements and the financial statements of the subsidiaries;
- the identification of the related input account processes/flows and the related controls to protect the identified risks for each significant balance sheet item/piece of financial information;
- the communication to the departments involved in the intervention areas with regard to which it is necessary to monitor the efficiency and operation of the controls.

If the checks carried out on the risk areas selected as result of the regular risk assessment are not properly documented or formalised, the person in charge of the process or the accounting flow, with the support of the Officer in Charge and, if necessary, the Internal Audit Department, will be responsible for preparing appropriate documentary evidence in order to allow the checks existing in the analysed area to be assessed.

The *counterfoils of administrative and accounting* of SAES Getters are documents that describe the control standards in place for each administrative and accounting flow process selected following the regular risk assessment, with an indication of the control objectives regarding the preparation of the financial statements and the related controls existing in addition to the responsibilities and the frequency of the implementation of the control itself.

These counterfoils are used as a tool to identify the specific controls in place for each relevant process in each subsidiary company, with the identification of the controls to be tested in order to evaluate the adequacy of the Administrative and Accounting Control System. The counterfoils are subject to constant revision by the related Department Managers, with the support of the Internal Audit Department of the Group.

With regard to the *regular evaluation of the adequacy and effective application of the controls described in the counterfoils*, the Department Managers and the subsidiary companies involved in the training and management process of accounting and financial reporting are responsible for the correct operation and updating of the Internal Administrative and Accounting Control System with reference to all the related accounting processes/flows, and must continually assess the correct application of the administrative and accounting control procedures, their adequacy to the existing processes and updating of the related counterfoils of the controls.

Furthermore, the Internal Administrative and Accounting Control System is subject to an *independent assessment* by the Internal Audit Department, aimed at assessing the adequacy of the project and the actual effectiveness of the existing controls. The assessment is integrated in the general annual audit plan prepared by the Manager of the Internal Audit Department, confirmed by the Audit and Risk Committee and approved by the Board of Directors.

The Officer in Charge regularly monitors the adequacy and effectiveness of the internal administrative and accounting control system on the basis of the reports received from the Department Managers and the subsidiary companies and the reports on the activities of the Internal Audit Department.

All the documents on the control activities carried out and their results are made available to the company entrusted with the audit in order that it may carry out the necessary verifications for the purposes of certification.

Finally, with regard to the *internal certification process, functional to the external certifications required by law*, this process consists of a series of subsequent certifications aimed at ensuring that announcements made externally are consistent with the definitions of article 154-bis of the Consolidated Finance Act.

Depending on the type of financial announcement to the market, different certifications are identified:

- Annual Financial Statements and Half-year Report produced with reference to the separate Financial Statements of SAES Getters S.p.A., the Consolidated financial statements of SAES Getters and to the half-year condensed Consolidated Financial Statements of the SAES Getters Group;
- Certifications to interim management reports and other final accounting reports or produced with reference to other documents such as, for example, price sensitive press releases containing economic and financial information on final data, interim or otherwise; final accounting data included in the presentations delivered regularly to shareholders and financial community or published presentations.

THE INTERNAL ADMINISTRATIVE AND ACCOUNTING CONTROL SYSTEM OF THE SUBSIDIARY COMPANIES OF SAES GETTERS S.P.A.

The Persons in charge of the management and preparation of accounting and financial reporting for the subsidiary companies, namely the local Administrative Directors and/or Controllers, together with their general managers, are responsible for:

- ensuring that the activities and the controls in place in the input process of the accounting reporting are consistent with the principles and objectives defined on a Group level;
- continuously monitoring the relevant identified controls, in order to ensure their operating and effectiveness;
- promptly and regularly informing the Managing Director or the Officer in Charge of the following:
 - significant changes to the Internal Administrative and Accounting Control System in order to identify the specific controls to be implemented;
 - any anomalies or findings that may generate significant errors in the accounting report.

Considering that the control structures in the majority of the subsidiaries are small, the Company decided not to issue specific procedures on the processes that influence the input of the accounting reporting of these companies, and detailed control counterfoils were prepared for the processes selected as a result of the risk assessment, which are verified by the Administrative Directors/Controllers of the individual subsidiaries.

11.1. Executive Director in charge of the Internal Control and Risk Management System

On 24 April 2012 the Managing Director Mr. Giulio Canale was appointed by the Board as the Director responsible for the internal control and risk management system (hereinafter “Appointed Director”) who in particular, in compliance with application standard 7.C.4. of the 2011 Code:

- a) is responsible for identifying the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and subjects them on a regular basis to the Board;
- b) implements the guidelines defined by the Board of Directors, by designing, implementing and managing the internal control and risk management system and constantly checking its adequacy and effectiveness;

- c) is responsible for adapting this System to the trend of operating conditions and the legal and regulatory framework;
- d) may request the Internal Audit Department to carry out inspections on specific operational areas and on compliance with internal rules and procedures in the performance of business transactions, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and the Chairman of the Board of Auditors;
- e) duly reports to the Audit and Risk Committee (or the Board of Directors) on the problems and critical aspects emerging during the operations of the system or that comes to his knowledge, so that the Committee (or the Board) may take the appropriate action.

The Managing Director, with the support of the Internal Audit Department continuously verifies the effectiveness of the operations of the implemented Internal Control and Risk Management System. It is also acknowledged that, in relation to application standard 7.C.4. of the 2011 Code, the Officer in Charge constantly verified the overall adequacy, efficiency and effectiveness of the internal control and risk management system. In its meeting of 13 March 2013, the Board of Directors made a positive evaluation on this matter.

A description of the business risks is included in the Management Report, which is among the documents contained in the financial statements for the Financial Year.

11.2. Internal Audit Manager

In addition, with reference to the Internal Audit Manager, the Company, always in the meeting of 23 February 2012, resolved to adopt application standard 7.C.1. of the 2011 Code.

The Internal Audit Manager is appointed and removed by the Board, on the proposal of the Appointed Director and after having consulted the Audit and Risk Committee. In the same meeting, the Board, on the proposal of Mr. Giulio Canale and with the approval of the Audit and Risk Committee, in consideration of the aforesaid application standard, appointed Ms. Laura Marsigli as Internal Audit Manager.

With reference to application standard 7.C.1. of the 2011 Code, the Board of Directors defined the remuneration received by the Internal Audit Manager to be consistent with the company policies normally applied and provided her with an adequate budget for the performance of her responsibilities.

As defined by the Board and in compliance with principle 7.P.3. of the 2011 Code, the Internal Audit Manager is responsible for ensuring the operation and adequacy of the Internal Control and Risk Management System and its basic compliance with application standard 7.C.5. of the 2011 Code, and in particular:

- a) verifies the effectiveness and adequacy of the internal control and risk management system on the basis of an annual plan: the audit plan for the 2014 Financial Year was submitted to the Board on 22 January 2014 for approval in compliance with application standard 7.C.1;
- a) is not in charge of any operational area and hierarchically depends on the Board;

- b) has direct access to all the information useful for the performance of her activities;
- c) prepares regular reports containing adequate information on her activities, the procedures according to which risk management is performed, as well as on compliance with the plans defined to minimise risk. The regular reports contain an opinion on the suitability of the internal control and risk management system based on the results of the actions taken;
- d) prepares timely reports on particularly significant events;
- e) sends the reports to the chairpersons of the Board of Auditors, the Audit and Risk Committee and the Board of Directors, as well as to the Officer in Charge;
- f) assesses the reliability of the IT systems within the audit plan, including the accounting systems.

For the period between 11 March 2013 and 24 November 2013, due to the temporary impossibility of Ms. Marsigli to hold the position of Internal Audit Manager and to perform the activities assigned to her, the Board of Directors, on the proposal of the Appointed Director of the internal control and risk management system and with the approval of the Audit and Risk Committee, entrusted the position of Internal Audit Manager *ad interim* to Ms. Elisabetta Bellone (Group Tax Manager), selected from among the managers with financial and accounting expertise, starting from 11 March 2013.

Ms. Marsigli returned to regular service on 25 November 2013.

In compliance with application standard 7.C.6. of the 2011 Code, the Internal Audit Department, as a whole or by operational segments, may be entrusted to subjects outside the Company, provided that they possess the requirements of professional standing and independence. This organisational choice, was not adopted by the company during the 2012 financial year.

For the 2013 financial year the Company decided to use external consultants in order to assist Ms. Bellone in the Internal Audit activities. The external consultant selected (using the same proposal and approval procedure by the Board provided for the allocation of the *ad interim* position of Internal Audit Manager) for the performance of the aforesaid activities set forth in the Audit plan is the company Ernst & Young. The task was formally assigned by the Board of Directors 19 February 2013, with the approval of the Audit and Risk Committee, starting from 24 April 2013 in order to ensure compliance of the requirement of independence, necessary for the performance of the activities.

11.3. Organisational Model pursuant to Italian Legislative Decree 231/2001

Italian Legislative Decree no. 231 of 8 June 2001, which lays down the “*Rules on the administrative liability of legal entities, companies and associations, also deprived of legal status*”, introduced an administrative liability system of companies for offences committed in the interest or to the advantage of the companies themselves, by a directors, managers or employees, into the Italian legal system.

The Board, with resolution of 22 December 2004, approved and adopted its own “Organisational, Management and Control Model” pursuant to and in accordance with Italian Legislative Decree no. 231/2001 (“Model 231”) and simultaneously the “Code of Ethics and Business Conduct” that form an integral part of the Model, in order to clearly define the set of values that the SAES Getters Group recognises, accepts and shares, as well as the set of rules of conduct and the principles of legality, transparency and correctness to be applied in the performance of its business and in its various dealings with third parties.

The General Part of the Model, and the Code of Ethics can be found on the Company website www.saesgetters.com (Investor Relations/Corporate Governance section).

With its resolution of 13 February 2007, the Board approved the revision of Model 231 in light of the entry into force of the regulations implementing the EC regulations on the prevention of market abuse, as well as within the regular verification pursuant to article 7, paragraph 4, letter a) of Italian Legislative Decree no. 231/2001.

With its resolutions of 18 March 2008 and 23 April 2008, the Board then approved the revision of Model 231 in order to adapt it to the legal amendments that were made in 2007 aimed at extending the range of offences protected ex Italian Legislative Decree no. 231/2001. In particular, the following offences were introduced:

- the offences of receiving, laundering or using money, goods or benefits of illegal origin (article 25-octies of Italian Legislative Decree no. 231/2001) introduced by Italian Legislative Decree of 16 November 2007 in implementation of the third anti-money laundering 2005/60/EC Directive.
- article 9 of Italian Law no. 123 of 3 August 2007 introduced article 25-septies in Italian Legislative Decree no. 231/2001, related to the offences connected to the violation of safety and accident-prevention regulations. Reference is made to the possible offence of manslaughter or gross/very gross negligent injury committed in violation of accident-prevention regulations and the protection of occupational health and safety.

On 8 May 2008 the Board updated the Code of Ethics and Business Conduct of the Company.

In the last quarter of the 2009 financial year the Company set up the revision and adjustment plan of the Model to Italian Legislative Decree no. 231/2001, following the inclusion of the following significant offences on the list:

- (article 24-ter) organised crime offences - Italian Law 15 July 2009, no. 94,
- (article 25-bis) crimes against the industry and commerce - Italian Law 23 July 2009, no.99,
- (article 25-novies) crimes related to the violation of copyright - Italian Law 23 July 2009, no. 99,

in addition to the offence of incitement to withhold statements from or issue false statements to the judicial authority - Italian Law of 3 August 2009, no. 116.

In this regard the activities carried out by each company department were mapped in order to check in particular the existence of any significant business activities for the

purposes of Italian Legislative Decree no. 231/2001, as updated, as well as the adequacy of the supervision controls implemented for the prevention of crime.

The updated Model was submitted to and approved by the Board of Directors during the meeting of 27 April 2010.

During this verification it was considered appropriate to arrange a new procedure on patents, the “Procedure for the management of new corporate IP assets”:

The objective of this procedure is to explain the operating methods that SAES must follow when managing relations with Patents Firms, Patent Offices, the Judicial Authority, Third Parties and the Supervisory Authorities in relation to the obligations prescribed for the protection of industrial property rights, in compliance with the laws of reference and the principles of maximum transparency, timeliness and collaboration, as well as asset traceability.

The procedure was drawn up in compliance with the principles set forth in the Model and with those specifically identified in Special Parte A – “Offences against the public administration” and F – “Offences against the public faith, industry and commerce, and relating to infringement of copyright”.

On 17 February 2011 the Procedure was submitted to and approved by the Board of Directors of the Company and subsequently distributed to all company staff, also through training courses organised internally by the company departments with the support of consultants specialising in these matters.

The Model was updated by the Board of Directors on 20 December 2011 in order to transpose the introduction of the environmental crimes among the cases of predicate offence set forth in Italian Legislative Decree 231/2001. The update included the introduction of a new Special Part G – “environmental offences”.

On 20 December 2012 the Board of Directors updated the Model by introducing a new Special Part H – “Offences relating to the employment of foreign workers” containing protocols of conduct for the prevention of the potential commission of the criminal conduct referable to the cases of predicate offence set forth in article 22, paragraph 12-bis of Italian Legislative Decree 109/2012, which penalises the employer in the event of the employment of third-country nationals with unlawful residence permits.

Finally, on 19 December 2013 the Board of Directors updated the Model following the entry into force of Italian Law 190/2012, which introduced new offences, such as private bribery and extortion by persuasion, into the Italian legal system.

The 231 Model was adopted by the Board in the firm belief that the establishment of an “organisational, management and control model”, in addition to being a valid tool for raising the awareness of all those that operate on behalf of the Company so that they behave correctly in the performance of their activities, is also an indispensable for preventing the risk of the commission of the offences set forth in Italian Legislative Decree no. 231/2001. With the adoption and the effective implementation of the Model, the Company aspires to take advantage of the so-called justification in the unlikely event of their involvement for the relevant types of offences.

The Document describing the Model is divided into a “*General Part*”, which, after a brief explanation of the essential contents of Italian Legislative Decree no. 231/2001,

describes the activities carried out for defining the 231 Model of the Company and its illustrates its components, and the “*Special Part*” prepared for the different types of offence set forth in Italian Legislative Decree no. 231/2001 (if relevant for the Company) that form an integral and essential part of the Model.

11.4. Supervisory Body

The Company has a supervisory body whose tasks are identified in Italian Legislative Decree 231/2001, as specified in Model 231 formalised by the Company, such as supervising the operation, effectiveness, compliance and revision of the Model as well as preparing the operating procedures to ensure its correct functioning.

On 24 April 2012, subsequent to the Meeting for the appointment of the Board in office, the latter appointed the following persons as members of the Supervisory Body:

- Mr. Vincenzo Donnamaria (as member of the Board of Auditors);
- Ms. Laura Marsigli (Internal Audit Manager);
- Mr. Roberto Orecchia (as Independent Director).

On 22 January 2013, Board of Directors awarded the task of member of the supervisory body, *ad interim*, to the group general counsel Mr. P. Minaudo, as a substitute for Ms. Marsigli due to her temporary impossibility to continue with the task.

The Body has its own Regulations and also elected its Chairman internally, namely Mr. Vincenzo Donnamaria.

The Body shall remain in office until the approval of the financial statements for the 2014 financial year.

The Body met three times during the Financial Year (with the average attendance rate of 83% of its members at all the meetings).

On 13 May 2013 the Company issued a regular certification ex article I.A.2.10.2 of the Instructions accompanying the Regulations of Borsa Italiana S.p.A. (Adequacy of the 231 Model and its compliance, and composition of the Supervisory Body).

The Board of Directors, taking also account of the activities of the Supervisory Board, assigns the latter an annual expense budget for the performance of its activities, in full economic and managerial autonomy. The aforesaid budget is updated from time to time in accordance with the specific requirements that will be determined by the Supervisory Body. If any budget overrun due to specific requirements shall be communicated by the Supervisory Board to the Board of Directors.

11.5. Audit Firm

The statutory audit is carried out by an appointed audit firm that operates in accordance with the provisions of law. On 23 April 2013, the Shareholders’ meeting resolved to entrust Deloitte & Touche S.p.A. with the auditing task pursuant to the Italian Legislative decree 39/2010 on the basis of the proposal of the Board of Auditors:

- for the auditing of the financial statements of the Company and the consolidated financial statements of the SAES Getters Group;

- for the verification of the regular bookkeeping and the correct registration of the management facts in the accounting records - of the limited audit for the half-year report of the Company on a consolidated basis,

11.6. Officer in Charge of the preparation of the Company's accounting documents

On 24 April 2012 the Board appointed Mr. Michele Di Marco as *Group Administration, Finance & Control Manager* and *Deputy Chief Financial Officer*, confirming him, to be the Officer in Charge of the preparation of the Company's accounting documents, after having consulted the Board of Auditors, pursuant to and in accordance with new article 154-*bis* of the Consolidated Finance Act, introduced by the Italian Savings Law.

Pursuant to article 24 of the Company By-laws, introduced with the resolution of the extraordinary Shareholders' meeting of 29 June 2007, the Officer in Charge of the preparation of the Company's accounting documents must satisfy the professional requirements characterised by qualified experience of at least three years in the performance of administration, accounting and/or control activities, or as a manager or consultant on finance, administration, accounting and/or control activities, within listed companies and/or associated groups, or within companies, entities and enterprises of significant size and relevance, even with reference to the drafting and control of corporate accounting documents.

The office of Officer in Charge expires at the end of the mandate of the Board that appointed him (approval of the financial statements for the 2014 financial year). He can be re-elected. Mr. Di Marco was appointed Officer in Charge on 29 June 2007, confirmed on 24 April 2009 and his appointment was renewed on 24 April 2012.

The Officer in Charge has autonomous spending and signature rights. The Board ensures that Mr. Di Marco is provided with adequate powers and means to perform the duties assigned to him pursuant to article 154-*bis* of the Consolidated Finance Act, those assigned to him by the Board upon his appointment, and supervises his effective compliance with administrative and accounting procedures.

On 14 May 2007, the Board approved the first version of the document describing the Accounting Control Model, described in paragraph 11, and an update on 20 December 2012, in order to ensure a higher level of reliability of the financial reporting disclosed to the market and the effectiveness of the Officer in Charge. In particular, the document:

- describes the components of the Accounting Control Model;
- indicates the responsibilities, means and powers of the Officer in Charge;
- regulates the rules of conduct, the roles and responsibilities of the company organisational structures involved in various capacities;
- defines the (formal and internal) certification process on financial reporting.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 21 December 2010 the Board of Directors, having consulted and obtained the approval of the Independent Directors Committee, adopted the Procedures for transactions with related parties (the “Procedures”) in compliance with the provisions of CONSOB Regulation no.17221 of 12 March 2010 (hereinafter “Regulations”) and CONSOB Communication of 24 September 2010 (hereinafter “Communication”), aimed at ensuring the transparency and the substantial and procedural correctness of the transactions with related parties, identified pursuant to the revised international accounting standard IAS 24.

The Procedures define the transactions of “ major significance” that must be approved in advance by the Board, with the reasoned and binding opinion of the Committee for Transactions with Related Parties.

The other transactions, unless they fall within the residual category of transactions of minor value - transactions of less than € 250,000 - are defined as “of minor significance” and may be carried out subject to the reasoned and non-binding opinion of the aforesaid Committee. Furthermore, the Procedures identify cases of exemption to their application, including, in particular, the ordinary transactions concluded under conditions equivalent to those of the market or standard, transactions with or between subsidiaries and those with associated companies, provided that the other related parties of the Company have no significant interest in them, and transactions of minor value.

The Procedures came into force on 1 January 2011 and are published in the Company website www.saesgetters.com.

13. APPOINTMENT OF AUDITORS

The appointment of the Board of Auditors is expressly regulated by the By-laws, which set forth an appointment procedure using a slate system, without prejudice to the application of different and further mandatory legal or regulatory provisions.

The Board believes that the Auditors, in the same way as the Directors, ought also to be appointed according to a transparent procedure, as described below.

Article 22 of the current By-laws, which already provided for the election of the Board of Auditors by presenting lists, was amended by the resolution of the extraordinary Shareholders’ Meeting of 27 June 2007 in order to transpose the amendments and additions to the election procedures introduced in the meantime to the regulations in force.

In particular, the amendments were introduced in compliance with the provisions of article 148, paragraph 2 and 2-bis, as well as article 148-bis of the Consolidated Finance Act, as amended by Italian Legislative Decree 29 December 2006 no.303, and article

144-*sexies* of the Regulations for Issuers as modified by CONSOB resolution no. 15915 of 3 May 2007, which establishes that an active member of the Board of Auditors must be elected by the minority Shareholders that are not directly or indirectly related to the Shareholders that have submitted or voted that obtained the most votes, with reference to the definition of relations between current Shareholders and minority Shareholders contained in the Regulations for Issuers; that the Chairman of the Board of Auditors is appointed by the Shareholders' meeting from among the Auditors appointed by the minority shareholders; that the By-laws may require the Shareholder or Shareholders that submit the list are owners, at the time of submission of the list, of a shareholding that does not exceed the one stated in article 147-*ter*, paragraph 1, of the Consolidated Finance Act; that the list must be lodged at the company headquarters, accompanied with a series of documents specified by the regulations, at least 15 days prior to the date fixed for the Shareholders' Meeting convened to pass resolution on the appointment of Auditors; that the lists must be made available to the public at the company headquarters, the management company of the market and on the website of the issuing companies within the time limits and using the methods provided for by law; that the By-laws can establish the criteria to identify the candidate to be elected if the lists are equal.

Current article 22 of the By-laws sets forth that the minority - that are not party of a relevant connection, even indirectly, as per article 148, paragraph 2 of Italian Law no. 58/98 and related regulatory rules - are entitled to the appointment of one statutory Auditor, who is the Chairman of the Board, and of one substitute Auditor.

The election of the Auditors by the minority Shareholders takes place at the same time as the election of the other members of the control body (with the exception of cases of replacement).

Only those shareholders who, with reference to the shares registered in their account on the day of deposit of the lists at the Company offices alone or together with other shareholders, own voting shares representing at least the percentage in the voting capital equal to the one determined by CONSOB, pursuant to article 148 paragraph 2 of the Consolidated Finance Act and in compliance with the Regulations for Issuers, are entitled to present lists for the appointment of Auditors. On the date of this Report, the requested share is 2.5% of the share capital with voting rights.

A Shareholder cannot submit or vote for more than one list, even through third parties or through trust companies.

Shareholders that are part of the same group and shareholders who entered a shareholder agreement concerning the shares of the Company cannot submit nor vote for more than one list, even through intermediaries or trust companies. Each candidate may enrol in only one list, under penalty of ineligibility.

The lists, to be signed by all those that submitted them, must be lodged at the head offices of the Company within twenty-five days prior to the Meeting convened to resolve upon the appointment of the Board of Auditors. The Company makes the lists available to the public at the company offices, at the management company of the market and on its website, within the time limits and using the methods established by applicable laws.

The lists must contain the names of one or more candidates for the position of Statutory Auditor and of one or more candidates for the position of Substitute Auditor. The names of the candidates are marked in each section (Statutory Auditors section, Substitute Auditors section) by a progressive number and in numbers not exceeding the members to be elected.

The lists also contain, as an annex:

- a) information on the identity of the Shareholders that have submitted the lists, with the information on the total percentage of the overall shareholding owned: this indication must be approved by a special certificate issued by the intermediary to be submitted also subsequent to the deposit of the list, but in any case within the time limits provided for the publication of the lists by the issuer;
- b) a declaration of the Shareholders other than those that hold, even jointly, a controlling or majority shareholding, certifying the absence of the relationships provided for by article 144-*quinquies* of the Regulations for Issuers with the latter;
- c) an exhaustive report on the personal and professional characteristics of the candidates accompanied by the list of the management and control positions held in other companies;
- d) a declaration of the candidates certifying that non-existence of causes for ineligibility and incompatibility, as well as the possession of the requirements provided for by *pro tempore* laws and regulations in force, and their acceptance of the candidature;
- e) any other further or different declaration, information and/or document provided for by law and applicable regulations.

If upon the expiry of the deadline to submit the lists, only one list has been lodged, or only lists by inter-related Shareholders pursuant to the applicable regulations, lists may be submitted up to the fifth day subsequent to this date. In this case the minimum threshold above required for submitting the lists are reduced by half. The failure to submit minority lists, the extension of the deadline for the submission of the latter and the reduction of the thresholds are disclosed within the time limits and using the methods provided for by applicable laws.

Members of the Board of Auditors are elected as follows: (i) 2 statutory Auditors and 1 substitute Auditor are selected from the list that has obtained the highest number of votes (“Majority List”), in the order of priority they appear on the list; (ii) 1 statutory Auditor, who will be the Chairman of the Board of Auditors (“Minority Auditor”), and 1 substitute Auditor (“Minority Substitute Auditor”) are selected from the second list that has obtained the highest number of votes and that is not connected directly or indirectly with the Shareholders that have submitted or voted for the Majority List pursuant to the applicable provisions (“Minority List”), in the order of priority they appear on the list.

In the event that the lists obtain an equal number of votes, the list submitted by Shareholders owning the larger shareholding at the time of submission of the list prevails, or, subordinately, the one submitted by the higher number of Shareholders.

If only one list is presented, the Shareholders’ Meeting will vote on this list and if it obtains the majority of voters, without taking abstentions into account, the candidates

listed for these positions will be elected statutory and substitute Auditors. In this case, the Chairman of the Board of Auditors will be the first candidate voted as statutory Auditor.

If no lists are submitted, the Board of Auditors and the Chairman are appointed by the Shareholders' meeting with the ordinary majorities required by law.

If, for any reason, the Majority Auditor is no longer available, he/she is replaced by the Substitute Auditor selected from the Majority List.

If, for any reason, the Minority Auditor is no longer available, he/she is replaced by the Minority Substitute Auditor.

As set forth in article 2401, paragraph 1, of the Italian Civil Code, the Shareholders' Meeting appoints or replaces the Auditors in compliance with the principle of the necessary representation of minorities.

14. AUDITORS

The Board of Auditors holding office was appointed by the Shareholders' Meeting on 24 April 2012 and will remain in office until the approval of the 2014 financial statements. The Board of Auditors, as shown in more detail in the following table, consists up of Mr. Vincenzo Donnamaria, Chairman of the Board of Auditors, and Mr. Maurizio Civardi and Mr. Alessandro Martinelli, statutory Auditors. The Board of Auditors holding office was appointed on the basis of a single list submitted to the Company by the majority Shareholder S.G.G. Holding S.p.A., in compliance with the methods and within the time limits prescribed by regulations and the By-laws.

The list and the accompanying documents were also promptly published on the Company website.

The Board carries out an annual inspection on the continuance of the professionalism and integrity requirements that the Auditors must satisfy pursuant to the Decree of the Ministry of Justice of 30 March 2000, no.162, as well as that of independence pursuant to art.148 of the Consolidated Finance Act and application standard 8.C.1. of the 2011 Code. During the Financial Year, with reference to the 2012 financial year, this inspection was carried out on 19 February 2013. With reference to the 2013 financial year, this inspection was carried out on 18 February 2014.

In addition to the requirements prescribed by the applicable regulations, the Auditors of the Company must also have proven skills and expertise in tax, legal, organisational and accounting matters, in such a way as to guarantee the Company maximum efficiency in the controls and the diligent execution of their duties.

In derogation from application standard 8.C.1. of the 2011 Code, the Board did not consider it necessary to specifically provide that the Auditors should be chosen from among persons that qualify as independent on the basis of the criteria indicated for the Directors, as they considered legal provisions to be sufficient. The Shareholders submitting the lists for the appointment of the Board of Auditors are requested to indicate the possible suitability of the candidates to qualify as independent, leaving the

evaluation of the importance of this qualification to the Shareholders' Meeting during the appointment phase of the Board of Auditors.

Also in compliance with application standard 8.C.2. of the 2011 Code, the Auditors accept the office when they believe they can devote the necessary time to the diligent performance of their duties.

During the Financial Year each member of the Board of Auditors informed CONSOB of the management and control positions held at the companies set forth in Book V, Chapters V, and VI, VII of the Italian Civil Code, pursuant to and in accordance with article 144-*quaterdecies* of the Regulations for Issuers.

Also in compliance with the principle 8.P.1. of the 2011 Code, the Auditors operate autonomously and independently also from the Shareholders that elected them.

The Auditor that, personally or on account of third parties, has an interest in a particular transaction of the Company immediately informs the other Auditors and the Chairman of the Board providing exhaustive details on the nature, terms, origins and extent of the interest, also pursuant to application standard 8.C.3. of the 2011 Code.

The Board of Auditors, within the context of the tasks assigned to it by law, supervises the methods of implementing corporate governance rules and ensures (as it did during the Financial Year) that the criteria and procedures to ascertain the independence of its members adopted by the Board of Directors has been correctly applied. The result of these checks is announced to the market within the context of this Report or the Auditors' Report to the Shareholders' Meeting.

The Board of Auditors also oversees (as it did during the Financial Year) the conditions for the independence and the autonomy of its members, informing the Board thereof in a timely manner with respect to the drafting of this Report. The Board of Auditors verified the continuing satisfaction of the requirements of independence of its members in the first meeting after its appointment (on 24 April 2012) and during the Financial Year. In carrying out the inspections stated above the Board did not apply any further criteria for the independence of the Directors, but only laws and regulations.

The Board of Auditors is responsible for evaluating the proposals formulated by the audit firms in order to be entrusted with the related task, as well as the plan prepared for the audit and the results shown in the report and in the suggestion letter. The Board of Directors also supervises the effectiveness of the auditing process and the independence of the audit firm, also checking its compliance with legal provisions, as well as the nature and size of the services other than the auditing services provided to the Company and its subsidiaries by the aforesaid audit firm and the entities belonging to its network.

During the Financial Year, the Board of Auditors supervised the independence of the audit firm, checking its compliance with legal provisions in these matters, as well as the nature and size of the services other than the auditing services provided to the Company and its subsidiaries.

Furthermore, by virtue of the provisions contained in Italian Legislative Decree 39/2010, the Board of Auditors also acts as Internal Control and Audit Committee called upon to supervise the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of annual accounts and the consolidated accounts and the independence of the external audit firm.

Reference is to be made to subsequent paragraph “17. Additional Corporate Governance Practices” for further details.

The Board of Auditors may ask the Internal Audit Department to carry out specific inspections on operational areas or corporate transactions in the performance of its tasks, as indicated in application standard 8.C.4. of the 2011 Code.

In accordance with application standard 8.C.5. of the 2011 Code, the Board of Auditors and the Audit and Risk Committee duly exchanged important information for the performance of their respective tasks, for example on the occasions of the meetings of the Board of Directors or Audit and Risk Committee (in which, it is to be remembered, are attended by the Chairman of the Board of Auditors or other Auditor appointed by the latter).

During the Financial Year the Board of Auditors met five times with constant participation of all members. The meetings of the Board of Auditors last an average of 3 hours. Five meetings are planned for the 2013 financial year; 1 meeting was held on 12 March.

In relation to principle 8.P.2. of the 2011 Code, the Company believes it has adopted adequate measures to guarantee the effective performance of the tasks of the Board of Auditors.

The personal and professional information of each Auditor is provided below:

Maurizio CIVARDI - born in Genoa on 30 July 1959

Chartered Accountant - Partner of STUDIO ROSINA e ASSOCIATI

- Registered in the Register of Auditors (Italian Ministerial Decree 12/4/1995 O.G. 31 *bis* – IV special series of 21/4/1985)
- Official Receiver
- Expert appointed by the Court (pursuant to Article 2343 of the Italian Civil Code) for the evaluation of complex businesses
- Liquidator
- Tax and company advisor of several companies, also offering assistance in corporate reorganisation transactions, company organisation and requests for admission to insolvency proceedings
- former Member of the Research Committee for Direct Taxes within the Italian National Board of Chartered Accountants
- former Delegate in the C.N.D.C./ACCA Bilateral Committee within the JOINT INTERNATIONAL COMMITTEE on behalf of the Italian National Board of Chartered Accountants

He has been a Statutory Auditor of SAES Getters S.p.A. since 2006.

Vincenzo DONNAMARIA - born in Rome on 4 October 1955

He graduated with a Law degree from the Università degli Studi of Rome in 1978.

Lawyer enrolled in the Bar of Rome (94).

Registered in the Register of Auditors since its formation (Italian Ministerial Decree 12 April 1995).

Court of Cassation lawyer, registered in the Special Register of Cassation Lawyers since 2003.

Mr. Vincenzo Donnamaria is a founding member and national manager of Studio Associato di Consulenza Legale e Tributaria KStudio Associato (law firm). The Firm, which has more than 3000 professionals, lawyers, chartered accountants and auditors, is associated with the international network of KPMG.

From November 1978 to April 1985 he advanced his career in Arthur Andersen, reaching the office of ordinary member of the Tax and Corporate Consultancy Firm.

From May 95 to September 1988 he was the founding member of the Studio Consulenti Associati Di Paco, Donnamaria, Guidi, (KPMG) and was responsible for the Rome office.

He participated as a lecturer of teaching courses in the field of direct and indirect taxation and as a speaker at conferences on topics related to tax.

In 1985 he published the book "Disciplina fiscale degli ammortamenti" (Tax regulations on amortisation), together with Mr. Francesco Rossi Ragazzi for the IPSOA publishing house.

He is a member of ANTI (Associazione Nazionale Tributaristi Italiani, National Association of Italian Tax Advisors).

During 1988 he was appointed Consultant of the Authority for Communication Guarantees within the preparation of the Regulations concerning the organisation and the operation of this Authority.

In 1998 he was also appointed member of the Commission of Inquiry set up by the Ministry of Defence, with Italian Ministerial Decree of 29 September 1998, in relation to the criminal proceedings initiated by the Judicial Authority against the former General Management personnel of the Construction of naval weapons and arms.

He has been a statutory Auditor of SAES Getters S.p.A. since 2006. In 2006 he was appointed Chairman of the Board of Auditors.

Alessandro MARTINELLI - born in Milan on 5 July 1960

Registered in the Register of Chartered Accountants and Accounting Experts of Milan, roll section A, since 20 September 1987.

Registered in the Register of Statutory Auditors O.G. no. 31 of 21/04/1995 Italian Decree 12/04/25.

After an apprenticeship at the leading accountancy firm of Milan, he embarked upon his career in 1987 in his family Firm, active since 1920, mainly dealing mainly with tax consultancy, corporate consultancy and tax-related lawsuits.

As manager, he also followed the administrative and accounting management of clients of the Firm.

He has been statutory Auditor of SAES Getters S.p.A. since 2006.

15. INVESTOR RELATIONS

The Chairman and Managing Director, in compliance with procedure for the management of inside information, do their utmost to establish constant dialogue with the Shareholders, the institutional investors and the market in order to guarantee the systematic distribution of a complete and timely report on its activities. Disclosure to investors, the market and the press is guaranteed by press releases, regular meetings with institutional investors and with the financial community.

Also in compliance with application standard 9.C.1. Of 2001 Code, the dialogue with the institutional investors, the Shareholders as a whole and the analysts is entrusted to a specific dedicated department, called Investor Relations, in order to ensure continuous and professional relations, as well as the correct, constant and complete exchange of information.

The management of relations with the Shareholders is entrusted to Ms. Emanuela Foglia, Investor Relations Manager, under the supervision of the Group Chief Financial Officer and the Managing Director, Mr. Giulio Canale.

During the Financial Year meetings and conference calls on the regular economic and financial reporting were organised. During the Financial Year, the Company also participated in the STAR Conference organised by Borsa Italiana S.p.A. in Milan on 27 March 2013. For the current financial year the STAR Conference is planned for 25 and 26 March.

The presentations used during the meetings planned with the financial community were made public through publication on the Company website at the address www.saesgetters.com/it/investor/presentation, in addition to being sent in advance via e-mail to CONSOB and Borsa Italiana S.p.A.

The e-mail address for collecting requests for information and providing explanations and clarifications to the Shareholders on the transactions carried out by the Company is: investor_relations@saes-group.com.

Furthermore, the Company, in order to facilitate the attendance of the Shareholders in the Shareholders' Meeting, allows the Shareholders to ask questions on the items on the agenda, also before the Meeting, by sending a registered letter with acknowledgement of receipt to the company headquarters via certified e-mail to the address saes-ul@pec.it. The questions received before the Shareholders' Meeting are answered on the website of the Company or, at the latest, during the shareholders' meeting, with the right of the Company to provide a unified response to questions with the same content.

Special attention is to be paid to the Company website (www.saesgetters.com), where financial and economic information (such as financial statements, half-yearly and quarterly reports), as well as data and documents of interest to the Shareholders as a whole (press releases, presentations to the financial community, calendar of corporate events) can be found in Italian and English.

Also in compliance with application standard 9.C.2., the Company provides the necessary or appropriate information in the special Investor Relations section of the Company website so that the Shareholders can make informed decisions while exercising their rights, with particular reference to the methods provided for the participation and exercising of voting rights in the Meeting, as well as to the documents related to the topics on the agenda, therein including the list of candidates for the positions of Director and Auditor with the indication of their personal and professional characteristics.

The admission and the permanence of the Company in the STAR (“Segmento Titoli con Alti Requisiti” - segment of securities with high requirements) of Borsa Italiana S.p.A. also represent an indicator of the ability of Companies to satisfy the high information disclosure standards that constitute one of its essential requirements.

16. SHAREHOLDERS' MEETINGS

The Meetings, duly constituted, represent all the Shareholders, and its resolutions, passed in compliance with the law, are binding upon Shareholders even if they are absent or dissenting. The meeting is held in ordinary and/or extraordinary session, according to law, at the company headquarters or another location, even abroad, provided that it is within the countries of the European Union.

The Shareholders' Meeting is regulated by articles 8, 9, 10, 11, 12 and 13 of the By-laws, which can be found on the Company website at the address www.saesgetters.com/it/investor/company-bylaws.

In sharing principles 9.P.1. and 9.P.2. as well as application standard 9.C.2. and 9.C.3. of the 2011 Code, the Chairman and Managing Director do their utmost to encourage the widest possible attendance at the Shareholders in the Meetings, as an actual moment of communication and connection between the Company and its investors. As a rule, all the Directors attend the Meetings. The Board does its utmost to reduce the constraints and obligations that render it difficult and burdensome for the Shareholders to attend Meetings and exercise their voting rights. Moreover, no complaints to this effect were received from the Shareholders.

The Meetings are also an occasion for providing the Shareholders with information on the Company, in compliance with the regulations on inside information.

In particular, in the Meetings the Board reports on the activities carried out and those that are planned and does its utmost to ensure that the Shareholders are provided with adequate information on the necessary topics so that they may make the decisions reserved for the Shareholders' Meeting in full cognition of the facts.

During the Financial Year, the Shareholders' Meeting was held on 23 April 2013 with the following agenda:

Ordinary part

1. Reports of the Board of Directors for the financial year ended 31 December 2012; financial statements as at 31 December 2012; related resolutions; presentation of

the consolidated financial statements as at 31 December 2012; distribution of the dividend;

2. Report on remuneration pursuant to article 123-ter of Italian Legislative Decree no. 58/1998 and article 84-quater of CONSOB resolution no.11971 of 14/5/1989 concerning the regulations for issuers;

3. Proposal for the authorisation of the Board of Directors pursuant to and in accordance with articles 2357 *et. seq.* of the Italian Civil Code and 132 of Italian Legislative Decree no. 58/1988, to purchase and dispose of up to a maximum of 2,000,000 treasury shares; related and consequent resolutions;

4. Awarding of the task of the statutory auditing of accounts for the 2013-2021 financial years and determination of remuneration pursuant to Italian Legislative Decree 39/2010; related and consequent resolutions;

5. Amendment of article 4, paragraph 7 of the Regulations for Meetings of Shareholders.

Extraordinary part

1. Withdrawal of the proxy pursuant to article 2443 of the Italian Civil Code granted by the meeting of 23 April 2008 to the Board of Directors to increase the share capital in one or several occasions; proposal to grant the Board the power, pursuant to article 2443 of the Italian Civil Code, to increase the share capital, with or without consideration, within a period of five years from the resolution up to an amount of EUR 15,600,000; related and consequent resolutions, also with regard to the amendment of the company by-laws.

In order to attend the Shareholders' Meeting, the Company requires the notification establishing the right to speak and to vote in the Shareholders' Meeting to be sent by the intermediary on the basis of records at the end of the accounting day of the seventh day of open market before the date fixed for the Shareholders' Meeting on first and only call.

In this regard, article 10 of the By-laws states:

"Attendance and representation at the Shareholders' meeting are governed by the Law.

Voting rights holders will have the right to attend the Meetings providing that their capacity to attend the meeting is certified according to the modalities and within the terms provided by the regulations and laws in force.

The electronic notice of the delegation to attend the Meetings may be pursued by means of related link on the Company website, according to the methods set forth by the notice of calling, or, alternatively, by means of certified email sent to the email address indicated in the notice of calling.

The Chairman of the Meeting, also through appointees, shall be responsible for verifying the validity of the meeting's establishment, the identity and legitimacy of those present, and for regulating the meeting's progress, establishing the methods of discussion and voting (which shall in all cases be transparent), and announcing the results of votes."

16.1. Regulations for Shareholders' Meetings

In compliance of application standard 9.C.3. of the 2011 Code, on 13 March 2012 the Board proposed the adoption of specific regulations for Shareholders' Meetings, indicating the procedure to be followed in order to enable the orderly and functional performance of the meetings, guaranteeing, at the same time, the right of each shareholder to take the floor on the points under discussion. These regulations were approved and adopted by the Shareholders' Meeting of 24 April 2012 and updated, with the amendment of article 4, paragraph 7, by the Shareholders' Meeting of 23 April 2013.

The regulations can be found on the Company website at the address: www.saesgetters.com/it/investor/shareholders'-meeting-regulations.

16.2. Special Meeting of holders of Saving shares

The special meeting of holders of savings shares convenes in accordance with the law, at the company headquarters or another location, even abroad, provided that it is within the countries of the European Union

The last meeting of holders of savings shares was held on 20 April 2011 in order to appoint the Common Representative, since his mandate had expired. The special meeting confirmed Mr. Massimiliano Perletti as Common Representative of the holders of savings shares for in the 2011-2013 financial years (e-mail address: massimiliano.perletti@roedl.it), fixing his remuneration (at €1100 per year).

The meeting of holders of savings shares to be held will appoint the Common Representative, since the mandate of the latter has expired, and will determine his/her remuneration.

16.3. Significant changes in the market capitalisation of shares

The ordinary and savings shares listed on the Italian Electronic Stock Market (STAR segment) registered an increase in value by +1% and +18%, respectively, in 2013 against an increase by 12% and 53%, respectively, registered by the FTSE MIB index and by the FTSE Italia Star index.

16.4. Significant changes in the company structure

As per the announcements distributed through the SDIR-NIS system, the majority Shareholder of the company S.G.G. Holding S.p.A. sold 146,010 ordinary shares during the 2013 financial year, reducing its shareholding from 54.25% to 53.25%.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

In consideration of the legal and procedural provisions introduced by Italian Legislative Decree of 27 January 10, 2010, no. 39, in order to facilitate the constant information flow among the various company bodies and departments that allows the Internal Control and Audit Committee the adequate supervision required by law, the additional activities that the Committee carries out in the performance of its tasks include regular

meetings between the Committee, the Audit and Risk Committee, the Audit Firm, the Manager of the Internal Audit Department, the Officer in Charge of the preparation of the Company's accounting documents pursuant to Italian Legislative Decree no. 260/05 and the Group Legal General Counsel, which are dedicated to the analysis and the discussion on the financial reporting process, the effectiveness of internal control, internal audit and risk management systems, the statutory auditing of annual accounts and consolidated accounts and the independence of the external audit firm, in particular with regard to the provision of non-auditing services to the body subjected to the statutory audit of accounts.

18. CHANGES AFTER THE REPORTING PERIOD

There were no changes in the Corporate Governance structure subsequent to the closing date of the Financial Year.

Lainate, 13 March 2014

for the Board of Directors

Mr. Massimo della Porta
Chairman

ANNEXES

TABLE 1 – STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Position	Members	In office since	BOARD OF DIRECTORS								COMMITTEES				
			In office until	List (M/m)	Exec.	Non exec.	Indep. based on Code	Indep. based on Consolidated Finance Act	% attendance at BoD meetings	Number of other offices	Audit and Risk Committee	Remuneration and Appointment Committee	AC	EC	Other Committee
Chairman	Massimo della Porta	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	X				100	3			N/A	N/A	N/A
Vice-Chairman, Managing Director and Chief Financial Officer	Giulio Canale	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	X				100	2					
Director	Stefano Baldi	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M		X			50	1					
Director	Emilio Bartezzaghi	24.04.2012	Shareholders' Meeting for the approval of the 2014 Financial Statements	M		X	X	X	100	3		X			
Director	Adriano De Maio	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M		X		X	83.33	3		X			
Director	Alessandra della Porta	09.05.13	Shareholders' Meeting for the approval of the 2014 Financial Statements	M		X			71.43	-					

BOARD OF DIRECTORS										COMMITTEES					
Position	Members	In office since	In office until	List (M/m)	Exec.	Non exec.	Indep. based on Code	Indep. based on Consolidated Finance Act	% attendance at BoD meetings	Number of other offices	Audit and Risk Committee	Remuneration and Appointment Committee	AC	EC	Other Committee
Director	Luigi Lorenzo della Porta	24.04.2012	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	X				75	2			N/A	N/A	N/A
Director	Andrea Dogliotti	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	X				100	-	X				
Director	Pietro Mazzola	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	X				75	11					
Director	Roberto Orecchia	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	X	X	X		83.33	-	X				
Director Lead Independent Director	Andrea Sironi	24.04.12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	X	X	X		75	-	X	X			
Directors retired during the Financial Year															
Director	Carola Rita della Porta	24.04.2012	During the 2013 Financial Year attended 100% of the Board meetings in the period in which she held office												
Quorum required for the submission of the lists on the occasion of the last appointment (24 April 2012)				2.5%											
Number of meetings held during the Financial Year				Board of Directors		Audit and Risk Committee		Remuneration and Appointment Committee		Appointment Committee		Executive Committee		Other Committee	
				12		5		2		N/A		N/A		N/A	

TABLE 2 – STRUCTURE OF THE BOARD OF AUDITORS

Position	Members	In office since	In office until	List M/m	Indep. based on Code	% Attendance at BoD meetings	Other positions
Vincenzo Donnamarina	Chairman	24/04/12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	No	75	21
Maurizio Civardi	Statutory Auditor	24/04/12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	No	100	45
Alessandro Martinelli	Statutory Auditor	24/04/12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	No	83.33	12
Fabio Egidi	Substitute Auditor	24/04/12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	No	n.a.	n.a.
Piero Angelo Bottino	Substitute Auditor	24/04/12	Shareholders' Meeting for the approval of the 2014 Financial Statements	M	No	n.a.	n.a.
AUDITORS RETIRED DURING THE FINANCIAL YEAR							
		No auditor retired during the Financial Year					
Quorum required for the submission of the lists on the occasion of the last appointment (24 April 2012)					2.5 %		
Number of meetings during the Financial Year					5		

ANNEX 1 – POSITIONS AS DIRECTOR OR AUDITOR HELD IN OTHER COMPANIES LISTED IN REGULATED MARKETS, EVEN ABROAD, IN FINANCIAL, BANKING, INSURANCE OR LARGE COMPANIES

NAME	POSITIONS	
	Company	Position
Stefano Baldi	S.G.G. Holding S.p.A.	Non-executive Director
	Artemide Group S.p.A.	Independent non-executive Director, Member of ARC
Emilio Bartezzaghi	Polimilano Educational Consulting	Non-executive Director
	Fondazione Universitaria Politecnico di Milano	Non-executive Director
Giulio Canale	S.G.G. Holding S.p.A.	Director
	Telima Italia S.r.l.	Non-executive Director
	Telecom Italia Media S.p.A.	Non-executive Director and Audit Committee member
Adriano De Maio	TxT e-solutions S.p.A.	Non-executive Director and Audit Committee and Compensation Committee member
	EEMS S.p.A.	Non-executive Director
Alessandra della Porta	-	-
Luigi Lorenzo della Porta	S.G.G. Holding S.p.A.	Non-executive Director
	DELVEN S.n.c.	Executive Director
	S.G.G. Holding S.p.A.	Director
Massimo della Porta	Alto Partners SGR S.p.A.	Non-executive Director
	MGM S.r.l.	Executive Director
Andrea Dogliotti	-	-
	Banca Popolare Commercio e Industria	Chairman of the Board of Auditors
Pietro Mazzola	Berger Trust S.p.A.	Vice-Chairman of the Board of Directors
	Fratelli Testori S.p.A.	Chairman of the Board of

	La Rapida s.n.c. La Lunga Sas Generali S.p.A. Buccellati Holding Italia S.p.A.	Auditors Administrator General Partner Member of Supervisory Body Director
Roberto Orecchia	-	-
Andrea Sironi	-	-

It is to be noted that, among the companies stated above, only S.G.G. Holding S.p.A belongs to the SAES Getters Group, as the latest parent company of the latter.

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SAES Getters S.p.A.

Viale Italia, 77 - 20020 Lainate (MI), Italy - Tel. + 39 02 931 78 1 - Fax + 39 02 931 78 250

www.saesgetters.com