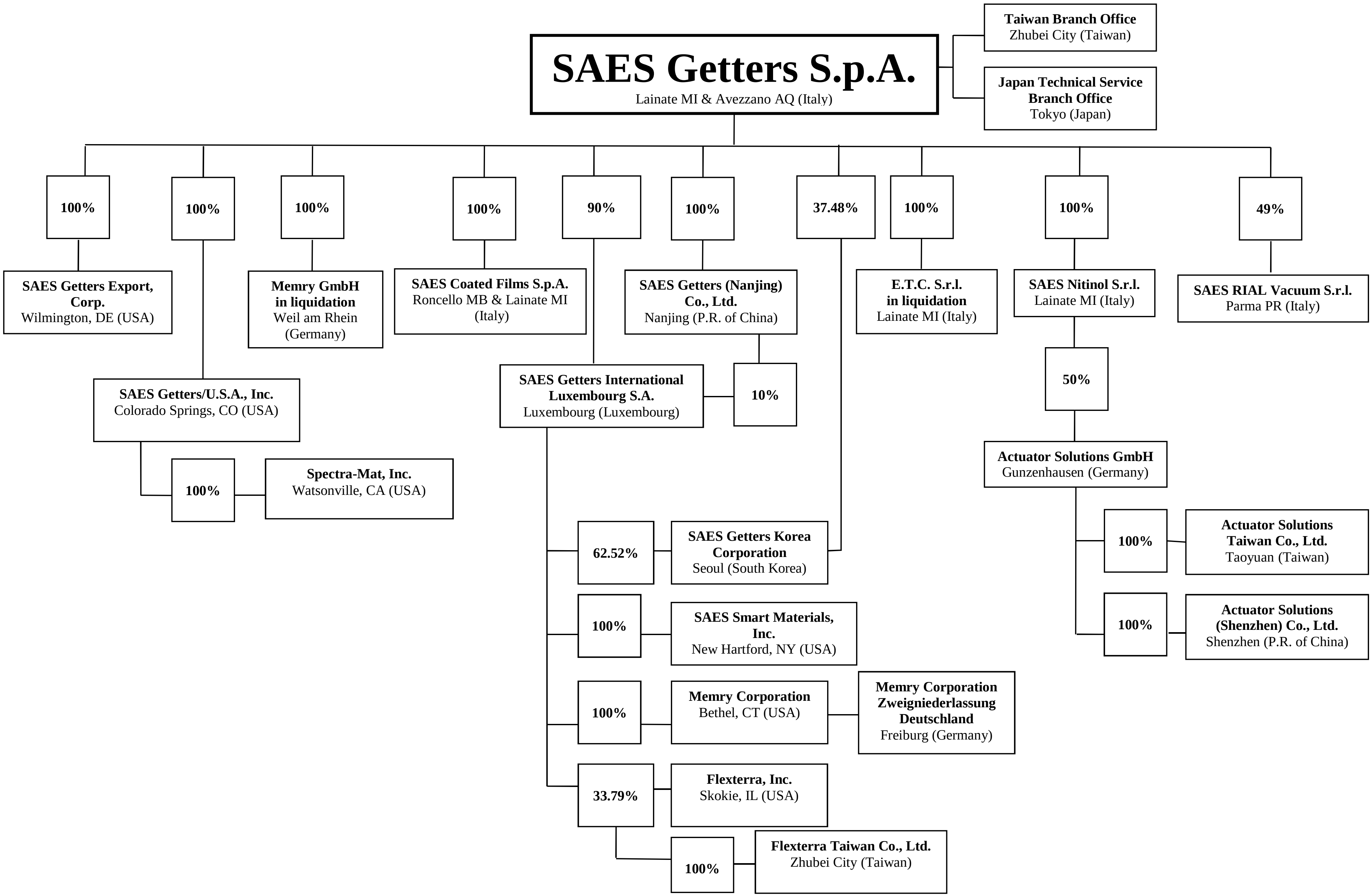
Interim Consolidated Financial Statements 2018


SAES Getters S.p.A.
Lainate MI & Avezzano AQ (Italy)
Taiwan Branch Office
Zhubei City (Taiwan)
Japan Technical Service Branch Office
Tokyo (Japan)
100%
SAES Getters Export, Corp.
Wilmington, DE (USA)
100%
SAES Getters/U.S.A., Inc.
Colorado Springs, CO (USA)
100%
Spectra-Mat, Inc.
Watsonville, CA (USA)
100%
Memry GmbH in liquidation
Weil am Rhein (Germany)
100%
SAES Coated Films S.p.A.
Roncello MB & Lainate MI (Italy)
90%
SAES Getters International Luxembourg S.A.
Luxembourg (Luxembourg)
10%
100%
SAES Getters (Nanjing) Co., Ltd.
Nanjing (P.R. of China)
37.48%
62.52%
SAES Getters Korea Corporation
Seoul (South Korea)
100%
SAES Smart Materials, Inc.
New Hartford, NY (USA)
100%
Memry Corporation
Bethel, CT (USA)
Memry Corporation Zweigniederlassung Deutschland
Freiburg (Germany)
33.79%
Flexterra, Inc.
Skokie, IL (USA)
100%
Flexterra Taiwan Co., Ltd.
Zhubei City (Taiwan)
100%
E.T.C. S.r.l. in liquidation
Lainate MI (Italy)
100%
SAES Nitinol S.r.l.
Lainate MI (Italy)
50%
Actuator Solutions GmbH
Gunzenhausen (Germany)
100%
Actuator Solutions Taiwan Co., Ltd.
Taoyuan (Taiwan)
100%
Actuator Solutions (Shenzhen) Co., Ltd.
Shenzhen (P.R. of China)
49%
SAES RIAL Vacuum S.r.l.
Parma PR (Italy)

The present is the English translation of the Italian official report.
For any difference between the two texts, the Italian text shall prevail.

Interim Condensed Consolidated Financial Statements as at June 30, 2018

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	Alessandra della Porta (1) Luigi Lorenzo della Porta (1) Andrea Dogliotti (1) Luciana Rovelli (1) (2) (4) (5) (6) (8) Adriano De Maio (1) (3) (4) Stefano Proverbio (1) (2) (5) (6) (7) (8) Gaudiana Giusti (1) (2) (4) (5) (6) (8)

Board of Statutory Auditors

President	Vincenzo Donnamaria
Statutory Auditors	Maurizio Civardi Sara Anita Speranza (8)
Alternate Statutory Auditors	Massimo Gabelli Mara Luisa Sartori
Audit Firm	Deloitte & Touche S.p.A. (9)

Representative of holders of savings shares	Massimiliano Perletti (10) (e-mail: massimiliano.perletti@roedl.it)

(1) Non-executive Director
(2) Independent Director, pursuant to the criteria of the Code of Conduct of the Italian Stock Exchange and according to article 147-ter, paragraph 4 and article 148, paragraph 3 of Legislative Decree 58/1998
(3) Independent Director, pursuant to the combined provisions of article 147-ter, paragraph 4, and article 148, paragraph 3, of Legislative Decree 58/1998
(4) Member of the Remuneration and Appointment Committee
(5) Member of the Audit, Risk and Sustainability Committee
(6) Member of the Committee for Transactions with Related Parties
(7) Lead Independent Director
(8) Member of the Supervisory Body
(9) Appointed for the years 2013-2021 by the Shareholders' Meeting held on April 23, 2013
(10) Appointed for the years 2017-2019 by the Special Meeting of Holders of Savings Shares on April 27, 2017

The mandate of the Board of Directors and of the Board of Statutory Auditors, elected on April 24, 2018, will expire on the same date of the Shareholders' Meeting in which the financial statements for the year ended December 31, 2020 are approved.

Powers of the company bodies

Pursuant to article 20 of the Articles of Association, the President and the Vice President and Managing Director are each 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 28, 2015, 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 confirmed as Group Chief Executive Officer, with the meaning that such definition and role has in the English-speaking countries. The Vice President and Managing Director Giulio Canale has been confirmed in the role of Deputy Group Chief Executive Officer and Group Chief Financial Officer, with the meaning that such definitions and roles has in the English-speaking countries.

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Interim Group Financial Highlights

INTERIM GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	**1st Half 2018**	**1st Half 2017 (1)**	**Difference**	**Difference %**
NET SALES				
- Industrial Applications	29,430	26,107	3,323	12.7%
- Shape Memory Alloys	39,754	40,032	(278)	-0.7%
- Solutions for Advanced Packaging	5,951	6,960	(1,009)	-14.5%
- Business Development	574	741	(167)	-22.5%
Total	**75,709**	**73,840**	**1,869**	**2.5%**
GROSS PROFIT (3)				
- Industrial Applications	15,200	13,054	2,146	16.4%
- Shape Memory Alloys	16,604	17,022	(418)	-2.5%
- Solutions for Advanced Packaging	622	1,059	(437)	-41.3%
- Business Development & Corporate Costs (4)	64	126	(62)	-49.2%
Total	**32,490**	**31,261**	**1,229**	**3.9%**
% on net sales	*42.9%*	*42.3%*		
EBITDA (5)	**11,702**	**9,502**	**2,200**	**23.2%**
% on net sales	*15.5%*	*12.9%*		
OPERATING INCOME (LOSS)	**7,882**	**5,054**	**2,828**	**56.0%**
% on net sales	*10.4%*	*6.8%*		
NET INCOME (LOSS) from continued operations	**2,704**	**(1,983)**	**4,687**	**-236.4%**
% on net sales	*3.6%*	*-2.7%*		
NET INCOME (LOSS) from discontinued operations	**239,870**	**12,975**	**226,895**	**1,748.7%**
% on net sales	*316.8%*	*17.6%*		
Group NET INCOME (LOSS)	**242,574**	**10,992**	**231,582**	**2,106.8%**
% on net sales	*320.4%*	*14.9%*		

Balance sheet and financial figures	**June 30, 2018**	**December 31, 2017 (2)**	**Difference**	**Difference %**
Tangible fixed assets	50,312	46,098	4,214	9.1%
Group shareholders' equity	349,510	122,141	227,369	186.2%
Net financial position	248,988	(16,517)	265,505	-1,607.5%

Other information		**1st Half 2018**	**1st Half 2017 (1)**	**Difference**	**Difference %**
Cash flow from operating activities	(*)	6,662	17,616	(10,954)	-62.2%
Research and development expenses		5,455	5,970	(515)	-8.6%
Number of employees as at June 30 (7)		1,010	1,124	(114)	-10.1%
Personnel cost (8)		35,068	34,169	899	2.6%
Disbursement for acquisition of tangible assets	(**)	(7,253)	(3,592)	(3,661)	101.9%

(*) The figure included 11,592 thousand euro from discontinued operations.
(**) The figure included 156 thousand euro from discontinued operations.

(1) The income statement balances as at June 30, 2017, presented for comparative purposes, do not coincide with the balances reported in the 2017 Interim Financial Report since they reflect the reclassifications relating to the transfer of the gas purification business, finalized on June 25, 2018 (identified as a "major line of business"), in accordance with IFRS 5. These reclassifications are augmented by the adjustments deriving from the completion of the temporary valuation of the business combination of SAES Coated Films S.p.A. (former Metalvuoto S.p.A.) and the completion of the process of identification of the fair value of the intangible assets transferred by some shareholders at the time of the establishment of the Flexterra, Inc. joint venture, in compliance with IFRS 3 revised.

(2) The balance sheet balances as at December 31, 2017, presented for comparative purposes, were reclassified. In particular, assets and liabilities, relating to the purification business and subject to the transfer finalized on June 25, 2018, were reclassified respectively to the item "Assets held for sale and discontinued transactions" and "Liabilities held for sale and discontinued transactions", in compliance with IFRS 5.

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

(thousands of euro)

	1st Half 2018	1st Half 2017
Net Sales	**75,709**	**73,840**
Raw materials	(14,048)	(14,167)
Direct labour	(11,278)	(10,542)
Manufacturing overhead	(19,321)	(20,019)
Increase (decrease) in work in progress and finished goods	1,428	2,149
Cost of sales	**(43,219)**	**(42,579)**
Gross profit	**32,490**	**31,261**
% on net sales	*42.9%*	*42.3%*

(4) 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.

(5) EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRSs); however, we believe that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, write-downs, depreciation and amortization".

(thousands of euro)

	1st Half 2018	1st Half 2017
Operating income	**7,882**	**5,054**
Depreciation and amortization	(3,713)	(4,166)
Write-down of assets	(91)	(294)
Bad debt provision (accrual) release	(16)	12
EBITDA	**11,702**	**9,502**
% on net sales	*15.5%*	*12.9%*

(6) As at June 30, 2018 this item includes:
- employees for 925 units (1,071 units as at June 30, 2017);
- personnel employed in the Group's companies with contract types other than employment agreements, equal to 85 units (53 units as at June 30, 2017).

This figure does not include the personnel (employees and temporary workers) of the joint ventures amounting, according to the percentage of ownership held by the Group, to 55 units as at June 30, 2018 (53 units at the end of the first half of the previous year, always according to the percentage of ownership held by the Group).
Lastly, note that the figure as at June 30, 2017 included 158 employees of the subsidiary SAES Pure Gas, Inc. and 9 employees of the sales office of the subsidiary SAES Getters (Nanjing) Co., Ltd. located in Shanghai, both transferred to Entegris, Inc. on June 25, 2018.

(7) As at June 30, 2018, severance costs, included in personnel costs, totaled 15 thousand euro. In the first half of 2017, the reduction in personnel costs came to 155 thousand euro (of which 116 thousand euro related to the decision to liquidate Memry GmbH, after having transferred its production and commercial activities to other companies of the Group).
The defensive job security agreement in the Avezzano plant of the Parent Company, whose use was suspended in June 2017, had, by contrast, led to a reduction in the personnel costs of 372 thousand euro.

Interim Report on Operations of SAES Group

INTERIM 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 global leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. In more than 70 years of activity, the Group’s getter solutions have been supporting innovation in the information display and lamp industries, in sophisticated high vacuum systems and in vacuum thermal insulation, in technologies spanning from large vacuum power tubes to miniaturized silicon-based microelectronic and micromechanical devices.

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

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

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

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

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

S.G.G. Holding S.p.A. is a relative majority shareholder and does not exercise any management and coordination activity towards SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code (as better explained in the Report on corporate governance and ownership for the year 2017).

Group’s structure

The Group’s business structure incorporates three Business Units: Industrial Applications, Shape Memory Alloys and Solutions for Advanced Packaging. The corporate costs, that means 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 structure.

Industrial Applications Business Unit	
Security & Defense	Getters and metal dispensers for electronic vacuum devices
Electronic Devices	Getters for microelectronic, micromechanical systems (MEMS) and sensors
Healthcare Diagnostics	Getters for X-ray tubes used in image diagnostic systems
Thermal Insulation	Products for thermal insulation
Getters & Dispensers for Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Solutions for Vacuum Systems	Pumps for vacuum systems
Sintered Components for Electronic Devices & Lasers	Cathodes and materials for thermal dissipation in electronic tubes and lasers
Systems for Gas Purification & Handling	Getters and other components used in gas purifier systems for the semiconductor industry and other industries
Shape Memory Alloys (SMA) Business Unit	
Nitinol for Medical Devices	Nitinol raw material and components for the biomedical sector
SMAs for Thermal & Electro Mechanical Devices	Shape Memory Alloys actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Solutions for Advanced Packaging	
Solutions for Advanced Packaging	Advanced plastic films for the food packaging sector
Business Development Unit	
Organic Electronics	Materials and components for organic electronics applications

This structure is unchanged with respect to the previous year.

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It should be noted that some amounts relating to the first half of 2017, presented for comparative purposes, do not coincide with the balances reported in the Interim Consolidated Financial Statements since they reflect the **adjustments** deriving from the completion of the temporary valuation of the business combination of SAES Coated Films S.p.A. (former Metalvuoto S.p.A.) and the completion of the process of identification of the fair value of the intangible assets transferred by some shareholders at the time of the establishment of the Flexterra, Inc. joint venture, in compliance with IFRS 3 revised.
It should be underlined that these effects were already acknowledged in the 2017 Consolidated financial statements.

In addition, following the completion, at the end of June 2018, of the transfer of the gas purifier business, for details of which reference should be made to the next paragraph, the costs and revenues of the first half of 2017 relating to the business subject to transfer, together with the advisory costs relating to said extraordinary transaction, were **reclassified** to the appropriate income statement item “Assets held for sale and discontinued transactions”.

Significant events in the half (January 1 – June 30, 2018)

The first half of 2018 was mainly characterized by the closing of the **transfer** to the US company Entegris, Inc. of the **gas purifier business** (Systems for Gas Purification & Handling) regarding the Industrial Applications Business Unit of SAES.
The object of the transfer, finalized on June 25, 2018, was the US subsidiary SAES Pure Gas, Inc. and the sales structure, located in Shanghai, of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. which provides SAES Pure Gas, Inc. with commercial support on the Asian market. The transfer also included the assets of the purification laboratory of SAES Getters S.p.A. situated in Lainate, whose transfer is expected to be completed by the end of October 2018, as per the contract.

The transaction is incorporated in the framework of the Group's development strategy, which focuses on the reinforcement of the strategic sectors in which SAES has incurred the biggest investments in the last few years, allowing the Group to obtain the necessary financial resources to launch a significant process of inorganic growth, and more besides, in the Nitinol for medical applications business and advanced packaging business. This transaction, together with future investments, is targeted at Group growth and at ensuring stability, with less dependence on exchange rate fluctuations.

The actual transfer price was 352.8 million USD[1], i.e. the contractual price agreed at 355 million USD, corrected as a result of a negative adjustment, equal to -2.2 million USD, calculated on the basis of the value of working capital, cash and payables for taxes at the closing date and which, based on the contractual agreements, may eventually be modified in light of the accounting values approved by both parties by the end of September 2018.

In order to allow the transaction, on June 15, 2018, SAES Getters USA, Inc., already the controlling company of SAES Pure Gas, Inc., transferred all its assets and liabilities, excluding the aforementioned investment, to a newly formed company, SAES Colorado, Inc., then renamed SAES Getters/U.S.A., Inc., which continues to be owned by the SAES Group. On June 25, 2018, the company SAES Getters USA, Inc., renamed Pure Gas Colorado, Inc., a vehicle which controls the investment in SAES Pure Gas, Inc., was transferred to Entegris, together with the business unit based in Shanghai and operating in the purification business of SAES Getters (Nanjing) Co., Ltd., comprised of personnel, assets and inventory.
On completion of the transaction, the already mentioned assets of the purification laboratory based in Lainate must be transferred to Entegris by the end of October 2018. The laboratory will also continue its activities for roughly a further four months after closing exclusively for Entegris, as a result of a specific service agreement. In addition, at the Avezzano production unit, the Parent Company will keep a getter material production line for the purification market, intended to also meet the procurement needs of Entegris, as per the specific 36-month supply agreement.

On May 28, 2018, a credit line was taken out with Banca Intesa Sanpaolo S.p.A. for a maximum of 50 million USD, used on June 12 for an equivalent value of 38.5 million euro for the capitalization of the newly formed company SAES Colorado, Inc.. The loan was repaid in full and extinguished on June 25, as a result of the collection by Entegris.
The transaction involved bank fees and interest totaling 229 thousand euro.

The book value of the net assets transferred denominated in euro came to 34.1 million euro. The net capital gain generated by the transaction was 227.5 million euro, comprised of a gross capital gain of 261.4 million euro, from which transaction costs were deducted (in particular legal and advisory expenses, costs for incentives and fees, interest, exchange differences and taxes) amounting to approximately 33.9 million euro[2]. This net capital gain, together with the net profit generated by the purification business subject to transfer, up to June 25, 2018 (equal to 12.4 million euro)[3], was classified to the income statement item "Profit/loss from discontinued transactions" (239.9 million euro).

With reference to the current scope of consolidation, i.e. net of the above-mentioned business transferred, the first half of 2018 was negatively impacted by the exchange rate effect, in particular, the devaluation of the dollar, concentrated in the first few months of 2018. Excluding this value (-8.3%), the **net sales** in the half recorded organic growth of 10.8%, driven by the recovery in investments in the security and defense sector and higher sales in the vacuum pumps business and in both the Nitinol for medical devices sector and SMAs for industrial applications sector (in particular, luxury goods and automotive).

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[1]This value includes 270 thousand USD corresponding to the price agreed for the transfer of the Lainate assets, which will be finalized by the end of October 2018.
[2]This amount includes revenue of roughly 1.8 million euro, deriving from the release to the income statement of the translation reserve generated by the consolidation of the US companies involved in the transfer (SAES Getters USA, Inc. and SAES Pure Gas, Inc.) and a cost of 4.3 million euro related to the currency option derivative contract (notional of 330 million USD and fixing at 1.1880 usd/eur) stipulated with Banca Intesa Sanpaolo S.p.A. in order to hedge the dollar exchange rate risk by Entegris.
[3]The item includes revenues of 44.6 million euro, with operating income of 13.4 million euro (30.1% of sales).

Total sales of the Group, including also the share of the revenues of the joint ventures[4], were equal to 81.7 million euro, up by 1.4% thanks both to the increase in consolidated net sales (+2.5%), and to the increase in the sales of the joint venture SAES RIAL Vacuum S.r.l.. In the joint venture Actuator Solutions, the growth in the automotive sector was more than absorbed by the decrease in the Taiwanese company, concentrated mainly in the autofocus (AF) for action cameras sector.

The growth in consolidated net sales allowed an improvement in the **economic indicators**; in particular, please note the consolidated EBITDA[5] figure, that increased from 12.9% in the first half of 2017 to 15.5% in the current half.

The additional significant events that occurred in the first half of 2018 are detailed below.

The **dispute with the employees of E.T.C. S.r.l.**, dismissed with objective just cause on October 31, 2017, was formally closed in January 2018, as a result of the removal of the job position following the placement of the company into liquidation. In particular, the trade union conciliation report was signed on January 22, 2018, in which the parties acknowledge that they have no further claims to make against one another. The financial obligation generated by this report coincides with the amount already allocated to the provision for risks and charges as at December 31, 2017 (0.2 million euro).

On January 30, 2018, the independent auditors, appointed by Memry Corporation, completed their audits, with no observations, relating to the company's observance of the agreed conditions (increase in workforce at the Bethel site and in the average annual salary of no less than a predetermined threshold) for the **conversion of 50% of the loan** granted by the State of Connecticut (CT) at the end of 2014 to a **non-refundable grant.** At the start of March, reports were sent to the responsible state authorities and a definitive authorization was received from the State of CT in the first half of 2018. The grant, amounting to 1.4 million USD, generated income in the income statement and an improvement in the net financial position for the same amount.

On February 12, 2018, SAES Nitinol S.r.l. paid a **new tranche** of 0.5 million euro of the loan taken out on **November 28, 2016** to **Actuator Solutions GmbH.** It should be noted that the loan, intended to provide financial support for operations, expires on April 30, 2019, has a flexible plan of repayment by the date of expiry and an annual fixed interest rate of 6%; the associated contract, which initially made provision for a maximum total financeable amount of 4.5 million euro, was modified accordingly, increasing said value to 5 million euro.

On February 26, 2018, SAES Getters S.p.A. exercised the call option to **purchase the entire share capital of Metalvuoto S.p.A.** (then renamed SAES Coated Films S.p.A.), already 70% owned. Thanks to the transaction, SAES acquired the remaining 30%, previously held by the minority shareholder Mirante S.r.l., for a consideration of 75 thousand euro. It should be pointed out that the consolidated financial statements of the SAES Group as at December 31, 2017, already included a financial payable for the same amount, related to the valuation of the aforementioned option. The acquisition of the entire share package of Metalvuoto S.p.A. enables SAES to have full strategic independence in the advanced packaging business, especially for applications in the food sector. As a result of the exercise of the call option by SAES, with Mirante S.r.l. exiting the shareholder structure of Metalvuoto S.p.A., Mr. Giovanni Ronchi, owner of Mirante S.r.l. and founder of Metalvuoto S.p.A., tendered his resignation as President on the same date.

On March 14, 2018 SAES Getters S.p.A. approved the **partial waiver of the financial receivables** due to it from **SAES Nitinol S.r.l.** for an amount of 660 thousand euro, equal to the difference between the total

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[4] Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (33.79%).

[5] EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRSs); however, we believe that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, write-downs, depreciation and amortization".

loss (-800 thousand euro) recorded by the subsidiary in 2017 and the one estimated (-140 thousand euro) for the same year at the beginning of 2017 and already covered by the payment made by the Parent Company on March 15, 2017.

In order to protect the results and the profitability from the fluctuation in the exchange rates, on April 3, 2018, **contracts for the forward sale** of US dollar were signed for a total notional value of 2.7 million USD; such contracts envisage an average forward exchange rate equal to 1.2416 against the euro. Similar contracts, for a notional value of 207 million JPY, were signed on the same date, with an average forward exchange rate equal to 131.0222 against the euro.

On April 5, 2018, the Ordinary Shareholders' Meeting of Metalvuoto S.p.A., called to approve the financial statements for the year ended as at December 31, 2017, approved the creation of an **extraordinary reserve to cover any future losses** and in view of planned investments or those at the planning phase, through the capital payment of 3 million euro by the Sole Shareholder SAES Getters S.p.A.
The extraordinary shareholders' meeting, also called on the same date, resolved to change the company name from Metalvuoto S.p.A. to **SAES Coated Films S.p.A.,** to ensure it is more recognizable on the market.

On April 6, 2018, SAES Getters S.p.A. finalized the **acquisition** of the **building** which houses the registered office of **SAES Coated Films S.p.A.** and where its production takes place. The price for this acquisition was 3.5 million euro.

On April 24, 2018, the new Board of Directors of SAES Getters S.p.A, on the proposal of the Remuneration and Appointment Committee, with the favorable opinion of the Board of Statutory Auditors, approved a long-term incentive plan intended for Executive Directors and members of management that hold strategically important business roles within the company, called the "**2018 Phantom Shares Plan**".
The addressees of the plan are, at the initial phase, the President and the Vice President of the Board of Directors (who have been in office, also considering any renewals, for at least three years from the date of approval of the plan) and the executives identified by the Board from the members of the Corporate Management Committee (a committee set up by the company in which the Executive Directors provide guidelines and share objectives with the individuals they report directly to in the hierarchical structure). At a later stage, this plan may also be extended to other executives that the Board considers to hold strategically important business roles within the company. In both cases, the executives must have a total length of service of at least three years.
The plan entitles beneficiaries to the exclusive right to receive a cash incentive and does not recognize or involve the assignment of financial instruments or rights on company shares. In fact, the phantom shares are virtual units of measurement, which virtually represent the company's ordinary shares and reflect their value over time. The plan is based on the free assignment to beneficiaries of a given number of phantom shares which, according to the terms and conditions of the plan, entitle the holders to receive a cash incentive based on the increase of the share price on the stock market on the date on which given pre-established events should materialize, with respect to the assignment value. The events which may give rise to the disbursement of the incentive are, by way of an example: change of control of the company; non-renewal of the office of director on expiry of the mandate; revocation of the office of director or substantial modification of the relevant powers or of the role without just cause; resignation for just cause; dismissal for objective just cause (solely for Strategic Executives); pension age reached; permanent disability; death; delisting.
The plan aims to remunerate the beneficiaries in relation to growth in the company's capitalization, for the purposes of retention and better alignment of performances with the interests of the shareholders and the company.
This plan will be submitted for approval to the shareholders' meeting called for October 1, 2018. The Directors' Report on this incentive plan, together with the Information Document pursuant to article 84-*bis* of the Issuers' Regulation, were made available to the public on July 19, 2018.

At the end of May 2018, the joint venture **Flexterra**, in collaboration with E Ink, a major manufacturer of Electrophoretic screens, presented the first fully flexible Electrophoretic display at the SID of Los Angeles, which uses technology and materials developed by Flexterra, and generated significant interest from the market. Over the next few months, Flexterra and E Ink will launch the phase of production on an industrial scale which will see the SAES Group, in its role as business partner, committed to the production and supply of chemical formulations.

On June 1, 2018, **SAES Coated Films S.p.A.** opened a **local unit in Lainate**, at the Parent Company's headquarters.

Sales and economic results of the first half of 2018

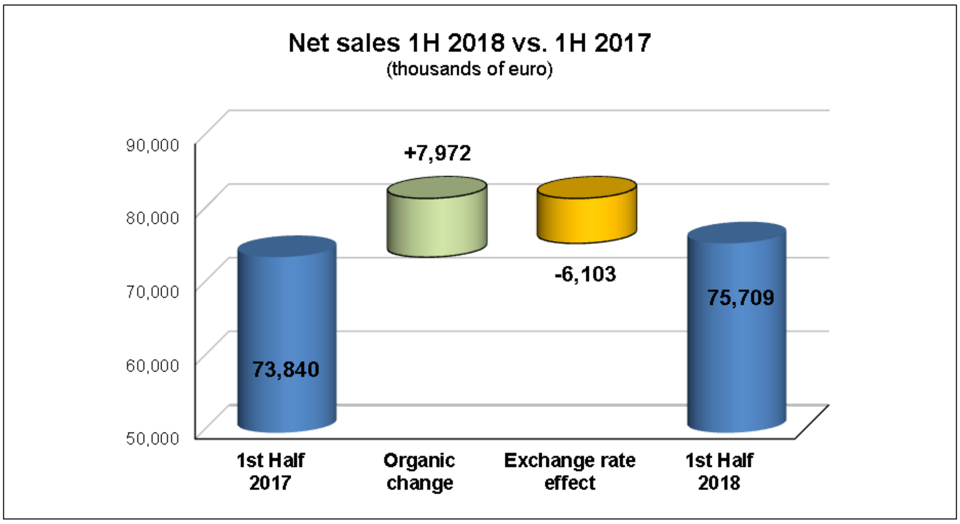
In the first half of 2018 the SAES Group achieved **consolidated net sales** equal to 75,709 thousand euro, up by 2.5% compared to 73,840 thousand euro achieved in the corresponding half of 2017. The **exchange rate effect** was a negative -8.3%, mainly related to the depreciation of the US dollar against the euro in the first part of the current half. Excluding the adverse impact of the exchange rates, the **organic growth** was +10.8%, driven by the recovery in investments in the security and defense sector and higher sales in the vacuum pumps business, and in both the Nitinol for medical devices sector and SMAs for industrial applications sector (in particular, luxury goods and automotive).

Total net sales of the Group, achieved by consolidating the joint ventures with the proportional method instead of the equity method used in the financial statements, amounted to 81,652 thousand euro, compared to 80,555 thousand euro in the corresponding half of 2017: the increase, equal to +1.4% is attributable not only to the increase in consolidated net sales (+2.5%), but also the growth in the sales of the joint venture SAES RIAL Vacuum S.r.l. (up by 222 thousand euro, according to the percentage held by SAES of 49%). In the joint venture Actuator Solutions, the growth in the automotive sector was more than absorbed by the decrease in the Taiwanese company, concentrated mainly in the autofocus (AF) for action cameras sector.

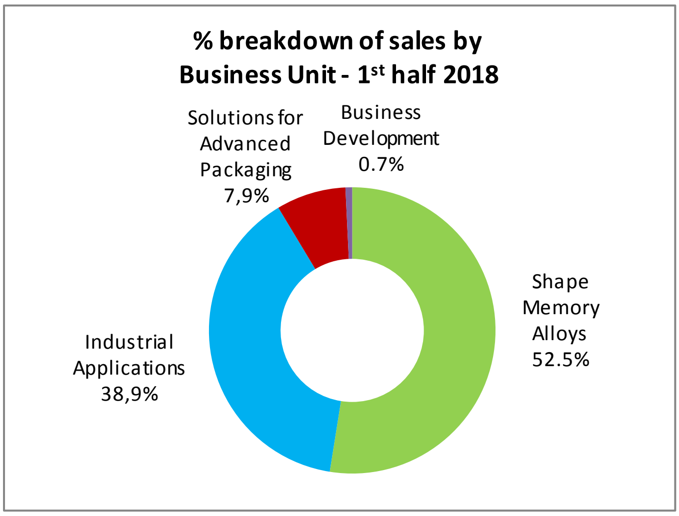
(thousands of euro)

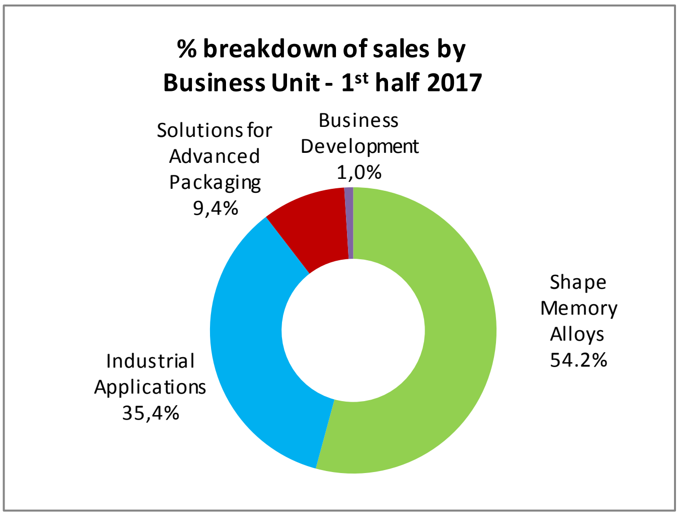
	1st Half 2018	1st Half 2017	Total difference	Total difference %
Consolidated net sales	**75,709**	**73,840**	**1,869**	**2.5%**
50% Actuator Solutions' net sales	5,868	6,864	(996)	-14.5%
49% SAES RIAL Vacuum S.r.l.' net sales	501	279	222	79.6%
33.79% Flexterra's net sales	6	6	0	0.0%
Intercompany eliminations	(406)	(316)	(90)	28.5%
Other adjustments	(26)	(118)	92	-78.0%
Total revenues of the Group	**81,652**	**80,555**	**1,097**	**1.4%**

The following chart shows the consolidated net sales of the first half of 2018, compared with the corresponding period of 2017, highlighting the effect of exchange rates and the variation due to the changes in selling prices and sales volumes (organic growth).



The following chart shows the percentage weight of the revenues of each Business Unit for the first half of 2018 and the corresponding period in 2017.
The percentage incidence of the divisions remained essentially unchanged. In particular, note that exchange rates had a negative impact on the **Shape Memory Alloys Business Unit**, while the **Solutions for Advanced Packaging Business Unit** was adversely affected by the delay in some deliveries after June 30, 2018.





The following table contains the breakdown of the consolidated sales by business segment in the first half of 2018 and in the same period of 2017, along with the percentage change at current and comparable exchange rates.

(thousands of euro)

Businesses	1st Half 2018	1st Half 2017	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	6,147	4,202	1,945	46.3%	-9.6%	55.9%
Electronic Devices	7,323	6,779	544	8.0%	-5.5%	13.5%
Healthcare Diagnostics	2,162	2,002	160	8.0%	-5.3%	13.3%
Getters & Dispensers for Lamps	2,622	3,205	(583)	-18.2%	-4.0%	-14.2%
Thermal Insulation	1,791	2,048	(257)	-12.5%	-8.6%	-3.9%
Solutions for Vacuum Systems	5,419	4,097	1,322	32.3%	-7.2%	39.5%
Sintered Components for Electronic Devices & Lasers	3,554	3,615	(61)	-1.7%	-11.6%	9.9%
Systems for Gas Purification & Handling	412	159	253	159.1%	0.0%	159.1%
Industrial Applications	**29,430**	**26,107**	**3,323**	**12.7%**	**-7.3%**	**20.0%**
Nitinol for Medical Devices	34,207	35,402	(1,195)	-3.4%	-11.2%	7.8%
SMAs for Thermal & Electro Mechanical Devices	5,547	4,630	917	19.8%	-3.5%	23.3%
Shape Memory Alloys	**39,754**	**40,032**	**(278)**	**-0.7%**	**-10.3%**	**9.6%**
Solutions for Advanced Packaging	**5,951**	**6,960**	**(1,009)**	**-14.5%**	**0.0%**	**-14.5%**
Business Development	**574**	**741**	**(167)**	**-22.5%**	**-8.4%**	**-14.1%**
Total net sales	**75,709**	**73,840**	**1,869**	**2.5%**	**-8.3%**	**10.8%**

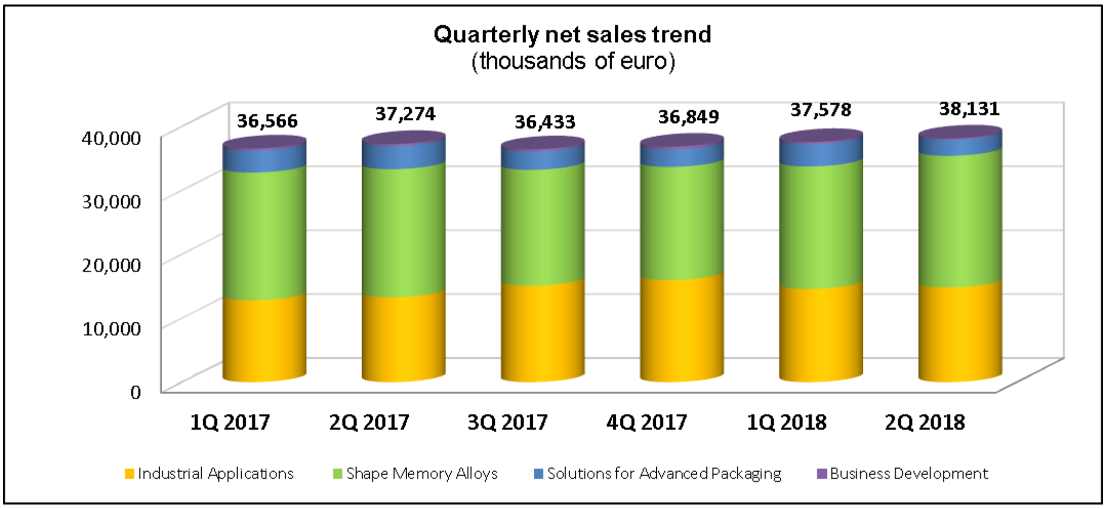
The consolidated sales of the **Industrial Applications Business Unit** amounted to 29,430 thousand euro in the first half of 2018, up by 12.7% compared to 26,107 thousand euro in the corresponding half of 2017. The trend of the euro against the major foreign currencies saw a negative exchange rate effect equal to -7.3%, net of which sales increased naturally by 20%.
The organic growth was driven primarily by the security and defense sector (Security & Defense Business, +55.9%), thanks to the recovery in investments in the military sector in both the US and in Europe. Significant organic growth (+39.5%) was also registered by Solutions for Vacuum Systems Business, thanks to the higher sales to manufacturers of analytical instruments, which are increasingly extending the use of NEG pumps in systems produced by them, in addition to new jobs in the particle accelerator field. Lastly, organic growth was also recorded in the electronic devices sector (Electronic Devices Business, +13.5%), thanks to the strong sales performance in the market for infrared sensors for surveillance and industrial applications; in the Sintered Components for Electronic Devices & Lasers Business (+9.9%), driven by sales of thermal dissipation devices and products for laser applications, in particular in the defense sector; in the getters for healthcare applications sector (Healthcare Diagnostics Business, +13.3%), thanks to the excellent market performance of X-ray rubes for diagnostic imaging and surveillance applications.
As already occurred in 2017, the thermal insulation (Thermal Insulation Business) and lamps (Getters & Dispensers for Lamps Business) sectors registered decreases. In the former, the decrease is primarily due to the weakness of the sales of insulation panels for the refrigeration market, plus the delay in some projects in China involving the construction of thermodynamic solar plants. In the latter, a structural decrease persists owing to ongoing technological competition regarding LEDs on fluorescent lamps and intensity discharge lamps.
It should be noted that the Systems for Gas Purification & Handling Business includes the Parent Company sales of the raw material and getter components for purifiers intended primarily for the semi-conductors industry, amounting to 412 thousand as at June 30, 2018. Note that the SAES Group transferred the business related to the manufacture and sale of advanced purifier systems to Entegris, Inc. on June 25, 2018; this transfer did not concern the production line of the Parent Company for the production of getter material for the purifier market, located in Avezzano, which will also meet the procurement needs of Entegris in the future, as per the specific 36-months supply agreement.

The consolidated sales of the **Shape Memory Alloys Business Unit** totaled 39,754 thousand euro in the first half of 2018, down by 0.7% compared to 40,032 thousand euro in the corresponding period of 2017. The exchange rate effect was negative for -10.3%, net of which the organic variation was equal to +9.6%. In particular, the Nitinol for medical devices sector (Nitinol for Medical Devices Business) continued on its path of organic growth (+7.8%), in line with the development of the reference markets. The industrial SMAs segment (SMAs for Thermal and Electro Mechanical Devices Business) registered sustained organic growth (+23.3%), driven by the continuous expansion of the luxury good segment and higher sales in the automotive segment.

The consolidated sales of the **Solutions for Advanced Packaging Business Unit** totaled 5,951 thousand euro in the first half of 2018, compared to 6,960 thousand euro in the corresponding period of 2017. Sales are denominated exclusively in euro.
The decrease partly reflects the already mentioned delay in some consignments after June 30, 2018, and partly the rationalization of the product portfolio still in progress, aimed at reducing the incidence of metalized products with respect to lacquered ones (the latter with higher profit margins).

The **Business Development Unit**, that includes basic research projects or projects at the development phase, aimed at diversifying into innovative businesses, ended the first half of 2018 with consolidated sales of 574 thousand euro, compared to 741 thousand euro in the corresponding period of the previous year. The exchange rate effect was a negative -8.4%, net of which revenues fell by 14.1%; this decrease is attributable primarily to both the price effect relating to greater competition in the OLED market, and the times needed to introduce new SAES encapsulation products, currently at an advanced phase of development.

The **quarterly trend of the consolidated net sales**, with evidence of the details by Business is provided in the following chart and in the table below.



(thousands of euro)

Businesses	2nd quarter 2018	1st quarter 2018 (*)	4th quarter 2017 (*)	3rd quarter 2017 (*)	2nd quarter 2017 (*)	1st quarter 2017 (*)
Security & Defense	3,173	2,974	2,415	1,916	2,033	2,169
Electronic Devices	4,189	3,134	6,104	6,570	4,170	2,609
Healthcare Diagnostics	1,139	1,023	910	936	965	1,037
Getters & Dispensers for Lamps	1,192	1,430	1,246	1,205	1,386	1,819
Thermal Insulation	875	916	1,170	1,060	777	1,271
Solutions for Vacuum Systems	2,245	3,174	2,591	1,604	1,992	2,105
Sintered Components for Electronic Devices & Lasers	1,795	1,759	1,458	1,727	1,880	1,735
Systems for Gas Purification & Handling	226	186	92	80	93	66
Industrial Applications	**14,834**	**14,596**	**15,986**	**15,098**	**13,296**	**12,811**
Nitinol for Medical Devices	17,879	16,328	15,449	15,443	17,549	17,853
SMAs for Thermal & Electro Mechanical Devices	2,709	2,838	2,257	2,691	2,488	2,142
Shape Memory Alloys	**20,588**	**19,166**	**17,706**	**18,134**	**20,037**	**19,995**
Solutions for Advanced Packaging	**2,473**	**3,478**	**2,672**	**2,813**	**3,591**	**3,369**
Business Development	**236**	**338**	**485**	**388**	**350**	**391**
Total net sales	**38,131**	**37,578**	**36,849**	**36,433**	**37,274**	**36,566**

(*) Some amounts do not reflect what previously reported, as they reflect the reclassifications related to the sale of the gas purification business (identified as "major line of business"), finalized on June 25, 2018, in compliance with the provisions of IFRS 5.

Note that the new advanced products of the Avezzano (Business Electronic Devices) facility, which became fully operational in the second half of 2017, are characterized by sales concentrated predominantly in the second half of the year.

The following table contains a breakdown of the consolidated net sales of the first two quarters of the current year by business segment, along with the organic change and the exchange rate effect.

(thousands of euro)

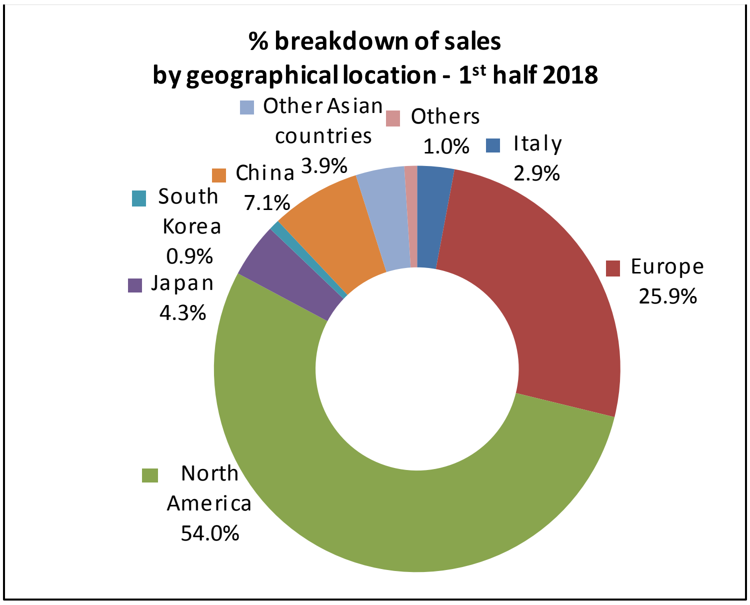
Businesses	2nd quarter 2018	1st quarter 2018	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	3,173	2,974	199	6.7%	2.0%	4.7%
Electronic Devices	4,189	3,134	1,055	33.7%	2.2%	31.5%
Healthcare Diagnostics	1,139	1,023	116	11.3%	1.6%	9.7%
Getters & Dispensers for Lamps	1,192	1,430	(238)	-16.6%	1.4%	-18.0%
Thermal Insulation	875	916	(41)	-4.5%	2.5%	-7.0%
Solutions for Vacuum Systems	2,245	3,174	(929)	-29.3%	0.9%	-30.2%
Sintered Components for Electronic Devices & Lasers	1,795	1,759	36	2.0%	3.1%	-1.1%
Systems for Gas Purification & Handling	226	186	40	21.5%	0.0%	21.5%
Industrial Applications	**14,834**	**14,596**	**238**	**1.6%**	**1.9%**	**-0.3%**
Nitinol for Medical Devices	17,879	16,328	1,551	9.5%	3.3%	6.2%
SMAs for Thermal & Electro Mechanical Devices	2,709	2,838	(129)	-4.5%	0.6%	-5.1%
Shape Memory Alloys	**20,588**	**19,166**	**1,422**	**7.4%**	**2.9%**	**4.5%**
Solutions for Advanced Packaging	**2,473**	**3,478**	**(1,005)**	**-28.9%**	**0.0%**	**-28.9%**
Business Development	**236**	**338**	**(102)**	**-30.2%**	**2.0%**	**-32.2%**
Total net sales	**38,131**	**37,578**	**553**	**1.5%**	**2.2%**	**-0.7%**

Excluding the positive exchange rate effect relating to the revaluation of the dollar in the second part of the half, note that the consolidated net sales of the second quarter of 2018 remained essentially stable compared to those of the first quarter; compared to stability in the Industrial Applications Business Unit, the organic growth in the Shape Memory Alloys Business Unit was fully offset by the decrease of the Solutions for Advanced Packaging Business Unit, whose reasons are outlined in the section dedicated to the revenues of this segment.

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

(thousands of euro)

Geographic area	1st Half 2018	%	1st Half 2017	%	Total difference	Total difference %
Italy	2,233	2.9%	2,520	3.4%	(287)	-11.4%
Europe	19,578	25.9%	18,432	25.0%	1,146	6.2%
North America	40,871	54.0%	41,408	56.1%	(537)	-1.3%
Japan	3,276	4.3%	2,483	3.4%	793	31.9%
South Korea	654	0.9%	660	0.9%	(6)	-0.9%
China	5,401	7.1%	4,624	6.3%	777	16.8%
Other Asian countries	2,929	3.9%	3,156	4.3%	(227)	-7.2%
Others	767	1.0%	557	0.8%	210	37.7%
Total net sales	**75,709**	**100.0%**	**73,840**	**100.0%**	**1,869**	**2.5%**



In relation to the **geographical distribution of sales**, the first half of 2018 recorded an increase in sales in Europe, mainly driven by industrial SMAs, the security and defense segment and sales of getter pumps.
Revenues also rose in Japan (thanks to the Nitinol for medical devices sector and the new jobs for vacuum systems in the field of particle accelerators) and in China (growth concentrated in the Electronic Devices Business).
The decrease in the sales in North America is, by contrast, due exclusively to the negative exchange rate effect in the medical SMAs segment.

Consolidated gross profit[6] amounted to 32,490 thousand euro in the first half of 2018, compared to 31,261 thousand euro in the first half of 2017. The growth (up 1,229 thousand euro in terms of absolute value, equal to +3.9% in percentage terms), despite the adverse impact of exchange rates (-2,981 thousand euro), is mainly attributable to the increase in the sales of the security and defense sector and the vacuum systems sector (both belonging to the Industrial Applications Business Unit). The gross margin[7] also rose slightly (from 42.3% in the first half of 2017, to 42.9% in the current half), again driven by the Industrial Applications Business Unit. For more details please see the analysis by business sector.

The following table shows the consolidated gross profit for the first half of 2018 by Business Unit, compared with the corresponding period of the previous year.

[6] Calculated as the difference between consolidated net sales and industrial costs directly and indirectly attributable to the products sold.
[7] Calculated as the ratio between gross profit and consolidated net sales.

(thousands of euro)

Business Unit	1st Half 2018		1st Half 2017		Total difference	Difference %
Industrial Applications	15,200		13,054		2,146	16.4%
% on the Business Unit net sales	*51.6%*		*50.0%*			
Shape Memory Alloys	16,604		17,022		(418)	-2.5%
% on the Business Unit net sales	*41.8%*		*42.5%*			
Solutions for Advanced Packaging	622		1,059		(437)	-41.3%
% on the Business Unit net sales	*10.5%*		*15.2%*			
Business Development & Corporate Costs	64		126		(62)	-49.2%
% on the Business Unit net sales	*11.1%*		*17.0%*			
Gross profit	**32,490**		**31,261**		**1,229**	**3.9%**
% on net sales	***42.9%***		***42.3%***			

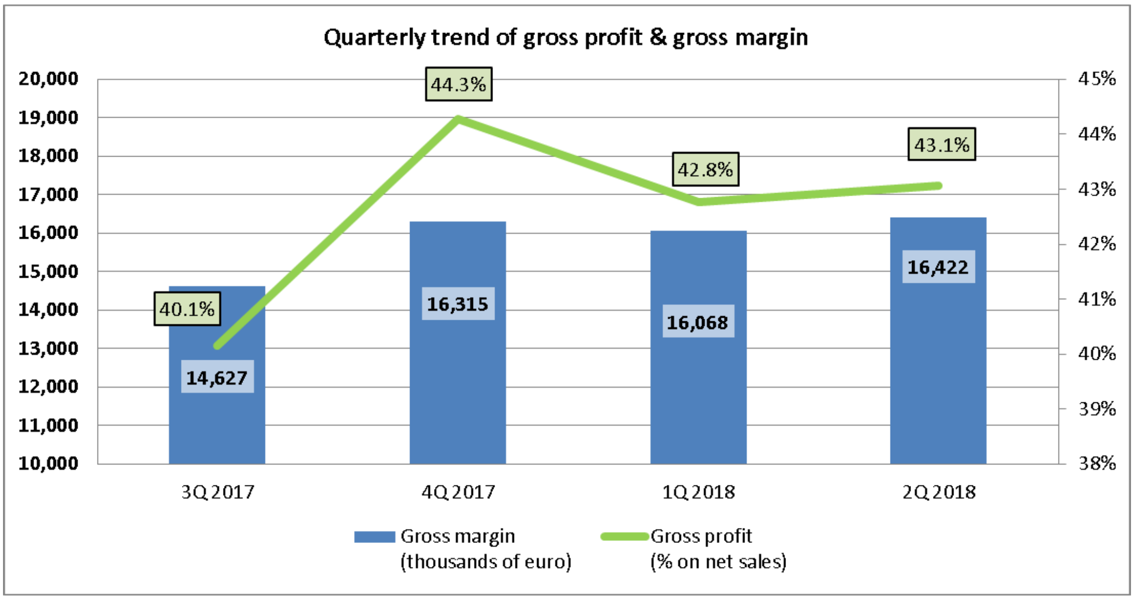
The gross profit of the **Industrial Applications Business Unit** came to 15,200 thousand euro, compared to 13,054 thousand euro in the first half of 2017. The growth (+16.4%) is mainly related to the excellent performance of sales in the security and defense, vacuum systems and electronic devices sectors. The gross margin rose slightly, up from 50% to 51.6%: the increase in sales in the sectors characterized by a higher profit margin more than offset the reduction in the gross margin of the more traditional businesses in structural decrease (in particular, the lamps and thermal insulation sectors).

The gross profit of the **Shape Memory Alloys Business Unit** totaled 16,604 thousand euro in the first half of 2018, compared to 17,022 thousand euro in the corresponding period of 2017: the slight decrease (-418 thousand euro) is due exclusively to the currency effect (in particular, the devaluation of the dollar) on revenues, while the gross profit margin was essentially stable (from 42.5% to 41.8%).

The **Solutions for Advanced Packaging Business Unit** closed the current half with a gross profit of 622 thousand euro (10.5% of revenues) compared to 1,059 thousand euro in the corresponding period of 2017 (15.2% of sales): the decrease is mainly due to both the already mentioned reduction in sales, and the increase in the price of the raw material, which had a negative impact on the gross profit margin of this sector.

The **Development Unit & Corporate Costs Business Unit** recorded a gross profit in the first half of 2018 of 64 thousand euro (11.1% of consolidated revenues), compared to 126 thousand euro (17% of revenues) in the first six months of 2017.

The following chart shows the quarterly trend of both the consolidated profit and the consolidated gross margin.



Consolidated operating income in the half amounted to 7,882 thousand euro (10.4% of consolidated revenues), up significantly (+56%) compared to 5,054 thousand euro in the corresponding period of the previous year (6.8% of consolidated revenues): despite the adverse impact of exchange rates (-2,398 thousand euro), the increase in gross profit and operating expenses essentially in line with the first half of 2017, together with the non-refundable grant granted by the State of Connecticut to Memry Corporation (1,136 thousand euro, accounted for in the item "Other net income (expenses)", details of which are contained in the paragraph "Significant events in the half", enabled a significant improvement in the operating indicators.

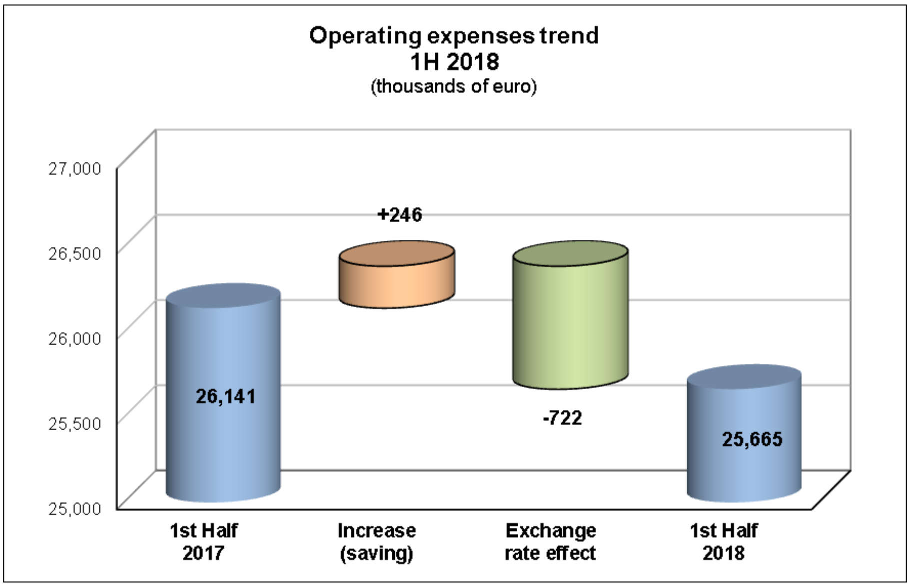
The following table shows the consolidated operating income for the first half of 2018 by Business Unit, compared with the corresponding period of the previous year.

(thousands of euro)

Business Unit	1st Half 2018	1st Half 2017	Total difference	Difference %
Industrial Applications	8,049	6,107	1,942	31.8%
Shape Memory Alloys	12,287	10,280	2,007	19.5%
Solutions for Advanced Packaging	(1,339)	(218)	(1,121)	514.2%
Business Development & Corporate Costs	(11,115)	(11,115)	0	0.0%
Operatin income (loss)	**7,882**	**5,054**	**2,828**	**56.0%**
% on net sales	*10.4%*	*6.8%*		

Consolidated operating expenses came to 25,665 thousand euro (33.9% of revenues), compared to 26,141 thousand euro in the corresponding half of 2017 (35.4% of sales). Excluding the exchange rate effect (-722 thousand euro), the change in operating costs was +246 thousand euro: the increase in selling expenses (in particular, note the increase in costs for the fixed and variable pay of employees, together with higher advisory costs), was almost completely offset by lower **research and development expenses** (lower costs for the management of patents and reduction in both personnel costs and the amortization/depreciation related to the suspension, at the end of 2017, of the OLET research project and the subsequent placement into liquidation of the subsidiary E.T.C. S.r.l.). **General and administrative expenses** were, by contrast, in line with the first half of 2017 (the increase in fixed and variable pay of employees employed in G&A activities at the Parent Company, together with higher legal, advisory and training expenses, were offset by savings related to the placement into liquidation of the German subsidiary Memry GmbH and lower variable fees for Executive Directors, as a result of the suspension of the allocation for the three-yearly cash incentive plan[8]).

The following chart shows the trend of the consolidated operating expenses in the first half of 2018.



The total **labor cost** amounted to 35,068 thousand euro, compared to 34,169 thousand euro in the same period of the previous year: the increase (+899 thousand euro) was due primarily to greater use of temporary staff, especially in the shape memory alloys sector and in the Parent Company's Avezzano facility, as well as to higher allocations for variable remuneration components, in line with the trend in the economic results.
The rise in the labor cost related to both the increase in the average size of the workforces at the US subsidiaries, and the salary increases to cover inflation, was offset by the exchange rate effect (-2,050 thousand euro) and the savings achieved by the placement into liquidation of the companies E.T.C. S.r.l. and Memry GmbH.

The result for the half takes into account the **depreciation of the property, plant and equipment** and the **amortization of intangible assets** amounting to 3,713 thousand euro, compared to 4,166 thousand euro in the corresponding period of the previous year: the reduction is due not only to the exchange rate effect (-185 thousand euro), but primarily to the write-down of some assets, accounted for by the Parent Company at the end of 2017 following the suspension of the OLET research project.

Consolidated EBITDA came to 11,702 thousand euro (15.5% of consolidated sales) in the first half of 2018, compared to 9,502 thousand euro (12.9% of consolidated sales) in the same half of 2017, with growth (+23.2%) in line with that of the operating indicators.

The following table shows the reconciliation between EBITDA and operating income in the first half of 2018, compared with the corresponding period of the previous year.

[8] As a result of the transfer of the purification business and the subsequent substantial change in the organizational and corporate perimeter, the economic objectives in the 2018-2020 three-yearly strategic plan, approved by the Board of Directors on February 15, 2018, on whose the achievement of the accrual of the long-term cash incentive by Executive Directors depends, were not considered to be reachable. Consequently, pending the approval of an updated multi-year plan, consistent with the current and future organizational and corporate changes, the allocation for the long-term incentive plan of Executive Directors was suspended. For more details on the plan and the suspension of the allocation in the first half of 2018, please refer to the Note no. 28.

(thousands of euro)

	1st Half 2018	1st Half 2017	Total difference	Difference %
Operating income (loss)	7,882	5,054	2,828	56.0%
Depreciation and amortization	(3,713)	(4,166)	453	-10.9%
Write-down of assets	(91)	(294)	203	-69.0%
Bad debt provision (accrual) release	(16)	12	(28)	n.a.
EBITDA	**11,702**	**9,502**	**2,200**	**23.2%**
% on net sales	*15.5%*	*12.9%*		

The net balance of **other income (expenses)** was positive for an amount of 1,057 thousand euro, compared to a negative balance of -66 thousand euro in the first half of 2017. The variation is primarily attributable to the revenue, amounting to 1,136 thousand euro, accounted for by the US subsidiary Memry Corporation as a result of the conversion of 50% of the loan granted by the State of Connecticut (CT) at the end of 2014 to a non-refundable grant (for further details please refer to the paragraph "Significant events in the half").

The net balance of **financial income and expenses** was negative for -305 thousand euro (compared to a negative balance of -760 thousand euro in the corresponding period of 2017) and mainly includes interest expenses on long-term loans granted to the Parent Company, to SAES Coated Films S.p.A. and to the US subsidiary Memry Corporation, as well as the bank fees on the credit lines held by the Italian companies of the Group.
The variation is primarily attributable to the fact that, in the first half of 2017, said item included the costs for the early repayment of both tranches (one of which secured by SACE) of the loan for advanced R&D projects, taken out in June 2015 by the Parent Company with the EIB (European Investment Bank). In particular, this operation provided for the payment of an indemnity fee to EIB of 10 thousand euro and the payment of a premium of about 76 thousand euro to SACE, as well as the inclusion in the income statement of transaction costs equal to about 149 thousand euro, previously divided into installments on the basis of the duration of the loan.

The loss deriving from the **evaluation with the equity method** of the jointly controlled companies amounted to a total of -733 thousand euro, attributable almost exclusively to the joint venture Flexterra, and contrasts with a cost of -1,051 thousand euro in the corresponding period of the previous year. For further details on the composition of these losses please refer to the paragraph "Performance of the joint ventures in the first half of 2018" and to the Notes nos. 8 and 16. Please note that, similar to June 30, 2017, given that the investment of SAES in Actuator Solutions was already fully eliminated and there is no legal or implied obligation, at present, for its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of the first half of 2018 (-359 thousand euro) of Actuator Solutions was not recognized by the Group (share of the net loss not accounted for as at June 30, 2017 was -1,697 thousand euro).

The algebraic sum of the **exchange rate differences** recorded an essentially zero balance in the first six months of 2018 (+17 thousand euro), compared to a negative balance equal to -721 thousand euro in the first half of 2017. During the year, the negative balance was mainly attributable to the exchange differences on commercial transactions, including intercompany, generated by the devaluation of the dollar against the euro and only partly offset by the profits realized on the forward contracts stipulated to partially cover these transactions.

Consolidated income before taxes amounted to 6,861 thousand euro, almost trebling (+172%) compared to 2,522 thousand euro in the first half of 2017.

Income taxes amounted to 4,157 thousand euro in the first half of 2018, compared to 4,505 thousand euro in the corresponding half of the previous year. The **tax rate** of the Group was 60.6%, still high, despite the above-mentioned reduction in the rate applied by the US companies for federal tax purposes, since the Parent Company, excluding the capital gain realized on the transfer of the investment in SAES Getters USA, Inc. (controlling company of SAES Pure Gas, Inc.) and discontinued in the item “Profit/loss from discontinued transactions”, closed the current half with a negative taxable income which is not valued as deferred tax assets.

Profit from assets held for sale and discontinued transactions amounted to 239,870 thousand euro and was mainly composed of the gross capital gain (261,427 thousand euro) generated by the transfer of the gas purification business, from which transaction costs were deducted amounting to 33,964 thousand euro (in particular, legal and advisory expenses, and for incentives for both the personnel involved in the transfer and the corporate employees involved in the definition of said extraordinary corporate transaction, as well as interest, exchange rate differences and taxes). Lastly, this item includes the net profit generated by the purification business from January 1 to June 25, 2018 (effective date of transfer) amounting to 12,407 thousand euro.
As at June 30, 2017, net profit generated by discontinued transactions came to 12,975 thousand euro, essentially coinciding with the net result of the purification sector in the first half of 2017.

Consolidated net income totaled 242,574 thousand euro (320.4% of consolidated revenues) in the first half of 2018, compared to a net income of 10,992 thousand euro (14.9% of consolidated revenues) in the first half of 2017.

Net financial position – Investments – Other information

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

(thousands of euro)

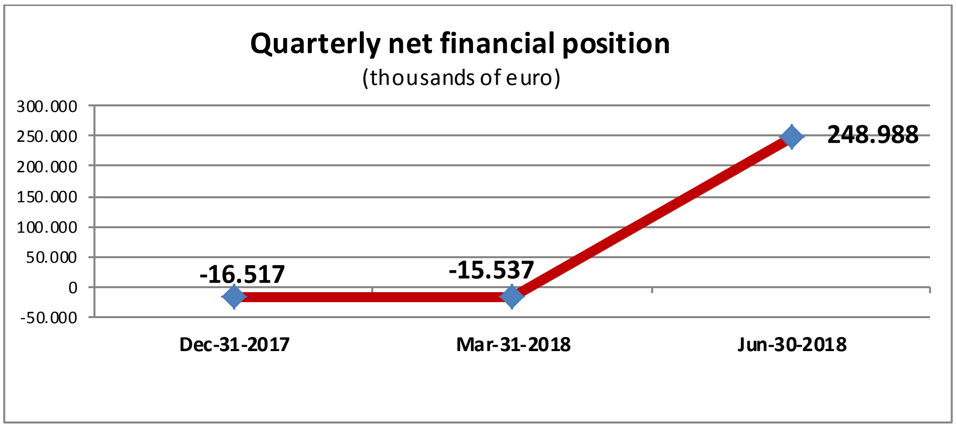
	June 30, 2018	March 31, 2018	December 31, 2017
Cash on hands	11	11	13
Cash equivalents	302,633	24,080	27,551
Cash and cash equivalents	**302,644**	**24,091**	**27,564**
Related parties current financial assets	897	877	936
Other current financial assets	0	0	0
Current financial assets	**897**	**877**	**936**
Bank overdraft	(28,381)	(11,549)	(12,254)
Current portion of long term debt	(10,358)	(10,458)	(10,478)
Other current financial liabilities (*)	(1,882)	(1,739)	(1,777)
Current financial liabilities	**(40,621)**	**(23,746)**	**(24,509)**
Current net financial position	**262,920**	**1,222**	**3,991**
Related parties non current financial assets	**8,049**	**8,049**	**7,549**
Long term debt, net of current portion	(21,981)	(24,808)	(28,057)
Other non current financial liabilities (*)	0	0	0
Non current financial liabilities	**(21,981)**	**(24,808)**	**(28,057)**
Non current net financial position	**(13,932)**	**(16,759)**	**(20,508)**
Net financial position	**248,988**	**(15,537)**	**(16,517)**

(*) The "Other financial liabilities" of SAES Pure Gas, Inc. open as of December 31, 2017 and March 31, 2018 have been reclassified into the item "Liabilities held for sale and discontinued", as this subsidiary had been sold on June 25, 2018.

The **consolidated net financial position** was positive for an amount of 248,988 thousand euro as at June 30, 2018 (cash equal to 302,644 thousand euro and net financial liabilities of 53,656 thousand euro), compared to a negative net financial position of -16,517 thousand euro as at December 31, 2017 (cash equal to 27,564 thousand euro and net financial liabilities of 44,081 thousand euro).

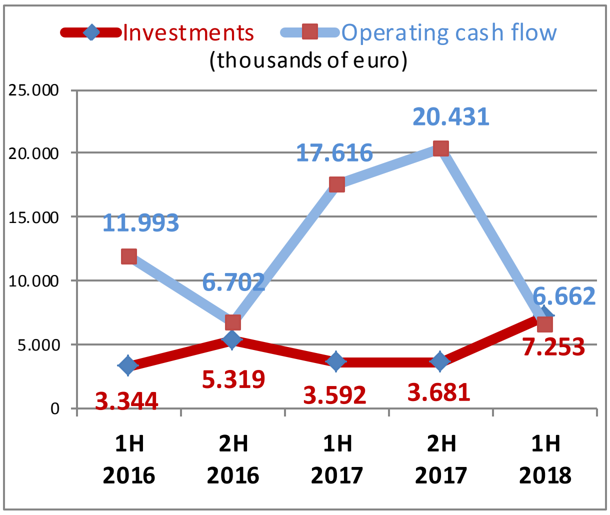
The increase in the net financial position compared to December 31, 2017 (+265,505 thousand euro) is the result of the extraordinary transaction involving the transfer of the purification business (the overall effect of said transaction on the net financial position is +280,031 thousand euro, for details of which please refer to the next paragraph). Disbursements for dividends paid at the beginning of May (-15,435 thousand euro) and the net investments in property, plant and equipment and intangible assets (-7,251 thousand euro), were partially offset by cash inflows generated from the operating activities, while the exchange rate effect was a positive 1.5 million euro, mainly attributable to the effect on cash and equivalents in dollars of the revaluation of the US dollar as at June 30, 2018, with respect to the end of 2017.

The chart below shows the **quarterly trend of the net financial position** during the current year.



The significant improvement in the net financial position in the second quarter of 2018 (+264,525 thousand euro) is the result of the consideration received on June 25, 2018 for the **transfer of the gas purification business** (303,409 thousand euro), net of cash and cash equivalents of the transferred company SAES Pure Gas, Inc. (2,657 thousand euro) and the financial payable (1,108 thousand euro) related to the negative adjustment of the price estimated on the basis of the values of working capital, cash and tax payables at closing and which still needs to be approved by both parties, as well as the accessory monetary expenses on the extraordinary transaction already paid as at June 30, 2018 (19,613 thousand euro[9]). **The positive net effect on the net financial position** was therefore **280,031 thousand euro.**

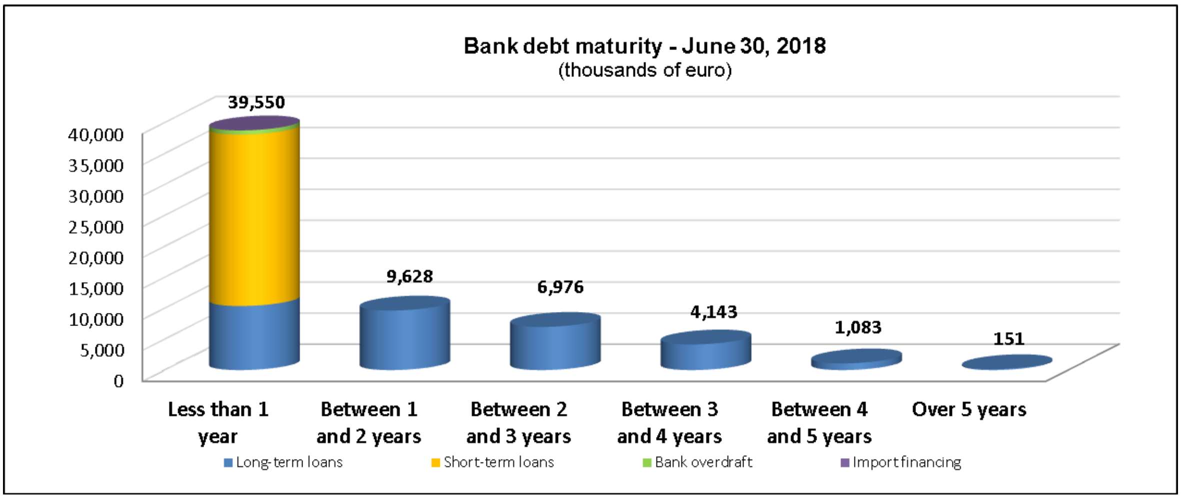
[9]This value does not include the non-monetary income relating to the release to the income statement of the translation reserve generated by the consolidation of the US companies involved in the transfer (SAES Getters USA, Inc. and SAES Pure Gas, Inc.), amounting to 1,827 thousand euro, as well as the costs relating to the strategic incentive plan known as the Asset Sale Plan (14,442 thousand euro) and current taxes (1,736 thousand euro), still not paid as at June 30, 2018.



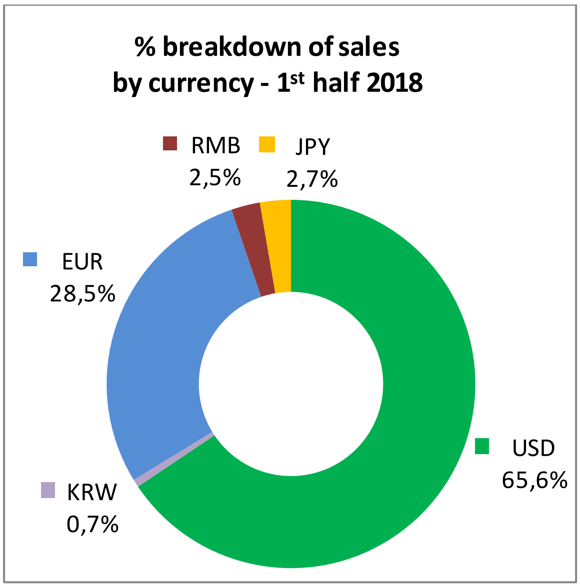
The **cash flow from operating activities** was positive and equal to 6,662 thousand euro in the first half of 2018, compared to a positive value of 17,616 thousand euro in the corresponding period of the previous year.
Excluding the cash flow from discontinued transactions of 11,592 thousand euro (i.e. the cash flows generated by the purification business in the January 1 - June 25, 2018 period), the operating cash flows were a negative 4,930 thousand euro: the self-financing in the current half, related to the cash flows generated, in particular, by the security and defense sector, in the vacuum pumps business and in the Nitinol for medical applications sector, was adversely affected by the huge increase in net working capital (in particular, increase in both the trade receivables in the Nitinol sector, as a result of the gradual increase in sales compared to the end of 2017, and stocks in the Avezzano facility and in the shape memory alloys sector, in anticipation of future sales).

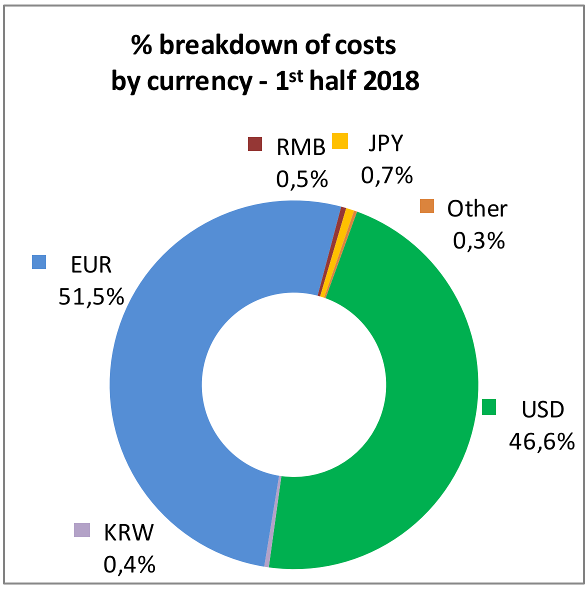
In the first six months of 2018 the cash outlays for **investments in property, plant and equipment** came to 7,253 thousand euro (3,592 thousand euro in the corresponding period of 2017); instead, the investments in intangible assets were not significant (58 thousand euro compared to 209 thousand euro as at June 30, 2017). The increase in the capex in the first half of 2018, compared to the corresponding period of 2017, is mainly attributable to the Parent Company's investments prior to the installation of a new pilot line for the advanced packaging business, targeted at ramping up the development of products for flexible packaging. For further details please refer to the Notes nos. 14 and 15.
Lastly, within **investment activities**, note should be taken of the aforementioned net consideration collected for the **transfer of the purification business.**

The following chart shows the **maturity profile** of the **consolidated bank debt** as at June 30, 2018.



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





Performance of the Parent Company and its subsidiaries during the first half of 2018

SAES GETTERS S.p.A. – Lainate, MI & Avezzano, AQ (Italy)

In the first half of 2018, the Parent Company reported revenues of 25,904 thousand euro, an increase of 3,171 thousand euro (+13.9%) compared to the corresponding period of the previous year (22,733 thousand euro), mainly thanks to the rise in sales in the security and defense sector and the vacuum pumps sector, together with higher sales of shape memory alloy components for industrial applications (in particular, luxury goods and automotive).
The Parent Company closed the current half with net income of 266,829 thousand euro, a considerable increase compared to 4,380 thousand euro in the corresponding period in the previous year, thanks to both the higher dividends received from subsidiaries, and the capital gain realized on the transfer of the investment in SAES Getters USA, Inc., net of accessory expenses relating to said extraordinary transaction (254,771 thousand euro).

SAES GETTERS/U.S.A., Inc. (former SAES Colorado, Inc.), Colorado Springs, CO (USA)

In order to complete the purification business sales transaction, in the month of June 2018 a legal and corporate reorganisation process was implemented that involved part of US companies of SAES Group. Specifically, **SAES Getters USA, Inc.**, Parent Company of **SAES Pure Gas, Inc.**, on the day June 15, 2018, sold all of its assets and liabilities, except for the above-mentioned share, to a newly incorporated company, SAES Colorado, Inc., later named **SAES Getters/U.S.A., Inc.**, which continues to be the property of SAES Group. Among the assets transferred by SAES Getters USA, Inc. to SAES Getters/U.S.A., Inc. was the 100% interest in **Spectra-Mat, Inc.** On June 25, 2018, the company SAES Getters USA, Inc., renamed Pure Gas Colorado, Inc., vehicle of control of the share in SAES Pure Gas, Inc., was sold to Entegris, Inc.

Below are some comments on performance of SAES Getters/U.S.A., Inc. and Spectra-Mat, Inc.[10] in the first half of 2018. Concerning the comment by SAES Getters/U.S.A., Inc., for the purposes of

[10] Subsidiaries included in the scope of the consolidation scope as of June 30, 2018.

better comprehending the differences compared to the first half of 2017, SAES Getters/U.S.A., Inc.[11]'s revenues and expenses were added to those of SAES Getters USA, Inc.[12].

The US Parent Company ***SAES Getters/U.S.A., Inc.***, mainly dealing in Business Unit Industrial Applications, achieved a turnover of 9,442 thousand USD (equal to 7,800 thousand euro), compared to 7,471 thousand USD (equal to 6,899 thousand euro) in the first half of last year: the increase (+26.4%) was mainly concentrated in the security and defence sector.
The company closed the first six months with a 16,372 thousand USD net profit (equal to 13,526 thousand euro), compared to a 6,254 thousand USD net profit (equal to 5,775 thousand euro) in the first half of 2017; this rapid growth is a consequence of the capital gain, net of taxes, made on the above-mentioned transfer of SAES Getters USA, Inc.'s net assets to SAES Getters/U.S.A., Inc., only partially offset by the negative valuation of net worth of the share in the subsidiary SAES Pure Gas, Inc., which closed this half year with a loss due to the costs for incentives and severance, correlated to the sale of the company to Entegris, Inc.

The subsidiary ***Spectra-Mat, Inc.***, Watsonville, CA (USA), operating in the Sintered Components for Electronic Devices & Lasers Business, recorded revenues of 4,302 thousand USD in the first half of 2018, equal to 3,554 thousand euro (3,902 thousand USD in the corresponding period of the previous year), equal to 3,603 thousand euro) and a net profit of 371 thousand USD (306 thousand euro), compared to 506 thousand USD (468 thousand euro) as at June 30, 2017. The reduction in net income, despite the increase in sales in the thermal management sector, especially for defense applications, is attributable to the decrease in the gross profit margin due to a different mix, characterized by a greater use of the raw material.

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

The company, which is owned directly by SAES Getters S.p.A., operates with the objective of managing the exports of all the US Group's companies.
In the first half of 2018, it achieved a net income of 8,717 thousand USD (7,202 thousand euro), up by 19.3% when compared to the corresponding period of 2017 (7,310 thousand USD, equal to 6,750 thousand euro), mainly thanks to the higher commissions received by the subsidiaries SAES Pure Gas, Inc. and Memry Corporation, that has significantly increased its business abroad in the first half 2018.

SAES GETTERS (NANJING) Co., Ltd., Nanjing (People's Republic of China)

The company manages the commercial activities of the Group in the People's Republic of China. In the first half of 2018, as part of the transfer of the purification business to Entegris, Inc., the Chinese subsidiary transferred its commercial structure in Shanghai, which provided support to SAES Pure Gas, Inc. on the Asian market, generating a net capital gain of 41,858 thousand RMB[13] (equal to 5,430 thousand euro).
SAES Getters (Nanjing) Co., Ltd. closed the first half of 2018 with sales of 24,956 thousand RMB (3,237 thousand euro), compared to 22,013 thousand RMB (2,957 thousand euro) in the corresponding period of the previous year: the increase (+13.4%) is mainly concentrated in the Electronic Devices sector. The increase in sales, higher dividends received by SAES Getters International Luxembourg S.A. (in which SAES Getters (Nanjing) Co., Ltd. owns a 10% stake), together with the above-mentioned net capital gain, allowed the company to close the current period with a net income of 50,020 thousand RMB (6,489 thousand euro), marking a significant increase compared to 8,436 thousand RMB (1,133 thousand euro) as at June 30, 2017.

MEMRY GmbH in liquidazione (in liquidation), Weil am Rhein (Germany)

[11] Revenues and expenses for the period June 16 – June 30, 2018.
[12] Revenues and expenses for the period January 1– June 15, 2018.
[13] Gross capital gain of 53,517 thousand RMB and accessory transfer costs (including taxes) amounting to 11,659 thousand RMB.

In October 2017, the company, which manufactured and marketed shape memory alloy components for medical and industrial applications in the European market, after transferring all its manufacturing and sales activities to other companies of the Group[14], commenced the liquidation process, which is expected to take around one year.
Following the start of the liquidation, Memry GmbH closed the first half of 2018 with a net result close to zero (+16 thousand euro), compared to 462 thousand euro as at June 30, 2017 (the company was still operational in the first half of the previous year, and had recorded sales of 3,883 thousand euro).

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

The company, wholly-owned by SAES Getters S.p.A., 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, the company 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 Notes nos. 8 and 16 of the Interim condensed consolidated financial statements).
SAES Nitinol S.r.l. closed the first half of 2018 with a profit of 76 thousand euro, in line with the figure in the corresponding period of the previous year (72 thousand euro).
It should also be noted that, on February 12, 2018, SAES Nitinol S.r.l paid a new tranche of 0.5 million euro of the loan taken out on November 28, 2016 to Actuator Solutions GmbH. For more details on the loans outstanding as at June 30, 2018, please refer to the section "Significant events in the half" and to the Note no. 19.
Lastly, note that, on March 14, 2018 SAES Getters S.p.A. approved the partial waiver of the financial receivables due to it from SAES Nitinol S.r.l. for an amount of 660 thousand euro, equal to the difference between the total loss (-800 thousand euro) recorded by the subsidiary in 2017 and the one estimated (-140 thousand euro) for the same year at the beginning of 2017 and already covered by the payment made by the Parent Company on March 15, 2017.

E.T.C. S.r.l. in liquidazione (in liquidation), Lainate, MI (Italy)

The company, a spin-off supported by the National Research Council (CNR), operated, between 2010 and 2017, exclusively as a research centre for 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. As a result of the revision of the company's development prospects and the suspension of the OLET (*Organic Light Emitting Diodes*) research project, on November 16, 2017, the shareholders' meeting of E.T.C. S.r.l. resolved the early winding-up of the company and placement into liquidation (the liquidation process is expected to be completed by the end of the current year).
Due to the placement into liquidation, E.T.C. S.r.l. closed the first half of 2018 with a net loss of -5 thousand euro, down considerably compared to the loss of -468 thousand euro in the first half of 2017 (lower personnel costs and less chargebacks of expenses by the Parent Company).
It should be noted that the dispute with the employees of E.T.C. S.r.l., dismissed with objective just cause on October 31, 2017, was formally closed in January 2018, as a result of the removal of the job position following the placement of the company into liquidation. In particular, the trade union conciliation report was signed on January 22, 2018, in which the parties acknowledge that they have no further claims to make against one another. The financial obligation generated by this report coincides with the amount already allocated to the provision for risks and charges as at December 31, 2017 (0.2 million euro).

[14] Memry Corporation, SAES Smart Materials, Inc. and SAES Getters S.p.A. (Avezzano facility).

SAES COATED FILMS S.p.A. (former Metalvuoto S.p.A.) – Roncello, MB & Lainate[15], MI (Italy)

SAES Coated Films S.p.A. (former Metalvuoto S.p.A.[16]), based in the province of Monza Brianza, is a well-established player in the advanced packaging sector, producing metalized and innovative plastic films for food preservation. In particular, SAES Coated Films S.p.A. aims to compete in the "smart" food packaging chain, entering the market with a complete and innovative range of high-performance active plastics, characterized by transparency, biocompatibility and a low environmental impact.
It should be noted that, on February 26, 2018, SAES Getters S.p.A. exercised the call option to purchase the entire share capital of Roncello, already 70% owned. Thanks to the transaction, SAES acquired the remaining 30%, previously held by the minority shareholder Mirante S.r.l., for a consideration of 75 thousand euro. It should be pointed out that the consolidated financial statements of the SAES Group as at December 31, 2017 already included a financial payable for the same amount, related to the valuation of the aforementioned option, and that Metalvuoto S.p.A. was already fully consolidated with no creation of minority interests.
In the first half of 2018, Metalvuoto S.p.A. registered sales of 5,951 thousand euro, compared to 6,960 thousand euro in the corresponding period of 2017: the decrease reflects the delay in some consignments after June 30, 2018, and the rationalization of the product portfolio still in progress, aimed at reducing the incidence of metalized products with respect to lacquered ones (the latter with higher profit margins).
The current half closed with a net loss of -696 thousand euro, lower than the -91 thousand euro recorded as at June 30, 2017, due to the fall in sales, and the difficulties encountered in procuring the raw material nylon and which had a negative impact on gross profit margins, together with the higher costs of the services performed by the Parent Company and charged back to SAES Coated Films S.p.A.
Finally, it should be noted that, on April 5, 2018, SAES Getters S.p.A resolved the capital payment of 3 million euro, for the purposes of creating an extraordinary reserve to cover any future losses and in view of future investments.

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

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.
As at June 30, 2018, the company recorded a net loss of -89 thousand euro, compared to a net income of +3,035 thousand euro in the first half of 2017: the worsening was attributable to the fact that, in the current year, the collection of dividends from the subsidiaries was deferred to the second half, while as at June 30, 2017, the dividends of SAES Smart Materials, Inc. had already been collected.

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.. The company transferred its manufacturing activities in 2011 and operates as a distributor in the Korean territory for products made by other Group companies.
In the first half of 2018, the company recorded sales of 681 million KRW (523 thousand euro), up slightly compared to 672 million KRW (544 thousand euro) in the corresponding period in 2017, driven by the vacuum systems sector. The period closed with a loss of -160 million KRW (-123 thousand euro), compared to a loss of -187 million KRW (-151 thousand euro) as at June 30, 2017, the improvement of the result of the period was due to the different sales mix, characterized by a higher profit margin.

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15 On June 1, 2018, SAES Coated Films S.p.A. opened a local unit in Lainate, at the Parent Company's headquarters.
16 On April 5, 2018, the extraordinary shareholders' meeting resolved to change the company name from Metalvuoto S.p.A. to SAES Coated Films S.p.A., to ensure it is more recognizable on the market.

The company ***SAES Smart Materials, Inc.***, based in New Hartford, NY (USA), active in the development, production and sale of Nitinol semi-finished products, recorded sales of 9,189 thousand USD in the half (7,592 thousand euro), growth of 7.7% compared to 8,532 thousand USD (7,878 thousand euro) in the corresponding period of the previous year. Despite the increase in sales, due to the worsening in the gross profit margin, adversely impacted by a sales mix with a greater use of direct labor, the period closed with a net income essentially in line with that of the previous year (2,171 thousand USD, equal to 1,793 thousand euro in the first half of 2018, compared to 2,185 thousand USD, equal to 2,018 thousand euro in the first half of 2017).

Memry Corporation, Bethel, CT (USA), is a technological leader in the new generation medical devices with high engineering value sector, made of Nitinol shape memory alloy.
The company achieved sales of 36,789 thousand USD (30,394 thousand euro) in the first half of 2018, compared to 32,291 thousand USD (29,816 thousand euro) in the corresponding period of the previous year: the increase of +13.9% is line with the development of the reference markets. Net income amounted to 7,236 thousand USD (5,978 thousand euro), also up significantly (+61.8%) compared to a profit of 4,472 thousand USD (4,130 thousand euro) in the first half of 2017, thanks to the rise in sales, the increase in the production efficiency and revenue, amounting to 1,375 thousand USD, accounted for as a result of the conversion of 50% of the loan granted by the State of Connecticut (CT) at the end of 2014 to a non-refundable grant[17].

Performance of the joint ventures in the first half of 2018

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. This joint venture, which consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., is focused on the development, production and marketing of actuators that use shape memory alloys in place of the engine.

Actuator Solutions recorded net revenues of 11,735 thousand euro in the first half of 2018, down by 14.5% compared to 13,727 thousand euro in the first half of 2017. Revenues in the current period are attributable almost entirely to the German seat comfort business, which continues to register gradual growth (+9.6%), compared to the decrease in the sales of autofocus (AF) for action cameras of the Taiwanese company (revenues of 23 thousand euro as at June 30, 2018, compared to 2,801 thousand euro in the corresponding period in the previous year).
A net loss of -717 thousand euro was registered in the half, which compares with a loss of -3,393 thousand euro as at June 30, 2017: the improvement is mainly attributable to the recovery in the profit margins of the German sector, also favored by the economies of scale related to the growth in sales, and the reduction in the costs of the Taiwanese subsidiary, a result of the restructuring carried out last year and targeted at the closure of the Zhubei facility, the outsourcing of manufacturing activities and the focusing of Actuator Solutions Taiwan Co., Ltd. on research and development activities.
Lastly, it should be noted that the loss as at June 30, 2018 includes extraordinary expenses of around 0.7 million euro (extraordinary expenses amounted to 1.2 million euro as at June 30, 2017), related to the continuation of the process of outsourcing of the production also at the Chinese subsidiary, net of which Actuator Solutions closed the current half with a break-even position.

[17]For more details please see section "Significant events in the half" and the Note no. 27.

(thousands of euro)

Actuator Solutions	1st Half 2018	1st Half 2017
	100%	**100%**
Total net sales	11,735	13,727
Cost of sales	(9,451)	(12,941)
Gross profit	**2,284**	**786**
% on net sales	*19.5%*	*5.7%*
Total operating expenses	(2,253)	(2,636)
Other income (expenses), net	(144)	(1,008)
Operating income (loss)	**(113)**	**(2,858)**
% on net sales	*-1.0%*	*-20.8%*
Interests and other financial income, net	(242)	(338)
Foreign exchange gains (losses), net	(82)	(235)
Income taxes	(280)	38
Net income (loss)	**(717)**	**(3,393)**

The share of the SAES Group in the result of this joint venture in the first half of 2018 amounted to -359 thousand euro (-1,697 thousand euro in the first half of 2017). Similar to June 30, 2017, given the investment of SAES in Actuator Solutions was already fully eliminated and since there is no legal or implied obligation, at present, for its recapitalization by SAES vis-à-vis Actuator Solutions, in accordance with IAS 28, the share pertaining to the Group in the net loss of Actuator Solutions as at June 30, 2018 was not recognized as a liability.

SAES RIAL VACUUM S.r.l., Parma, PR (Italy)

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

SAES RIAL Vacuum S.r.l. closed the first half of 2018 with sales of 1,023 thousand euro, almost double (+79.7%) the figure of 569 thousand euro in the corresponding period of 2017. The half closed with a break-even position (-2 thousand euro), compared to a net loss of -186 thousand euro as at June 30, 2017: the increase in sales and the related economies of scale, together with the fact that the initial productive inefficiencies were overcome, enabled a major improvement in the gross profit margin and subsequent attainment of a break-even position.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	1st Half 2018	1st Half 2017
	100%	100%
Total net sales	1,023	569
Cost of sales	(767)	(727)
Gross profit	**256**	**(158)**
% on net sales	*25.0%*	*-27.8%*
Total operating expenses	(185)	(127)
Other income (expenses), net	(41)	107
Operating income (loss)	**30**	**(178)**
% on net sales	*2.9%*	*-31.3%*
Interests and other financial income, net	(13)	(8)
Foreign exchange gains (losses), net	0	0
Income taxes	(19)	0
Net income (loss)	**(2)**	**(186)**

The share of the SAES Group in the result of this joint venture in the first half of 2018 amounted to -1 thousand euro (-91 thousand euro in the first half of 2017).

FLEXTERRA, Inc., Skokie, IL (USA)

Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), is a development start-up established at the end of 2016 by SAES, whose objective is the design, manufacturing and marketing of materials and components for the manufacturing of truly flexible displays, with huge potential in terms of the application in various market sectors.
Starting from January 10, 2017, Flexterra, Inc. wholly owns the newly established company Flexterra Taiwan Co., Ltd.
SAES currently owns a 33.79% stake in the joint venture Flexterra, Inc.

It should be noted that, at the end of May 2018, Flexterra, in collaboration with E Ink, a major manufacturer of Electrophoretic screens, presented the first fully flexible Electrophoretic display at the SID of Los Angeles, which uses technology and materials developed by Flexterra, and generated significant interest from the market. Over the next few months, Flexterra and E Ink will launch the phase of production on an industrial scale which will see the SAES Group, in its role as business partner, committed to the production and supply of chemical formulations.

The development start-up, which qualifies as a joint venture, closed the first half of 2018 with a net loss of -2,165 thousand euro, compared to -2,842 thousand euro in the corresponding period in 2017 (primarily costs for staff employed in research activities and general and administrative costs, costs of advisory services, costs related to the management of patents and the amortization of intangible assets transferred from some third party shareholders at the time of incorporation of the company). The containment of the loss is mainly attributable to lower personnel costs, as a result of the gradually more efficient use of resources, together with the reduction in advisory services, higher in the company’s first year given related to the commencement of operations.

(thousands of euro)

Flexterra	1st Half 2018	1st Half 2017 restated (*)
	100%	**100%**
Total net sales	19	19
Cost of sales	(2)	(1)
Gross profit	**17**	**18**
% on net sales	*89.5%*	*94.7%*
Total operating expenses	(2,137)	(2,782)
Other income (expenses), net	(4)	(157)
Operating income (loss)	**(2,124)**	**(2,921)**
% on net sales	*n.a.*	*n.a.*
Interests and other financial income, net	(11)	5
Foreign exchange gains (losses), net	(60)	59
Income taxes	30	14
Net income (loss)	**(2,165)**	**(2,842)**

(*) Some amounts shown in the column do not correspond to the 2017 Interim consolidated financial statements because they reflect the restatement deriving from the completion of the process of identifying the fair value of the intangible assets contributed by some third-party shareholders at the time of the establishment of the Flexterra, Inc. joint venture. For further details please refer to the Note no. 1, paragraph "Restatement of the 2017 figures", of the Interim condensed consolidated financial statements as at June 30, 2018.

The share of the SAES Group in the result of this joint venture in the first half of 2018 amounted to -732 thousand euro (-960 thousand euro as at June 30, 2017).

The following table shows the statement of **comprehensive income (loss)**, achieved by incorporating the joint ventures[18] of the Group using the proportional method instead of the equity method.

	1st Half 2018							
(thousands of euro)	**Consolidated profit or loss**	**50% Actuator Solutions**	**Intercompany eliminations & other adjustments**	**49% SAES RIAL Vacuum S.r.l.**	**Intercompany eliminations & other adjustments**	**33.79% Flexterra**	**Intercompany eliminations & other adjustments**	**Total profit or loss of the Group**
Total net sales	**75,709**	**5,868**	**(365)**	**501**	**(67)**	**6**		**81,652**
Cost of sales	(43,219)	(4,726)	365	(376)	67	(1)		(47,890)
Gross profit	**32,490**	**1,142**	**0**	**125**	**0**	**5**		**33,762**
% on net sales	*42.9%*							*41.3%*
Total operating expenses	(25,665)	(1,127)		(91)		(722)	0	(27,605)
Other income (expenses), net	1,057	(72)		(20)		(1)		964
Operating income (loss)	**7,882**	**(57)**	**0**	**14**	**0**	**(718)**	**0**	**7,121**
% on net sales	*10.4%*							*8.7%*
Interests and other financial income, net	(305)	(121)		(6)		(4)		(436)
Income (loss) from equity method evaluated companies	(733)		0		1		732	0
Foreign exchange gains (losses), net	17	(41)		0		(20)		(44)
Income (loss) before taxes	**6,861**	**(219)**	**0**	**8**	**1**	**(742)**	**732**	**6,641**
Income taxes	(4,157)	(140)		(9)		10		(4,296)
Net income (loss) from continued operations	**2,704**	**(359)**	**0**	**(1)**	**1**	**(732)**	**732**	**2,345**
Income (loss) from assets held for sale and discontinued operations	239,870	0		0		0		239,870
Net income (loss) before minority interest	**242,574**	**(359)**	**0**	**(1)**	**1**	**(732)**	**732**	**242,215**
Net income (loss) pertaining to minority intere	0							0
Net income (loss) pertaining to the Group	**242,574**	**(359)**	**0**	**(1)**	**1**	**(732)**	**732**	**242,215**

[18] Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (33.79%).

The Activity of Research, Development and Innovation

The **research and development costs** during the first half of 2018 total 5,455 thousand euro (7.2% of the consolidated net sales) and are substantially aligned in absolute value with those of the same period of 2017, equal to 5,970 thousand euro (8.1% of the consolidated sales).

The first half of 2018 saw the **organic materials lab** deeply involved in the activity of improving the lacquer Oxaqua®. Developed by Metalvuoto S.p.A. (now SAES Coated Films S.p.A.), this lacquer had a series of technological problems that delayed its adoption by the market; in particular, when the environment is extremely humid, the lacquer performs poorly and its mechanical stability deteriorates which limits its adoption to a narrow range of fields of application. The organic materials lab – thanks to innovative approaches developed in-house – managed to make major changes to the lacquer's formula, improving its oxygen barrier properties in conditions of high environmental humidity and also yielding pretty good barrier properties against water and carbon dioxide. These are major results that go beyond the state-of-the-art and raise hopes that the lab will be able to develop a high-performance, entirely transparent water barrier, an innovative solution that would make it possible to get rid of the aluminium film in food packaging. The patent for this new lacquer is being lodged and the film depositing tests will be run before the end of summer 2018 using SAES Coated Films S.p.A.'s industrial plant; if as is expected it passes the tests, the new lacquer will be placed on the market in the second half of the financial year.

The **organic materials lab** has also worked on developing a getter to absorb the ethylene and on a formula suitable to guarantee its integration in the stiff tray packages for pre-cut fruit, an application known on the market as "fresh-cut", where management of the ethylene allows solving specific deterioration mechanisms, together with problems linked to overpressure of gas with consequent loss of the packaging's seal. The new getter is undergoing tests on the end client's premises.

Furthermore, the outline of the **pilot lines** was completed for testing different types of lacquers and fine-tuning innovative technologies for depositing on thin film. Just ordered and scheduled for installation in 2019, the line will make it possible to speed up development of the products for flexible packaging, working under the same operating conditions as an industrial line, but adopting flexible film with a narrower size range.

Also in the field of organic materials, the **Flexterra** joint venture, in collaboration with the most important producer of electrophoretic screens worldwide, the Taiwanese E Ink, reached the important objective of presenting the first completely flexible electrophoretic display at the SID in Los Angeles (the most important display fair in the world), which employs technology and materials developed by Flexterra.
The display has sparked considerable interest among potential users and in the coming months Flexterra and E Ink will launch the product industrialisation stage that will engage SAES Group, in its capacity of business partner, in the production and supply of chemical formulas.

At **SAES Coated Films S.p.A.** the depositing tests on the SAES lacquers on compostable substrates, that is, without polymers of fossil origin, moved forward; these tests were passed, in terms of characteristics both of barrier and of mechanical properties.

In the area of shape memory alloys, the **metalworking laboratory** continued its research activity based on new alloys both at high transformation temperature and at zero hysteresis. These research activities are highly complex, requiring an enormous amount of tests, both in the laboratory and on the pilot line, and their results are expected back in the second half of the 2018 financial year.

Lastly, all basic research costs incurred by the group are attributed directly to the income statement in the financial year they were incurred in, not bearing the requisites for capitalisation

Subsequent events

At the end of 2016, SAES, through the subsidiary SAES Getters International Luxembourg S.A., had signed a commitment to contribute 4.5 million USD in capital to Flexterra, Inc., in addition to tangible and intangible assets (IP) with an estimated value of around 3 million USD, subject to the achievement by Flexterra of the technical and commercial objectives established in advance (milestone) no later than March 31, 2018. Flexterra, Inc. recently proposed a revision of the original agreement to its shareholders, in order to extend said expiry and announced the achievement of the milestone. The shareholders may proceed with the aforementioned contribution within 30 days of the formal communications (expected in the next few days) and, upon completion of said operation, SAES' share in Flexterra is destined to increase to about 45%, in the event of full compliance.

On July 31, 2018, the Parent company made the early repayment of the residual portion of the long-term loan taken out with Banca Intesa Sanpaolo S.p.A. in the middle of 2015 (initial nominal value of 8 million euro). No penalty was paid for said operation. At the same time, the Interest Rate Swap on said loan was also extinguished.

On July 31, 2018, the residual portion of the long-term loan taken out by Memry Corporation with Unicredit at the start of 2009 was repaid early. The costs for the early extinguishment (breakage costs) came to around 30 thousand USD, according to the contract established initially between the parties.

On August 1, the Parent company made the early repayment of the residual portion of the long-term loan taken out with Unicredit S.p.A. (initial nominal value of 7 million euro). No penalty was paid for said operation.

Business outlook

Significant growth is forecast in the second part of the year, driven in particular by the continuous market success of products for the medical sector.

Related party transactions

With regard to the Group's related party transactions, please note that they fall within the ordinary operations and are settled at market or standard conditions.
Complete disclosure on related party transactions incurred during the half is provided in the Note no. 39 of the Interim condensed consolidated financial statements.

Group's main risks and uncertainties

For the analysis of the Group's main risks and uncertainties and the related mitigation actions to face these risks and uncertainties please refer to the 2017 financial statements.
In particular, with reference to the financial risks, the main financial risks for the SAES Group are the following ones:

- *Interest rate risk*, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of 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 denominated in currencies different from the euro and may

thus have an impact on the Group's net income or loss; also the amount of financial receivables/payables denominated in currencies other than the euro depends on the value of exchange rates, with potential effects both on the net income and on the net financial position;

- *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 due from them;
- *Liquidity risk*, associated with the Group's ability to raise funds to finance its operating activities, or with the capacity of the sources of funding if the Group were to adopt strategic decisions involving some extraordinary expenditure (such as merger & acquisition transactions or organizational rationalization and restructuring activities).

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 regards to long-term financial debts, the exposure to interest rate variation is usually handled by way of entering into Interest Rate Swap or interest Rate Cap agreements, with a view to guarantee a level of financial expenditures which are sustainable by the SAES Group's financial structure. For details of the contracts as at June 30, 2018 please refer to the Note no. 33.
Please note that the Group also constantly controls the interest rate trend for the possible signing of further contracts to hedge the risk linked to the interest rate fluctuations on the loans on which no hedging contract has been signed.
The funding for the working capital is managed through short-term financing transactions and, as a consequence, the Group does not enter into any hedges of the interest rate risk.

Exchange rate risk
The Group is exposed to the exchange rate risk on foreign commercial transactions.
Such exposure is mainly generated by sales in currencies other than the functional currency: during the first half of 2018 around 71.5% of the Group's sales and only around 48.5% 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 versus the euro, primarily of the US dollar and of the Japanese yen, the Group has in place hedging contracts, 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.. The maturities of the 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, also intercompany ones, denominated in a currency different from the one used in the financial statements, including those relating to cash pooling (for example, executed by foreign subsidiaries, but denominated in euro).
Lastly, the Group constantly monitors the trend in exchange rates in order to evaluate the opportunity to stipulate additional contracts for the hedging of risk linked to fluctuation in exchange rates on collections in currency deriving from extraordinary corporate transactions, or relating to the funding needed for any acquisitions denominated in a non-euro currency.
Please refer to the Note no. 33 for further details on the derivative agreements in place as at June 30, 2018.

Commodity price risk
The Group's exposure to the 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 in the price 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 given the current 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.
In relation to financial receivables due from related parties, these receivables were assessed to be fully recoverable based on the estimated future cash flows for the joint ventures.

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:
- constantly monitors the Group's financial requirements in order to obtain the credit lines needed to meet such requirements;
- optimizes the liquidity management through a centralized management system of available liquidity (cash pooling) in euro which involves nearly all of the Group's companies;
- manages the correct balance between short-term financing and medium/long-term financing depending on the expected generation of operating cash flows.
For further information about the Group's financial debts as at June 30, 2018 and about the maturity date of these debts please refer to the Note no. 27.
As at June 30, 2018 the Group was not significantly exposed to liquidity risk, thanks to the availability of assets and bank deposits and taking into account the unused credit lines to which it has access.

Equity management
The objective pursued by the Group 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 first half of 2018.
Some performance indicators, such as the debt-to-equity ratio, defined as net debt to net equity, are periodically monitored with the aim of keeping them at low levels, and in any case lower than what is required by the contracts signed with the financial institutions.

Consob regulatory simplification process

Please note that, on November 13, 2012, the Board of Directors 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.

Interim Condensed Consolidated Financial Statements as at June 30, 2018

Consolidated statement of profit or loss

(thousands of euro)	Notes	1st Half 2018	1st Half 2017 restated (*)
Total net sales	3	**75,709**	**73,840**
Cost of sales	4	(43,219)	(42,579)
Gross profit		**32,490**	**31,261**
Research & development expenses	5	(5,455)	(5,970)
Selling expenses	5	(6,061)	(5,938)
General & administrative expenses	5	(14,149)	(14,233)
Total operating expenses		**(25,665)**	**(26,141)**
Other income (expenses), net	6	1,057	(66)
Operating income (loss)		**7,882**	**5,054**
Interest and other financial income	7	309	271
Interest and other financial expenses	7	(614)	(1,031)
Share of result of investments accounted for using the equity method	8	(733)	(1,051)
Foreign exchange gains (losses), net	9	17	(721)
Income (loss) before taxes		**6,861**	**2,522**
Income taxes	10	(4,157)	(4,505)
Net income (loss) from continued operations		**2,704**	**(1,983)**
Net income (loss) from discontinued operations	11	239,870	12,975
Net income (loss) for the period		**242,574**	**10,992**
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		**242,574**	**10,992**
Net income (loss) per ordinary share	12	10.9955	0.4929
Net income (loss) per savings share	12	11.0122	0.5096

Consolidated statement of other comprehensive income

(thousands of euro)	Notes	1st Half 2018	1st Half 2017 restated (*)
Net income (loss) for the period from continued operations		**2,704**	**(1,983)**
Exchange differences on translation of foreign operations	26	2,002	(6,385)
Exchange differences on equity method evaluated companies	26	149	(564)
Total exchange differences		2,151	(6,949)
Equity transaction costs related to equity method evaluated companies	26	0	(8)
Total components that will be reclassified to the profit (loss) in the future		**2,151**	**(6,957)**
Other comprehensive income (loss), net of taxes - continued operations		**2,151**	**(6,957)**
Total comprehensive income (loss), net of taxes - continued operations		**4,855**	**(8,940)**
Net income (loss) for the period from discontinued operations		**239,870**	**12,975**
Exchange differences on translation of foreign operations	26	(94)	(1,865)
Reversal of currency conversion reserve after the disposal of the subsidiaries	26	(1,827)	0
Total components that have been reclassified to the profit (loss)		**(1,921)**	**(1,865)**
Other comprehensive income (loss), net of taxes - discontinued operations		**(1,921)**	**(1,865)**
Total comprehensive income (loss), net of taxes - discontinued operations		**237,949**	**11,110**
Total comprehensive income (loss), net of taxes		**242,804**	**2,170**
attributable to:			
- Equity holders of the Parent Company		242,804	2,170
- Minority interests		0	0

(*) Some amounts shown in the column do not correspond to the 2017 Interim consolidated financial statements because they reflect the reclassifications related to the sale of the gas purification business, finalized on 25 June 2018 (identified as "major line of business") in compliance with the provisions of IFRS 5. These reclassifications are added to the adjustments deriving from the completion of the provisional valuation of the business combination of SAES Coated Films S.p.A. (formerly Metalvuoto S.p.A.) and from the completion of the process of identifying the fair value of the intangible assets contributed by some shareholders at the time of the establishment of the Flexterra, Inc. joint venture, in compliance with the provisions of IFRS 3 revised. For further details please refer to the Note no. 1, paragraph "Restatement of the 2017 figures".

Consolidated statement of financial position

(thousands of euro)	Notes	June 30, 2018	December 31, 2017 reclassified (*)
ASSETS			
Non current assets			
Tangible fixed assets	14	50,312	46,098
Intangible fixed assets	15	47,346	46,783
Investments accounted for using the equity method	16	6,677	7,261
Deferred tax assets	17	8,470	4,825
Tax consolidation receivables from the Controlling Company	18	272	272
Financial receivables from related parties	19	8,049	7,549
Other long term assets	20	430	425
Total non current assets		**121,556**	**113,213**
Current assets			
Closing inventory	21	22,248	20,546
Trade receivables	22	19,472	17,266
Other receivables, accrued income and prepaid expenses	23	4,174	5,654
Cash and cash equivalents	24	302,644	27,564
Financial receivables from related parties	19	897	936
Total current assets		**349,435**	**71,966**
Assets held for sale and discontinued transactions	25	**235**	**53,873**
Total assets		**471,226**	**239,052**
EQUITY AND LIABILITIES			
Capital stock		12,220	12,220
Share issue premium		41,120	41,120
Legal reserve		2,444	2,444
Other reserves and retained earnings		42,822	44,397
Other components of equity		8,330	8,100
Net income (loss) of the period		242,574	13,860
Group shareholders' equity	26	**349,510**	**122,141**
Other reserves and retained eanings of third parties		0	0
Minority interests in consolidated subsidiaries	26	**0**	**0**
Total equity		**349,510**	**122,141**
Non current liabilities			
Non current financial debts	27	21,981	28,057
Deferred tax liabilities	17	6,537	7,011
Staff leaving indemnities and other employee benefits	28	9,409	8,924
Provisions	29	345	386
Total non current liabilities		**38,272**	**44,378**
Current liabilities			
Trade payables	30	10,645	11,126
Other payables	31	25,910	12,942
Accrued income taxes	32	3,277	1,657
Provisions	29	2,620	4,305
Derivative financial instruments measured at fair value	33	176	61
Current portion of financial debts	27	10,358	10,478
Other financial debts to third parties	34	1,706	1,716
Bank overdrafts	35	28,381	12,254
Accrued expenses and deferred income	36	371	375
Total current liabilities		**83,444**	**54,914**
Liabilities held for sale and discontinued transactions	25	**0**	**17,619**
Total equity and liabilities		**471,226**	**239,052**

(*) Some amounts shown in the column do not correspond to the 2017 Consolidated financial statements because, in compliance with the provisions of IFRS 5, they reflect the reclassifications of assets and liabilities relating to the gas purification business, which was sold on June 25, 2018, respectively under the items "Assets held for sale" and "Liabilities held for sale". For further details please refer to the Note no. 1, paragraph "Restatement of the 2017 figures".

Consolidated cash flow statement (#)		
(thousands of euro)	**1st half 2018**	**1st half 2017 restated (*)**
Cash flows from operating activities		
Net income (loss) from continued operations	2,704	(1,983)
Net income (loss) from discontinued operations	239,870	12,975
Current income taxes	10,408	6,664
Change in deferred income taxes	(5,265)	46
Depreciation	3,442	3,780
Write-down (revaluation) of property, plant and equipment	89	291
Amortization	645	773
Write-down (revaluation) of intangible assets	2	3
Net loss (gain) on disposal of assets	9	(49)
Net gain on purification business disposal	(227,463)	185
Interests and other financial income, net	1,038	1,892
Other non-monetary costs (revenues)	(1,032)	(80)
Accrual for termination indeminities and similar obligations	565	1,357
Changes in provisions	(2,132)	(922)
	22,880	**24,932**
Working capital adjustments		
Cash increase (decrease)		
Account receivables and other receivables	1,006	5,611
Inventory	(4,291)	(2,370)
Account payables	(2,902)	(3,786)
Other current payables	(325)	(130)
	(6,512)	**(675)**
Payment of termination indemnities and similar obligations	(121)	(209)
Interests and other financial payments	72	(242)
Interests and other financial receipts	(235)	36
Taxes paid	(9,422)	(6,226)
Net cash flows from operating activities	**6,662**	**17,616**
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(7,253)	(3,592)
Proceeds from sale of tangible and intangible assets	60	49
Disbursements for acquisition of intangible assets	(58)	(209)
Consideration for the acquisition of minority interests in subsidiaries	(75)	0
Adjustment on price paid for the acquisition of shareholding in subsidiaries	0	29
Price paid for the acquisition of businesses	(139)	(219)
Consideration for the purification business disposal, net of the disposed cash	300,752	0 (**)
Ancillary monetary charges for the purification business disposal	(19,613)	(185) (***)
Net cash flows from investing activities	**273,674**	**(4,127)**
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	0	9,950
Proceeds from short term financial liabilities	14,899	11,665
Dividends payment	(15,435)	(12,250)
Repayment of financial liabilities	(5,227)	(10,388)
Interests paid on long term financial liabilities	(316)	(509)
Interests paid on short term financial liabilities	(11)	(11)
Other costs paid	(19)	(77)
Financial receivables repaid (granted) from related parties	(225)	(3,300)
Other financial payables	11	5
Net cash flows from financing activities	**(6,323)**	**(4,915)**
Net foreign exchange differences	640	(1,638)
Net (decrease) increase in cash and cash equivalents	**274,653**	**6,936**
Cash and cash equivalents at the beginning of the period	**27,312**	**13,997**
Cash and cash equivalents at the end of the period	**301,965**	**20,933**

(#) It should be noted that the amounts shown in the consolidated cash flow statement include both the cash flows generated by the gas purification business during the period 1 January - 25 June 2018, and the effects relating to its sale, finalized on 25 June 2018. For more details please refer to Note no. 11 and to the Note n. 37.

(*) Some amounts shown in the column do not correspond to the 2017 Interim consolidated financial statements because they reflect the reclassifications related to the sale of the gas purification business, finalized on 25 June 2018 (identified as "major line of business") in compliance with the provisions of IFRS 5. These reclassifications are added to the adjustments deriving from the completion of the provisional valuation of the business combination of SAES Coated Films S.p.A. (formerly Metalvuoto S.p.A.) and from the completion of the process of identifying the fair value of the intangible assets contributed by some shareholders at the time of the establishment of the Flexterra, Inc. joint venture, in compliance with the provisions of IFRS 3 revised. For further details please refer to the Note no. 1, paragraph "Restatement of the 2017 figures".

(**) Consideration equal to €303,409 thousand and cash sold equal to €2,657 thousand.

(***) The figure of the first half 2018 does not include the non-monetary income related to the release into the income statement of the conversion reserve generated by the consolidation of the US companies sold (SAES Getters USA, Inc. and SAES Pure Gas, Inc.), equal to €1,827 thousand, as well as the costs related to the strategic incentive plan called Asset Transfer Plan (€14,442 thousand) and current taxes (€1,736 thousand), not yet paid as at June 30, 2018.

Consolidated statement of changes in equity as at June 30, 2018

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity: Currency conversion reserve	Other components of equity: Currency conversion reserve from discontinued operations	Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
December 31, 2017 reclassified (*)	**12,220**	**41,120**	**0**	**2,444**	**6,179**	**1,921**	**44,397**	**13,860**	**122,141**	**0**	**122,141**
Distribution of 2017 result							13,860	(13,860)	0		0
Dividends paid							(15,435)		(15,435)		(15,435)
Net income (loss)								**242,574**	**242,574**	**0**	**242,574**
Reversal of currency conversion reserve after subsidiaries sale						(1,827)			(1,827)		(1,827)
Other comprehensive income (loss)					2,151	(94)	0		2,057		2,057
Total comprehensive income (loss)					**2,151**	**(1,921)**	**0**	**242,574**	**242,804**	**0**	**242,804**
June 30, 2018	**12,220**	**41,120**	**0**	**2,444**	**8,330**	**0**	**42,822**	**242,574**	**349,510**	**0**	**349,510**

(*) Some amounts shown in the column do not correspond to the 2017 Interim consolidated financial statements because they reflect the reclassifications related to the sale of the gas purification business, finalized on 25 June 2018 (identified as "major line of business") in compliance with the provisions of IFRS 5. For further details please refer to the Note no. 1, paragraph "Restatement of the 2017 figures".

Consolidated statement of changes in equity as at June 30, 2017 restated (**)

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity: Currency conversion reserve	Other components of equity: Currency conversion reserve from discontinued operations	Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
December 31, 2016	**12,220**	**41,120**	**0**	**2,444**	**17,396**	**4,905**	**42,664**	**14,029**	**134,778**	**0**	**134,778**
Distribution of 2016 result							14,029	(14,029)	0		0
Dividends paid							(12,250)		(12,250)		(12,250)
Net income (loss)								**10,992**	**10,992**	**0**	**10,992**
Other comprehensive income (loss)					(6,949)	(1,865)	(8)		(8,822)		(8,822)
Total comprehensive income (loss)					**(6,949)**	**(1,865)**	**(8)**	**10,992**	**2,170**	**0**	**2,170**
June 30, 2017	**12,220**	**41,120**	**0**	**2,444**	**10,447**	**3,040**	**44,435**	**10,992**	**124,698**	**0**	**124,698**

(**) Some amounts shown in the column do not correspond to the 2017 Interim consolidated financial statements because they reflect the reclassifications related to the sale of the gas purification business, finalized on 25 June 2018 (identified as "major line of business") in compliance with the provisions of IFRS 5. These reclassifications are added to the adjustments deriving from the completion of the provisional valuation of the business combination of SAES Coated Films S.p.A. (formerly Metalvuoto S.p.A.) and from the completion of the process of identifying the fair value of the intangible assets contributed by some shareholders at the time of the establishment of the Flexterra, Inc. joint venture, in compliance with the provisions of IFRS 3 revised. For further details please refer to the Note no. 1, paragraph "Restatement of the 2017 figures".

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

SAES Getters S.p.A., the Parent Company with headquarters in Lainate, and its subsidiaries (hereinafter "SAES Group") operate both in Italy and abroad in the development, manufacturing and marketing of getters and other components for applications where stringent vacuum conditions are required (electronic devices, industrial lamps, high vacuum systems and thermal insulation solutions). The Group also operates in the field of advanced materials, particularly in the business of shape memory alloys for both medical and industrial applications. Finally, SAES has recently developed a technological platform that integrates getter materials in polymeric matrixes applicable to numerous fields of application (food packaging, OLED displays, optoelectronic devices, implantable medical devices and new solid state diagnostic imaging).

The financial statements are prepared in compliance with the historical cost principle, except when specifically required by the applicable standards, as well as on the basis of the going concern assumption, given that, despite a difficult economic and financial environment, there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) regarding the business continuity.

S.G.G. Holding S.p.A.[19] is a relative majority shareholder[20] and does not exercise any management and coordination activity towards SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code (as specified in the 2017 Report on corporate governance and ownership).
The Board of Directors approved and authorized the publication of the interim condensed consolidated financial statements as at June 30, 2018 with the resolution passed on September 13, 2018.

The interim condensed 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".

Accounting schemes

The presentation adopted is compliant with the provisions of IAS 1 – revised, that provides for 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.

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 the internal reporting procedures and in line with the 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 allowed by IAS 7.

[19] Based in Milan at Via Vittor Pisani, 27.
[20] As at June 30, 2018, S.G.G. Holding S.p.A. held 40.95% of the ordinary shares of SAES Getters S.p.A.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal course of operations are specifically identified in the consolidated statement of profit or loss and the relevant details are included in the notes to the consolidated financial statements.
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 properties;
- income/expenses arising from the sale of business units and equity investments;
- income/expenses arising from reorganization processes associated with extraordinary corporate transactions (mergers, de-mergers, acquisitions and other corporate transactions);
- income/expenses arising from discontinued businesses.

As required by Consob resolution no. 15519 of July 27, 2006, the amounts of positions or transactions with related parties have been highlighted separately from the reference items in the Explanatory Notes to the interim condensed consolidated financial statements.

Re-statement of 2017 balances

The income statement balances as at June 30, 2017, presented for comparative purposes, were **reclassified** to reflect the effects of the transfer of the gas purification business completed on June 25, 2018, identified as a "major line of business". For details, reference should be made to the interim consolidated report on operations. In accordance with the provisions of IFRS 5, the costs and revenues of the first half of 2017 relating to the business subject to transfer, together with the advisory costs relating to said extraordinary transaction, were **reclassified** to the appropriate income statement item "Profit/loss from discontinued transactions", with no effect on the net income and shareholders' equity as at June 30, 2017.

In addition, the income statement balances as at June 30, 2017 were **re-stated**, with an effect on the consolidated result and consolidated shareholders' equity, to reflect the effects deriving from the completion of the temporary valuation of the business combination of SAES Coated Films S.p.A. (former Metalvuoto S.p.A.) and the completion of the process of identification of the fair value of the intangible assets transferred by some shareholders at the time of the establishment of the Flexterra, Inc. joint venture, in compliance with IFRS 3 revised.
In particular, at the date of drafting of the 2017 interim condensed financial statements, the process of determination of the present values of the assets and liabilities of both SAES Coated Films S.p.A. (acquired in October 2016), and Flexterra, Inc. (established in December 2016) was still at the temporary phase; the measurement of these net assets was completed in the second half of 2017 and, subsequently, the comparative income statement figures relating to the first half of 2017 were adjusted to reflect the effects deriving from the completion of both temporary valuations.
As a result of these adjustments, the net income as at June 30, 2017 decreased by 291 thousand euro, while the shareholders' equity as at said date reduced by 335 thousand euro[21].
It should be underlined that these effects were already acknowledged in the 2017 Consolidated financial statements, to which reference should be made for the relevant details.

The following table presents the effect of the aforementioned changes on the statement of consolidated profit and the consolidated statement of other comprehensive income as at June 30, 2017.

[21] Of which -53 thousand euro relating to the effect on shareholders' equity as at December 31, 2016 and -282 thousand euro for the change in shareholders' equity relating to the first half of 2017.

Consolidated statement of profit or loss				
(thousands of euro)	1st Half 2017	IFRS 5 reclassifications - purification business transfer	IFRS 3 revised restatements	1st Half 2017 restated
Total net sales	**117,283**	**(43,443)**	**0**	**73,840**
Cost of sales	(65,694)	23,115	0	(42,579)
Gross profit	**51,589**	**(20,328)**	**0**	**31,261**
Research & development expenses	(7,484)	1,660	(146)	(5,970)
Selling expenses	(8,187)	2,249	0	(5,938)
General & administrative expenses	(15,389)	1,156	0	(14,233)
Total operating expenses	**(31,060)**	**5,065**	**(146)**	**(26,141)**
Other income (expenses), net	(63)	(3)	0	(66)
Operating income (loss)	**20,466**	**(15,266)**	**(146)**	**5,054**
Interest and other financial income	271	0	0	271
Interest and other financial expenses	(1,112)	81	0	(1,031)
Share of result of investments accounted for using the equity method	(865)	0	(186)	(1,051)
Foreign exchange gains (losses), net	(726)	5	0	(721)
Income (loss) before taxes	**18,034**	**(15,180)**	**(332)**	**2,522**
Income taxes	(6,751)	2,205	41	(4,505)
Net income (loss) from continued operations	**11,283**	**(12,975)**	**(291)**	**(1,983)**
Net income (loss) from discontinued operations	0	12,975	0	12,975
Net income (loss) for the period	**11,283**	**0**	**(291)**	**10,992**
Minority interests in consolidated subsidiaries	0	0	0	0
Group net income (loss) for the period	**11,283**	**0**	**(291)**	**10,992**
Net income (loss) per ordinary share	*0.5061*	*0.0000*	*(0.0132)*	*0.4929*
Net income (loss) per savings share	*0.5228*	*0.0000*	*(0.0132)*	*0.5096*

Consolidated statement of other comprehensive income				
(thousands of euro)	1st Half 2017	IFRS 5 reclassifications - purification business transfer	IFRS 3 revised restatements	1st Half 2017 restated
Net income (loss) for the period from continued operations	**11,283**	**(12,975)**	**(291)**	**(1,983)**
Exchange differences on translation of foreign operations	(6,385)	0	0	(6,385)
Exchange differences on equity method evaluated companies	(573)	0	9	(564)
Total exchange differences	(6,958)	0	9	(6,949)
Equity transaction costs related to equity method evaluated companies	(8)	0	0	(8)
Total components that will be reclassified to the profit (loss) in the future	**(6,966)**	**0**	**9**	**(6,957)**
Other comprehensive income (loss), net of taxes - continued operations	**(6,966)**	**0**	**9**	**(6,957)**
Total comprehensive income (loss), net of taxes - continued operations	**4,317**	**(12,975)**	**(282)**	**(8,940)**
Net income (loss) for the period from discontinued operations	**0**	**12,975**	**0**	**12,975**
Exchange differences on translation of foreign operations	(1,865)	0	0	(1,865)
Reversal of currency conversion reserve after the disposal of the subsidiaries	0	0	0	0
Total components that have been reclassified to the profit (loss)	**(1,865)**	**0**	**0**	**(1,865)**
Other comprehensive income (loss), net of taxes - discontinued operations	**(1,865)**	**0**	**0**	**(1,865)**
Total comprehensive income (loss), net of taxes - discontinued operations	**(1,865)**	**12,975**	**0**	**11,110**
Total comprehensive income (loss), net of taxes	**2,452**	**0**	**(282)**	**2,170**
attributable to:				
- Equity holders of the Parent Company	2,452	0	(282)	2,170
- Minority interests	0	0	0	0

The following table reports the aforementioned variations broken down by operating segment.

(thousands of euro)

Consolidated statement of profit or loss	Industrial Applications			Shape Memory Alloys	Solutions for Advanced Packaging			Not allocated			Total			
	1st half 2017	Reclassifications	1st half 2017 reclassified	1st half 2017	1st half 2017	Restatements	1st half 2017 restated	1st half 2017	Reclassifications	1st half 2017 reclassified	1st half 2017	Restatements	Reclassifications	1st half 2017 restated
Total net sales	**69,550**	**(43,443)**	**26,107**	**40,032**	**6,960**	**0**	**6,960**	**741**	**0**	**741**	**117,283**	**0**	**(43,443)**	**73,840**
Cost of sales	(36,168)	23,115	(13,053)	(23,010)	(5,901)	0	(5,901)	(615)	0	(615)	(65,694)	0	23,115	(42,579)
Gross profit	**33,382**	**(20,328)**	**13,054**	**17,022**	**1,059**	**0**	**1,059**	**126**	**0**	**126**	**51,589**	**0**	**(20,328)**	**31,261**
% on net sales	*48.0%*	*46.8%*	*50.0%*	*42.5%*	*15.2%*	*n.a.*	*15.2%*	*17.0%*	*n.a.*	*17.0%*	*44.0%*	*n.a.*	*46.8%*	*42.3%*
Total operating expenses	(11,881)	4,879	(7,002)	(6,865)	(1,095)	(146)	(1,241)	(11,219)	186	(11,033)	(31,060)	(146)	5,065	(26,141)
Other income (expenses), net	55	0	55	123	(36)	0	(36)	(205)	(3)	(208)	(63)	0	(3)	(66)
Operating income (loss)	**21,556**	**(15,449)**	**6,107**	**10,280**	**(72)**	**(146)**	**(218)**	**(11,298)**	**183**	**(11,115)**	**20,466**	**(146)**	**(15,266)**	**5,054**
% on net sales	*31.0%*	*35.6%*	*23.4%*	*25.7%*	*-1.0%*	*n.a.*	*-3.1%*	*n.s.*	*n.a.*	*n.s.*	*17.5%*	*n.a.*	*35.1%*	*6.8%*
Financial income											271	0	0	271
Financial expenses											(1,112)	0	81	(1,031)
Share of result of investments accounted for using the equity method											(865)	(186)	0	(1,051)
Foreign exchange gains (losses), net											(726)	0	5	(721)
Income (loss) before taxes											**18,034**	**(332)**	**(15,180)**	**2,522**
Income taxes											(6,751)	41	2,205	(4,505)
Net income (loss) from continued operations											**11,283**	**(291)**	**(12,975)**	**(1,983)**
Net income (loss) from discontinued operations											0	0	12,975	12,975
Net income (loss)											**11,283**	**(291)**	**0**	**10,992**
Minority interests in consolidated subsidiaries											0	0	0	0
Group net income (loss)											**11,283**	**(291)**	**0**	**10,992**

The balance sheet balances as at December 31, 2017, presented for comparative purposes, were also **reclassified** (with no effect on consolidated shareholders' equity). In particular, assets and liabilities, relating to the purification business and subject to the transfer finalized on June 25, 2018, were reclassified respectively to the item "Assets held for sale and discontinued transactions" and "Liabilities held for sale and discontinued transactions", in compliance with IFRS 5.

For details of the reclassifications please see the next table.

Consolidated statement of financial position			
(thousands of euro)	**December 31, 2017**	**IFRS 5 reclassifications - purification business transfer**	**December 31, 2017 reclassified (*)**
ASSETS			
Non current assets			
Tangible fixed assets	49,492	(3,394)	46,098
Intangible fixed assets	53,175	(6,392)	46,783
Investments accounted for using the equity method	7,261	0	7,261
Deferred tax assets	5,440	(615)	4,825
Tax consolidation receivables from the Controlling Company	272	0	272
Financial receivables from related parties	7,549	0	7,549
Other long term assets	429	(4)	425
Total non current assets	**123,618**	**(10,405)**	**113,213**
Current assets			
Closing inventory	47,553	(27,007)	20,546
Trade receivables	33,529	(16,263)	17,266
Other receivables, accrued income and prepaid expenses	5,852	(198)	5,654
Cash and cash equivalents	27,564	0	27,564
Financial receivables from related parties	936	0	936
Total current assets	**115,434**	**(43,468)**	**71,966**
Assets held for sale and discontinued transactions	**0**	**53,873**	**53,873**
Total assets	**239,052**	**0**	**239,052**
EQUITY AND LIABILITIES			
Capital stock	12,220	0	12,220
Share issue premium	41,120	0	41,120
Legal reserve	2,444	0	2,444
Other reserves and retained earnings	44,397	0	44,397
Other components of equity	8,100	0	8,100
Net income (loss) of the period	13,860	0	13,860
Group shareholders' equity	**122,141**	**0**	**122,141**
Other reserves and retained eanings of third parties	0	0	0
Minority interests in consolidated subsidiaries	**0**	**0**	**0**
Total equity	**122,141**	**0**	**122,141**
Non current liabilities			
Non current financial debts	28,057	0	28,057
Altri debiti finanziari verso terzi	838	(838)	0
Deferred tax liabilities	7,011	0	7,011
Staff leaving indemnities and other employee benefits	8,924	0	8,924
Provisions	755	(369)	386
Total non current liabilities	**45,585**	**(1,207)**	**44,378**
Current liabilities			
Trade payables	18,877	(7,751)	11,126
Other payables	15,315	(2,373)	12,942
Accrued income taxes	1,657	0	1,657
Provisions	4,896	(591)	4,305
Derivative financial instruments measured at fair value	61	0	61
Current portion of financial debts	10,478	0	10,478
Other financial debts to third parties	2,091	(375)	1,716
Bank overdrafts	12,254	0	12,254
Accrued expenses and deferred income	5,697	(5,322)	375
Total current liabilities	**71,326**	**(16,412)**	**54,914**
Liabilities held for sale and discontinued transactions	**0**	**17,619**	**17,619**
Total equity and liabilities	**239,052**	**0**	**239,052**

Segment information

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

- Industrial Applications;
- Shape Memory Alloys;
- Solutions for Advanced Packaging.

This structure is unchanged with respect to the previous year.

Seasonality of revenues

Based on historical data, the revenues of the different businesses are not characterized by significant seasonal variations.

Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at June 30, 2018.

Company name	***Currency***	***Capital Stock***	***% of Ownership***	
			Direct	***Indirect***
Directly-controlled subsidiaries:				
SAES Getters/U.S.A., Inc. Colorado Springs, CO (USA)	USD	45,000,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	90.00	10.00*
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
MEMRY GmbH in liquidazione (in liquidation) Weil am Rhein (Germany)	EUR	330,000	100.00	-
E.T.C. S.r.l. in liquidazione (in liquidation) Lainate, MI (Italy)	EUR	75,000	100.00	-
SAES Nitinol S.r.l. Lainate, MI (Italy)	EUR	10,000	100.00	-
SAES Coated Films S.p.A. (former Metalvuoto S.p.A.) Roncello, MB & Lainate, MI (Italy)	EUR	50,000	100.00	-
Indirectly-controlled subsidiaries:				
Via SAES Getters/U.S.A., Inc.:				
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
Via SAES Getters International Luxembourg S.A.:				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	524,895,000	37.48	62.52
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	-	100.00
Memry Corporation Bethel, CT (USA) & Freiburg (Germany)	USD	30,000,000	-	100.00

* % of indirect ownership held by SAES Getters (Nanjing) Co., Ltd.

The following table shows the companies included in the scope of consolidation according to the equity method as at June 30, 2018.

Company name	***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**
Actuator Solutions (Shenzhen) Co., Ltd. Shenzhen (P.R. of China)	EUR	760,000	-	50.00***
SAES RIAL Vacuum S.r.l. Parma, PR (Italy)	EUR	200,000	49.00	-
Flexterra, Inc. Stokie, IL (USA)	USD	25,153,739	-	33.79****
Flexterra Taiwan Co., Ltd. Zhubei City (Taiwan)	TWD	5,000,000	-	33.79*****

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

** % of indirect ownership held by the joint venture Actuator Solutions GmbH (which wholly owns Actuator Solutions Taiwan Co., Ltd.).
*** % indirect ownership held by the joint venture Actuator Solutions GmbH (which wholly owns Actuator Solutions (Shenzhen) Co., Ltd.).
**** % of indirect ownership held by SAES Getters International Luxembourg S.A.
***** % indirect ownership held by the joint venture Flexterra, Inc. (which wholly owns Flexterra Taiwan Co., Ltd.).

The changes in the scope of consolidation with respect to December 31, 2017 are outlined below:

- On February 26, 2018, SAES Getters S.p.A. exercised the call option to purchase the entire share capital of Metalvuoto S.p.A., already 70% owned. Thanks to the transaction, SAES acquired the remaining 30%, previously held by the minority shareholder Mirante S.r.l., for a consideration of 75 thousand euro. It should be pointed out that the consolidated financial statements of the SAES Group as at December 31, 2017 already included a financial payable for the same amount, related to the valuation of the aforementioned option, and that Metalvuoto S.p.A. was already fully consolidated with no creation of minority interests.
- The transfer of the gas purification business to Entegris, Inc. was finalized on June 25, 2018. The object of the transfer was the US subsidiary SAES Pure Gas, Inc. and the sales structure, located in Shanghai, of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. which provided SAES Pure Gas, Inc. with commercial support on the Asian market.

In order to allow the transaction, on June 15, 2018, SAES Getters USA, Inc., the controlling company of SAES Pure Gas, Inc., transferred all its assets and liabilities, excluding the aforementioned investment, to a newly formed company, SAES Colorado, Inc., then renamed SAES Getters/U.S.A., Inc., which continues to be owned by the SAES Group. On June 25, 2018, the company SAES Getters USA, Inc., renamed Pure Gas Colorado, Inc., a vehicle which controls the investment in SAES Pure Gas, Inc., was transferred to Entegris, together with the above-mentioned sales structure of SAES Getters (Nanjing) Co., Ltd based in Shanghai.

Lastly, it should be noted that:

- On April 5, 2018, the extraordinary shareholders' meeting resolved to change the company name from Metalvuoto S.p.A. to SAES Coated Films S.p.A., to ensure it is more recognizable on the market.
- On June 1, 2018, SAES Coated Films S.p.A. opened a local unit in Lainate, at the Parent Company's headquarters.

2. MAIN ACCOUNTING PRINCIPLES

Consolidation principles

Following the entry into force of the European Regulation no. 1606/2002, the SAES Group adopted the IAS/IFRS accounting standards starting from January 1, 2005.
The interim condensed consolidated financial statements for the six months ended June 30, 2018 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").

The interim condensed consolidated financial statements for the period ended June 30, 2018 were prepared according to IAS 34 revised - *Interim financial reporting*, applicable to interim reporting and therefore has to be read jointly with the consolidated financial statements as at December 31, 2017, since they do not include all the disclosures required for the annual financial statements prepared according to IAS/IFRS.
For comparison purposes also 2017 comparative figures have been presented, in application of IAS 1- *Presentation of financial statements*.

IFRS accounting standards, amendments and interpretations applicable from January 1, 2018

The accounting standards adopted to prepare the interim condensed consolidated financial statements conform to those used to prepare the consolidated financial statements as at December 31, 2017 with the exception of the adoption of the new standards and interpretations applicable from January 1, 2018.
The accounting standards, amendments and interpretations applicable for the first time from January 1, 2018 are reported hereunder.

IFRS 15 - Revenue from contracts with customers
On May 28, 2014 the IASB issued IFRS 15 - Revenue from contracts with customers that, together with further clarifications published on April 12, 2016, replaces IAS 18 - Revenues and IAS 11 - Construction contracts, as well as the interpretations IFRIC 13 - Customer loyalty programs, IFRIC 15 - Agreements for the construction of real estate, IFRIC 18 - Transfers of assets from customers and SIC 31 - Revenues - barter transactions involving advertising services. The standard defines a new model of revenue recognition that will apply to all contracts with customers except those that fall within the scope of other IAS/IFRSs such as leases, insurance contracts and financial instruments. The basic steps for the recognition of revenues under the new model are the following ones:

- the identification of a contract with the customer;
- the identification of the performance obligations of the contract;
- the determination of the price;
- the allocation of the price to the performance obligations of the contract;
- the criteria of recognition of the revenue when the entity satisfies each performance obligation.

Based on the analyses conducted, the Directors believe that, for the SAES Group, the following considerations can be made regarding revenues:

- the identification of the performance obligations of the contract;

Based on the commercial agreements in force with customers, no additional performance obligations of the SAES Group were identified.

- the determination of the price

For the SAES Group, there are no variable considerations or significant financing components within the commercial agreements with customers.

- the allocation of the price to the performance obligations of the contract

Based on the structure of the commercial agreements in place with the customers, the price can clearly be inferred from the latter.

- the criteria of recognition of the revenue when the entity satisfies each performance obligation.

According to the current revenue recognition process in place within the Group, revenues were recognized at the moment the performance obligations contained in the commercial agreements with customers were satisfied.
The standard was applied from January 1, 2018.
The analysis conducted to identify the contract types concerned by the new provisions and to determine the associated impacts led to the conclusion of the absence of significant effects on both the shareholders' equity as at January 1, 2018, on sales revenues and on the costs of the purchase of raw materials and services as at June 30, 2018.

IFRS 9 - Financial instruments
On July 24, 2014 the IASB published the final version of IFRS 9 - *Financial instruments*.
The document summarizes the results of the IASB project aimed at replacing IAS 39.
The standard introduces new requirements for the classification and measurement of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the management of financial instruments and the contractual cash flow characteristics of the financial assets themselves in order to determine the evaluation criterion, replacing the many different rules envisaged by IAS 39. Instead, for financial liabilities, the main change regards the accounting treatment of the changes in the fair value of a financial liability designated as a financial liability evaluated at fair value in the income statement, if these changes are due to changes in the creditworthiness of the issuer of the liability itself. Under the new standard, these changes must be recognized in "other comprehensive income" and

not in the income statement. Furthermore, in the modifications of non-substantial liabilities, it is no longer permitted to spread the economic effects of the renegotiation over the residual duration of the debt by changing the effective interest rate at that date, but its associated effect must be recognized in the income statement.
With reference to the impairment model, the new standard requires that the estimate of credit losses is made on the basis of the expected losses model (and not of the incurred losses model used by IAS 39) using concrete information, available without unreasonable effort or expenses, which include historical, current and future data. The standard requires that this impairment model applies to all financial instruments, namely to financial assets measured at amortized cost, to those measured at fair value through other comprehensive income, to receivables deriving from lease contracts and to trade receivables.
Finally, the standard introduces a new hedge accounting model in order to adapt the requirements of the current IAS 39 that sometimes were considered too stringent and unsuitable to reflect the risk management policies of the company. The main changes of the document regard the following:

- increase in the types of transactions eligible for hedge accounting, including also the risks of non-financial assets/liabilities eligible to be managed under hedge accounting;
- change in the accounting method for forward contracts and options when included in a hedge accounting relation in order to reduce the volatility of the income statement;
- changes in the effectiveness test by replacing the current model based on the 80-125% parameter with the principle of the "economic relationship" between the hedged item and the hedging instrument; moreover, a retrospective evaluation of the effectiveness of the hedging relationship will be no longer requested.

The greater flexibility of the new accounting rules is offset by additional requests of information on the risk management activities of the company.
The standard was applied from January 1, 2018.
In the phase of first-time application of IFRS 9, the modified retrospective model was adopted. Consequently, no changes were made to the comparative tables and any impacts were booked to opening shareholders' equity.

- Classification and measurement of financial assets and financial liabilities.

The main impacts deriving from the new classification and measurement requirements mainly concern the minority stakes and the placement of trade receivables into the new "held to collect" category.
The table with the new classification of assets and liabilities according to the requirements of IFRS 9 is provided below.

(thousands of euro)	**June 30, 2018**	**December 31, 2017**	***Held to collect***	***Held to collect and sell***	***Other***
ASSETS					
Investments accounted for using the equity method	6,677	7,261	X		
Tax consolidation receivables from the controlling company	272	272	X		
Financial receivables from related parties	8,946	8,485	X		
Trade receivables	19,472	17,266	X		
Other receivables, accrued income and prepaid expenses	4,174	5,654	X		
Cash and cash equivalents	302,644	27,564	X		
LIABILITIES					
Financial debts	32,339	38,535	X		
Trade payables	10,645	11,126	X		
Other payables	25,910	12,942	X		
Derivative financial instruments measured at fair value	176	61	X		
Other financial debts to third parties	1,706	1,716	X		
Bank overdrafts	28,381	12,254	X		

- Write-down of receivables

Pursuant to IFRS 9, the Expected Credit Loss model was adopted for current receivables.
As regards trade receivables, in particular, the application of this method made provision for the specific write-down of receivables that present collection problems, a generic write-down for all other receivables,

including those not past due. This approach essentially corresponds to the approach adopted in previous years and, therefore, did not involve the recognition of significant additional write-downs.

- Hedge accounting

As regards hedge accounting, the company decided to continue to apply the rules of IAS 39, as permitted by new IFRS 9.

As a result of the analyses conducted, the Directors deemed the impacts on the financial statements deriving from application of new IFRS 9 to be insignificant and, therefore, they were not acknowledged in this interim report.

Classification and measurement of share-based payment transactions (amendments to IFRS 2)

On June 20, 2016, the IASB published the document "Classification and measurement of share-based payment transactions (amendments to IFRS 2)", which contains some clarifications on the accounting treatment of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with net settlement characteristics and on the accounting of the changes to the terms and conditions of a share-based payment that alter its classification from cash-settled to equity-settled one.

The amendments were applied from January 1, 2018. The adoption of this amendment did not have any effects on the Group's consolidated financial statements.

Annual improvements to IFRSs: 2014-2016 cycle

On December 8, 2016 the IASB published the document "Annual Improvements to IFRSs: 2014-2016 Cycle" that incorporates the amendments to some standards as part of the annual process to improve them. The main changes concern the following:

- IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term Exemptions for first-time adopters. The amendment of this standard was applied from January 1, 2018 and concerns the elimination of some short-term exemptions provided by paragraphs E3-E7 of Appendix E of IFRS 1, as the benefit of such exemptions is deemed outdated;
- IAS 28 Investments in Associates and Joint Ventures - Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice. The amendment states that the option for a venture capital organization or another entity qualified as such (for example, a mutual fund or a similar entity) to measure investments in associates and joint ventures measured at fair value through profit or loss (rather than by applying the equity method) is carried out for each investment at the time of its initial recognition. This amendment was applied from January 1, 2018;
- IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the Standard. The amendment clarifies the scope of IFRS 12, specifying that the information required by the standard, except for that envisaged by paragraphs B10-B16, is applied to all equity interests that are classified as held for sale, held for distribution to shareholders or as discontinued transactions in accordance with IFRS 5. This amendment was applied from January 1, 2018.

The adoption of these amendments did not have any effects on the Group's consolidated financial statements.

Transfers of Investment Property (Amendments to IAS 40)

On December 8, 2016 the IASB published the document "Transfers of investment property (amendments to IAS 40)" that contains some changes to IAS 40. These amendments clarify the transfer of a property to, or from, an investment property. In particular, an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in its use. Such a change must be related to a specific event that happened and therefore should not be limited to a change in the intentions of the management of an entity.

The amendments were applied from January 1, 2018. The adoption of these amendments did not have any effects on the Group's consolidated financial statements.

Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)

On December 8, 2016 the IASB published the document "Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)". The interpretation aims at providing guidelines for foreign exchange transactions if non-cash advances or down payments are recognized in the accounts, prior to the

recognition of the related assets, costs or revenues. This document provides guidance on how an entity should determine the date of a transaction, and as a result, the spot exchange rate to be used when there are foreign currency transactions in which the payment is made or received in advance.
The interpretation clarifies that the transaction date is the earlier between:
a) the date on which the advance payment or the down payment received are recorded in the financial statements;
b) the date on which the asset, the cost or the income (or part of it) is recognized in the balance sheet (with the cancellation of the advance or down payment received).
If there are a number of advance or down payments received, a transaction date for each of them must be identified. IFRIC 22 was applied from January 1, 2018.
The adoption of this interpretation did not have any effects on the Group's consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union but not yet mandatorily applicable, but applicable with an earlier adoption

The standards and amendments endorsed by the European Union but not yet mandatorily applicable and not adopted by the Group in advance at June 30, 2018.

IFRS 16 - Leases
On January 13, 2016 the IASB issued IFRS 16 – Leases, which is intended to replace IAS 17 - Leases, and the interpretations IFRIC 4 - Determining whether an arrangement contains a leas, SIC 15 - Operating leases incentives and SIC 27 - Evaluating the substance of transactions involving the legal form of a lease.
The new standard provides for a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish the lease contracts from the contracts for services, by identifying the following discriminating factors: the identification of the asset, the right to replace it, the right to substantially obtain all the economic benefits arising from the use of the asset and the right to direct the use of the underlying asset of the contract.
The standard establishes a single model of recognition and measurement of the lease agreements for the lessee which provides for the record of the lease asset, including an operating lease, among the assets with a financial debt as counterpart, while providing also the possibility not to recognize as leases those contracts which refer to "low-value assets" and those leases with a contract duration equal to or less than 12 months. In contrast, the standard does not include significant changes for the lessors.
The standard is applicable starting from January 1, 2019, but early application is permitted.
It is expected that the application of IFRS 16 may have a significant impact on the accounting treatment of leases and the related disclosure reported in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of its effect until the Group has completed a detailed analysis of the related contracts.

Prepayment Features with Negative Compensation (amendments to IFRS 9)
On October 12, 2017 the IASB published the document Prepayment Features with Negative Compensation (amendments to IFRS 9). This document specifies that a debt instrument which provides an early repayment option may respect the characteristics of contractual cash flows ("SPPI" test) and, consequently, may be valued using the amortized cost method or fair value through other comprehensive income also in the event in which the "reasonable additional compensation" envisaged in the event of an early repayment is a "negative compensation" for the financing entity. The amendment applies from January 1, 2019, but early adoption is permitted.
The adoption of these changes is not expected to have any significant impact on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations not yet endorsed 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 17 – Insurance Contracts

On May 18, 2017 the IASB issued the standard IFRS 17 – Insurance Contracts that will replace IFRS 4 – Insurance Contracts.

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents rights and obligations deriving from the insurance contracts it issues. The IASB developed this standard to eliminate inconsistencies and weaknesses in existing accounting practices, by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new principle also envisages some submission and reporting requirements to improve the comparability between the entities of this sector.

The new principle measures an insurance contract based on a General Model or a simplified version of it, called Premium Allocation Approach ("PAA").

The main features of the General Model are as follows:

- estimates and assumptions of future cash flows are always the current ones;
- the measurement reflects the time value of money;
- estimates provide for an extensive use of information observable on the market;
- there is a current and explicit risk measurement;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of their initial recognition;
- the expected profit is recognized in the hedging period taking into account the adjustments resulting from variations in the assumptions related to the cash flows of each group of contracts.

The PAA approach envisages the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity provides that such a liability represents a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the assessment of liabilities for existing claims that are measured with the General Model. However, it is not necessary to discount those cash flows if the balance to be paid or settled is expected to take place within one year from the date in which the claim was filed.

The entity must apply the new principle to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

This principle applies starting from January 1, 2021, but an early application is allowed only for entities applying IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

The adoption of this standard is not expected to have any significant impact on the consolidated financial statements of the Group.

IFRIC 23 - Uncertainty over Income Tax Treatments

On June 7, 2017 the IASB published the interpretation document IFRIC 23 - Uncertainty over Income Tax Treatments. The document addresses the issue of the uncertainties about the tax treatment to be adopted in respect of income taxes. The document provides that uncertainties in the determination of liabilities or tax assets are reflected in the financial statements only when it is probable that the entity will pay or recover the related amount. In addition, the document does not contain any new disclosure requirement, but emphasizes that the entity should assess whether it is necessary to provide information on the management's considerations and related to the uncertainty inherent to the recognition of the income taxes, in accordance with IAS 1.

The new interpretation applies from January 1, 2019, but early adoption is permitted.

The adoption of this interpretation is not expected to have any significant impact on the consolidated financial statements of the Group.

Long-term Interests in Associates and Joint Ventures (amendments to IAS 28)

On October 12, 2017 the IASB published the document Long-term Interests in Associates and Joint Ventures (amendments to IAS 28). This document clarifies the need to apply IFRS 9, including the requirements connected with impairment, to other long-term interests in associates and joint ventures for which the equity method is not applied.
The amendment applies from January 1, 2019, but early adoption is permitted.
The adoption of these changes is not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs: 2015-2017 cycle
On December 12, 2017 the IASB published the document "Annual Improvements to IFRSs: 2015-2017 Cycle" that incorporates the amendments to some standards as part of the annual process to improve them. The main changes concern the following:

- IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: the amendment clarifies that, at the moment an entity obtains control of a business that represents a joint venture, it must remeasure the interest previously held in said business. By contrast, no provision is made for this process in the case of obtainment of joint control.
- IAS 12 - Income Taxes: the amendment clarifies that all tax effects connected with dividends (including payments on financial instruments classified in shareholders' equity) should be accounted for consistently with the transaction that generated said profits (income statement, other comprehensive income or shareholders' equity).
- IAS 23 - Borrowing Costs: the amendment clarifies that, in the case of loans that remain in place also after the reference qualifying asset is ready for use or sale, these become part of the collection of loans used to calculate borrowing costs.

The amendments apply from January 1, 2019, but early adoption is permitted.
The adoption of these changes is not expected to have any significant impact on the Group's consolidated financial statements.

Amendment to IAS 19 "Plant Amendment, Curtailment or Settlement"
The document, published on February 7, 2018, clarifies how an entity must recognize an amendment (i.e. curtailment or settlement) to a defined-benefit plan. The amendments require entities to update their assumptions and remeasure the net plan liability or asset. The amendments clarify that, after said event is verified, entities use the updated assumptions to measure the current service cost and interest for the rest of the reference period following the event.
The directors do not expect the adoption of these amendments to have any significant impact on the Group's consolidated financial statements.

IFRS 10 and IAS 28 - Sales or contribution of assets between an investor and its associate or joint venture (Amendment)
On September 11, 2014 the IASB published an amendment to IFRS 10 and IAS 28 - Sales or contribution of assets between an investor and its associate or joint venture. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10.
According to IAS 28, the gain or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in exchange of a share in the share capital of the latter is limited to the stake held in the joint venture or associate by the other investors not involved in the transaction. In contrast, IFRS 10 requires the recording of the entire gain or loss in the event of loss of the control of a subsidiary, even if the entity continues to hold a non-controlling stake in it, including in this case also the sale or transfer of a subsidiary to a joint venture or to an associate. The introduced changes provide that in case of a sale/transfer of an asset or a subsidiary to a joint venture or an associate, the measure of the gain or loss to be recognized in the balance sheet of the assignor/transferor depends on the fact that the sold/transferred assets or subsidiary constitute or not a business, as envisaged by IFRS 3. In the event that the sold/transferred activities or subsidiary represent a business, the entity shall recognize the gain or loss on the entire investment previously held; while, in the opposite case, the portion of gain or loss related to the share still held by the entity should be eliminated.
At the moment, the IASB has suspended the application of this amendment.

The adoption of these changes is not expected to have any significant impact on the Group's consolidated financial statements.

Use of estimates

The preparation of the interim condensed consolidated financial statements requires the use of estimates and assumptions from the Management that have an effect on the values of revenues, costs, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the interim financial statements date. If such estimates and assumptions, which are based on the best evaluation currently available, should differ from the actual circumstances in the future, they will be modified accordingly during the period in which said circumstances change.
In particular, estimates are used to recognize revenues, accruals to provision for receivables, obsolete and slow-rotation inventory, depreciation and amortization, write-downs of current and non-current assets, employees' benefits, taxes and other accruals to provisions. Estimates and assumptions are reviewed periodically and the effects of all changes are reflected on the statement of profit or loss.
Moreover, we report that some evaluation processes, particularly the most complex ones, such as the determination of impairment of non-current assets, are generally conducted in complete form solely for the preparation of the annual report, when all the required information is available, except in circumstances where there are indicators of impairment that require an immediate assessment of impairment.
In a likely manner, the actuarial valuations required to determine the provisions for employee benefits are normally conducted for the preparation of the annual report.
At the reference date of these interim condensed consolidated financial statements there were no changes in the estimates and assumptions used during the closing process of the financial statements as at December 31, 2017.

Criteria for converting items expressed in foreign currencies

The consolidated financial statements are presented in euro, which is the functional currency of the Group.
Each company of Group defines the functional currency for its financial statements. 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 period. 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 period.
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 period 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	June 30, 2018		December 31, 2017		June 30, 2017	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US dollar	1.2104	1.1658	1.1297	1.1993	1.0830	1.1412
Japanese yen	131.6057	129.0400	126.7112	135.0100	121.7804	127.7500
South Korean won	1,302.3752	1,296.7200	1,276.7400	1,279.6100	1,236.3302	1,304.5600
Renminbi (P.R. of China)	7.7086	7.7170	7.6290	7.8044	7.4448	7.7385
Taiwan dollar	35.7406	35.5845	34.3635	35.6555	33.2144	34.7118

3. NET SALES

In the first half of 2018 consolidated net sales were equal to 75,709 thousand euro, up by 2.5% compared to 73,840 thousand euro in the first half of 2017. Excluding the adverse impact of the exchange rates (-8.3%), the organic growth would have been +10.8%, driven by the recovery in investments in the security and defense sector and higher sales in the vacuum pumps business, and in both the Nitinol for medical devices sector and SMAs for industrial applications sector (in particular, luxury goods and automotive).

The following table shows a breakdown of revenues by Business.

(thousands of euro)

Businesses	1st Half 2018	1st Half 2017	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	6,147	4,202	1,945	46.3%	-9.6%	55.9%
Electronic Devices	7,323	6,779	544	8.0%	-5.5%	13.5%
Healthcare Diagnostics	2,162	2,002	160	8.0%	-5.3%	13.3%
Getters & Dispensers for Lamps	2,622	3,205	(583)	-18.2%	-4.0%	-14.2%
Thermal Insulation	1,791	2,048	(257)	-12.5%	-8.6%	-3.9%
Solutions for Vacuum Systems	5,419	4,097	1,322	32.3%	-7.2%	39.5%
Sintered Components for Electronic Devices & Lasers	3,554	3,615	(61)	-1.7%	-11.6%	9.9%
Systems for Gas Purification & Handling	412	159	253	159.1%	0.0%	159.1%
Industrial Applications	**29,430**	**26,107**	**3,323**	**12.7%**	**-7.3%**	**20.0%**
Nitinol for Medical Devices	34,207	35,402	(1,195)	-3.4%	-11.2%	7.8%
SMAs for Thermal & Electro Mechanical Devices	5,547	4,630	917	19.8%	-3.5%	23.3%
Shape Memory Alloys	**39,754**	**40,032**	**(278)**	**-0.7%**	**-10.3%**	**9.6%**
Solutions for Advanced Packaging	**5,951**	**6,960**	**(1,009)**	**-14.5%**	**0.0%**	**-14.5%**
Business Development	**574**	**741**	**(167)**	**-22.5%**	**-8.4%**	**-14.1%**
Total net sales	**75,709**	**73,840**	**1,869**	**2.5%**	**-8.3%**	**10.8%**

(*) Following the completion of the sale of the gas purification business at the end of June 2018, the revenues of the first half of 2017 relating to the business being sold had been reclassified under the specific income statement item "Result from assets held for sale and discontinued operations".

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

4. COST OF SALES

The cost of sales amounted to 43,219 thousand euro in the first half of 2018, compared to 42,579 thousand euro in the corresponding period of the previous year.

A breakdown of the cost of sales by category is provided below, compared with the actual figure of the first half of 2017.

(thousands of euro)

Cost of sales	1st Half 2018	1st Half 2017	Difference
Raw materials	14,048	14,167	(119)
Direct labour	11,278	10,542	736
Manufacturing overhead	19,321	20,019	(698)
Increase (decrease) in work in progress and finished goods	(1,428)	(2,149)	721
Total cost of sales	**43,219**	**42,579**	**640**

Excluding the decrease attributable to the trend in exchange rates (-3,122 thousand euro), the percentage change in the cost of sales (+8.8%), was essentially in line with the organic growth in net sales (+10.8%). In particular, again excluding the exchange rate effect, indirect production costs recorded a small increase (+3.6%) with respect to the organic variation in net sales, due to the economies of scale related to the increase in volumes. Raw materials instead increased by a higher percentage (organic variation came to +12.1%, also including the change in inventories of semi-finished products and finished products), both as a result of an increase in the price of the raw material in the advanced packaging sector and the effect of a different sales mix. The greater increase in the cost of direct labor (organic variation of +15%) is related to the different sales mix.

5. OPERATING EXPENSES

Operating expenses amounted to 25,665 thousand euro in the first half of 2018, down by 1.8% compared to 26,141 thousand euro in the same period of the previous year.

A breakdown of operating expenses by use, compared with the previous half, is presented below.

(thousands of euro)

Operating expenses	1st Half 2018	1st Half 2017	Difference
Research & development expenses	5,455	5,970	(515)
Selling expenses	6,061	5,938	123
General & administrative expenses	14,149	14,233	(84)
Total operating expenses	**25,665**	**26,141**	**(476)**

Excluding the decrease related to the currency effect (-722 thousand euro), operating expenses were essentially in line with those of the previous year (+0.9%); the increase in **selling expenses** (in particular, the increase in costs for the fixed and variable pay of employees, together with higher advisory costs), was almost completely offset by lower **research and development expenses** (lower costs for the management of patents and reduction in both personnel costs and the amortization/depreciation related to the suspension, at the end of 2017, of the OLET research project and the subsequent placement into liquidation of the subsidiary E.T.C. S.r.l.). **General and administrative expenses** were, by contrast, in line with the first half of 2017 (the increase in fixed and variable pay of employees employed in G&A activities at the Parent Company, together with higher legal, advisory and training expenses, were offset by savings related to the placement into liquidation of the German subsidiary Memry GmbH and lower variable fees for Executive Directors, as a result of the suspension of the allocation for the three-yearly cash incentive plan[22]).

[22] As a result of the transfer of the purification business and the subsequent substantial change in the organizational and corporate perimeter, the economic objectives in the 2018-2020 three-yearly strategic plan, approved by the Board of Directors on February 15, 2018, on whose the achievement of the accrual of the long-term cash incentive by Executive Directors depends, were not considered to be reachable. Consequently, pending the approval of an updated multi-year plan, consistent with the current and

A breakdown by nature of the total expenses included in the cost of sales and operating expenses, compared with those as at June 30, 2017, is given below.

(thousands of euro)

Total costs by nature	1st Half 2018	1st Half 2017	Difference	
Raw materials	14,048	14,167	(119)	
Personnel cost	35,068	34,169	899	
Corporate bodies	2,013	2,588	(575)	
Travel expenses	698	750	(52)	
Maintenance and repairs	1,902	1,660	242	
Various materials	3,497	3,538	(41)	
Transports	843	956	(113)	
Commissions	42	83	(41)	
Licenses and patents	472	736	(264)	
Consultant fees and legal expenses	2,650	2,208	442	
Audit fees	292	274	18	
Rent and operating leases	1,153	1,269	(116)	
Insurances	533	558	(25)	
Promotion and advertising	181	220	(39)	
Utilities	1,391	1,610	(219)	
Telephones and faxes	165	177	(12)	
General services (canteen, cleaning, vigilance, etc.)	816	791	25	
Training	214	131	83	
Depreciation	3,212	3,554	(342)	(*)
Amortization	501	612	(111)	(*)
Write-down of non current assets	91	294	(203)	
Provision (release) for bad debts	16	(12)	28	
Other	514	536	(22)	
Total costs by nature	**70,312**	**70,869**	**(557)**	
Increase (decrease) in work in progress and finished goods	(1,428)	(2,149)	721	
Total cost of sales and operating expenses	**68,884**	**68,720**	**164**	

(*) The amounts of the 1st Half 2018 do not correspond to the amounts shown in the Consolidated cash flow statement because they do not include the costs of SAES Pure Gas, Inc. for the period January 1 - June 25, 2018, reclassified into the item "Result from discontinued operations".

The increase in the item "Personnel cost" is due primarily to greater use of temporary staff, especially in the shape memory alloys sector and in the Parent Company's Avezzano facility, as well as to higher allocations for variable remuneration components, in line with the trend in the economic results. The rise in the labor cost related to both the increase in the average size of the workforces at the US subsidiaries, and the salary increases to cover inflation, was instead offset by the exchange rate effect (-2,050 thousand euro) and the savings achieved by the placement into liquidation of the companies E.T.C. S.r.l. and Memry GmbH.

The item "Corporate bodies" included the remuneration of the members of the Board of Directors, both executive and non-executive, and of the Board of Statutory Auditors of the Parent Company. The reduction compared to June 30, 2017 is mainly attributable to the above-mentioned suspension of the accrual for the three-yearly monetary incentive plan for Executive Directors.
For details on the remuneration paid in the first half of 2018 and the comparison with the previous year, please refer to Note no. 39.

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future organizational and corporate changes, the allocation for the long-term incentive plan of Executive Directors was suspended. For more details on the plan and the suspension of the allocation in the first half of 2018, please refer to Note no. 28.

The item “Maintenance and repairs”, directly related to the production cycle, increased in correlation with the increase in production and sales.

The reduction in the items “Licenses and patents” and “Depreciation” is the result of the suspension, at the end of 2017, of the OLET research project, of the write-down of the assets related to it and the subsequent start of the liquidation process of E.T.C. S.r.l.

The item “Consultant fees and legal expenses” rose due to the special projects implemented during the current half, and which are incorporated in the framework of the Group’s development strategy in the advanced packaging sector.

The reduction in the item “Utilities”, despite the increase in production and sales, is due exclusively to the lower excise duty on gas and electricity consumption.

Lastly, it should be noted that the item “Write-down of non-current assets” as at June 30, 2017 was mainly related to the placement of the German subsidiary Memry GmbH into liquidation.

6. OTHER INCOME (EXPENSES)

The item “Other income (expenses)” as at June 30, 2018 recorded a positive balance of 1,057 thousand euro, compared to a slightly negative value of -66 thousand euro in the corresponding period of the previous year.
A breakdown of this item is provided below.

(thousands of euro)

	1st Half 2018	1st Half 2017	Difference
Other income	1,394	201	1,193
Other expenses	(337)	(267)	(70)
Total other income (expenses)	**1,057**	**(66)**	**1,123**

The item “Other income” includes all those revenues that do not fall within the ordinary operations of the Group, such as, for example, the proceeds from the sale of scrap materials. The increase compared to June 30, 2017 is related to revenue, amounting to 1,136 thousand euro, accounted for by the US subsidiary Memry Corporation as a result of the conversion of 50% of the loan granted by the State of Connecticut (CT) at the end of 2014 to a non-refundable grant (for further details please refer to Note no. 27).

The item “Other expenses” is, by contrast, composed of property taxes and other taxes, other than income taxes, paid previously by the Italian Group’s companies, and is essentially in line with the first half of 2017.

7. FINANCIAL INCOME (EXPENSES)

The following table shows the financial income breakdown in the first half of 2018, compared to the corresponding period of the previous year.

(thousands of euro)

Financial income	1st Half 2018	1st Half 2017	Difference
Bank interest income	67	29	38
Other financial income	242	242	0
Total financial income	**309**	**271**	**38**

The item "Other financial income" includes interest income accrued on the loans granted by the Group to the joint ventures Actuator Solutions GmbH and SAES RIAL Vacuum S.r.l..

Financial expenses in the first half of 2018, compared to the corresponding period of 2017, are instead composed as illustrated in the following table.

(thousands of euro)

Financial expenses	1st Half 2018	1st Half 2017	Difference
Bank interests and other bank expenses	485	992	(507)
Other financial expenses	81	3	78
Realized losses on IRS	36	22	14
Losses from IRS evaluation at fair value	12	14	(2)
Total financial expenses	**614**	**1,031**	**(417)**

The item "Bank interest and other bank expenses" include interest expenses on both short-term and long-term loans granted to the Parent Company, to SAES Coated Films S.p.A. and the US subsidiary Memry Corporation, as well as the bank fees on the credit lines held by the Italian companies of the Group. The reduction compared to June 30, 2017 is attributable to the fact that, in the first half of the previous year, said item included the costs related to the early repayment of both tranches (one of which secured by SACE) of the loan for advanced R&D projects, taken out in June 2015 by the Parent Company with the EIB (European Investment Bank), amounting to 235 thousand euro[23], as well as interest expense relating to said loan, totaling 147 thousand euro.

Finally, the item "Losses from IRS evaluation at fair value" represents the effect on the income statement of the fair value measurement of the hedge contracts, including the implicit ones, on long-term variable rate loans taken out by the Parent Company and by SAES Coated Films S.p.A.. The item "Realized losses on IRS" includes the interest differences actually paid to the banks in respect of these contracts during the first half 2018.

[23] In particular, this transaction involved the payment of an indemnity fee to the EIB of 10 thousand euro, the payment of a premium of about 76 thousand euro to SACE and the inclusion in the income statement of transaction costs equal to roughly 149 thousand euro, previously split into installments over the duration of the loan.

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

This item includes the Group's share in the result of the joint ventures Actuator Solutions GmbH[24], SAES RIAL Vacuum S.r.l. and Flexterra, Inc.[25], consolidated with the equity method.

(thousands of euro)

	1st Half 2018	1st Half 2017	Difference
Actuator Solutions	0	0	0
SAES RIAL Vacuum S.r.l.	(1)	(91)	90
Flexterra	(732)	(960)	228
Total income (loss) from equity method evaluated companies	**(733)**	**(1,051)**	**318**

In the first half of 2018, the loss deriving from the measurements with the equity method amounted to -733 thousand euro and, similar to the corresponding period of the previous year, is primarily attributable to Flexterra, a development start-up, that incurred operating costs slightly above 2 million euro in the first half of 2018. Again similar to June 30, 2017, the share pertaining to SAES in the net loss of Actuator Solution in the first half of 2018 (-359 thousand euro) was not recognized by the Group given that, in accordance with IAS 28, the investment of SAES in Actuator Solutions was already fully reduced to zero and since, at present, there is no legal or implicit obligation for its recapitalization by the Group.
For further details on the performance of the joint ventures please refer to the interim Report on Operations, paragraph "Performance of the joint ventures in the first half of 2018" and to Note no 16.

9. FOREIGN EXCHANGE GAINS (LOSSES)

In the first half of 2018, exchange rate management recorded an essentially break-even balance (positive 17 thousand euro), compared to a negative balance of -721 thousand euro in the corresponding period of the previous year.
The exchange result as at June 30, 2018 of close to zero confirms the overall effectiveness of the hedging policies implemented by the Group, indeed adopted in order to limit the impact of currency fluctuations.

The breakdown of foreign exchange gains and losses as at June 30, 2018 compared to the previous year is given below.

[24] Please note that Actuator Solutions GmbH, in turn, consolidates the wholly-owned subsidiaries Actuator Solutions Taiwan Co., Ltd. (established in June 2013) and Actuator Solutions (Shenzhen) Co., Ltd. (established in September 2016).
[25] Flexterra, Inc., in turn, consolidates the wholly-owned subsidiary Flexterra Taiwan Co., Ltd., established in January 2017).

(thousands of euro)

Foreign exchange gains and losses	1st Half 2018	1st Half 2017	Difference
Foreign exchange gains	830	243	587
Foreign exchange losses	(682)	(1,043)	361
Foreign exchange gains (losses), net	**148**	**(800)**	**948**
Realized exchange gains on forward contracts	4	0	4
Realized exchange losses on forward contracts	(31)	(1)	(30)
Gains (losses) from forward contracts evaluation at fair value	(104)	80	(184)
Gains (losses) on forward contracts	**(131)**	**79**	**(210)**
Total foreign exchange gains (losses), net	**17**	**(721)**	**738**

The item "Foreign exchange gains (losses), net" shows a positive balance of +148 thousand euro, compared with a negative balance equal to -800 thousand euro in the corresponding period of the previous year. The negative value in the first half of 2017 was attributable to foreign exchange losses on commercial transactions, generated mainly in the second quarter of 2017, as a result of the devaluation of the dollar against the euro. By contrast, in 2018, exchange losses in the first quarter were offset by gains in the second quarter, a result of the revaluation of both the dollar and the yen.

The item "Gains (losses) from forward contracts" recorded a negative balance of -131 thousand euro, versus a positive balance of +79 thousand euro as at June 30, 2017. This balance included both the gains realized when forward contracts on transactions in dollars and yen are unwound, as well as the impact of their fair value evaluation.

10. INCOME TAXES

As at June 30, 2018 income taxes amounted to 4,157 thousand euro, compared to 4,505 thousand euro in the corresponding period of the previous year.

The related details are provided below.

(thousands of euro)

	1st Half 2018	1st Half 2017	Difference	
Current taxes	9,525	4,407	5,118	(*)
Deferred taxes	(5,368)	98	(5,466)	(*)
Total	**4,157**	**4,505**	**(348)**	

(*) The amounts of the 1st Half 2018 do not correspond to the amounts shown in the Consolidated cash flow statement because they do not include the costs of SAES Pure Gas, Inc. for the period January 1 - June 25, 2018, reclassified into the item "Result from discontinued operations".

The cost of taxes is essentially in line with the first half of the previous year, despite the increase in the pre-tax result, due to both the reduction in US federal taxes as a result of the US tax reform applicable from January 1, 2018, and the release of the deferred tax liabilities corresponding to the taxes due in the event of the theoretical distribution of profits and reserves of the US subsidiaries that were transferred in the current half (SAES Getters USA, Inc. and SAES Pure Gas, Inc.).

The tax rate of the Group was 60.6%, still high, despite the above-mentioned reduction in the rate applied by the US companies for federal tax purposes, since the Parent Company, excluding the capital gain realized on the transfer of the investment in SAES Getters USA, Inc. (controlling company of SAES Pure Gas, Inc.) and discontinued in the item "Profit/loss from discontinued transactions", closed the current half with a negative taxable income which is not valued as deferred tax assets.

As in the first half of 2017, none of the Group companies recognized deferred tax assets on the tax losses realized as at June 30, 2018. These total tax losses were equal to 247 thousand euro, compared to tax losses of 5,593 thousand euro in the first half of 2017. The reduction is mainly attributable to the fact that the Parent Company closed the current half with a positive taxable income, thanks to the net capital gain realized by the transfer to Entegris, Inc. of the investment in SAES Getters USA, Inc., the controlling company of SAES Pure Gas, Inc.; by contrast, in the first half of 2017, SAES Getters S.p.A. had registered tax losses of 4,935 thousand euro.

11. INCOME (LOSS) FROM DISCONTINUED OPERATIONS

The income from discontinued operations is equal to 239,870 euro thousand in the first half of 2018 and is mainly composed of the net capital gain from the sale of the gas purification business, equal to 227,463 thousand euro (gross capital gain equal to 261,427 thousand euro[26], from which the costs linked to the sales transaction were deducted, equal to 33,964 thousand euro, mainly constituted by expenses for court costs, consultancy and incentives both to the personnel under the sale and to the employees involved in the definition of this extraordinary corporate transaction, not to mention interest, differences over exchange rates and taxes), as well as the net profit generated by the purification business from January 1 to June 25, 2018 (actual date of sale), equal to 12,407 thousand euro.
On June 30, 2017, the net profit from discontinued transactions was equal to 12,975 thousand euro, substantially matching the net results of the purification sector in the first half of 2017.

The table below details the result from discontinued transactions for the first half of 2018, compared with the corresponding period of the previous year.

(thousands of euro)	Consolidated statement of profit or loss - gas purification business	Capital gain, net of the costs linked to the sale transaction	1st Half 2018	Consolidated statement of profit or loss - gas purification business	Capital gain, net of the costs linked to the sale transaction	1st Half 2017
Total net sales	**44,553**		**44,553**	**43,443**		**43,443**
Cost of sales	(25,860)	(1,300)	(27,160)	(23,115)		(23,115)
Gross profit	**18,693**	**(1,300)**	**17,393**	**20,328**	**0**	**20,328**
Research & development expenses	(1,852)	(861)	(2,713)	(1,661)		(1,661)
Selling expenses	(2,533)	(970)	(3,503)	(2,251)		(2,251)
General & administrative expenses	(869)	(25,101)	(25,970)	(969)	(185)	(1,154)
Total operating expenses	**(5,254)**	**(26,932)**	**(32,186)**	**(4,881)**	**(185)**	**(5,066)**
Other income	23	261,427	261,450	127		127
Other expenses	(35)	(51)	(86)	(123)		(123)
Operating income (loss)	**13,427**	**233,144**	**246,571**	**15,451**	**(185)**	**15,266**
Financial income			0			0
Financial expenses	(34)	(229)	(263)	(82)		(82)
Foreign exchange gains (losses), net		(3,716)	(3,716)	(4)		(4)
Income (loss) before taxes	**13,393**	**229,199**	**242,592**	**15,365**	**(185)**	**15,180**
Income taxes	(986)	(1,736)	(2,722)	(2,205)		(2,205)
Income (loss) from discontinued operations	**12,407**	**227,463**	**239,870**	**13,160**	**(185)**	**12,975**

A breakdown by nature of the costs included in the cost of sales and operating expenses is provided below.

[26] Included in the item "Other income" in the table below.

(thousands of euro)

Total costs by nature	gas purification business	sale transaction	1st Half 2018	gas purification business	sale transaction	1st Half 2017
Raw materials	21,026		21,026	17,763		17,763
Personnel cost	6,770	13,703	20,473	6,314		6,314
Corporate bodies	0	8,665	8,665	0		0
Travel expenses	199		199	134		134
Maintenance and repairs	244		244	177		177
Various materials	1,530		1,530	1,444		1,444
Transports	834		834	819		819
Commissions	596		596	502		502
Licenses and patents	0		0	0		0
Consultant fees and legal expenses	190	5,811	6,001	186	185	371
Audit fees	0		0	0		0
Rent and operating leases	81		81	33		33
Insurances	111		111	49		49
Promotion and advertising	44		44	51		51
Utilities	103		103	128		128
Telephones and faxes	28		28	27		27
General services (canteen, cleaning, vigilance, etc.)	4		4	5		5
Training	13		13	2		2
Depreciation	230		230	226		226
Amortization	144		144	161		161
Write-down of non current assets	0		0	0		0
Provision (release) for bad debts	(83)		(83)	(64)		(64)
Other	179	53	232	404		404
Total costs by nature	**32,243**	**28,232**	**60,475**	**28,361**	**185**	**28,546**
Increase (decrease) in work in progress and finished goods	(1,129)		(1,129)	(365)		(365)
Total cost of sales and operating expenses	**31,114**	**28,232**	**59,346**	**27,996**	**185**	**28,181**

As for the costs inherent to the extraordinary purification business sale transaction, the item "Personnel Cost" (13,703 thousand euro) includes the employee bonuses and severances in the division that was sold, as well as the remuneration paid to the Parent Company's employees in the scope of the strategic incentivisation plan called *Asset Sale Plan*[27]. The share of incentive due to the Executive Administrators instead constitutes the item "Corporate Bodies" (8,665 thousand euro).
Lastly, the item "Consultant fees and legal expenses" (5,811 thousand euro) is made up of the fees paid for the activity of investment banking, legal assistance, tax consultancy and other appraisal activities.

Also concerning the transaction of purification business sale, the item "Financial expenses" (229 thousand euro) is comprised of the bank commissions and interest accrued on the credit line open with Banca Intesa Sanpaolo S.p.A. on the date May 28, 2018, and used in the period June 12– June 25, 2018 for a total amount of 38.5 million euro, to capitalize the newly formed company SAES Colorado, Inc. (later renamed SAES Getters/U.S.A., Inc.), incorporated for the purposes of reorganizing the US business, preliminary to the sale of the purification division (for further information on the legal and corporate reorganization of the American companies see the Interim report on operations, paragraph "Significant events in the half").

The item "Foreign exchange gains (losses), net" (-3,716 thousand euro) includes earnings equal to 1,827 thousand euro, deriving from release to profit and loss of the translation reserve generated by consolidation of the US companies being sold (SAES Getters USA, Inc. and SAES Pure Gas, Inc.) and a cost equal to -4,273 thousand euro, correlated to the currency option derivative contract (notional equal to $330 million and fixing to 1.1880 usd/eur) entered into with Banca Intesa Sanpaolo S.p.A. in order to cover the exchange risk on the collection in dollars by Entegris, together with the other losses on exchange rates suffered by the Parent Company for -1,270 thousand euro.

[27] Cash incentive plan addressed to the Executive Administrators, managers that hierarchically report directly to the Executive Administrators and that are members of the Corporate Management Committee (a committee in which the Executive Administrators provide guidelines and share objectives with those who report directly to them in the hierarchy) and to other Parent Company employees considered particularly significant. This plan has the objective of remunerating the beneficiaries for extraordinary transactions of sale of shares, company branches and assets (in the specific instance, sale of purification business) if there is a creation of value and economic benefits for the group through the transactions, with the purpose of guaranteeing retention of beneficiaries and better alignment of their performances with corporate interests. For further details see Note no. 31.

Lastly, the item "Income taxes" (1,736 thousand euro) is made up of the current taxes calculated on the net capital gain obtained both by the Parent Company[28] on the sale of the share in SAES Getters USA, Inc.[29], and by the subsidiary SAES Getters (Nanjing) Co., Ltd. on the transfer to Entegris, Inc. of the company branch based in Shanghai and operating in the purification business.

The following table illustrates the cash flows generated by the purification business in the period January 1 – June 25, 2018, and the net payment (that is, net both of the monetary costs inherent to the sales transaction and of the cash transferred) deriving from the sale of the latter to Entegris, Inc.

(thousands of euro)	**gas purification business**	**sale transaction**	**1st Half 2018**	
Cash flows from operating activities				
Net income (loss) of the period	12,407	227,463	239,870	
Current income taxes	883	0	883	
Changes in deferred income taxes	103	0	103	
Depreciation	230	0	230	
Amortization	144	0	144	
Net capital gain from the sale of the purification business	0	(227,463)	(227,463)	
Changes in provisions	(357)	0	(357)	
	13,410	**0**	**13,410**	
Working capital adjustments				
Cash increase (decrease)				
Account receivables and other receivables	3,200	0	3,200	
Inventory	(2,977)	0	(2,977)	
Account payables	(2,422)	0	(2,422)	
Other current payables	1,359	0	1,359	
	(840)	**0**	**(840)**	
Taxes paid	(978)	0	(978)	
Net cash flows from operating activities	**11,592**	**0**	**11,592**	
Cash flows from investing activities				
Disbursements for acquisition of tangible assets	(156)	0	(156)	
Disbursements for acquisition of intangible assets	(27)	0	(27)	
Price paid for the acquisition of businesses	(139)	0	(139)	
Cash collected from the sale of the purification business, net of the cash sold	0	300,752	300,752	(*)
Monetary charges linked to the sale of the purification business	0	(19,613)	(19,613)	(**)
Net cash flows from investing activities	**(322)**	**281,139**	**280,817**	
Net cash flows from financing activities	**0**	**0**	**0**	
Net foreign exchange differences	(926)	0	(926)	
Cash and cash equivalent generated (absorbed) in the period	**10,344**	**281,139**	**291,483**	

(*) Gross consideration equal to €303,409 thousand and cash sold equal to €2,657 thousand.

(**) This figure does not include the non-monetary income related to the release into the income statement of the conversion reserve generated by the consolidation of the US companies sold (SAES Getters USA, Inc. and SAES Pure Gas, Inc.), equal to €1,827 thousand, as well as the costs related to the strategic incentive plan called Asset Transfer Plan (€14,442 thousand) and the current taxes (€1,736 thousand), not yet paid as at June 30, 2018.

The following details the cash flows generated by the purification business in the first half of 2017.

[28] The Parent Company's capital gain, net of the sale costs, is subject to taxation limited to 5% of its total, based on the provisions of article 87 of the TUIR (participation exemption).

[29] Following the legal and corporate reorganization of the American companies that preceded the sale of the purification business (the details of which are in the Half-Year Management Report, paragraph "Significant Events in the Half-year"), SAES Getters USA, Inc. (later renamed Pure Gas Colorado, Inc.) became the vehicle of control of SAES Pure Gas, Inc.

(thousands of euro)	gas purification business	sale transaction	1st Half 2018
Cash flows from operating activities			
Net income (loss) of the period	13,160	(185)	12,975
Current income taxes	2,257	0	2,257
Changes in deferred income taxes	(52)	0	(52)
Depreciation	226	0	226
Amortization	161	0	161
Costs linked to the sale of the purification business	0	185	185
Other non-monetary costs (revenues)	62	0	62
Changes in provisions	16	0	16
	15,830	**0**	**15,830**
Working capital adjustments			
Cash increase (decrease)			
Account receivables and other receivables	3,176	0	3,176
Inventory	934	0	934
Account payables	(2,112)	0	(2,112)
Other current payables	601	0	601
	2,599	**0**	**2,599**
Taxes paid	(2,585)	0	(2,585)
Net cash flows from operating activities	**15,844**	**0**	**15,844**
Cash flows from investing activities			
Disbursements for acquisition of tangible assets	(107)	0	(107)
Disbursements for acquisition of intangible assets	0	0	0
Price paid for the acquisition of businesses	(219)	0	(219)
Cash collected from the sale of the purification business, net of the cash sold	0	0	0
Monetary charges linked to the sale of the purification business	0	(185)	(185)
Net cash flows from investing activities	**(326)**	**(185)**	**(511)**
Net cash flows from financing activities	**0**	**0**	**0**
Net foreign exchange differences	1,681	0	1,681
Cash and cash equivalent generated (absorbed) in the period	**17,199**	**(185)**	**17,014**

12. EARNINGS (LOSS) PER SHARE

As indicated in the Note no. 26, 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 of the period, assuming the theoretical distribution of the latter. The value obtained is divided by the average number of outstanding shares in the semester.

If the period ended with a loss, the latter would be instead allocated equally to each type of shares.

The following table shows the result per share in the first half of 2018, compared with the figure of the first half of 2017.

Earning (loss) per share	1st Half 2018			1st Half 2017		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attribuitable to shareholders (thousands of euro)			**242,574**			**10,992**
Theoretical preference dividends (thousands of euro)		1,022	1,022		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	161,319	80,232	241,552	7,232	2,738	9,970
Total profit (loss) attributable to the different categories of shares (thousands of euro)	**161,319**	**81,255**	**242,574**	**7,232**	**3,760**	**10,992**
Average number of oustanding 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)	**10.9955**	**11.0122**		**0.4929**	**0.5096**	
- from continued operations (euro)	*0.1146*	*0.1386*	(*)	*(0.0899)*	*(0.0899)*	
- from discontinued operations (euro)	*10.8729*	*10.8895*		*0.5829*	*0.5995*	
Diluted earning (loss) per share (euro)	**10.9955**	**11.0122**		**0.4929**	**0.5096**	
- from continued operations (euro)	*0.1146*	*0.1386*	(*)	*(0.0899)*	*(0.0899)*	
- from discontinued operations (euro)	*10.8729*	*10.8895*		*0.5829*	*0.5995*	

(*) 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 and the income from discontinued operations have been attributed considering both the preference dividend to savings shares and the higher dividend due to the latter (in accordance with article no. 26 of the By-laws).

13. SEGMENT INFORMATION

For management purposes, the Group is organized into three Business Units based on the type of products and services provided. As at June 30, 2018 the Group's operations were divided into three primary operating segments:

- **Industrial Applications** – getters and dispensers used in a wide range of industrial applications (electronic sub-vacuum devices, MEMS, diagnostic imaging systems, thermal insulation systems, lamps and vacuum systems);
- **Shape Memory Alloys** – shape memory alloy raw materials, semi-finished products, components and devices for both medical and industrial applications;
- **Solutions for Advanced Packaging** – innovative and advanced metalized and plastic films for the food packaging market and, more generally speaking, for the advanced packaging sector.

The Top Management monitors the results of the several Business Units separately in order to make decisions concerning the allocation of resources and investments and to determine the Group's performance. 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 the operating segments.
Internal reports are prepared in accordance with IFRSs and no reconciliation with the carrying amounts is therefore necessary.

The columns "Not allocated" includes corporate income statement 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 into innovative businesses (Business Development Unit).

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

(thousands of euro)

Consolidated statement of profit or loss	Industrial Applications		Shape Memory Alloys		Solutions for Advanced Packaging		Not allocated		Total	
	1st Half 2018	1st half 2017	1st Half 2018	1st half 2017	1st Half 2018	1st half 2017	1st Half 2018	1st half 2017	1st Half 2018	1st half 2017
Total net sales	**29,430**	**26,107**	**39,754**	**40,032**	**5,951**	**6,960**	**574**	**741**	**75,709**	**73,840**
Cost of sales	(14,230)	(13,053)	(23,150)	(23,010)	(5,329)	(5,901)	(510)	(615)	(43,219)	(42,579)
Gross profit	**15,200**	**13,054**	**16,604**	**17,022**	**622**	**1,059**	**64**	**126**	**32,490**	**31,261**
% on net sales	*51.6%*	*50.0%*	*41.8%*	*42.5%*	*10.5%*	*15.2%*	*11.1%*	*17.0%*	*42.9%*	*42.3%*
Total operating expenses	(7,144)	(7,002)	(5,536)	(6,865)	(1,940)	(1,241)	(11,045)	(11,033)	(25,665)	(26,141)
Other income (expenses), net	(7)	55	1,219	123	(21)	(36)	(134)	(208)	1,057	(66)
Operating income (loss)	**8,049**	**6,107**	**12,287**	**10,280**	**(1,339)**	**(218)**	**(11,115)**	**(11,115)**	**7,882**	**5,054**
% on net sales	*27.3%*	*23.4%*	*30.9%*	*25.7%*	*-22.5%*	*-3.1%*	*n.s.*	*n.s.*	*10.4%*	*6.8%*
Interest and other financial income (expenses), net									(305)	(760)
Share of result of investments accounted for using the equity method									(733)	(1,051)
Foreign exchange gains (losses), net									17	(721)
Income (loss) before taxes									**6,861**	**2,522**
Income taxes									(4,157)	(4,505)
Net income (loss) from continued operations									**2,704**	**(1,983)**
Net income (loss) from discontinued operations									239,870	12,975
Net income (loss)									**242,574**	**10,992**
Minority interests in consolidated subsidiaries									0	0
Group net income (loss)									**242,574**	**10,992**

Information on geographical areas

Please refer to the table and the comments in the Interim report on operations for the breakdown of net sales by customer location.

The breakdown of net sales based on the countries where the Group's companies that generated the revenue are based, is provided below.

(thousands of euro)

Country in which the Group's entity is located	1st Half 2018	%	1st Half 2017	%	Difference
Italy	26,900	35.5%	24,426	33.1%	2,474
Europe	0	0.0%	2,421	3.3%	(2,421)
North America	46,358	61.2%	44,680	60.5%	1,678
South Korea	517	0.7%	540	0.7%	(23)
China	1,913	2.5%	1,697	2.3%	216
Other Asian countries	21	0.0%	76	0.1%	(55)
Others	0	0.0%	0	0.0%	0
Total net sales	**75,709**	**100%**	**73,840**	**100%**	**1,869**

14. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net of accumulated depreciation, amounted to 50,312 thousand euro as at June 30, 2018, marking an increase of 4,214 thousand euro compared to December 31, 2017.

The changes occurred during the half are shown below.

(thousands of euro)

Property, plant and equipment	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2017	**3,183**	**18,128**	**22,596**	**2,191**	**46,098**
Additions	890	2,952	638	2,617	**7,097**
Disposals	0	0	(69)	0	**(69)**
Reclassifications	0	135	1,030	(1,165)	**0**
Depreciation	0	(683)	(2,529)	0	**(3,212)**
Write-downs	0	(4)	0	(85)	**(89)**
Revaluations	0	0	0	0	**0**
Translation differences	75	75	253	84	**487**
June 30, 2018	**4,148**	**20,603**	**21,919**	**3,642**	**50,312**
December 31, 2017					
Historical cost	3,183	39,435	131,445	2,476	**176,539**
Accumulated depreciation and write-downs	0	(21,307)	(108,849)	(285)	**(130,441)**
Net book value	**3,183**	**18,128**	**22,596**	**2,191**	**46,098**
June 30, 2018					
Historical cost	4,148	42,709	128,392	4,012	**179,261**
Accumulated depreciation and write-downs	0	(22,106)	(106,473)	(370)	**(128,949)**
Net book value	**4,148**	**20,603**	**21,919**	**3,642**	**50,312**

As at June 30, 2018 land and buildings were not burdened by mortgages or other guarantees.

In the first half of 2018, investments in property, plant and equipment, net, totaled 7,097 thousand euro, up compared to the first half of 2017 (3,485 thousand euro), mainly due to the investments made by the parent company to purchase from Mirante S.r.l. the area of land and building which houses the registered office and the production site of SAES Coated Films S.p.A.. SAES Getters S.p.A. finalized this purchase on April 6, 2018, for a consideration of 3.5 million euro.
Furthermore, note should be taken of the Parent Company's investments in the Lainate facility, prior to the installation of a new pilot line for the advanced packaging business targeted at ramping up the development of products for flexible packaging, as well as, at the Avezzano facility, for the completion of the new production line in the Electronic Devices segment.
Lastly, the item "Additions" includes SMA investments, in particular by the subsidiary Memry Corporation, targeted at increasing the productive capacity of existing medical lines.

Disposals, for an insignificant amount of 69 thousand euro, mainly relate to the Parent Company's sale of a packaging machine no longer used.

The depreciation for the period, equal to 3,212 thousand euro, was slightly lower than that of the first half of 2017 (3,554 thousand euro) mainly due to the exchange rate effect (-153 thousand euro) and the write-down of some assets, accounted for by the Parent Company at the end of 2017 following the suspension of the OLET research project.

The write-downs, totaling 89 thousand euro, were mainly related to the Parent Company's write-off of some laboratory instruments developed in-house.

The translation differences (+487 thousand euro) were related to the assets of the US companies and were a result of the devaluation of the US dollar as at June 30, 2018 compared to the exchange rate of December 31, 2017.

All property, plant and equipment is owned by the SAES Group and no finance lease agreements were in place as at June 30, 2018.

15. INTANGIBLE ASSETS, NET

Intangible assets, net of accumulated amortization, amounted to 47,346 thousand euro as at June 30, 2018, marking an increase of 563 thousand euro compared to December 31, 2017.

The changes occurred during the half are shown below.

(thousands of euro)

Intangible 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, 2017	**38,576**	**0**	**5,755**	**359**	**2,063**	**30**	**46,783**
Additions	0	0	2	0	25	4	**31**
Disposals	0	0	0	0	0	0	**0**
Reclassifications	0	0	52	0	(22)	(30)	**0**
Amortization	0	0	(259)	(54)	(188)	0	**(501)**
Write-downs	0	0	0	(2)	0	0	**(2)**
Revaluations	0	0	0	0	0	0	**0**
Translation differences	959	0	26	2	48	0	**1,035**
June 30, 2018	**39,535**	**0**	**5,576**	**305**	**1,926**	**4**	**47,346**
December 31, 2017							
Historical cost	43,853	183	10,116	10,526	21,785	769	**87,232**
Accumulated amortization and write-downs	(5,277)	(183)	(4,361)	(10,167)	(19,722)	(739)	**(40,449)**
Net book value	**38,576**	**0**	**5,755**	**359**	**2,063**	**30**	**46,783**
June 30, 2018							
Historical cost	44,812	183	10,255	10,441	22,126	743	**88,560**
Accumulated amortization and write-downs	(5,277)	(183)	(4,679)	(10,136)	(20,200)	(739)	**(41,214)**
Net book value	**39,535**	**0**	**5,576**	**305**	**1,926**	**4**	**47,346**

The increase in the half was mainly due to the translation differences (+1,035 thousand euro) related to the intangible assets of the Group's US companies, only partially offset by the amortization in the period (-501 thousand euro).

Investments in the period amounted to 31 thousand euro and mainly refer to the purchase of new software licenses by the subsidiary SAES Coated Films S.p.A.

With regards to the change 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 to account for their expected residual use.
Goodwill is not amortized; rather, on an annual basis (or more frequently if there are impairment losses indicators), 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 change in the item "Goodwill" and the Cash Generating Unit to which the goodwill is allocated is highlighted below.

(thousands of euro)

Business Unit	December 31, 2017	Increase	Write-downs	Other movements	Translation differences	June 30, 2018
Industrial Applications	945	0	0	0	0	945
Shape Memory Alloys	35,222	0	0	0	959	36,181
Solutions for Advanced Packaging	2,409	0	0	0	0	2,409
Total goodwill	**38,576**	**0**	**0**	**0**	**959**	**39,535**

The increase in the year is due exclusively to the exchange rate effect (related, in particular, to the revaluation of the dollar as at June 30, 2018, with respect to the end of the previous year) on goodwill in non-Euro currency.

The following table shows the gross book values of goodwill and their accumulated write-downs for impairment from January 1, 2004 to June 30, 2018 and to December 31, 2017.

(thousands of euro)

Business Unit	June 30, 2018			December 31, 2017		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial Applications	1,008	(63)	945	1,008	(63)	945
Shape Memory Alloys (*)	39,581	(3,400)	36,181	38,622	(3,400)	35,222
Solutions for Advanced Packaging	2,409	0	2,409	2,409	0	2,409
Non allocato	358	(358)	0	358	(358)	0
Total goodwill	**43,356**	**(3,821)**	**39,535**	**42,397**	**(3,821)**	**38,576**

(*) The difference between the gross value as at June 30, 2018 and the gross value as at December 31, 2017 is due to the translation differences on goodwill amounts denominated in currencies other than euro.

Pursuant to IAS 36, goodwill is not amortized but rather is tested for impairment annually at the end of each financial year or more often should any specific event take place that may lead to the assumption that there has been a reduction in the value of goodwill. No recoverability analysis was carried out as at June 30, 2018 as there wasn't any indicator of impairment such as to show durable value losses in relation to the goodwill recorded in the financial statements.
Also the estimates concerning the recoverable amount of other tangible and intangible assets made in the financial statements as at December 31, 2017 are still valid today.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at June 30, 2018 the item includes the share of the net assets attributable to the Group in the joint ventures Actuator Solutions GmbH[30], SAES RIAL Vacuum S.r.l. and Flexterra, Inc.[31].

The following table shows the changes in this item during the first half of 2018.

[30] Please note that Actuator Solutions GmbH, consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd.
[31] Flexterra, Inc. (USA), , in turn, consolidates the wholly owned subsidiary Flexterra Taiwan Co., Ltd.

(thousands of euro)

Investments accounted for using the equity method	December 31, 2017	Additions	Capital payments	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Disposals	Other	June 30, 2018
Actuator Solutions	0	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	1,625	0	0	(1)	0	0	0	0	1,624
Flexterra	5,636	0	0	(732)	149	0	0	0	5,053
Total	**7,261**	**0**	**0**	**(733)**	**149**	**0**	**0**	**0**	**6,677**

The change in the period (overall negative for -584 thousand euro) is the consequence of the value of each investment adjusted to the Group's share of the result and other comprehensive income (loss) achieved by the joint ventures in the first half of 2018.
With reference to Actuator Solutions, please note that, given the investment of SAES in Actuator Solutions was already fully eliminated as at June 30, 2018 and since there is no legal or implied obligation, at present, for its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the total comprehensive loss of the first half of 2018 (-355 thousand euro) was not recognized by the Group.

Actuator Solutions

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. This joint venture, which consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., is focused on the development, production and marketing of actuators that use shape memory alloys in place of the engine.

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

(thousands of euro)

Actuator Solutions	June 30, 2018	December 31, 2017
Statement of financial position	**50%**	**50%**
Non current assets	4,383	5,491
Current assets	1,674	1,908
Total assets	**6,057**	**7,399**
Non current liabilities	4,712	4,982
Current liabilities	2,692	3,409
Total liabilities	**7,404**	**8,391**
Capital stock, reserves and retained earnings	(992)	815
Net income (loss) for the period	(359)	(2,047)
Other comprehensive income (loss) for the period (*)	4	240
Total equity	**(1,347)**	**(992)**

(*) Currency translation difference reserve arising from the conversion in euro of the financial statements of the subsidiary Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd.

(thousands of euro)

Actuator Solutions	June 30, 2018	June 30, 2017
Statement of profit or loss and of other comprehensive income	**50%**	**50%**
Net sales	5,868	6,864
Cost of sales	(4,726)	(6,471)
Gross profit	**1,142**	**393**
Total operating expenses	(1,127)	(1,318)
Other income (expenses), net	(72)	(504)
Operating income (loss)	**(57)**	**(1,429)**
Interest and other financial income, net	(121)	(169)
Foreign exchange gains (losses), net	(41)	(118)
Income taxes	(140)	19
Net income (loss)	**(359)**	**(1,697)**
Exchange differences	4	141
Total comprehensive income (loss)	**(355)**	**(1,556)**

On the whole[32], Actuator Solutions recorded net revenues of 11,735 thousand euro in the first half of 2018, down by 14.5% compared to 13,727 thousand euro in the first half of 2017. Revenues in the current period are attributable almost entirely to the German seat comfort business, which continues to register gradual growth (+9.6%), compared to the decrease in the sales of autofocus (AF) for action cameras of the Taiwan company (revenues of 23 thousand euro as at June 30, 2018, compared to 2,801 thousand euro in the corresponding period in the previous year).
A net loss of -717 thousand euro was registered in the half, which compares with a loss of -3,393 thousand euro as at June 30, 2017: the improvement is mainly attributable to the recovery in the profit margins of the German sector, also favored by the economies of scale related to the growth in sales, and the reduction in the costs of the Taiwanese subsidiary, a result of the restructuring carried out last year and targeted at the closure of the Zhubei facility, the outsourcing of manufacturing activities and the focusing of Actuator Solutions Taiwan Co., Ltd. on research and development activities.
Lastly, it should be noted that the loss as at June 30, 2018 includes extraordinary expenses of around 0.7 million euro (extraordinary expenses amounted to 1.2 million euro as at June 30, 2017), related to the continuation of the process of outsourcing of the production also at the Chinese subsidiary, net of which Actuator Solutions closed the current half with a break-even position.
For further details on the developments in Actuator Solutions, please refer to the paragraph dedicated to the joint venture in the interim report.

The share of the SAES Group in the result of this joint venture in the first half of 2018 amounted to -359 thousand euro (-1,697 thousand euro in the first half of 2017), augmented by the other components of the comprehensive income statement, positive for an amount of +4 thousand euro, consisting of the translation differences generated by the consolidation of Actuator Solutions Taiwan, Co., Ltd. and Actuator Solutions (Shenzen) Co., Ltd. in Actuator Solutions GmbH.
Similar to June 30, 2017[33], given the investment of SAES in Actuator Solutions was already fully eliminated, and since there is no legal or implied obligation, at present, for its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the total comprehensive loss of the first half of 2018 (-355 thousand euro) was not recognized by the Group.

Similar to December 31, 2017, given the fact that, as at June 30, 2018, the value of the investment in Actuator Solutions GmbH was fully eliminated and as there is no recapitalization obligation, there was no need to perform any impairment test. In relation to the recoverability of financial receivables due to the Group from the joint ventures, please refer to the Note no. 19.

[32] Values at 100%.
[33] SAES share of the comprehensive loss in the first half of 2017 not recognized by the Group amounted to -1,556 thousand euro.

The following table provides the number of employees of the joint venture Actuator Solutions as at June 30, 2018 broken down by category, based on the percentage of ownership held by the Group (equal to 50%).

Actuator Solutions	June 30, 2018	December 31, 2017
	50%	50%
Managers	5	6
Employees and middle management	21	20
Workers	12	11
Total (*)	**38**	**37**

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 2 unit as at June 30, 2018 and equal to 4 unit at December 31, 2017 (according to the percentage held by the Group).

The number of employees is essentially unchanged with respect to the end of 2017.

SAES RIAL Vacuum S.r.l.

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

The Group's equity investment is accounted for using the equity method since the operation consists of a joint control agreement and, specifically, a joint venture. With this regard, please note that a key factor in qualifying the agreement is the subscription of shareholders' agreements that provide that the decisions on some significant activities are taken with the unanimous consent of the parties, irrespective of their ownership percentage in the share capital.

Finally, please note that a put and call option is in place between the shareholders SAES Getters S.p.A. and Rodofil S.r.l, according to an agreed schedule. In particular, Rodofil S.r.l. will have the right to exercise, through a one-off operation, a put option, by selling to SAES Getters S.p.A. a minimum of 2% up to a maximum of 51% of its shares of SAES RIAL Vacuum S.r.l., between May 1, 2020 and May 31, 2020, at a predetermined price related to the performance of the new company at the date of the sale; if Rodofil does not exercise its put option, SAES Getters S.p.A. will have the right to exercise a call option through a one-off operation between June 1, and June 30, 2020, for a percentage equal to 30% of the share capital, at a price calculated with a similar method. Please note that, since as at June 30, 2018 the Management did not have enough information in order to perform an accurate assessment of the fair value of the above options, the latter are not valued in the financial statements.

The table below shows the SAES Group interest in SAES RIAL Vacuum S.r.l.'s assets, liabilities, revenues and costs.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	June 30, 2018	December 31, 2017
Statement of financial position	**49%**	**49%**
Non current assets	156	145
Current assets	803	731
Total assets	**959**	**876**
Non current liabilities	147	150
Current liabilities	581	494
Total liabilities	**728**	**644**
Capital stock, reserves and retained earnings	232	82
Net income (loss) for the period	(1)	158
Other comprehensive income (loss) for the period (*)	0	(8)
Total equity	**231**	**232**
Goodwill arising on acquisition	1,393	1,393
SAES Group Investment	**1,624**	**1,625**

(*) Actuarial differences on the employee severance indemnities (TFR), in accordance with the revised IAS 19.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	June 30, 2018	June 30, 2017
Statement of profit or loss and of other comprehensive income	**49%**	**49%**
Net sales	501	279
Cost of sales	(376)	(356)
Gross profit	**125**	**(77)**
Total operating expenses	(91)	(62)
Other income (expenses), net	(20)	52
Operating income (loss)	**14**	**(87)**
Interest and other financial income, net	(6)	(4)
Foreign exchange gains (losses), net	0	0
Income taxes	(9)	0
Net income (loss)	**(1)**	**(91)**
Actuarial gain (loss) on defined benefit plans, net of taxes	0	0
Total comprehensive income (loss)	**(1)**	**(91)**

On the whole[34], SAES RIAL Vacuum S.r.l. closed the first half of 2018 with sales of 1,023 thousand euro, almost double (+79.7%) the figure of 569 thousand euro in the corresponding period of 2017. The half closed with a break-even position (-2 thousand euro), compared to a net loss of -186 thousand euro as at June 30, 2017: the increase in sales and the related economies of scale, together with the fact that the initial productive inefficiencies were overcome, enabled a major improvement in the gross profit margin and subsequent attainment of a break-even position.

As already outlined previously, the share of the SAES Group (49%) in the result of this joint venture in the first half of 2018 amounted to -1 thousand euro (-91 thousand euro in the first half of 2017).

The difference, equal to 1,393 thousand euro, between the investment value (1,624 thousand euro) and the value of the share of the SAES Group in the company's net assets (231 thousand euro) represents the goodwill (1,393 thousand euro) that is included in the carrying value of the investment.

Since the plans and the other indicators used to estimate the recoverable amount of the investment as at December 31, 2017 were still valid, no impairment test was carried out as at June 30, 2018.

[34] Values at 100%.

The following table provides the number of employees of the joint venture SAES RIAL Vacuum S.r.l. as at June 30, 2018 broken down by category, based on the percentage of ownership held by the SAES Group (49%).

SAES RIAL Vacuum S.r.l.	June 30, 2018	December 31, 2017
	49%	49%
Managers	0	0
Employees and middle management	3	3
Workers	4	4
Total (*)	**7**	**7**

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 2 unit as at June 30, 2018 and equal to 1 unit at December 31, 2017 (according to the percentage held by the Group).

The number of employees is unchanged with respect to the end of 2017.

Flexterra

Flexterra was born from a technological partnership activated in the previous years between SAES and the US Company Polyera in the field of flexible thin film transistors for new generation displays. In particular, Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), is a development start-up established at the end of 2016 by SAES (through the subsidiary SAES Getters International Luxembourg S.A.) and by previous members and lenders of Polyera, whose objective is the design, manufacturing and marketing of materials and components for the manufacturing of truly flexible displays, with huge potential in terms of the application in various market sectors. Starting from January 10, 2017, Flexterra, Inc. wholly owns the newly established company Flexterra Taiwan Co., Ltd.

SAES currently holds a 33.79% stake in Flexterra, Inc. and the Group's equity investment is accounted for using the equity method since, irrespective of their ownership percentage in the share capital, the operation consists of a joint control agreement and, specifically, a joint venture, based on the Board's composition (five members, two of which appointed by SAES, including the CEO) and the shareholders agreements (that require the decisions on relevant matters to be taken with the consent of at least 4 of the 5 Board members).

Note that, at the end of 2016, SAES, through the subsidiary SAES Getters International Luxembourg S.A., had signed a commitment to contribute 4.5 million USD in capital to Flexterra, Inc., in addition to tangible and intangible assets (IP) with an estimated value of around 3 million USD, subject to the achievement by Flexterra of the technical and commercial objectives established in advance (milestone) no later than March 31, 2018. Flexterra, Inc. recently proposed a revision of the original agreement to its shareholders, in order to extend said expiry and announced the achievement of the milestone. The shareholders may proceed with the aforementioned contribution within 30 days of the formal communications (expected in the next few days) and, upon completion of said operation, SAES' share in Flexterra is destined to increase to about 45%, in the event of full compliance.

The value of the investment as at June 30, 2018 is the overall contribution (8,146 thousand euro, equal to 8,500 thousand USD) of SAES Getters International Luxembourg S.A. in the share capital of Flexterra, Inc., adjusted for the SAES Group's share in the result and in the other components of comprehensive income both in 2017 and in the first half of 2018. The latter include the expenses related to the issue of equity instruments and the currency translation difference reserve arising from the translation to Euro of the financial statements of Flexterra, Inc. and of its subsidiary Flexterra Taiwan Co., Ltd. (expressed in US Dollars and Taiwanese Dollars respectively).

The table below shows the SAES Group interest in Flexterra's assets, liabilities, revenues and costs.

(thousands of euro)

Flexterra	June 30, 2018	December 31, 2017
Statement of financial position	**33.79%**	**33.79%**
Non current assets	4,551	4,616
Current assets	674	1,206
Total assets	**5,225**	**5,822**
Non current liabilities	0	0
Current liabilities	123	154
Total liabilities	**123**	**154**
Capital stock, reserves and retained earnings	5,554	8,064
Reserve for stock option plans	131	114
Net income (loss) for the period	(732)	(1,626)
Other comprehensive income (loss) for the period (*)	149	(884)
Total equity	**5,102**	**5,668**

(*) Currency translation difference reserve arising from the conversion in euro of the financial statements of Flexterra, Inc. and of Flexterra Taiwan Co., Ltd. and capital expenditure costs.

(thousands of euro)

Flexterra	June 30, 2018	June 30, 2017 restated (**)
Statement of profit or loss and of other comprehensive income	**33.79%**	**33.79%**
Net sales	6	6
Cost of sales	(1)	0
Gross profit	**5**	**6**
Total operating expenses	(722)	(940)
Other income (expenses), net	(1)	(53)
Operating income (loss)	**(718)**	**(987)**
Interest and other financial income, net	(4)	2
Foreign exchange gains (losses), net	(20)	20
Income taxes	10	5
Net income (loss)	**(732)**	**(960)**
Exchange differences and capital expenditure costs	149	(572)
Total comprehensive income (loss)	**(583)**	**(1,532)**

(**) Some amounts shown in the column do not correspond to the 2017 Interim consolidated financial statements because they reflect the restatement deriving from the completion of the process of identifying the fair value of the intangible assets contributed by some third-party shareholders at the time of the establishment of the Flexterra, Inc. joint venture. For further details please refer to the Note no. 1, paragraph "Restatement of the 2017 figures".

On the whole[35], Flexterra closed the first half of 2018 with a net loss of -2,165 thousand euro, compared to -2,842 thousand euro in the corresponding period in 2017 (primarily costs for staff employed in research activities and general and administrative costs, costs of advisory services, costs related to the management of patents and the amortization of intangible assets transferred from some third party shareholders at the time of incorporation of the company). The containment of the loss is mainly attributable to lower personnel costs, as a result of the gradually more efficient use of resources, together with the reduction in advisory services, higher in the company's first year given related to the commencement of operations.

The share of the SAES Group in the result of this joint venture in the first half of 2018 amounted to -732 thousand euro (-960 thousand euro as at June 30, 2017), to which other components of comprehensive income are added (positive 149 thousand in the first half of 2018, compared to a negative value of -572 thousand euro as at June 30, 2017).

[35] Values at 100%.

Since the plans and the other indicators used to estimate the recoverable amount of the investment as at December 31, 2017 were still valid, no impairment test was carried out as at June 30, 2018.

The following table provides the number of employees of the joint venture Flexterra as at June 30, 2018 split by category, based on the percentage of ownership held by the SAES Group (33.79%).

Flexterra	June 30, 2018	December 31, 2017
	33.79%	33.79%
Managers	2	2
Employees and middle management	4	4
Workers	0	0
Total	**6**	**6**

The number of employees is essentially unchanged with respect to the end of 2017.

17. DEFERRED TAX ASSETS AND LIABILITIES

As at June 30, 2018 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to +1,933 thousand euro, compared to a negative balance of -2,186 thousand euro as at December 31, 2017. The increase is attributable mainly to the deferred tax assets recorded on the cancellation of the intercompany capital gain realized on the transfer of the net assets from SAES Getters USA, Inc. to SAES Getters/U.S.A., Inc., finalized as part of the transfer of the purification business (for more details on the intercompany transfer, please refer to the section "Significant events in the half", of the Interim Report on Operations).
The related details are provided below.

(thousands of euro)

Deferred taxes	June 30, 2018	December 31, 2017	Difference
Deferred tax assets	8,470	4,825	3,645
Deferred tax liabilities	(6,537)	(7,011)	474
Total	**1,933**	**(2,186)**	**4,119**

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 when appropriate, the following table shows deferred tax assets and liabilities before the offsetting process.

(thousands of euro)

Deferred taxes	June 30, 2018	December 31, 2017	Difference
Deferred tax assets	10,810	7,400	3,410
Deferred tax liabilities	(8,877)	(9,586)	709
Total	**1,933**	**(2,186)**	**4,119**

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities by their nature, compared with the figures as at December 31, 2017.

(thousands of euro)

Deferred tax assets	June 30, 2018 Temporary differences	Fiscal effect	December 31, 2017 Temporary differences	Fiscal effect
Intercompany profit eliminations	26,886	6,854	6,752	2,080
Differences on depreciation/amortization and write-downs	1,313	348	1,284	341
IAS 19 effect	248	58	248	58
Bad debts	302	76	286	72
Inventory write-down	3,698	948	3,732	1,017
Provisions	738	180	2,049	496
Cash deductable expenses	6,410	1,565	10,582	2,566
Deferred taxes on recoverable losses	1,673	401	1,673	401
Exchange differences and other	456	380	496	369
Total		**10,810**		**7,400**

The increase in deferred tax assets compared to the end of the previous year (+3,410 thousand euro) is mainly due to the deferred tax assets recognized on the cancellation of the intercompany capital gain realized on the transfer of the net assets from SAES Getters USA, Inc. to SAES Getters/U.S.A., Inc., only partially offset by lower costs that can be deducted for tax purposes on a cash basis rather than an accrual basis[36].

The Group had 122,706 thousand euro in tax losses eligible to be carried forward as at June 30, 2018, mainly attributable to the Parent Company, the subsidiary SAES Getters International Luxembourg S.A. and to E.T.C. S.r.l. in liquidazione - in liquidation - (tax losses eligible to be carried forward amounted to 129,820 thousand euro as at December 31, 2017).
The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets were equal to 1,673 thousand euro (amount unchanged with respect to December 31, 2017) and pertained exclusively to SAES Coated Films S.p.A. These assets were recognized on the basis of the recoverability analyses performed by the Directors, which confirmed the assumptions of the 2017 financial statements, still considered valid.

(thousands of euro)

Deferred tax liabilities	June 30, 2018 Temporary differences	Fiscal effect	December 31, 2017 Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(41,304)	(3,468)	(51,261)	(3,907)
Differences on depreciation/amortization and fair value revaluations	(20,138)	(5,300)	(21,259)	(5,582)
IAS 19 effect	(436)	(105)	(436)	(105)
Other	(19)	(4)	29	8
Total		**(8,877)**		**(9,586)**

The deferred tax liabilities recorded in the consolidated financial statements as at June 30, 2018 included in addition to the fiscal provision on taxes due in the event of distribution of the net income and of the reserves of the subsidiaries for which a distribution is expected in a foreseeable future, also the temporary differences on the surplus values identified during the purchase price allocation of both the US companies acquired in previous years and the most recently acquired company SAES Coated Films S.p.A.
The decrease compared to December 31, 2017 (-709 thousand euro) is mainly due to the release of deferred tax liabilities relating to the taxes due in the event of distribution of the profits and reserves of the US companies SAES Getters USA, Inc. and SAES Pure Gas, Inc., transferred in the current half.

[36] In particular, lower allocations for annual variable compensation and long-term incentives.

18. TAX CONSOLIDATION RECEIVABLES FROM THE CONTROLLING COMPANY

The item "Tax consolidation receivables from the Controlling Company" (272 thousand euro) refers to the receivable initially due to SAES Advanced Technologies S.p.A. and now held by the Parent Company[37], towards S.G.G. Holding S.p.A., following a request for a refund that the latter had presented as consolidating entity of the tax consolidation scheme in place until December 31, 2014. This receivable has been classified under non-current assets as it is collectable after the end of the year.

Starting from January 1, 2015, following the decrease of the stake of S.G.G. Holding S.p.A. in SAES Getters S.p.A. below the threshold of 50%, the prerequisite to access to the tax consolidation program with S.G.G. Holding S.p.A. as consolidating company ended, as envisaged by the combined provisions of articles 117 and 120 of the Income Tax Code ("TUIR"). [38] The Italian companies of the Group currently join a new tax consolidation program with the Parent Company as consolidator.
No credit or debit balance vis-à-vis SAES Getters S.p.A. emerged, given that the positive taxable income was offset by the negative taxable income. For more details please see Note no. 32.

19. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item "Financial receivables from related parties", equal to 8,946 thousand euro as at June 30, 2018, compared to 8,485 thousand euro as at December 31, 2017, refers to the interest-bearing loans granted by SAES Group to the joint ventures Actuator Solutions GmbH (8,897 thousand euro) and SAES RIAL Vacuum S.r.l. (49 thousand euro).
The share whose repayment by the joint ventures is expected within one year was included in the current assets (897 thousand euro compared with 936 thousand euro as at December 31, 2017), while the remaining portion was classified as non-current assets (8,049 thousand euro compared with 7,549 thousand euro as at December 31, 2017).

The related details are given in the tables below.

Actuator Solutions GmbH

[37] Please note that SAES Advanced Technologies S.p.A. was merged by incorporation in SAES Getters S.p.A., effective from January 1, 2016 for accounting purposes.
[38] SAES Getters S.p.A., SAES Nitinol S.r.l. and E.T.C. S.r.l. in liquidazione (in liquidation). In October 2017, the option to also include Metalvuoto S.p.A. (then renamed SAES Coated Films S.p.A.) in the perimeter of the national tax consolidation scheme was exercised, effective from January 1, 2017.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2018 (*) (thousands of euro)	Value as at December 31, 2017 (*) (thousands of euro)	
Loan granted in October 2014	EUR	1,200	flexible, with maturity date April 2018 (°)	6% annual fixed rate	74	271	
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	99	99	
Loan signed in July 2016: - first tranche granted in July 2016 - second tranche granted in September 2016	EUR EUR	2,000 1,000	flexible, with maturity date April 2019	6% annual fixed rate	3,336	3,247	(#)
Loan signed in November 2016: - first tranche granted in November 2016 - second tranche granted in January 2017 - third tranche granted in February 2017 - fourth tranche granted in March 2017 - fifth tranche granted in April 2017 - sixth tranche granted in February 2018	EUR EUR EUR EUR EUR EUR	1,000 1,000 1,000 1,000 500 500	flexible, with maturity date April 2019	6% annual fixed rate	5,388	4,743	(##)
Total		**10,200**			**8,897**	**8,360**	

(*) Interests included.
(°) Extendable on an annual basis.
(#) 50% of the loan is granted by a letter of patronage jointly signed by Alfmeier S.E. and SMA Holding GmbH, in favor of SAES Nitinol S.r.l.
(##) The contract provides for the priority reimbursement of such loan, compared to other loans granted to Actuator Solutions by its shareholders.

On February 12, 2018, SAES Nitinol S.r.l. paid a new tranche of 500 thousand euro of the loan taken out on November 28, 2016 to Actuator Solutions GmbH. It should be noted that the loan, intended to provide financial support for operations, expires on April 30, 2019, has a flexible plan of repayment by the date of expiry and an annual fixed interest rate of 6%; the associated contract, which initially made provision for a maximum total financeable amount of 4.5 million euro, was modified accordingly, increasing said value to 5 million euro.

On June 7, 2018, Actuator Solutions GmbH completed the repayment of the principal of the loan granted by SAES Nitinol S.r.l. in October 2014.

Please note that the parties have temporarily agreed to suspend the payment of the interest accrued during 2016 (a payment that, according to the contractual arrangements, was scheduled for the beginning of 2017), and in 2017 (whose payment, again according to the contractual arrangements, was scheduled for the start of 2018); consequently, the financial receivable booked as at June 30, 2018 includes not only the residual principal portion as at June 30, 2018 and the interest accrued in the current half, but also the interest accrued in the previous two years.

As at December 31, 2017, the financial receivable due from Actuator Solutions GmbH was assessed to be fully recoverable on the basis of the estimated cash flows in the 2018-2022 five-year plan of the joint venture, approved by the Supervisory Committee of said company. Since the plan and the other variables used to estimate the recoverable amount of the receivable as at December 31, 2017 were still valid, no recoverability test was carried out as at June 30, 2018.

SAES RIAL Vacuum S.r.l.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2018 (*) (thousands of euro)	Value as at December 31, 2017 (*) (thousands of euro)
Loan granted in January 2016	EUR	49	flexibile	Three-months Euribor, plus 2.50% spread	49	50

(*) Interests included.

As at December 31, 2017, the item “Financial receivables from related parties” also included a credit of 75 thousand euro due to the SAES Group from Mirante S.r.l., a minority shareholder in Metalvuoto S.p.A. (then renamed SAES Coated Films S.p.A.), in relation to the capital payment resolved by the shareholders’ meeting of Metalvuoto S.p.A. on December 20, 2017 and fully subscribed by SAES Getters S.p.A., also on behalf of Mirante, with the latter not having taken part in the aforementioned shareholders’ meeting. Mirante S.r.l. paid its share of capital on January 19, 2018.

20. OTHER LONG-TERM ASSETS

The item "Other long-term assets" amounted to 430 thousand euro as at June 30, 2018, compared to 425 thousand euro as at December 31, 2017 and includes the security deposits paid by the various companies of the Group as part of their operating activities.

21. CLOSING INVENTORY

Closing inventory amounted to 22,248 thousand euro as at June 30, 2018, marking an increase of 1,702 thousand euro compared to December 31, 2017.

The following table shows the breakdown of inventory as at June 30, 2018 and December 31, 2017.

(thousands of euro)

Inventory	June 30, 2018	December 31, 2017	Difference
Raw materials, auxiliary materials and spare parts	6,515	6,540	(25)
Work in progress and semi-finished goods	9,776	8,711	1,065
Finished products and goods	5,957	5,295	662
Total	**22,248**	**20,546**	**1,702**

Excluding the positive exchange rate effect (equal to +388 thousand euro), mainly related to the revaluation of the US dollar as at June 30, 2018 compared to December 31, 2017, the inventory increased by 1,314 thousand euro: the increase was mainly due to higher volumes of both semi-finished products in the shape memory alloys sector, related to the increasing trend in the revenues of this operating sector, and finished goods at the Parent Company's plant in Avezzano, related to the new advanced products in the electronic devices sector, whose sales were concentrated in the second half of the year.

Inventory is stated net of any provision for depreciation, which, during the first half of 2018, recorded the changes shown in the table below.

(thousands of euro)

Inventory provision	
December 31, 2017	**2,847**
Accrual	248
Release into income statement	(183)
Utilization	0
Translation differences	38
June 30, 2018	**2,950**

The accrual (+248 thousand euro) was mainly related to the write-down of the slow-moving semi-finished products and finished goods or no longer used in the production process, in particular in the SMA and lamps sectors.

The release to the income statement (-183 thousand euro) was a consequence of a recall into production of some items written-down in the previous year, in particular in the SMA business.

22. TRADE RECEIVABLES

Trade receivables, net of the bad debt provision, were equal to 19,472 thousand euro as at June 30, 2018, marking an increase of 2,206 thousand euro compared to December 31, 2017.
Net of the exchange rate effect (+377 thousand euro), the increase (+1,829 thousand euro) was primarily attributable to the increased trade receivables from US subsidiaries Memry Corporation and SAES Smart Materials, Inc., related to the organic growth recorded by net sales in the shape memory alloys business in the first half of 2018 compared to the last few months of the previous year.

The breakdown of the item as at June 30, 2018 and as at December 31, 2017 is shown in the following table.

(thousands of euro)

Trade receivables	June 30, 2018	December 31, 2017	Difference
Gross value	19,696	17,474	2,222
Bad debt provision	(224)	(208)	(16)
Net book value	**19,472**	**17,266**	**2,206**

Trade receivables are non-interest bearing and generally are due after 30-90 days.

The bad debt provision recorded the following changes during the half.

(thousands of euro)

Bad debt provision	June 30, 2018	December 31, 2017
Opening balance	**208**	**325**
Accrual	18	11
Release into income statement	(2)	(54)
Utilization	(1)	(67)
Translation differences	1	(7)
Closing balance	**224**	**208**

The accrual to the income statement (+18 thousand euro) was mainly related to the write-down of some trade receivables considered to be non-recoverable by the management of the subsidiary SAES Coated Films S.p.A..

The following table provides a breakdown of the trade receivables by falling due and past due as at June 30, 2018 compared with December 31, 2017.

(thousands of euro)

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	
June 30, 2018	19,696	16,033	2,562	495	262	49	71	224
December 31, 2017	17,474	13,563	2,438	1,115	109	15	26	208

Receivables past due by more than 30 days and not written down, as deemed to be recoverable, account for an insignificant percentage in relation to the total trade receivables and are constantly monitored. The lower incidence of these receivables in relation to the total trade receivables (from 7% as at December 31, 2017 to 4% as at June 30, 2018) was mainly due to some specific credit positions of the subsidiary Memry Corporation, whose collection was finalized in the first few months 2018.

Please refer to the Report on operations for the management of credit risk on trade receivables.

23. OTHER RECEIVABLES, ACCRUED INCOME AND PREPAID EXPENSES

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 4,174 thousand euro as at June 30, 2018, compared to 5,654 thousand euro as at December 31, 2017.

A breakdown of this item is provided below.

(thousands of euro)

Prepaid expenses, accrued income and other	June 30, 2018	December 31, 2017	Difference
Income tax and other tax receivables	903	1,512	(609)
VAT receivables	1,421	2,048	(627)
Social security receivables	3	76	(73)
Personnel receivables	2	1	1
Receivables for public grants	106	31	75
Other receivables	246	230	16
Total other receivables	**2,681**	**3,898**	**(1,217)**
Accrued income	2	0	2
Prepaid expenses	1,491	1,756	(265)
Total prepaid expenses and accrued income	**1,493**	**1,756**	**(263)**
Total prepaid expenses, accrued income and other	**4,174**	**5,654**	**(1,480)**

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 reduction with respect to December 31, 2017 (-609 thousand euro) is mainly related to the elimination of the tax credits due from the US subsidiary SAES Getters USA, Inc. for advance tax payments made in the previous year: in fact, this subsidiary was transferred to Entegris (together with its subsidiary SAES Pure Gas, Inc.) on June 25, 2018, after having transferred its business to SAES Getters/U.S.A., Inc., which, being a newly established company, has still not made advance payments at the end of the current half.

The decrease in the item "VAT receivables" is due to the fact that the credit generated in the first half of 2018 by the Parent Company, and due to the excess of passive taxable transactions with respect to active ones, was lower than the portion of the credit generated in 2017, and has been used to offset other taxes and contributions.

Please note that the item "Receivables for public grants" was composed of receivables accrued by the Parent Company as at June 30, 2018 as a result of grants for research projects in progress.
Income from public grants included in the income statement for the half totaled 1,295 thousand euro, including the revenue, amounting to 1,136 thousand euro, accounted for by the US subsidiary Memry Corporation as a result of the conversion of 50% of the loan granted by the State of Connecticut (CT) at the end of 2014 to a non-refundable grant (for further details please refer to Notes nos. 6 and 27). Income from public grants amounted to 149 thousand euro in the first half of 2017.

The decrease in the item "Prepaid expenses" compared to December 31, 2017 was mainly due to some cost items (in particular insurance costs), which were paid in advance at the end of the previous year but which refer to the entire current year.

Please note that there are no receivables due after more than five years.

24. CASH AND CASH EQUIVALENTS

The item includes the liquid funds for the cash flow management necessary for the operating activities, together with the net collection related to the transfer of the purification business, completed on June 25, 2018 (gross consideration of 300,752 thousand euro, net of accessory monetary expenses of the extraordinary transaction and already paid as at June 30, 2018, equal to -19,613 thousand euro). The increase in cash and equivalents with respect to December 31, 2017 is attributable to the latter.
The following table shows a breakdown of the balances as at June 30, 2018 and December 31, 2017.

(thousands of euro)

Cash and cash equivalents	June 30, 2018	December 31, 2017	Difference
Bank accounts	302,633	27,551	275,082
Petty cash	11	13	(2)
Total	**302,644**	**27,564**	**275,080**

The item "Bank accounts" consists of short-term deposits with some leading financial institutions, denominated primarily in Euros, US dollars and Chinese renminbi.

For the analysis of the changes occurred in cash and cash equivalents during the period please refer to the comments on the Cash flow statement (Note no. 37).

As at June 30, 2018 the Group has unused credit lines equal to 18.8 million euro, compared to 40.6 million euro as at December 31, 2017. The decrease was the result of greater use by the Parent Company of financing in the form of "hot money", as well as the extinguishment of a credit line in favor of SAES Getters USA, Inc. before the transfer of the US subsidiary to Entegris.

25. ASSETS AND LIABILITIEES HELD FOR SALE AND DISCONTINUED TRANSACTIONS

Item "Assets held for sale and discontinued transactions" includes, as at June 30, 2018, the assets of the purification laboratory of SAES Getters S.p.A. situated in Lainate, whose transfer is expected to be completed by the end of October 2018, as per the contract, as part of the transfer to the US company Entegris, Inc. of the gas purification business.

As at December 31, 2017, the items "Assets held for sale and discontinued transactions" and "Liabilities held for sale and discontinued transactions" totaled 36,254 thousand euro, and included all assets and liabilities which were then transferred on June 25, 2018, as part of the above-mentioned extraordinary transfer. More specifically, the object of the transfer was not only the aforementioned assets of the Lainate laboratory, but the US subsidiary SAES Pure Gas, Inc. and the business unit based in Shanghai and operating in the purification business of SAES Getters (Nanjing) Co., Ltd., comprised of personnel, assets and inventory.

The following table provides a breakdown of the items as at June 30, 2018 compared with December 31, 2017.

(thousands of euro)

Assets held for sale and discontinued transactions	June 30, 2018	December 31, 2017
Property, plant & equipment, net	235	3,394
Intangible assets, net	0	6,392
Deferred tax assets	0	615
Other long term assets	0	4
Total non current assets	**235**	**10,405**
Closing inventory	0	27,007
Trade receivables	0	16,263
Other receivables, accrued income and prepaid expenses	0	198
Total current assets	**0**	**43,468**
Total assets held for sale and discontinued transactions	**235**	**53,873**

(thousands of euro)

Liabilities held for sale and discontinued transactions	June 30, 2018	December 31, 2017
Other non current financial debts to third parties	0	838
Provisions	0	369
Total non current liabilities	**0**	**1,207**
Trade payables	0	7,751
Other payables	0	2,373
Provisions	0	591
Other current financial debts to third parties	0	375
Accrued expenses and deferred income	0	5,322
Total current liabilities	**0**	**16,412**
Total liabilities held for sale and discontinued transactions	**0**	**17,619**

26. SHAREHOLDERS' EQUITY

The Group shareholders' equity amounted to 349,510 thousand euro as at June 30, 2018, marking an increase of 227,369 thousand euro compared to December 31, 2017, mainly due to the profit for the period (+242,574 thousand euro) and to the differences arising from the translation of the financial statements in foreign currencies (+2,057 thousand euro), only partially offset by the distribution of dividends by the Parent Company (-15,435 thousand euro). Note should also be taken of the release to the income statement of the translation reserve (a positive 1,827 thousand euro) generated by the consolidation of the US companies SAES Getters USA, Inc. and SAES Pure Gas, Inc., transferred to Entegris on June 25, 2018, as part of the extraordinary transfer of the gas purification business.

A summary of the changes occurred is provided in the Statement of changes in the shareholders' equity.

Capital stock

As at June 30, 2018 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, 2017.
The implicit book value per share was 0.554196 euro as at June 30, 2018, unchanged from December 31, 2017.

Please refer to the Report on corporate governance and ownership structure, enclosed in the 2017 Consolidated financial statements, for all of the information required by article 123-bis of the Consolidated Finance Act (TUF).

All 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 and medium caps that meet specific requirements with regard to reporting transparency, liquidity and corporate governance.

Share issue premium reserve

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, 2017.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as at June 30, 2018 and it was unchanged compared to December 31, 2017, since the reserve had reached its legal limit.

Other reserves and retained earnings

This item includes:
- the reserves (totaling 2,615 thousand euro) represented by 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 (1,576 thousand euro) by the Parent Company SAES Getters S.p.A.. The revaluation reserve, pursuant to Law no. 342/2000, is stated net of the associated substitute tax amounting to 370 thousand euro;
- the other reserves of subsidiaries, the 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 the shareholders of the 2017 dividend approved by the Parent Company's Shareholders' Meeting (-15,435 thousand euro) and the carry forward of the 2017 consolidated profit (+13,860 thousand euro).

As reported in the Report on corporate governance and ownership structure enclosed to the 2017 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 the shareholders' equity

This item includes the exchange rate differences arising from the translation of the financial statements in foreign currencies. The translation reserve had a positive balance of 8,330 thousand euro as at June 30, 2018, compared to a positive balance of 8,100 thousand euro[39] as at December 31, 2017. The increase of 230 thousand euro was due both to the overall impact on the consolidated shareholders' equity of the translation into euro of the financial statements of fully consolidated foreign subsidiaries expressed in non-euro currencies and the associated consolidation adjustments (+1,908 thousand euro)[40], and to the share of the Group in the currency translation reserve arising from the consolidation of the companies[41] measured with the equity method (+149 thousand euro), partially offset by the release to the income statement (-1,827 thousand euro) of the translation reserve generated by the consolidation of the US subsidiaries subject to the transfer (SAES Getters USA, Inc. and SAES Pure Gas, Inc.).
In compliance with IFRS 5, both the value as at December 31, 2017, and the change in the period in the translation reserve of the transferred companies, were stated in a separate item of the Statement of changes in consolidated shareholders' equity called "Translation reserve of discontinued transactions".

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 the international accounting standards.

27. FINANCIAL DEBTS

As at June 30, 2018, the financial debts amounted to 32,339 thousand euro, marking a decrease of 6,196 thousand euro compared to December 31, 2017.
The reduction is due to the repayments of principal in the current half (-5,204 thousand euro), augmented by the conversion of 50% of the loan granted to the subsidiary Memry Corporation by the State of Connecticut (CT) to a non-refundable grant in the first half of 2018 (-1,136 thousand euro, reported in the item "Other changes" of the table below).

[39] Of which +1,921 thousand euro relating to discontinued transactions (i.e. the translation reserve generated by the consolidation of the US companies SAES Getters USA, Inc. and SAES Pure Gas, Inc., transferred on June 25, 2018).
[40] Of which -94 thousand euro relating to discontinued transactions.
[41] Translation reserve arising both the consolidation of Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd. into Actuator Solutions GmbH, and of the conversion into euro of the financial statements of Flexterra, Inc. and its subsidiary Flexterra Taiwan Co., Ltd.

These decreases were partially offset by the currency effect which generated an increase in the Group's financial debt of 127 thousand euro: in fact, 16.3% of the Group's financial debt is composed of loans denominated in US dollars held by the USA subsidiary Memry Corporation, whose equivalent amount in euro has increased as a result of the revaluation of the US dollar as at June 30, 2018 compared to December 31, 2017.

The following table shows the changes in the financial debts during the first half of 2018.

(thousands of euro)

Financial debts	
December 31, 2017	**38,535**
Proceeds	0
Amortization of fees and interests	334
Repayments	(5,204)
Interest payments	(317)
Conversion differences on loans in foreign currencies	127
Other movements	(1,136)
June 30, 2018	**32,339**

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

(thousands of euro)

Financial debts	June 30, 2018	December 31, 2017	Difference
Less than 1 year	10,358	10,478	(120)
Current portion of financial debts	**10,358**	**10,478**	**(120)**
Between 1 and 2 years	9,628	10,416	(788)
Between 2 and 3 years	6,976	8,952	(1,976)
Between 3 and 4 years	4,143	5,364	(1,221)
Between 4 and 5 years	1,083	2,746	(1,663)
Over 5 years	151	579	(428)
Non current financial debts	**21,981**	**28,057**	**(6,076)**
Total	**32,339**	**38,535**	**(6,196)**

Details of the loans held by the Group companies as at June 30, 2018 are provided below. It should be noted that all loans were already in place as at December 31, 2017 and that no loan was extinguished in the first half of 2018.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at June 30, 2018 (thousands of euro)	Value as at December 31, 2017 (thousands of euro)
SAES Getters S.p.A. *Unicredit*	EUR	7 (millions of euro)	quarterly with maturiry date December 31, 2019	Half -yearly	Three-months Euribor plus 2.25% spread	2.57%	2,096	2,794
SAES Getters S.p.A. *Unicredit*	EUR	10 (millions of euro)	quarterly with maturiry date March 31, 2022	Half -yearly	Three-months Euribor plus 1% spread	0.90%	7,471	8,464
SAES Getters S.p.A. *Intesa Sanpaolo*	EUR	8 (millions of euro)	half-yearly with maturity date July 31, 2020	Yearly	Six-months Euribor plus 2.25% spread	2.74%	4,020	4,820
SAES Getters S.p.A. *Intesa Sanpaolo*	EUR	10 (millions of euro)	half-yearly (with fixed principal amounts) with maturity date December 21, 2022	Yearly	Six-months Euribor plus 1.20% spread	1.18%	8,958	9,948
SAES Getters S.p.A. *Banco BPM*	EUR	5 (millions of euro)	quarterly (with variable principal amounts) with maturity date December 31, 2021	n.a.	Three-months Euribor plus 1% spread	1.11%	3,901	4,446
Memry Corporation *Soft financing granted by the State of Connecticut*	USD	1ª *tranche* = 2 millions of USD 2ª *tranche* = 0.8 millions of USD	monthly with maturity date March 1, 2025	n.a.	2%	2%	557	1,779 (**)
Memry Corporation *Unicredit*	USD	11 (millions of USD)	half-yearly with maturity date December 31, 2020	Half -yearly	Six-months USD Libor plus 2.20% spread (*)	4.70%	4,718	5,504
SAES Coated Films S.p.A. *Banco BPM - MIUR loan*	EUR	319 (thousand of euro)	half-yearly with maturity date December 31, 2018	n.a.	0.50%	0.50%	23	46
SAES Coated Films S.p.A. *Intesa Sanpaolo*	EUR	300 (thousand of euro)	quarterly with maturiry date June 30, 2020	n.a.	Three-months Euribor plus 2.25% spread	1.93%	151	188
SAES Coated Films S.p.A. *Banco BPM*	EUR	231 (thousand of euro)	half-yearly with maturity date June 30, 2020	n.a.	Three-months Euribor plus 2.799% spread	2.48%	118	148
Banco BPM - MIUR loan	EUR	231 (thousand of euro)			0.50%	0.50%	116	145
SAES Coated Films S.p.A. *Intesa Sanpaolo*	EUR	400 (thousand of euro)	quarterly with maturiry date December 31, 2020	n.a.	Three-months Euribor plus 1.50% spread	1.18%	210	253

(*) The spread will be reduced to 2.20% in case the ratio between the net financial position and the EBITDA of Memry Corporation is lower than 1.50.
(**) During the first half of 2018, 50% of the loan has been transformed into a non-repayable grant.

No new loans were taken out during the half.

As regards the loan granted to Memry Corporation at the end of 2014 by the State of Connecticut (CT), it should be noted that, on January 30, 2018, the independent auditors, completed their audits, with no observations, relating to the company’s observance of the agreed conditions (increase in workforce at the Bethel site and in the average annual salary of no less than a predetermined threshold) for the conversion of 50% of the loan to an non-refundable grant. At the start of the March, the auditors’ reports were sent to the responsible state authorities and a definitive authorization was received from the State of CT in the first half of 2018. The grant, amounting to 1.4 million USD (corresponding to 1,136 thousand euro), generated income in the income statement for the same amount.

Covenants

With the exception of the loan signed with Banco BPM, all the loans held by the Parent Company are subject to the compliance with covenants calculated on some Group's economic and financial figures and verified on a half-yearly basis (on June 30 and December 31 of each year) or annually (on December 31). In particular, the loans granted by Unicredit S.p.A. are subject to the semi-annual control and as showed in the table below, the covenants were met as at June 30, 2018.

		Covenant	Unicredit loan with nominal value equal to €7 millions Value as at June 30, 2018	Unicredit loan with nominal value equal to €10 millions Value as at June 30, 2018
Net equity	k euro	≥ 94,000	349,510	349,510
Net financial position (°) / Net equity	%	≤ 1.00	(0.69)	(0.69)
Net financial position (°) / EBITDA (°°)	%	≤ 2.25	(11.78)	(11.78)

(°) Net financial position calculated excluding financial receivables from related parties and receivables (payables) for derivative financial instruments evaluated at fair value.
(°°) EBITDA calculated from July 1, 2017 to June 30, 2018.

Note that the loan agreements signed by the Parent Company with Unicredit S.p.A. set forth that SAES Getters S.p.A. is obligated to inform the bank and obtain prior consent from the latter, under penalty of early repayment of the loan, before carrying out extraordinary corporate transactions, such as the disposals of business units, company assets or investments exceeding a total value of 10 million euro. The Parent Company is also committed to allocating 50% of the net proceeds collected from the aforementioned disposals to the early repayment, including partial, of the loan.
Lastly, the contracts set forth that the Parent Company does not assume, except in the case of the prior consent of the Bank, any new financial debt for amounts that, combined with the loans already in place, on the whole exceed 100 million euro.
Due to the extraordinary transfer of the purification business[42] completed on June 25, 2018, the Parent Company overrun the aforementioned contractual limits, but the associated financial liability as at June 30, 2018 was not reclassified as current given that the disbursing bank formally waived the calling-in of the debt on June 28, 2018.

With regards to the loans held by Memry Corporation, please note that the subsidized loan granted by the State of Connecticut is not subject to compliance with any covenants. By contrast, the loan granted by Unicredit S.p.A. requires compliance with the warranty provisions calculated on some economic and financial figures of the individual US company (instead of consolidated ones) and verified on a half-yearly basis (on June 30 and December 31 of each year).
The following table shows that all covenants were met at the reporting date.

		Covenant	Unicredit loan Value as at June 30, 2018
Net financial position (°) / Net equity	%	≤ 1.00	0.02
Net financial position (°) / EBITDA (°°)	%	≤ 2.25	0.05

(°) Net financial position calculated excluding financial receivables from other Group's companies.
(°°) EBITDA calculated from July 1, 2017 to June 30, 2018.

[42] For the purposes of completion of the transfer, it should be noted that, on May 28, 2018, a credit line was taken out with Banca Intesa Sanpaolo S.p.A. for a maximum of 50 million USD, used on June 12 for an equivalent value of 38.5 million euro for the capitalization of the newly formed company SAES Colorado, Inc.. The loan was repaid in full and extinguished on June 25, as a result of the collection by Entegris.

Please note that the loans signed by SAES Coated Films S.p.A. (former Metalvuoto S.p.A.) are not subject to compliance with any economic and financial covenants.

On the basis of the future forecasts, the Group is expected to be able to comply with the covenants reported above at December 31, 2018 and in the next few years.

28. 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 related changes occurred during the period.

(thousands of euro)

Staff leaving indemnities and other employee benefits	Staff leaving indemnities	Other employee benefits	Total
December 31, 2017	**5,608**	**3,316**	**8,924**
Accrual (release)	215	350	565
Indemnities paid	(100)	(21)	(121)
Other changes	0	0	0
Translation differences	0	41	41
June 30, 2018	**5,723**	**3,686**	**9,409**

The amounts recognized in the income statement may be broken down as follows.

(thousands of euro)	June 30, 2018	June 30, 2017
Financial expenses	215	168
Current service cost	350	1,142
Release into the statement of profit (loss)	0	0
Expected return on plan assets	0	0
Recognized past service costs	0	0
Total cost	**565**	**1,310**

The significant reduction in the item “Current service cost” is the result of the suspension of the allocation for the three-yearly monetary incentive plan of the Executive Directors. As a result of the transfer of the purification business and the subsequent substantial change in the organizational and corporate perimeter, the economic objectives in the 2018-2020 three-yearly strategic plan, approved by the Board of Directors on February 15, 2018, on whose the achievement of the accrual of the long-term monetary incentive by Executive Directors depends, were not considered to be reachable. Consequently, pending the approval of an updated multi-year plan, consistent with the current and future organizational and corporate changes, the allocation for the long-term incentive plan of Executive Directors was suspended, based on the approval by the Board of Directors on July 19, 2018.

The breakdown of obligations under defined-contribution and defined-benefit plans and the related changes occurred during the half are shown below.

(thousands of euro)

	December 31, 2017	Financial expenses	Current service cost	Benefits paid	Exchange differences	June 30, 2018
Present value of defined benefit obligations	7,839	215	315	(121)	11	8,259
Fair value of plan assets	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0
Defined benefit obligations	**7,839**	**215**	**315**	**(121)**	**11**	**8,259**
Defined contribution obligations	1,085	0	35	0	30	1,150
Staff leaving indemnities and similar obligations	**8,924**	**215**	**350**	**(121)**	**41**	**9,409**

The obligations under defined-benefit plans are measured annually, at the end of each fiscal year, by independent actuarial consultants according to the projected unit credit method, separately applied to each plan.

When referred to the Group's Italian companies, staff leaving indemnity consists of the obligation, estimated according to actuarial techniques, related to the sum to be paid to the employees of the Italian companies when employment is terminated.
Following the entry into force of the 2007 Budget Act and associated implementation decrees, in the company with a number of employees above 50, 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 to pension funds is instead considered a defined-contribution plan and therefore it is not discounted.

The item "Other employee benefits" includes the provision for long-term cash incentive plans, signed by some Group employees identified as particularly important for the achievement of the medium to long term corporate objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group's objectives.
The aim of these plans is to further strengthen the alignment over time of individual interests to corporate interests and, consequently, to the shareholders' interests. The final payment of the long-term incentive is always subject to the creation of value in a medium to long-term period, rewarding the achievement of performance objectives over time. The performance review is based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship/position with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.
Such plans fall into the category of defined benefit obligations and therefore they are discounted back on a yearly basis, at the end of each fiscal year.
As already outlined previously, the allocation for long-term monetary incentive plans signed by the Executive Directors was suspended in the current half and no liabilities were booked to the financial statements as at June 30, 2018 given that the debt accrued at the end of the previous year was settled in May 2018.

The following table shows the Group's employees split by category.

Group's employees	June 30, 2018	December 31, 2017	Average June 30, 2018	Average June 30, 2017
Managers	92	88	95	86
Employees and middle management	317	364	359	405
Workers	516	621	611	596
Total (*)	**925**	**1,073**	**1,065**	**1,087**

(*) It does not include the employees of the joint ventures for which please refer to the Note no. 16.

The workforce amounted to 925 units as at June 30, 2018 (of which 468 were employed abroad), compared with 1,073 units as at December 31, 2017 (of which 614 were employed abroad): the decrease of 148 units is related to the combined effect of the exit of staff employed in the gas purification

business[43] (-169 units[44]) and the increase in the workforce employed in the shape memory alloys (SMAs) business (+23 units).
This figure does not include the personnel employed at the Group companies with contract types other than employment agreements, equal to 85 units (65 units as at December 31, 2017).

29. PROVISIONS

Provisions amounted to 2,965 thousand euro as at June 30, 2018, compared to 4,691 thousand euro as at December 31, 2017.
The following table shows the composition of and the changes in these provisions compared to December 31, 2017.

(thousands of euro)

Provisions	December 31, 2017	Increase	Utilization	Release into income statement	Reclassifications	Translation differences	June 30, 2018
Warranty provisions on product sold	103			(33)		3	73
Bonus	3,973	2,337	(3,927)			37	2,420
Other provisions	615	1	(143)	(10)		9	472
Total	**4,691**	**2,338**	**(4,070)**	**(43)**	**0**	**49**	**2,965**

The item "Bonus" included the accrual of bonuses to the Group's employees (mainly referring to the Parent Company and the US subsidiaries) related to the first half of 2018. The change compared to the previous year was due to both the accrual of bonuses matured during the period and the payment of the bonuses of the previous year, settled during the first half of 2018.

The use of the item "Other provisions" is mainly related to the closure of the dispute with some former employees of E.T.C. S.r.l., dismissed with objective just cause on October 31, 2017, as a result of the removal of the job position following the placement of the company into liquidation. In particular, the trade union conciliation report was signed on January 22, 2018, in which the parties acknowledge that they have no further claims to make against one another, from which an obligation emerged, amounting to 124 thousand euro, settled in February 2018.
Lastly, the same item also includes the implicit obligations of Spectra-Mat, Inc., calculated on the basis of the agreements reached with the local authorities, in relation to the expenses to be incurred to monitor the pollution levels at the site in which it operates (325 thousand euro), in addition to the best estimate, equal to 100 thousand euro, of the expenditure required to settle the obligation existing at the balance sheet date and related to an incident that occurred at the Parent Company's plant in Avezzano.

A breakdown of provisions by current and non-current portion is provided below.

(thousands of euro)

Provisions	Current provisions	Non current provisions	June 30, 2018	Current provisions	Non current provisions	December 31, 2017
Warranty provisions on product sold	60	13	73	58	45	103
Bonus	2,420	0	2,420	3,973	0	3,973
Other provisions	140	332	472	274	341	615
Total	**2,620**	**345**	**2,965**	**4,305**	**386**	**4,691**

[43]Business whose transfer was completed on 25 June, 2018.
[44] 160 employees of the subsidiary SAES Pure Gas, Inc. and 9 employees of the sales office of the subsidiary SAES Getters (Nanjing) Co., Ltd. located in Shanghai, both transferred to Entegris, Inc.

30. TRADE PAYABLES

Trade payables were equal to 10,645 thousand euro as at June 30, 2018, marking a decrease of 481 thousand euro compared to 11,126 thousand euro as at December 31, 2017.
The decrease is mainly attributable to the different timing of the purchases of the raw materials and their related payments at the Parent Company's Avezzano facility. Note should also be taken of the trade payables in the advanced packaging segment, a result of the reduction in supplies related to the fall in sales in the second part of the current half. By contrast, the revaluation of the dollar with respect to December 31, 2017 had an opposite effect (+106 thousand euro).

Trade payables do not bear interest 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 falling due and past due as at June 30, 2018, compared with December 31, 2017.

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2018	**10,645**	9,808	637	9	131	36	24
December 31, 2017	**11,126**	10,239	521	223	53	22	68

31. OTHER PAYABLES

The item "Other payables" includes amounts that are not classified as trade payables and amounted to 25,910 thousand euro as at June 30, 2018 compared to 12,942 thousand euro as at December 31, 2017.
The table below shows the detail of the other payables, compared with the end of the previous year.

(thousands of euro)

Other payables	June 30, 2018	December 31, 2017	Difference
Employees payables (vacation, wages, staff leaving indemnity, etc.)	11,812	3,767	8,045
Social security payables	1,176	1,827	(651)
Tax payables (excluding income taxes)	1,358	1,381	(23)
Other	11,564	5,967	5,597
Total	**25,910**	**12,942**	**12,968**

The item "Due to Employees" is mainly comprised of the provision for holidays accrued and not used and for the additional salary payments, the wages from the month of June 2018 allocated but not yet paid as of June 30, in addition to the debt for wages paid to the Parent Company's employees related to the purification business sale extraordinary transaction, according to that set by the strategic incentivisation plan called *Asset Sale Plan*. Addressed both to the Executive Administrators and managers that hierarchically report directly to the Executive Administrators and that are members of the *Corporate Management Committee* (a committee in which the Executive Administrators provide guidelines and share objectives with those who report directly to them in the hierarchy) and to other Parent Company employees considered particularly significant, this plan has the objective of remunerating the beneficiaries for extraordinary transactions of sale of shares, company branches and assets, if there is a creation of value and economic benefits for the group through the transaction. At the same time, the

purposes the plan intends to pursue are retention of beneficiaries and better alignment of their performances with corporate interests. The plan is managed by the Board of Directors having heard the opinion of the Appointments and Remuneration Committee. Specifically, with the help of the Appointments and Remuneration Committee, it is up to the Board of Directors to ascertain the events that, under the terms and conditions of the plan, may give rise to payment of the monetary incentive and quantification of that same incentive.
The increase in the item "Due to Employees" compared to December 31, 2017, mainly attributable to the share of the above-cited plan due to employees (€5,777 thousand), to the greater allocation for holidays that will be enjoyed during the summer, in addition to higher income for the additional salary payments of the group's Italian companies. Lastly, as of December 31, 2017, the item instead included the debt correlated to the three-year monetary incentivisation plans that expired during the course of H1 2018 (€558 thousand).

The item "Social security payables" mainly includes the payables owed by the Group's Italian companies to the INPS (Italy's social-security agency) for contributions to be paid on wages as well as the payables to the treasury fund operated by the INPS and to the pension funds under the reformed staff leaving indemnity legislation.
The decrease was mainly due to the fact that as at December 31, 2017 this item included also the liability for the social security (INPS) withholdings on the thirteenth month's pay, paid in January 2018.

The item "Tax payables" primarily consists of the payables owed by the Italian companies to the tax authorities in connection with the withholding taxes on the wages of employees and consultants, plus the payables due to the tax authorities for VAT to be paid.
The balance as at June 30, 2018 is essentially in line with the balance as at December 31, 2017: the decrease was mainly due to the fact that as at December 31, 2017 the item also included the liability for the IRPEF (personal income tax) on the thirteenth month's pay paid in January 2018, and was offset by the higher VAT payable of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., related to the consideration on the transfer to Entegris of the business unit based in Shanghai and operating in the purification business.

The item "Other" mainly includes payables of the Parent Company for both fixed and variable Directors' compensation (10,770 thousand euro) and advances received on public grants for research activities (11 thousand euro).
The increase compared to December 31, 2017 is mainly attributed to the part of the above-mentioned Asset Sale Plan due to the Executive Directors (8,665 thousand euro), partially offset by the fact that, as at December 31, 2017, the item included the payable for the share of the three-year monetary incentive plan which reached maturity and was paid in the first half of 2018 (2,800 thousand euro).

Please note that there are no accrued liabilities due after more than five years.

32. ACCRUED INCOME TAXES

This item consists of payables for taxes of the Group's foreign subsidiaries and the IRAP (regional business tax) of the Italian companies. As regards IRES (corporate income tax), the Italian companies applied the national tax consolidation scheme with the Parent Company as consolidating entity and, therefore, the negative taxable income was offset by the positive taxable income, and the previous tax losses carried forward; IRES tax is only due on the remaining taxable income, posted to payables as at June 30, 2018 (22 thousand euro). As at December 31, 2017, the national tax consolidation, by contrast, posted a loss and, consequently, the net payable due to the tax authorities was zero. For more details on national tax consolidation, please see Note no. 18.

Accrued income taxes amounted to 3,277 thousand euro as at June 30, 2018 and included the tax obligations accrued in the first half 2018, net of advance payments. As at December 31, 2017 the accrued income taxes were equal to 1,657 thousand euro. The increase is mainly attributable to the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. which, during the current half, saw an increase in its taxable income as a result of the net capital gain generated by the transfer to Entegris of the business unit based in Shanghai and operating in the purification business.

33. DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at June 30, 2018 the item "Derivate financial instruments measured at fair value" recorded an overall negative net balance of 176 thousand euro compared to a negative net balance of 61 thousand euro as at December 31, 2017.

This item includes the liabilities arising from the measurement at fair value of the hedging contracts against the exposure to the variability of future cash flows arising from sales denominated in currencies other than the euro, the fair value of contracts signed by the Group with the aim of fixing the interest rate on long-term bank loans, as well as the fair value of the embedded derivatives included in the same loan agreements.
The purpose of these contracts is to protect the Group's margins from respectively the exchange rate and the interest rate fluctuations.
With regards to such contracts, the accounting requirements to apply the hedge accounting method are not met, therefore they are measured at fair value and the profits or losses deriving from their measurement are booked directly to the income statement.

As at June 30, 2018, the Parent Company has forward sale contracts in place on the US Dollar and Japanese Yen, stipulated to hedge the risk of fluctuation in the exchange rates on current and future trade receivables denominated in these foreign currencies.
With reference to the US dollar, the forward contracts have a notional value of 1.8 million USD, have an average forward exchange rate equal to 1.1658 against the euro and they will extend throughout the remainder of the year 2018. The relative fair value as at June 30, 2018 was negative for 88 thousand euro.
In relation to the Japanese yen, the forward contracts have a notional value of 138 million JPY, have an average forward exchange rate equal to 129.04 against the euro and they will extend until the end of 2018. The relative fair value as at June 30, 2018 was negative for 16 thousand euro.

The following table provides a breakdown of the forward contracts entered into and their fair value as at June 30, 2018. Please note that no forward contract was still outstanding as at December 31, 2017.

Currency	June 30, 2018		December 31, 2017	
	Notional (local currency)	**Fair value** (thousands of euro)	**Notional** (local currency)	**Fair value** (thousands of euro)
thousands of JPY	138,000	(16)	0	0
thousands of USD	1,800	(88)	0	0
	Total	**(104)**	**Total**	**0**

May it also be known that in order to cover the risk of exchange rate on the collection in dollars for the gas purification business sale, on June 7, 2018, the Parent Company entered into a currency option derivative contract with Banca Intesa Sanpaolo S.p.A. for notional value equal to $330 million and fixing equal to 1.1880 USD/EUR with flexible expiration date. The breakup on this contract was negative and equal to -4,273 thousand euro, classified under the item "Result Deriving from Activities for Decommissioning and Discontinued Transactions" (for more information see Note no. 11

As at June 30, 2018, the fair value of the contracts signed by the Group with the aim of fixing the interest rate on long-term bank loans, as well as the fair value of the embedded derivatives included in the same loan agreements, showed a negative balance of 72 thousand euro, compared to a negative balance of 61 thousand euro as at December 31, 2017.

The following table provides details of these contracts and their fair value as at June 30, 2018 compared to December 31, 2017.

Description	Subscription date	Currency	Notional amount (*) (thousands of euro)	Maturity	Interest rate	Timing	Fair value June 30, 2018 (thousands of euro)	Fair value December 31, 2017 (thousands of euro)
SAES Getters S.p.A. **Interest Rate Swap (IRS)** on Intesa Sanpaolo S.p.A. loan	September 25, 2015	EUR	2,000	July 31, 2020	Fixed rate paid: 0.285% Variable rate received: six-month Euribor	Half-yearly	(15)	(20)
SAES Getters S.p.A. **Interest Rate Swap (IRS)** on Unicredit S.p.A. loan	March 29, 2016	EUR	2,100	December 31, 2019	Fixed rate paid: 0.0% Variable rate received: three	Quarterly	(6)	(9)
SAES Getters S.p.A. **Interest Rate Floor** on Banco BPM loan (derivative embedded in the loan agreement)	December 22, 2016	EUR	3,908	December 31, 2021	If three month Euribor <0, the financing variable rate is equal to	Quarterly	(12)	(12)
SAES Getters S.p.A. ***Interest Rate Swap (IRS)*** on Unicredit S.p.A. loan	April 7, 2017	EUR	7,500	March 31, 2022	Fixed rate paid: 0.0% Variable rate received: three	Quarterly	(21)	(11)
SAES Getters S.p.A. ***Interest Rate Swap (IRS)*** on Intesa Sanpaolo S.p.A. loan	April 19, 2017	EUR	4,500	December 21, 2022	Fixed rate paid: 0.16% Variable rate received:six	Half-yearly	(18)	(9)
SAES Coated Films S.p.A. ***Interest Rate Cap*** on Intesa Sanpaolo S.p.A. loan	March 31, 2016	EUR	158	December 31, 2020	Cap rate on three month Euribor: 0.0%	Quarterly	0 (#)	0 (#)
SAES Coated Films S.p.A. ***Interest Rate Cap*** on Banco BPM loan	October 29, 2015	EUR	115	December 31, 2020	Cap rate on three month Euribor: 0.67%	Quarterly	0 (#)	0 (#)
SAES Coated Films S.p.A. ***Interest Rate Cap*** on Intesa Sanpaolo S.p.A. loan	November 2, 2015	EUR	211	September 15, 2020	Cap rate on three month Euribor: 0.25%	Quarterly	0 (#)	0 (#)
Total							**(72)**	**(61)**

(*) The reference amount is aligned with the notional value of the loan as at June 30, 2018.
(**) In case of a negative three months Euribor, the contract provides for a floor equal to -2.25%.
(***) In case of a negative three months Euribor, the contract provides for a floor equal to -1.00%.
(#) Fair value lower than €1 thousand.

It should be noted that, in the first half of 2018, SAES Getters S.p.A. did not stipulate any new Interest rate Swaps.

The derivatives of SAES Coated Films S.p.A. refer to interest rate options that fix, for each interest rate revision date, a maximum limit for the rate paid on the loan (Cap) or, conversely, a minimum limit for the same rate (Floor).

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 value 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 June 30, 2018 the derivative contracts held by the Group belonged to Level 2: in fact, the fair value was calculated on the basis of market data, such as interest rate curves and exchange rates curves.
No instruments were transferred from one level to another during the half.

34. OTHER FINANCIAL DEBTS TO THIRD PARTIES

As at June 30, 2018, the item “Other financial debts to third parties” amounted to 1,706 thousand euro, compared to 1,716 thousand euro as at December 31, 2017.

This item includes the financial debts of the subsidiary SAES Coated Films S.p.A. (811 thousand euro as at June 30, 2018, compared with 1,612 thousand euro as at December 31, 2017) related to some short-term loans intended for the import of goods, signed with leading financial institutions in order to ensure more financial resources to facilitate its procurement activities.

As of June 30, 2018, the item also encompasses the financial debt correlated to the best estimate of the contractual adjustment on the price of sale of the gas purification business. As set forth by the contract signed between the parties, the price was calculated at the date of closing, using estimated values of working capital, cash and tax payables, while a financial liability was accounted for the difference between the estimated values and the actual values as of June 25, 2018. The price thus calculated may undergo further changes in light of the values approved by both parties by the end of the month of September 2018.

Finally, please note that, as at December 31, 2017, the item included the financial liability deriving from the valuation of the put option held by the minority shareholder on the remaining 30% of Metalvuoto S.p.A. (then renamed SAES Coated Films S.p.A), amounting to 75 thousand euro. On February 26, 2018, SAES Getters S.p.A. exercised the call option to purchase the entire share capital and, therefore, the financial liability was eliminated.

There are no debts related to any financial lease contract.

35. BANK OVERDRAFTS

As at June 30, 2018, bank overdrafts amounted to 28,381 thousand euro and primarily consisted of short-term debt owed by the Parent Company in the form of “hot money” debt (27,702 thousand euro as at June 30, 2018, compared to 12,002 thousand euro as at December 31, 2017), whose average interest rate, spread included, was around 0.0381%.
The difference consisted of the overdrafts on bank current accounts exclusively attributable to SAES Coated Films S.p.A. (679 thousand euro as at June 30, 2018, compared to 252 thousand euro at the end of 2017).

It should also be noted that, on May 28, 2018, a credit line was taken out with Banca Intesa Sanpaolo S.p.A. for a maximum of 50 million USD, used on June 12 for an equivalent value of 38.5 million euro for the capitalization of the newly formed company SAES Colorado, Inc.. The short-term loan was repaid in full and extinguished on June 25, as a result of the collection by Entegris for the transfer of the gas purification business.

36. ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income totaled 371 thousand euro as at June 30, 2018, and are essentially in line with the end of the previous year (375 thousand euro).
This item may be broken down as follows.

(thousands of euro)

	June 30, 2018	December 31, 2017	Difference
Accrued expenses	216	235	(19)
Deferred income	155	140	15
Total	**371**	**375**	**(4)**

The item "Accrued expenses" includes amounts pertaining to future years of public capital grants granted in previous years to the Parent Company, in relation to the investments to enhance the production lines at the Avezzano facility.

The item "Deferred income" relates to the sales revenues pertaining to the future collected from customers, prevalently from the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd.

Please note that there are no accrued liabilities due after more than five years.

37. CASH FLOW STATEMENT

The cash flow from **operating activities** was positive and equal to 6,662 thousand euro in the first half of 2018, compared to a positive value of 17,616 thousand euro in the corresponding period of the previous year. Excluding the cash flow from discontinued transactions of 11,592 thousand euro (i.e. the cash flows generated by the purification business in the January 1 - June 25, 2018 period), the operating cash flows were a negative 4,930 thousand euro: the self-financing in the current half, related to the cash flows generated, in particular, by the security and defense sector, in the vacuum pumps business and in the Nitinol for medical applications sector, was adversely affected by the huge increase in net working capital (in particular, increase in both the trade receivables in the Nitinol sector, as a result of the gradual increase in sales compared to the end of 2017, and stocks in the Avezzano facility and in the shape memory alloys sector, in anticipation of future sales).

Investing activities generated cash of 273,674 thousand euro (by contrast, it had absorbed cash of 4,127 thousand euro in the first half of 2017).
Cash flows related to the extraordinary transfer of the purification business came to 281,139 thousand euro (consideration collected of +300,752 thousand euro[45], net of accessory expenses paid in the first half amounting to -19,613 thousand euro).
In the first six months of 2018, monetary disbursements, net of transfers, for the purchases of both property, plant and equipment and intangible assets, amounted to 7,251 thousand euro [46] (3,752 thousand euro in the corresponding period of 2017): the increase is mainly attributable to the Parent Company's investments prior to the installation of a new pilot line for the advanced packaging business, targeted at ramping up the development of products for flexible packaging. For further details please refer to the Notes nos. 14 and 15.

[45] Consideration collected, net of cash and cash equivalents transferred.
[46] Of which 156 thousand euro relating to SAES Pure Gas, Inc., transferred on June 25, 2018.

Lastly, as regards investing activities, note should be taken of the purchase of the minority stake of SAES Coated Films S.p.A. (former Metalvuoto S.p.A.) for a consideration of 75 thousand euro, plus the disbursement of SAES Pure Gas, Inc. for the earn-out related to the investment in technological enhancement in the field of hydrogen made in 2013 (-139 thousand euro[47]).

The balance of **financing activities** was negative and equal to 6,323 thousand euro compared to a negative balance of 4,915 thousand euro in the first half of the previous year.
The financial management of the period was characterized by the financial disbursements for the payment of dividends (equal to 15,435 thousand euro), by the repayments of long-term loans and by the payment of the associated interest (please refer to Note no. 27), as well as the cash-out for the additional tranche of the loan granted to the joint venture Actuator Solutions GmbH, net of the principal portions repaid by the latter (please refer to the Note no. 19).
These cash-outs were only partially offset by the cash inflows generated by the use of funding in the form of "hot money" by the Parent Company (for further details please refer to the Note no. 35).

The following table shows the consolidated cash flow statement, with evidence of the net cash flows attributable to discontinued transactions and the net cash flows attributable to operating activities.

(thousands of euro)	1st Half 2018	1st Half 2018 - from discontinued operations			1st Half 2018 - from continued operations
		gas purification business Jan 1 - Jun 25, 2018	sale of the purification business	total	
Cash flows from operating activities					
Net income (loss) from continued operations	2,704	0	0	0	2,704
Net income (loss) from discontinued operations	239,870	12,407	227,463	239,870	0
Current income taxes	10,408	883	0	883	9,525
Changes in deferred income taxes	(5,265)	103	0	103	(5,368)
Depreciation	3,442	230	0	230	3,212
Write-down (revaluation) of property, plant and equipment	89	0	0	0	89
Amortization	645	144	0	144	501
Write-down (revaluation) of intangible assets	2	0	0	0	2
Net loss (gain) on disposal of fixed assets	9	0	0	0	9
Net capital gain from the sale of the purification business	(227,463)	0	(227,463)	(227,463)	0
Interest and other financial (income) expenses, net	1,038	0	0	0	1,038
Other non-monetary costs (revenues)	(1,032)	0	0	0	(1,032)
Accrual for termination indeminities and similar obligations	565	0	0	0	565
Changes in provisions	(2,132)	(357)	0	(357)	(1,775)
	22,880	**13,410**	**0**	**13,410**	**9,470**
Working capital adjustments					
Cash increase (decrease)					
Account receivables and other receivables	1,006	3,200	0	3,200	(2,194)
Inventory	(4,291)	(2,977)	0	(2,977)	(1,314)
Account payables	(2,902)	(2,422)	0	(2,422)	(480)
Other current payables	(325)	1,359	0	1,359	(1,684)
	(6,512)	**(840)**	**0**	**(840)**	**(5,672)**
Payment of termination indemnities and similar obligations	(121)	0	0	0	(121)
Interests and other financial payments	72	0	0	0	72
Interests and other financial receipts	(235)	0	0	0	(235)
Taxes paid	(9,422)	(978)	0	(978)	(8,444)
Net cash flows from operating activities	**6,662**	**11,592**	**0**	**11,592**	**(4,930)**
Cash flows from investing activities					
Disbursements for acquisition of tangible assets	(7,253)	(156)	0	(156)	(7,097)
Proceeds from sale of tangible and intangible assets	60	0	0	0	60
Disbursements for acquisition of intangible assets	(58)	(27)	0	(27)	(31)
Consideration for the acquisition of minority interests in subsidiaries	(75)	0	0	0	(75)
Adjustment on price paid for the acquisition of shareholding in subsidiaries	0	0	0	0	0
Price paid for the acquisition of businesses	(139)	(139)	0	(139)	0
Cash collected from the sale of the purification business, net of the cash sold	300,752	0	300,752	300,752	0
Monetary charges linked to the sale of the purification business	(19,613)	0	(19,613)	(19,613)	0
Net cash flows from investing activities	**273,674**	**(322)**	**281,139**	**280,817**	**(7,143)**
Cash flows from financing activities					
Proceeds from short term financial liabilities	14,899	0	0	0	14,899
Dividends payment	(15,435)	0	0	0	(15,435)
Repayment of financial liabilities	(5,227)	0	0	0	(5,227)
Interests paid on long term financial liabilities	(316)	0	0	0	(316)
Interests paid on short term financial liabilities	(11)	0	0	0	(11)
Other costs paid	(19)	0	0	0	(19)
Financial receivables from related parties repaid (granted)	(225)	0	0	0	(225)
Other financial payables	11	0	0	0	11
Net cash flows from financing activities	**(6,323)**	**0**	**0**	**0**	**(6,323)**
Net foreign exchange differences	640	(926)	0	(926)	1,566
Net (decrease) increase in cash and cash equivalents	**274,653**	**10,344**	**281,139**	**291,483**	**(16,830)**

[47] Disbursement related to the January 1 - June 25, 2018 period.

(thousands of euro)	1st Half 2017	1st Half 2017 - from discontinued operations			1st Half 2017 - from continued operations
		gas purification business	sale of the purification business	total	
Cash flows from operating activities					
Net income (loss) from continued operations	(1,983)	0	0	0	(1,983)
Net income (loss) from discontinued operations	12,975	13,160	(185)	12,975	0
Current income taxes	6,664	2,257	0	2,257	4,407
Changes in deferred income taxes	46	(52)	0	(52)	98
Depreciation	3,780	226	0	226	3,554
Write-down (revaluation) of property, plant and equipment	291	0	0	0	291
Amortization	773	161	0	161	612
Write-down (revaluation) of intangible assets	3	0	0	0	3
Net loss (gain) on disposal of fixed assets	(49)	0	0	0	(49)
Costs linked to the sale of the purification business	185	0	185	185	0
Interest and other financial (income) expenses, net	1,892	0	0	0	1,892
Other non-monetary costs (revenues)	(80)	62	0	62	(142)
Accrual for termination indeminities and similar obligations	1,357	0	0	0	1,357
Changes in provisions	(922)	16	0	16	(938)
	24,932	**15,830**	**0**	**15,830**	**9,102**
Working capital adjustments					
Cash increase (decrease)					
Account receivables and other receivables	5,611	3,176	0	3,176	2,435
Inventory	(2,370)	934	0	934	(3,304)
Account payables	(3,786)	(2,112)	0	(2,112)	(1,674)
Other current payables	(130)	601	0	601	(731)
	(675)	**2,599**	**0**	**2,599**	**(3,274)**
Payment of termination indemnities and similar obligations	(209)	0	0	0	(209)
Interests and other financial payments	(242)	0	0	0	(242)
Interests and other financial receipts	36	0	0	0	36
Taxes paid	(6,226)	(2,585)	0	(2,585)	(3,641)
Net cash flows from operating activities	**17,616**	**15,844**	**0**	**15,844**	**1,772**
Cash flows from investing activities					
Disbursements for acquisition of tangible assets	(3,592)	(107)	0	(107)	(3,485)
Proceeds from sale of tangible and intangible assets	49	0	0	0	49
Disbursements for acquisition of intangible assets	(209)	0	0	0	(209)
Adjustment on price paid for the acquisition of shareholding in subsidiaries	29	0	0	0	29
Price paid for the acquisition of businesses	(219)	(219)	0	(219)	0
Monetary charges linked to the sale of the purification business	(185)	0	(185)	(185)	0
Net cash flows from investing activities	**(4,127)**	**(326)**	**(185)**	**(511)**	**(3,616)**
Cash flows from financing activities					
Proceeds from long term financial liabilities, current portion included	9,950	0	0	0	9,950
Proceeds from short term financial liabilities	11,665	0	0	0	11,665
Dividends payment	(12,250)	0	0	0	(12,250)
Repayment of financial liabilities	(10,388)	0	0	0	(10,388)
Interests paid on long term financial liabilities	(509)	0	0	0	(509)
Interests paid on short term financial liabilities	(11)	0	0	0	(11)
Other costs paid	(77)	0	0	0	(77)
Financial receivables from related parties repaid (granted)	(3,300)	0	0	0	(3,300)
Other financial payables	5	0	0	0	5
Net cash flows from financing activities	**(4,915)**	**0**	**0**	**0**	**(4,915)**
Net foreign exchange differences	(1,638)	1,681	0	1,681	(3,319)
Net (decrease) increase in cash and cash equivalents	**6,936**	**17,199**	**(185)**	**17,014**	**(10,078)**

A reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the cash flow statement is provided below.

(thousands of euro)

	June 30, 2018	June 30, 2017
Cash and cash equivalents	302,644	21,335
Bank overdraft	(28,381)	(18,905)
Cash and cash equivalents, net - statement of financial position	**274,263**	**2,430**
Short term debt	27,702	18,503
Cash and cash equivalents, net - cash flow statement	**301,965**	**20,933**

The following table shows the reconciliation between the balances of the liabilities arising from financial transactions as at December 31, 2017 and June 30, 2018, with the changes arising from monetary movements and from non-cash flows.

(thousands of euro)	December 31, 2017	Cash flows	Non-cash changes					June 30, 2018
			Acquisition	Foreign exchange movement	Change in fair value	Other movements	Reclassifications	
Financial debts	28,057	0		74		(1,136)	(5,014)	21,981
Non current debt	**28,057**	**0**	**0**	**74**	**0**	**(1,136)**	**(5,014)**	**21,981**
Derivative financial instruments evaluated at fair value	61	(36)			115	36		176
Current portion of medium/long term financial debts	10,478	(5,504)		53		317	5,014	10,358
Other current financial payables to third parties	1,716	(898)				888		1,706
Bank borrowings	12,254	16,125				2		28,381
Current debt	**24,509**	**9,687**	**0**	**53**	**115**	**1,243**	**5,014**	**40,621**

The item “Other changes“ of non-current financial payables refers to the conversion to a non-refundable grant of 50% of the subsidized loan granted to Memry Corporation by the State of Connecticut (CT). For more details please see the Note no. 27.
Lastly, the item "Other changes" of current financial payables includes the best assessment of the adjustment to the transfer price of the gas purification business (see Note no. 34), plus the allocation of interest accrued during the period on both short-term and long-term financing.

38. CONTINGENT ASSETS/LIABILITIES AND COMMITMENTS

The guarantees that the Group has granted to third parties are shown in the following table.

(thousands of euro)

Guarantees	June 30, 2018	December 31, 2017	Difference
Guarantees	11,075	16,267	(5,192)

The decrease compared to December 31, 2017, is mainly explained by the release of the guarantee granted by the Parent Company on the line of credit[48] of the affiliated company SAES Getters USA, Inc., following the latter’s sale during the first half of 2018, together with the partial issuance of the bank guarantee, it too, provided by the parent Company as a guarantee on the long-term loan of Memry Corporation, consistently with the reimbursement of capital shares that took place during the course of the half-year.

The maturities of operating lease obligations outstanding as at June 30, 2018 are shown below.

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	1,682	2,830	750	**5,262**

Finally, please note that a put and call option is in place between the shareholders SAES RIAL Vacuum S.r.l., SAES Getters S.p.A. and Rodofil S.r.l., according to an agreed schedule. For details please refer to Note no. 16. Given that, at June 30, 2018 the Management did not have enough information to be able to make an accurate assessment of the fair value of the above options, the latter are not valued in the financial statements.

Finally, with regards to Flexterra, Inc., note that SAES Getters International Luxembourg S.A. had a commitment to transfer an additional 4.5 million USD in capital – in addition to tangible and intangible assets with an estimated value of around 3 million USD – subject to the achievement by Flexterra, Inc. of predetermined technical and commercial objectives (milestone) no later than March 2018.
In this regard, Flexterra, Inc. recently proposed a revision of the original agreement to its shareholders, in order to extend said expiry and announced the achievement of the milestone. The shareholders may proceed with the aforementioned contribution within 30 days of the formal communications (expected in

[48] Line of credit in favor of SAES Getters USA, Inc. for the total value of 4 million euro.

the next few days) and, upon completion of said operation, SAES' share in Flexterra is destined to increase to about 45%, in the event of full compliance (for more details please refer to Note no. 16 and the paragraph "Subsequent events" of the report on operations).

39. RELATED PARTY TRANSACTIONS

Related Parties are identified in accordance with IAS 24 revised.

As at June 30, 2018, related Parties include the following ones:
- **S.G.G. Holding S.p.A.**, a relative majority shareholder holding 40.95% of the ordinary shares of SAES Getters S.p.A. at June 30, 2018, which is debtor of SAES Getters S.p.A. in relation to the application for a refund of the excess IRES paid in prior years by the merged SAES Advanced Technologies S.p.A., a request filed by S.G.G. Holding S.p.A. as the consolidating entity of the national tax consolidation scheme in place until December 31, 2014[49] (see the Note no. 18).
Please also note that, on May 3, 2018, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. totaling 4.2 million euro.
- **Actuator Solutions GmbH**, a joint venture, jointly owned by SAES and Alfmeier Präzision Groups (50% shares), focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company wholly-owned by the joint venture Actuator Solutions GmbH, for the development and marketing of SMA devices for the image focus and stabilization of images in tablet and smart-phone cameras.
- **Actuator Solutions (Shenzhen) Co., Ltd.**, wholly-owned by Actuator Solutions GmbH for the technological development of actuators for the mobile market.
With regards to Actuator Solutions GmbH and its subsidiaries, the SAES Group has a commercial relationship (sale of raw materials and semi-finished products) and performs various services (in particular, commercial activities, development services and accessory/administrative activities) that are recharged on the basis of a service contract. Finally, as already mentioned before, please note that SAES Nitinol S.r.l. granted several loans to Actuator Solutions GmbH, for the details of which please refer to the Note no. 19. As at June 30, 2018, the financial debt of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to 8.9 million euro, including 0.9 million euro in interest accrued and not yet paid.
- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil s.n.c., focused on the design and production of integrated vacuum components and systems for accelerators, for the research, as well as for industrial systems and devices.
With regards to SAES RIAL Vacuum S.r.l. the SAES Group has a commercial relationship (both the purchase and sale of raw materials, components and production for the creation of vacuum systems) and performs various services, mainly sales, marketing and administrative support activities. Finally, as already mentioned before, SAES Getters S.p.A granted a loan of 49 thousand euro, aimed at financially supporting SAES RIAL Vacuum S.r.l. (for further details please refer to the Note no. 19).
- **Flexterra, Inc.**, a joint venture of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the development, production and the marketing of materials and devices used in flexible displays.
- **Flexterra Taiwan Co., Ltd.**, a company established at the beginning of 2017, wholly owned by joint venture Flexterra, Inc.
With regards to Flexterra, Inc. and its subsidiary the SAES Group carries out some administrative activities, and provides a legal, financial and tax support, as well as assistance in joint venture research and development activities, including the management of patents.

[49]Please note that on May 27, 2015, the tax consolidation among SAES Getters S.p.A., SAES Advanced Technologies S.p.A. (subsequently merged into SAES Getters S.p.A. in 2016), SAES Nitinol S.r.l., E.T.C. S.r.l. in liquidazione (in liquidation) and S.G.G. Holding S.p.A., with the latter company as consolidator, was interrupted with effect from January 1, 2015, following a reduction in the percentage of participation of S.G.G. Holding S.p.A. in SAES Getters S.p.A. below 50%, which resulted in the loss of control under the legislation on the national tax consolidation.

- **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, Corporate Operations Manager, Group Administration, Finance and Control Manager and the Group Legal General Counsel and the Group Strategic Marketing & Planning Manager[50] are considered managers with strategic responsibilities.
Their close relatives are also considered related parties.

With respect to the list reported as at December 31, 2017, it should be noted that, on February 26, 2018, SAES Getters S.p.A. exercised the call option to purchase the entire share capital of Metalvuoto S.p.A. (then renamed SAES Coated Films S.p.A.), the following ceased to be related parties.
- **Mirante S.r.l.,** former minority shareholder of SAES Getters S.p.A. in SAES Coated Films S.p.A. (previously Metalvuoto S.p.A.). A rental agreement is in place between SAES Coated Films S.p.A. and Mirante S.r.l. for the building owned by Mirante S.r.l. which houses the registered office and production site of SAES Coated Films S.p.A. On April 6, 2018 SAES Getters S.p.A. finalized the purchase of this building for a price of 3.5 million euro and replaced Mirante S.r.l. in the aforementioned commercial lease agreement.
- **Metalvuoto Lux S.r.l.**, a company wholly-owned by Mirante S.r.l.. With regards to Metalvuoto Lux S.r.l., the SAES Group (through its subsidiary SAES Coated Films S.p.A.) had commercial relations (sale of raw materials and semi-finished products); in addition, Metalvuoto Lux S.r.l. had been the lessee of part of the property occupied by SAES Coated Films S.p.A. up until the end of August 2017.
- **Metalvuoto Polska Sp. z.o.o.**, a company in liquidation 60% owned by Mirante S.r.l. (former minority shareholder of SAES Getters S.p.A. in SAES Coated Films S.p.A.), with which the SAES Group (through the subsidiary SAES Coated Films S.p.A.) had commercial relations in the first half of 2017 (in particular, purchase of raw materials).

The following table shows the total values of the related party transactions undertaken as at June 30, 2018 compared with those as at June 30, 2017 and December 31, 2017.

(thousands of euro)

	1st Half 2018						June 30, 2018			
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other financial income (expenses)	Trade receivables	Trade payables	Tax consolidation receivables from Controlling	Financial receivables from related parties
S.G.G. Holding S.p.A.									272	
SAES RIAL Vacuum S.r.l.	84	(52)	(2)	5 (*)	5 (*)	1	94	(23)		50
Actuator Solutions GmbH	704			1 (*)	20 (*)	237	261			8,897
Actuator Solutions Taiwan Co., Ltd.			32 (*)	5 (*)			36			
Mirante S.r.l.					(40)					
Flexterra, Inc.			30 (*)		71 (*)		101			
Total	**788**	**(52)**	**60**	**11**	**56**	**238**	**492**	**(23)**	**272**	**8,947**

(*) Costs recovery.

(thousands of euro)

	1st Half 2017						December 31, 2017			
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other financial income (expenses)	Trade receivables	Trade payables	Tax consolidation receivables from Controlling	Financial receivables from related parties
S.G.G. Holding S.p.A.									272	
SAES RIAL Vacuum S.r.l.		(21)		10 (*)	1 (*)	1	51	(20)		50
Actuator Solutions GmbH	554		10 (*)		20 (*)	236	170			8,360
Actuator Solutions Taiwan Co., Ltd.	177		63 (*)	9 (*)			32			
Mirante S.r.l.					(120)					75
Metalvuoto Lux S.r.l.	83				6 (*)					
Metalvuoto Polska Sp. z.o.o.		(11)		(24)						
Flexterra, Inc.			74 (*)		62 (*)		223			
Total	**814**	**(32)**	**147**	**(5)**	**(31)**	**237**	**476**	**(20)**	**272**	**8,485**

(*) Costs recovery.

The following table shows the guarantees that the Group has granted to third parties (and, therefore, included in the detail reported in the Note no. 38) in favor of the joint ventures.

[50] Hired on February 2, 2018.

(thousands of euro)

Guarantees	June 30, 2018	December 31, 2017	Difference
Guarantees in favour of the joint venture Actuator Solutions	1,916	2,088	(172)
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	0	312	(312)
Total guarantees in favour of the joint ventures	**1,916**	**2,400**	**(484)**

The following table shows the remuneration to managers with strategic responsibilities as identified above.

(thousands of euro)

Total remunerations to key management	1st Half 2018	1st half 2017
Short term employee benefits	14,445	2,003
Post employment benefits	0	0
Other long term benefits	141	877
Termination benefits	367	449
Share-based payments	0	0
Total	**14,953**	**3,329**

The increase compared to June 30, 2017 is mainly attributable to the remuneration to both Executive Directors, and to the employees of the Parent Company who qualify as managers with strategic responsibilities, recognized as a result of the transfer of the purification business, as part of the incentive plan known as the Asset Sale Plan (for more details see Note no. 31).
The reduction in the item "Other long-term benefits" is the result of the suspension of the allocation for the three-yearly monetary incentive plan of the Executive Directors (for more details please see Note no. 28).

As at June 30, 2018 payables to Managers with strategic responsibilities, as defined above, were equal to 16,275 thousand euro, compared with payables of 7,542 thousand euro as at December 31, 2017.

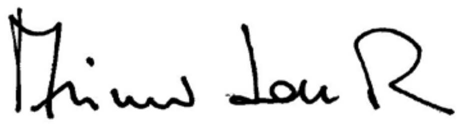
Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in the first half of 2018 all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

40. EVENTS OCCURRED AFTER THE END OF PERIOD

For the events occurred after the end of half please refer to the paragraph "Subsequent Events" of the Report on operations.

Lainate (MI), September 13, 2018

On behalf of the Board of Directors
Mr. Massimo della Porta
President



Certification of the Interim Condensed Consolidated Financial Statements as at June 30, 2018

CERTIFICATION OF THE INTERIM CONDENSED 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 of Vice President and Managing Director, and Michele Di Marco, in his capacity of 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, subsections 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 preparation of the interim condensed consolidated financial statements, during the period from January 1 to June 30, 2018.

2. The following remarks apply to this situation:

- With respect to the SAES Group's Administrative and Accounting Control Model and the implementation thereof, we confirm the contents of paragraph 2 of the Certification of the consolidated financial statements of the SAES Group for the year ended December 31, 2017, inasmuch as no changes have been made.
- In regard to the results of the internal certification process for the accounting period from January 1 to June 30, 2018, we confirm that the control activities detailed in the above mentioned paragraph were also applied to the interim condensed consolidated financial statements and that the associated controls were performed.
- As at today's date, the Officer responsible has received all representation letters required, signed by the General Managers/Financial Controllers of the subsidiaries affected by the processes selected as relevant after a risk assessment.
  The proper application of the administrative and accounting control system has been confirmed by the positive outcome of the assessments conducted by the Internal Audit Function in support of the Officer responsible for the preparation of corporate financial reports.

3. Furthermore, it is hereby attested that:

3.1. The interim condensed consolidated financial statements as at June 30, 2018:

a) have been prepared in accordance with applicable International Accounting Standards recognized within the European Union pursuant to EC Regulation no. 1602/2002 of the European Parliament and the Council of July 19, 2002, and, in particular, IAS 34 revised – *Interim Financial Reporting*;

b) correspond to the results of accounting records and books;

c) are suitable to provide a truthful and accurate representation of the earnings and financial position of the issuer and the companies included in the consolidation perimeter.

3.2. The interim management report includes a reliable analysis of operating performance and results, as well as the situation of the issuer and the companies included in the consolidation area, along with a description of the primary risks and uncertainties to which they are exposed.

Lainate (MI), September 13, 2018

Vice President and Managing Director Dr Giulio Canale	Officer responsible for the preparation of the corporate financial reports Dr Michele Di Marco

Independent Auditors' Report on the Interim Condensed Consolidated Financial Statements as at June 30, 2018

Deloitte & Touche S.p.A.
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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Saes Getters S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Saes Getters S.p.A. and subsidiaries (the "SAES Group"), which comprise the statement of financial position as of June 30, 2018 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow statement for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the SAES Group as at June 30, 2018 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
September 13, 2018

This report has been translated into the English language solely for the convenience of international readers.

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