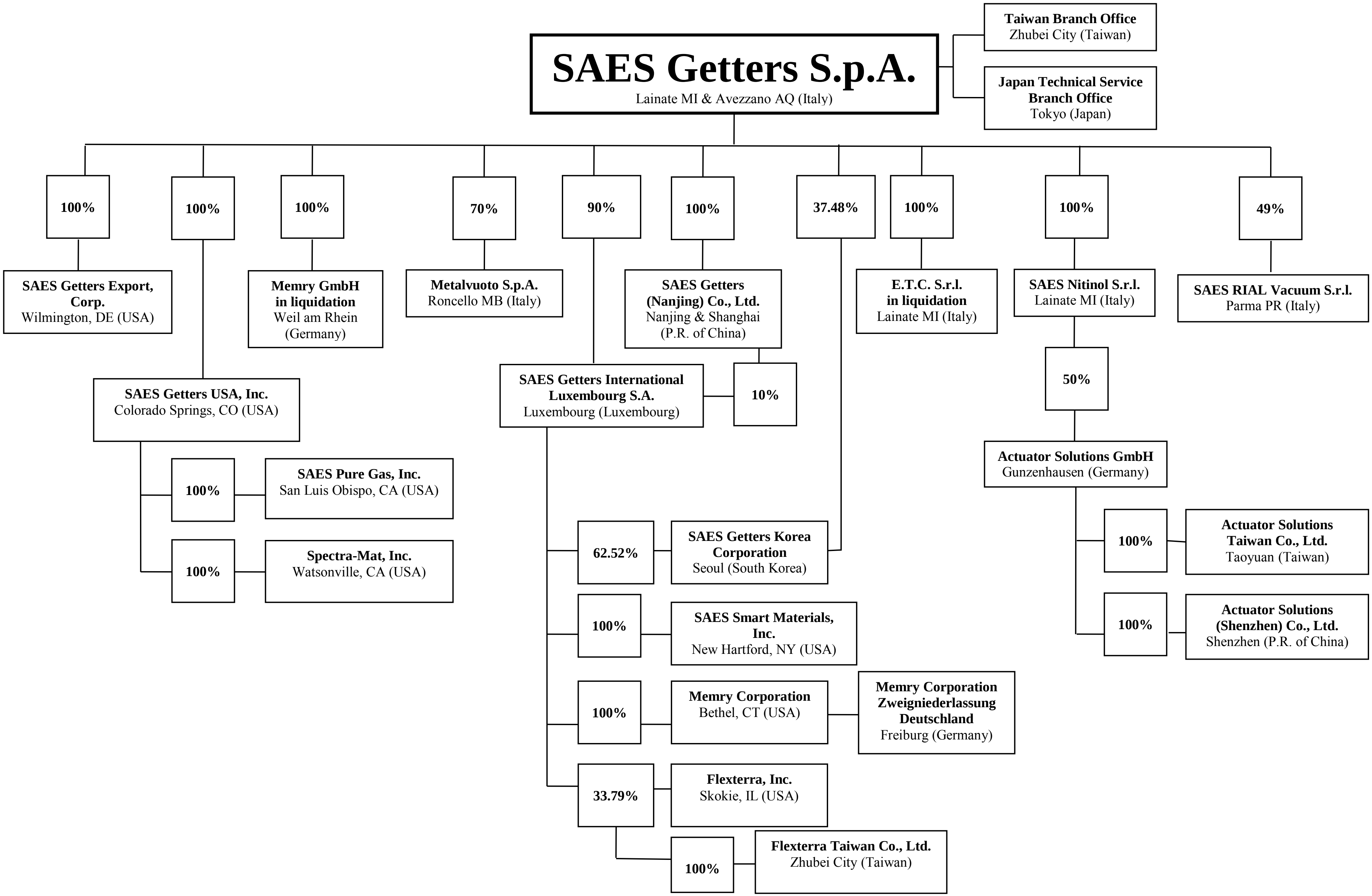
Consolidated Financial Statements 2017

saes group

2017

The present is an English translation of the Italian official report. In the event of any discrepancies between the two texts, the Italian text shall prevail.


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 USA, Inc.
Colorado Springs, CO (USA)
100%
SAES Pure Gas, Inc.
San Luis Obispo, CA (USA)
100%
Spectra-Mat, Inc.
Watsonville, CA (USA)
100%
Memry GmbH in liquidation
Weil am Rhein (Germany)
70%
Metalvuoto S.p.A.
Roncello MB (Italy)
90%
SAES Getters International Luxembourg S.A.
Luxembourg (Luxembourg)
100%
SAES Getters (Nanjing) Co., Ltd.
Nanjing & Shanghai (P.R. of China)
10%
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)

Consolidated Financial Statements 2017

SAES Getters S.p.A.

Capital Stock 12,220,000 Euro fully paid in

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

Registered with the Milan
Companies Register at 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) Roberto Orecchia (1) (2) (5) (6) (7) Luciana Rovelli (1) (2) (4) (6) (8) Pietro Alberico Mazzola (1) Adriano De Maio (1) (3) (4) Stefano Proverbio (1) (2) (5) (6) (8) Gaudiana Giusti (1) (2) (4) (5) (6) (8)

Board of Statutory Auditors

President	Angelo Rivolta (*)
Statutory Auditors	Vincenzo Donnamaria (8) Sara Anita Speranza
Alternate Statutory Auditors	Maurizio Civardi (*) Anna Fossati
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 Corporate Governance Code of the Italian Stock Exchange and pursuant the 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 Appointments Committee
(5) Member of the Audit and Risk 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 23 April 2013
(10) Appointed for the years 2014-2016 by the Special Meeting of Holders of Savings Shares held on 29 April 2014

The mandate of the Board of Directors and of the Board of Statutory Auditors, elected on 28 April 2015, will expire on the same date as that of the Shareholders' Meeting in which the financial statements for the year ended 31 December 2017 are approved.

(*) Dr Angelo Rivolta, who took over on 11 October 2016 following the death of the Statutory Auditor and Chairman of the Board of Statutory Auditors Dr Pier Francesco Sportoletti, was confirmed as Statutory Auditor and Chairman of the Board of Statutory Auditors at the Ordinary Shareholders' Meeting held on 27 April 2017. In addition, the aid Shareholders' Meeting supplemented the Board of Statutory Auditors by appointing Dr Maurizio Civardi as Deputy Auditor.

Powers of company officers

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 28 April 2015, the Board of Directors granted the President and the Vice President and Managing Director powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board, or 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 this definition and role has in 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 these definitions and roles have in the English-speaking countries.

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

SAES GETTERS S.p.A.

Registered office in Lainate (Milan), Viale Italia, 77

Fully paid-up share capital Euro 12,220,000.00

Companies Registry of Milan, T.C. and VAT No. 00774910152

Website of the Company: www.saesgetters.com

Call of ordinary and extraordinary meeting of shareholders

The Shareholders are convened to the ordinary and extraordinary meeting in single call at the offices of Lainate, Viale Italia 77, on 24 April 2018, at 10:30 a.m., to resolve upon the following

Agenda:

Ordinary part:

1. Report of the Board of Directors for the year ended 31 December 2017; financial statements as at 31 December 2017; related resolutions; presentation of the consolidated financial statements as at 31 December 2017; partial use of reserves in distributing dividends to Shareholders; related resolutions;
2. Appointment of the Board of Directors:

   2.1 Determination of the number of members of the board and their remuneration under art. 2389, paragraph 1, Italian Civil Code;

   2.2. Appointment of the members;
3. Appointment of the Board of Statutory Auditors:

   3.1. Appointment of the Board of Statutory Auditors for the 2018-2020 financial years and its Chairman;

   3.2. Determination of the remuneration of Regular Auditors;
4. Remuneration Report pursuant to art. 123-*ter*, paragraph 6 of Italian Legislative Decree no. 58/1998 and art. 84-*quater* of CONSOB resolution no. 11971 of 14/05/1999 concerning the regulations for issuers.
5. Proposal to authorise the Board of Directors pursuant to and for the purposes of articles 2357 *et seq.* of the Italian Civil Code and 132 of Italian Legislative Decree no. 58/1998 to purchase and

dispose of a maximum of 2,000,000 treasury shares; consequent and related resolutions;

6. Supplement to the remuneration paid to Deloitte & Touche S.p.A. in relation to the appointment as audit firm for the 2017-2021 financial years; proposal of Deloitte & Touche S.p.A. to perform the limited examination of the non-financial consolidated statement; consequent and related resolutions;
7. Amendment to Directors' Severance Indemnity.

Extraordinary part

1. Proposal to grant the Board of Directors the power to increase the share capital, under art. 2443 of the Italian Civil Code, in one or more occasions, free of charge and/or for payment, up a maximum amount of Euro 15,600,000.00 for a period of five years; consequent and related resolutions, plus the amendment of the Company By-laws (article 4).

Presentation of draft resolutions/additions to the agenda

The Shareholders who, individually or jointly, represent at least one fortieth of the share capital with voting rights can request, within ten days from the publication of this notice (i.e. no later than 25 March 2018), to add points to the agenda, specifying in the request the additional points proposed, or submit draft resolutions on points already on the agenda of the Meeting.

The request, together with the notification establishing the ownership of the aforesaid stake requested issued by the intermediaries who keep the accounts on which the shares are recorded, must be submitted and signed in the original, within the above term, at the registered office of the Company (Viale Italia, 77, Lainate (Milan) – for the attention of the Legal Department) or sent to the certified electronic mail address: saes-ul@pec.it., together with information that allows the proposing Shareholders to be identified (in this regard, please also provide a telephone number of reference). Within the above deadline and with the same procedures, a report must be sent by the proposing Shareholders, stating the reasons of the draft resolutions on the new points whose discussion is proposed as an addition to the agenda or the reason related to further draft resolutions submitted on points already on the agenda. Any addition to the list of points on the agenda of the Meeting or to the presentation of further draft resolutions on points already on the agenda of this Meeting is reported by the Company, in the same form prescribed for the publication of this notice of call, at least fifteen days prior to the date set for the Meeting in single call. Together with the publication of the notice of additions to the agenda or of the presentation of further draft resolutions on the points already on the agenda, the above draft resolutions/additions, as well as their reports prepared by the Shareholders, accompanied by any assessment of the Board of Directors, will be made available to the public as indicated in Article 125-*ter*, para 1, of Italian Legislative Decree no. 58/1998.

The addition to the agenda is not allowed for the points on which the Meeting of Shareholders deliberates, in accordance with the law, on a proposal by the directors or on the basis of a project or report prepared by them (different from that on the points on the agenda provided by article 125-*ter* of Italian Legislative Decree no. 58/1998).

Appointment of Directors and Statutory Auditors

Company positions are renewed using voting lists. The Shareholders that, with regard to the shares that are registered in the name of the shareholder on the date on which the lists have been submitted with the Company, either alone or together with other Shareholders, represent at least 4.5% of the shares with voting rights in the Meeting of Shareholders, as established by CONSOB with resolution no. 20273 of 24.01.2018, can submit lists.

Each shareholder may submit or contribute to the submission of only one list. Shareholders belonging to the same group and the Shareholders that are part of a shareholders' agreement, as defined in art. 122 of Italian Legislative Decree no.58/1998 cannot submit or vote for more than one list, even through a third party or through trust companies. Each candidate may enrol in only one list, or shall be disqualified.

The lists, on which the candidates must be listed with a progressive number and signed by all the Shareholders that support them, must be filed at the head offices of the Company (addressed to the Legal Department) within twenty-five days prior to the Meeting in single call (i.e. by 30 March 2018), or sent to the certified email address saes-ul@perc.it or via fax to the no. +39 02 93178250, together with the documentation provided for by the laws in force and the provisions referred to in art. 14 of the Company By-laws on the appointment of the Board of Directors and art. 22 of the Company By-laws on the appointment of the Board of Statutory Auditors, which are to be referred to. The text of the Company By-Laws can be found at the registered office and on the website www.saesgetters.com - "Investor Relations - Corporate Governance - Company By-laws". The lists, complete with the aforesaid information will be published on the Company website www.saesgetters.com, made available at the registered office (Viale Italia, 77, Lainate, Milan), on the 1Info storage system at the address www.1info.it at least 21 days prior to the date planned for the Meeting of Shareholders called to pass resolution on the appointments (and therefore by 3 April 2018).

The submitted lists that do not comply with the provisions of law, regulations and the Company By-laws shall be disregarded.

It is to be noted that under art.147-*ter*, paragraph 3 of Italian Legislative Decree no.58/1998, at least one of the members of the Board of Directors is elected from the minority list that has obtained the highest number of votes and that has no relevant connection, either indirectly, with the shareholders that have submitted or voted for the list that has come first due to the number of votes.

With regard to the appointment of the Board of Statutory Auditors, it is to be noted that the lists must be divided into two sections, one for the candidates for the office of Statutory Auditor and the other for the candidates for the office of Substitute Auditor. Any candidates who have met ineligibility or incompatibility causes or that do not meet the requirements established by the applicable laws, as referred to in art. 22 of the Company By-laws, or any candidates that exceed the limits on the maximum number of positions that can be held as established by the laws and regulations in force, cannot be entered on the lists.

Having taken into account that, under art. 2400, last paragraph, of the Italian Civil Code, at the time of appointment and prior to the acceptance of the office, the Meeting must be informed of the management and control positions held by the Auditors in other companies, the latter information is to be provided using the special declaration to be added to the information accompanying the lists, and must be updated up to the date of the actual Meeting held to appoint them, during the course of which any further updates to the information provided must be announced.

Under art.148, paragraph 2, of Italian Legislative Decree no.58/1998, one statutory member of the Board of Statutory Auditors appointed by the minority on the basis of the provisions of art. 22 of the Company By-laws shall be elected by the minority shareholders that have no relevant connection, even indirectly, with the shareholders that have submitted or voted for the list that has come first due to the number of votes. To this end, under art. 144-*sexies* of the Regulations for Issuers approved with CONSOB no.11971 of 14.5.1999 and subsequent amendments ("Regulations for Issuers"), the shareholders other than the Majority Shareholder that intend to submit a list for the appointment of the Board of Statutory Auditors are obliged to file a statement declaring the absence of any relationships of affiliation with the aforesaid Shareholder, under art. 144-*quinquies* of the Regulations for Issuers.

It is to be noted that, under art. 144-*sexies*, paragraph 5, of the Regulations for Issuers, if only one list has been submitted for the appointment of the Board of Statutory Auditors within the time limit of 25 days prior to the date fixed for the Meeting in single call (and therefore by 30 March 2018), or only lists have been submitted by shareholders that are connected to one another under the laws in force, other lists can be submitted up to the third day following the expiry date of the aforesaid deadline (i.e. 2 April 2018 - however, since this date is a public holiday, the Company has decided to extend the deadline for the submission of the lists to Tuesday, 3 April 2018, in order to enable the Shareholders to exercise this right more easily). In this case, the minimum threshold of 4.5% for the submission of lists, as stated above, shall be reduced by half.

Finally, it is to noted that, under the laws in force on gender balance, the members of the Board of Directors and the Board of Statutory Auditors must be divided up in such a way that the less-represented gender represents at least one third of the members of the Board of Directors and ofthe Board of Statutory Auditors, with a rounding up to the higher number in the case of a fractional number.

<u>Right to ask questions on the items on the agenda</u>

Those entitled to vote can ask questions on the points on the agenda at least three days in advance from the date of the Meeting in single call (i.e. no later than 21 April 2018), by sending a registered letter with return receipt to the registered office (Viale Italia, 77, Lainate (Milan) – for the attention of the Legal Department) or by certified electronic mail to the following address: saes-ul@pec.it.

The questions must allow the identification of the Shareholder and must be accompanied by certifications establishing the right to vote; if the Shareholder requested his/her intermediary for the notice to attend the Meeting of Shareholders, the request must indicate the references of the notice or at least the name of the intermediary.

The requests received before the Meeting of Shareholders are answered at the latest, during the Meeting of Shareholders, specifying that the answers printed on paper and made available to vote holders at the beginning of the Meeting are deemed to be provided during the Meeting.

The right to speak and to vote in the Meeting of Shareholders

Those holding voting rights at the end of the accounting day of the seventh day of open market before the date scheduled for the Meeting of Shareholders in single call, i.e. 13 April 2018 (the so-called “record date”), and for which the Company received the related notification by the intermediary, have the right to speak and to vote in the Meeting of Shareholders. Therefore, those who will be the holders of the shares subsequent to 13 April 2018 will not have the right to attend and vote at the Meeting of Shareholders.

The notification of the intermediary above must be received by the Company by the end of the third day of open market before the date scheduled for the Meeting of Shareholders in single call (19 April 2018). If the notification is received by the Company after the deadline above, the party will have the right to speak and to vote in the Meeting provided that the notification arrives by the beginning of the Meeting in single call. It is to be noted that the notification to the Company is carried out by the intermediary on request of the subject who has the right to vote.

Attendance and proxy voting

Each person who has the right to speak during the Meeting of Shareholders can be represented by written proxy in accordance with applicable law provisions, with the right to use for this purpose the proxy form available on the website:

www.saesgetters.com or at the registered office of the Company. The proxy can be notified to the Company by sending to the certified electronic mail address saes-ul@pec.it. Any prior notification does not exempt the proxy holder, in the accreditation for the attendance to the Meeting of Shareholders, from the obligation to certify the conformity of the original notified copy and the identity of the appointing party.

Appointed Representative

The proxy can be granted, with voting instructions on the proposals concerning the points on the agenda, to Computershare S.p.A., with registered office in via Lorenzo Mascheroni no. 19, 20145 Milan, appointed if necessary by the Company pursuant to Article 135-*undecies* of Italian Legislative Decree no. 58/1998, by signing the specific proxy form available, in printer-friendly version, on the website www.saesgetters.com (in the section Investor Relations-area-investors - Meeting of Shareholders) or at the registered office of the Company or at the registered office above of Computershare S.p.A.. The original proxy with voting instructions must be received by Computershare S.p.A., via Lorenzo Mascheroni no. 19, 20145 Milan, by the end of the second day of open market before the date scheduled for the Meeting of Shareholders in single call (i.e. no later than 20 April 2018). A copy of the proxy, accompanied by a statement that certifies its conformity with the original, may be sent in advance to the Appointed Representative, within the above deadline, by fax to no. +39 02 46776850 or as an attachment to an electronic mail message to be sent to ufficiomilano@pecserviziotitoli.it. The proxy is effective only if voting instructions are given. The proxy and voting instructions may be revoked within the same deadline above. The notification made to the Company by the intermediary, certifying the right to speak and to vote in the Meeting of Shareholders, is required

even if the proxy is granted to the Appointed Representative. Pursuant to the law, the shares for which the proxy was granted, partial or otherwise, are calculated for the regular forming of the Meeting and, if no voting instructions have been given, the shares are not counted in the calculation of the majority and of the capital share required for the approval of the resolutions. Information concerning the granting of the proxy to Computershare S.p.A. (which may be contacted for any further explanation at the no. +39 02 46776811) is made available within the specific proxy form above.

Share capital and shares with voting rights

The share capital amounts to Euro 12,220,000.00 divided into 14,671,350 ordinary shares, and 7,378,619 saving shares all without par value. Each ordinary share is assigned one vote, or two votes, as provided for in Article 11 of the Company By-laws in relation to the "increased vote", where all the conditions of law and of the same Article 11 are ascertained to the right holder.

Meeting of Shareholders documents

At the registered office of the Company (Viale Italia, 77 – Lainate, Milano) as well as at the website www.saesgetters.com, and in the 1Info storage system at the address www.1info.it the following will be made available to the public:

I. from the present date:

i) the Board of Directors’ report on the appointment of members to the Board of Directors and to the Board of Statutory Auditors;

II. from 23 March 2018:

i) the Board of Directors' report on the supplement of the remuneration paid to Deloitte & Touche S.p.A. in relation to the appointment as audit firm for the 2017-2021 financial years; proposal of Deloitte & Touche S.p.A. to perform the limited examination of the non-financial consolidated statement;

ii) the Board of Directors' report in the amendment to Directors' severance indemnity;

III. from 30 March 2018:

i) the annual financial report and other documents referred to in art.154-*bis* of Italian Legislative Decree no. 58/1998 and therefore, the draft financial statements and the consolidated financial statements as at 31 December 2017, accompanied by the reports of the Board of Directors, the Statutory Board of Auditors and the Auditing firm Deloitte &Touche S.p.A.;

ii) the annual report on corporate governance and ownership structures;

iii) the remuneration report;

iv) the report on non-financial information;

v) the Board of Director's report on the authorisation granted to the Board of Directors to purchase and dispose up to a maximum of 2,000,000 treasury shares;

vi) the Board of Director's report on the power granted to the Board of Directors under art. 2443 of the Italian Civil Code to increase the share capital, in one or several tranches, free of charge and/or against payment, up to a maximum of Euro 15,600,000 for a period of five years; proposal to amend article 4 of the Company By-laws;

IV. from 9 April 2018 the following will be made available only at the registered office of the Company:

documentation related to the financial statements of subsidiary companies as per art. 77, subsection 2-*bis* of the CONSOB Regulations.

Lainate, 14 March 2018

The Chairman of the Board of Directors

Mr. Massimo della Porta

INDEX

LETTER TO SHAREHOLDERS

Dear Shareholders,

For the first time in its history, the Group has achieved well over 200 million Euro in turnover, a target thwarted by the profound crisis which began in 2009, to the point that it seemed out of reach.

This high turnover has come about thanks to the strong recovery in traditional sectors and continuing growth in innovative sectors, and has resulted in excellent economic and financial results, with EBITDA coming in at just under 50 million Euro. The market rewarded this excellent performance with a sharp increase in the share price.

The strong cash generation and the low level of indebtedness will enable the Group to easily make all the investments it needs to support growth, which is our main objective today.

The beginning of the 2018 financial year is witnessing the favourable market conditions of the previous year and we expect the Group to continue to grow, despite the weakening of the dollar against the Euro.

The medium-term outlook must be seen in context, taking into account the characteristics and potential of each of the technological and market sectors in which the Group operates.

Getters are a mature technology, with a fragmented reference market, characterised by a number of growth segments while others are declining. The Group has a strong position in these markets, which has grown over the past few years and will continue to do so in the future.

Gas purification is a mature technology, but the semiconductor market is expanding, driven by the continuous development of the portable devices business and the mass adoption of electronics in cars. Future investments will focus mainly on China, where we have consolidated our quotas, thanks to our undisputed product leadership.

Shape memory alloys are technologically more mature in the medical sector, but have such high use advantages as to ensure solid future growth. These alloys are still very “young” in the industrial sector and have very high growth potential in multiple applications.

The functional polymer technology used in the packaging industry is highly innovative and has strong market potential. It is this business that the Group is targeting for its future growth. Our technology enables the development of plastic films with high barrier or active film characteristics that can interact with the ambient atmosphere of the package, modifying it and contributing to the prolongation of shelf life or the preservation of organoleptic and nutritive characteristics of food. It also enables the development of recyclable films for packaging and allows the use of non-oil-derived - and therefore compostable - films. These products will speed up the development of eco-sustainable packaging, at a time when much attention is being paid to the impact of plastics on the environment.

In conclusion, the Group has a very well-balanced portfolio of activities with excellent prospects, which allows us to look to the future with equanimity and pride.

I would like to take this opportunity to thank all those who have supported us in recent years and all those who have helped to achieve these excellent results.

Mr Massimo della Porta
SAES Group CEO

Group financial highlights

GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures		2017	2016 (1)	Difference	Difference %
NET SALES					
- Industrial Applications		141,147	113,076	28,071	24.8%
- Shape Memory Alloys		75,872	71,603	4,269	6.0%
- Solutions for Advanced Packaging (2)		12,445	3,141	9,304	296.2%
- Business Development		1,614	1,211	403	33.3%
Total		**231,078**	**189,031**	**42,047**	**22.2%**
GROSS PROFIT (3)					
- Industrial Applications		69,776	55,346	14,430	26.1%
- Shape Memory Alloys		31,903	29,260	2,643	9.0%
- Solutions for Advanced Packaging		1,646	307	1,339	436.2%
- Business Development & Corporate Costs (4)		285	207	78	37.7%
Total		**103,610**	**85,120**	**18,490**	**21.7%**
	% on sales	*44.8%*	*45.0%*		
EBITDA (5)		**49,989**	**35,469**	**14,520**	**40.9%**
	% on sales	*21.6%*	*18.8%*		
OPERATING INCOME (LOSS)		**39,980**	**26,083**	**13,897**	**53.3%**
	% on sales	*17.3%*	*13.8%*		
NET INCOME (LOSS) before taxes		**35,688**	**21,590**	**14,098**	**65.3%**
	% on sales	*15.4%*	*11.4%*		
Group NET INCOME (LOSS)		**13,860**	**14,029**	**(169)**	**-1.2%**
	% on sales	*6.0%*	*7.4%*		

Balance sheet and financial figures	December 31, 2017	December 31, 2016 (1)	Difference	Difference %
Tangible fixed assets	49,492	53,402	(3,910)	-7.3%
Group shareholders' equity	122,141	134,778	(12,637)	-9.4%
Net financial position	(17,730)	(33,776)	16,046	-47.5%

Other information	2017	2016	Difference	Difference %
Cash flow from operating activities	37,862	18,695	19,167	102.5%
Research and development expenses	16,102	14,872	1,230	8.3%
Number of employees as at December 31 (6)	1,138	1,113	25	2.2%
Personnel cost (7)	78,966	70,877	8,089	11.4%
Disbursement for acquisition of tangible assets	7,273	8,663	(1,390)	-16.0%

(1) Some figures presented in the column do not coincide with the information reported in the 2016 Annual Financial Report as they reflect the restatement following completion of the provisional valuation of the business combination of Metalvuoto S.p.A., which took place in October 2016. These restatements are detailed in Note no. 1, paragraph entitled "Restatement of the year 2016".

(2) Following the acquisition, at the end of 2016, of control of Metalvuoto S.p.A., a consolidated player in the advanced packaging sector, a third Business Unit named "Solutions for Advanced Packaging" was set up, for the purpose of greater clarity of information, as of 1 January 2017. The 2016 figures have been reclassified for a consistent comparison with the current year. For further details please see to Note no. 1 of the Notes to Consolidated Financial Statements, "Segment information".

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

(thousands of euro)

	2017	2016
Net sales	**231,078**	**189,031**
Raw materials	(62,418)	(43,915)
Direct labour	(25,601)	(21,815)
Manufacturing overhead	(44,118)	(40,281)
Increase (decrease) in work in progress and finished goods	4,669	2,100
Cost of sales	**(127,468)**	**(103,911)**
Gross profit	**103,610**	**85,120**
% on sales	*44.8%*	*45.0%*

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

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

(thousands of euro)

	2017	2016
Operating income	**39,980**	**26,083**
Depreciation and amortization	(8,841)	(8,598)
Write-down of assets	(1,181)	(138)
Bad debt provision accrual (release)	13	(650)
EBITDA	**49,989**	**35,469**
% on sales	*21.6%*	*18.8%*

(6) As at 31 December 2017 this item includes:
- employees, amounting to 1,073 units (1,081 units as at 31 December 2016);
- personnel employed with contract types other than employment agreements, amounting to 65 units (32 units as at 31 December 2016).

This figure does not include personnel (employees and temporary workers) of the joint ventures which, according to the percentage of ownership held by the Group, amount to 55 units as at 31 December 2017 (77 units at the end of the previous year, again according to the percentage of ownership held by the Group).

(7) As at 31 December 2017 the severance costs included in the personnel costs amounted to 394 thousand Euro. The use of the social security allocation agreement in the facility in Avezzano of the Parent Company led to a reduction in the personnel costs of 372 thousand Euro. Note that, on 1 June 2017, this agreement was rescinded before its natural expiry following the start of new production.
In the 2016 financial year the costs of staff reduction amounted to 1,358 thousand Euro, of which 1,258 thousand Euro related to the decision to liquidate Memry GmbH, while the use of the social security allocations led to a reduction in personnel costs of 1,604 thousand Euro.

Report on operations of the SAES Group

REPORT ON OPERATIONS

A pioneer in the development of getter technology, the SAES Getters S.p.A. company, together with its subsidiaries, (hereinafter the “SAES® Group”) is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions or ultra-pure gases are required. Over 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, partnering technologies spanning from large vacuum power tubes to miniaturized silicon-based microelectronic and micromechanical devices. The Group also holds a leading position in ultra-pure gas refinement for the semiconductor and other high-tech markets.

Since 2004, by leveraging its core competencies in special metallurgy and in materials science, the SAES Group has expanded its business into the advanced material markets, in particular the market for shape memory alloys, a family of materials characterized by super elasticity and 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 production 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 into a polymeric matrix. These products, initially developed for OLED displays, are currently used in new application sectors such as implantable medical devices and solid-state diagnostics imaging. Among the new applications, advanced food packaging is a particularly strategic sector in which SAES aims to compete with new solutions for active packaging.

With a total production capacity distributed over eleven facilities, a worldwide sales & service network and over 1,100 employees, the Group is well-placed to combine multicultural skills and expertise to form a truly global enterprise.

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

SAES Getters S.p.A. has been listed in the STAR segment of the Italian Stock Exchange Market 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 article 2497 of the Civil Code, as explained in detail in the Report on corporate governance and ownership.

The Group’s organizational structure consists of three Business Units: the Industrial Applications Business Unit, the Shape Memory Alloys Business Unit, and the Solutions for Advanced Packaging Business Unit. Corporate costs, i.e. expenses that cannot be directly attributed or allocated in a reasonable manner to the business units, but which refer to the Group as a whole, and costs related to basic research projects, or projects designed to facilitate diversification into innovative businesses (Business Development Units) are reported 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
Systems for UH Vacuum	Pumps for vacuum systems

Sintered Components for Electronic Devices and Lasers	Cathodes and materials for thermal dissipation in electronic tubes and lasers
Systems for Gas Purification and Handling	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 and 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

Industrial Applications Business Unit

Security & Defense
SAES Group provides advanced technological solutions for electronic devices used security and defence sectors, such as night vision devices based on infrared sensors, navigation systems, microwave tubes and radiofrequency amplification systems. The portfolio of products includes, among others, getters of different types and formats, as well as alkaline metal dispensers.

Electronic Devices
The SAES Group provides advanced solutions for electronic devices used in consumer electronics, photonics, infrared sensors, inertia sensors and pressure sensors. In addition, SAES components are used in more traditional applications, such as signal amplifier and photomultiplier tubes for research. The product portfolio includes getters of different types, including thin film getters for MEMS applications and other more traditional getters, together with alkali metal dispensers.

Healthcare Diagnostics
The SAES Group offers the market a portfolio of getters in various types and formats, as well as alkali metal dispensers used in electronic devices for medical imaging diagnostic applications, such as X-ray tubes and image intensifiers.

Thermal Insulation
SAES solutions for vacuum thermal insulation include NEG products for cryogenic applications, for solar collectors both home applications and those operating at high temperatures, and for thermos. In addition, SAES is particularly active in the development of getter solutions for vacuum insulating panels for the white goods industry.

Getters & Dispensers for Lamps
The SAES Group is the world leader in the supply of getters and metal dispensers for lamps. Its products work by preserving the vacuum and the purity of the refill gases, thereby maintaining optimum lamp operation conditions over time. For some years SAES has also been involved in the development of mercury dispensers with a low environmental impact, in line with the stricter international legislation in force in this field.

Systems for UH Vacuum
The skills acquired in vacuum technology are the basis for the development of pumps based on non-evaporable getter materials (NEG), with both industrial and scientific applications (for example in analytical instrumentation, in vacuum systems for research purposes and in particle accelerators).
The NEXTorr® family of high vacuum pumps, which have been well received in the aforementioned application markets, integrates both getter and ionic technologies into a single, extremely compact and powerful device, . This product line has most recently been joined by CapaciTorr® HV, high-vacuum pumps that use an innovative alloy with a greater capacity to absorb gases. These products have further reinforced the Group's position in its target markets.

Sintered Components for Electronic Devices & Lasers
Through its subsidiary Spectra-Mat, Inc., the SAES Group provides advanced technological solutions for a wide range of markets including avionics, medical, scientific instruments for various industrial applications, telecommunications and security and defence.
The product portfolio includes electron sources based on dispensing cathodes for a wide variety of microwave tubes, X-ray tubes, and gas lasers, for the most advanced applications. In addition, SAES provides advanced materials and solutions for the thermal management of high-power solid state lasers, high-power LEDs, and advanced semiconductor devices for radio-frequency and microwave systems.

Systems for Gas Purification & Handling
In the microelectronics market, SAES mission is to develop and sell advanced gas purification systems for the semiconductors industry and for other industries which use ultra-pure gases in their processes. Through its subsidiary SAES Pure Gas, Inc., the Group offers a full range of purifiers for bulk gases and special gases. The range of SAES purifiers, which covers the full spectrum of flows required and all gases normally used in production processes, constitutes the market standard in terms of the technology used, the capacity to remove impurities and the lifespan of the purifiers.

Shape Memory Alloys (SMA) Business Unit

The SAES Group produces semi-finished products, components and devices in shape memory alloy, a special alloy made of nickel-titanium (Nitinol) characterized by super-elasticity (a property that enables the material to withstand even large deformations and then return to its original form) and by the property of assuming predefined forms when subjected to heat treatment. The Group's production process is vertically integrated (from the melting of the Nitinol alloy to the manufacture of components) and allows a complete flexibility in the supply of products, together with total quality control.

Nitinol for Medical Devices
Nitinol is used in a wide range of medical devices, particularly in the cardiovascular field. Its super-elastic properties are ideal for manufacturing devices used in the growing field of non-invasive surgery, such as self-expanding devices (aortic and peripheral stents or heart valves) and catheters to navigate within the cardiovascular system. SAES, through its subsidiary Memry Corporation, offers a full range of sophisticated Nitinol-based solutions to the end manufacturers of the medical device.

SMAs for Thermal & Electro Mechanical Devices
The shape memory alloy, in addition to being characterized by its super-elasticity, has the property of assuming predefined forms when subjected to heat treatment. Due to this characteristic, it is used in the production of a variety of devices (valves, proportional valves, actuators, release systems, mini-actuators) that exploit its distinctive characteristics (noiseless, compact, light, low power consumption, proportional control). SMA devices are used across the board in the industrial field, in application areas such as domotics, the white goods industry, consumer electronics and the automotive business.

Solutions for Advanced Packaging Business Unit

The functional chemicals platform has seen the development of innovative plastic films for food packaging. It was in this context that in late 2016 SAES acquired control of Metalvuoto S.p.A., a well-established player in the active packaging market. Following this acquisition, SAES began its own active packaging business, intending to compete with innovative solutions, particularly in terms of environmental sustainability and improving the performance of flexible packaging, in an expanding market with excellent opportunities for growth.

Business Development Unit – Organic Electronics

The technology platform that integrates getter materials into polymer matrices, which was initially developed by the SAES Group to meet the protection needs of rigid OLED (Organic Light Emitting Diodes) displays,

has been enhanced with new materials for flexible OLED applications that represent a new development trend in the display field. SAES is consolidating its position in the dispensing getters business for passive-matrix OLED (particularly in China and Taiwan) and is also targeting the active-matrix OLED market, particularly with new dispensers for ink-jet applications.
In addition to OLED applications, SAES polymer composites are gradually being adopted in other areas such as optoelectronic devices, implantable medical devices and new solid state imaging diagnostic systems.

***

Compared to the previous year, and following the acquisition of control of Metalvuoto S.p.A., a significant player in the advanced packaging field, which took place in late 2016, a third Business Unit named “Solutions for Advanced Packaging” was established in order to provide greater transparency of information.
Finally, note that the Industrial Application Business Unit has been restructured and some already existing operating segments have been re-named to bring them into line with the new organizational structure of the Group.
The figures for 2016 were reclassified on the basis of the new organizational structure, to enable a homogeneous comparison with the current year. For further details on the reclassifications, see the paragraph entitled “Segment information” in Note no. 1 of the Notes to the Consolidated Financial Statement.

It should also be noted that some figures relating to 2016 which were presented for comparative purposes, do not coincide with the information reported in the 2016 Annual Financial Report, as they reflect the restatement following completion of the provisional valuation of the business combination of Metalvuoto S.p.A. which took place in October 2016, in compliance with the provisions of the revised IFRS 3. These restatements are detailed in the paragraph entitled “Restatement of the year 2016” in Note no. 1.

Significant events in 2017

2017 was marked by a sharp increase in turnover, which reached a historic high, in excess of 231 million Euro. The increase in consolidated revenues was driven primarily by organic growth in the gas purification and Nitinol for medical devices businesses, new products in the electronic device business, and the acquisition of Metalvuoto S.p.A. (+5.2% growth in turnover related to the change in the composition of consolidation).

All Business Units recorded an improvement, due to the increase in some traditional sectors, as well as in some recently-introduced more innovative fields.
The Industrial Applications Business Unit was mainly driven by the gas purification sector (organic growth up by 39.6%), which was favoured by investments in new semiconductor fabs in China, which were designed to provide the country with an autonomous manufacturing capacity, in line with *Made in China 2025* objectives. The Electronic Devices segment also recorded significant growth (up 127.9% at constant exchange rates). This was mainly due to the new advanced production for the Electronic Consumer market at the Avezzano manufacturing plant.
The increased revenues of the Shape Memory Alloys Business Unit were driven by the Nitinol for medical devices segment (up 7.9% at constant exchange rates), which grew faster than its reference market, thanks to a better market penetration. The industrial SMA segment also showed organic growth (+7.7%), as a result of the excellent performance of automotive applications, the recovery of the luxury goods segment, and to initial sales of mobile device applications.
Finally, the consolidation of the newly-acquired Metalvuoto S.p.A.[1] throughout 2017 generated an increase in the revenues of the Solutions for Advanced Packaging Business Unit, which amounted to 9.3 million Euro.

If the portion of the revenues of *joint ventures*[2] are included total revenues amounted to 244.9 million Euro, up by 23.5%, due to the increase in consolidated revenues (+22.2%) and to the strong increase in the sales of the Actuator Solutions joint venture (+45.2%). The revenues of the joint venture SAES RIAL Vacuum S.r.l. also increased (+54.2%), albeit to a lesser extent in terms of absolute value (the share of SAES in the revenues of SAES RIAL Vacuum S.r.l. amounted to 1.2 million Euro).

Consolidated sales growth improved operating indicators, continuing the positive trend seen in recent years. In particular, EBITDA[3] as a percentage of consolidated sales increased from 18.8% in 2016 to 21.6% in the current year.

Despite paying dividends of 12.3 million Euro, there was a marked improvement in net financial position, which went from €33.8 million at the end of 2016 to -17.7 million Euro at 31 December 2017, thanks to strong operating cash generation.

Net income, at 13.9 million Euro, appears to be slightly down (from 14 million Euro in 2016), penalized by the write-off of deferred tax assets on past tax losses of SAES Getters S.p.A., following a management update of their estimated recoverability in view of the hypotheses contained in the three-year plan 2018-2020 and attributable to the Parent Company. Excluding this write-off, amounting to 10.8 million Euro, net income amounted to 24.6 million Euro, a significant increase (+75.6%) compared to 2016.

Other significant events that occurred in 2017 are detailed below.

---

[1] Note that in 2016, Metalvuoto S.p.A. was consolidated as of 10 October 2016, the date of its acquisition by SAES Getters S.p.A.
[2] Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (33.79%).
[3] EBITDA is not considered 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 comparable with those adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, write-downs, depreciation and amortization".

On 10 January 2017 the company Flexterra Taiwan Co., Ltd., wholly owned by Flexterra, Inc. (USA), was incorporated. The new company is headquartered in Zhubey City (Taiwan).

On 19 January, 10 February and 17 March 2017, SAES Nitinol S.r.l. paid Actuator Solutions GmbH three further tranches (of 1 million Euro each) of the loan concluded on 28 November 2016 amounting to 4.5 million Euro (increased to 5 million Euro in the first few months of 2018. For details see the "Subsequent events" section). A new tranche of the loan of 0.5 million Euro, was paid on 24 April 2017. The contract establishes that the loan has priority over other shareholder loans to Actuator Solutions.

On 7 April 2017, SAES Getters S.p.A. signed a new loan agreement with Unicredit S.p.A. for a total amount of 10 million Euro, with a term of five years (expiring on 31 March 2022), without any pre-amortization period. The contract provides for the repayment of fixed principal amounts on a quarterly basis with interest indexed to the Euribor three-month rate plus a spread of 1%. The loan includes some covenants, standard for this type of transaction, which are calculated semi-annually on consolidated economic and financial data.
On the same date, SAES Getters S.p.A. signed an Interest Rate Swap (IRS) contract expiring on 31 March 2022, on the total residual debt of the aforementioned loan. The contract provides for an exchange of the Euribor three-month rate, either positive or negative, with a fixed rate of 0%. In the event of a negative Euribor three-month rate, the contract provides for a floor of -1%.

On 19 April 2017 SAES Getters S.p.A. signed an Interest Rate Swap (IRS) contract on the mid-long-term loan of 10 million Euro obtained by Intesa Sanpaolo S.p.A. on 21 December 2016. The IRS contract applies to 50% of the residual debt outstanding at each repayment date, as of 30 June 2017 and expiring on 21 December 2022. The contract provides for an exchange of the Euribor six-month rate with a fixed rate of 0.16%.

On 1 June 2017 the job security agreement, applied at the Parent Company's Avezzano manufacturing unit, was terminated before its natural expiry date. It should be noted that in the first five months of 2017, the application of this agreement resulted in a decrease in labour costs of 0.4 million Euro.

On 29 June 2017 SAES Getters S.p.A. prematurely reimbursed both tranches (one of which secured by SACE) of the loan to support advanced R&D projects, signed in June 2015 with EIB (the European Investment Bank). The total repayment amounted to 6 million Euro for principal, in addition to an indemnity fee to EIB of 10 thousand Euro and to the payment of a premium of approximately 76 thousand Euro to SACE. Finally, the relevant transaction costs, amounting to around 149 thousand Euro, previously divided into instalments on the basis of the duration of the loan, were entered in the income statement.

On 14 July 2017, the Parent Company signed a new royalty agreement for the integration of the SAES thin film getter technology named PageWafer® in MEMS devices (micro-electromechanical systems) used in thermal infrared sensors. In addition to an initial lump sum received upon the transfer of the technology (0.4 million Euro of which was already entered as at 31 December 2017), the contract provides for the payment of royalties according to a percentage of the volumes of silicon wafers produced using SAES' getter technology.

Following the loss recorded by Metalvuoto S.p.A. as at 30 June 2017 (-91 thousand Euro), the share capital of the company was reduced by more than a third, below to the minimum level of capital established by law. As provided in article 2447 of the Italian Civil Code, on 7 August 2017 the Shareholders' Meeting of Metalvuoto S.p.A. approved a capital injection of a total of 100 thousand Euro in favour of Metalvuoto S.p.A. to meet the minimum legal equity requirement and to establish a capital reserve (amounting to 59 thousand Euro) to be used to cover any future losses. The payment was provided by each shareholder, in proportion to its equity stake (i.e. 70% by SAES Getters S.p.A. and 30% by Mirante S.r.l.).

In the second half of 2017 the transfer of all the manufacturing and sales activities of Memry GmbH to other companies of the Group at constant values was completed. The liquidation process of the German subsidiary commenced on 1 October 2017 and it is expected to be completed by the end of 2018. Finally, it should be noted that on 17 July 2017, a new German branch of the US subsidiary Memry Corporation was established.

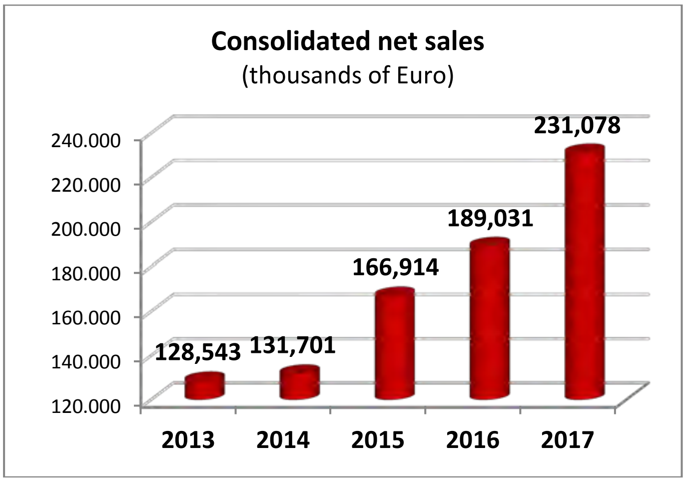
Based in Freiburg and named *Memry Corporation Zweigniederlassung Deutschland*, the company is responsible for all the representation and commercial activities of Memry in Europe.

On 16 November 2017 the Shareholders' Meeting of E.T.C. S.r.l. resolved the voluntary dissolution and liquidation of the company, to be completed by the end of 2018.

On 20 December 2017 the Shareholders' Meeting of Metalvuoto S.p.A., convened according to articles 2446 and 2447 of the Italian Civil Code and following the reduction of the share capital of the company to below a third, therefore below the minimum amount of capital required, as established by article 2327 of the Civil Code. The reduction was due to the loss recorded in the third quarter of 2017. The Shareholders' Meeting resolved a payment of a total of 250 thousand Euro to Metalvuoto S.p.A., to be used to cover the losses as at 30 September 2017 and future losses estimated for the year, as well as to constitute the minimum share capital of 50 thousand Euro. Given that the minority shareholder Mirante S.r.l. did not participate at the Shareholders' Meeting, the entire capital injection was provided by SAES. According to article 2441 of the Civil Code, Mirante had fifteen days, as of 10 January 2018, the date of the actual registration of the payment, to exercise its option on the recapitalization and provided its share of payment on 19 January 2018.

On 19 December 2017 Actuator Solutions GmbH fully repaid SAES Nitinol S.r.l. the principal, amounting to 1 million Euro, of the loan granted in late April 2016. The same amount was returned to the joint partner Alfmeier, for the loan provided by SMA Holding GmbH on the same date.
On 21 December 2017 SAES Nitinol S.r.l. provided a capital injection of 1 million Euro to the joint venture Actuator Solutions GmbH. The same amount was paid by the joint partner Alfmeier, through SMA Holding GmbH.

Sales and economic results for the 2017 financial year



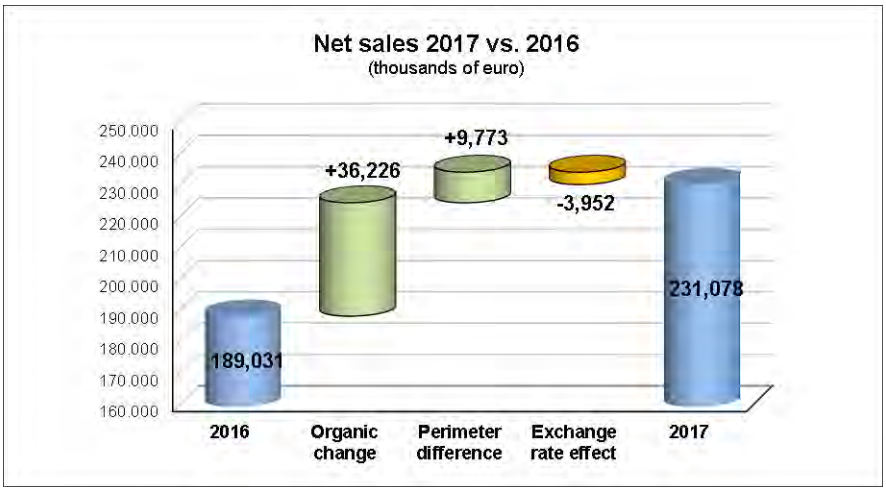
In the 2017 financial year **consolidated net revenues** stood at 231,078 thousand Euro, up by 22.2% compared to the figure of 189,031 thousand Euro achieved in 2016.
The **exchange rate effect** was slightly negative (-2.1%) mainly related to the depreciation of US dollar against the Euro in the second half of the year. The acquisition of Metalvuoto S.p.A. in the fourth quarter of 2016, generated additional sales of 9,773 thousand Euro (the increase in revenues related to the change of the composition of consolidation amounted to +5.2%). At parity of exchange rates and composition of consolidation, **organic growth** rose by +19.1%, mainly driven by the gas purification sector (Systems for Gas Purification & Handling Business), by the new production in the electronic devices business (Electronic Devices Business), and by the sector of Nitinol for medical devices (Nitinol for Medical Devices Business).

Total revenues of the Group, obtained by incorporating the joint ventures with the proportional method instead of with the equity method used in the financial statement, were amounted to 244,939 thousand Euro, up by 23.5% compared to 198,384 thousand Euro in 2016. The strong increase is attributable to the increase in consolidated revenues (+22.2%) and to a strong increase in the sales of the joint venture Actuator Solutions (+45.2%). The revenues of the joint venture SAES RIAL Vacuum S.r.l. also increased (+54.2%), although by a smaller absolute value (the share of SAES in the revenues of SAES RIAL Vacuum S.r.l. amounted to 1,192 thousand Euro in 2017).

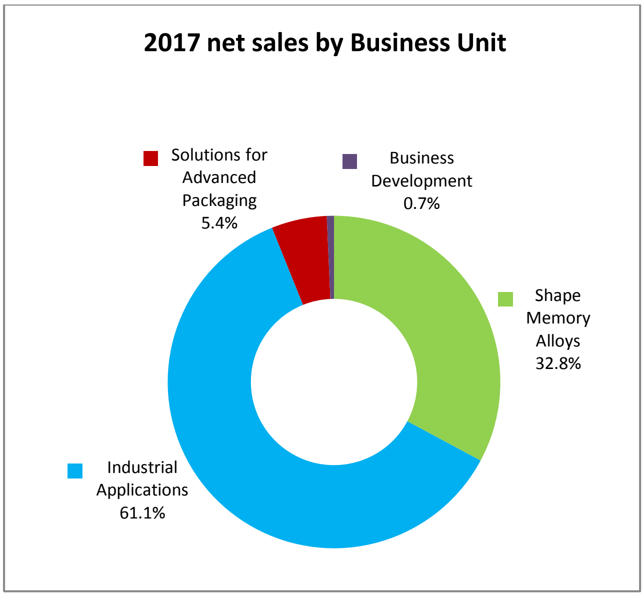
(thousands of euro)

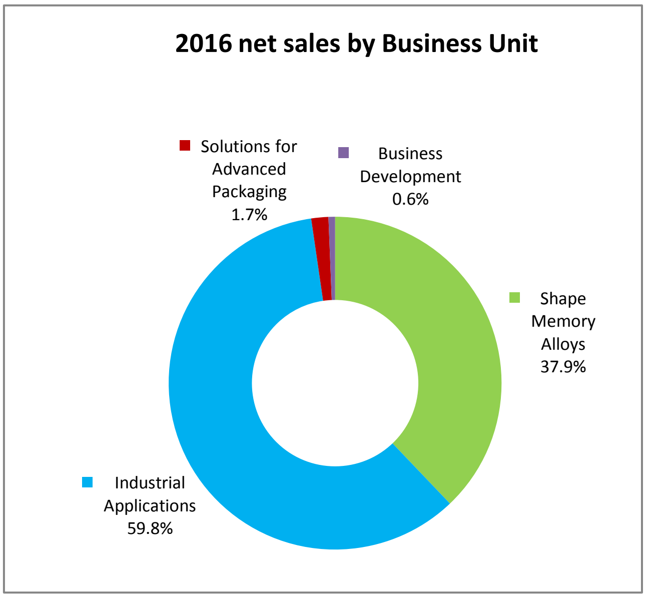
	2017	2016	Difference	Difference %
Consolidated net sales	**231,078**	**189,031**	**42,047**	**22.2%**
50% Actuator Solutions' sales	13,538	9,321	4,217	45.2%
49% SAES RIAL Vacuum S.r.l.' sales	1,192	773	419	54.2%
33.79% Flexterra' sales	10	0	10	n.a.
Eliminations	(766)	(799)	33	-4.1%
Other adjustments	(113)	58	(171)	-294.8%
Total revenues of the Group	**244,939**	**198,384**	**46,555**	**23.5%**

The following chart shows the increase of consolidated net sales during 2017, highlighting the effect of exchange rates, the growth related to the change in the composition of consolidation and the variation due to the changes in sale prices and sales volumes.



Compared with 2016, the percentage distribution of turnover across the various Business Units increased for the **Industrial Applications Business Unit** (rising from 59.8% to 61.1%), due to the strong growth of the gas purification business. The consolidation of Metalvuoto S.p.A. revenues in the new **Solutions for Advanced Packaging Business Unit** increased its share from 1.7% to 5.4% and reduced the share of the **Shape Memory Alloys Business** (which fell from 37.9% to 32.8%), despite the organic growth recorded in both the medical and industrial segments.





The following table contains a breakdown of the consolidated net sales by business segment for 2017 and 2016, along with the percentage change at current and comparable exchange rates, indicating the percentage change attributable to the new composition of consolidation.

(thousands of euro)

Business	2017	2016	Difference	Difference %	Exchange rate effect %	Organic change %	Perimeter difference effect %
Security & Defense	8,533	10,574	(2,041)	-19.3%	-0.9%	-18.4%	0.0%
Electronic Devices	19,453	8,630	10,823	125.4%	-2.5%	127.9%	0.0%
Healthcare Diagnostics	3,848	3,748	100	2.7%	-1.2%	3.9%	0.0%
Getters & Dispensers for Lamps	5,656	7,791	(2,135)	-27.4%	-1.4%	-26.0%	0.0%
Thermal Insulation	4,278	5,190	(912)	-17.6%	-2.5%	-15.1%	0.0%
Systems for UH Vacuum	8,292	8,737	(445)	-5.1%	-1.5%	-3.6%	0.0%
Sintered Components for Electronic Devices & Lasers	6,800	6,789	11	0.2%	-2.0%	2.2%	0.0%
Systems for Gas Purification & Handling	84,287	61,617	22,670	36.8%	-2.8%	39.6%	0.0%
Industrial Applications	**141,147**	**113,076**	**28,071**	**24.8%**	**-2.3%**	**27.1%**	**0.0%**
Nitinol for Medical Devices	66,294	62,651	3,643	5.8%	-2.1%	7.9%	0.0%
SMAs for Thermal & Electro Mechanical Devices	9,578	8,952	626	7.0%	-0.7%	7.7%	0.0%
Shape Memory Alloys	**75,872**	**71,603**	**4,269**	**6.0%**	**-1.9%**	**7.9%**	**0.0%**
Solutions for Advanced Packaging	**12,445**	**3,141**	**9,304**	**296.2%**	**0.0%**	**-14.9%**	**311.1%**
Business Development	**1,614**	**1,211**	**403**	**33.3%**	**-2.4%**	**35.7%**	**0.0%**
Total net sales	**231,078**	**189,031**	**42,047**	**22.2%**	**-2.1%**	**19.1%**	**5.2%**

The consolidated revenues of the **Industrial Applications Business Unit** amounted to 141,147 thousand Euro in 2017, up by 24.8% compared to 113,076 thousand Euro in 2016. The exchange rate effect was negative, at -2.3%, net of which revenues organically increased by 27.1%.
The Systems for Gas Purification & Handling Business (organic growth of 39.6%) significantly increased, due to the investments in new semiconductors and displays fabs in Asia. The Electronic Devices Business also recorded a strong increase (organic growth of +127.9%), as a result of the new advanced production for the electronic consumer market at the Avezzano plant, as well as higher sales of both film and traditional getters, favoured by the ever increasing penetration of infrared technology for surveillance applications, in addition to the payment of part of the lump-sum related to the aforementioned new licensing agreement for the PageWafer technology, signed in July 2017.
The Healthcare Diagnostics Business (organic growth of +3.9%) as well as the Sintered Components for Electronic Devices & Lasers Business (organic growth of +2.2%) improved, although at a lower rate, thanks to good penetration in the reference applications market.
These improvements were partially offset by the downturn in the Security & Defense Business (an organic decrease of -18.4%) that reflected the current technological transition from the traditional to the miniaturized getter, in addition to some inventory adjustments by the main clients. In line with the previous year, the Getters& Dispensers for Lamps Business also fell (an organic decrease of -26%, to be considered as structural), penalized by the technological competition of LEDs against fluorescent lamps. The Thermal Insulation Business also declined (an organic decrease of -15.1%), as a result of the weakness in the sales of getters for insulation panels for the refrigeration market and getters for vacuum bottles for the consumer market. The Systems for UH Vacuum Business also recorded an organic decrease (-3.6%), penalized by the extended completion time for some research projects in the field of particle accelerators.

Sales of the *Security & Defense Business* amounted to 8,533 thousand Euro in 2017, down by 19.3% compared to 10,574 thousand Euro in 2016. Excluding the negative exchange rate effect (-0.9%), the organic decrease was -18.4%.

Sales of the *Electronic Devices Business* amounted to 19,453 thousand Euro in 2017, with a strong increase (+125.4%) compared to 8,630 thousand Euro in 2016. Excluding the negative exchange rate effect (-2.5%), the price/quantity effect was equal to +127.9%.

Sales of the *Healthcare Diagnostics Business* stood at 3,848 thousand Euro in 2017, up by 2.7% compared to 3,748 thousand Euro in 2016. Excluding the negative exchange rate effect (-1.2%), the overall organic growth was 3.9%.

Sales of the *Getters & Dispensers for Lamps Business* amounted to 5,656 thousand Euro, down by 27.4% compared to 7,791 thousand Euro in 2016. Excluding the negative exchange rate effect (-1.4%), the lamps business showed an organic decrease of 26% which must now be considered structural.

Sales of the *Thermal Insulation Business* stood at 4,278 thousand Euro in 2017, compared to 5,190 thousand Euro in 2016 (-17.6%). The exchange rate effect was negative, at to -2.5%, while the overall organic decline amounted to -15.1%.

Sales of the *Systems for UH Vacuum Business* amounted to 8,292 thousand Euro in 2017 (-5.1%), compared to 8,737 thousand Euro in 2016. Excluding the negative exchange rate effect (-1.5%), the organic decrease was -3.6%.

Sales of the *Sintered Components for Electronic Devices & Lasers Business* stood at 6,800 thousand Euro in 2017, a slight growth of +0.2% compared to 6,789 thousand Euro in 2016. Excluding the negative exchange rate effect (-2%), the overall organic growth was +2.2%.

Sales of the purification sector (*Systems for Gas Purification & Handling Business*) amounted to 84,287 thousand Euro in 2017, compared to 61,617 thousand Euro in 2016 (+36.8%). Excluding the negative exchange rate effect (-2.8%), the overall organic growth was 39.6%.

Consolidated revenues of the **Shape Memory Alloys Business Unit** were 75,872 thousand Euro in 2017, showing an increase (+6%) compared to 71,603 thousand Euro in the previous year. The exchange rate effect was negative by -1.9%, net of which the organic growth amounted to +7.9%.
Both segments of this Business Unit recorded organic growth. In particular, the Nitinol for medical applications sector (Nitinol for Medical Devices Business) recorded an organic increase in revenues of +7.9%, spread over various product lines and final applications. In the industrial SMAs segment (SMAs for Thermal and Electro Mechanical Devices Business) the organic growth (+7.7%), was mainly driven by the strong sales performance, mainly in the last part of the year, in some automotive applications, by the recovery of the sales of the luxury goods segment, and by the launch of thin wire for mobile devices applications.

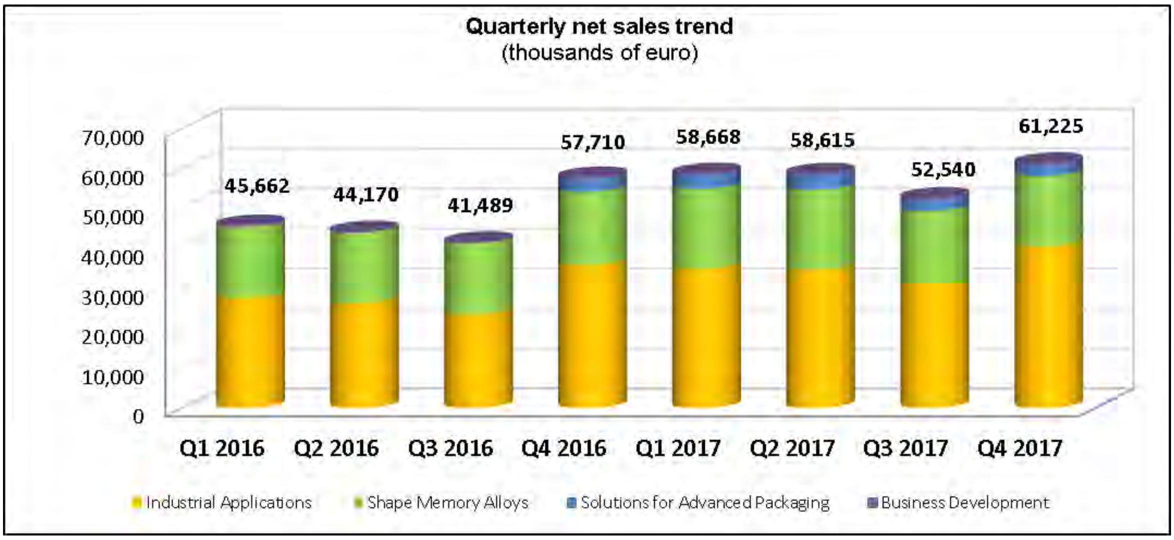
Sales of the *Nitinol for Medical Devices Business* were amounted to 66,294 thousand Euro, up by 5.8% compared to 62,651 thousand Euro in 2016. Excluding the negative exchange rate effect (-2.1%), the organic growth rate was stood at 7.9%.

Sales of the *SMAs for Thermal & Electro Mechanical Devices Business* stood at 9,578 thousand Euro in 2017, up by 7% compared to 8,952 thousand Euro in 2016. The exchange effect was slightly negative at -0.7% while the price/quantity effect amounted to 7.7%.

The **Solutions for Advanced Packaging Business Unit**, which mainly comprises the newly-acquired Metalvuoto S.p.A., recorded consolidated revenues of 12,445 thousand Euro in 2017, compared to 3,141 thousand Euro in the previous year. The increase (+296.2%) was mainly due to the fact that, in 2016, Metalvuoto S.p.A. was consolidated only in the fourth quarter of the year. At parity of composition, the organic variation was negative by -14.9%, due to a rationalization of the product portfolio, which was designed to increase margins.

The **Business Development Unit** includes basic research projects, or projects at the development phase intended for diversification into innovative businesses, ended 2017 with consolidated revenues of 1,614 thousand Euro, compared to 1,211 thousand Euro in the previous year. Excluding the negative exchange rate effect (-2.4%), the organic increase amounted to 35.7%, driven by the sales of dispensable dryers for passive matrix OLED displays for portable applications, mainly in China and Taiwan. Also noteworthy was the adoption of high performance dryers for advanced electronic and photonic applications, mainly in the US market.

The following chart shows the **quarterly trend of revenues** in 2017, with a detailed breakdown by Business Unit.



It should in particular be noted that the increase in turnover in the fourth quarter of 2017 was driven by the excellent performance of the gas purification business which, after a third quarter penalised by delays in some shipments, achieved record sales in the latter part of the year, despite the effect of unfavourable exchange rates.
Moreover, the gradual growth of the electronic device business was made possible by new advanced production at the Avezzano plant, which came on track in the second half of the current year.

The following table sets out the **quarterly net sales trend** in 2017 with a detailed breakdown by Business.

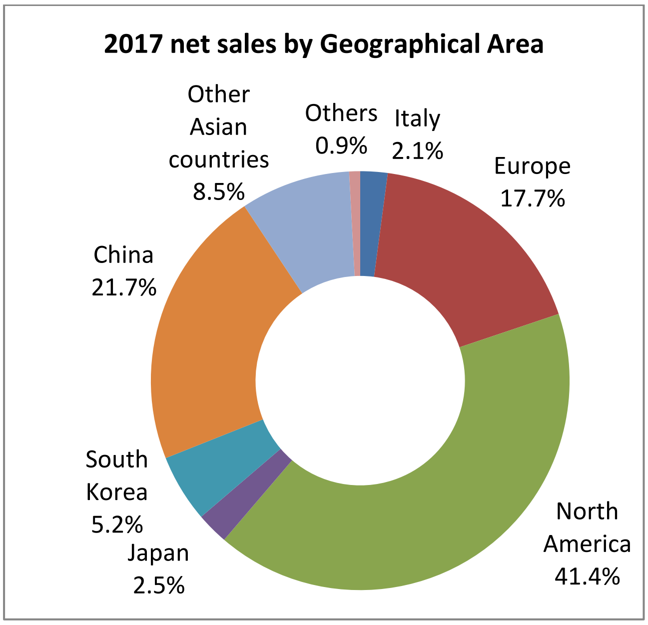
(thousands of euro)

Business	1st Quarter 2017	2nd Quarter 2017	3rd Quarter 2017	4th Quarter 2017
Security & Defense	2,415	1,916	2,033	2,169
Electronic Devices	6,104	6,570	4,170	2,609
Healthcare Diagnostics	910	936	965	1,037
Getters & Dispensers for Lamps	1,246	1,205	1,386	1,819
Thermal Insulation	1,170	1,060	777	1,271
Systems for UH Vacuum	2,591	1,604	1,992	2,105
Sintered Components for Electronic Devices & Lasers	1,458	1,727	1,880	1,735
Systems for Gas Purification & Handling	24,498	16,187	21,434	22,168
Industrial Applications	**40,392**	**31,205**	**34,637**	**34,913**
Nitinol for Medical Devices	15,449	15,443	17,549	17,853
SMAs for Thermal & Electro Mechanical Devices	2,257	2,691	2,488	2,142
Shape Memory Alloys	**17,706**	**18,134**	**20,037**	**19,995**
Solutions for Advanced Packaging	**2,672**	**2,813**	**3,591**	**3,369**
Business Development	**485**	**388**	**350**	**391**
Total net sales	**61,255**	**52,540**	**58,615**	**58,668**

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

(thousands of euro)

Geographical area	2017	%	2016	%	Difference	Difference %
Italy	4,863	2.1%	2,332	1.2%	2,531	108.5%
Europe	40,984	17.7%	32,584	17.2%	8,400	25.8%
North America	95,722	41.4%	83,914	44.4%	11,808	14.1%
Japan	5,715	2.5%	5,769	3.1%	(54)	-0.9%
South Korea	12,099	5.2%	11,648	6.2%	451	3.9%
China	50,135	21.7%	24,008	12.7%	26,127	108.8%
Other Asian countries	19,601	8.5%	26,528	14.0%	(6,927)	-26.1%
Others	1,959	0.9%	2,248	1.2%	(289)	-12.9%
Total net sales	**231,078**	**100.0%**	**189,031**	**100.0%**	**42,047**	**22.2%**



The main changes in the **geographical distribution of turnover** concerned the gas purification segment, where a drop in sales in Taiwan and Singapore ("Asia Other") was more than offset by higher revenues in China and North America.
Increased sales of Nitinol devices for medical applications, contributed to higher sales in North America (+14.1%) while growth in China (+108.8%) was also driven by sales of new components for the electronic consumer products market produced at the Avezzano plant.
Finally, the increased turnover in Italy and Europe is mainly due to the effect of consolidation of the newly-acquired Metalvuoto S.p.A.

Consolidated gross profit[4] amounted to 103,610 thousand Euro in 2017, compared to 85,120 thousand Euro in 2016. The significant growth (+21.7%) was mainly attributable to the increased revenues, with a gross margin[5] that was substantially stable (from 45% in the previous year to 44.8% in 2017). All the business segments showed an increase in gross margin; nonetheless the gross margin of the Group remained stable as a result of the dilutive effect of the new advanced packaging business, currently characterized by a production cost structure that differs from the traditional perimeter of the Group. For further details, see the Business Unit analysis.
The exchange rate effect was negative by -2,084 thousand Euro, while the consolidation of Metalvuoto S.p.A. over the entire the 2017 financial year generated an increase in the gross profit of 1,367 thousand Euro.

The following table shows the 2017 consolidated gross profit by Business Unit, compared to the previous year and indicates the change in composition following the acquisition of Metalvuoto S.p.A., which was finalized in October 2016.

---

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

(thousands of euro)					of which:
Business Unit	**2017**	**2016**	**Difference**	**Difference %**	**Perimeter difference**
Industrial Applications	69,776	55,346	14,430	26.1%	0
% on Business Unit net sales	*49.4%*	*48.9%*			
Shape Memory Alloys	31,903	29,260	2,643	9.0%	0
% on Business Unit net sales	*42.0%*	*40.9%*			
Solutions for Advanced Packaging	1,646	307	1,339	436.2%	1,367
% on Business Unit net sales	*13.2%*	*9.8%*			
Business Development & Corporate Costs	285	207	78	37.7%	0
% on Business Unit net sales	*17.7%*	*17.1%*			
Gross profit	**103,610**	**85,120**	**18,490**	**21.7%**	**1,367**
% on net sales	***44.8%***	***45.0%***			***14.0%***

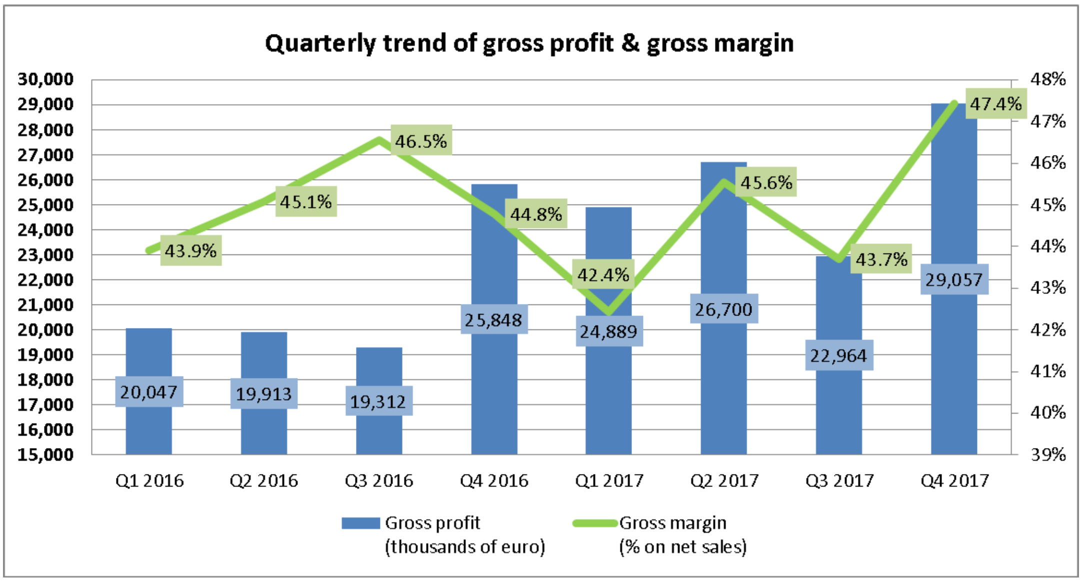
Gross profit of the **Industrial Applications Business Unit** was 69,776 thousand Euro in 2017, compared to 55,346 thousand Euro in 2016. The growth (26.1%) was mainly related to the significant sales performance in the gas purification sector, together with electronic device sales. The gross margin also increased (from 48.9% to 49.4%). The significant contribution of the gas purification sector more than offset the lower margins of businesses in structural decline (such as the lamps business), as well as the dilutive effect of the new production of electronic devices in Avezzano.

In the **Shape Memory Alloys Business Unit** the increase in revenues, combined with the greater economies of scale and the higher production efficiency in the sector of Nitinol for medical devices, enabled an increase in both gross profit (+9%, from 29,260 thousand Euro in 2016 to 31,903 thousand Euro in the current year) and in the gross margin (from 40.9% in 2016 to 42% in 2017).

The new **Solutions for Advanced Packaging Business Unit** ended the current year with a gross profit of 1,646 thousand Euro (13.2% of consolidated revenues) which mainly comprises the contribution of the newly-acquired Metalvuoto S.p.A., whose industrial activity is currently characterized by a different structure of variable production costs compared to that of the traditional composition of the Group (in particular, higher raw material costs). However, the gross margin increased compared to the fourth quarter of 2016, thanks to the aforementioned rationalization of the offer, which seeks to maintain a higher-margin product portfolio.

The gross profit of the **Business Development Unit & Corporate Costs** was 285 thousand Euro in 2017 (17.7% of consolidated revenues), compared to 207 thousand Euro in the previous year (17.1% of consolidated revenues). The improvement was mainly attributable to increased revenues, which also resulted in a slight improvement in the gross margin.

The following chart shows the quarterly trend of both the gross profit and gross margin.
Note that in the last quarter of 2017, both parameters reached the highest levels, due in particular to the strong contribution of the gas purification business.



Consolidated operating income amounted to 39,980 thousand Euro in the 2017 financial year, a considerable increase (up 13,897 thousand Euro or +53.3% in absolute value) when compared to 26,083 thousand Euro in the previous year. In percentage terms, the operating margin stood at 17.3%, compared to 13.8% in 2016. The increase in revenues and the lower incidence of operating expenses on the revenues (from 30.8% to 27.5%) enabled a strong improvement in the operating indicators compared to the previous year. For further details, see the Business Unit analysis.
The exchange rate effect was negative by -1,545 thousand Euro, while the consolidation of Metalvuoto S.p.A. for the entire 2017 financial year generated a fall in operating income of -309 thousand Euro.
Finally, note that 2016 was penalized by the cost of resolution of the environmental dispute concerning the Onondaga Lake (440 thousand Euro) and severance costs related to the liquidation of Memry GmbH (1,258 thousand Euro); instead, 2017 included costs related to the liquidation of the Germany subsidiary (303 thousand Euro), as well as expenses connected to the suspension of the OLET research project and the subsequent liquidation of the subsidiary E.T.C. S.r.l. (1,111 thousand Euro).

The following table shows the operating result of the 2017 financial year by Business Unit, compared with the previous year, and shows the effect related to the change in the composition of consolidation.

(thousands of euro) of which:

Business Unit	2017	2016	Difference	Difference %	Perimeter difference
Industrial Applications	46,429	31,191	15,238	48.9%	0
Shape Memory Alloys	20,027	17,244	2,783	16.1%	0
Solutions for Advanced Packaging	(911)	(213)	(698)	327.7%	(309)
Business Development & Corporate Costs	(25,565)	(22,139)	(3,426)	15.5%	0
Operating income (loss)	**39,980**	**26,083**	**13,897**	**53.3%**	**(309)**
% on net sales	*17.3%*	*13.8%*			*-3.2%*

Operating income of the **Industrial Applications Business Unit** was 46,429 thousand Euro in 2017, compared to 31,191 thousand Euro in 2016. The increase in revenues and in the gross margin enabled strong growth in the operating parameters, both in absolute terms (+48.9%) and in terms of percentage sales (from 27.6% to 32.9%). The reduction in operating expenses also contributed to the increase, in particular lower sales commission to agents as a result of the increased weight of direct sales in the purification sector.

The operating income of the **Shape Memory Alloys Business Unit** amounted to 20,027 thousand Euro, up by 16.1% compared to 17,244 thousand Euro in the previous year. The improvement was exclusively attributable to a strong increase in revenues and in the gross margin, with operating costs essentially stable (note that 2016 was penalized by severance costs of around 1,258 thousand Euro related to the liquidation of Memry GmbH.

2017 also included costs related to the aforementioned liquidation[6] as well as fewer charge-backs related to services provided on behalf of the Actuator Solutions joint venture).

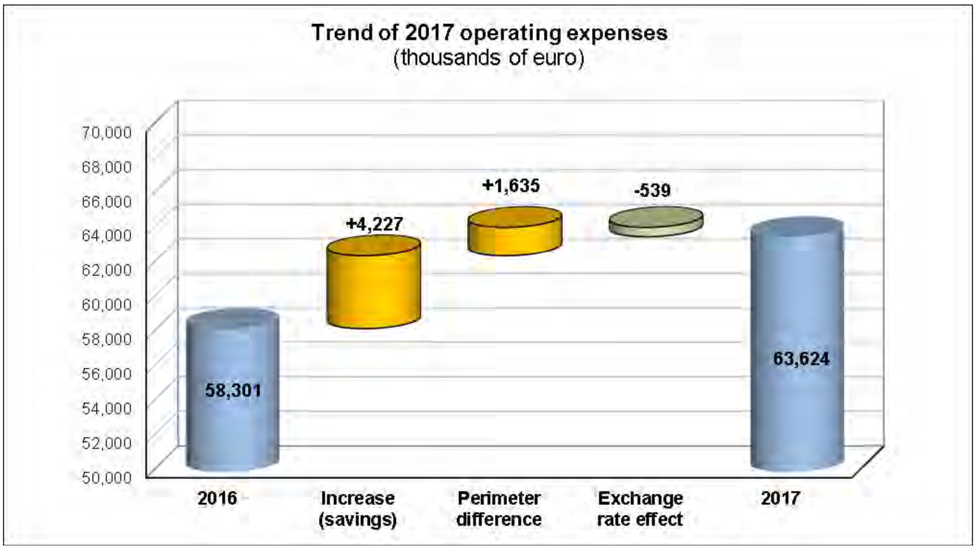
Operating income of the **Solutions for Advanced Packaging Business Unit** was negative at -911 thousand Euro in 2017, compared to -213 thousand Euro in the previous year. It should be noted that the two figures are not comparable, as Metalvuoto S.p.A. was only consolidated in the fourth quarter of 2016. Excluding the variation in the composition of consolidation[7], the operating result was down by 389 thousand Euro in 2017 compared to the previous year, as a result of higher research expenses linked to the new development projects started during the year and to increased sales costs attributable to a greater number of employees.

The operating result of the **Business Development & Corporate Costs** was negative at -25,565 thousand Euro and included both the result of the Business Development Unit and the costs that cannot be directly attributed or reasonably allocated to any business sector as they refer to the Group as whole. This figure compares to an operating loss of -22,139 thousand Euro in 2016. This deterioration was mainly due to higher general and administrative corporate expenses (higher costs for variable remuneration to Executive Directors and strategic employees, following the achievement of economic performances that exceeded the original objectives, increased fixed personnel costs in the Parent Company and increased consultancy and auditing fees, the latter due to regulatory compliance requirements).
In addition, there were impairment losses on tangible fixed assets (-937 thousand Euro) and severance costs (of -174 thousand Euro) were incurred in relation to the suspension of the OLET research project and the subsequent liquidation of the subsidiary E.T.C. S.r.l.

Consolidated operating expenses amounted to 63,624 thousand Euro (27.5% of revenues), compared to 58,301 thousand Euro in 2016 (30.8% of revenues). Excluding both the positive exchange rate effect (reducing the operating expenses by 539 thousand Euro) and the negative effect related to the consolidation of Metalvuoto S.p.A. (increase in operating expenses of 1,635 thousand Euro), the increase in the operating expenses (+4,227 thousand Euro) mainly concerned **general and administrative expenses**[8] (in particular the aforementioned increase in the variable remuneration of the Executive Directors and increased consultant and auditing fees. The increased costs of fixed and variable personnel costs was partially offset by lower severance costs compared to the previous year, during which the intra-group transfer of the production of Memry GmbH commenced, in view of the company's liquidation). The slight increase in **research & development expenses** (+983 thousand Euro, net of the exchange rate effect and of the change in the composition of consolidation) was mainly related to the decision to suspend the OLET research project and the subsequent liquidation of the subsidiary E.T.C. S.r.l. (severance costs of 174 thousand Euro and write-offs of around 937 thousand Euro).
Sales expenses were essentially in line with 2016 (+130 thousand Euro at parity of exchange rates and with the same composition of consolidation). The increase in variable cost items, linked to an increase in revenues such as transport and variable compensation, was offset by a reduction in commission to agents in the purification business, due increased direct sales.

The following chart shows the trend of the consolidated operating expenses in the 2017 financial year, including the exchange rate effect and the increase related to the acquisition of Metalvuoto S.p.A.

[6] Write-offs equal to 187 thousand Euro and costs for severance equal to 116 thousand Euro.
[7] The effect related to the change in the composition of consolidation was negative for 309 thousand Euro and this amount also includes the amortization of the first nine months of 2017 on the intangible assets identified following the completion of the valuation related to the business combination of Metalvuoto S.p.A. (-220 thousand Euro), in accordance with the provisions of IFRS 3 revised.
[8] +3,114 thousand Euro, net of the exchange rate effect and of the change in the composition of consolidation.



Overall, **labour costs** in 2017 amounted to 78,966 thousand Euro (including 394 thousand Euro in severance payments for the liquidation of E.T.C. S.r.l. and the closure of Memry GmbH), compared with 70,877 thousand Euro in 2016 (including 1,358 thousand Euro in severance payments, mainly related to the commencement of the aforementioned Memry GmbH liquidation process). Excluding the aforementioned severance costs (a change of -964 thousand Euro), the increase related to the change in the composition of consolidation (+1,471 thousand Euro) and the exchange rate effect (-945 thousand Euro), the 8,527 thousand Euro increase is due to a rise in the average number of Group employees and the increased use of temporary staff, particularly in the shape memory alloys business, the gas purification business, and at the Avezzano plant, in addition to increased allocations for variable components of remuneration, in line with the trend in operating results. Finally, the second half of 2017 saw the suspension of the job security agreement at the Avezzano plant, following the launch of new product lines (the increased labour cost due to the premature suspension amounted to 1,233 thousand Euro).

The result for the year included **depreciation and amortization** of 8,841 thousand Euro, a slight increase compared to the previous year (8,598 thousand Euro), due to the consolidation of Metalvuoto S.p.A. and amortization of the intangible assets identified following the completion of the valuations of the business combination of the company, in accordance with the provisions of the revised IFRS 3 standards.

Consolidated EBITDA amounted to 49,989 thousand Euro in 2017 (21.6% of consolidated revenues), significantly up (+40.9%) compared to 35,469 thousand Euro in 2016 (18.8% of consolidated revenues), mainly driven by the gas purification and Nitinol for medical devices sectors.
The following table shows the detail of EBITDA in 2017 compared with the previous year, including the effect of the change in the composition of consolidation.

(thousands of euro) of which:

	2017	2016	Difference	Difference %	Perimeter difference
Operating income	39,980	26,083	13,897	53.3%	(309)
Depreciation and amortization	(8,841)	(8,598)	(243)	2.8%	(499)
Write-down of assets	(1,181)	(138)	(1,043)	755.8%	0
Bad debt provision accrual (release)	13	(650)	663	-102.0%	(33)
EBITDA	**49,989**	**35,469**	**14,520**	**40.9%**	**223**
% on sales	***21.6%***	***18.8%***			***2.3%***

If severance costs related to the winding-up of the subsidiaries Memry GmbH and E.T.C. S.r.l. (290 thousand Euro) are excluded, EBITDA for 2017 stood at 50,279 thousand Euro (21.8% of consolidated revenues).

The net balance of **other income (expenses)** was negative by 6 thousand Euro, compared to a negative balance of 736 thousand Euro in 2016. The difference is mainly due to the fact that in 2016 this item included the cost of the settlement agreement for the environmental dispute regarding the purification of the Onondaga Lake (440 thousand Euro), in addition to the cost of a license acquired by Polyera Corporation to 50% of the OLET technology that the Group had developed in partnership with Polyera (242 thousand Euro).

The net balance of **financial income and expenses** was negative by 662 thousand Euro, compared to a negative balance of 1,220 thousand Euro in 2016. The reduction in net financial charges compared to the previous year was mainly attributable to the interest received on the additional loan tranches which the Group granted the joint venture Actuator Solutions GmbH in the first months of 2017 (an increase in interest income of 340 thousand Euro), as well as to income (amounting to 577 thousand Euro) for the adjustment of the current value of the financial debt related to the purchase of the remaining 30% of Metalvuoto S.p.A. (reduced from 652 thousand Euro to 75 thousand Euro, following a change in the valuation of the put and call option agreed among shareholders on 30 January 2018). This income was partially offset by the cost of the premature repayment of both tranches (one of which guaranteed by SACE) of the loan signed in June 2015 with the EIB (European Investment Bank), to support advanced R&D projects. In particular, this operation involved the payment of an indemnity fee of 10 thousand Euro to the EIB and the payment of a premium (of around 76 thousand Euro) to SACE, as well as the inclusion in the income statement of transaction costs (of around 149 thousand Euro) previously accrued on the basis of the term of the loan.

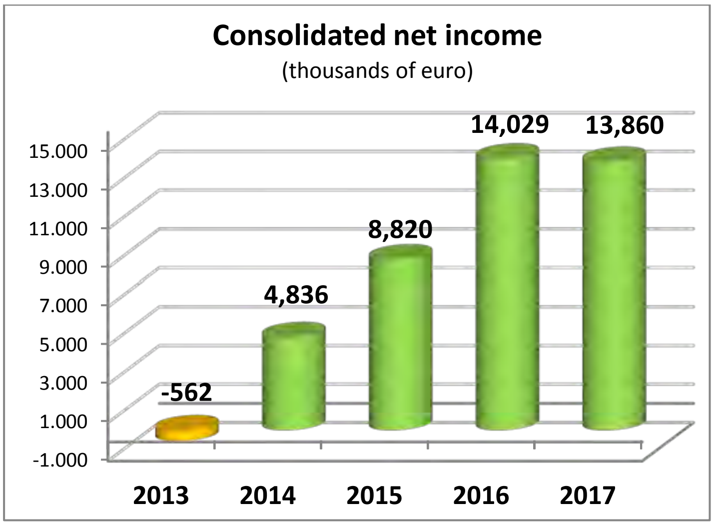
The loss deriving from the **valuation by the equity method** of the companies under joint control amounted to -2,468 thousand Euro (compared to -3,325 thousand Euro in the previous year), mainly attributable to Actuator Solutions (-1,000 thousand Euro) and to Flexterra (-1,626 thousand Euro). For further details of the composition of this loss, see the paragraph entitled “Performance of the joint venture companies in 2017” and Notes no. 9 and 16.
With respect to Actuator Solution, it should be noted that, despite the fact that the share pertaining to the SAES Group in the loss of the joint venture amounted to almost 2,047 thousand Euro in 2017, the negative valuation at equity was lower (-1,000 thousand Euro[9]) since, in accordance with the IAS 28 standard, additional losses subsequent to the zeroing of the consolidated shareholding have not been recognized, as the SAES Group currently has no legal or implicit obligation to Actuator Solutions to recapitalize it.

The algebraic sum of the **exchange rate differences** recorded a negative balance of -1,162 thousand Euro in 2017, compared to a balance essentially equal to zero in the previous year (+52 thousand Euro). The negative balance was mainly attributable to foreign exchange losses on commercial transactions, including infra-group transactions, mainly caused by the devaluation of the dollar against the Euro and only partially offset by the income of forward contracts entered into to partially hedge such transactions.

Consolidated income before taxes amounted to 35,688 thousand Euro in 2017 (15.4% of consolidated revenues), up by 65.3% compared to income before taxes of 21,590 thousand Euro in 2016 (11.4% of consolidated revenues).

Income taxes amounted to 21,828 thousand Euro in 2017, compared to 7,561 thousand Euro in the previous year. The 2017 figure included a write-down of 10,770 thousand Euro, for deferred tax assets on tax losses carried forward of SAES Getters S.p.A., made on the basis of the updated estimation by management for their recoverability, given the hypothesis contained in the three-year plan 2018-2020 attributable to the Parent Company. Excluding this write-down, taxes amounted to 11,058 thousand Euro, and the Group’s ***tax rate*** was 31%, an improvement compared to 35% in the previous year.

[9] Note that the investment was already reduced to zero as at 31 December 2016 and that the loss recorded in 2017, of 1,000 thousand Euro, corresponds to the capital injection made by SAES Nitinol on 21 December 2017.



Consolidated net income for the 2017 financial year amounted to 13,860 thousand Euro (6% of consolidated revenues) in 2017, penalized by the write-down of deferred tax assets on tax losses carried forward of SAES Getters S.p.A. Excluding this write-off, the net income amounted to 24,630 thousand Euro (10.7% of consolidated revenues), a significant increase (+75.6%) compared to a consolidated net income of 14,029 thousand Euro in the previous year (7.4% of consolidated revenues).

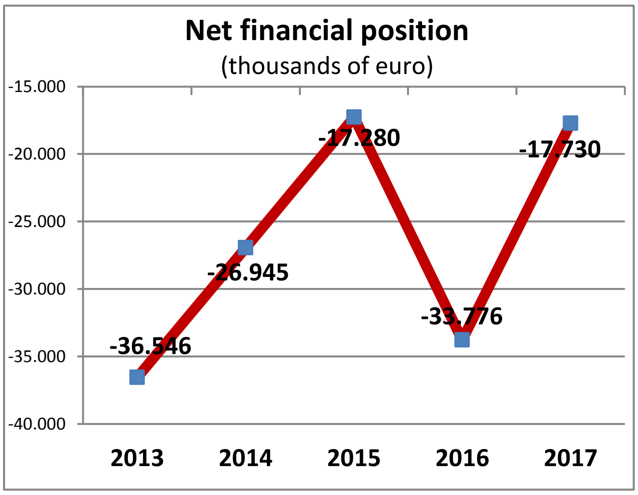
Net financial position – Investments – Other information

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

(thousands of euro)

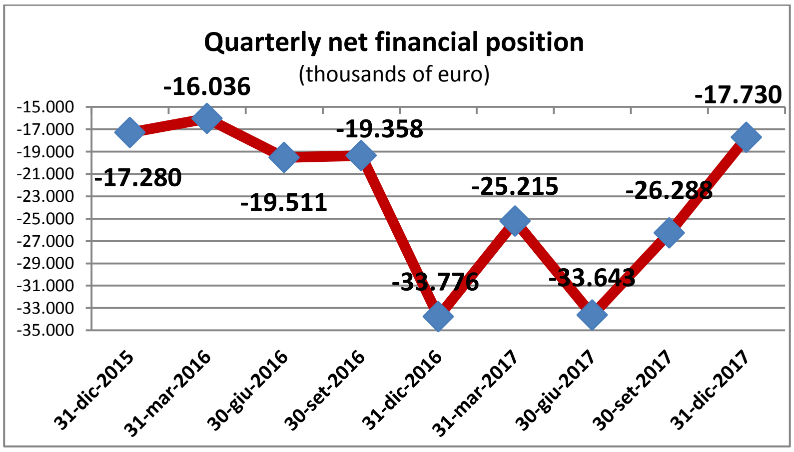
	December 31, 2017	June 30, 2017	December 31, 2016
Cash on hands	13	18	19
Cash equivalents	27,551	21,317	14,321
Cash and cash equivalents	**27,564**	**21,335**	**14,340**
Related parties current financial assets	936	797	565
Other current financial assets	0	81	1
Current financial assets	**936**	**878**	**566**
Bank overdraft	(12,254)	(18,905)	(6,847)
Current portion of long term debt	(10,478)	(9,572)	(8,239)
Other current financial liabilities	(2,152)	(1,327)	(1,100)
Current financial liabilities	**(24,884)**	**(29,804)**	**(16,186)**
Current net financial position	**3,616**	**(7,591)**	**(1,280)**
Related parties non current financial assets	**7,549**	**8,549**	**5,249**
Long term debt, net of current portion	(28,057)	(33,592)	(35,916)
Other non current financial liabilities	(838)	(1,009)	(1,829)
Non current liabilities	**(28,895)**	**(34,601)**	**(37,745)**
Non current net financial position	**(21,346)**	**(26,052)**	**(32,496)**
Net financial position	**(17,730)**	**(33,643)**	**(33,776)**

The **consolidated net financial position** was negative by 17,730 thousand Euro as at 31 December 2017 (liquid assets of +27,564 thousand Euro and net financial liabilities of -45,294 thousand Euro), compared to a negative net financial position of 33,776 thousand Euro as at 31 December 2016 (liquid assets of +14,340 thousand Euro and net financial liabilities of -48,116 thousand Euro).
The significant improvement (+47.5%) was exclusively due to strong operating cash-flow generation, related to the optimal economic result of the year, particularly in the gas purification, Nitinol for medical devices, and getter components for electronic devices sectors.

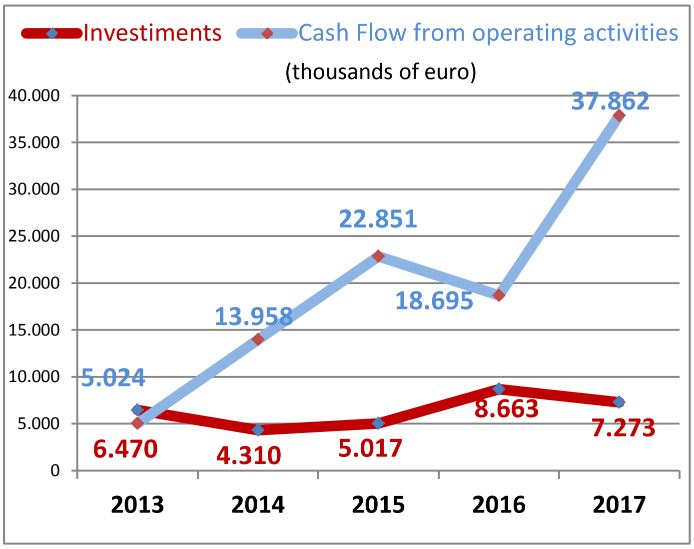


The operating cash-flow more than offset the disbursement for dividends paid by the Parent Company during the year (amounting to 12,250 thousand Euro, included in financing activities) as well as the disbursements for investments (in particular, purchase of tangible and intangible assets of 7,651 thousand Euro and a capital injection into the Actuator Solutions GmbH joint venture of 1,000 thousand Euro).
The exchange rate effect was negative and equal to around 1 million Euro, mainly due to the negative effect of the devaluation of the US dollar on cash balances denominated in dollars, only partially offset by the positive effect on the debt denominated in the same currency and held by the US subsidiaries.

The chart below shows the **quarterly performance of the net financial position** during the last two financial years.



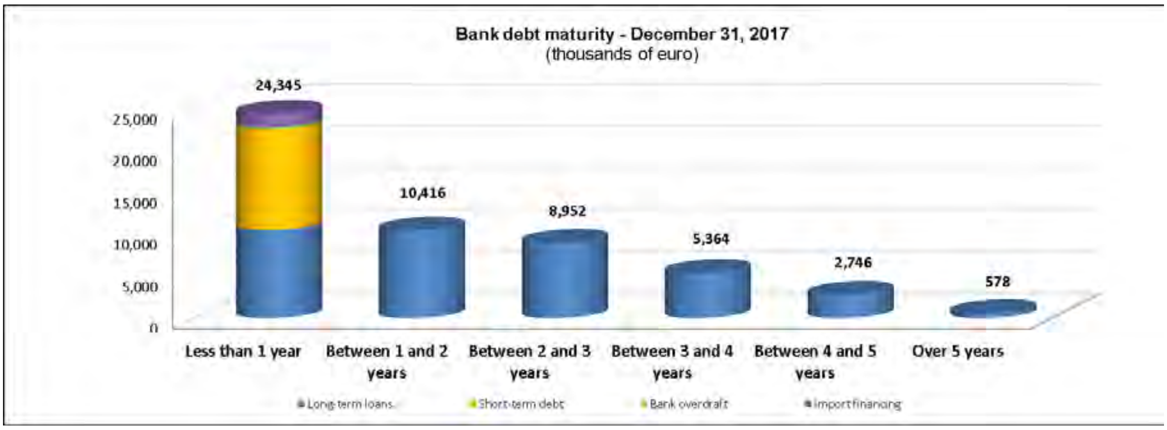
The chart shows cash outlay in the second quarter of 2017 which is almost entirely due to the payment of dividends in May 2017.
In the following two quarters, the net financial position gradually improved, thanks to the generation of operating cash and the ratio of net debt to EBITDA fell to 0.35 at the end of 2017.

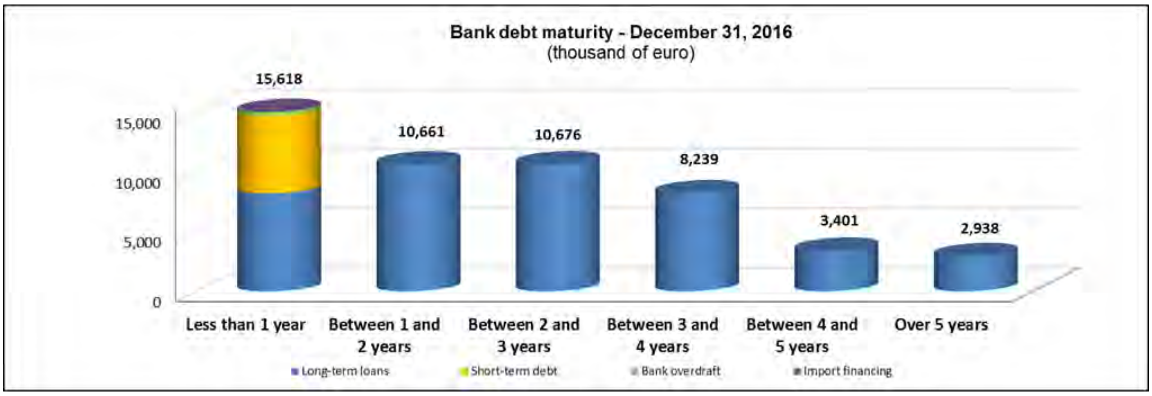


Cash flow from operating activities was positive at 37,862 thousand Euro (16.4% of consolidated net sales), more than twice the figure 18,695 thousand Euro for 2016 (9.9% of turnover), due to cash flows generated primarily in the purification, Nitinol for medical devices, and getter components for electronic devices sectors. **Net working capital** was characterized by substantial stability compared to the end of the previous year: the increase in inventory of the gas purification business and at the Parent Company's Avezzano plant, in view of early 2018 deliveries, was largely offset by a reduction in the trade receivables of the subsidiary SAES Pure Gas, Inc.

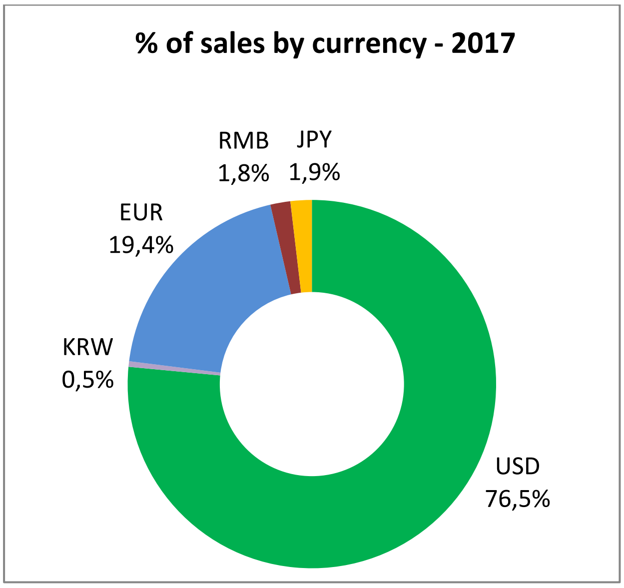
In 2017, disbursements for **investments in tangible assets** was amounted to 7,273 thousand Euro, compared with 8,663 thousand Euro in the previous year. Investments in intangible assets were not significant (378 thousand Euro compared to 202 thousand Euro in 2016). For further details on the capital expenditure of the year, see Notes no. 14 and 15.
Also with regard to investments, there was a capital injection into the joint venture Actuator Solutions GmbH of 1,000 thousand Euro and a payment for the earn-out related to the technological upgrading of the purification business carried out during 2013 (364 thousand Euro).

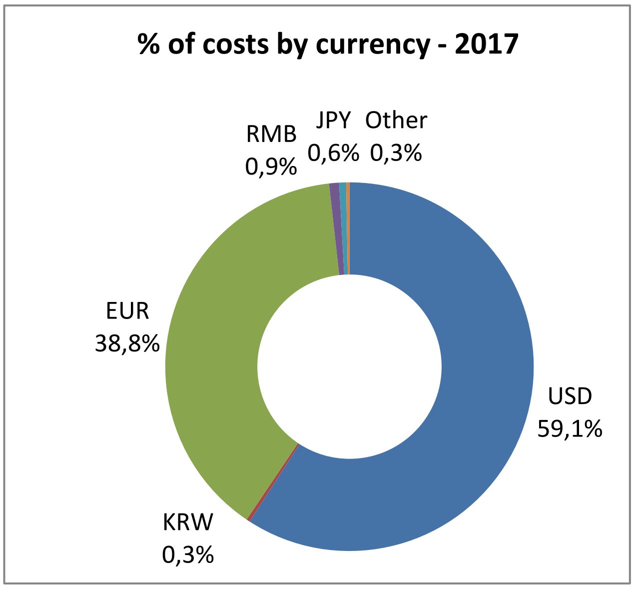
The following chart shows the maturities of consolidated bank debt as at 31 December 2017 compared with the end of the previous year.



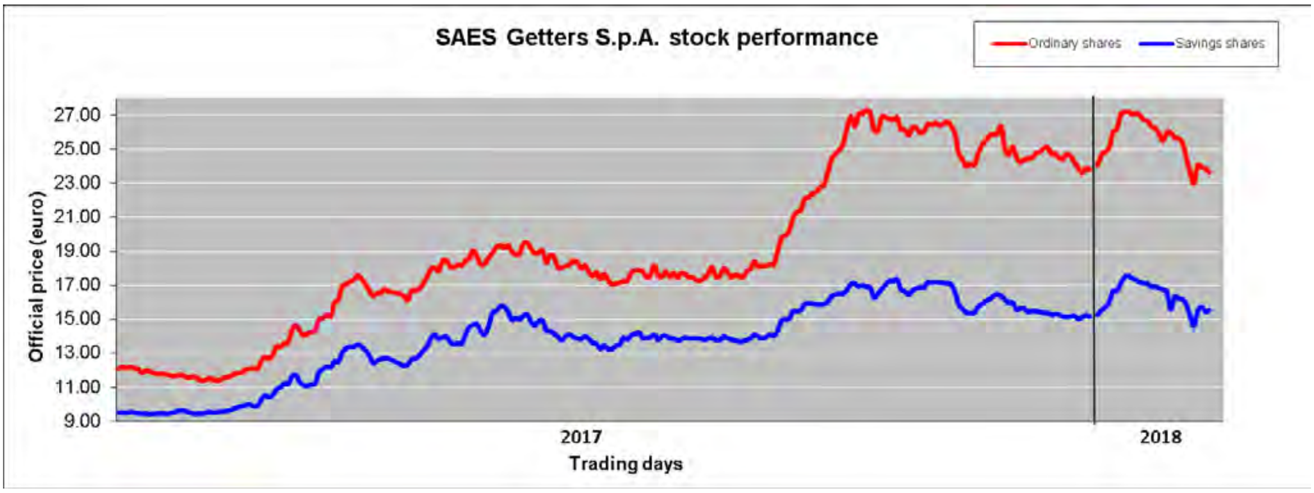


The following diagrams indicate the composition of net sales and costs (cost of sales and operating expenses) by currency in 2017.





The trend in the official price for ordinary and savings shares during the year 2017 and the first months of 2018 is given below.



The value of ordinary shares, listed on the STAR segment of Mercato Telematico Azionario of Borsa Italiana, increased by 96.7% in 2017, while the saving shares recorded an increase in value of 59%, compared with an increase of 11.7% recorded by the FTSE MIB index, and an increase of 32.1% recorded by the FTSE Italia Star index.

The following table shows the main accounting ratios.

Ratios		2017		2016	2015
Operating income/Total net sales	%	17.3		13.8	12.3
Income before taxes/Total net sales	%	15.4		11.4	10.7
Net income from continued operations/Total net sales	%	6.0		7.4	5.3
Net income from continued operations/Average shareholders' equity (ROAE)	%	12.1		11.7	7.8
Research expenses/Total net sales	%	7.0		7.9	8.3
Depreciation of tangible assets/Total net sales	%	3.2		3.8	4.3
Cash flows from operating activities/Total net sales	%	16.4		9.9	13.8
Taxes/Income before taxes	%	61.2	(**)	35.0	50.5
Total net sales/Average number of employees (*)	k euro	214		186	177
Accumulated depreciation/Tangible assets	%	73.6		71.8	71.1

(*) Calculated without considering the employees of the joint ventures, evaluated using the equity method.
(**) The income taxes included a write-off attività for deferred tax assets on tax losses carried forward of Parent Company equal to 10,770 thousand euro. Excluding this write-off, the ratio was equal to 31.0%.

Performance of SAES Getters S.p.A. subsidiaries in 2017

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

The company reported consolidated revenues of 117,476 thousand USD in 2017 (104,025 thousand Euro at the average 2017 exchange rate), compared to 90,443 thousand USD (81,708 thousand Euro at the average 2016 exchange rate) in the previous year and a consolidated net income of 10,168 thousand USD (9,004 thousand Euro), compared to a consolidated net income of 4,592 thousand USD (4,148 thousand Euro) in 2016.

Further notes are provided below.

The US parent company ***SAES Getters USA, Inc.***, which operates primarily in the Industrial Applications Business Unit, ended 2017 with recorded sales of 15,162 thousand USD, essentially unchanged compared to 2016 (sales of 15,205 thousand USD in the previous year).
The company achieved net income of 10,168 thousand USD, compared with 4,592 thousand USD in 2016: the strong growth (121.5%) was mainly due to higher profits as a result of the recognition in net equity of the equity investment in the subsidiary SAES Pure Gas, Inc., which ended the year more than doubling its profits compared with the previous year, and an increase in gross profit margins, which was driven, in turn, by the percentage weight of production compared with distribution. Finally, it should be noted that the 2016 result was penalized by the cost of concluding a settlement agreement for the resolution of an environmental dispute related to allegedly harmful emissions of mercury in the Onondaga Lake (1,250 thousand USD).

The subsidiary ***SAES Pure Gas, Inc.*** based in San Luis Obispo, CA (USA), which is active in the Pure Gas Handling Business, achieved sales of 94,652 thousand USD, up by 39.8% compared to 67,708 thousand USD in the previous year, and a net income of 7,792 thousand USD (against a net income of 3,102 thousand USD as at 31 December 2016). The strong improvement in the result is due to a growth in sales (driven by investment in microprocessors plants in Asia) and related economies of scale, which more than offset higher sales costs (in particular, higher transport costs and higher fees paid to the subsidiary SAES Getters Export, Corp.), and higher chargebacks for Parent Company services.

The subsidiary ***Spectra-Mat, Inc.***, Watsonville, CA (USA), operating in the Sintered Components for Electronic Devices & Lasers Business, achieved revenues of 7,662 thousand USD in 2017, compared to

7,530 thousand USD in the previous year, and a net income of 987 thousand USD, a strong increase compared to a net income of 574 thousand USD in 2016. The improvement in the company's performance was related to higher sales in the emitter sector and in the thermal management segment, and a more favourable mix, characterized by lower raw material absorption.

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

This company, which is owned directly by SAES Getters S.p.A., operates with the object of managing the exports of all the US Group's companies.
In 2017 it achieved a net income of 17,339 thousand USD (15,353 thousand Euro), up by 41.8% compared to the previous year (12,228 thousand USD, equal to 11,047 thousand Euro) mainly due to the higher commission received by the subsidiary SAES Pure Gas, Inc., which has significantly increased its business abroad in 2017.

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

The company manages the commercial activities of the Group in the People's Republic of China.
SAES Getters (Nanjing) Co. Ltd. ended 2017 with revenues of 47,816 thousand RMB (6,270 thousand Euro), up by 25.9% compared to 37,983 thousand RMB (5,166 thousand Euro) in the previous year, due to the higher commission income collected from the associated company SAES Pure Gas, Inc. for commercial assistance to the latter for sales of purifiers in the Chinese market. The increase in sales, together with the higher dividends received by SAES Getters International Luxembourg S.A. (in which SAES Getters (Nanjing) Co., Ltd. owns a 10% stake), enabled the company to end the current period with a net income of 15,162 thousand RMB (1,988 thousand Euro), a considerable increase compared to 4,488 thousand RMB (610 thousand Euro) in the previous year.

MEMRY GmbH in liquidation, Weil am Rhein (Germany)

The company manufactures and markets shape memory alloy components for both medical and industrial applications in the European market. In 2017 it completed the transfer of all its manufacturing and sales activities to other Group companies and recorded non-recurring costs of 303 thousand Euro[10] (in particular, personnel severance costs of 116 thousand Euro and asset write-downs costs of 187 thousand Euro). The liquidation process of the German subsidiary commenced on 1 October 2017 and it is expected to be completed by the end of 2018.
Memry GmbH achieved revenues of 3,562 thousand Euro in 2017, compared to 7,519 thousand Euro in the previous year. The decrease in sales is closely related to the aforementioned transfer of the production and commercial activities. Net profit for 2017 was €3,141,000, up compared with €418,000 in the previous year, due to income from the aforementioned infra-group transfers.[11].

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

The company, 100% owned by SAES Getters S.p.A., has as its corporate object the design, manufacture 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 object, on 5 July 2011, the company established the joint venture Actuator Solutions GmbH together with the German group Alfmeier Präzision (for further details on the joint venture, see the next paragraph and Notes no. 8 and 15 to the Consolidated financial statement).
SAES Nitinol S.r.l ended the current year with a net loss of 800 thousand Euro compared to a loss of -8,520 thousand Euro in 2016. As at 31 December 2016, the equity investment in Actuator Solutions GmbH had been fully written off and this write-off (amounting to 8,400 thousand Euro) was mainly due to the loss incurred in the previous year. In 2017, following the continuing negative net result in Actuator

---

[10] The extraordinary expenses recorded in 2017, equal to 303 thousand Euro, were added to those recorded in the previous year and equal to 1,258 thousand Euro.
[11] As this is intra-company income, it should be noted that it is not recognised at the consolidated net profit level.

Solutions, the equity investment was further written down by one million Euro[12], the cost being only partially offset by interest income accrued on interest-bearing loans income granted to the joint venture.
See the section entitled "Significant events in 2017" and Note No. 19 for a description of the various additional tranches of financing granted by SAES Nitinol S.r.l. to Actuator Solutions GmbH, and repayments received by the latter during the current year.

Finally, note that on 15 March 2017, SAES Getters S.p.A. approved the partial waiver of a financial receivable from SAES Nitinol S.r.l. for the sum of 8,380 thousand Euro in favour of SAES Nitinol S.r.l., equal to the difference between the total loss (-8,520 thousand Euro) recorded by SAES Nitinol S.r.l. in 2016 and the loss estimated for the same year at the beginning of 2016 (-140 thousand Euro), already covered by the payment made by the Parent Company on 14 March 2016. At the same time, the Parent Company resolved a further capital contribution in cash equal to 140 thousand Euro in favour of SAES Nitinol S.r.l., to cover possible future losses.

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

The company, born as a spin-off supported by the National Research Council (CNR), has as its object the development of functional materials for applications in Organic Electronics and in the Organic Photonics, as well as the development of integrated organic photonic devices for niche applications.
The company operates exclusively as a research centre for the said development activities. Until 26 February 2016 it was 96% controlled by the Parent Company. On that date SAES Getters S.p.A. acquired the residual 4% of the share capital from the minority shareholder and it is now the sole shareholder of E.T.C. S.r.l.
Following a review of development prospects and the financial sustainability projections of the OLET (*Organic Light Emitting Diodes*) research project, the project was suspended during the current year and, on 16 November 2017 the General Shareholders' Meeting of E.T.C. S.r.l. approved the premature dissolution and liquidation of the company. The liquidation process is expected to be completed by the end of 2018 and has resulted in a negative severance provision of 174 thousand Euro.
Despite these severance costs, E.T.C. S.r.l. ended 2017 with a net loss of 799 thousand Euro[13], substantially lower than the €2,202,000 loss recorded in 2016 due to lower consultancy costs incurred either incurred directly or by the Parent Company and re-charged to E.T.C. S.r.l.
Finally, it should be noted that on 15 March 2017, SAES Getters S.p.A. approved a payment to E.T.C. S.r.l. of 768 thousand Euro, amounting to the difference between the total loss (2,218 thousand Euro[14]) recorded by E.T.C. S.r.l. in 2016 and the loss estimated for that same year at the beginning of 2016 (-1,450 thousand Euro) and already covered by the payment made by the Parent Company on 14 March 2016. At the same time, the Parent Company provided for a further capital contribution of 1,450 thousand Euro to cover expected losses for the year 2017.

METALVUOTO S.p.A. – Roncello, MB (Italy)

On 10 October 2016 SAES Getters S.p.A. acquired from Mirante S.r.l. a majority interest (70%) in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza. The company is a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. As a result of this acquisition, SAES, which has already cooperated with Metalvuoto S.p.A. in the testing of the application of SAES' functional polymer composites on the plastic films for food preservation made by Metalvuoto S.p.A., intends to compete in the "smart" food packaging sector, entering the market with a complete and innovative range of products, through the development of high performance active plastics, characterized by transparency, biocompatibility and a reduced environmental impact. Note that, given that a put option[15] exists for the minority shareholder for the

---

[12] It should be noted that this write-down coincides with the capital payment made by SAES Nitinol S.r.l. on 21 December 2017 (for further details, please see the "Significant events in 2017" section.
[13] Result taken from the report prepared for the purposes of consolidation according to International Accounting Standards.
[14] According to the National Accounting Principles.
[15] As reported in the "Subsequent Events" section, on 26 February 2018, SAES Getters S.p.A. exercised the call option over the remaining 10% of the share capital of Metalvuoto S.p.A.

remaining 30% of the share capital, the company is 100% consolidated without recognition of minority interests, as of the date on which the Group acquired control (i.e. 10 October 2016).
Metalvuoto S.p.A. achieved net sales of 12,445 thousand Euro in 2017 and a net loss of 371 thousand Euro due mainly to increased staff costs (particularly in the sales and research & development departments), as well as difficulties in obtaining raw nylon materials, which had a negative impact on gross profit margins.
Finally, note that on 10 March 2017, the Board of Directors of Metalvuoto S.p.A. resolved to propose to SAES Getters S.p.A. and Mirante S.r.l. a payment of 302 thousand Euro for the purpose of repaying the loss recorded in 2016[16] and the reconstitution of the share capital of 100 thousand Euro, which had been completely eroded by the loss. The payment was made by each shareholder in proportion to its shareholding.
Shareholders were then obliged to make additional capital payments, due to the losses of Metalvuoto S.p.A. during 2017. For details see the paragraph entitled "Significant events in 2017".

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

The company's main objects are the management and the acquisition of investments, optimal liquidity management, the grant of infra-group loans and the coordination of the Group services.
In 2017, the company recorded net income of 4,668 thousand Euro, compared with 2,982 thousand Euro in 2016. The improvement was due to higher dividends received from the subsidiaries SAES Smart Materials, Inc. and Memry Corporation, which were only partially offset by the partial write-down of the equity investment in Flexterra, Inc. (-2,479 thousand Euro) to bring the latter's value into line with the share (33.79%) of net assets of the joint venture.

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., while the remainder of the capital stock is held directly by the Parent Company SAES Getters S.p.A. In 2011 the company ceased production and now operates exclusively as a distributor in the Korean market of products manufactured by other Group companies.
In 2017, the company recorded turnover of KRW 1,444 million (1,132 thousand Euro), up on the KRW 1,180 million (919 thousand Euro) last year, due to higher sales, predominantly in the electronic device and security and defence sector businesses.
The period ended with a net loss of 337 million KRW (-264 thousand Euro), compared to a loss of 442 million KRW (-344 thousand Euro) in 2016. The improvement in the result was due to an increase in revenues and the foreign exchange gains deriving from the conversion of the financial receivable in Euro that the Korean subsidiary claims from the Parent Company following the devaluation of the Korean won against the Euro.

The company ***SAES Smart Materials, Inc***., based in New Hartford, NY (USA), active in the development, production and sale of Nitinol shape memory alloy semi-finished products, recorded revenues of 17,082 thousand USD (15,126 thousand Euro) in 2017, up by 5.9% compared to 16,125 thousand USD (14,568 thousand Euro) in 2016. Due to the worsening gross profit margin, which was penalised by a more concentrated sales mix which absorbed more raw materials and direct employment, the period ended with net income of 3,924 thousand USD (3,474 thousand Euro), down 6.3% compared with 4,186 thousand USD (3,781 thousand Euro) in 2016.

Memry Corporation, Bethel, CT (USA), is a technological leader in the sector of new-generation medical devices of high engineering value, made of Nitinol shape memory alloy.
On 17 July 2017, the Germany branch of Memry Corporation, named *Memry Corporation Zweigniederlassung Deutschland* (based in Fribourg) was established to manage sales and representation

[16] The loss for the entire 2016 resulting from the financial statements prepared in accordance with the National Accounts Standards was equal to -1,920 thousand Euro.

activities in Europe following the aforementioned liquidation of Memry GmbH. Therefore, at 31 December 2017 the company's result also includes the costs of the branch, from the date of incorporation until the year-end.
In 2017, the company posted sales of 65,012 thousand USD (57,569 thousand Euro), up (14.7%) on the previous year (56,696 thousand USD or 51,220 thousand Euro), distributed over various product lines and final applications. Net profit stood at 10,431 thousand USD (9,237 thousand Euro), which also rose (+54.7%) compared with a profit of 6,744 thousand USED (6,092 thousand Euro) last year, thanks to an increase in sales, increased production efficiency, and a reduction in fixed costs.

Performance of the joint venture companies in 2017

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is jointly owned with 50% stakes 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.[17], is focused on the development, production and commercialization of actuators using shape memory alloys in place of the engine.

Actuator Solutions recorded net revenues of 27,075 thousand Euro in 2017, up by 45.2% compared to 18,642 thousand Euro in 2016. This increase was attributable both to the increase of sales in its traditional comfort seat business (valves exploiting the SMA technology and used in lumbar control systems of the seats of cars), and to the contribution of the segment of autofocus (AF) systems for high-end action cameras (which recorded revenues of 4,548 thousand Euro in 2017). The development of AF devices for mobile phone focus mechanisms continued intensively in 2017.
The net result of 2017 was negative, amounting to -4,093 thousand Euro, compared to a loss of -6,747 thousand Euro in 2016. This loss included extraordinary costs of around 1.4 million Euro, related to a re-organization process which started in Germany at the end of 2016 and continued in 2017, also at the Taiwanese subsidiary, with the closure of the factory in Zhubei, the outsourcing of production activities, and a progressive focus on research & development activities.
Net of restructuring costs, the net loss of Actuator Solutions amounted to -2,673 thousand Euro, fully concentrated in the Taiwanese subsidiary, which in the first part of the year suffered from the production inefficiencies that are normal in the initial phase of advanced manufacturing production, but the company almost reached the operating breakeven in the second half of the year.

(thousands of euro)

Actuator Solutions	2017	2016
	100%	**100%**
Total net sales	27,075	18,642
Cost of sales	(24,467)	(20,318)
Gross profit	**2,608**	**(1,676)**
% on sales	*9.6%*	*-9.0%*
Total operating expenses	(5,382)	(5,345)
Other income (expenses), net	(7)	127
Operating income (loss)	**(2,781)**	**(6,894)**
% on sales	*-10.3%*	*-37.0%*
Interest and other financial income, net	(709)	(309)
Foreign exchange gains (losses), net	(460)	243
Income taxes	(143)	213
Net income (loss)	**(4,093)**	**(6,747)**

[17] Established in September 2016 in the Republic of China, and whose corporate aim is the technological development and sale of actuators for the mobile market.

The share of the SAES Group in the result of this joint venture in 2017 amounted to -2,047 thousand Euro (-3,373 thousand Euro in the previous year), but the negative evaluation of the investment using the equity method entered into the income statement was lower, amounting to -1,000 thousand Euro[18], since, in accordance with the IAS 28 standard, the additional losses subsequent to the zeroing of the consolidated shareholding were not recognized, as there is currently no legal or implicit obligation on the SAES Group to recapitalize Actuator Solutions.

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

SAES RIAL Vacuum S.r.l., established in late 2015, is jointly controlled by SAES Getters S.p.A (49%) and Rodofil s.n.c. (51%). The company specializes in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders, and combines the skills of SAES at the highest level in the field of materials, vacuum applications and innovation, with the experience of Rodofil in the design, assembly and fine mechanical production, with the objective of offering products of absolutely excellent quality and of successfully competing in international markets.

SAES RIAL Vacuum S.r.l. ended 2017 with sales of 2,433 thousand Euro and a net income of 323 thousand Euro. In 2017, the company, after a first semester in which it still generated an operating loss, registered a gross margin of 39.9% in the second half of the year, very similar to that of the SAES Group, due to the increased revenues and the relevant economies of scale.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	2017	2016
	100%	100%
Total net sales	2,433	1,578
Cost of sales	(1,847)	(1,522)
Gross profit	**586**	**56**
% on sales	*24.1%*	*3.5%*
Total operating expenses	(344)	(274)
Other income (expenses), net	104	(49)
Operating income (loss)	**346**	**(267)**
% on sales	*14.2%*	*-16.9%*
Interest and other financial income, net	(21)	(15)
Foreign exchange gains (losses), net	0	0
Income taxes	(2)	2
Net income (loss)	**323**	**(280)**

The share of the SAES Group in the net income of this joint venture amounted to 158 thousand Euro in 2017 (compared to a negative figure of -137 thousand Euro in the previous year).

FLEXTERRA, Inc., Skokie, IL (USA)

Flexterra was born from a technological partnership established in previous years by SAES and the US company Polyera in the field of flexible thin film transistors for new generation displays. In particular, Flexterra, based in Skokie (close to Chicago, Illinois, USA) is a newco established at the end of 2016 by SAES (through its subsidiary SAES Getters International Luxembourg S.A.) and by some former shareholders and investors in Polyera. The object of the newco is the design, manufacture and marketing of materials and components for the manufacture of truly flexible displays, with an enormous application potential in various market sectors.
As of 10 January 2017, Flexterra, Inc. fully controls the newly established company Flexterra Taiwan Co., Ltd.

[18] Note that the investment was already reduced to zero as at 31 December 2016 and that the loss recorded in 2017, equal to -1,000 thousand Euro, corresponds to the capital injection made by SAES Nitinol on 21 December 2017.

As at 31 December 2016, SAES held a 34.66% stake in the share capital of Flexterra Inc. As of 31 December 2017, this stake had decreased to 33.79%, as a result of the cash contribution made, in the first semester of the current year, by other shareholders who are former investors in Polyera.

The newco, that classes itself as a joint venture, is a development start-up that generated operating costs of around 5 million Euro in 2017 (mainly costs for employees in research activities and general and administrative activities, as well as amortization relating to intangible assets - in particular, patents - conferred by Polyera at the date of its establishment, together with to consultancy fees).

(thousands of euro)

Flexterra	2017
	100%
Total net sales	29
Cost of sales	(3)
Gross profit	**26**
% on sales	*89.7%*
Total operating expenses	(4,924)
Other income (expenses), net	(147)
Operating income (loss)	**(5,045)**
% on sales	*n.a.*
Interest and other financial income, net	7
Foreign exchange gains (losses), net	92
Income taxes	136
Net income (loss)	**(4,810)**

The share of the SAES Group in the result of this joint venture amounted to -1,626 thousand Euro in 2017.

The following table shows the **Total Group's statement of profit or loss**, achieved by incorporating with the Group's joint venture by the proportional method instead of the equity method[19].

(thousands of euro)	2017							
	Consolidated statement of 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 Group's statement of profit or loss
Total net sales	**231,078**	**13,538**	**(829)**	**1,192**	**(50)**	**10**		**244,939**
Cost of sales	(127,468)	(12,234)	829	(905)	50	(1)		(139,729)
Gross profit	**103,610**	**1,304**	**0**	**287**	**0**	**9**		**105,210**
% on sales	*44.8%*							*43.0%*
Total operating expenses	(63,624)	(2,691)		(169)		(1,664)	0	(68,148)
Other income (expenses), net	(6)	(4)		51		(50)		(9)
Operating income (loss)	**39,980**	**(1,391)**	**0**	**169**	**0**	**(1,705)**	**0**	**37,053**
% on sales	*17.3%*							*15.1%*
Interest and other financial income, net	(662)	(354)		(10)		2		(1,024)
Income (loss) from equity method evalueted companies	(2,468)		1,000		(158)		1,626	0
Foreign exchange gains (losses), net	(1,162)	(230)		0		31		(1,361)
Income (loss) before taxes	**35,688**	**(1,975)**	**1,000**	**159**	**(158)**	**(1,672)**	**1,626**	**34,668**
Income taxes	(21,828)	(72)		(1)		46		(21,855)
Net income (loss) from continued operations	**13,860**	**(2,047)**	**1,000**	**158**	**(158)**	**(1,626)**	**1,626**	**12,813**
Income (loss) from assets held for sale and discontinued operations	0	0		0		0		0
Net income (loss) before minority interest	**13,860**	**(2,047)**	**1,000**	**158**	**(158)**	**(1,626)**	**1,626**	**12,813**
Net income (loss) pertaining to minority interest	0							0
Net income (loss) pertaining to the Group	**13,860**	**(2,047)**	**1,000**	**158**	**(158)**	**(1,626)**	**1,626**	**12,813**

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

In relation to article 36 of the Consob Market Regulation no. 16191 dated 10/29/2007, concerning conditions for the listing of shares of companies with control over companies established or regulated under the law of non-EU countries, which are significant for the purposes of the consolidated financial statements, note that (i)

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

the Group companies listed below come within the terms of this regulatory provision, (ii) appropriate procedures have been adopted to ensure the full compliance with the aforementioned regulations, and (iii) the conditions laid down in the said article 36 pertain.

The following companies are considered given that, as of 31 December 2017, they exceed the individual significance parameters established in article 151 of the Regulation on Issuers:
- SAES Getters USA, Inc. – Colorado Springs, CO (USA);
- SAES Pure Gas, Inc. – San Luis Obispo, CA (USA);
- Spectra-Mat, Inc. – Watsonville, CA (USA);
- SAES Smart Materials, Inc. – New Hartford, NY (USA);
- Memry Corporation – Bethel, CT (USA);
- SAES Getters Export, Corp. – Wilmington, DE (USA);
- SAES Getters (Nanjing) Co., Ltd. – Nanjing & Shanghai (P.R. of China).

Research, Development and Innovation activities

In 2017, research and development expenses totalled 16.1 million Euro, a slight increase in absolute value compared with 14.9 million Euro in 2016, but a decrease in percentage terms vis-a-vis consolidated net sales (7% in 2017, compared with 7.9% in the previous year), thanks to strong growth.

In 2017, the laboratory saw organic materials being widely used in the development of lacquers for film coating, in particular a lacquer capable of absorbing ethylene, subsequently tested by Metalvuoto S.p.A. to verify its usability in the industrial process. Samples of films were then characterised internally by the SAES laboratory to measure their gas absorption characteristics, and then tested by external laboratories to verify their compatibility in the food packaging industry. All the tests were positive; therefore, ethylene-absorbing active film was the first product developed during 2017.
Ethylene is a gas given off by certain vegetables and fruits, which has the effect of accelerating the maturation process. Non-integrated absorption systems for packaging are already on the market. They comprise strips of absorbent material contained within the packaging, but they are not very popular with end consumers. In particular, to keep fresh strawberries, which are very susceptible to deterioration due to the action of ethylene, these non-integrated absorption solutions are used in certain geographic markets, such as England.
The first samples of SAES film were field tested for packaging late strawberries harvested in September and the tests provided positive feedback in terms of prolonging shelf life. The tests will be repeated during the spring harvest. External collaborations with leading Italian universities also allowed us to verify the beneficial effect of removing ethylene on the organoleptic and nutritive characteristics of fresh food.
A second line of activity involves the improvement of a lacquer previously developed by Metalvuoto S.p.A. with the aim of making it compatible with the pasteurisation and sterilisation processes, which are very widespread in the food industry.
Tests for deposition of the SAES lacquers on compostable substrates, i.e. substrates not derived from oil, were commenced at Metalvuoto S.p.A.; these tests were positive in terms of both barrier and mechanical characteristics. Tests will continue on other substrates.
During 2017, in collaboration with potential suppliers, the organic materials laboratory also worked on developing a pilot line that would allow the testing of various lacquers and the development of thin film deposition technologies. The line, which will be ordered at the beginning of 2018, will enable products to be developed much faster, under the same operating conditions as the industrial line, but on a much smaller scale.

In the field of organic materials, the laboratory was involved in the preparation of sophisticated formulations which the Flexterra subsidiary, as part of an important collaboration with a final user, is using to develop *OTFT* (*Organic Thin Film Transistor*) i.e. flexible devices for future flexible electrophoretic displays. Development of these devices should be completed by 2018, before moving on to the industrialisation stage, which would see the Group involved in supplying increasing volumes of these organic materials. The formulations produced by SAES were successfully tested by the end user and the tests carried out with sufficient quantities of material to ensure mass production were successful.

The company also resumed development of new organic matrix getters for OLED applications during 2017. This activity is in line with recent developments in OLED technology, which aim to use inks for production. The laboratory developed AqvaDry®-Ink, a development of the transparent organic getter developed in the past for the same application. In addition, the characteristics of other products, including FlexGloo, which can be used in passive matrix OLED, were improved.

In the *Shape Memory Alloys* field, the metallurgical laboratory continued basic research into new alloy formulations, in particular formulations with a high processing temperature and zero-hysteresis. A material capable of operating at significantly higher temperatures than at present (the current limit is around 100°C) would open the way to important new applications in the automotive sector. These are very complex research activities, which require an enormous amount of testing, both in the laboratory and in the pilot line. The results are expected in mid-2018.

The *Vacuum Systems* laboratory has completed the development and characterisation of new *High Vacuum* pump models which will be launched on the market in early 2018.

Research and innovation activities in other sectors continued in the manner already outlined in the 2017 half-year report.

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

Group's main risks and uncertainties

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

Strategic risks

Industry risk

Some of the SAES Group's businesses are particularly sensitive to the performance of certain macroeconomic indicators (GDP trend, consumer confidence level, availability of liquidity, etc.). In particular, certain sectors such as, for example, large-scale physics projects, energy-efficient lighting, and defence market applications, were affected, in 2017, by the evolution of policy decisions on public investments.
The effect on the Group has been a decline in demand for getter solutions for fluorescent lamps and the postponement of a number of research projects, involving the use of vacuum systems. Instead, the sales of getters for the security & defence sector decreased compared with the previous year, despite the recovery in public investment in this area, due to a number of major clients adjusting their inventories.
Also the Pure Gas Handling Business is particularly exposed to the cyclical nature of some of the markets in which the "Gas Purification" technology is used, first of all the semiconductors industry, which in 2017 was driven by investments in China aimed at providing the country with autonomous production capacity, in accordance with the *Made in China* 2025 guidelines.

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

With particular reference to the recalled example of the "Gas Purification" industry, in recent years the Group has seen a decrease, the fluctuation of revenues than in the past, thanks to the widening of the product range and to the characteristics of excellence of the proposed solutions.

Another external factor over which the Group has no control is the development of legislation in countries in which the Group sells its products or in countries that constitute end markets for SAES' customers. Legislation and the resulting operating practices are of particular importance in the industrial lamps business, where the market is often affected by environmental requirements, or with respect to applications for the medical business: for example, the indirect impact on customers who buy these applications as a result of welfare laws, or the frequent need for homologation by certain institutional bodies for customer products in which the Group's technologies (or the products themselves as components) are used. Not forgetting the fact that if the above homologation is obtained, but later than expected, this has the effect of delaying the payback of the Group's investments made to support the development and industrialisation of new products.
A further sector in which regulatory development may affect SAES' market outlets is the packaging industry. The functional polymer technology developed by SAES enables the development of recyclable plastic films and also makes it possible to use non-oil-based - and therefore compostable - plastic films. The use of these materials in the market is therefore sensitive to the introduction of more stringent eco-sustainability standards, at a time when the public is paying more and more attention to the impact of plastic on the environment. The acceleration or large-scale implementation of these standards could have a positive impact on the timescales for affirming the Group's innovative products in the food packaging market.

SAES seeks to mitigate the risks associated with regulatory changes by monitoring legislative and macroeconomics trends where possible, with the aim of anticipating the effects of any changes and keeping the focus on product development activities, so as to be able to innovate the product range when needed and to anticipate market trends; as mentioned above, the aim is also to respond rapidly by adapting the production structure through the engineering departments.

Another factor that may affect the Group is customs duties (e.g. on metals), as a result of global trade tensions and the lack of cooperation between national governments and supranational structures (e.g., tensions between the US Government and the European Union), which could potentially affect the sectors in which the Group operates and could have an impact on SAES products.

In order to mitigate risk, the Group continuously monitors the market, seeking – where possible – alternative sources of supply to existing ones.

Competition risk

The Group is active in the upstream segment of the value chain and the production process of the industrial sectors in which it operates (B2B, i.e. Business-to-Business), often as tier 2 or 3, and thus it does not sell to end consumers. This decreases the SAES Group's ability to anticipate and steer development of the end demand for its products, which depends more on the success and ability of its customers.
Aggressive competitors have emerged in recent years and these competitors target customers and industries that are more price-sensitive and more mature, with the consequent risks of reduced margins.

The SAES Group has adopted various response strategies to deal with these risks. In particular, where possible and in accordance with current regulations, long-term supply agreements are being entered into; by developing new solutions and services, the company offers new, higher quality products and is focused on the repositioning of the product range along various parts of the value chain.
In addition, as mentioned above, the Group aims to diversify its target markets in order to reduce its dependence on markets characterised by an increasing levels of competition.
In parallel, the Group has continued its market researches aimed at anticipating the development of demand, including through alliances and agreements with leading specialised study centres.
Finally, with the development of its Actuator Solutions and SAES RIAL Vacuum S.r.l. joint ventures, the Group intends to pursue the goal of repositioning itself in the value chain, moving from the production of

simple components to the production of more complex devices, actual systems that can be sold directly to their end users, with the ability, thanks to its greater proximity to customers, to better take on the competition.

Risks related to technological and technical trends

A typical risk of the companies that operate in the consumer electronic industry is the rapid technological obsolescence of applications and technologies in the market. As mentioned above, the replacement of one technology or particular specifications of a product by another is also driven by regulatory changes in target countries. In particular, during the year, the fluorescent lamps market, in which the Group’s getter solutions are used, has been under stress, penalised by the technological competition of LED lamps.

This risk is mitigated through constant market analysis and the screening of emerging technologies, to identify new development opportunities and to avoid being caught unprepared by the phenomenon of technological obsolescence.
In addition, as mentioned above, the Group seeks to reduce its dependence on a single industry/application by diversifying the markets in which it operates.

Risks of catastrophic events

This risk relates to the possible of occurrence of accidents or natural events (natural disasters, terrorism, earthquakes, etc.) that can lead to the damage or destruction of industrial facilities and, therefore, may have an impact on business continuity.

The risk represented by some of the Group's production plants being in earthquake-prone areas (for example, Abruzzo and California) is managed by adopting specific risk mitigation mechanisms, such as the adoption of certified anti-seismic plants; specific emergency management procedures; periodic checks on plants by the competent bodies; taking out insurance policies to insure company assets and against business interruption in the Italian plants and foreign production plants of associates; employee evacuation drills.

Operational risks

Uncertainty concerning the success of research and development projects

The SAES Group, both on its own initiative or in cooperation with its customers and partners, works with the aim of developing innovative products and solutions, which are often on the “cutting edge” and designed to generate long-term revenues.
The risk of failure does not depend solely on our ability to provide the requested products in the forms, within the timescales and on budget. SAES has no control over its customers’ ability to implement the content of their business plans nor over how long it takes for new technologies to take root in the market.
Examples include, but are not limited to, the emergence of competitive technologies that do not require the use of the Group’s products and know-how, or the development timeframe may be so long as to make it no longer profitable to continue the project, or in any case the time-to-market is delayed, with a negative effect on the return on the investment.

This risk is mitigated through periodic and structured reviews of the project portfolio managed by the Innovation Committee which, as part of its activities supporting the Chief Technology and Innovation Officer (CTIO), is responsible for: i) defining the priorities of research and development projects; ii) proposing the annual budget for research and innovation in terms of cost and time; iii) preparing plans and budget proposals to be submitted for approval by the Corporate Management Committee (CMC); iv) developing technological knowledge; v) evaluating and proposing new technological solutions; vi) developing and promoting a homogeneous and distinctive scientific approach for the various areas of the Group. Wherever and whenever possible, the Group seeks access to public funding, obviously only if it is intended to achieve goals that are perfectly consistent with the development project in question. The Group makes increasingly frequent use of “open” forms of cooperation with external centres of excellence in order to reduce development timeframes.

A further cause for the failure of the research and development projects lies in the difficulty in transferring their results to the industrialization stage and this may limit the ability to switch to mass production.

To mitigate this risk, the Group's organisation has promoted the proximity of the R&D and engineering departments, to encourage a greater interaction in managing the projects and to limit the delay in switching to mass production.

Protection of intellectual property

The SAES Group has always sought to develop original know-how and, where possible, to protect this know-how with industrial copyright, such as patents. It is increasingly difficult to defend patents, due to uncertainties relating to the legal systems of certain countries in which the Group operates.
The risks in question relate to the loss of market share and margins caused by counterfeit products, in addition to incurring enormous expense for lawsuits.

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

Risks associated with the definition of the business requirements

The rationalization of the Group's manufacturing and marketing structures implemented during the last few years and currently ongoing, has led to increasing polarization, between Italy, and in particular the Avezzano facility, being the sole manufacturing centre for traditional getter metal alloys, and the USA, with certain sub-specialised facilities, being the production base for pure gas purification materials, Nitinol raw material and SMA medical devices (stents). Instead, the training process for SMA wires for their use in industrial applications is carried out exclusively in the Parent Company's facility in Lainate. Finally, the active packaging business is concentrated in the production plant of the newly acquired Metalvuoto S.p.A. and product development will be supported by a new pilot line that will be installed in the neighbouring Lainate laboratories of SAES Getters S.p.A.
The primary risks are related to being a long way from certain customers, with a possible impact at the service level, in addition to an increase in transportation and insurance costs.

The Group has reacted by seeking to maintain service levels and being protective of its customers, through improved inventory management, tackling any peaks in production by using temporary workers, in order to improve its efficiency in fulfilling orders.

Moreover, as a result of the Group's above mentioned exposure to external factors, there is a risk of shortage in production capacity for specific markets/product lines, in the event of particularly positive unexpected changes in demand, to which the Group's plants may not be able to respond with the necessary speed.

To limit the potential effects of such risk, the Group has tried to increase integration between its sales departments and the operations department, in order to anticipate fluctuations in demand as far as possible and to intensively monitor the production process. In addition, the main plants have sought to maximise the flexibility of their structures, with particular regard to indirect activity centres. In the event of particularly high demand, the Group may consider adding production capacity via production sites other than its original production sites.

Risks related to dealings with suppliers

This risk relates to the possibility that the limited supply of key resources and/or difficulty in accessing such resources could jeopardize the ability to manufacture quality products at competitive prices and on time.
We believe that the Group's exposure to this risk is limited. Risk related to the procurement of the main raw materials used by the Group is low, even in periods of growing demand.

Nevertheless, the Group always seeks to diversify its supply sources (two supplier policy/ continual scouting for potential better suppliers) and, when possible, to enter into agreements with prices fixed over the medium/long-term, in order to mitigate the volatility of purchase prices.
We also intend to carry out checks on suppliers considered to be strategic for the businesses in which the Group operates, to assess their financial soundness and their reliability to supply quality raw/semi-finished products.

Risks related to customers concentration

This risk relates to the possibility that revenues for certain businesses are concentrated in a small number of customers, with the result that the Group's results are far too dependent on the financial and economic performance of these customers or on their strategic decisions: for example, the possibility that one or more customers decide to vertically integrate, within their plants, the production of semi-finished goods or components that they currently buy from the Group.

The Group seeks to mitigate the potential consequences of this risk as far as possible by widening its customer base, both through new prospects and diversifying the range of products offered to individual customers. In addition, the Group aims to strengthen partnerships with its major customers, also sharing, where appropriate, specific technical skills, within the constraints arising from the defence of its intellectual property and by seeking to obtain and renew medium and long-term contracts that ensure less volatility in terms of turnover and unit prices.

Transport risk

This risk is related to the transport of materials and products and the resulting deterioration of the relationship with the end customer.
The possible application of customs duties could have a negative impact on the receipt of goods by the customer (increased costs) and delays in shipping to customers located in foreign countries, resulting in deteriorating relationships.

To this end, the Group has adopted certain risk mitigation systems through the continuous monitoring of customs duties, the use of a number of shipping agents and the application of delivery terms suitable for and agreed with the customer, in order to strengthen the shipping process.

Risk of IT business continuity

This risk relates to the possibility of interruption of the IT systems, with an impact on production and/or the Group's activities, due to external or internal events and/or inadequate recovery plans.

In order to strengthen the current IT infrastructure, the Company has planned the implementation of a business continuity plan in relation to its IT systems. This process will include the formalisation of a specific disaster recovery procedure, aimed at defining roles, responsibilities and operating procedures for managing risk events that could potentially impact the operation of the Company’s IT systems.

<u>Financial and reporting risks</u>

Budget and planning risk

Frequent business changes such as tier 2 or 3, the subsequent organisational adjustment and reduced future visibility of the various businesses in which the Group operates, are risk events for the budget and planning process.

In order to mitigate this risk, the Group involves all the company departments in the budget and planning process and, under specific circumstances, relies on third-party assessments; in the event of changes in the assumptions originally used, it prepares and implements additional periodic reports, involving the various actors in the process.

Financial risks

The SAES Group is also exposed to certain risks of a financial nature, and in particular:
- *Interest-rate risk*, related to changes in interest rates, which may affect the cost of debt financing or the return on temporary cash investments;
- *Exchange-rate risk*, related to changes in exchange rates, which may affect the value of the Group's costs and revenues according to the currency of accounting transactions and may thus have an impact on the Group's economic performance; the value of exchange rates also affects the amount of financial receivables/payables denominated in currencies other than the Euro, with a potential effect both on economic performance and on the net financial position;
- *Risk of changes in prices of raw materials*, which may affect the Group's product margins if it does not succeed in incorporating such changes in the price agreed upon with customers;
- *Credit risk*, related to the solvency of customers and the ability to collect receivables;
- *Liquidity risk*, related to the Group's ability to raise funds to finance its operating activities, or to the capacity of sources of funding if the Group were to adopt strategic decisions involving some extraordinary expenditure (such as mergers & acquisitions or rationalisation, reorganisation and restructuring).

With reference to financial risk, the Board of Directors periodically re-examines and defines the relevant risk-management policies, as described in detail in Note no. 37, to which the reader may also refer for the related sensitivity analysis.

Subsequent events

In January 2018 the dispute with employees of E.T.C. S.r.l., made redundant on justified grounds on 31 October 2017, following the termination of their employment as a result of the liquidation of the company, was formally resolved. In particular, on 22 January 2018, a conciliation report was signed with the trade unions, in which the parties acknowledge that they have no further claims against each other. The financial obligation arising from this report is of the same value as the amount already set aside as provisions for risks and charges as at 31 December 2017 (174 thousand Euro).

On 30 January 2018 the independent auditors appointed by Memry Corporation concluded without censure their review of the company's compliance with the agreed conditions (an increase of the workforce at the Bethel site and average annual salary not below a predetermined threshold) for the transformation of 50% of the loan granted by the State of Connecticut (CT) at the end of 2014 to a non-repayable grant. In early March, the audit reports were forwarded to the relevant State authorities and the final authorization by the State of CT is dated 8 March 2018.
The contribution amounts to 1.4 million dollars, will be recorded in the first quarter of 2018 and will generate income in the income statement and an improvement in the net financial position.

On 12 February 2018 SAES Nitinol S.r.l. granted an additional tranche of 0.5 million Euro to Actuator Solutions GmbH for the loan signed on 28 November 2016.
Note that this loan, aimed at financially supporting the operating activities, expires on 30 April 2019 and provides for a flexible repayment schedule until the maturity date and a fixed annual interest rate of 6%. The relevant contract, which initially established an overall maximum of 4.5 million Euro, was appropriately amended to increase this value to 5 million Euro.
For further details on the loan and on the tranches previously distributed, see Note no. 19.

On 26 February 2018 SAES Getters S.p.A. exercised its call option for the purchase of the entire share capital of Metalvuoto S.p.A., already controlled by SAES with a 70% shareholding. With this transaction, SAES

acquired the remaining 30% of the shares from the minority shareholder Mirante S.r.l., for an agreed price of 75 thousand Euro. Note that that the consolidated financial statements of the SAES Group as at 31 December 2017, already included a financial payable of the same amount, related to the evaluation of the aforementioned option.
The acquisition of 100% of Metalvuoto S.p.A. will provide SAES with absolute strategic autonomy in the advanced packaging business, for applications mainly in the food sector.
Following the exercise of the call option by SAES, and the consequent departure of Mirante S.r.l. from the shareholding structure of Metalvuoto S.p.A., Mr Giovanni Ronchi, owner of Mirante S.r.l. and founder of Metalvuoto S.p.A., resigned as Chairman on the same date.
In addition, on 5 March 2018 SAES Getters S.p.A. submitted a purchase offer, accepted by the counterparty, for the property owned by Mirante S.r.l., and in which the headquarters and production facilities of Metalvuoto S.p.A. are located. The estimated purchase price is around 3.5 million Euro and the closing of this transaction is expected to take place by the end of the first half of 2018.

On 8 March 2018, the Board of Directors of Metalvuoto S.p.A. resolved to propose to the Shareholders' Meeting, convened on 5 April 2018, the establishment of an liquid reserve of around 3 million Euro, by means of a capital contribution from the Sole Shareholder SAES Getters S.p.A.
On the same day, the Shareholders' Meeting, also convened in an extraordinary session, will be called on to pass resolutions on a change of the company name to SAES Packaging S.p.A., for the purpose of greater market recognition.

In late 2016 SAES, through its subsidiary SAES Getters International Luxembourg S.A., undertook to transfer a further capital contribution of 4.5 million dollars to Flexterra, Inc., as well as material and immaterial assets (IP) of an estimated value around 3 million dollars, subject to the achievement by Flexterra of predetermined technical and commercial objectives (milestones, in particular the conclusion of a binding agreement for the commercialization of Flexterra products – milestone) no later than 31 March 2018. Following an amendment of the original agreement between the Shareholders of Flexterra, the deadline was recently postponed for a period of two months, until the end of July 2018, to enable the company to achieve the agreed milestone. If the objective is reached, following the aforementioned transfer, the shareholding in SAES in Flexterra will to rise to around 45%.

On 14 March 2018, SAES Getters S.p.A. resolved the partial renunciation of financial receivables from SAES Nitinol S.r.l. for the sum of 660 thousand Euro, equal to the difference between the total loss (-800 thousand Euro) of the subsidiary in 2017 and the loss estimated for the same year (140 thousand Euro) at the beginning of the year, which is already covered by the payment made by the Parent Company on 15 March 2017.

Business outlook

In the **first two months of 2018**, **consolidated net revenues** were equal to 39,695 thousand Euro, compared to 34,745 thousand Euro in the corresponding period of the previous year. Sales in the first two months, despite an overall increase (+14.2%), were strongly penalized by the exchange rate effect exclusively related to the depreciation of the US dollar (-4,843 thousand Euro, or -13.9% down in percentage terms). Net of the exchange rate affect, the organic growth amounted to +28.1%.

(thousands of euro)

Business	feb-18	feb-17	Difference	Difference %	Exchange rate effect %	Organic change %
Security & Defense	2,121	1,870	251	13.4%	-8.8%	22.2%
Electronic Devices	1,986	974	1,012	103.9%	-14.9%	118.8%
Healthcare Diagnostics	690	721	(31)	-4.3%	-5.8%	1.5%
Getters & Dispensers for Lamps	1,016	1,172	(156)	-13.3%	-5.2%	-8.1%
Thermal Insulation	656	761	(105)	-13.8%	-11.5%	-2.3%
Systems for UH Vacuum	1,976	1,531	445	29.1%	-8.2%	37.3%
Sintered Components for Electronic Devices & Lasers	1,190	1,122	68	6.1%	-16.4%	22.5%
Systems for Gas Purification & Handling	15,089	11,069	4,020	36.3%	-20.8%	57.1%
Industrial Applications	**24,724**	**19,220**	**5,504**	**28.6%**	**-16.2%**	**44.8%**
Nitinol for Medical Devices	10,591	11,600	(1,009)	-8.7%	-14.0%	5.3%
SMAs for Thermal & Electro Mechanical Devices	1,743	1,380	363	26.3%	-5.5%	31.8%
Shape Memory Alloys	**12,334**	**12,980**	**(646)**	**-5.0%**	**-13.1%**	**8.1%**
Solutions for Advanced Packaging	**2,390**	**2,259**	**131**	**5.8%**	**0.0%**	**5.8%**
Business Development	**247**	**286**	**(39)**	**-13.6%**	**-12.2%**	**-1.4%**
Total net sales	**39,695**	**34,745**	**4,950**	**14.2%**	**-13.9%**	**28.1%**

Consolidated revenues of the Industrial Applications Business Unit amounted to 24,724 thousand Euro, compared to 19,220 thousand Euro in the corresponding period of 2017. Organic growth (+44.8%) was mainly driven by the gas purification sector (+57.1%), albeit with lower absolute values. The organic growth in the electronic devices, vacuum systems, and in the security & defence sector were noteworthy.
The Shape Memory Alloys Business Unit ended the first two months of 2018 with revenues of 12,334 thousand Euro (12,980 thousand Euro in the first two months of 2017). Excluding the penalizing exchange rate effect (-13.1%), organic growth stood at +8.1%, distributed over the medical and industrial segments.
The Solutions for Advanced Packaging Business Unit ended the first two months of 2018 with revenues of 2,390 thousand Euro, compared to 2,259 thousand Euro in the corresponding period of 2017 (up 5.8%).

Total revenues of the Group amounted to 41,721 thousand Euro in the **first two months of 2018**, showing an increase (+14%) of 36,607 thousand Euro compared to the corresponding period of 2017. The revenues of the joint ventures increased by 5.5%, while the consolidated revenues, as explained above, grew by 14.2%.

***

The early months of 2018 confirmed the favourable market conditions of the previous year and we expect the Group will continue to grow, despite the weakening of the dollar against the Euro.

Going concern

The financial statements have been prepared on an ongoing concern basis because, despite a difficult economic and financial environment, we believe that there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) surrounding business continuity. This context, as previously highlighted in the paragraphs related to the risks to which the Group is subject, can be only partially influenced by the Management of the company, as it is mainly the result of external variables.
Based on the best estimates available to date, the company has approved a three-year business plan that includes strategies devised by the company management to succeed in achieving its defined business objective in this difficult economic environment.

Related party transactions

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

Consob regulatory simplification process

Note that on 13 November 2012, the Board of Directors resolved, pursuant to article no. 3 of Consob resolution no. 18079/2012, to adhere to the opt-out provisions as established in article no. 70, paragraph 8, and no. 71, paragraph 1-*bis*, of the Consob Regulations for Issuer Companies, and it therefore avails itself of the right to derogate from obligations to publish the information documents required on the occasion of significant mergers, spin-offs and capital increases by contributions in kind, acquisitions and disposals.

Consolidated non-financial statement

The SAES Group's consolidated non-financial statement related to the 2017 financial year, prepared in compliance with the Legislative Decree 254/16, constitutes a separate document from the Annual report, as required by article 5 subsections 3, b) of the Legislative Decree 254/16; the consolidated non-financial statement is available on the website *www.saesgetters.com* in the section "Investor relations – Sustainability".

Consolidated Financial Statements
for the year ended 31 December 2017

Consolidated statement of profit or loss

(thousands of euro)	Notes	2017	2016 restated (*)
Total net sales	4	**231,078**	**189,031**
Cost of sales	5	(127,468)	(103,911)
Gross profit		**103,610**	**85,120**
Research & development expenses	6	(16,102)	(14,872)
Selling expenses	6	(16,372)	(15,612)
General & administrative expenses	6	(31,150)	(27,817)
Total operating expenses		**(63,624)**	**(58,301)**
Other income (expenses), net	7	(6)	(736)
Operating income (loss)		**39,980**	**26,083**
Interest and other financial income	8	1,160	278
Interest and other financial expenses	8	(1,822)	(1,498)
Share of profit / loss of investments accounted for using the equity method	9	(2,468)	(3,325)
Foreign exchange gains (losses), net	10	(1,162)	52
Income (loss) before taxes		**35,688**	**21,590**
Income taxes	11	(21,828)	(7,561)
Net income (loss) from continued operations		**13,860**	**14,029**
Net income (loss) from assets held for sale and discontinued operations		0	0
Net income (loss) for the period		**13,860**	**14,029**
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		**13,860**	**14,029**
Net income (loss) per ordinary share	12	0.6230	0.6307
Net income (loss) per savings share	12	0.6396	0.6473

Consolidated statement of other comprehensive income

(thousands of euro)	Notes	2017	2016 restated (*)
Net income (loss) for the period		**13,860**	**14,029**
Exchange differences on translation of foreign operations	25	(13,324)	3,434
Exchange differences on equity method evaluated companies	25	(877)	(188)
Total exchange differences		(14,201)	3,246
Equity transaction costs related to equity method evaluated companies	25	(7)	0
Total components that will be reclassified to the profit (loss) in the future		**(14,208)**	**3,246**
Actuarial gain (loss) on defined benefit plans related to SAES Getters S.p.A. and subsidiaries	25	(41)	(306)
Income taxes	25	10	74
Actuarial gain (loss) on defined benefit plans, net of taxes - SAES Getters S.p.A. and subsidiaries		(31)	(232)
Actuarial gain (loss) on defined benefit plans on equity method evaluated companies	25	(10)	(3)
Income taxes	25	2	1
Actuarial gain (loss) on defined benefit plans, net of taxes - equity method evaluated companies		(8)	(2)
Total components that will not be reclassified to the profit (loss) in the future		**(39)**	**(234)**
Other comprehensive income (loss), net of taxes		**(14,247)**	**3,012**
Total comprehensive income (loss), net of taxes		**(387)**	**17,041**
attributable to:			
- Equity holders of the Parent Company		(387)	17,041
- Minority interests		0	0

(*) Some amounts shown in the column do not correspond to the 2016 financial statements because they reflect the restatement deriving from the completion of the provisional valuation of the business combination of Metalvuoto S.p.A. occurred in October 2016. These adjustments are detailed in Note no. 1, paragraph "Restatement on 2016".

Consolidated statement of financial position

(thousands of euro)	Notes	December 31, 2017	December 31, 2016 restated (*)
ASSETS			
Non current assets			
Tangible fixed assets	14	49,492	53,402
Intangible fixed assets	15	53,175	60,321
Investments valued using the equity method	16	7,261	9,621
Deferred tax assets	17	5,440	15,073
Tax consolidation receivables from Parent Company	18	272	272
Financial receivables from related parties	19	7,549	5,249
Other long term assets	20	429	435
Total non current assets		**123,618**	**144,373**
Current assets			
Closing inventories	21	47,553	38,233
Trade receivables	22	33,529	39,282
Prepaid expenses, accrued income and other	23	5,852	9,691
Derivative financial instruments evaluated at fair value	33	0	1
Cash and cash equivalents	24	27,564	14,340
Financial receivables from related parties	19	936	565
Total current assets		**115,434**	**102,112**
Total assets		**239,052**	**246,485**
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		44,397	42,664
Other components of equity		8,100	22,301
Net income (loss) of the period		13,860	14,029
Group shareholders' equity	25	**122,141**	**134,778**
Other reserves and retained eanings of third parties		0	0
Minority interests in consolidated subsidiaries	25	**0**	**0**
Total equity		**122,141**	**134,778**
Non current liabilities			
Financial debts	26	28,057	35,916
Other non current financial payables to third parties	27	838	1,829
Deferred tax liabilities	17	7,011	8,123
Employee severance indemnities and other employee benefit	28	8,924	10,173
Provisions for risks and charges	29	755	918
Total non current liabilities		**45,585**	**56,959**
Current liabilities			
Trade payables	30	18,877	20,048
Other payables	31	15,315	12,498
Income tax payables	32	1,657	1,034
Provisions for risks and charges	29	4,896	3,370
Derivative financial instruments evaluated at fair value	33	61	51
Current portion of medium/long term financial debts	26	10,478	8,239
Other current financial payables to third parties	27	2,091	1,049
Bank borrowings	34	12,254	6,847
Accrued expenses and deferred income	35	5,697	1,612
Total current liabilities		**71,326**	**54,748**
Total equity and liabilities		**239,052**	**246,485**

(*) Some amounts shown in the column do not correspond to the 2016 financial statements because they reflect the restatement deriving from the completion of the provisional valuation of the business combination of Metalvuoto S.p.A. occurred in October 2016. These adjustments are detailed in Note no. 1, paragraph “Restatement on 2016”.

Consolidated cash flow statement

(thousands of euro)	2017	2016 restated (*)
Cash flows from operating activities		
Net income (loss) from continued operations	13,860	14,029
Net income (loss) from discontinued operations	0	0
Current income taxes	13,145	8,158
Changes in deferred income taxes	8,683	(598)
Depreciation	7,399	7,170
Write-down (revaluation) of property, plant and equipment	1,177	138
Amortization	1,442	1,428
Write-down (revaluation) of intangible assets	4	0
Net loss (gain) on disposal of fixed assets	(82)	11
Interest and other financial (income) expenses, net	3,130	4,545
Other non-monetary costs (revenues)	0	0
Accrual for termination indeminities and similar obligations	2,971	1,384
Changes in provisions	1,808	552
	53,537	**36,817**
Working capital adjustments		
Cash increase (decrease)		
Account receivables and other receivables	9,651	(13,154)
Inventory	(13,898)	(3,172)
Account payables	(1,170)	4,284
Other current payables	3,256	2,837
	(2,161)	**(9,205)**
Payment of termination indemnities and similar obligations	(455)	(127)
Interests and other financial payments	(525)	(396)
Interests and other financial receipts	82	116
Taxes paid	(12,616)	(8,510)
Net cash flows from operating activities	**37,862**	**18,695**
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(7,273)	(8,663)
Proceeds from sale of tangible and intangible assets	105	5
Disbursements for acquisition of intangible assets	(378)	(202)
Consideration for the acquisition of minority interests in subsidiaries	0	(249)
Price paid for acquisition of shareholding in subsidiaries, net of cash acquired	0	(5,825)
Adjustment on price paid for the acquisition of shareholding in subsidiaries	134	0
Price paid for the acquisition of businesses	(364)	(254)
Consideration for the acquisition of investments in joint ventures	0	(9,430)
Capital injection into joint ventures	(1,000)	(1,000)
Net cash flows from investing activities	**(8,776)**	**(25,618)**
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	9,950	15,626
Proceeds from short term financial liabilities	6,580	778
Dividends payment	(12,250)	(8,502)
Repayment of financial liabilities	(14,639)	(7,394)
Interests paid on long term financial liabilities	(864)	(918)
Interests paid on short term financial liabilities	(18)	(22)
Other costs paid	(98)	10
Financial receivables repaid (granted) from related parties	(2,175)	(3,490)
Financial liabilities granted (reimburrsed) to related parties	0	0
Interests receipts on financial receivables from related parties	0	155
Other financial payables	21	(108)
Other financial receivables	0	0
Payment of finance lease laibilities	0	(8)
Net cash flows from financing activities	**(13,493)**	**(3,873)**
Net foreign exchange differences	(2,278)	752
Net (decrease) increase in cash and cash equivalents	**13,315**	**(10,044)**
Cash and cash equivalents at the beginning of the period	**13,997**	**24,041**
Cash and cash equivalents at the end of the period	**27,312**	**13,997**

(*) Some amounts shown in the column do not correspond to the 2016 financial statements because they reflect the restatement deriving from the completion of the provisional valuation of the business combination of Metalvuoto S.p.A. occurred in October 2016. These adjustments are detailed in Note no. 1, paragraph "Restatement on 2016".

Consolidated statement of changes in equity as at December 31, 2017

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operati					
December 31, 2016	**12,220**	**41,120**	**0**	**2,444**	**22,301**	**0**	**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)								**13,860**	**13,860**	**0**	**13,860**
Other comprehensive income (loss)					(14,201)		(46)		(14,247)		(14,247)
Total comprehensive income (loss)					**(14,201)**	**0**	**(46)**	**13,860**	**(387)**	**0**	**(387)**
December 31, 2017	**12,220**	**41,120**	**0**	**2,444**	**8,100**	**0**	**44,397**	**13,860**	**122,141**	**0**	**122,141**

Consolidated statement of changes in equity as at December 31, 2016 restated (*)

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued oper					
December 31, 2015	**12,220**	**41,120**	**0**	**2,444**	**19,055**	**0**	**42,826**	**8,820**	**126,485**	**3**	**126,488**
Distribution of 2015 result							8,820	(8,820)	0		0
Dividends paid							(8,502)		(8,502)		(8,502)
Purchase of minority interests							(246)		(246)	(3)	(249)
Net income (loss)								**14,029**	**14,029**	**0**	**14,029**
Other comprehensive income (loss)					3,246		(234)		3,012		3,012
Total comprehensive income (loss)					**3,246**	**0**	**(234)**	**14,029**	**17,041**	**0**	**17,041**
December 31, 2016	**12,220**	**41,120**	**0**	**2,444**	**22,301**	**0**	**42,664**	**14,029**	**134,778**	**0**	**134,778**

(*) Some amounts shown in the column do not correspond to the 2016 financial statements because they reflect the restatement deriving from the completion of the provisional valuation of the business combination of Metalvuoto S.p.A. occurred in October 2016. These adjustments are detailed in Note no. 1, paragraph "Restatement on 2016".

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

SAES Getters S.p.A., the Parent Company, and its subsidiaries (hereinafter the "SAES Group") operates both in Italy and abroad in the development, manufacturing and marketing of getters and other components for applications where stringent vacuum conditions or ultra-pure gases are required (electronic devices, industrial lamps, vacuum systems and thermal insulation solutions), as well as in the gas purification industry. The Group also operates in the advanced materials sector, particularly shape memory alloys for both medical and industrial applications.
Finally, SAES has recently developed a technological platform that integrates getter materials in a polymeric matrix applicable across numerous sectors (food packaging, OLED displays, optoelectronic devices, implantable medical devices and a new solid-state diagnostic imaging system).

These financial statements have been prepared in compliance with the historical cost criterion, except when specifically required by the applicable standards, as well as on the going concern assumption; in spite of a difficult economic and financial environment, the Company does not believe there are significant uncertainties (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial Statements) with regard to business continuity.

S.G.G. Holding S.p.A.[20] is a relative majority shareholder[21] and does not exercise any management and coordination over SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code (as specified in the Report on corporate governance and ownership).
The Board of Directors approved and authorised the publication of the 2017 consolidated financial statements by resolution passed on 14 March 2018.

The consolidated financial statements of the SAES Group are denominated 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 Note no. 2 "Main accounting principles".

The consolidated financial statements for the year ended 31 December 2017 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' Regulation. The abbreviation "IFRS" also includes all revised international accounting standards ("IAS") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").
In the interest of comparability, the comparative figures for 2016 have also been presented in accordance with the requirements of IAS 1 - Presentation of Financial Statements.

Accounting schemes

The accounting schemes comply with the provisions of IAS 1 (revised), which requires 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

[20] Based in Milan at via Vittor Pisani 27.
[21] As at 31 December 2017, S.G.G. Holding S.p.A. held 40.95% 0f the ordinary shares of SAES Getters S.p.A.

only the details of operations in the Group's shareholders' equity, while changes in minority interests are presented on 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 recording "Assets held for sale" and "Liabilities held for sale", if present, 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 as this form of disclosure is considered more suitable for representing the Group's specific business, complies with internal reporting procedures and in line with standard industry practice;
- the consolidated cash flow statement has been prepared by recording cash flows from operating activities according to the "indirect method" as permitted by IAS 7.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, in the consolidated statement of profit or loss by allocation, significant income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal conduct of operations are specifically identified and their effects are recorded separately at the main interim result levels.
Non-recurring events and transactions are identified primarily on the basis of the nature of the transactions. In particular, non-recurring income/expenses include cases that by their nature do not occur continually in the course of normal operations.
During 2017, the Group did not carry out any unusual or non-recurring transactions having a significant impact on its economic situation and the financial position.

On the basis of the aforementioned Consob resolution, the amounts of positions or transactions with related parties have been recorded separately from the corresponding items in the explanatory notes.

Restatement of the year 2016

2016 income statement and balance sheet figures, presented for comparative purposes, have been restated, with effect on the net result and on consolidated shareholders' equity, to reflect the effects deriving from the completion of the provisional valuation of the business combination of Metalvuoto S.p.A. (which occurred in October 2016) in compliance with the provisions of IFRS 3 (revised).

Both the Group's consolidated net result and shareholders' equity as at 31 December 2016 decreased by 53 thousand Euro. For details of these restatements, please refer to the following tables which show the effect of the restatement on both the consolidated income statement and the consolidated statement of financial position, in addition to Note no. 3.

Consolidated statement of profit or loss			
(thousands of euro)	2016	Restatement	2016 restated
Total net sales	**189,031**		**189,031**
Cost of sales	(103,911)		(103,911)
Gross profit	**85,120**	**0**	**85,120**
Research & development expenses	(14,799)	(73)	(14,872)
Selling expenses	(15,612)		(15,612)
General & administrative expenses	(27,817)		(27,817)
Total operating expenses	**(58,228)**	**(73)**	**(58,301)**
Other income (expenses), net	(736)		(736)
Operating income (loss)	**26,156**	**(73)**	**26,083**
Interest and other financial income	278		278
Interest and other financial expenses	(1,498)		(1,498)
Share of profit / loss of investments accounted for using the equity method	(3,325)		(3,325)
Foreign exchange gains (losses), net	52		52
Income (loss) before taxes	**21,663**	**(73)**	**21,590**
Income taxes	(7,581)	20	(7,561)
Net income (loss) from continued operations	**14,082**	**(53)**	**14,029**
Net income (loss) from assets held for sale and discontinued operations	0		0
Net income (loss) for the period	**14,082**	**(53)**	**14,029**
Minority interests in consolidated subsidiaries	0		0
Group net income (loss) for the period	**14,082**	**(53)**	**14,029**
Net income (loss) per ordinary share	0.6331	(0.0024)	0.6307
Net income (loss) per savings share	0.6497	(0.0024)	0.6473

Consolidated statement of financial position			
(thousands of euro)	December 31, 2016	Restatement	December 31, 2016 restated
ASSETS			
Non current assets			
Tangible fixed assets	53,402		53,402
Intangible fixed assets	58,984	1,337	60,321
Investments valued using the equity method	9,621		9,621
Deferred tax assets	15,073		15,073
Tax consolidation receivables from Parent Company	272		272
Financial receivables from related parties	5,249		5,249
Other long term assets	435		435
Total non current assets	**143,036**	**1,337**	**144,373**
Current assets			
Closing inventories	38,233		38,233
Trade receivables	39,282		39,282
Prepaid expenses, accrued income and other	9,691		9,691
Derivative financial instruments evaluated at fair value	1		1
Cash and cash equivalents	14,340		14,340
Financial receivables from related parties	565		565
Total current assets	**102,112**	**0**	**102,112**
Total assets	**245,148**	**1,337**	**246,485**
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	42,664		42,664
Other components of equity	22,301		22,301
Net income (loss) of the period	14,082	(53)	14,029
Group shareholders' equity	**134,831**	**(53)**	**134,778**
Other reserves and retained eanings of third parties	0		0
Minority interests in consolidated subsidiaries	**0**	**0**	**0**
Total equity	**134,831**	**(53)**	**134,778**
Non current liabilities			
Financial debts	35,916		35,916
Other non current financial payables to third parties	1,829		1,829
Deferred tax liabilities	6,733	1,390	8,123
Employee severance indemnities and other employee benefit	10,173		10,173
Provisions for risks and charges	918		918
Total non current liabilities	**55,569**	**1,390**	**56,959**
Current liabilities			
Trade payables	20,048		20,048
Other payables	12,498		12,498
Income tax payables	1,034		1,034
Provisions for risks and charges	3,370		3,370
Derivative financial instruments evaluated at fair value	51		51
Current portion of medium/long term financial debts	8,239		8,239
Other current financial payables to third parties	1,049		1,049
Bank borrowings	6,847		6,847
Accrued expenses and deferred income	1,612		1,612
Total current liabilities	**54,748**	**0**	**54,748**
Total equity and liabilities	**245,148**	**1,337**	**246,485**

Business segment information

The Group’s financial reporting is broken down into the following business segments:
- Industrial Applications;
- Shape Memory Alloys.
- Solutions for Advanced Packaging.

Following the Company acquiring, at the end of 2016, control over Metalvuoto S.p.A, a significant player in the advanced packaging field, a third Business Unit named "Solutions for Advanced Packaging", was added to the "Industrial Applications" and "Shape Memory Alloys" Business Units, to ensure greater clarity of information vis-à-vis the previous year.
The economic and financial data for 2016, broken down by business segment, were reclassified for like-for-like comparison with the current year. For further details of these reclassifications, together with the aforementioned adjustments related to the provisional valuation of Metalvuoto S.p.A.'s business combination, please refer to the following tables.

(thousands of euro)

Consolidated statement of profit or loss	Industrial Applications	Shape Memory Alloys	Solutions for Advanced Packaging				Not allocated			Total			
	2016	2016	2016	Restatement	Reclassifications	2016 restated	2016	Reclassifications	2016 restated	2016	Restatement	Reclassifications	2016 restated
Total net sales	**113,076**	**71,603**	**0**	**0**	**3,141**	**3,141**	**4,352**	**(3,141)**	**1,211**	**189,031**	**0**	**0**	**189,031**
Cost of sales	(57,730)	(42,343)	0	0	(2,834)	(2,834)	(3,838)	2,834	(1,004)	(103,911)	0	0	(103,911)
Gross profit	**55,346**	**29,260**	**0**	**0**	**307**	**307**	**514**	**(307)**	**207**	**85,120**	**0**	**0**	**85,120**
% on net sales	*48.9%*	*40.9%*	*n.a.*	*n.a.*	*9.8%*	*9.8%*	*11.8%*	*9.8%*	*17.1%*	*45.0%*	*n.a.*	*n.a.*	*45.0%*
Total operating expenses	(24,269)	(12,177)	0	(73)	(535)	(608)	(21,782)	535	(21,247)	(58,228)	(73)	0	(58,301)
Other income (expenses), net	114	161	0	0	88	88	(1,011)	(88)	(1,099)	(736)	0	0	(736)
Operating income (loss)	**31,191**	**17,244**	**0**	**(73)**	**(140)**	**(213)**	**(22,279)**	**140**	**(22,139)**	**26,156**	**(73)**	**0**	**26,083**
% on net sales	*27.6%*	*24.1%*	*n.a.*	*n.a.*	*-4.5%*	*-6.8%*	*n.s.*	*-4.5%*	*n.s.*	*13.8%*	*n.a.*	*n.a.*	*13.8%*
Interest and other financial income										278	0	0	278
Interest and other financial expenses										(1,498)	0	0	(1,498)
Share of profit / loss of investments accounted for using the equity method										(3,325)	0	0	(3,325)
Foreign exchange gains (losses), net										52	0	0	52
Income (loss) before taxes										**21,663**	**(73)**	**0**	**21,590**
Income taxes										(7,581)	20	0	(7,561)
Net income (loss) on continuing operations										**14,082**	**(53)**	**0**	**14,029**
Net income (loss) on discontinued operations										0	0	0	0
Net income (loss)										**14,082**	**(53)**	**0**	**14,029**
Minority interest in consolidated subsidiaries										0	0	0	0
Group net income (loss)										**14,082**	**(53)**	**0**	**14,029**

(thousands of euro)

	Continued operations										Discontinued operations	Total			
	Industrial Applications	Shape Memory Alloys	Solutions for Advanced Packaging				Not allocated								
	31 dic. 2016	31 dic. 2016	31 dic. 2016	Restatement	Reclassifications	31 dic. 2016 restated	31 dic. 2016	Restatement	Reclassifications	31 dic. 2016 restated	31 dic. 2016	31 dic. 2016	Restatement	Reclassifications	31 dic. 2016 restated
Assets and liabilities															
Non current assets	37,935	66,184	0	1,337	7,166	8,503	38,917		(7,166)	31,751	0	143,036	1,337	0	144,373
Current assets	55,194	22,181	0		3,508	3,508	24,737		(3,508)	21,229	0	102,112	0	0	102,112
Total assets	**93,129**	**88,365**	**0**	**1,337**	**10,674**	**12,011**	**63,654**	**0**	**(10,674)**	**52,980**	**0**	**245,148**	**1,337**	**0**	**246,485**
Non current liabilities	6,898	1,258	0		1,351	1,351	47,413	1,390	(1,351)	47,452	0	55,569	1,390	0	56,959
Current liabilities	18,509	7,487	0		3,022	3,022	28,752		(3,022)	25,730	0	54,748	0	0	54,748
Total liabilities	**25,407**	**8,745**	**0**	**0**	**4,373**	**4,373**	**76,165**	**1,390**	**(4,373)**	**73,182**	**0**	**110,317**	**1,390**	**0**	**111,707**
Other segment information															
Capital expenditure	3,820	4,124	0	0	47	47	921		(47)	874	0	8,865	0	0	8,865
Depreciation & amortization	3,148	3,489	0	73	149	222	1,888		(149)	1,739	0	8,525	73	0	8,598
Other non cash expenses	603	102	0	0	48	48	83		(48)	35	0	788	0	0	788

Seasonality of revenues

Based on historical figures, revenues from the various businesses are not characterised by significant seasonal fluctuations.

Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at 31 December 2017.

Company	*Currency*	*Share Capital*	*% of Ownership*	
			Direct	*Indirect*
Directly-controlled subsidiaries:				
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	9,250,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing & Shanghai (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 liquidation Weil am Rhein (Germany)	EUR	330,000	100.00	-
E.T.C. S.r.l. in liquidation Lainate, MI (Italy)	EUR	75,000	100.00	-
SAES Nitinol S.r.l. Lainate, MI (Italy)	EUR	10,000	100.00	-
Metalvuoto S.p.A. Roncello, MB (Italy)	EUR	50,000***	70.00**	-
Indirectly-controlled subsidiaries:				
Through SAES Getters USA, Inc.:				
SAES Pure Gas, Inc. San Luis Obispo, CA (USA)	USD	7,612,661	-	100.00
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
Through 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 & Friburgo, CT (USA)	USD	30,000,000	-	100.00

* % of shares held indirectly by SAES Getters (Nanjing) Co., Ltd.
** Metalvuoto S.p.A. is 100% consolidated without recognition of minority interests, since the acquisition contract signed on 10 October 2016 provides for a put option for the minority shareholder, to be exercised starting from the twelfth month and within eighteen months of the closing date, to sell its entire holding.
*** The Shareholders' Meeting on 6 April 2017 resolved the restore the share capital completely wiped out by the loss recorded in 2016, up to the amount of 100 thousand Euro. The subsequent Shareholders' Meeting of 7 August 2017 resolved to reduce the share capital by 90 thousand Euro, to cover losses incurred in the first half of 2017, with its simultaneous restoration to the legal minimum pursuant to Article 2327 of the Italian Civil Code. Finally, the Shareholders' Meeting of December, 2017 again resolved to re-establish the minimum share capital (50 thousand Euro), completely wiped out by the loss recorded in the third quarter of 2017.

The following table shows the companies included in the scope of consolidation according to the equity method as at 31 December 2017.

Company	*Currency*	*Share Capital*	*% 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 shares indirectly owned through SAES Nitinol S.r.l.
** % of shares indirectly owned through the joint venture Actuator Solutions GmbH (which has a 100% interest in Actuator Solutions Taiwan Co., Ltd.).
*** % shares indirectly owned through the joint venture Actuator Solutions GmbH (which has a 100% interest in Actuator Solutions (Shenzhen) Co., Ltd.).
**** % of shares indirectly owned through SAES Getters International Luxembourg S.A.
***** % shares indirectly owned through the joint venture Flexterra, Inc. (which has a 100% interest in Flexterra Taiwan Co., Ltd.).
(#) The interest of the SAES Group in the share capital of Flexterra, Inc. decreased from 34.66% as at 31 December 2016 to 33.79% as at 31 December 2017, as a result of the cash contribution made, in the first semester of the year, by other shareholders, former investors in Polyera.

With regards to the changes in the consolidation area compared with 31 December 2016, please note that on 10 January 2017 a company, Flexterra Taiwan Co., Ltd., wholly owned by Flexterra, Inc. (USA), was incorporated. The new company is headquartered in Zhubey City (Taiwan).

Finally, please note that:
- during the second semester 2017, the liquidation of the subsidiaries Memry GmbH and E.T.C. S.r.l. was approved;
- on 17 July 2017, the new German branch of the US subsidiary Memry Corporation was established, based in Freiburg and named *Memry Corporation Zweigniederlassung Deutschland*, in charge of all representation and sales activities of Memry in Europe.

2. MAIN ACCOUNTING PRINCIPLES

Consolidation principles

The consolidated financial statements include the financial statements of SAES Getters S.p.A. and of all subsidiaries, effective from the date on which control was acquired and until such control ceases to exist.
Control exists when the Group is exposed to or has the right to variable returns from its shareholding in the investee and, at the same time, has the ability to affect those returns through its power over the investee.
Specifically, the Group controls a subsidiary if it simultaneously has the following:
• decision-making powers, which means the ability to manage relevant activities of the subsidiary, i.e., those activities that have a significant influence on the results of the subsidiary;
• the right to the (positive or negative) variable results (profit/loss) deriving from the investment in the entity;
• the ability to use its own decision-making powers to determine the “relevant activities” in the subsidiary.
When the Group holds less than the majority of the voting rights (or similar rights) it has to consider all the relevant facts and circumstances to determine whether it controls the entity in which it has invested, including:
• contractual agreements with other holders of voting rights;
• rights deriving from contractual agreements;
• voting rights and potential voting rights of the Group.
In preparing the consolidated financial statements, the total amounts of assets, liabilities as well as costs and revenues of the consolidated companies are added line by line, attributing to minority-interest shareholders their portion of net equity and net profit or loss for the period in specific items of the statement of financial position and in the statement of profit or loss.
The carrying value of the equity investment in each of the subsidiaries is eliminated against the corresponding share of net equity, including any adjustment to fair value on the date of acquisition; any resulting positive difference is recognised among intangible assets as goodwill, as illustrated below, whereas any negative difference is charged to the statement of profit or loss.

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

Associates are defined as those companies over which the Group is able to exercise significant influence. Significant influence is the power to participate in determining the financial and operating policies of the associate without holding its control or joint control.
A joint venture, on the other hand, is a joint agreement to control an entity whereby the parties that have the joint control have rights to the net assets of that entity. Joint control is the sharing, established by an agreement, of control of an economic activity, that exists only when the unanimous consent of all parties sharing control is required for decisions on that activity.
Joint ventures are different from joint operations that are instead agreements that give the parties to the agreement, which have joint control of the entity, rights over the individual assets and obligations for the liabilities relating to that agreement.
Investments in associates and joint ventures are accounted for using the equity method. In the case of joint operations, assets and liabilities, costs and revenues related to the agreement are recognised based on the relevant accounting standards.

The consolidated financial statements are denominated in Euro, which is the functional currency of the Group.
Each Group company defines the functional currency for its financial statements. Transactions in foreign currencies are initially recognised 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 on the balance sheet date (current exchange rate method), whereas the associated revenues and costs are converted at the average exchange rates for the year. Translation differences resulting from the application of this method are classified as a shareholders' equity item until the equity investment is sold. In preparing the consolidated cash flow statement, the cash flows of consolidated foreign companies expressed in currencies other than the Euro are converted by using the average exchange rates for the year.
Non-current items measured at historical cost in a foreign currency (including goodwill and adjustments to fair value generated during the purchase price allocation of a foreign company) are converted at the exchange rates at the date of their initial recognition. At a later stage, these figures are converted using the exchange rate at year end.

The following table shows the exchange rates used for converting foreign financial statements.

expressed in foreign currency (per 1 euro)

Currency	December 31, 2017		December 31, 2016	
	Average rate	Final rate	Average rate	Final rate
US dollar	1.1297	1.1993	1.1069	1.0541
Japanese yen	126.7112	135.0100	120.1970	123.4000
South Korean won	1,276.7400	1,279.6100	1,284.1800	1,269.3600
Renminbi (P.R. of China)	7.6290	7.8044	7.3522	7.3202
Taiwan dollar	34.3635	35.6555	35.6892	33.9995

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

Business combinations and Goodwill

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

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

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

Costs related to the acquisition are recognised in the statement of profit or loss when they are incurred.

Goodwill is not amortised, but rather tested for impairment on an annual basis, or more frequently if specific events or particular circumstances indicate that impairment may have occurred, according to IAS 36 – *Impairment of assets*. After its initial recognition, goodwill is measured at cost, less any impairment which has accumulated. Goodwill, once impaired, may not be restored to its original value.

For the purposes of congruity analysis, the goodwill acquired in a business combination is allocated, at the date of acquisition, to the Group's individual cash-generating units (CGUs) or to the groups of cash-generating units that that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.Each CGU or group of CGUs to which goodwill is allocated represents, within the Group, the lowest level at which goodwill is monitored for internal management purposes.

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

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

Where options do not grant effective access to the results associated with the ownership of minority interests, the shares or units relating to these options are recognised at the date of acquisition of control as "minority interests"; the share of net income and losses (and other changes in equity) of the entity acquired are allocated to these minority interests after the business combination is completed. The minority-interest share is reversed as of each balance sheet date and classified as a financial liability at its fair value (equal to the current value of the strike price of the option), as if the acquisition had occurred on that date. The Group has elected to recognise the difference between the financial liability at fair value and the minority-interest share reversed as of the balance sheet date as goodwill (Parent entity extension method).

Intangible assets

Development expenses

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

Capitalised development costs consist solely of expenses actually incurred and which can be directly allocated to the development process.

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

Other intangible assets with a finite useful life

Other purchased or internally produced intangible assets with a finite useful life are recognised as assets, in accordance with the provisions of IAS 38 – *Intangible assets*, when it is likely that the use of the assets will generate future economic benefits and their cost can be reliably determined.

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

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

Intangible assets are amortised according to their estimated useful lives, where finite, as follows.

Industrial and other patent rights	3/15 years/duration of the contract
Concessions, licenses, trademarks and similar rights	3/25 years/duration of the contract
Other	5/15 years/duration of the contract

Tangible assets

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

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

Depreciation rates are revised annually and are adjusted if the current estimated useful life differs from the previous estimate. The effects of such changes are recognised prospectively in the statement of profit or loss. The minimum and maximum depreciation rates are listed below.

Buildings	2.5% - 20%
Plant and machinery	6% - 33%
Industrial and commercial equipment	3% - 40%
Other assets	3% - 25%

Leasing contracts that substantially transfer all the risks and benefits of the leased item to the Group are considered financial leases.
The leased assets are capitalised at the beginning of the lease at fair value or, if lower, at the present value of the minimum lease payments and are depreciated over the estimated useful life of the asset.
The liability due to the lessor is classified as a financial liability in the statement of financial position. Lease payments are apportioned between principal and interest in order to obtain a constant interest rate on the remaining balance of the liability. Interest included in periodic lease payments are recognised in the financial costs charged to the statement of profit or loss.

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

Impairment

At the end of each reporting period, the Group assesses whether there is any indication that intangible and tangible assets with a finite useful life might have suffered impairment.
Goodwill and intangible assets with an indefinite useful life are tested to determine if they are recoverable (impairment test) at least once a year, or more frequently whenever there is an indication that the asset may have suffered impairment.

Goodwill
Goodwill is tested for impairment at the balance sheet date or during the financial year if there is an indication that things are critical. Goodwill acquired and allocated during the year is tested for impairment before the end of the year in which it was acquired and allocated.
For the purposes of impairment testing, goodwill is allocated, at the date of acquisition, to each cash-generating unit or group of cash generating units that benefit from the acquisition, regardless of whether other Group's assets and liabilities have been assigned to such units.
If the carrying value of the cash-generating unit (or group of units) exceeds its recoverable value, the difference is recognised as an impairment loss in the statement of profit or loss.
The impairment loss is charged to the statement of profit or loss, initially by decreasing the carrying value of the goodwill allocated to the unit (or group of units), and only then is charged to the unit's other assets in proportion to their carrying value, up to the maximum recoverable value of assets with a finite useful life. The recoverable value of a cash-generating unit or group of cash-generating units to which the goodwill is allocated is the greater of the fair value, minus selling costs, and the unit's value in use.
The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. Future explicit cash flows normally cover a period of three years and are projected over a defined period between 3 and 12 years, except for projections that require longer periods, such as in the case of initiatives in the start-up phase. The long-term growth rate used to estimate the terminal value of the unit (or group of units) cannot exceed the average long-term growth rate for the industry, country or market in which the unit (or group of units) operates.
The value in use of cash-generating units in foreign currencies is estimated in the local currency, discounting such cash flows at a rate appropriate to the currency. The current value obtained through this process is translated into Euro at the spot exchange rate at the date of the impairment test (which, in our case, is the balance sheet date).
Future cash flows are estimated by referring to the cash-generating unit's current conditions and consequently do not take into account either the benefits of future restructuring to which the entity is not committed or expenditures to improve or enhance the unit.
For impairment testing purposes, the carrying value of a cash-generating unit is determined in accordance with criteria whereby the cash-generating unit's recoverable value is determined, excluding surplus assets (i.e. financial assets, deferred tax assets, and net non-current assets held for sale).

After having conducted an impairment test on the cash-generating unit (or group of units) to which the goodwill is allocated, a second level impairment test is carried out that includes centralised assets with auxiliary functions (corporate assets) that do not generate positive cash flows and cannot be allocated to individual units according to a reasonable and consistent criterion. At this second level, the recoverable value of all units (or groups of units) is compared with the carrying value of all units (or groups of units), including those to which no goodwill has been allocated and corporate assets.
Where the conditions that had previously required the recognition of impairment cease to apply, the original value of the goodwill is not restored, in accordance with IAS 36 - *Impairment of assets*.

Tangible and intangible assets with a finite useful life
During the year, the Group tests whether there are indications that tangible and intangible assets with finite useful lives may have become impaired. Both internal and external sources of information are considered in this process. These internal sources include: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to projections. External sources include: declines in the market prices of assets, negative changes in technology, markets, or laws, increases in market interest rates and the cost of capital used to value investments, and, lastly, whether the carrying value of the Group's net assets exceeds its market capitalisation.
If there is any indication that tangible or intangible assets with a finite useful life are impaired, the carrying value of the assets is reduced to their recoverable value. The recoverable value of an asset is defined as the greater of its fair value, net of selling costs, and its value in use. The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. When it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable value of the asset's cash-generating unit.
Impairment is charged to the statement of profit or loss.
If the reasons that led to impairment subsequently cease to apply, the carrying value of the asset or cash-generating unit is increased up to the new estimated recoverable value, which, however, may not exceed the value that would have resulted if no impairment had been recognised. Reversals are recognised in the statement of profit or loss.

Investments in associates and joint ventures

Investments in associates and joint ventures are valued using the equity method whereby the investment is initially recognised at cost and then it is adjusted to recognise the Group's share of its changes in net equity. The share of net result deriving from the application of this consolidation method is recognised in the statement of profit or loss, under the item "Share of result of investments accounted for using the equity method".
Losses of associates in excess of the Group's share are not recognised, unless the Group has assumed an obligation to cover them.
The positive difference between the purchase price and the Group's interest in the current value of the assets, liabilities and contingent liabilities of the associate at the date of acquisition represents goodwill and is included in the carrying value of the investment.
Any negative difference between the purchase price and the Group's interest in the fair value of assets, liabilities and contingent liabilities of the associate at the date of acquisition is charged into the statement of profit or loss once the acquisition method process is completed within twelve months of the date of the acquisition.
When a change has been recognised directly in the equity of the associate or of the joint venture and in its statement of comprehensive income, the Group recognises, if applicable, its share of any changes and discloses it in the statement of changes in equity and in the consolidated statement of comprehensive income.
Consolidated net income is adjusted to eliminate the positive and negative economic effects arising from intercompany transactions with the associate or the joint venture and not yet realised with third parties at year end.

Annually the Group tests for indications of impairment, comparing the value of the investment recognized according to the equity method and its recoverable value. Any impairment loss is allocated to the investment in its entirety with a corresponding entry in the statement of profit or loss.
Following the loss of significant influence over an associate or of the joint control of a joint venture, the Group measures and recognises the residual interest at fair value. The difference between the carrying value of the investment at the date of loss of the significant influence or the joint control and the fair value of the residual interest and of the compensation received is recognised in the income statement.

Receivables

Receivables generated by the company are initially recognised at their nominal value and subsequently measured at their estimated realisable value.
Receivables with maturities of more than one year, which do not bear interest or bear interest at below-market rate, are discounted using market rates.

Cash and cash equivalents

Cash and cash equivalents are recognised, according to their nature, at their nominal value.
Cash equivalents consist of highly liquid short-term investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

Financial liabilities

Financial liabilities include financial payables and other financial liabilities, including derivative instruments. Under IAS 39, they also include trade and other types of payables.
Non-derivative financial liabilities are initially recognised at fair value, minus transaction costs, and are subsequently measured at amortised cost, i.e. the amount initially recognised minus any repayments of principal, positively or negatively adjusted based on the amortisation (using the effective interest method), of any difference between the initial value and the value at maturity.
Financial liabilities hedged by derivative instruments aimed at covering the risk of changes in the value of the liability (fair value hedge derivatives) are measured at their fair value according to the hedge accounting methods set out in IAS 39: gains and losses arising from subsequent adjustments to fair value, limited to the hedged component, are recognised in the statement of profit or loss and offset by the portion of the loss or gain arising from subsequent measurements of the hedging instrument at fair value.

Derivative financial instruments

The derivatives transactions carried out by the SAES Group are aimed at hedging its exposure to exchange-rate and interest-rate risk and diversifying debt parameters in order to reduce the cost and volatility of debt within pre-determined management limits.
According to the requirements of IAS 39, hedging instruments are accounted for according to hedge accounting methods only when:
a) at inception, they are formally designated as a hedge and the hedge relationship is documented;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is highly effective in each designated accounting period.

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

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

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

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

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

Inventory

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

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

Assets held for sale/Discontinued operations

Ceased assets, Assets held for sale and Discontinued operations refer to lines of business and assets (or groups of assets) that have been sold or are in the process of being sold, whose carrying value have been, or will be, recovered primarily through their sale rather than their continuing use.

These conditions are met when the sale or discontinuance of the group of assets held for sale is highly probable and the assets and liabilities are immediately available for sale in their current state.

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

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

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

- in two specific items of the balance sheet: Assets held for sale and Liabilities held for sale;
- in a specific item of the statement of profit or loss: Net income (loss) from assets held for sale.

Employee severance indemnity and other employee benefits

Employee severance indemnity

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

Under IAS 19, the employee severance indemnity thus calculated is a “Defined-benefit scheme” and the associated obligation to be recognised in the financial statements (Employee severance indemnity debt) is determined through an actuarial calculation using the Projected Unit Credit Method. As required under the revised version of IAS 19, gains and losses arising from the actuarial calculation are fully recognised in the comprehensive income in the period in which they occur. These actuarial differences are recorded immediately in retained earnings and are not classified in the statement of profit or loss in subsequent periods.
The costs associated with an increase in the current value of the employee severance indemnity obligation due to the fact that the time when benefits are to be paid is fast approaching are included among “Personnel costs”.
Effective from January 1, 2007, the 2007 Finance Law and related implementation decrees introduced significant changes to employee severance indemnity rules, including the employees’ right to choose whether to allocate the accrued portion of their severance indemnity to complementary pension funds or the “Treasury Fund” managed by INPS.
It follows that the obligation to INPS, as well as contributions to complementary pension schemes, qualify as “Defined-contribution schemes” in accordance with IAS 19, whereas the amounts recognised in the Employee severance indemnity debt continue to qualify as “Defined-benefit schemes”.
The amendments to the law enacted in 2007 have consequently entailed the redetermination of actuarial assumptions and the ensuing calculations used to determine the employee severance indemnity.

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

Provisions for risks and charges

Group companies recognise provisions for risks and charges when there is a current, legal or implicit obligation to a third party as the result of a past event and it is likely that the Group will be required to utilise resources in order to fulfil this obligation and the amount of the obligation may be reliably estimated.
Changes in estimates are reflected in the statement of profit or loss for the year in which they occur.

Treasury shares

Treasury shares are deducted from shareholders’ equity.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the balance sheet date. Exchange differences resulting from the discharge of monetary items or the conversion of such items at rates differing from those at which they were initially recognised during the year or at those of the end of the previous year are recognised in the statement of profit or loss.
Non-current items measured at historical cost in a foreign currency (including goodwill and fair value adjustments arising from allocation of the acquisition cost of a foreign company) are converted at the exchange rates in force at the date of their initial cognition. Thereafter, these figures are converted at the exchange rate prevailing at year end.

Revenue recognition

Revenues are recognised to the extent that it is probable that the Group will receive the economic benefits and the amount of such benefits can be reliably determined. Revenues are shown net of discounts, allowances and returns.
Revenues from the sale of goods are recognised when the risks and benefits related to the ownership of the goods are transferred to the buyer.

Cost of sales

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

Research and development costs and promotion expenses

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

Government grants

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

Current and deferred income taxes

Income taxes include all taxes calculated on the taxable income of the Group's companies.
Income taxes are recognised in the statement of profit or loss, with the exception of taxes pertaining to items directly charged or deducted from shareholders' equity reserve, in which case the associated tax effect is recognised directly in the respective shareholders' equity reserves.
Provisions for taxes that could be generated by the transfer of the undistributed earnings of subsidiaries are created solely when there is actual intention to transfer such earnings.
Deferred tax liabilities/assets are recognised according to the balance sheet liability method. They are calculated on all temporary differences that arise between the taxable base of the assets and liabilities and the carrying values of these assets/liabilities in the consolidated financial statements, with the exception of goodwill that is not tax-deductible.
Deferred tax assets on tax-losses carried forward are recognised to the extent that there is likely to be a future taxable income against which they may be recovered.
Current and deferred tax assets and liabilities are offset where the income taxes are levied by the same tax authority and there is a legal right to offset them.
Deferred tax assets and liabilities are determined by applying the tax rates expected to be applied under the legal systems of the various countries in which Group companies operate during the years in which the temporary differences will be eliminated.

Earnings per share

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

Use of estimates and subjective assessments

In order to prepare the consolidated financial statements and related notes in accordance with IFRSs, management is required to make estimates and assumptions that have an effect on assets and liabilities as well as on the information concerning contingent assets and liabilities at the balance sheet date. In the future, should such estimates and assumptions, based on the best currently available assessment, differ from the actual circumstances, they will be
adjusted accordingly when the circumstances change.
Estimates and subjective assessments are used to determine the recoverable value of non-current assets (including goodwill), revenues, accruals to provisions for receivables, obsolete and slow-moving inventory, depreciation and amortisation, employees' benefits, taxes, restructuring provisions and other accruals and provisions. Estimates and assumptions are reviewed periodically and the effects of all changes are immediately reflected in the statement of profit or loss.
In the absence of a standard or interpretation specifically applicable to a transaction, the Group's management decides, through careful, subjective assessments, which accounting methods to adopt in order to provide relevant and reliable information so that the financial statements:

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

The balance sheet items that require a more subjective judgment on the part of the directors in the preparation of estimates and for which a change in the underlying assumptions could have a significant impact on the financial statements are as follows: goodwill, impairment of fixed assets, amortisation of fixed assets, deferred tax assets, bad debt provisions, inventory write-downs, risk provisions, pension schemes and other post-employment benefits.
With regard to the main assumptions and sources used in making such estimates, please refer to the relevant sections of the notes to the financial statements.

Accounting standards, interpretations and amendments effective from 1 January 2017

The accounting standards used to prepare the consolidated financial statements as at 31 December 2017 are consistent with those applied in the consolidated financial statements as at 31 December 2016, except for the adoption of new standards and interpretations applicable from 1 January 2017. The following accounting standards, amendments and interpretations are applicable for the first time from 1 January 2017.

***Disclosure Initiative* (amendments to IAS 7)**
On 29 January 2016 the IASB published the document "*Disclosure Initiative (amendments to IAS 7)*" that contains some changes to IAS 7. The document aims to provide clarifications to improve the disclosure on financial liabilities. In particular, the amendments require the disclosure of information that enables users of the financial statements to understand the changes in liabilities arising from financing operations, including changes resulting from monetary movements and changes resulting from non-monetary movements. The amendments do not require any specific format to be used for such information. However, the amendments introduced require an entity to provide a reconciliation between the initial balance and the final balance for liabilities arising from financial transactions. No comparative information related to the previous years is required.
The Group submitted the related information for 2017 in Note no. 36.

***Recognition of Deferred Tax Assets for Unrealised Losses* (Amendments to IAS 12)**
On 19 January 2016 the IASB published the document "*Recognition of Deferred Tax Assets for Unrealised Losses (amendments to IAS 12)*" that contains some changes to IAS 12. The document aims to provide clarifications on the recognition of deferred tax assets on unrealized losses when valuing financial assets in the "available for sale" category when certain circumstances occur and on estimated taxable income in future financial years.
The amendments published by the IASB in January 2016 and applicable from 1 January 2017 have not yet been endorsed by European Union and have not been adopted by the Group at 31 December 2017.
The adoption of these amendments had no impact on the Group's consolidated financial statements.

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

The following standards and amendments are approved by the European Union, but are not yet mandatorily applicable and not yet adopted by the Group in advance as at 31 December 2017.

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 12 April 2016, is designed to replace IAS 18 - *Revenues* and IAS 11 - *Construction contracts*, as well as the interpretations IFRIC 13 - *Customer loyalty programmes*, 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 new model of revenue recognition established by the new standard 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 as follows:
- identification of the contract with the customer;
- identification of the performance obligations of the contract;
- determination of the price;
- allocation of the price to the performance obligations of the contract;
- the criteria for recognition of the revenue when the entity satisfies each performance obligation.

The standard is applicable from 1 January 2018, but earlier application is allowed. The amendments to IFRS 15, *Clarifications to IFRS 15 - Revenue from Contracts with Customers*, published by the IASB in April, 2017 were approved by the European Union on 6 November 2017.
At the moment, the Group has yet to complete a detailed analysis of all of the types of contracts it has concluded with customers. However, from the analyses carried out so far, the application of IFRS 15 is not expected to have a significant impact on the amounts entered as revenue and on related information reported in the Group's consolidated financial statements.

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 new standard must be applied to financial statements beginning on 1 January 2018 or after that date.
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 relates to the accounting treatment of the changes in the fair value of a financial liability classified as a financial liability measured at fair value in the income statement, if these changes are due to changes in the creditworthiness of the issuer of the liability. Under the new standard, these changes must be recognised in the other comprehensive income and no longer in the income statement.
In addition, for non-substantive modifications of financial liabilities, spreading the economic consequences of renegotiation over the remaining maturity of the debt by altering the effective

interest rate on that date is no longer permitted, but the consequence must be recognised 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 includes historical, current and future data. The standard requires this impairment model to be applied to all financial instruments, namely, to financial assets measured at amortised cost, measured at fair value through other comprehensive income, and receivables deriving from lease contracts and trade receivables.
Finally, the standard introduces a new hedge accounting model in order to accommodate the requirements of the current IAS 39 that were sometimes considered too stringent and unsuitable for reflecting a company's risk management policies. The main innovations of the document include the following:

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

The greater flexibility of the new accounting rules is offset by additional requests for information on a company's risk management activities.
The Group has yet to complete a detailed analysis of the effects of introduction of IFRS 9. However, from the analyses carried out so far, no significant impact is expected on the amounts and related information reported in the Group's consolidated financial statements.

IFRS 16 - *Leases*

On 13 January 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 lease*, SIC 15 - *Operating leases incentiv*es and SIC 27 - *Evaluating the substance of transactions involving the legal form of a lease.*
The new standard provides for a new definition of a lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from the contracts for services, by identifying the following differentiating factors: 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 manage the use of the underlying asset of the contract.
The standard establishes a single model for the recognition and measurement of lease agreements for the lessees which provides for the recognition of the lease asset, including an operating lease, among assets with a corresponding financial debt, while also providing an option not to recognize as leases contracts which relate to "low-value assets" and leases with a duration equal to or less than 12 months. In contrast, the standard does not contain significant changes for lessors.
The principle applies with effect from 1 January 2019 but early application is allowed, but only for those companies that have opted for the early adoption of IFRS 15 - *Revenue from contracts with customers.*
It is expected that the application of IFRS 16 may have a significant impact on the accounting treatment of leases and related disclosure reported in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of this impact until the Group has completed a detailed analysis of the relevant contracts.

Applying IFRS 9-Financial Instruments with IFRS 4-Insurance Contracts

On 12 September 2016 the IASB published the document "*Applying IFRS 9-Financial Instruments with IFRS 4-Insurance Contracts*". For entities whose business consists mainly of insurance activities, the amendments seek to clarify concerns arising from the application of the new IFRS 9

to financial assets, before the current IFRS 4 is replaced of with the new standard IFRS 17 - *Insurance Contracts*, on the basis of which financial liabilities are valued.
The amendments introduce two possible approaches:

- o *overlay approach;*
- o *deferral approach.*

These approaches will allow:

- the option of recognising in the other comprehensive income (i.e. in the OCI statement), rather than in the income statement, the effects deriving from the application of IFRS 9 instead of IAS 39 to certain designated financial assets prior to the application of the new standard on insurance contracts (the overlay approach);
- the option of a temporary exemption from the application of IFRS 9 until the earlier of the date of application of the new standard on insurance contracts and the annual period commencing on 1 January 2021. Entities that defer the application of IFRS 9 will continue to apply the current IAS 39 (the deferral approach).

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

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

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

IFRS 17 – *Insurance Contracts*
On 18 May 2017 the IASB issued the principle IFRS 17 – *Insurance Contracts* that will replace IFRS 4 – *Insurance Contracts*.
The aim of the new standard is to ensure that an entity provides relevant information that faithfully reflects the rights and obligations deriving from insurance contracts it issue. 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 establishes submission and reporting requirements to improve comparability between the operating in 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:

- o estimates and assumptions of future cash flows are always current ones;
- o the measurement reflects the time value of money;
- o estimates envisage widespread use of the information available in the market;
- o there is a current and explicit risk measurement;
- o the anticipated profit is deferred and aggregated in groups of insurance contracts at the time of initial recognition;
- o the anticipated profit is recognised in the coverage period taking into account any adjustments resulting from variations in assumptions related to the cash flows of each group of contracts.

The PAA approach requires entities to measure the liability for the residual coverage period of a group of insurance contracts provided that, on initial recognition, the entity ensures that such liability is 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 application of the PAA method do not apply to the assessment of liabilities for existing claims that are measured using the General Model. However, it is not necessary to discount those cash flows if the balance is expected to be paid or settled within one year of the date on which the claim was filed.

The entity must apply the new principle to insurance contracts - 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.

Classification and measurement of share-based payment transactions **(Amendments to IFRS 2)**
On 20 June 2016 the IASB published the document "*Classification and measurement of share-based payment transactions (amendments to IFRS 2)*" that contains some changes to IFRS 2. The amendments provide clarifications regarding the accounting treatment of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and the accounting treatment 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 changes will apply from 1 January 2018.
The adoption of these changes is not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs: 2014-2016 Cycle
On 8 December 2016 the IASB published the document "*Annual Improvements to IFRSs: 2014-2016 Cycle*" that incorporates the amendments to certain standards as part of the annual process to improve them. The main changes are as follows:
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*. The amendment to this standard will apply at the latest to financial years beginning on 1 January 2018 and relates to the elimination of certain short-term exemptions established at paragraphs E3-E7 of Appendix E of IFRS 1, since 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) must be exercised for each investment at the time of its initial recognition. This amendment will apply with effect from 1 January 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 under the standard, except for that required under paragraphs B10-B16, must be applied to all equity interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5. The amendment will apply from 1 January 2017 but has not yet been endorsed by the European Union and thus has not been adopted by the Group at 31 December 2017.

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

Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)
On 8 December 2016 the IASB published the document "*Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)*". The interpretation aims to provide guidelines for foreign exchange transactions if non-cash advances or down payments are recognised 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 the payment is made or received in advance. The interpretation clarifies that the transaction date is the earlier of:

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 recognised in the balance sheet (with the subsequent cancellation of the advance or down payment received).
If there is a number of advance or down payments received, a transaction date for each of them must be identified. IFRIC 22 is applicable from 1 January 2018.
The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

***Transfers of Investment Property* (Amendments to IAS 40)**
On 8 December 2016 the IASB published the document "*Transfers of Investment Property (Amendments to IAS 40)*" that contains changes to IAS 40. These amendments clarify the transfer of a property to, or from, an investment property. In particular, an entity must transfer a property to, or from, an investment property when, and only when, there is evidence of a change in use. Such change must be related to a specific event that actually occurred and therefore should not arise as a result of a change in the intentions of the management of an entity. These amendments will apply from 1 January 2018.
The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

IFRIC 23 - *Uncertainty over Income Tax Treatments*
On 7 June 2017 the IASB published the interpretation document IFRIC 23 - *Uncertainty over Income Tax Treatments*. The document addresses the issue of uncertainties about the tax treatment to be adopted in respect of income taxes. The document establishes 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 emphasises that the entity should assess whether it is necessary to provide information on management's considerations and related to the uncertainty inherent in the recognition of income taxes, in accordance with IAS 1.
The new interpretation applies from 1 January 2019, but earlier adoption is allowed.
The adoption of this interpretation is not expected to have any significant impact on the consolidated financial statements of the Group.

***Prepayment Features with Negative Compensation* (amendments to *IFRS 9*)**
On 12 October 2017, the IASB published the document *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*. This document specifies that a debt instrument that provides for an early repayment option could meet the characteristics of contractual financial flows ("SPPI" test) and, consequently, could be assessed using the amortised cost method or measured at *fair value through other comprehensive income* even if the *reasonable additional compensation* anticipated in the event of early repayment is "*negative compensation*" for the lender. The amendment applies from 1 January 2019, but early application is permitted.
The adoption of these changes is not expected to have a significant impact on the Group's consolidated financial statements.

***Long-term Interests in Associates and Joint Ventures* (amendments to *IAS 28*)**
On 12 October 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 requirements relating to impairment, other long-term interests in associate companies and joint ventures to which the equity method does not apply.
The amendment applies from 1 January 2019, but early application is permitted.
The adoption of these changes is not expected to have a significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs: 2015-2017 cycle

On 12 December 2017, the IASB published the document "*Annual Improvements to IFRSs: 2015-2017 cycle*" adopting amendments to certain principles as part of the annual improvement process. The main changes involve:

- IFRS 3 - *Business Combinations* and IFRS 11 - *Joint Arrangements*- the amendment clarifies that when an entity obtains control of a business which represents a joint operation, it must re-measure the interest it previously held in that business. This process does not apply in the event of joint control.
- IAS 12 - *Income Taxes:* the amendment clarifies that all tax consequences related to dividends (including payments on financial instruments classified as equity) should be accounted for in a manner consistent with the transaction that generated such profits (income statement, OCI or equity).
- IAS 23 - *Borrowing Costs*: the amendment clarifies that borrowings still outstanding after the qualifying asset in question is ready for use or for sale, become part of all borrowings used to calculate the borrowing costs.

The amendments apply from 1 January 2019, but early application is permitted.

The adoption of these changes is not expected to have a 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 11 September 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 solve 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 a loss of 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 changes introduced state that in the event of a sale/transfer of an asset or a subsidiary to a joint venture or an associate, measurement of the gain or loss to be recognised in the balance sheet of the assignor/transferor depends on the fact that the sold/transferred assets or subsidiary constitute or not a business, within the meaning of IFRS 3. In the event that the sold/transferred assets or subsidiary constitute a business, the entity must recognise the gain or loss on the entire shareholding previously held; while, in the opposite case, the portion of gain or loss related to the shareholding still held by the entity should be eliminated.

At the moment, the IASB has suspended application of this amendment.

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

3. BUSINESS COMBINATIONS

Acquisition of a majority interest (70%) in the share capital of Metalvuoto S.p.A.

On 10 October 2016 SAES Getters S.p.A. acquired from Mirante S.r.l. a 70% majority interest in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, specialised in the production of metalized and innovative plastic films for preserving food. Thanks to this acquisition, SAES now operates in the active packaging market, where it intends to compete with innovative solutions, in particular on the environmental sustainability front, aiming to improve the performance of flexible packaging.

SAES Getters S.p.A. acquired 70% of Metalvuoto S.p.A. at a price of 5,128 thousand Euro. In addition, the Company is planning a put and call option for the purchase of the remaining 30% share capital; at 31 December 2016 the present value of the strike price was estimated to be 652 thousand Euro[22]. As the minority shareholder has a put option over the remaining share capital, the Company is 100% consolidated without recognition of the minority interest.

At the date of preparation of the 2016 annual financial statements, the process of determining the current values of assets and liabilities was still ongoing; therefore these assets and liabilities were recognised in the financial statements to 31 December 2016 on the basis of their historical values and the goodwill generated by the acquisition was deemed provisional. In accordance with IFRS 3 (Revised), the valuation of acquired net assets was completed in 2017.
The fair value of the acquired net assets was determined through a complex estimate process, based on assumptions deemed reasonable and realistic based on the information available on the date of acquisition. In particular, the current value was determined based on expert appraisals by an independent third party.
The following table shows the current values of acquired assets and liabilities, compared with previous historical values and showing any other goodwill generated by the transaction.

(thousands of euro) Figures as at October 10, 2016

Metalvuoto S.p.A.	Current values	Previous historical values
		100%
Property, plant and equipment, net	1,012	1,012
Intangible assets, net	5,122	68
Deferred tax assets	186	186
Other long term assets	4	4
Total non current assets	**6,324**	**1,270**
Inventory	1,494	1,494
Trade receivables	1,923	1,923
Prepaid expenses, accrued income and other	107	107
Financial receivables from related parties	1,159	1,159
Cash and cash equivalents	1	1
Total current assets	**4,684**	**4,684**
Total assets	**11,008**	**5,954**
Financial debts	899	899
Deferred tax liabilities	1,410	0
Staff leaving indemnities and other employee benefits	701	701
Total non current liabilities	**3,010**	**1,600**
Trade payables	2,088	2,088
Other payables	171	171
Accrued liabilities	133	133
Current portion of medium/long term financial debts	417	417
Other financial debts towards third parties	1,254	1,254
Bank overdraft	698	698
Total current liabilities	**4,761**	**4,761**
Total equity	**3,237**	**(407)**
Total equity and liabilities	**11,008**	**5,954**
Goodwill arising on acquisition	2,543	6,187
Total net assets and goodwill	**5,780**	**5,780**
Price paid for acquisition of 70% shareholding	5,128	5,128
Actual value of purchase obligation of further 30% shareholding	652	652
Total	**5,780**	**5,780**

[22] SAES Getters S.p.A. exercised the option for the purchase of the remaining 30% of the share capital of Metalvuoto S.p.A. on 26 February 2018. For further details on the exercise of the option, please see paragraph “Subsequent events” of the Review of Operations.

As can be seen from the above table, the book values reported in Metalvuoto S.p.A.’s financial statements to 10 October 2016, converted according to international accounting standards, were deemed in line with the current values of acquired assets and liabilities. The sole exception is the Oxaqua® patent (classified among "intangible assets"), for which the Company identified a fair value of 5,118 thousand Euro, compared with a previous historical value of 64 thousand Euro. The valuation criterion used to estimate the fair value is the Relief-from-Royalty method. A royalty rate was applied to future revenue flows relating to the Oxaqua patent determined on the basis of information obtained from the “Royaltysource” and “Orbis” databases; this rate represents the average royalty rates applied to licensing agreements for comparable technologies.
More specifically, the valuation was produced based on the flow of revenues that the asset is expected to be able to generate and applying the royalty rate (6.6%), the percentage of patent retention costs (1%) and the tax rate (27.9%, equal to the sum of IRES (corporation tax) and IRAP (regional production tax) in force in Italy at the date of the end of the financial year). The cash flow thus identified was then discounted at a discount rate (of 10.3%) specific to the class of intangible assets being valued (i.e., patents) and for Metalvuoto S.p.A.’s risk profile.
Since differences between the current value and the book value of Oxaqua are not recognised for tax purposes, deferred tax liabilities of 1,410 thousand Euro on the additional gain were recognised.

For calculation of the amortisation of the additional gain, the residual useful life of Oxaqua was considered equal to the residual legal life of the patent.

The Purchase Price Allocation process resulted in a reduction in goodwill of 3,644 thousand Euro. The 2016 comparative report was re-stated to reflect the above adjustments.

4. NET SALES

In 2017, consolidated net revenues amounted to 231,078 thousand Euro, up by 22.2% compared with 189,031 thousand Euro in 2016. Excluding the exchange rate effect (negative by -2.1%) and the change in the scope of consolidation (+5.2%, following the acquisition of Metalvuoto S.p.A., finalised only at the beginning of the fourth quarter of 2016), organic growth was +19.1%, mainly driven by the gas purification sector (Systems for Gas Purification & Handling Business), by the electronic devices business (Electronic Devices Business) and by the sector of Nitinol for medical devices (Nitinol for Medical Devices Business).

The following table shows a breakdown of revenues by Business.

(thousands of euro)

Business (*)	2017	2016	Difference	Difference %	Exchange rate effect %	Organic change %	Perimeter difference effect %
Security & Defense	8,533	10,574	(2,041)	-19.3%	-0.9%	-18.4%	0.0%
Electronic Devices	19,453	8,630	10,823	125.4%	-2.5%	127.9%	0.0%
Healthcare Diagnostics	3,848	3,748	100	2.7%	-1.2%	3.9%	0.0%
Getters & Dispensers for Lamps	5,656	7,791	(2,135)	-27.4%	-1.4%	-26.0%	0.0%
Thermal Insulation	4,278	5,190	(912)	-17.6%	-2.5%	-15.1%	0.0%
Systems for UH Vacuum	8,292	8,737	(445)	-5.1%	-1.5%	-3.6%	0.0%
Sintered Components for Electronic Devices & Lasers	6,800	6,789	11	0.2%	-2.0%	2.2%	0.0%
Systems for Gas Purification & Handling	84,287	61,617	22,670	36.8%	-2.8%	39.6%	0.0%
Industrial Applications	**141,147**	**113,076**	**28,071**	**24.8%**	**-2.3%**	**27.1%**	**0.0%**
Nitinol for Medical Devices	66,294	62,651	3,643	5.8%	-2.1%	7.9%	0.0%
SMAs for Thermal & Electro Mechanical Devices	9,578	8,952	626	7.0%	-0.7%	7.7%	0.0%
Shape Memory Alloys	**75,872**	**71,603**	**4,269**	**6.0%**	**-1.9%**	**7.9%**	**0.0%**
Solutions for Advanced Packaging (**)	**12,445**	**3,141**	**9,304**	**296.2%**	**0.0%**	**-14.9%**	**311.1%**
Business Development	**1,614**	**1,211**	**403**	**33.3%**	**-2.4%**	**35.7%**	**0.0%**
Total net sales	**231,078**	**189,031**	**42,047**	**22.2%**	**-2.1%**	**19.1%**	**5.2%**

(*) Please note the new segmentation of the Industrial Application Business Unit and the re-naming of some already existing operating segments, to better comply with the new organizational structure of the Group. The figures related to 2016 were reclassified on the basis of the new organizational structure, to allow a homogeneous comparison with the current year.

(**) Following the acquisition of the control of Metalvuoto S.p.A., a significant player in the advanced packaging field, occurred at the end of 2016, a third Business Unit named “Solutions for Advanced Packaging” was established, in order to ensure a better information transparency. The revenues of Metalvuoto S.p.A. in the last quarter of 2016, the Business Development Unit was reclassified to the Solutions for Advanced Packaging Business Unit for a uniform comparison.

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

5. COST OF SALES

The cost of sales amounted to 127,468 thousand Euro in 2017, compared with 103,911 thousand Euro in the previous year.

A breakdown of the cost of sales by category is provided below, compared with the figure for the previous year and with evidence of the change related to the new consolidation area (acquisition of Metalvuoto SpA only finalised at the end of 2016).

(thousands of euro)

Cost of sales	2017	2016	Difference	of which: Perimeter difference
Raw materials	62,418	43,915	18,503	6,547
Direct labour	25,601	21,815	3,786	524
Manufacturing overhead	44,118	40,281	3,837	1,227
Increase (decrease) in work in progress and finished goods	(4,669)	(2,100)	(2,569)	108
Total cost of sales	**127,468**	**103,911**	**23,557**	**8,406**

Excluding the effect of Metalvuoto S.p.A.'s consolidation (cost increase of +8,406 thousand Euro) and the exchange rate effect (cost decrease of -1,869 thousand Euro), the percentage change in the cost of sales (+16.4%) is in line with organic sales' growth (+19.1%).
In particular, the organic percentage increase in direct labour costs (+16.6%) and indirect production costs (+7.9%) were lower than the change in organic turnover thanks to the economies of scale related to the increase in volumes, especially in the gas purification sector and in Nitinol for medical devices. Raw materials increased by a higher percentage (+24.4% being the organic change, including the change in inventories of semi-finished and finished products) as a result of a different sales mix.

6. OPERATING EXPENSES

Operating expenses amounted to 63,624 thousand Euro in 2017, compared with 58,301 thousand Euro in the previous year

A breakdown by function of operating expenses, compared with the previous year, is given below and shows the change related to the new consolidation area.

(thousands of euro)

Operating expenses	2017	2016	Difference	of which: Perimeter difference
Research & development expenses	16,102	14,872	1,230	359
Selling expenses	16,372	15,612	760	889
General & administrative expenses	31,150	27,817	3,333	387
Total operating expenses	**63,624**	**58,301**	**5,323**	**1,635**

Excluding both the effect of the change in the scope of consolidation following the acquisition of Metalvuoto S.p.A. (cost increase of +1,635 thousand Euro) and the exchange rate effect in the opposite direction (cost decrease of -539 thousand Euro), it should be noted that the organic increase in **R&D expenses** (+983 thousand Euro) is mainly related to the decision to suspend the

OLET research project and the subsequent severance entry of 174 thousand Euro and assets write-offs of 937 thousand Euro.

Higher **general and administrative expenses** (+3,114 thousand Euro being the organic difference compared with 2016) are instead attributable to higher costs for variable remuneration to Executive Directors following the achievement of better results than the original targets, to the increase in fixed and variables costs of personnel at the Parent Company and to the higher consultancy fees. On the other hand, it should be noted that last year included expenses of 1,258 thousand Euro[23] related to the liquidation of the German subsidiary Memry GmbH, which decreased to 303 thousand Euro[24] in 2017.

With reference to organic difference, **selling expenses** were, instead, substantially in line with those of the previous year.

A breakdown by nature of the total expenses included in the cost of sales and operating expenses, compared with the previous year, is given below.

(thousands of euro) — of which:

Total costs by nature	2017	2016	Difference	Perimeter difference
Raw materials	62,418	43,915	18,503	6,547
Personnel cost	78,966	70,877	8,089	1,471
Corporate bodies	6,169	4,057	2,112	0
Travel expenses	1,702	1,828	(126)	30
Maintenance and repairs	3,550	3,120	430	165
Various materials	9,965	8,733	1,232	6
Transports	3,239	2,193	1,046	367
Commissions	981	1,559	(578)	0
Licenses and patents	1,206	1,178	28	0
Consultant fees and legal expenses	6,048	5,902	146	138
Audit fees (*)	659	508	151	5
Rent and operating leases	2,523	2,431	92	197
Insurances	1,213	1,185	28	25
Promotion and advertising	382	479	(97)	21
Utilities	3,486	3,110	376	297
Telephones and faxes	400	420	(20)	11
General services (canteen, cleaning, vigilance, etc.)	1,507	1,401	106	35
Training	252	186	66	1
Depreciation	7,399	7,170	229	237
Amortization	1,442	1,428	14	262
Write-down of non current assets	1,181	138	1,043	0
Provision (release) for bad debts	(13)	650	(663)	33
Other	1,086	1,844	(758)	85
Total costs by nature	**195,761**	**164,312**	**31,449**	**9,933**
Increase (decrease) in work in progress and finished goods	(4,669)	(2,100)	(2,569)	108
Total cost of sales and operating expenses	**191,092**	**162,212**	**28,880**	**10,041**

(*) Of which 121 thousand euro as out of pocket expenses incurred in 2017 and 12 thousand euro as balance on out of pocket expenses related to the previous year (in 2016, the out of pocket expenses were 83 thousand euro and the recovery of out of pocket expenses related to the previuos year was -2 thousand euro).

The items “Raw materials”, “Maintenance and repairs”, “Various materials” and “Transport costs” which are directly related to the production cycle, increased in correlation with the increase in productions and sales.

The increase in “Personnel costs” was due, as well as to the change in the scope of consolidation, to the growth in the average number of Group employees and greater use of temporary workers, mostly in the shape memory alloy business, in the gas purification business and at the Avezzano plant, in addition to higher accruals for the variable compensation payable to employees in line with the trend in operating results. Furthermore, in the second half of 2017, the use of defensive

[23] Severance costs.

[24] Write-off equal to 187 thousand Euro and severance costs equal to 116 thousand Euro.

job-security agreements was suspended at the Avezzano plant, following the start of new production (1,233 thousand Euro in higher labour costs attributable to this early suspension). The change in the severance costs was in the opposite direction: the 2017 item, amounting to 394 thousand Euro, mainly relates to the liquidation of E.T.C. S.r.l. and completion of the closure of Memry GmbH and it compares with 1,358 thousand Euro in 2016, which mainly related to the beginning of the aforementioned liquidation of Memry GmbH.

The item “Corporate bodies” included the remuneration of members of the Board of Directors, both executive and non-executive, and of the Board of Statutory Auditors of the Parent Company. The increase compared with the previous year is mainly due to higher accruals for the variable component of Executive Directors’ remuneration.
For details on 2017 remuneration and a comparison with the previous year, please refer to Note no. 39 and to the Report on remuneration.

The item "Commissions" decreased, despite the sales increase, due to the lower use of agents in the purification segment, in light of a larger number of direct sales.

The increase in the items “Utilities” and “Depreciation of Tangible Assets” was exclusively due to the consolidation of Metalvuoto S.p.A., acquired at the end of the previous year.

The change in the item “Write-down of non-current assets” mainly related to the fact that the 2017 financial year includes a write-off of assets related to the decision to suspend the OLET research project (937 thousand Euro) and the write-down of the residual assets of Memry GmbH in liquidation (187 thousand Euro).

The decrease in the item “Provisions for bad debts” is linked to the fact that the 2016 financial year included the write-down of a number of trade receivables of the subsidiary SAES Pure Gas, Inc. following the application of contractual penalties for delays in the delivery of purification products to customers.

7. OTHER INCOME (EXPENSES)

The item “Other income (expenses)” as at 31 December 2017 shows a slight negative balance of -6 thousand Euro compared with -736 thousand Euro in the previous year.
A breakdown is provided below, showing the change related to the new scope of consolidation.

(thousands of euro)				of which:
	2017	**2016**	**Difference**	**Perimeter difference**
Other income	815	535	280	16
Other expenses	(821)	(1,271)	450	(57)
Total other income (expenses)	**(6)**	**(736)**	**730**	**(41)**

The item "Other income" includes all revenues that are not part of the ordinary operations of the Group - such as, for example, proceeds from the sale of scrap materials - and is substantially in line with the previous year.

The item "Other expenses" is mainly composed of the property taxes and other taxes, other than income taxes, paid by the Group’s Italian companies. The change compared with 2016 is primarily due to the fact that, in the previous year, this item included costs related to the signing of an agreement to settle the environmental dispute and pay compensation for environmental damage and decontamination of the water and sediment under Lake Onondaga (440 thousand Euro) and the cost related to the purchase from Polyera Corporation of a license on 50% of the OLET technology jointly developed by the Group with Polyera (242 thousand Euro).

8. FINANCIAL INCOME (EXPENSES)

The following table shows a breakdown of financial income in 2017, compared with the previous year.

(thousands of euro)

Financial income	2017	2016	Difference	of which: Perimeter difference
Bank interest income	74	63	11	0
Other financial income	1,086	214	872	2
Gains from derivative financial instruments evaluation at fair value	0	1	(1)	0
Total financial income	**1,160**	**278**	**882**	**2**

The increase in the "Other financial income" item was mainly due to interest accrued on the additional tranches of loans granted by the Group to the joint venture Actuator Solutions GmbH during the first months of 2017 (for further details please refer to Note no. 19) and to income (577 thousand Euro) for adjustment of the current value of the financial debt related to the purchase of the remaining 30% of Metalvuoto S.p.A. (which decreased from 652 thousand Euro to 75 thousand Euro, following a change in the valuation of the put and call option, agreed between the shareholders on 30 January 2018).

The following table shows a breakdown of the financial expenses in 2017, compared with the previous year.

(thousands of euro)

Financial expenses	2017	2016	Difference	of which: Perimeter difference
Bank interest and other bank expenses	1,537	1,403	134	58
Other financial expenses	213	49	164	69
Realised losses on financial derivative instruments	61	17	44	0
Losses from measuring financial derivatives at fair value	11	29	(18)	0
Total financial expenses	**1,822**	**1,498**	**324**	**127**

The item "Bank interest and other bank expenses" included interest expenses on both short and long-term loans granted to the Parent Company, the newly acquired Metalvuoto S.p.A. and the US subsidiary Memry Corporation, as well as bank charges related to the credit lines used by the Italian companies of the Group.
The increase compared with the 2016 was attributable, in addition to the change in the scope of consolidation, to the costs for the early repayment of both tranches (one of which secured by SACE) of the loan signed in June 2015 with the EIB (European Investment Bank), to support advanced R&D projects. In particular, this operation provided for the payment of an indemnity fee to EIB of 10 thousand Euro, the payment of a premium of approximately 76 thousand Euro to SACE and the charging to the income statement of transaction costs of approximately 149 thousand Euro previously divided into instalments over the duration of the loan.

The item "Other financial expenses" was mainly composed of the effect in the income statement of the adjustment of the time horizon used to calculate the present value of the financial debt arising from the acquisition of the "hydrogen purifiers" business from Power & Energy, Inc. (for further details please refer to Note no. 27).

The item “Losses from measuring financial derivatives at fair value” constitutes the effect on the income statement of the fair value measurement of hedge contracts, including implied contracts, on long-term variable rate loans held by the Parent Company and by Metalvuoto S.p.A. The item “Realised losses on financial derivative instruments” includes the interest differences actually paid to the under these contracts during the 2017 financial year.

9. SHARE OF PROFIT/LOSS 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[25], SAES RIAL Vacuum S.r.l. and Flexterra, Inc.[26], valued using the equity method.

(thousands of euro)

	2017	2016	Difference
Actuator Solutions	(1,000)	(3,188)	2,188
SAES RIAL Vacuum S.r.l.	158	(137)	295
Flexterra, Inc.	(1,626)	0	(1,626)
Total income (loss) from equity method evaluated companies	**(2,468)**	**(3,325)**	**857**

In 2017 the loss deriving from valuation using the equity method amounted to -2,468 thousand Euro and is mainly attributable to the newco Flexterra (-1,626 thousand Euro), a development start-up, that incurred operating costs of approximately 5 million Euro in 2017 and to Actuator Solutions (-1,000 thousand Euro[27]). With regard to the latter company, it should be noted that SAES’s share of the 2017 result of the joint venture was -2,047 thousand Euro but the negative equity evaluation recognised in the statement of profit or loss was lower since, in accordance with IAS 28, additional losses subsequent to the reduction to zero of the consolidated shareholding have not been recognised, as the SAES Group currently has no legal or implied obligation towards Actuator Solutions to recapitalise against.
During the year, the loss deriving from the valuation using the equity method amounted to -3,325 thousand Euro and was mainly related to the joint venture Actuator Solutions while Flexterra, incorporated only at the end of 2016, commenced operations only in January 2017.
For further details on the performance of joint ventures please refer to the Report on Operations, paragraph “Performance of joint ventures in 2017” and to Note no. 16.

10. FOREIGN EXCHANGE GAINS (LOSSES)

In 2017, exchange rates management recorded a negative balance of -1,162 thousand Euro, compared with a substantially breakeven balance (+52 thousand Euro) in the previous year.

[25] Please note that Actuator Solutions GmbH in turn consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. (established in June 2013) and Actuator Solutions (Shenzhen) Co., Ltd. (established in September 2016 in P.R. of China and operational since the beginning of 2017).
[26] Flexterra, Inc. has been included in the scope of consolidation since December 2016 but started operations in January 2017, and therefore does not contribute to the SAES Group's 2016 result. Flexterra, Inc. consolidates the wholly owned subsidiary Flexterra Taiwan Co., Ltd., incorporated in January 2017, and based in Zhubei City (Taiwan).
[27] Please note that the investment was already reduced to zero as at 31 December 2016 and that the loss recorded in 2017, equal to -1,000 thousand Euro, corresponds to the capital injection by SAES Nitinol on 21 December 2017. For further details please refer to Note no. 19.

A breakdown of foreign exchange gains and losses as at 31 December 2017 compared with the previous year, is given below.

(thousands of euro)

Foreign exchange gains and losses	2017	2016	Difference
Foreign exchange gains	357	1,078	(721)
Foreign exchange losses	(1,709)	(738)	(971)
Foreign exchange gains (losses), net	**(1,352)**	**340**	**(1,692)**
Realised exchange gains on forward contracts	191	37	154
Realised exchange losses on forward contracts	(1)	(325)	324
Gains (losses) from forward contracts evaluation at fair value	0	0	0
Gains (losses) on forward contracts	**190**	**(288)**	**478**
Total foreign exchange gains (losses), net	**(1,162)**	**52**	**(1,214)**

The item "Foreign exchange gains (losses), net" shows a negative balance of -1,352 thousand Euro compared with a positive balance of +340 thousand Euro in the previous year. The negative difference was mainly attributable to foreign exchange losses on commercial transactions, including intercompany transactions, mainly generated by the devaluation of the dollar against the Euro.

The item "Gains (losses) on forward contracts" recorded a positive balance of +190 thousand Euro, versus a negative balance of -288 thousand Euro as at 31 December 2016. This balance included the gains or losses realised when forward contracts involving transactions in dollars and yen are unwound; such contracts were entered into by the Parent Company, with the aim of limiting the impact of currency fluctuations.

11. INCOME TAXES

In 2017, income taxes amounted to 21,828 thousand Euro, with an increase of 14,267 thousand Euro compared with 7,561 thousand Euro in the previous year.

The related breakdown is given below, showing the effect attributable to the consolidation of Metalvuoto S.p.A. with effect from the last quarter of 2016.

(thousands of euro) of which:

	2017	2016	Difference	Perimeter difference
Current taxes	13,145	8,158	4,987	0
Deferred taxes	8,683	(597)	9,280	(61)
Total	**21,828**	**7,561**	**14,267**	**(61)**

The 2017 figure included a 10,770 thousand Euro write-off of deferred tax assets on previous tax losses of SAES Getters S.p.A., made on the basis of the management's latest estimate of their recoverability, given the assumptions contained in the 2018-2020 three-year plan and attributable to the Parent Company. Excluding this write-off, taxes would amount to 11,058 thousand Euro, increased when compared to the previous year as a result of the increase in pre-tax profit.
You are reminded that, in 2016, the tax item included a positive adjustment related to the release of the provision for risks of 500 thousand Euro related to the assessment notice in respect of the

Parent Company's 2005 tax return, following the positive outcome of the existing action brought by the Company.
Excluding the above-mentioned write-off, the Group's tax rate was equal to 31%, improved compared with 35% in the previous year.

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

(thousands of euro)

	2017		2016	
Income before taxes		**35,688**		**21,663**
Theorical tax rate and tax charges	**24.00%**	**8,565**	**27.50%**	**5,957**
Effect of different tax rates	12.74%	4,547	12.63%	2,736
Non deductible costs/non taxable income	-12.90%	(4,604)	-16.01%	(3,468)
Taxes on subsidiaries' accumulated profits	5.53%	1,973	8.34%	1,806
Unrecognition (recognition) of deferred tax assets on fiscal losses	3.93%	1,402	5.00%	1,084
Write-off of deferred tax assets on fiscal losses	30.18%	10,770	0.00%	0
Unrecognition (recognition) of deferred tax assets on temporary differences	0.02%	8	0.00%	0
R&D credits and other tax credits	-2.56%	(914)	-4.33%	(939)
Redetermination of deferred tax assets and liabilities following the tax rate variation	-2.30%	(821)	1.13%	244
Other permanent differences	0.39%	139	1.57%	340
IRAP and other local taxes	2.14%	763	-0.92%	(199)
Effective tax rate and tax charges	**61.16%**	**21,828**	**34.90%**	**7,561**

In 2017 the fiscal losses of the Parent Company and of its subsidiaries were equal to 8,258 thousand Euro, compared to tax losses equal to 7,189 thousand Euro as at 31 December 2016. The increase was mainly attributable to the higher tax losses of the subsidiary SAES Getters International Luxembourg S.A., only partially off-set by the decrease of the tax losses in E.T.C. S.r.l. in liquidation.
Metalvuoto S.p.A. is the only Group's company that has recognized deferred tax assets on the negative taxable income of the current year (equal to 377 thousand Euro, for a total deferred tax asset of 90 thousand Euro recognized in 2017).

12. EARNING (LOSS) PER SHARE

As indicated in Note no. 25, SAES Getters S.p.A. share capital is in the form of two different types of shares (ordinary shares and savings shares) which bear different rights with regards to the distribution of dividends.

The pro-quota share attributable to each type of share is determined on the basis of their 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 during the period.

If the period had ended with a loss, this loss would, on the other hand, be allocated equally to each type of shares.

The following table shows the earnings (loss) per share in 2017, compared with the corresponding figure in 2016.

Earning (loss) per share	2017			2016		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attribuitable to shareholders (thousands of euro)			**13,860**			**14,029**
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)	9,140	3,697	12,838	9,253	3,754	13,007
Total profit (loss) attributable to the different categories of shares (thousands of euro)	**9,140**	**4,720**	**13,860**	**9,253**	**4,776**	**14,029**
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)	**0.6230**	**0.6396**		**0.6307**	**0.6473**	
- from continued operations (euro)	*0.6230*	*0.6396*		*0.6307*	*0.6473*	
- from discontinued operations (euro)	*0.0000*	*0.0000*		*0.0000*	*0.0000*	
Diluted earning (loss) per share (euro)	**0.6230**	**0.6396**		**0.6307**	**0.6473**	
- from continued operations (euro)	*0.6230*	*0.6396*		*0.6307*	*0.6473*	
- from discontinued operations (euro)	*0.0000*	*0.0000*		*0.0000*	*0.0000*	

13. SEGMENT INFORMATION

For management purposes, the Group is organised into three Business Units based on the type of products and services provided. As at 31 December 2017 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 vacuum devices, MEMS, diagnostic imaging systems, thermal insulation products, lamps, vacuum systems, semiconductors and other industries that use pure gases in their processes);
- **Shape Memory Alloys** –raw materials, semi-finished products, components and Nitinol shape memory alloy devices for both medical and industrial applications;
- **Solutions for Advanced Packaging** – new operating segment, operational from 1 January 2017, following the acquisition[28] of control of the company Metalvuoto S.p.A, an established player in the advanced packaging industry, producing innovative and advanced metalised and plastic films for the food packaging sector.

Top Management monitors the results of the various Business Units separately in order to make decisions concerning the allocation of resources and investments and to determine the Group's performance. Each sector is evaluated according to its operating result; financial income and expenses, foreign exchange performance and income taxes are measured at the Group level and thus are not allocated to operating segments.
Internal reports are prepared in accordance with IFRSs and no reconciliation with the carrying amounts is therefore necessary.

The columns "Not allocated" include corporate income statement and financial position amounts that cannot be directly or reasonably attributed or allocated to business units, but which relate to the Group as a whole, and amounts related to basic research projects or to achieve diversification into innovative businesses (Business Development Unit).

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

[28] The acquisition was finalised in the last quarter of the previous year.

(thousands of euro)

Consolidated statement of profit or loss	Industrial Applications		Shape Memory Alloys		Solutions for Advanced Packaging		Not allocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total net sales	**141,147**	**113,076**	**75,872**	**71,603**	**12,445**	**3,141**	**1,614**	**1,211**	**231,078**	**189,031**
Cost of sales	(71,371)	(57,730)	(43,969)	(42,343)	(10,799)	(2,834)	(1,329)	(1,004)	(127,468)	(103,911)
Gross profit	**69,776**	**55,346**	**31,903**	**29,260**	**1,646**	**307**	**285**	**207**	**103,610**	**85,120**
% on net sales	*49.4%*	*48.9%*	*42.0%*	*40.9%*	*13.2%*	*9.8%*	*17.7%*	*17.1%*	*44.8%*	*45.0%*
Total operating expenses	(23,444)	(24,269)	(12,068)	(12,177)	(2,595)	(608)	(25,517)	(21,247)	(63,624)	(58,301)
Other income (expenses), net	97	114	192	161	38	88	(333)	(1,099)	(6)	(736)
Operating income (loss)	**46,429**	**31,191**	**20,027**	**17,244**	**(911)**	**(213)**	**(25,565)**	**(22,139)**	**39,980**	**26,083**
% on net sales	*32.9%*	*27.6%*	*26.4%*	*24.1%*	*-7.3%*	*-6.8%*	*n.s.*	*n.s.*	*17.3%*	*13.8%*
Interest and other financial income (expenses), net									(662)	(1,220)
Share of result of investments accounted for using the equity method									(2,468)	(3,325)
Foreign exchange gains (losses), net									(1,162)	52
Income (loss) before taxes									**35,688**	**21,590**
Income taxes									(21,828)	(7,561)
Net income (loss) from continued operations									**13,860**	**14,029**
Net income (loss) from discontinued operations									0	0
Net income (loss)									**13,860**	**14,029**
Minority interests in consolidated subsidiaries									0	0
Group net income (loss)									**13,860**	**14,029**

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

(thousands of euro)

	Continued operations								Total	
	Industrial Applications		Shape Memory Alloys		Solutions for Advanced Packaging		Not allocated			
	Dec. 31 2017	Dec. 31 2016	Dec. 31 2017	Dec. 31 2016	Dec. 31 2017	Dec. 31 2016	Dec. 31 2017	Dec. 31 2016	Dec. 31 2017	Dec. 31 2016
Assets and liabilities										
Non current assets	34,735	37,935	61,772	66,184	9,539	8,503	17,572	31,751	123,618	144,373
Current assets	61,043	55,194	19,385	22,181	4,155	3,508	30,851	21,229	115,434	102,112
Total assets	**95,778**	**93,129**	**81,157**	**88,365**	**13,694**	**12,011**	**48,423**	**52,980**	**239,052**	**246,485**
Non current liabilities	5,776	6,898	1,339	1,258	651	1,351	37,819	47,452	45,585	56,959
Current liabilities	21,331	18,509	6,379	7,487	3,759	3,022	39,857	25,730	71,326	54,748
Total liabilities	**27,107**	**25,407**	**7,718**	**8,745**	**4,410**	**4,373**	**77,676**	**73,182**	**116,911**	**111,707**
Other segment information										
Capital expenditure	2,714	3,820	2,555	4,124	831	47	1,551	874	7,651	8,865
Depreciation & amortization	3,263	3,148	3,508	3,489	648	222	1,422	1,739	8,841	8,598
Other non cash expenses	-17	603	235	102	10	48	940	35	1,168	788

Information on geographical areas

The following table shows non-current assets by geographical area.

(thousands of euro)

	Italy	Europe	United States	Asia	Total non current assets (*)
2017	39,726	7,585	63,147	171	**110,629**
2016	41,380	11,124	71,415	132	**124,051**

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

Please refer to the table and the comments in the Report on operations for a breakdown of revenues by customer location.

A breakdown of revenues 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 entity is located	2017	%	2016	%	Difference
Italy	53,811	23.3%	36,284	19.2%	17,527
Europe	2,421	1.0%	6,964	3.7%	(4,543)
North America	169,569	73.4%	140,831	74.5%	28,738
South Korea	1,122	0.5%	907	0.5%	215
China	4,058	1.8%	3,974	2.1%	84
Other Asian countries	97	0.0%	71	0.0%	26
Others	0	0.0%	0	0.0%	0
Total net sales	**231,078**	**100%**	**189,031**	**100%**	**42,047**

14. TANGIBLE FIXED ASSETS

Net tangible fixed assets amounted to 49,492 thousand Euro at 31 December 2017, a decrease of 3,910 thousand Euro compared to 31 December 2016.

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

(thousands of euro)

Tangible fixed assets	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2016	**4,182**	**21,371**	**25,578**	**2,271**	**53,402**
Additions	0	482	4,488	2,303	**7,273**
Disposals	0	0	(23)	0	**(23)**
Reclassifications	0	156	1,899	(2,055)	**0**
Depreciation	0	(1,443)	(5,956)	0	**(7,399)**
Write-downs	0	0	(1,114)	(63)	**(1,177)**
Revaluations	0	0	0	0	**0**
Conversion differences	(435)	(614)	(1,363)	(172)	**(2,584)**
December 31, 2017	**3,747**	**19,952**	**23,509**	**2,284**	**49,492**
December 31, 2016					
Historical cost	4,182	45,322	137,306	2,493	**189,303**
Accumulated depreciation and write-downs	0	(23,951)	(111,728)	(222)	**(135,901)**
Net book value	**4,182**	**21,371**	**25,578**	**2,271**	**53,402**
December 31, 2017					
Historical cost	3,747	44,404	136,566	2,569	**187,286**
Accumulated depreciation and write-downs	0	(24,452)	(113,057)	(285)	**(137,794)**
Net book value	**3,747**	**19,952**	**23,509**	**2,284**	**49,492**

(thousands of euro)

Tangible fixed assets	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2015	**4,069**	**21,192**	**23,001**	**2,121**	**50,383**
Additions	0	791	4,611	3,261	**8,663**
Disposals	0	0	(16)	0	**(16)**
Reclassifications	0	422	2,690	(3,112)	**0**
Change in consolidation area	0	208	804	0	**1,012**
Depreciation	0	(1,397)	(5,773)	0	**(7,170)**
Write-downs	0	(8)	(85)	(45)	**(138)**
Revaluations	0	0	0	0	**0**
Conversion differences	113	163	346	46	**668**
December 31, 2016	**4,182**	**21,371**	**25,578**	**2,271**	**53,402**
December 31, 2015					
Historical cost	4,069	43,318	124,726	2,298	**174,411**
Accumulated depreciation and write-downs	0	(22,126)	(101,725)	(177)	**(124,028)**
Net book value	**4,069**	**21,192**	**23,001**	**2,121**	**50,383**
December 31, 2016					
Historical cost	4,182	45,322	137,306	2,493	**189,303**
Accumulated depreciation and write-downs	0	(23,951)	(111,728)	(222)	**(135,901)**
Net book value	**4,182**	**21,371**	**25,578**	**2,271**	**53,402**

Note that at 31 December 2017, land and buildings were free of mortgages or other encumbrances.

Investments in tangible assets during 2017 amounted to 7,273 thousand Euro and included investments by the Parent Company in the establishment of a new Electronic Devices production line at the Avezzano plant, as well as the purchase, again by SAES Getters S.p.A., of machinery for the improvement of the SMA industrial production lines and of laboratory equipment for R&D activities at the plant in Lainate. Also noteworthy were the investments in SMA by the subsidiaries Memry Corporation and SAES Smart Materials, Inc., with a view to increasing the production capacity of their existing lines and creating new production lines in the medical and industrial segments. Part of these investments in SMA were in preparation for the transfer of the production of the German subsidiary Memry GmbH, which was completed on the second semester of 2017. Finally, investments included purchases of machinery for the security & defence sector by the US subsidiary SAES Getters USA, Inc.

Disposals, which were modest and amounting to 23 thousand Euro, mainly related to the sale of a work station by the US subsidiary SAES Smart Materials, Inc.

Depreciation for the 2017, which stood at 7,399 thousand Euro, was slightly higher than that the previous year (7,170 thousand Euro) and was mainly due to the consolidation over the entire year of the newly-acquired company Metalvuoto S.p.A.

The write-downs, amounting 1,177 thousand Euro, mainly concerned the write-off of assets following the decision to suspend the OLET research project (937 thousand Euro) and the residual value of some equipment and machinery as part of the process leading to the liquidation of the German subsidiary Memry GmbH (183 thousand Euro).

Conversion differences (negative and amounting to 2,584 thousand Euro) related to assets of the US companies and are the result of the devaluation of the US dollar as at 31 December 2017 compared to the exchange rate of at 31 December 2016.

All tangible assets are owned by the SAES Group and no financial leasing contract was in place as at 31 December 2017.

15. INTANGIBLE FIXED ASSETS

Intangible fixed assets, net of accumulated amortization, amounted to 53,175 thousand Euro as at 31 December 2017, a decrease of 7,146 thousand Euro compared to the previous year.

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

(thousands of euro)

Intangible fixed assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2016	**48,321**	**0**	**7,555**	**270**	**4,086**	**89**	**60,321**
Additions	0	0	57	205	43	73	**378**
Disposals	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	90	42	(132)	**0**
Other movements	(134)	0	0	0	0	0	**(134)**
Amortization	0	0	(727)	(198)	(517)	0	**(1,442)**
Write-downs	0	0	0	0	(4)	0	**(4)**
Revaluations	0	0	0	0	0	0	**0**
Conversion differences	(5,193)	0	(280)	(8)	(463)	0	**(5,944)**
December 31, 2017	**42,994**	**0**	**6,605**	**359**	**3,187**	**30**	**53,175**
December 31, 2016							
Historical cost	53,598	183	12,418	10,390	25,578	828	**102,995**
Accumulated amortization and write-downs	(5,277)	(183)	(4,863)	(10,120)	(21,492)	(739)	**(42,674)**
Net book value	**48,321**	**0**	**7,555**	**270**	**4,086**	**89**	**60,321**
December 31, 2017							
Historical cost	48,271	183	11,840	10,551	23,498	769	**95,112**
Accumulated amortization and write-downs	(5,277)	(183)	(5,235)	(10,192)	(20,311)	(739)	**(41,937)**
Net book value	**42,994**	**0**	**6,605**	**359**	**3,187**	**30**	**53,175**

(thousands of euro)

Intangible fixed assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2015	**44,414**	**0**	**2,834**	**601**	**4,472**	**1**	**52,322**
Additions	0	0	5	108	0	89	**202**
Disposals	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Change in consolidation area	2,543	0	5,117	0	5	0	**7,665**
Amortization	0	0	(475)	(440)	(513)	0	**(1,428)**
Write-downs	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	**0**
Conversion differences	1,364	0	74	1	122	(1)	**1,560**
December 31, 2016	**48,321**	**0**	**7,555**	**270**	**4,086**	**89**	**60,321**
December 31, 2015							
Historical cost	49,691	183	7,091	10,133	24,653	740	**92,491**
Accumulated amortization and write-downs	(5,277)	(183)	(4,257)	(9,532)	(20,181)	(739)	**(40,169)**
Net book value	**44,414**	**0**	**2,834**	**601**	**4,472**	**1**	**52,322**
December 31, 2016							
Historical cost	53,598	183	12,418	10,390	25,578	828	**102,995**
Accumulated amortization and write-downs	(5,277)	(183)	(4,863)	(10,120)	(21,492)	(739)	**(42,674)**
Net book value	**48,321**	**0**	**7,555**	**270**	**4,086**	**89**	**60,321**

The decrease in the year was mainly due to conversion differences (-5,944 thousand Euro) relating to the intangible assets of the Group's US companies and to a lesser extent amortization for the period (-1,442 thousand Euro). These figures are essentially in line with the figures for the previous year.

During the 2017 financial year, investments amounted to 378 thousand Euro and mainly concerned the purchase of new software licenses by the Parent Company and the subsidiary Memry Corporation.

Write-downs, amounting to 4 thousand Euro, related to the aforementioned liquidation process of the German subsidiary Memry GmbH.

See the section below for changes in the "Goodwill" item.

All intangible assets except for goodwill are considered to have finite useful lives and are systematically amortized every period to take account of their residual use.
Goodwill is not amortized but its recoverable value is periodically reviewed on the basis of the expected cash flows of the related Cash Generating Unit (CGU) to which the goodwill refers (i.e. an impairment test).

Goodwill

Changes in the "Goodwill" item and the Cash Generating Unit to which the goodwill refers are indicated below.

It should be noted that following the acquisition of the control of the company Metalvuoto S.p.A., an additional CGU, coinciding with the "Solutions for Advanced Packaging" operating sector, as of 1 January 2017 as been added alongside the "Industrial Applications" and "Shape Memory Alloys" business units. The goodwill generated by the acquisition of Metalvuoto S.p.A., which was temporarily unallocated to any CGU as at 31 December 2016, has been reclassified in this new operating sector as of 1 January 2017.

(thousands of euro)

Business Unit	December 31, 2016	Additions	Write-downs	Other movements	Translation differences	December 31, 2017
Industrial Applications	5,971	0	0	0	(608)	5,363
Shape Memory Alloys	39,807	0	0	0	(4,585)	35,222
Solutions for Advanced Packaging	2,543	0	0	(134)	0	2,409
Not allocated	0	0	0	0	0	0
Total goodwill	**48,321**	**0**	**0**	**(134)**	**(5,193)**	**42,994**

The decrease in the period was entirely due to the exchange rate effect on the goodwill denominated in currencies other than the Euro.

The "Other movements" item refers to an adjustment of goodwill arising from the acquisition of Metalvuoto S.p.A. as a result of the adjustment (+62 thousand Euro). This was agreed on the parties, of the consideration for the purchase of the first 70% of the company, and of the capital payments (-196 thousand Euro) made during the fiscal year by the minority shareholder Mirante S.r.l. to cover the losses recorded in 2016 as well as during the course of the 2017 (for further details on the coverage of these losses, see the paragraph entitled "Significant events in 2017" in the Report on Operations).

It should be noted that the value of goodwill arising from the acquisition of Metalvuoto S.p.A. has been modified compared to 31 December 2016 and can now be considered definitive, following the completion, during the current year, of the valuation of the company's business combination and the determination of the current values of the net assets acquired, in accordance with the provisions of the revised IFRS 3 standards.
The goodwill was initially estimated as 6,187 thousand Euro on the basis of the difference between the book value of the net assets of the company at the date of the acquisition (-407 thousand Euro) and the total price of acquisition of the company (5,780 thousand Euro), including the consideration paid in cash for the purchase of the first 70% (5,128 thousand Euro) and the financial debt incurred in the undertaking to purchase the remaining 30% (amounting to 652 thousand Euro). The process of Purchase Price allocation, the details of which are set out in Note no. 3, led to a reduction in the value of goodwill to 3,644 thousand Euro.

The following table indicates the gross book values of goodwill and their accumulated impairment write-downs from 1 January 2004 to 31 December 2017 and to 31 December 2016.

(thousands of euro)

Business Unit	December 31, 2017			December 31, 2016		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial Applications (*)	5,426	(63)	5,363	6,034	(63)	5,971
Shape Memory Alloys (*)	38,622	(3,400)	35,222	43,207	(3,400)	39,807
Solutions for Advanced Packaging (**)	2,409	0	2,409	2,543	0	2,543
Not allocated	358	(358)	0	358	(358)	0
Total goodwill	**46,815**	**(3,821)**	**42,994**	**52,142**	**(3,821)**	**48,321**

(*) The difference between the gross value as at December 31, 2017 and the gross value as at December 31, 2016 is due to the translation differences on goodwill amounts denominated in currencies other than euro.

(**) The difference between the gross value as at December 31, 2017 and that at December 31, 2016 was due to the adjustment of the goodwill following the acquisition of Metalvuoto S.p.A.

Impairment test

According to the IAS 36 standard, goodwill is not subjected to amortization, but to impairment testing annually at the end of each financial year, or more often if specific events or circumstances arise that may indicate that it is impaired. For the purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGUs) or groups of units, in accordance with the maximum aggregation constraint, which cannot exceed the segment of assets identified pursuant to IFRS 8.
In particular, the CGUs identified by the SAES Group for the impairment test consist of the following operating segments (as indicated in Note no. 13):

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

The impairment test, which was approved by the Board of Directors on 14 March 2018, consists of estimating the recoverable value of each Cash Generating Unit (CGU) and comparing it with the net book value of the tangible and intangible assets allocated to the CGU in question, including goodwill.
The recoverable value is estimated by determining the value in use, which corresponds to the present value of the future cash flows that are expected from each Cash Generating Unit on the basis of the most recent three-year plan 2018-2020 produced by top management and approved by the Board of Directors on 15 February 2018.
In making these projections, management made many assumptions, which are based on the following key variables:

- evolution of macroeconomic variables;
- estimated future sales volumes by business/product family/client;
- price and margin trends;
- cost of materials and sales by product family;
- production costs, operating costs and investment plan;
- discount rates estimated by management.

The expected sales growth is based on management projections, while the margins and operating expenses of the various businesses were estimated on the basis of historical data, adjusted to account for the expected results and the projected market price trends. The value of investments and working capital was determined by taking various factors into account, such as expected future growth rates and the product development plan. These assumptions are influenced by future expectations and market conditions.

The discount rate applied in discounting cash flows represents the estimate of the expected rate of return of each Cash Generating Unit in the market. In order to select an appropriate discount rate to be applied to future cash flows, the indicative interest rates that would be applied to the Group in the event of the contracting of a new medium-long term loan, the long-term government bond yield curve and the Group's prospective equity/debt structure were taken into consideration. The weighted average cost of capital (WACC) applied to prospective cash flows was estimated as 6.5%, and was deemed to be representative of all of the Group's CGUs. The WACC used is net of taxes, in accordance with the cash flows involved.

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

	Industrial Applications	Shape Memory Alloys	Solutions for Advanced Packaging
Estimated years after the three years plan	11 (*)	12	12

(*) Calculated as the weighted average of the years assumed for each business on forecasted sales for 2018:
- 12 years assumed for Business Systems for Gas Purification & Handling e Systems for UH Vacuum;
- 10 years assumed for Business Electronic Devices, Security & Defense, Healthcare Diagnostics e Sintered Components for Electronic Devices & Lasers;
- 6 years assumed for Business Thermal Insulation;
- 3 years assumed for Business Getters & Dispensers for Lamps.

This first level of impairment testing did not reveal any potential loss in value of the assets.
Moreover, when a sensitivity analysis is conducted by increasing the WACC up to 1 percentage point above the Group's reference value, no critical issues emerged with regard to the net asset value reported in the financial statement as of 31 December 2017.

A second level of verification was then carried out, including in the recoverable value costs related to corporate departments, as well as economic values that cannot be allocated univocally or through reliable drivers for the major sectors, of which basic research expenses incurred by the Group in identifying innovative technical solutions are of considerable importance. This additional level of testing also did not reveal any potential impairment of the assets.

The estimation of the recoverable values of the various Cash Generating Units required the subjectivity and the use of estimates on the part of management. Accordingly, the Group cannot guarantee that impairment losses will occur in future periods. In fact, various factors, including those associated with the future development of the current market scenario and demand, could require a re-determination of asset values in future periods. The Group will constantly monitor the circumstances and events that could require further testing of impairment losses.

16. INVESTMENTS VALUED USING THE EQUITY METHOD

As at 31 December 2017, this item included the share of net assets attributable to the Group in the joint ventures Actuator Solutions GmbH[29], SAES RIAL Vacuum S.r.l. and Flexterra., Inc.[30]

The table below summarizes the movements relating to each investment during 2017.

(thousands of euro)

Investments valued using the equity method	December 31, 2016	Additions	Capital payments	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Disposals	Other	December 31, 2017
Actuator Solutions	0	0	1,000	(1,000)	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	1,475	0	0	158	(8)	0	0	0	1,625
Flexterra	8,146	0	0	(1,626)	(884)	0	0	0	5,636
Total	**9,621**	**0**	**1,000**	**(2,468)**	**(892)**	**0**	**0**	**0**	**7,261**

The change in the period (negative overall by -2,360 thousand Euro) is the result of both the capital injection into Actuator Solutions GmbH (one million Euro) and the adjustment of the value of each investment to the Group's share of the result and other overall income (losses) recorded by the joint ventures in the 2017 (-3,360 thousand Euro).
With respect to Actuator Solutions, it should be noted that this amount[31] is less than the actual share pertaining to the Group in the 2017 loss of joint venture since, in accordance with the IAS 28 standard, the investment was reduced to zero and the loss exceeding the investment (-807 thousand euro[32]) was not recognized as a liability since currently the Group has no legal or implied obligation to recapitalize Actuator Solutions.

Actuator Solutions

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

[29] Note that Actuator Solutions GmbH, consolidates its wholly-owned subsidiaries Actuator Solutions Taiwan Co. Ltd. and Actuator Solutions (Shenzhen) Co. Ltd.
[30] As of 10 January 2017 Flexterra, Inc. (USA) fully controls the newly-established company Flexterra Taiwan Co. Ltd.
[31] Note that the loss recorded in 2017 corresponds to the capital injection by SAES Nitinol on 21 December 2017, being the investment completely written off at the end of the previous year.
[32] In the previous year, the share of total loss not recognized, because it exceeded the investment, was -185 thousand Euro.

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

(thousands of euro)

Actuator Solutions	December 31, 2017	December 31, 2016
Statement of financial position	**50%**	**50%**
Non current assets	5,491	5,143
Current assets	1,908	1,931
Total assets	**7,399**	**7,074**
Non current liabilities	4,982	4,248
Current liabilities	3,409	3,011
Total liabilities	**8,391**	**7,259**
Capital stock, reserves and retained earnings	815	3,376
Net income (loss) for the period	(2,047)	(3,373)
Other comprehensive income (loss) for the period (*)	240	(188)
Total equity	**(992)**	**(185)**

(*) 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	December 31, 2017	December 31, 2016
Statement of profit or loss and of other comprehensive income	**50%**	**50%**
Net sales	13,538	9,321
Cost of sales	(12,234)	(10,159)
Gross profit	**1,304**	**(838)**
Total operating expenses	(2,691)	(2,673)
Other income (expenses), net	(4)	64
Operating income (loss)	**(1,391)**	**(3,447)**
Interest and other financial income, net	(354)	(155)
Foreign exchange gains (losses), net	(230)	122
Income taxes	(72)	107
Net income (loss)	**(2,047)**	**(3,373)**
Exchange differences	240	(188)
Total comprehensive income (loss)	**(1,807)**	**(3,561)**

Overall[33] Actuator Solutions generated net revenues of 27,075 thousand Euro in the 2017, up by 45.2% compared to 18,642 thousand Euro in the 2016. This increase was attributable both to the increase of sales in the traditional seat comfort business (valves exploiting the SMA technology and used in lumbar control systems in cars seats), and to the contribution of the autofocus segment (AF) systems for high-end action cameras (which recorded revenues of 4,548 thousand Euro). The development of AF devices for mobile phone focus mechanisms continued intensively in 2017.
The net result for 2017 was negative, amounting to -4,093 thousand euro, compared to a loss of -6,747 thousand Euro in 2016. This loss included extraordinary costs of around 1.4 million Euro, related to a reorganization process which started in Germany at the end of 2016 and continued in 2017, also in the Taiwanese subsidiary, with the shutdown of the factory in Zhubei, the outsourcing of the production activities and a progressive focus on research & development activities.
For further details of developments in the business of Actuator Solutions, see the paragraph dedicated to the joint venture in the Report on Operations of the SAES Group.

The portion corresponding to the SAES Group (equal to 50%) in the result of this joint venture in 2017 amounted to -2,047 thousand Euro, to which can be added the other components of the overall income statement amounting to +240 thousand euro, consisting of conversion differences generated by the consolidation of Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd. into Actuator Solutions GmbH.

[33] 100% values.

As indicated above, the negative valuation of the investment using the equity method recorded in the income statement was lower, amounting to -1,000 thousand Euro since, in accordance with the IAS 28 standard, no further losses have been recorded following the elimination of the consolidated investment, since to date there is no legal or implied obligation on the SAES Group to recapitalize Actuator Solutions.

As at 31 December 2017, since the value of the investment in Actuator Solutions GmbH was completely written off and there is no obligation to recapitalize, no impairment test was necessary. See Note no. 19 in relation to the recoverability of the Group's financial receivables from the joint venture.

The following table indicates the number of employees of the Actuator Solutions joint venture as at 31 December 2017 broken down by category, based on the Group's percentage ownership (50%).

Actuator Solutions	December 31, 2017	December 31, 2016
	50%	50%
Managers	6	9
Employees and middle management	20	39
Workers	11	20
Total (*)	**37**	**68**

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 4 units as at December 31, 2017 and equal to 2 unit at December 31, 2016 (according to the percentage held by the Group).

The reduction in the number of employees compared to 31 December 2016 was mainly related to the aforementioned reorganization process, which commenced in late 2016 in Germany and continued into 2017, also at the Taiwan-based subsidiary.

SAES RIAL Vacuum S.r.l.

SAES RIAL Vacuum S.r.l., established in late 2015, is jointly controlled by SAES Getters S.p.A (49%) and Rodofil s.n.c. (51%). The company specializes in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders, and combines the skills of SAES at the highest level in the field of materials, vacuum applications, and innovation, with the experience of Rodofil in design, assembly and fine mechanical production. Its objective is offer products of absolutely excellent quality and to compete successfully in international markets.

The Group's equity investment is accounted for using the equity method, since the operation is classed as a joint control agreement, in particular, a joint venture. It should be noted in this regard that a key factor in the classification of the agreement is the conclusion of shareholders' agreements which stipulate that decisions on some significant activities are taken with the unanimous consent of the parties, irrespective of their percentage ownership of its share capital.

Finally, note that a put and call option exists 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 be entitled to exercise a put option, by a one-off operation by selling to SAES Getters S.p.A. a minimum of 2%, up to a maximum of 51% of its shares in SAES RIAL Vacuum S.r.l. between 1 May 2020 and 31 May 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 be entitled to exercise a call option through a one-off operation between 1 June 2020 and 30 June 2020, for 30% of the share capital, at a price calculated by a similar mechanism. Note that since Management did not have sufficient information for an accurate assessment of the fair value of the above options, at 31 December 2017, the no value is attributed to them in the financial statements.

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

(thousands of euro)

SAES RIAL Vacuum S.r.l.	December 31, 2017	December 31, 2016
Statement of financial position	**49%**	**49%**
Non current assets	145	150
Current assets	731	518
Total assets	**876**	**668**
Non current liabilities	150	148
Current liabilities	494	438
Total liabilities	**644**	**586**
Capital stock, reserves and retained earnings	82	221
Net income (loss) for the period	158	(137)
Other comprehensive income (loss) for the period (*)	(8)	(2)
Total equity	**232**	**82**
Goodwill arising on acquisition	1,393	1,393
SAES Group Investment	**1,625**	**1,475**

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

(thousands of euro)

SAES RIAL Vacuum S.r.l.	December 31, 2017	December 31, 2016
Statement of profit or loss and of other comprehensive income	**49%**	**49%**
Net sales	1,192	773
Cost of sales	(905)	(746)
Gross profit	**287**	**27**
Total operating expenses	(169)	(134)
Other income (expenses), net	51	(24)
Operating income (loss)	**169**	**(131)**
Interest and other financial income, net	(10)	(7)
Foreign exchange gains (losses), net	0	0
Income taxes	(1)	1
Net income (loss)	**158**	**(137)**
Actuarial gain (loss) on defined benefit plans, net of taxes	(8)	(2)
Total comprehensive income (loss)	**150**	**(139)**

Overall[34], SAES RIAL Vacuum S.r.l. ended 2017 with sales of 2,433 thousand Euro and a net profit of 323 thousand Euro. After recording a further operating loss in the first half of 2017, the company recorded a gross industrial margin of 39.9%, very similar to that of the SAES Group, in the second half of the year, due to an increase in turnover and the relevant economies of scale.

The share of the SAES Group (49%) in the joint venture's profit amounted to +158 thousand Euro in the 2017, to which the other components of the comprehensive income statement, negative by -8 thousand Euro must be added. These consisted of actuarial differences on defined benefit plans (i.e. employee severance indemnity), net of the relevant tax effect.

The difference, amounting to 1,393 thousand Euro, between the investment value (1,625 thousand Euro) and the value of the share of the SAES Group in the company's net assets (232 thousand Euro) represents the implicit goodwill that is included in the carrying value of the investment.

The value of the investment in SAES RIAL Vacuum S.r.l. was subjected to an impairment test. To this end, the value in use was determined using the Free Operating Cash Flow method, on the basis of the most recent plans produced by the management using the business forecast approved by the

[34] 100% values.

Board of Directors and using a WACC of 4.6%, which considers the cost of debt, the structure of the capital of the joint venture, and the long-term Italian government bond yield curve. The analysis did not reveal any potential impairment of the asset.
A sensitivity analysis was also performed by increasing the discount rate to bring it in line with that used by the Group for impairment test purposes (6.5%). In this case also, no critical aspects were revealed.

The following table indicates the number of employees of the SAES RIAL Vacuum S.r.l. joint venture as at 31 December 2017 broken down by category and based on the percentage ownership held by the SAES Group (49%).

SAES RIAL Vacuum S.r.l.	December 31, 2017	December 31, 2016
	49%	49%
Managers	0	0
Employees and middle management	3	3
Workers	4	2
Total (*)	**7**	**5**

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 1 unit as at December 31, 2017 and equal to 2 unit at December 31, 2016 (according to the percentage held by the Group).

Flexterra

Flexterra was born from a technological partnership established in previous years by SAES and the US company Polyera in the field of flexible thin film transistors for new generation displays. In particular, Flexterra, based in Skokie (near Chicago, Illinois, USA) is a newco that was established in late 2016 by SAES (through its subsidiary SAES Getters International Luxembourg S.A.) and some former shareholders and investors in Polyera. The object of the newco is the design, manufacture and marketing of materials and components for the manufacture of truly flexible displays, which have enormous application potential in various market sectors.
As of 10 January 2017 Flexterra, Inc. fully controls the newly-established company Flexterra Taiwan Co., Ltd.

As at 31 December 2016, SAES held a 34.66% stake in the share capital of Flexterra, Inc. As of 31 December 2017, this stake had decreased to 33.79% as a result of the cash contribution made, in the first semester of the current year, by other shareholders who are former investors in Polyera.

The Group's equity investment is accounted for using the equity method given that, irrespective of their percentage ownership of the share capital, the operation consists of a joint control agreement, 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 (which provide that the decisions on some relevant matters are taken with the consent of at least four of the five members of the Board).

Note that as at 31 December 2017, SAES had undertaken to transfer a further contribution of 4.5 million USD in capital – in addition to tangible and intangible assets with an estimated value of approximately 3 million USD – to be finalized upon the achievement by Flexterra of the technical and commercial objectives set out in the agreement (namely the milestone of the stipulation of a binding agreement for the commercialization of Flexterra products) no later than 31 March 2018.
It should be noted that Flexterra, Inc. is currently negotiating a review of the original agreement with its shareholders, in order to extend this deadline until the end of July 2018 to enable the milestone to be achieved. If the target is achieved, SAES' holding is expected to increase to around 45% following the capital contribution.

The value of the investment as at 31 December 2017 is the overall contribution (8,146 thousand Euro, or approximately 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 of the year (-1,626 thousand Euro) and in the other components of comprehensive income (-884 thousand Euro). These include the expenses related to the issue equity instruments (-7 thousand Euro), as well as the currency conversion difference reserve (-877 thousand Euro) arising from the conversion to Euro of the financial statements of Flexterra, Inc. and of its subsidiary Flexterra Taiwan Co., Ltd. (respectively expressed in US Dollar and Taiwanese Dollar).

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

(thousands of euro)

Flexterra	December 31, 2017	December 31, 2016
Statement of financial position	**33.79%**	**34.66%**
Non current assets	4,616	5,755
Current assets	1,206	2,309
Total assets	**5,822**	**8,064**
Non current liabilities	0	0
Current liabilities	154	0
Total liabilities	**154**	**0**
Capital stock, reserves and retained earnings	8,064	8,064
Reserve for stock option plans	114	0
Net income (loss) for the period	(1,626)	0
Other comprehensive income (loss) for the period (*)	(884)	0
Total equity	**5,668**	**8,064**

(*) 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	December 31, 2017
Statement of profit or loss and of other comprehensive income	**33.79%**
Net sales	10
Cost of sales	(1)
Gross profit	**9**
Total operating expenses	(1,664)
Other income (expenses), net	(50)
Operating income (loss)	**(1,705)**
Interest and other financial income, net	2
Foreign exchange gains (losses), net	31
Income taxes	46
Net income (loss)	**(1,626)**
Exchange differences and capital expenditure costs	(884)
Total comprehensive income (loss)	**(2,510)**

In general terms,[35] Flexterra is a development start-up that in 2017 generated operating costs of around 5 million euro (mainly costs for employees in research, general and administrative activities, as well as amortization of intangible assets - in particular patents - conferred by Polyera on the date of its establishment, in addition to consultancy fees) and closed the year with a net loss of -4,810 thousand Euro.

As indicated above, the share of the SAES Group (33.79%) in the result of this joint venture amounted to -1,626 thousand Euro in 2017, to which the other components of the comprehensive income statement, negative by -884 thousand Euro, must be added.

[35] 100% values.

The value of the investment in Flexterra was subjected to an impairment test. To this end, the value in use was determined using the Free Operating Cash Flow method, on the basis of the five-year plans drawn up by top management and approved by the Board of Directors of the company at the end of last year, on the occasion of the capital contribution by the Shareholders, which is still considered valid, and using a WACC of 50.5%. An equity cost of 58% was used for the calculation the WACC. This was deemed appropriate given that Flexterra was recently incorporated and still in the start-up phase, and in view of its expected capital requirements to finance future growth. The cost of debt, on the other hand, was obtained by adding a specific risk premium of 10% to the interest rate on bonds classified by Moody's as Baa (4.79%). The equity ratio on total capital was assumed as 85%, which is the average of the capital structures that can be observed in Flexterra's sector.
The analysis did not reveal any potential impairment of the asset.
A sensitivity analysis was also conducted, increasing the discount rate by 3 percentage points (WACC of 53.5%). In this case also, no critical issues emerged.

The following table indicates the number of employees of the joint venture Flexterra as at 31 December 2017 distributed by category, based on the percentage ownership held by the SAES Group (33.79%).

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

Please note as of 31 December 2016, Flexterra, Inc. had not yet commenced operations.

17. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2017, the net balance of deferred tax assets and deferred tax liabilities was negative at 1,571 thousand Euro, compared with a positive value of 6,950 thousand Euro in the previous year. The decrease is primarily related to the write-down of deferred tax assets, recorded up to the end of 2013, of the tax losses of SAES Getters S.p.A.

The relevant details are set out below.

(thousands of euro)

Deferred taxes	December 31, 2017	December 31, 2016	Difference
Deferred tax assets	5,440	15,073	(9,633)
Deferred tax liabilities	(7,011)	(8,123)	1,112
Total	**(1,571)**	**6,950**	**(8,521)**

Given that deferred tax assets and liabilities have been recognized in the consolidated financial statements, by offsetting 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	December 31, 2017	December 31, 2016	Difference
Deferred tax assets	8,442	18,751	(10,309)
Deferred tax liabilities	(10,013)	(11,801)	1,788
Total	**(1,571)**	**6,950**	**(8,521)**

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities according to their nature, compared with the figures as at 31 December 2016.

(thousands of euro)

Deferred tax assets	December 31, 2017		December 31, 2016	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	6,752	2,080	1,627	565
Differences on depreciation/amortization and write-downs	1,284	341	1,784	622
IAS 19 effect	248	58	267	71
Bad debts	414	103	439	169
Inventory write-down	5,731	1,495	6,132	2,200
Provisions	3,493	841	3,768	1,352
Cash deductable expenses	11,368	2,754	8,956	2,496
Deferred taxes on recoverable losses	1,673	401	46,114	11,065
Exchange differences and other	496	369	290	211
Total		**8,442**		**18,751**

The change in the current year balance when compared to the balance of the previous year is primarily due to the net write-down by SAES Getters S.p.A. of 10,720 thousand Euro in deferred tax assets on prior year tax losses arising in 2009-2013, based on updated estimates by management and reflected in the new 2018-2020 three-year plan approved by the company's Board of Directors, with particular reference to the Parent Company's commercial objectives and organisational structure.
In particular, the Parent Company's 2018-2020 three-year plan was subjected to a major review, compared to the previous plan, of the margins it expected for some of the businesses on which the Parent Company's business is based, following an updating of the estimates that are reflected in it, with particular reference, for the Parent Company, to sales forecasts (volume effect), as well as the change in scenario regarding competitive and market dynamics (price effect). Moreover, following the occurrence of certain events during 2017 that led to delays and other changes on some projects under development, SAES Getters S.p.A. revised some businesses for future years. It should also be noted that the 2018-2020 plan suffers from a significant penalisation in terms of the effect of exchange rates.
In view of the discontinuities that are reflected in the plan, management’s assumptions therein, as described above, led to a significant reduction in the Parent Company's forecast for taxable income forecasts compared to what was indicated in estimates used in previous years. This led to a forecast of a negative taxable base for 2018 and to an estimate for any recovery of deferred tax assets that involved a time horizon significantly longer than that of the plan itself, and also longer than forecasts in previous years for the same purposes, which indicated a period slightly longer than the timespan of the approved plans.
Based on this information, management deemed it appropriate to make provision for a write-down of deferred tax assets of the Parent Company of 10,720 thousand Euro, attributable to tax losses carried forward. The theoretical possibility of using these tax losses in subsequent years is not affected, if future taxable income recorded is significantly higher than the current estimates by management as reflected in the approved plan, and the limit of 80% of the annual taxable base is respected, if positive.

The assessment of the recoverability of the residual deferred tax assets recorded in the financial statements is based on specific analyses of the probability that the objectives indicated in the 2018-2020 plan, over the extended horizon used to analyse the recoverability of the deferred tax assets, will be achieved and that, as a result, sufficient taxable income will be generated in future years to allow the assets to be used. These assumptions rest on estimates based on future economic and market forecasts that may vary as a result of various factors, and therefore require a restatement of the estimates.

The Group recorded 129,820 thousand Euro in tax losses which are eligible to be carried forward as at 31 December, 2017. These are attributable to the Parent Company, to the subsidiary SAES Getters International Luxembourg S.A. and to E.T.C. S.r.l. in liquidation (tax losses eligible to be carried forward amounted to 123,948 thousand Euro as at 31 December 2016).
The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets amounted to 1,673 thousand Euro (46,114 thousand Euro as at 31 December 2016) and were exclusively attributable to Metalvuoto S.p.A. Deferred tax assets on Metalvuoto S.p.A.'s tax losses were recorded against the reasonable certainty of their recovery in future years, in light of the forecasts published in the 2018-2020 three-year plan.

(thousands of euro)

Deferred tax liabilities	December 31, 2017		December 31, 2016	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(51,261)	(3,907)	(46,342)	(3,354)
Differences on depreciation/amortization and fair value revaluations	(22,934)	(5,983)	(23,769)	(8,330)
IAS 19 effect	(436)	(105)	(423)	(101)
Other	(83)	(18)	(65)	(16)
Total		**(10,013)**		**(11,801)**

Deferred tax liabilities recorded in the consolidated financial statements as at 31 December 2017 included, in addition to the provision for taxes due in the event of distribution of profits and reserves of the subsidiaries for which a distribution is expected in the foreseeable future, the temporary differences on the capital gains identified during the purchase price allocation of both the US companies acquired in the past years, as well as the newly-acquired Metalvuoto S.p.A., the Purchase Price Allocation of which was completed in the current year (for further details, see Note no. 3).

The decrease in deferred tax liabilities is mainly due to their recalculation by the US subsidiaries using the new federal tax rate (which was reduced from 35% to 21%) as of 2018.

18. TAX CONSOLIDATION RECEIVABLES FROM THE PARENT COMPANY

The "Tax consolidation receivables from the Parent Company" item (272 thousand Euro) refers to the receivable originally claimed by SAES Advanced Technologies S.p.A. and now by the Parent Company[36], from S.G.G. Holding S.p.A., following a request for refund that the latter had presented as the consolidating company of the tax consolidation scheme in place until 31 December 2014. This receivable was classified among non-current assets as it is collectable after the end of the year.

As of 1 January 2015, following the reduction below the 50% threshold of S.G.G. Holding S.p.A.'s stake in SAES Getters S.p.A. of the prerequisite to access to the tax consolidation scheme with S.G.G. Holding S.p.A. as the consolidating company ceased to exist, as provided in the combined provisions of articles 117 and 120 of the Income Tax Code ("TUIR"). The Italian companies of the

[36] Note that SAES Advanced Technologies S.p.A. merged into SAES Getters S.p.A. with effect from 1 January 2016 from an accounting standpoint.

Group[37] are currently part of a new tax consolidation scheme with the Parent Company as the consolidating company.
As at 31 December 2016, all the companies in the tax consolidation scheme had a negative taxable income and therefore, no credit/debit was entered in the annual balance sheet. As at 31 December 2017, SAES Nitinol S.r.l., the only company to submit positive taxable income return, first used all its previous tax losses. It then ceded the residual taxable income to the consolidation scheme, which used it to offset part of the tax losses generated during the year by the other participating companies.

19. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item entitled "Financial receivables from related parties", amounted to 8,485 thousand Euro as at 31 December 2017, compared to 5,814 thousand Euro as at 31 December 2016.

This item included the interest-bearing loans granted by SAES Group to the joint ventures Actuator Solutions GmbH (8,360 thousand Euro) and SAES RIAL Vacuum S.r.l. (50 thousand Euro).
A portion, which is scheduled to be repaid by the joint ventures within one year, was included in the current assets (861 thousand Euro, compared with 561 thousand Euro as at 31 December 2016), while the remaining portion was classified as non-current asset (7,549 thousand Euro, compared with 5,249 thousand Euro as at 31 December 2016).

The relevant details are given in the tables below.

Actuator Solutions GmbH

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at December 31, 2017 (*) (thousands of euro)	Value as at December 31, 2016 (*) (thousands of euro)	
Loan granted in October 2014	EUR	1,200	flexible, with maturity date April 2018 (°)	6% annual fixed rate	271	648	
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	99	1,040	
Loan signed in July 2016 - first tranche granted in July 2016	EUR	2,000	flexible, with maturity date April 2019	6% annual fixed rate	3,247	3,067	(#)
- second tranche granted in September 2016	EUR	1,000					
Loan signed in November 2016: - first tranche granted in November 2016	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	4,743	1,005	(##)
- second tranche granted in January 2017	EUR	1,000					
- third tranche granted in February 2017	EUR	1,000					
- fourth tranche granted in March 2017	EUR	1,000					
- fifth tranche granted in April 2017	EUR	500					
Total		**9,700**			**8,360**	**5,760**	

(*) 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.

During the first semester of 2017, on 19 January, 10 February and 17 March, SAES Nitinol S.r.l. paid three additional tranches (of 1 million Euro each) to Actuator Solutions GmbH in respect of the loan concluded on 28 November 2016. The last tranche of the loan, of 0.5 million Euro, was paid on 24 April 2017.

On 19 December 2017, Actuator Solutions GmbH fully repaid the principal, amounting to 1 million Euro, of the loan granted at the end of April 2016.

[37] SAES Getters S.p.A., SAES Nitinol S.r.l. and E.T.C. S.r.l. in liquidation. In October 2017, the option to include the newly-acquired Metalvuoto S.p.A. in the national tax consolidation programme was exercised with effect from 1 January 2017.

Note that the parties have agreed to temporarily suspend payment of the interest accrued during 2016 (a payment that, according to the contractual arrangements, was scheduled for early 2017); consequently, the financial receivable entered at 31 December 2017 includes not only the residual principal portion as at 31 December 2017 and the interest accrued in 2017, but also the interest pertaining to the previous year.

The financial receivable from Actuator Solutions GmbH is assessed as fully recoverable on the basis of the cash flows estimated in the joint venture's 2018-2022 five-year plan, as approved by the Supervisory Committee of that company.

SAES RIAL Vacuum S.r.l.

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

(*) Interests included.

Finally, it should be noted that the item "Financial receivables from related parties" as at 31 December 2017 also includes a receivable of 75 thousand Euro due to the SAES Group from Mirante S.r.l., a minority shareholder in Metalvuoto S.p.A., in respect of the capital contribution resolved by the Shareholders' Meeting of Metalvuoto S.p.A. on 20 December 2017 and fully subscribed by SAES Getters S.p.A. also on behalf of Mirante, as the latter did not take part in the said Shareholders' Meeting. Mirante S.r.l. paid its share of the capital on 19 January 2018 and, therefore, the receivable was entered under current assets.
At the end of the previous year, the item included 4 thousand Euro due from Metalvuoto S.p.A. to Metalvuoto Lux S.r.l. (a company wholly controlled by Mirante S.r.l.) originating from the contribution of the "Olografia" business unit, prior to the acquisition of the SAES Group. This receivable was collected during the first half of 2017.

20. OTHER LONG-TERM ASSETS

The item "Other long-term assets" amounted to 429 thousand Euro as at 31 December 2017, compared to 435 thousand Euro as at 31 December 2016, and included the guarantee deposits paid by the companies of the Group as part of their operating activities.

21. CLOSING INVENTORIES

Closing Inventories amounted to 47,553 thousand Euro as at 31 December 2017, an increase of 9,320 thousand Euro compared to 31 December 2016.

The following table shows a breakdown of inventory as at 31 December 2017 and 31 December 2016.

(thousands of euro)

Inventory	December 31, 2017	December 31, 2016	Difference
Raw materials, auxiliary materials and spare parts	23,297	16,281	7,016
Work in progress and semi-finished goods	16,829	15,846	983
Finished products and goods	7,427	6,106	1,321
Total	**47,553**	**38,233**	**9,320**

Excluding the negative exchange rate effect (amounting to -4,578 thousand Euro), mainly related to the devaluation of the US dollar, the inventory would have increased by 13,898 thousand Euro compared to the previous year. Higher raw material and semi-finished product volumes in the pure gas handling business necessary to meet the increasing product orders scheduled for delivery in the early months of 2018 were accompanied by growing volumes of semi-finished and finished goods at the Parent Company's plant in Avezzano, corresponding to new advanced production in the electronic devices sector.

The Inventories are stated net of any provision for depreciation which, during 2017, underwent the changes indicated in the table below.

(thousands of euro)

Inventory provision	
December 31, 2016	**4,876**
Accrual	805
Release into income statement	(739)
Utilization	(345)
Translation differences	(415)
December 31, 2017	**4,182**

The accrual (+805 thousand Euro) mainly concerned a write-down of the semi-finished products and finished goods characterized by slow inventory turnover or no longer used in the production process, particularly in the SMA and lamps businesses.

The release into income statement (-739 thousand Euro) was a consequence of a recall into production of some items written down in the previous year, particularly in the SMA and purification businesses.

The utilization (-345 thousand Euro) was a consequence of the scrapping of some items already written down in the previous years, particularly by the US subsidiaries Memry Corporation and Spectra-Mat, Inc.

22. TRADE RECEIVABLES

Trade receivables, net of bad debt provision, stood at 33,529 thousand Euro as at 31 December 2017 and decreased by 5,753 thousand Euro compared to the previous year.
Excluding the exchange rate effect (-3,691 thousand Euro), the decrease (-2,062 thousand Euro) was mainly due to a reduction of trade receivables from the US subsidiary SAES Pure Gas, Inc., which were of a particularly high value at the end of last year. Also noteworthy is the lower receivables from the German subsidiary Memry GmbH, as a result of that company's liquidation, and of the subsidiary Metalvuoto S.p.A., which is due to lower sales in the last quarter of 2017 compared to the same period of the previous year.

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

(thousands of euro)

Trade receivables	December 31, 2017	December 31, 2016	Difference
Gross value	33,865	39,721	(5,856)
Bad debt provision	(336)	(439)	103
Net book value	**33,529**	**39,282**	**(5,753)**

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

The bad debt provision underwent the following variations during the year.

(thousands of euro)

Bad debt provision	December 31, 2017	December 31, 2016
Opening balance	**439**	**329**
Accrual	147	737
Release into income statement	(160)	(87)
Utilization	(67)	(685)
Change in consolidation area	0	146
Translation differences	(23)	(1)
Closing balance	**336**	**439**

The release into the income statement (+147 thousand Euro) was mainly related to the partial write-down of a trade receivable of the subsidiary SAES Pure Gas, Inc. following the client's suspension of payments pending technical checks on the supplied items.

The release into income statement (-160 thousand euro) was mainly due to a receivable from the subsidiary SAES Pure Gas, Inc., which was prudently accrued in the previous year, but collected in May 2017.

Utilization (-67 thousand Euro) refers to a write-off of two trade receivables estimated as irrecoverable on 31 December 2016 by the Management of the Parent Company and of the subsidiary Metalvuoto S.p.A.

The following table provides a breakdown of the trade receivables according to those not yet due and past due as at 31 December 2017 compared with 31 December 2016.

(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	
December 31, 2017	33,865	22,185	5,926	3,290	1,525	321	282	336
December 31, 2016	39,721	23,076	9,040	3,583	2,280	778	525	439

Receivables more than 30 days past due and not written down, as they are deemed to be recoverable, are constantly monitored. The lower incidence of these receivables on the total trade receivables (from 18% as at 31 December 2016 to 16% as at 31 December 2017) was mainly due to some specific receivables of the subsidiary SAES Pure Gas, Inc., which were collected in early 2017.

Note that, based on historical data, current and prospective information, no provision was made for doubtful debts in respect of trade receivables not yet due at the date of these financial statements.

See Note no. 37 for the credit risk on trade receivables, for an understanding of how the Group recognizes and manages credit quality, if the relevant trade receivables are neither past due nor written down.

23. OTHER RECEIVABLES, ACCRUED INCOME AND EXPENSES

This item includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, and shows a balance of 5,852 thousand Euro as at 31 December, 2017, compared to 9,691 thousand Euro as at 31 December 2016.

A breakdown of this item is provided below.

(thousands of euro)

Prepaid expenses, accrued income and other	December 31, 2017	December 31, 2016	Difference
Income tax and other tax receivables	1,533	1,480	53
VAT receivables	2,048	5,735	(3,687)
Social security receivables	76	75	1
Personnel receivables	1	5	(4)
Receivables for public grants	31	455	(424)
Other receivables	230	183	47
Total other receivables	**3,919**	**7,933**	**(4,014)**
Accrued income	0	1	(1)
Prepaid expenses	1,933	1,757	176
Total prepaid expenses and accrued income	**1,933**	**1,758**	**175**
Total prepaid expenses, accrued income and other	**5,852**	**9,691**	**(3,839)**

The item “Income tax and other tax receivables” includes receivables for advance corporation taxes and other tax credits of the Group’s companies with local authorities.

The decrease in the “VAT receivables” was due to refunds received during the year by the Parent Company on credits accrued respectively in 2013 (966 thousand Euro), in 2015 (1,380 thousand Euro) and in 2016 (1,349 thousand Euro).

The item “Receivables for public grants” is mainly composed of credits matured by the Parent Company as of December 31, 2017 for contributions to research projects in progress. The decrease is mainly due to the fact that in the previous year the item also included receivables for contributions to the subsidiary E.T.C. S.r.l. in liquidation (304 thousand Euro at 31 December 2016), which were collected during the current year.
In 2017, income from public funding included in the income statement amounted to 362 thousand Euro (148 thousand Euro in 2016).

The increase in the item “Prepaid expenses” compared to 31 December 2016 was mainly due to certain cost items (particularly IT costs) which were paid in advance at the end of the year by the Parent Company, but which refer to the future periods.

Please note that there are no receivables with a residual maturity of more than five years.

24. CASH AND CASH EQUIVALENTS

The item includes liquid funds used to manage the cash flow necessary for the operating activities.
The following table shows a breakdown of this item as at 31 December 2017 and 31December 2016.

(thousands of euro)

Cash and cash equivalents	December 31, 2017	December 31, 2016	Difference
Bank accounts	27,551	14,321	13,230
Petty cash	13	19	(6)
Total	**27,564**	**14,340**	**13,224**

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

For an analysis of the changes that have occurred in cash and cash equivalents during the period, see the comments on the Cash flow statement (Note no. 36).

As at 31 December 2017, the Group had unused credit lines of 40.6 million Euro compared to 38.8 million Euro at 31 December 2016. The difference is a result of an increase in the ceiling of the cash line of the Parent Company.

25. SHAREHOLDERS’ EQUITY

Group shareholders' equity amounted to 122,141 thousand Euro as at 31 December 2017, a decrease of 12,637 thousand Euro compared to 31 December 2016, mainly due to the distribution of dividends by the Parent Company (-12,250 thousand Euro) and exchange rate differences arising from the conversion of the financial statements into foreign currencies (-14,201 thousand Euro), which was only partially offset by net income realized in the period (+13,860 thousand Euro).
A summary of the changes occurred is provided in the Statement of changes in the shareholders’ equity.

Capital stock

As at 31 December 2017 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand Euro and consisted of 14,671,350 ordinary shares and 7,378,619 savings shares, a total of 22,049,969 shares.
The composition of the capital stock was unchanged compared to 31 December 2016.
The implicit book value per share was 0.554196 Euro as at 31 December 2017, unchanged from 31 December 2016.

See the Report on corporate governance and ownership structure for all of the information required pursuant to 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 31 December 2016.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand Euro as at 31 December 2017 and was unchanged compared to 31 December 2016 as the reserve had reached its legal limit.

Other reserves and retained earnings

This item includes:
- reserves (totalling 2,615 thousand Euro) represented by the positive monetary revaluation balances resulting from the application of Law no. 72 of 19 March 1983 (1,039 thousand Euro) and Law no. 342 of 21 November 2000 (1,576 thousand Euro) by the Parent Company SAES Getters S.p.A. Pursuant to Law no. 342 of 2000, the revaluation reserve has been stated net of the relevant substitute tax of 370 thousand Euro;
- other reserves of subsidiaries, retained earnings, and other shareholders’ equity items of Group companies 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 2016 dividends, as approved by the Parent Company’s Shareholders’ Meeting (-12,250 thousand Euro), the carry forward of the 2016 consolidated income (+14,029 thousand

Euro), the equity transaction costs[38] of the joint venture Flexterra, Inc. (-7 thousand Euro), as well as the actuarial gains and losses on defined benefit plans arising from the application of the revised version of the IAS 19 standard, net of the relevant tax effect (-39 thousand Euro), both of the subsidiaries and the companies accounted for using the equity method.

As stated in the Report on corporate governance and ownership accompanying these Consolidated financial statements, each share confers the right to a proportional part of the distribution of net income that resolved, without prejudice to the rights established in favour of savings shares.
More specifically, as described in article no. 26 of the By-laws, savings shares are entitled to a preferred dividend of 25% of their implied book value. In the event that, in one financial year, a dividend of less than 25% of the implied book value is allocated to savings shares, the difference will be made up by increasing the preferred dividend in the following two years. The remaining income 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 event of distribution of reserves, all 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 conversion of financial statements into foreign currency. The conversion reserve had a positive balance of 8,100 thousand Euro as at 31 December 2017, compared to a positive balance of 22,301 thousand Euro as at 31 December 2016. The decrease of 14,201 thousand Euro was due both to the overall impact on consolidated shareholders' equity of the conversion into Euro of the financial statements of foreign subsidiaries expressed in currencies other than the Euro and the respective consolidation adjustments (-13,324 thousand Euro), and to the share of the Group in the currency conversion reserve arising from the consolidation of the companies[39] assessed using equity method (-877 thousand Euro).

It should be noted that the Group exercised the exemption allowed under the IFRS 1 standard - First-time adoption of International Financial Reporting Standards, regarding the option of writing-off accumulated conversion gains or losses generated by the consolidation of foreign subsidiaries as of 1 January 2004. Consequently, the conversion reserve includes only the conversion gains or losses generated after the date of transition to IASs/IFRSs.

The reconciliation between the net income and the shareholders' equity of SAES Getters S.p.A. and consolidated net income and consolidated shareholders' equity as at 31 December 2017 and 31 December 2016 is set out below.

	December 31, 2017		December 31, 2016	
(thousands of euro)	Net income	Shareholders' equity	Net income	Shareholders' equity
SAES Getters S.p.A. - Parent Company	**(2,979)**	**60,209**	**6,164**	**75,494**
Shareholders' equity and net result of consolidated subsidiaries, net of dividends distribution and write-downs of investments in share capital	22,937	171,010	11,705	162,933
Book value of investments in share capital		(87,943)		(90,078)
Consolidation adjustments:				
Elimination of profit arising from intercompany transaltions, net of the related tax effect	(3,441)	(4,739)	(154)	(1,298)
Accrual of deferred taxes on equity distributable of consolidated subsidiaries	(553)	(3,907)	(310)	(3,354)
Equity evaluation of joint venture	(2,468)	(11,899)	(3,325)	(8,539)
Other adjustments	364	(590)	(51)	(380)
Consolidated financial statements	**13,860**	**122,141**	**14,029**	**134,778**

[38] Legal expenses related to the share capital increase made in the first half of 2017.
[39] Conversion 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.

26. FINANCIAL DEBTS

As at 31 December 2017, financial debts amounted to 38,535 thousand Euro, a decrease of 5,620 thousand Euro compared to 31 December 2016.
The reduction was due to repayments of the principal made during the year (-14,639 thousand Euro) to which must be added the exchange rate effect, which caused a decrease in the Group's financial debt of 1,159 thousand Euro: 18.9% of the Group's financial debt is composed of loans denominated in US dollars held by the subsidiary Memry Corporation, the Euro equivalent of which has decreased following the devaluation of the US dollar as at 31 December 2017 compared to 31 December 2016. These decreases were partially offset by new medium-long term financing for a value of around 10 million Euro, concluded on 7 April 2017 by the Parent Company in order to achieve a correct balance of financial indebtedness, with a higher percentage of medium-long term loans compared to short-term bank debt.

The following table indicates the changes in financial debts during 2017.

(thousands of euro)

Financial debts	
December 31, 2016	**44,155**
Proceeds	9,950
Amortization of fees and interests	1,092
Repayments	(14,639)
Interest payments	(864)
Conversion differences on loans in foreign currencies	(1,159)
December 31, 2017	**38,535**

The following table shows a breakdown of the financial debt by contractual maturity.
Note that 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	December 31, 2017	December 31, 2016	Difference
Less than 1 year	10,478	8,239	2,239
Current portion of financial debts	**10,478**	**8,239**	**2,239**
Between 1 and 2 years	10,416	10,661	(245)
Between 2 and 3 years	8,952	10,676	(1,724)
Between 3 and 4 years	5,364	8,239	(2,875)
Between 4 and 5 years	2,746	3,401	(655)
Over 5 years	579	2,939	(2,360)
Non current financial debts	**28,057**	**35,916**	**(7,859)**
Total	**38,535**	**44,155**	**(5,620)**

The following table shows the details of loans held by the Group's companies which had already been entered in as at 31 December 2016.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2017 (thousands of euro)	Value as at December 31, 2016 (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%	2,794	4,187
SAES Getters S.p.A. *BEI - Tranche A*	EUR	5 (millions of euro)	half-yearly with maturity date May 29, 2020 (**)	Half -yearly	Six-months Euribor plus 2.997% spread	4.67%	0	3,414
EIB - Tranche B (secured by SACE)	EUR	5 (millions of euro)			Six-months Euribor plus 3% running remuneration to SACE	4.75%	0	3,406
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%	4,820	6,415
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%	9,948	9,931
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%	4,446	4,985
Memry Corporation *Soft financing granted by the State of Connecticut*	USD	1[a] *tranche* = 2 millions of USD 2[a] *tranche* = 0.8 millions of USD	monthly with maturity date March 1, 2025	n.a.	2%	2%	1,779	2,281
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 (*)	4.04%	5,504	8,349
Metalvuoto S.p.A. *Banco BPM - finanziamento MIUR*	EUR	319 (thousand of euro)	half-yearly with maturity date December 31, 2018	n.a.	0.50%	0.50%	46	115
Metalvuoto 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	1.95%	188	263
Metalvuoto 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%	148	203
Banco BPM - MIUR loan	EUR	231 (thousand of euro)			0.50%	0.50%	145	203
Metalvuoto 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	1.20%	253	337
Metalvuoto S.p.A. *Banco BPM*	EUR	100 (thousand of euro)	quarterly with maturiry date June 30, 2017	n.a.	Three-months Euribor plus 1.75% spread	1.75%	0	67

(*) 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.
(**) On June 29, 2017 SAES Getters S.p.A. provided an early repayment for both tranches of the EIB loan.

As shown in the above table, SAES Getters S.p.A. repaid in advance both tranches (one of which was guaranteed by SACE) of the loan to support advanced R&D projects signed in June 2015 with EIB (European Investment Bank). The total repayment amounted to 6 million Euro for principal, in addition to an indemnity fee to EIB of 10 thousand Euro and to the payment of a premium of around 76 thousand Euro to SACE. Finally, the relevant transaction costs, of around 149 thousand Euro were recorded in the income statement.

Finally, it should be noted that the subsidiary Metalvuoto S.p.A has fully repaid the loan granted on 25 May 2016 by Banco BPM, according to the repayment plan, with the last instalment made on 30 June 2017.

As already reported in the 2016 Consolidated financial statements, 50% of the financing granted to Memry Corporation by the State of Connecticut in late 2014 could have been converted into a non-refundable grant provided that, by November 2017, Memry Corporation increases its staff of at least 76 employees in Bethel and maintains the employment created for at least one year. Furthermore, the employees in Bethel are required to earn an average annual salary of not less than a specific threshold established by the agreement. As of 31 December 2017, all conditions were met, but since the audits of the independent auditors appointed by Memry Corporation were still in progress on the reference date, and therefore the State of Connecticut had not given its definitive authorization, the relevant income[40] was not recorded, since there was no certainty that the grant would be received (for further details, see the section entitled "Subsequent events" in the Report on Operations).

The following table shows the details of the new loan signed by the Parent Company during 2017.

[40] Amounted to 1.4 million US dollar.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2017 (thousands of euro)
SAES Getters S.p.A. *Unicredit loan*	EUR	10	quarterly with maturiry date March 31, 2022	Half-yearly	Three-months Euribor plus 1% spread	0.90%	8,464

Covenants

With the exception of a loan signed with Banco BPM on 22 December 2016, all the loans held by the Parent Company are subject to compliance with covenants calculated on certain Group economic and financial values and verified on ha half-yearly basis (on 30 June and 31 December of each year) or annually (on 31 December).
As indicated in the table below, as at 31 December 2017, all the covenants were met.

			Unicredit loan with nominal value equal to €7 millions (*)	*Intesa Sanpaolo loan with nominal value equal to €8 millions (**)*	*Intesa Sanpaolo loan with nominal value equal to €10 millions (***)*	*Unicredit loan with nominal value equal to €10 millions (*)*
		Covenant	**Value as at December 31, 2017**	**Value as at December 31, 2017**	**Value as at December 31, 2017**	**Value as at December 31, 2017**
Net equity	k euro	≥ 94.000	122,141	n.a.	n.a.	122,141
Net financial position / Net equity	%	≤ 1,0	0.21	0.14	0.21	0.21
Net financial position / EBITDA	%	≤ 2,5	0.52	0.35	0.50	0.52
Total financial debt of the subsidiaries	k euro	≤ 25.000	n.a.	n.a.	n.a.	n.a.
EBITDA / Financial expenses	%	> 5,0	n.a.	27.44	27.44	n.a.

(*) Net financial position calculated excluding financial receivables from related parties and receivables (payables) for derivative financial instruments evaluated at fair value.
(**) Net financial position calculated excluding receivables (payables) for derivative financial instruments evaluated at fair value.
(***) Net financial position calculated excluding financial receivables from related parties and receivables (payables) for derivative financial instruments evaluated at fair value.

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

			loan Unicredit
		Covenant	**Value as at December 31, 2017**
Net financial position (°) / Net equity	%	≤ 1	0.04
Net financial position (°) / EBITDA	%	≤ 2,25	0.13

(°) Net financial position calculated excluding financial receivables from other Group's companies.

Note that the loans signed by Metalvuoto S.p.A. are not subject to compliance with economics and financial covenants.

On the basis of future plans, the Group is also expected to be in a position to comply with the covenants indicated above in the coming years.

27. OTHER FINANCIAL PAYABLES TO THIRD PARTIES

As at 31 December 2017, the item "Other financial debts towards third parties" amounted to 2,929 thousand Euro, compared to 2,878 thousand Euro as at 31 December 2016, and divided into a long-term portion (838 thousand Euro, as opposed to 1,829 thousand Euro) and a short-term portion (2,091 thousand Euro, as opposed to 1,049 thousand Euro).

The increase compared to 31 December 2016 was mainly due to higher financial debts of the subsidiary Metalvuoto S.p.A. (1,612 thousand Euro as at 31 December 2017 compared with 532 thousand Euro as at 31 December 2016), in relation to some short-term loans intended for the import of goods, signed with leading financial institutions to make more financial resources available its procurement activities.

On the other hand, there was a reduction in financial payables to the US company Power & Energy Inc., in relation to the sum outstanding for the acquisition in the hydrogen purification business, following both the payments made as provided in the contract (-364 thousand Euro[41]) and the exchange rate effect arising from the devaluation of the dollar as at 31 December 2017 compared to 31 December 2016 (-188 thousand Euro). The adjustment made by applying the amortized cost in the calculation of the present value of the outstanding payments instead generated an increase of the debt of 79 thousand Euro.

Finally, it should be noted that the financial liability related to the valuation of the put option held by the minority shareholder on the remaining 30% of Metalvuoto S.p.A., estimated at 652 thousand Euro and recorded in the non-current portion of the other financial debts as at 31 December 2016, was reclassified in the short-term portion[42] at the end of 2017, and its present value was reduced to 75 thousand Euro, following a change in the shareholders' agreements concluded between the shareholders on 30 January 2018. For further details on the transaction, see the paragraph entitled "Subsequent Events" in the Report on operations.

As at 31 December 2017, as was the case at the end of the previous year, there were no debts related to any financial lease contract.

28. EMPLOYEE SEVERANCE INDEMNITIES AND OTHER EMPLOYEE BENEFITS

Note that this item includes liabilities to employees under both defined-contribution and defined-benefit plans in force in Group companies in accordance with the contractual and legal obligations in the various countries.

The following table shows a breakdown of this item and the related changes that occurred during the period.

[41] This amount refers to the payment of the earn-out for the period.
[42] The option was exercised by SAES Getters S.p.A. on 26 February 2018, as indicated in the paragraph entitled "Subsequent Events" of the Report on operations.

(thousands of euro)

Employee severance indemnities and other employee benefits	Employee severance indemnities	Other employee benefits	Total
December 31, 2016	**5,770**	**4,403**	**10,173**
Accrual (release)	130	2,841	2,971
Indemnities paid	(326)	(129)	(455)
Other changes	34	(3,618)	(3,584)
Conversion differences	0	(181)	(181)
December 31, 2017	**5,608**	**3,316**	**8,924**

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

(thousands of euro)	2017	2016
Financial expenses	92	98
Current service cost	2,879	1,286
Release into the statement of profit (loss)	0	0
Expected return on plan assets	0	0
Recognized past service costs	0	0
Total cost	**2,971**	**1,384**

The distribution of obligations under defined-contribution and defined-benefit plans and the related changes that occurred during 2017 are shown below.

(thousands of euro)

	December 31, 2016	Financial expenses	Current service cost	Benefits paid	Actuarial gains (losses)	Other changes	Recognized past service costs	Conversion differences	December 31, 2017
Present value of defined benefit obligations	9,047	92	2,779	(455)	41	(3,625)	0	(40)	7,839
Fair value of plan assets	0	0	0	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0	0	0	0
Defined benefit obligations	**9,047**	**92**	**2,779**	**(455)**	**41**	**(3,625)**	**0**	**(40)**	**7,839**
Defined contribution obligations	1,126	0	100	0	0	0	0	(141)	1,085
Staff leaving indemnities and similar obligations	**10,173**	**92**	**2,879**	**(455)**	**41**	**(3,625)**	**0**	**(181)**	**8,924**

The item “Actuarial gains (losses)” refers to the differences in the amounts due in respect of defined benefit plans as a result of the actuarial calculation, which are immediately recognized in the shareholders’ equity among retained earnings.
The “Other changes” item refers to the share of long term monetary incentive plans which will be paid during the first half of 2018 and which were therefore reclassified into the “Other payables” to employees item. See the paragraphs below for further details on this item.

It should be noted that when referring to the Group’s Italian companies, severance indemnity consists of the obligation, estimated according to actuarial techniques, related to the sum to be paid to employees of the Italian companies when employment is terminated.
Following the entry into force of the 2007 Budget Act and its associated implementation decrees, the liability associated with past years severance indemnity continues to be considered as a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid to pension funds is on the other hand considered a defined-contribution plan and therefore is not discounted.

The obligations under defined-benefit plans are measured by independent actuarial consultants annually according to the projected unit credit method, and applied to each plan separately.
The following table sets out the main assumptions used in the actuarial assessments for defined-benefit plans as at 31 December 2017 and 31 December 2016, respectively.

	Italy		
	December 31,2017	December 31, 2016	
Average duration of the employees subject to actuarial evaluation	> 10 years	> 10 years	1-3 years
Discount rate	1.20%	1.30%	0.00%
Inflation rate	1.50%	1.50%	
Expected annual salary increase rate (*) (**)	3.50%	3.50%	

(*) Factor not considered in the actuarial appraisal of the staff leaving indemnity of the Parent Company, company with more than 50 employees.
(**) The expected annual salary increase rate of Metalvuoto S.p.A. is equal to 2.00%

Note that, in relation to the choice of the discount rate, the reference index used is the that of the Eurozone *Iboxx Corporate AA*, with a term consistent with the average financial duration of the benefit and of the collective being evaluated at 31 December 2017.

The ISTAT 2004[43] mortality tables and the INPS disability/invalidity tables were used to formulate demographic assumptions.
With respect to the likelihood of employees leaving for reasons other than death, the employee turnover probabilities used were consistent with previous assessments and identified in companies assessed over a representative period of observation. In particular, an average turnover rate of 2.00% was used.

The "Other employee benefits" item includes the provision for long-term incentive plans, concluded by the Executive Directors and by some employees of the Group identified as particularly important for the achievement of medium to long-term corporate objectives. The three-year plans provide for the payment of monetary incentives that are proportional to the achievement of specific personal and Group objectives.
The aim of these plans is to further strengthen the alignment over time of individual interests with corporate interests and consequently shareholders' interests. The final payment of a long-term incentive is always subject to the creation of value in a medium to long-term, rewarding the achievement of performance objectives over time. The performance review is based on multi-year indicators and payment is always subject, in addition to maintaining the employer-employee relationship with the company for the term of the plan, to the presence of a positive consolidated income before taxes in the year of the plan's maturity.

The plans come within the category of defined-benefit obligations and are usually discounted. The discount rates used for the plans signed by strategic employees of the US subsidiaries of the Group, reflecting the rates of return of government bonds, taking into account the different duration of the plans, are indicated below.

Year	Discount rate
2018	1.83%

Note that as at 31 December 2017, the long-term cash incentive plans of the Parent Company have not been discounted, as the rates of return on the Italian government bonds were negative.

The following table shows the breakdown of actuarial differences for the year 2017.

[43] The ISTAT 2011 mortality tables were used for the severance indemnity actuarial evaluation of Metalvuoto S.p.A.

(thousands of euro)	Staff leaving indemnities	Other defined benefit obligations Italy	Long term incentive plan	Total
Actuarial differences:				
Changes in financial assumptions	61	12	0	73
Changes in other assumptions (demographic assumptions, remuneration assumptions, etc.)	0	0	0	0
Other	(27)	(5)	0	(32)
Actuarial gains (losses)	**34**	**7**	**0**	**41**

With respect to defined-benefit plans, the following table shows the effect of an increase or decrease of half a percentage point in the discount rate on the obligation, as calculated by the independent actuarial consultant.

(thousands of euro)	**Discount rate**	
	+0.5%	**-0.5%**
Effect on the defined benefit obligation	(317)	344

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

Group's employees	December 31, 2017	December 31, 2016	Average 2017	Average 2016
Managers	88	84	87	83
Employees and middle management	364	407	386	386
Workers	621	590	607	549
Total (*)	**1,073**	**1,081**	**1,080**	**1,018**

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

The workforce amounted to 1,073 persons (of which 614 were employed outside of Italy) as at 31 December 2017, compared with 1,081 persons as at 31 December 2016 (of which 626 were employed abroad). The decrease of 8 units is due to the combined effect of staff reduction in Memry GmbH and E.T.C. S.r.l. (related to the liquidation of its two subsidiaries) and an increase in the workforce engaged in the gas purification and shape memory alloys (SMAs) businesses.

This figure does not include the personnel employed at Group companies with contract types other than employment agreements, amounting to 65 persons (32 persons as at 31 December 2016).

29. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to 5,651 thousand Euro as at 31 December 2017.
The following table shows the composition of and changes in these provisions compared to 31 December 2016.

(thousands of euro)

Provisions for risks and charges	December 31, 2016	Increase	Utilization	Reclassifications	Conversion differences	December 31, 2017
Warranty provisions on product sold	569	151	(183)	0	(65)	472
Bonus	3,194	5,064	(3,363)	(17)	(314)	4,564
Other provisions	525	175	(36)	0	(49)	615
Total	**4,288**	**5,390**	**(3,582)**	**(17)**	**(428)**	**5,651**

The "Bonus" item includes the accrual of bonuses to the Group's employees in the year 2017 (mainly relating to the Parent Company and the US subsidiaries[44]). The change compared to 31 December 2016 was due to the accrual of bonuses matured during the period and to the payment of the bonuses of the previous year, which were settled during the first half of 2017. The increase compared to 31 December 2016, of 1,370 thousand Euro, is in line with the improvement in economic-financial results.

The increase in the "Other provisions" item relates to the dispute with some former employees of E.T.C. S.r.l., who were dismissed for objective and justified reasons on 31 October 2017 as a result of the elimination of their employment upon the liquidation of the company (an estimated obligation of 174 thousand Euro). For further details on this dispute and its resolution, see the section entitled "Subsequent events" in the Report on Operations.
The item also includes implicit obligations, calculated on the basis of the agreements reached with the local authorities, of the subsidiary Spectra-Mat, Inc. in connection with expenses to be incurred in monitoring pollution levels at its operating sit (335 thousand Euro as at 31 December 2017), as well as the best estimate of the expenditure required to settle the obligation existing at the balance sheet date concerning an incident that occurred at the plant of the Parent Company in Avezzano (100 thousand Euro).

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

(thousands of euro)

Provisions for risks and charges	Current provisions	Non current provisions	December 31, 2017	Current provisions	Non current provisions	December 31, 2016
Warranty provisions on product sold	58	414	472	76	493	569
Bonus	4,564	0	4,564	3,194	0	3,194
Other provisions	274	341	615	100	425	525
Total	**4,896**	**755**	**5,651**	**3,370**	**918**	**4,288**

30. TRADE PAYABLES

Trade payables were amounted to 18,877 thousand Euro as at 31 December 2017, a decrease of 1,171 thousand Euro compared to 31 December 2016.

The decrease is mainly due to the effect of the devaluation of the US dollar against the Euro (-1,497 thousand Euro), and the fact that, at 31 December 2016, payables were affected by the significant investments made by the Parent Company in the last part of the year in the establishment of a new production department in the Avezzano plant. These decreases are partially offset by to higher purchases, mainly in the purification business, in order to meet the increase in sales in the last quarter of 2017 and the raw material requirements for orders to be delivered in the first part of 2018.

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 not yet due and those past due as at 31 December 2017, compared with the previous year.

[44] With respect to the US subsidiaries, it should be noted that the monetary incentive plan is linked to the achievement of objectives calculated both on the consolidated economic-financial results and on the results obtained by the individual companies.

(thousands of euro)

Ageing	Total	Not yet due	Due					
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2017	18,877	10,447	7,249	888	112	113	68
December 31, 2016	20,048	10,865	7,676	1,075	297	131	4

31. OTHER PAYABLES

The "Other payables" includes sums not classified as trade payables, amounting to 15,315 thousand Euro as at 31 December 2017, compared to 12,498 thousand Euro as at 31 December 2016.
The table below shows the details of other payables compared with the previous year.

(thousands of euro)

Other payables	December 31, 2017	December 31, 2016	Difference
Employees payables (vacation, wages, staff leaving indemnity, etc.)	5,315	5,855	(540)
Social security payables	1,827	1,754	73
Tax payables (excluding income taxes)	1,451	1,322	129
Other	6,722	3,567	3,155
Total	**15,315**	**12,498**	**2,817**

The "Employee payables" item is mainly made up of the provision for holidays accrued but not taken during the year, salaries for the month of December 2017, not yet paid as at 31 December and the long-term incentive plan payments which accruing at the end of the year and payable in the first half of 2018 (824 thousand Euro[45]).
The decrease was mainly due to the fact that at year-end 2016 this item included payables to employees related to the liquidation of the German subsidiary Memry GmbH, which was paid in the first months of 2017.

The "Social security payables" item includes payables due from the Group's Italian companies to the INPS (the Italian National Social Welfare Institution) for contributions retained. It also includes payables to the treasury fund operated by the INPS and to the pension funds under the reformed severance indemnity legislation.

The "Tax payables" item primarily consists of payables due from the Italian companies to the Treasury in for withholding taxes on employee and contractor salaries. The change is consistent with the increase in the average personnel levels at the Parent Company.

Finally, the "Other" item mainly includes Parent Company payables for fixed and variable Directors' remuneration (5,377 thousand Euro), commission to agents of the purification business (755 thousand Euro) and advance payments of public grants received for research activities (70 thousand Euro).
The increase compared to the previous year was mainly due to higher payables to Executive Directors for the variable component of their remuneration under long-term incentive plans which matured at 31 December 2017 and therefore are classified in this item (for further details, see Note no. 28).

No payables of a residual duration of more than five years.

[45] Note that at the end of the previous year, no long-term incentive plans had matured and therefore it was classified in this item.

32. INCOME TAX PAYABLES

This item consists of payables for taxes associated with the Group's foreign subsidiaries. The Italian companies have elected to participate in the national tax consolidation scheme with the Parent Company as the consolidator but, since the latter shows a tax loss, the net debt to the Treasury was equal to zero as at 31 December 2017 (see Note no. 18 for further details).

Accrued income taxes amounted to 1,657 thousand Euro as at 31 December 2017 and included the tax obligations accrued in the year, net of advance payments. The value as at 31 December 2016 amounted to 1,034 thousand Euro. The increase is mainly related to the German subsidiary Memry GmbH in liquidation, which increased its taxable income in 2017 following the infra-group profits achieved from the transfer of its production and commercial activities to other Group companies.

33. DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

As at 31 December 2017 the item "Derivative instruments evaluated at fair value" which represents the fair value of contracts signed by the Group in order to fix the interest rate on long-term bank loans and the fair value of the embedded derivatives included in the same loan agreements, recorded a negative value of 61 thousand Euro compared with an another negative value of 50 thousand Euro as at 31 December 2016.

The following table provides a summary of these contracts and their fair value as at 31 December 2017 compared with 31 December 2016.

Description	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value December 31, 2017 (thousands of euro)	Fair value December 31, 2016 (thousands of euro)
SAES Getters S.p.A. **Interest Rate Swap (IRS)** on Intesa Sanpaolo S.p.A. loan	September 25, 2015	EUR	3,600	July 31, 2020	Fixed rate paid: 0.285% Variable rate received: six-month Euribor	Half-yearly	(20)	(26)
SAES Getters S.p.A. **Interest Rate Swap (IRS)** on Unicredit S.p.A. loan	March 29, 2016	EUR	5.250 (*)	December 31, 2019	Fixed rate paid: 0.0% Variable rate received: three month Euribor (**)	Quarterly	(9)	(10)
SAES Getters S.p.A. **Interest Rate Floor** on Banco BPM loan (derivative embedded in the loan agreement)	December 22, 2016	EUR	5.000 (*)	December 31, 2021	If three month Euribor <0, the financing variable rate is equal to the spread	Quarterly	(12)	(15)
SAES Getters S.p.A. ***Interest Rate Swap* (*IRS*)** su *loan* Unicredit S.p.A.	7 aprile 2017	EUR	10.000 (*)	31 marzo 2022	Tasso fisso pagato: 0,0% Tasso variabile incassato: Euribor a 3 mesi (***)	trimestrale	(11)	n.a
SAES Getters S.p.A. ***Interest Rate Swap* (*IRS*)** su *loan* Intesa Sanpaolo S.p.A.	19 aprile 2017	EUR	5,000	21 dicembre 2022	Tasso fisso pagato: 0,16% Tasso variabile incassato: Euribor a 6 mesi	semestrale	(9)	n.a
Metalvuoto S.p.A. **Interest Rate Cap** on Intesa Sanpaolo S.p.A. loan	March 31, 2016	EUR	400 (*)	December 31, 2020	Cap rate on three month Euribor: 0.0%	Quarterly	0 (#)	1
Metalvuoto S.p.A. **Interest Rate Cap** on Banco BPM loan	October 29, 2015	EUR	230 (*)	December 31, 2020	Cap rate on three month Euribor: 0.67%	Quarterly	0 (#)	0 (#)
Metalvuoto S.p.A. **Interest Rate Cap** on Intesa Sanpaolo S.p.A. loan	November 2, 2015	EUR	300 (*)	September 15, 2020	Cap rate on three month Euribor: 0.25%	Quarterly	0 (#)	0 (#)
Metalvuoto S.p.A. **Interest Rate Floor** on Banco BPM loan (derivative embedded in the loan agreement)	May 25, 2016	EUR	100 (*)	June 30, 2017	If three month Euribor <0, the financing variable rate is equal to the spread	Quarterly	n.a.	0 (#)
Total							**(61)**	**(50)**

(*) The reference amount is aligned with the amortization plan of the hedged long-term loan.
(**) In case of a negative three months Euribor, the contract provides for a floor equal to -2.25%.
(***) In caso di Euribor a 3 mesi negativo, il contratto prevede un ***floor*** pari a -1,00%.
(#) *Fair value* lower than 1 thousand Euro.

SAES Getters S.p.A. signed two new Interest Rate Swap contracts during 2017:
- the first contract, expiring on 31 March 2022, is on the mid-long-term loan of 10 million Euro obtained by Unicredit S.p.A. on 7 April 2017. The contract provides for the exchange of the three month Euribor rate, either positive or negative, with a fixed rate of 0%. In case of negative three-months Euribor, the contract provides a floor equal to -1%;
- the second contract on the mid-long-term loan of 10 million Euro obtained by Intesa Sanpaolo S.p.A. on 21 December 2016. The IRS contract is applied on 50% of the residual debt outstanding at each repayment date, commencing from 30 June 2017 and expiring on 21 December 2022. The contract provides for the exchange of the six-months Euribor at a fixed rate of 0.16%.

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

Finally, note that the subsidiary Metalvuoto S.p.A has fully repaid the loan granted on 25 May 2016 by Banco BPM. The implicit derivative on this loan also ceased to exist.

The fair value calculation, performed by an independent third party, was based on market rates, in a risk neutral environment, and by the adoption of rates trend models that are consistent with the best practice usually adopted.
In determining the fair value, the input information used was:
- the curve of interest rate swap rates divided by maturity;
- the credit rating migration matrices extracted from Moody's;
- the volatility range in interest rates extracted from Bloomberg.

The pricing was then corrected, in accordance with the IFRS 13 standard, using a component of Credit Value Adjustment (CVA, which is the correction related to the risk of the counterparty default) and of Debt Value Adjustment (DVA, i.e. the cost of protection from the risk of default of the Company by the counterparty), calculated using the "Provision Model" method. In particular, for the purposes of determining the counterparty risk component in the fair value for the calculation of the CVA, the rating issued by the rating agency Moody's for the issuing financial institution was used. In order to determine the DVA, given the impossibility of assigning a rating to the SAES Group, the lowest rating among those recorded for financial institutions was prudently applied.

With respect to these contracts, the formal requirements to apply the hedge accounting method are not met, and therefore they are evaluated at fair value and the profit or losses deriving from their evaluation are directly charged into the income statement.

As at 31 December 2017 the Group had no hedging contract against the exposure to the variability of future cash flows arising from commercial and financial transactions denominated in currencies other than the Euro.

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 31 December 2017, the derivative instruments held by the Group belonged to Level 2 of the fair value hierarchy. The fair value was calculated by an independent third party 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 year.

34. BANK BORROWINGS

As at 31 December 2017 bank borrowings amounted to 12,254 thousand Euro and primarily consisted of short-term debts owed by the Parent Company in the form of "hot money" debt (12,002 thousand Euro as at 31 December 2017, compared to 6,504 thousand Euro as at 31 December 2016), with average interest rates, spread included, of around 0.0758%.
The difference consisted in the overdrafts on current bank accounts exclusively attributable to the subsidiary Metalvuoto S.p.A (252 thousand Euro as at 31 December 2017, compared to 343 thousand Euro at the end of the previous year).

35. ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income amounted to 5,697 thousand Euro as at 31 December 2017. This item can be broken down as follows.

(thousands of euro)

	December 31, 2017	December 31, 2016	Difference
Accrued expenses	235	320	(85)
Deferred income	5,462	1,292	4,170
Total	**5,697**	**1,612**	**4,085**

The increase compared to 31 December 2016 (+4,085 thousand Euro) is mainly explained by higher commercial sales pertaining to future accounting periods, received from customers during the current year compared to the previous year, mainly in the purification business.

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

36. CASH FLOW STATEMENT

Cash flow from operating activities was positive at 37,862 thousand Euro (16.4% of consolidated revenues), more than double the figure of 18,695 thousand Euro for 2016 (9.9% of revenues) thanks to cash flows generated mainly in the purification sector, in the Nitinol sector, for medical devices and in the getter components for electronic devices sector.

Investment activities used liquidity of 8,776 thousand Euro (-25,618 thousand Euro in the previous year).
In 2017 disbursements, net of the disposals for purchases of tangible and intangible assets, amounted to 7,546 thousand Euro, compared with 8,860 thousand Euro in the previous year. Notable among the investment activities was the capital injection of one million Euro into the joint venture Actuator Solutions GmbH, and the payment for the earn-out related to the technological upgrading of the purification business carried out during 2013 (364 thousand Euro).

The balance of financing activities was negative, amounting to 13,493 thousand Euro against a balance, again negative, of 3,873 thousand Euro in the previous year.
The financial management of the period was characterized by financial disbursements for the payment of dividends (12,250 thousand Euro), repayments of long-term loans and by the payment of the related interests (see Note no. 26), and the cash-out for additional tranches of the loan granted to the Actuator Solutions GmbH joint venture net of the capital reimbursement (see Note no. 19).
These cash-out were only partially offset by the cash-in generated by a new long-term loan (for further details see Note no. 26) and the use of funding in the form of "hot money" by the Parent Company (for further details see Note no. 34); lastly, there was greater use, compared to 31 December 2016, of short-term financing contracts for the import of goods by Metalvuoto S.p.A.

The following table is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the cash flow statement.

(thousands of euro)

	2017	2016
Cash and cash equivalents	27,564	14,340
Bank overdraft	(12,254)	(6,847)
Cash and cash equivalents, net - statement of financial position	**15,310**	**7,493**
Short term debt	12,002	6,504
Cash and cash equivalents, net - cash flow statement	**27,312**	**13,997**

The following table shows the reconciliation between the balances of the liabilities arising from financial transactions as at 31 December 2016 and 31 December 2017, showing changes arising from monetary movements and from non-cash flows.

(thousands of euro)	December 31, 2016	Cash flows	Non-cash changes					December 31, 2017
			Acquisition	Foreign exchange movement	Change in fair value	Other movements	Reclassific.	
Financial debts	35,916	9,950		(875)			(16,934)	28,057
Other non current financial payables to third parties	1,829			(188)			(803)	838
Non current debt	**37,745**	**9,950**	**0**	**(1,063)**	**0**	**0**	**(17,737)**	**28,895**
Derivative financial instruments evaluated at fair value	51	(61)			11	60		61
Current portion of medium/long term financial debts	8,239	(15,540)		(284)		1,129	16,934	10,478
Other current financial payables to third parties	1,049	731			(577)	85	803	2,091
Bank borrowings	6,847	5,399				8		12,254
Current debt	**16,186**	**(9,471)**	**0**	**(284)**	**(566)**	**1,282**	**17,737**	**24,884**

The “Other movements” item mainly concerns interest accrued during the period on both short-term and long-term financing.
The negative value of the “Change in fair value” includes an adjustment of the present value of the estimated obligation to purchase the minority shares in the subsidiary Metalvuoto S.p.A.

37. FINANCIAL RISK MANAGEMENT

The Group's main financial liabilities, other than derivatives, include bank loans, both short and long term, and trade payables, as well as financial liabilities to third parties related to the sums still to be paid for acquisitions made during the 2013 to strengthen the hydrogen purification business and the undertaking to purchase a further 30% of the share capital of Metalvuoto S.p.A (of which SAES Getters S.p.A. already owns 70% as at 31 December 2017. For further details see Note no. 27). The main objective of financial liabilities is to finance the operating activities of the Group and to support future growth (both organic and achieved through external acquisitions).
The Group also holds cash and cash equivalents and short-term deposits immediately convertible into cash, as well as trade receivables deriving directly from its operating activities, together with financial receivables deriving from loans granted to related parties.

The derivative instruments used by the Group are primarily forward foreign currency contracts and Interest Rate Swaps (IRS). The purpose of these instruments is to manage the exchange-rate risk and the interest-rate risk arising from the Group’s commercial and financing transactions.

The Group does not deal in financial instruments.

The Board of Directors periodically reviews and sets the policies for managing such risks, as summarized below.

Interest-rate risk

The Group’s financial debts, both short and long-term, are mainly structured on a variable interest rate basis, therefore they are subject to the risk of interest rate fluctuations.
With regard to long-term financial debts, exposure to interest rate variations is managed by entering into Interest Rate Swap or interest Rate Cap agreements with a view to ensuring a level of financial expenditures which can be sustained by the SAES Group’s financial structure. For details of the contracts as at 31 December 2017 see Note no. 33.
It should be noted that the Group also constantly monitors interest rate trends to assess the conclusion of further contracts to hedge the risk linked to interest rate fluctuations on the loans on which no hedging contract has been entered into.
Funding for the working capital is managed through short-term financing transactions and as a consequence the Group does not hedge itself against the interest-rate risk.

Interest-rate sensitivity analysis

The following table provides a sensitivity analysis of the financial assets (cash and cash equivalents, bank deposits, and financial receivables from related parties) related to the impact of changes in interest rates on income before taxes and Group shareholders' equity, assuming that all the other variables remain unchanged.

		(%) Increase / Decrease	(thousands of euro) Effect on result before taxes	(thousands of euro) Effect on net result and net equity
2017	euro	+/- 1	+/-141	+/- 115
	other currencies	+/- 1	+/- 181	+/- 130
2016	euro	+/- 1	+/- 83	+/- 80
	other currencies	+/- 1	+/- 190	+/- 131

The following table provides a sensitivity analysis of financial liabilities (both short and long-term debts) related to the impact of changes in interest rates, on income before taxes, and Group shareholders' equity, assuming that all the other variables remain unchanged.

		(%) Increase / Decrease	(thousands of euro) Effect on result before taxes	(thousands of euro) Effect on net result and net equity
2017	Euribor	+/- 1	-/+ 486	-/+ 484
	Libor	+/- 1	-/+ 92	-/+ 56
2016	Euribor	+/- 1	-/+ 351	-/+ 349
	Libor	+/- 1	-/+ 113	-/+ 69

With respect to Interest Rate Swaps and Interest Rate Caps, as well as Interest Rate Floors implicitly included in the long-term loan agreements, the following table shows a breakdown of the sensitivity of income before taxes and the Group's shareholders' equity, assuming the stability of all the other variables, following a shift of one percentage point of the spot rate curve (and consequently a variation in the forward rate curve associated with the spot rates).

Description	**Notional amount** (thousands of euro)	**Fair Value** (euro)	(euro) **Estimated FV +1%**	(euro) **Difference in FV +1%**	(euro) **Estimated FV -1%**	(euro) **Difference in FV -1%**
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Intesa	3,600	(19,554)	12,294	31,848	(52,009)	(32,455)
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Intesa	5,000	(9,326)	123,941	133,267	(146,609)	(137,283)
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Unicredit	5,250	(8,376)	22,649	31,025	(35,445)	(27,069)
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Unicredit	10,000	(11,750)	(98,390)	(86,640)	0	11,750
Saes Getters S.p.A. - Interest Rate Floor on Banco BPM loan	5,000	(11,281)	179,284	190,565	(183,386)	(172,105)
Metalvuoto S.p.A. - Interest Rate Cap on Intesa Sanpaolo	400	434	4,420	3,986	0	(434)
Metalvuoto S.p.A. - Interest Rate Cap on	230	13	917	904	0	(13)
Metalvuoto S.p.A. - Interest Rate Cap on Intesa Sanpaolo	300	28	1,935	1,907	0	(28)
		Total effect on result before taxes		**306,862**		**(357,637)**
		Total effect on net result and net equity		**305,843**		**(356,450)**

Exchange-rate risk

The Group is exposed to exchange rate risk on foreign commercial transactions.

Such exposure is mainly generated by sales in currencies other than the reference currency: in 2017 around 80.6% of the Group's sales and only around 61.2% of the Group's operating costs were denominated in a currency other than the Euro.
In order to manage the economic impact generated by fluctuations in exchange rates versus the Euro, primarily of the US dollar and the Japanese yen, the Group has entered into hedging contracts, values of which 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 of the exchange rate volatility on the profit and loss account, with reference to financial receivables/payables, including infra-group positions denominated in a currency other than that used in the financial statements, including those related to the cash pooling (held by the foreign subsidiaries but denominated in Euro).

In order to hedge against the risk of exchange rate fluctuations on trade receivables denominated in foreign currencies for the 2017 financial year, in May 2017 the Group signed:
- forward contracts on the US dollar for a total notional value of 3.8 million US dollar (average forward exchange rate USD/EUR of 1.1252);
- forward contracts on the Japanese yen for a total notional value of 203 million JPY (average forward exchange rate YEN/EUR of 125.42);
These contracts all expired on 31 December 2017.

Exchange-rate sensitivity analysis

Exchange-rate risk – Sensitivity analysis – Trade receivables and payables

The following table shows a sensitivity analysis for the trade receivables and payables outstanding at year-end in terms of the impact of changes in EUR/USD and EUR/JPY exchange rates on consolidated income before taxes and Group shareholders' equity, assuming that all the other variables remain unchanged.

	(%)	(thousands of euro)	(thousands of euro)
US dollar	**Increase / Decrease**	**Effect on result before taxes**	**Effect on net result and net equity**
2017	+ 5%	(172)	(170)
	- 5%	190	188
2016	+ 5%	(188)	(186)
	- 5%	208	205

	(%)	(thousands of euro)	(thousands of euro)
Japanese YEN	**Increase / Decrease**	**Effect on result before taxes**	**Effect on net result and net equity**
2017	+ 5%	(38)	(38)
	- 5%	42	42
2016	+ 5%	(45)	(45)
	- 5%	49	49

Exchange-rate risk – Sensitivity analysis – Cash, cash equivalents and cash pooling account receivables/payables

The following tables provide a sensitivity analysis of cash and cash equivalents and infra-group financial receivables/payables, including cash-pooling, outstanding at year-end, in terms of the impact of changes in exchange rates between the US dollar and Euro and other currencies on Group income before taxes and Group's shareholders' equity, assuming that all the other variables remain unchanged. This analysis has been conducted because the subsidiaries have both cash and cash equivalents and receivables/payables from/to the Parent Company in Euro, whose conversion may result in exchange rate gains or losses.

	(%)	(thousands of euro)	(thousands of euro)
Euro	**Increase / Decrease**	**Effect on result before taxes**	**Effect on net result and net equity**
2017	+ 5%	(85)	85
	- 5%	(51)	51
2016	+ 5%	(54)	(24)
	- 5%	54	24

	(%)	(thousands of euro)	(thousands of euro)
US dollar	**Increase / Decrease**	**Effect on result before taxes**	**Effect on net result and net equity**
2017	+ 5%	(32)	(24)
	- 5%	35	27
2016	+ 5%	(30)	(28)
	- 5%	33	31

Given that all forward contracts were expired as of 31 December 2017, a sensitivity analysis is not provided.

With respect to Net Financial Position (NFP), note that a depreciation in the US dollar by 5% would have had a negative impact of approximately 271 thousand Euro[46] on the net financial position as at 31 December 2017, whereas an appreciation of the same currency, again of 5%, would have had a positive impact of approximately 300 thousand Euro.

	(%)	(thousands of euro)
	Increase / Decrease USD	**Effect on Net Financial Position**
31 December 2017	+5%	(271)
	- 5%	300
31 December 2016	+5%	155
	- 5%	(172)

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 critical. In order to reduce its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling commodity price volatility. The Group monitors trends in the main commodities subject to the greatest price volatility and does not exclude the possibility of entering into hedging transactions using derivative instruments with a view to neutralizing the price volatility of its commodities.

[46] The negative effect of the devaluation of the US dollar on cash and cash equivalents in US dollars is only partially offset by the positive effect on debt in that currency, as the latter is lower in absolute terms than cash and cash equivalents.

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 in order 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.
With regard to financial receivables from related parties, such receivables deemed entirely recoverable, based on the estimated future cash flows of the joint ventures. For further details on the recoverability of the financial receivable from Actuator Solutions GmbH, see Note no.19.

Liquidity risk

This risk can arise from an inability to obtain the necessary financial resources to guarantee the continuity of the Group's operations.
In order to minimize this risk, the Administration Finance and Control Division:
- constantly monitors the Group's financial requirements in order to obtain credit lines necessary to meet such requirements;
- optimizes liquidity management through a centralized management system of available liquidity (cash pooling) in Euro which involves nearly all Group companies;
- manages the correct balance between short-term financing and medium/long-term financing depending on the projected generation of operating cash flows.

For further information on the Group's financial debts as at 31 December 2017 and on the maturity date of the debts, see Note no.26.

As at 31 December 2017, the Group was not significantly exposed to a liquidity risk, also in view of 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 the equity management objectives or policies during 2017.
The Group regularly monitors certain performance indicators, such as the debt-to-equity ratio, with a view to keeping them at low levels in accordance with the agreements reached with its lenders.

38. POTENTIAL ASSETS/LIABILITIES AND COMMITMENTS

The guarantees that the Group has granted to third parties are as follows.

(thousands of euro)

Guarantees	December 31, 2017	December 31, 2016	Difference
Guarantees	16,267	19,346	(3,079)

The decrease compared to the previous year was mainly explained by the partial expiry of the guarantees provided by the Parent Company to secure the long-term bank loan for the Memry Corporation, consistent with the repayment of the principal instalments during the year.

The maturities of operating lease obligations outstanding as at 31 December 2017 are shown below.

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	2,014	3,535	937	**6,486**

Note that among the shareholders of SAES RIAL Vacuum S.r.l., SAES Getters S.p.A. and Rodofil S.r.l., there is a put & call option, according to a predefined schedule, that is detailed in Note no. 16. Since at 31 December 2017 the Management did not have sufficient information to make an accurate assessment of the fair value of the above options, they are not valued in the financial statements.

Finally, please note that as of 31 December 2017, with regard to Flexterra, Inc., SAES Getters International Luxembourg S.A. has undertaken to entrust 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 (milestones) no later than the end of March 2018. It should be noted that Flexterra, Inc. is currently negotiating a revision of the original agreement with its shareholders, in order to extend this deadline until the end of July 2018 (for further details see the paragraph entitled "Subsequent Events" of the Report on operations).

39. RELATED PARTY TRANSACTIONS

Related Parties are identified in accordance with IAS 24 revised.

As at 31 December 2017, Related Parties are as follows:

- **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 31 December 2017, which is debtor of SAES Getters S.p.A. in relation to the application for a refund of the excess IRES (corporation tax) paid in prior years by the merged SAES Advanced Technologies S.p.A., a petition filed by S.G.G. Holding S.p.A. as the consolidator of national tax consolidation scheme in place until 31 December 2014[47] (see Note no. 18).
It should also be noted that, on 4 May 2017, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. totalling 3.6 million Euro.
- **Actuator Solutions GmbH**, a joint venture, 50% jointly owned by SAES and Alfmeier Präzision Groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint venture Actuator Solutions GmbH, operating in the development and commercialization of SMA devices for the image focus and stabilization in tablet and smart-phone cameras.
- **Actuator Solutions (Shenzhen) Co., Ltd.**, a company established at the end of September 2016, wholly owned by Actuator Solutions GmbH and operating the technology development and the sale of actuators for the mobile market.

With regard to Actuator Solutions GmbH and its subsidiaries, the SAES Group has a commercial relationship (the sale of raw materials and semi-finished products) and provides various services (in

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

particular commercial activities, development services and accessory/administrative activities) that are recharged on the basis of a service contract. Finally, as mentioned before, note that SAES Nitinol S.r.l. granted several loans to Actuator Solutions GmbH. For the details of these loans, see Note no. 19. As at 31 December 2017, the financial debt of Actuator Solutions GmbH to SAES Nitinol S.r.l. was 8.4 million Euro, including 0.7 million Euro in interests 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 research, and for industrial systems and devices.
The SAES Group has a commercial relationship with SAES RIAL Vacuum S.r.l. (both purchases and sales of raw materials, and the purchase of components for the creation of vacuum systems) and performs various services, mainly commercial, marketing and administrative support. Finally, as mentioned before, SAES Getters S.p.A granted a loan of 49 thousand Euro to support SAES RIAL Vacuum S.r.l. financially (for further details see 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 commercialization 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 regard to Flexterra, Inc. and its subsidiary, the SAES Group performs 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.
- **Mirante S.r.l.**, a minority shareholder of SAES Getters S.p.A. in Metalvuoto S.p.A., with a percentage of the share capital of 30%. A lease agreement is in place between Metalvuoto S.p.A. and Mirante S.r.l. as at 31 December 2017, for the property owned by Mirante S.r.l. where Metalvuoto S.p.A. has its registered office and production facility.
Finally, as at 31 December 2017, the SAES Group (through its subsidiary Metalvuoto S.p.A.) had a financial receivable from Mirante S.r.l. amounting to 75 thousand Euro, in respect of a capital contribution approved by the Shareholders' Meeting of Metalvuoto S.p.A. on 20 December 2017 and fully subscribed by SAES Getters S.p.A. also on behalf of Mirante S.r.l., as the latter did not take part in the said Shareholders' Meeting.
- **Metalvuoto Lux S.r.l.**, a company wholly owned by Mirante S.r.l. With regard to Metalvuoto Lux S.r.l., the SAES Group (through its subsidiary Metalvuoto S.p.A.) has a commercial relationship (sale of raw materials and semi-finished products). Furthermore, Metalvuoto Lux S.r.l. was the lessee, up to the end of August 2017, of part of the property occupied by Metalvuoto S.p.A.
- **Metalvuoto Polska Sp. z.o.o.**, a company in liquidation, 60% owned by Mirante S.r.l. (a minority shareholder with SAES Getters S.p.A. in Metalvuoto S.p.A.), with which the SAES Group had a commercial relationship in the first semester of 2017 (in particular, for the purchase of raw materials).
- **Managers with Strategic Responsibilities**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.
Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Administration, Finance and Control Manager and the Group Legal General Counsel are considered managers with strategic responsibilities.
Their close relatives are also considered related parties.

The following table shows the total values of the related party transactions undertaken in 2017 and 2016.

(thousands of euro)

	December 31, 2017										
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (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.	29	(73)		19 (*)	3 (*)		1	51	(20)		50
Actuator Solutions GmbH	1,317		35 (*)	1 (*)	60 (*)		500	170			8,360
Actuator Solutions Taiwan Co., Ltd.	229		126 (*)	18 (*)				32			
Mirante S.r.l.					(240)						75
Metalvuoto Lux S.r.l.	94				8 (*)						
Metalvuoto Polska Sp. z.o.o.		(11)					(24)				
Flexterra, Inc.			97 (*)		151 (*)			223			
Total	**1,669**	**(84)**	**258**	**38**	**(18)**	**0**	**477**	**476**	**(20)**	**272**	**8,485**

(*) Costs recovery.

(thousands of euro)

	December 31, 2016										
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (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.		(51)	(2)	53 (*)	8 (*)		1	73	(8)		50
Actuator Solutions GmbH	1,396		318 (*)	89 (*)	28 (*)	20	160	92			5,760
Actuator Solutions Taiwan Co., Ltd.	93							70			
Mirante S.r.l.					(60)						
Metalvuoto Lux S.r.l.	101				3 (*)	1		80			4
Metalvuoto Polska Sp. z.o.o.								24 (**)			
Total	**1,590**	**(51)**	**316**	**142**	**(21)**	**21**	**161**	**339**	**(8)**	**272**	**5,814**

(*) Costs recovery.
(**) Credit for advance on future supplies.

The following table indicates the guarantees that the Group has granted to third parties (which therefore are included in the detail reported in Note no. 38) in favour of the joint ventures.

(thousands of euro)

Guarantees	December 31, 2017	December 31, 2016	Difference
Guarantees in favour of the joint venture Actuator Solutions	2,088	3,124	(1,036)
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	312	312	0
Total guarantees in favour of the joint ventures	**2,400**	**3,436**	**(1,036)**

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

(thousands of euro)

Total remunerations to key management	2017	2016
Short term employee benefits	4,340	3,811
Post employment benefits	0	0
Other long term benefits	2,299	743
Termination benefits	1,100	720
Share-based payments	0	0
Total	**7,739**	**5,274**

As at 31 December 2017 payables to Managers with Strategic Responsibilities, as defined above, amounted to 7,542 thousand Euro, compared with payables of 4,365 thousand Euro as at 31 December 2016.

The increase, both in the income statement and in payables, was mainly due to the higher remuneration of the Executive Directors following the achievement of economic performances that exceed their objectives (in particular, higher annual incentive and accrual for the three-year long-term incentive, in addition to an increase in the remuneration related to the end of their mandate).

Pursuant to the Consob communications of 20 February 1997 and 28 February 1998, as well as to the revised IAS 24 standard, it should be noted that in the 2017 financial year also, all related-party transactions came within ordinary operations and were settled at standard economic and financial market conditions.

40. FEES PAID TO INDEPENDENT AUDITORS AND THEIR RELATED COMPANIES

Pursuant to article 149-*duodecies* of the Issuer Regulations ("Disclosure of Fees"), which was introduced by Consob resolution no. 15915 of 3 May 2007, the following table sets out the remuneration of independent auditors and of entities belonging to the independent auditors' network in respect auditing engagements and other services, broken down by type or category.

(thousands of euro)

Business services	Supplier	Customer	Fees	
Audit	Parent Company auditor	SAES Getters S.p.A.	182	
Tax and legal advices	Parent Company auditor	SAES Getters S.p.A.	0	
Other	Parent Company auditor	SAES Getters S.p.A.	45	(*)
Audit	Parent Company auditor	Subsidiaries	163	
Tax and legal advices	Parent Company auditor	Subsidiaries	0	
Other	Parent Company auditor	Subsidiaries	0	
Audit	Network of Parent Company auditor	Subsidiaries	153	
Tax and legal advices	Network of Parent Company auditor	Subsidiaries	0	
Other	Network of Parent Company auditor	Subsidiaries	13	(**)

(*) Methodological support for the preparation of the Consolidated Non-financial Statement for the 2016 financial year and specific activities designed to understand the effects of first-time adoption of the IFRS 15 standard.
(**) Review of the value of the intangible assets contributed by Polyera to the formation of the joint venture Flexterra Inc.

41. EVENTS OCCURRING AFTER THE END OF 2017

For the events that occurred after the end of period, see the paragraph entitled "Subsequent Events" of the Report on operations.

Lainate (MI), 14 March 2018

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

Certification of the consolidated financial statements

Certification of the consolidated financial statements
pursuant to article no. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999, as subsequently amended

1. The undersigned, Giulio Canale, in his capacity as Vice President and Managing Director, and Michele Di Marco, in his capacity as Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-*bis*, paragraphs 3 and 4, of the Legislative Decree no. 58 of 24 February 1998:

- the adequacy for the characteristics of the firm and
- the effective application

of the administrative and accounting procedures for the preparation of the consolidated financial statements during the period from 1 January to 31 December 2017.

2. The following remarks apply to this situation:

2.1 The Administrative and Accounting Control Model of the SAES Group

- On 20 December 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative and Accounting Control Model, issued on 14 May 2007, the adoption of which is aimed at ensuring that SAES complies with the provisions of Law no. 262 of 28 December 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of the Legislative Decree no. 303/06, and, specifically, the obligations pertaining to the preparation of corporate accounting documents, as well as all documents and communications with a financial nature issued into the market.
- The Control Model, with reference to the organizational structure of SAES Group:
  - o sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group and introduces the role of the Officer responsible for the preparation of the corporate financial reports (hereinafter the "Officer Responsible");
  - o describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
  - o regarding the latter in particular, it calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of matrices of administrative and accounting controls which describe the control activities implemented in each process;
  - o establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to the accounting and financial information.

2.2 Implementation of the Administrative and Accounting Control Model within SAES Getters S.p.A. and the results of the internal certification process

For further information on this issue, please refer to paragraphs 2.2, 2.3 and 2.4 of the Certification of the separate financial statements of SAES Getters S.p.A., which are of particular relevance in this regards in relation to the consolidation process.

2.3 Internal administrative and accounting control system of the subsidiaries of the SAES Group

- Following the administrative and accounting risk assessment conducted on the basis of the 2016 consolidated financial statements - the most significant administrative and accounting processes were selected, on the basis of their materiality, for each of the Group companies.
- In order to certify the consolidated financial statements, the Officer Responsible requested to each of the companies subject to controls and affected by significant processes the dispatch of a

representation letter prepared in the format attached to the Administrative and Accounting Model of the SAES Group and signed by the General Managers/Financial Controllers, certifying the application and adequacy of procedures ensuring the accuracy of company accounting and financial information and the correspondence of financial reports with company transactions and accounting records.

2.4 Results of the certification process by the subsidiaries of the SAES Group

As of today, the Officer Responsible, with the support of the Group Reporting and Consolidation Manager, has received all the twelve representation letters requested, signed by the General Managers/Financial Controllers of the subsidiaries affected by the processes deemed relevant after a risk assessment.

The result of the process was positive and no anomalies were reported.

3. Furthermore, we certify that:

3.1. The consolidated financial statements for the year ended 31 December 2017:

a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and the Council of 19 July 2002;
b) correspond to the results of accounting records and books;
c) are suitable to providing a truthful, accurate representation of the earnings and financial position of the issuer and the companies included in the consolidation perimeter.

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

Lainate (MI), 14 March 2018

Vice President
and Managing Director
Mr Giulio Canale

Officer responsible for the preparation
of the corporate financial reports
Mr Michele Di Marco

Board of Statutory Auditors’ Report to the Shareholders’ Meeting

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING
pursuant to article 153 of the Legislative Decree 58/1998 and article 2429, paragraph 3, of the Italian Civil Code

To the Shareholders' Meeting of SAES Getters S.p.A.

Dear Shareholders,

The Board of Statutory Auditors was duly appointed by the Company Shareholders' Meeting held on 28 April 2015, in accordance with Article 22 of the By-laws. However during the previous year, following the death of Dr Pier Francesco Sportoletti (Chairman of the Board of Statutory Auditors), who was appointed from the list submitted by the minority shareholder Equilybra Capital Partners S.p.A., on 11 October 2016, the Minority Deputy Statutory Auditor, Dr Angelo Rivolta, nominated on the same list, succeeded to the position. Dr Rivolta will remain in office until the next Shareholders' Meeting, as provided in Article no. 2401, paragraph 1, of the Civil Code. Subject to a resolution by the Shareholders' Meeting on the confirmation in office of Dr Angelo Rivolta as a Statutory Auditor and as Chairman of the Statutory Board, the Board of Statutory Auditors, in its current composition will end its mandate at the Meeting convened to approve the financial statements as at 31 December 2017.
During the year ended 31 December 2017, the supervisory activities of the Board of Statutory Auditors were performed in accordance with the provisions of the "Consolidated Law on Financial Intermediation" enacted by Legislative Decree 58/1998 and with the applicable provisions of the Italian Civil Code, also taking account of the Principles of Conduct recommended by the Italian National Board of Chartered Accountants and Auditors in the version approved by resolution of 15 April 2015, together with Consob communications concerning the corporate governance and the activities of the Board of Statutory Auditors, in particular communication no. DEM/1025564 dated 6 April 2001 as amended.
In addition, during the year the Board of Statutory Auditors, in his role pursuant to Article 19 of Legislative Decree no. 39/2010, carried out , the verification activities assigned to it by law.
In this section, we report on the mandatory supervisory activities that we have carried out during the year ended 31 December 2017, in particular:

- we have verified the compliance with the law, the Company By-laws and compliance with the principles of proper administration. 5 meetings of the Board of Statutory Auditors were held during the year, in addition to informal meetings;
- during these meetings, at meetings of the Board of Directors and, in all cases at least quarterly, we obtained information on general corporate management and its foreseeable outlook from the Directors and from the governing bodies of the Company, as well as information on the most significant transactions, in terms of their size or nature, undertaken by the Company, including in relation to its subsidiaries;
- in the calendar year 2017, the Statutory Auditors took part in 1 Ordinary Shareholders' Meeting, 1 Special Savings Shareholders' Meeting, as well as 12 meetings of the Board of Directors, all of which were held in accordance with the statutory provisions and laws that regulate their operation. In relation to these meetings we can reasonably assure all concerned that the actions approved therein were compliant with law and the By-laws, were in all cases in the corporate interest. This affirmation is also true for intra-group transactions, which were not manifestly imprudent, hazardous, atypical or unusual, in potential conflict of interest, or as liable to compromise the integrity of the company's net assets. At all of the said meetings it was possible to freely express observations, views and opinions;
- we assessed and verified the adequacy of the Company's organizational, administrative and accounting system, and the reliability of the said system in correctly representing operations by obtaining information from the department managers and analysing corporate documents. In this respect, we have no particular observations to report. Furthermore, having monitored the work of the Internal Audit Department and the Audit and Risk Committee, we can confirm that the internal control system adopted by the Company is fully adequate;
- pursuant to Article 19, paragraph 1, of Legislative Decree no. 39/2010, we oversaw the financial reporting process, verified the effectiveness of the internal control system, the internal audit and the risk management systems. We also supervised the audit of the annual accounts and consolidated accounts and verified the independence of the independent audit firm, in particular with respect to

the provision of non-auditing services to the Company;

- we also verified the adequacy of the instructions issued to subsidiaries in accordance with Article 114, paragraph 2, of Legislative Decree 58/1998;
- we reviewed and obtained information on organizational and procedural activities performed pursuant to Legislative Decree 231/2001 as amended, and on the administrative responsibility of entities for the offences established in the said legislation. The report of the Supervisory Body on the activities during 2017 and the meetings of this Committee with the Board of Statutory Auditors did not highlight any significant critical aspects to be reported herein.

With reference to the provisions of Article 36 of the Market Regulation, issued by Consob, concerning significant subsidiaries incorporated in and governed by the law of non-EU Countries, note that the companies in question were identified and their relevant administrative and accounting systems were found to be adequate to provide the Company and the independent auditors, on a regular basis, with all the economic and financial data required for the preparation of the consolidated financial statements.
We now wish to draw the attention of the Shareholders' Meeting to the following topics.

Performance during the year

As illustrated by the Directors in their Annual Report, the results for 2017, as well as the forecast for 2018, continue to show the strong growth of the Group. The 2017 results reveal record revenues, with improvement in all economic and financial indicators. These results have been achieved thanks, in part, to a very strong recovery in traditional areas and the ongoing growth in the innovative sectors. The following table summarises the percentage changes in the main indicators taken from the 2017 consolidated figures, compared to the corresponding figures of the previous year.

Consolidated revenues	+22.2%
Total revenues of the Group	+23.5%
Consolidated gross profit	+21.7%; equal to 44.8% of consolidated revenues, compared to 45% in 2016
Consolidated EBITDA	+40.9%; equal to 21.6% of consolidated revenues, compared to 18.8% in 2016
Consolidated net income	+75.6% excluding the write-off of deferred tax assets.

Most significant transactions undertaken during the year

Among the major transactions highlighted in the Report on operations, the following are particularly noteworthy:

- on 10 January 2017 the company Flexterra Taiwan Co., Ltd., wholly owned by Flexterra, Inc. (USA), in turn owned by SAES Getters at 33.79%, was established. The new company is headquartered in Zhubey City (Taiwan);
- on 19 January, 10 February and 17 March 2017, SAES Nitinol S.r.l. paid Actuator Solutions GmbH three further tranches (of 1 million Euro each) of the loan concluded on 28 November 2016 amounting to 4.5 million Euro. The last tranche of the loan of 0.5 million Euro, was paid on 24 April 2017. The contract establishes that the loan has priority over other shareholder loans to Actuator Solutions;
- on 7 April 2017, SAES Getters S.p.A. signed a new loan agreement with Unicredit S.p.A. for a total amount of 10 million Euro, with a term of five years (expiring on 31 March 2022), without any pre-amortization period. The contract provides for the repayment of fixed principal amounts on a quarterly basis with interest indexed to the Euribor three-month rate plus a spread of 1%. The loan includes some covenants, standard for this type of transaction, which are calculated semi-annually on consolidated economic and financial data.
  On the same date, SAES Getters S.p.A. signed an Interest Rate Swap (IRS) contract expiring on 31 March 2022, on the total residual debt of the aforementioned loan. The contract provides for an exchange of the Euribor three-month rate, either positive or negative, with a fixed rate of 0%. In the event of a negative Euribor three-month rate, the contract provides for a floor of -1%;
- on 19 April 2017 SAES Getters S.p.A. signed an Interest Rate Swap (IRS) contract on the mid-long-term loan of 10 million Euro obtained by Intesa Sanpaolo S.p.A. on 21 December 2016. The IRS contract applies to 50% of the residual debt outstanding at each repayment date, as of 30 June 2017 and expiring on 21 December 2022. The contract provides for an exchange of the Euribor six-month rate with a fixed rate of 0.16%;
- on 1 June 2017 the job security agreement, applied at the Parent Company's Avezzano manufacturing unit, was terminated before its natural expiry date. It should be noted that in the first

five months of 2017, the application of this agreement resulted in a decrease in labour costs of 0.4 million Euro;

- on 29 June 2017 SAES Getters S.p.A. prematurely reimbursed both tranches (one of which secured by SACE) of the loan to support advanced R&D projects, signed in June 2015 with EIB (the European Investment Bank). The total repayment amounted to 6 million Euro for principal, in addition to an indemnity fee to EIB of 10 thousand Euro and to the payment of a premium of approximately 76 thousand Euro to SACE. Finally, the relevant transaction costs, amounting to around 149 thousand Euro, previously divided into instalments on the basis of the duration of the loan, were entered in the income statement;
- on 14 July 2017, the Parent Company signed a new royalty agreement for the integration of the SAES thin film getter technology named PageWafer® in MEMS devices (micro-electromechanical systems) used in thermal infrared sensors. In addition to an initial lump sum received upon the transfer of the technology (0.4 million Euro of which was already entered as at 31 December 2017), the contract provides for the payment of royalties according to a percentage of the volumes of silicon wafers produced using SAES' getter technology;
- following the loss recorded by Metalvuoto S.p.A. as at 30 June 2017 (-91 thousand Euro), the share capital of the company was reduced by more than a third, below to the minimum level of capital established by law. As provided in article 2447 of the Italian Civil Code, on 7 August 2017 the Shareholders' Meeting of Metalvuoto S.p.A. approved a capital injection of a total of 100 thousand Euro in favour of Metalvuoto S.p.A. to meet the minimum legal equity requirement and to establish a capital reserve (amounting to 59 thousand Euro) to be used to cover any future losses. The payment was provided by each shareholder, in proportion to its equity stake (i.e. 70% by SAES Getters S.p.A. and 30% by Mirante S.r.l.);
- in the second half of 2017 the transfer of all the manufacturing and sales activities of Memry GmbH to other companies of the Group at constant values was completed. The liquidation process of the German subsidiary commenced on 1 October 2017 and it is expected to be completed by the end of 2018. Finally, it should be noted that on 17 July 2017, a new German branch of the US subsidiary Memry Corporation was established. Based in Freiburg and named *Memry Corporation Zweigniederlassung Deutschland*, the company is responsible for all the representation and commercial activities of Memry in Europe;
- on 16 November 2017 the Shareholders' Meeting of E.T.C. S.r.l. resolved the voluntary dissolution and liquidation of the company, to be completed by the end of 2018;
- on 20 December 2017 the Shareholders' Meeting of Metalvuoto S.p.A., convened according to articles 2446 and 2447 of the Italian Civil Code and following the reduction of the share capital of the company to below a third, therefore below the minimum amount of capital required, as established by article 2327 of the Civil Code. The reduction was due to the loss recorded in the third quarter of 2017. The Shareholders' Meeting resolved a payment of a total of 250 thousand Euro to Metalvuoto S.p.A., to be used to cover the losses as at 30 September 2017 and future losses estimated for the year, as well as to constitute the minimum share capital of 50 thousand Euro. Given that the minority shareholder Mirante S.r.l. did not participate at the Shareholders' Meeting, the entire capital injection was provided by SAES. According to article 2441 of the Civil Code, Mirante had fifteen days, as of 10 January 2018, the date of the actual registration of the payment, to exercise its option on the recapitalization and provided its share of payment on 19 January 2018;
- on 19 December 2017 Actuator Solutions GmbH fully repaid SAES Nitinol S.r.l. the principal, amounting to 1 million Euro, of the loan granted in late April 2016. The same amount was returned to the 50% joint partner Alfmeier, for the loan provided by SMA Holding GmbH on the same date;
- on 21 December 2017 SAES Nitinol S.r.l. provided a capital injection of 1 million Euro to the joint venture Actuator Solutions GmbH. The same amount was paid by the 50% joint partner Alfmeier, through SMA Holding GmbH.

After being duly and promptly informed by the Directors, the Board of Statutory Auditors assessed the compliance of the foregoing transactions with law, the Company's By-laws and the principles of proper administration, ensuring that said transactions were not manifestly imprudent, hazardous, or in conflict with resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the Company's net assets.

Most significant transactions occurred after the end of 2017

- In January 2018 the dispute with employees of E.T.C. S.r.l., made redundant on justified grounds on 31 October 2017, following the termination of their employment as a result of the liquidation of the company, was formally resolved. In particular, on 22 January 2018, a conciliation report was signed with the trade unions, in which the parties acknowledge that they have no further claims against each other. The financial obligation arising from this report is of the same value as the amount already set aside as provisions for risks and charges as at 31 December 2017 (0.2 million Euro);
- on 30 January 2018 the independent auditors appointed by Memry Corporation concluded without censure their review of the company's compliance with the agreed conditions (an increase of the workforce at the Bethel site and average annual salary not below a predetermined threshold) for the transformation of 50% of the loan granted by the State of Connecticut (CT) at the end of 2014 to a non-repayable grant. In early March, the audit reports were forwarded to the relevant State authorities and the final authorization by the State of CT is dated 8 March 2018. The contribution amounts to 1.4 million dollars, will be recorded in the first quarter of 2018 and will generate income in the income statement and an improvement in the net financial position;
- on 12 February 2018 SAES Nitinol S.r.l. granted an additional tranche of 0.5 million Euro to Actuator Solutions GmbH for the loan signed on 28 November 2016. Note that this loan, aimed at financially supporting the operating activities, expires on 30 April 2019 and provides for a flexible repayment schedule until the maturity date and a fixed annual interest rate of 6%. The relevant contract, which initially established an overall maximum of 4.5 million Euro, was appropriately amended to increase this value to 5 million Euro;
- on 26 February 2018 SAES Getters S.p.A. exercised its call option for the purchase of the entire share capital of Metalvuoto S.p.A., already controlled by SAES with a 70% shareholding. With this transaction, SAES acquired the remaining 30% of the shares from the minority shareholder Mirante S.r.l., for an agreed price of 75 thousand Euro. Note that that the consolidated financial statements of the SAES Group as at 31 December 2017, already included a financial payable of the same amount, related to the evaluation of the aforementioned option.
  The acquisition of 100% of Metalvuoto S.p.A. will provide SAES with absolute strategic autonomy in the advanced packaging business, for applications mainly in the food sector. Following the exercise of the call option by SAES, and the consequent departure of Mirante S.r.l. from the shareholding structure of Metalvuoto S.p.A., Mr Giovanni Ronchi, owner of Mirante S.r.l. and founder of Metalvuoto S.p.A., resigned as Chairman on the same date.
- on 5 March 2018 SAES Getters S.p.A. submitted a purchase offer, accepted by the counterparty, for the property owned by Mirante S.r.l., and in which the headquarters and production facilities of Metalvuoto S.p.A. are located. The estimated purchase price is around 3.5 million Euro and the closing of this transaction is expected to take place by the end of the first half of 2018;
- on 8 March 2018, the Board of Directors of Metalvuoto S.p.A. resolved to propose to the Shareholders’ Meeting, convened on 5 April 2018, the establishment of an liquid reserve of around 3 million Euro, by means of a capital contribution from the Sole Shareholder SAES Getters S.p.A. On the same day, the Shareholders’ Meeting, also convened in an extraordinary session, will be called on to pass resolutions on a change of the company name to SAES Packaging S.p.A., for the purpose of greater market recognition;
- on 14 March 2018, SAES Getters S.p.A. resolved the partial renunciation of financial receivables from SAES Nitinol S.r.l. for the sum of 660 thousand Euro, equal to the difference between the total loss (-800 thousand Euro) of the subsidiary in 2017 and the loss estimated for the same year (140 thousand euro) at the beginning of the year, which is already covered by the payment made by the Parent Company on 15 March 2017;
- in late 2016 SAES, through its subsidiary SAES Getters International Luxembourg S.A., undertook to transfer a further capital contribution of 4.5 million dollars to Flexterra, Inc., as well as material and immaterial assets (IP) of an estimated value around 3 million dollars, subject to the achievement by Flexterra of predetermined technical and commercial objectives (milestones, in particular the conclusion of a binding agreement for the commercialization of

Flexterra products – milestone) no later than 31 March 2018. Following an amendment of the original agreement between the Shareholders of Flexterra, the deadline was recently postponed for a period of two months, until the end of July 2018, to enable the company to achieve the agreed milestone. If the objective is reached, following the aforementioned transfer, the shareholding in SAES in Flexterra will to rise to around 45%.

Atypical and/or unusual transactions, including intra-group and related-party transactions

Pursuant to the Consob communications of 20 February 1997 and 28 February 1998, as well as to the revised IAS 24 accounting standards, it should be noted that in 2017 also, all related-party transactions came within the definition ordinary operations and were concluded at standard economic and financial market conditions.

Related-party transactions generally consist of intra-group transactions with subsidiaries, and are mainly of a commercial nature. Such transactions include the purchase and sale of raw materials, semi-finished products, finished products, tangible assets and various types of services. Cash-pooling and interest-bearing financing agreements are in place with some companies of the Group. Some agreements for the provision of commercial, technical, information technology, administrative, legal and financial services, and for the development of specific projects are also in place with some subsidiaries. All these agreements were entered into under economic and financial terms that were in line with market conditions.

With reference to the definition of "Related Party" as indicated in the revised IAS 24 standards, the following related parties have been identified:

- **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 31 December 2017, which is debtor of SAES Getters S.p.A. in relation to the application for a refund of the excess IRES (corporation tax) paid in prior years by the merged SAES Advanced Technologies S.p.A., a petition filed by S.G.G. Holding S.p.A. as the consolidator of national tax consolidation scheme in place until 31 December 2014 (see Note no. 18).

It should also be noted that, on 4 May 2017, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. totalling 3.6 million Euro.

- **Actuator Solutions GmbH**, a joint venture, 50% jointly owned by SAES and Alfmeier Präzision Groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint venture Actuator Solutions GmbH, operating in the development and commercialization of SMA devices for the image focus and stabilization in tablet and smart-phone cameras.
- **Actuator Solutions (Shenzhen) Co., Ltd.**, a company established at the end of September 2016, wholly owned by Actuator Solutions GmbH and operating the technology development and the sale of actuators for the mobile market.

With regard to Actuator Solutions GmbH and its subsidiaries, the SAES Group has a commercial relationship (the sale of raw materials and semi-finished products) and provides various services (in particular commercial activities, development services and accessory/administrative activities) that are recharged on the basis of a service contract. Finally, as mentioned before, note that SAES Nitinol S.r.l. granted several loans to Actuator Solutions GmbH. For the details of these loans, see the table below. As at 31 December 2017, the financial debt of Actuator Solutions GmbH to SAES Nitinol S.r.l. was 8.4 million Euro, including 0.7 million Euro in interests 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 research, and for industrial systems and devices.

The SAES Group has a commercial relationship with SAES RIAL Vacuum S.r.l. (both purchases and sales of raw materials, and the purchase of components for the creation of vacuum systems) and performs various services, mainly commercial, marketing and administrative support. Finally, as mentioned before, SAES Getters S.p.A granted a loan of 49 thousand Euro to support SAES RIAL Vacuum S.r.l. financially (for further details see the table below).

- **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 commercialization 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 regard to Flexterra, Inc. and its subsidiary, the SAES Group performs 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.

- **Mirante S.r.l.**, a minority shareholder of SAES Getters S.p.A. in Metalvuoto S.p.A., with a percentage of the share capital of 30%. A lease agreement is in place between Metalvuoto S.p.A. and Mirante S.r.l. as at 31 December 2017, for the property owned by Mirante S.r.l. where Metalvuoto S.p.A. has its registered office and production facility.

Finally, as at 31 December 2017, the SAES Group (through its subsidiary Metalvuoto S.p.A.) had a financial receivable from Mirante S.r.l. amounting to 75 thousand Euro, in respect of a capital contribution approved by the Shareholders' Meeting of Metalvuoto S.p.A. on 20 December 2017 and fully subscribed by SAES Getters S.p.A. also on behalf of Mirante S.r.l., as the latter did not take part in the said Shareholders' Meeting.

- **Metalvuoto Lux S.r.l.**, a company wholly owned by Mirante S.r.l. With regard to Metalvuoto Lux S.r.l., the SAES Group (through its subsidiary Metalvuoto S.p.A.) has a commercial relationship (sale of raw materials and semi-finished products). Furthermore, Metalvuoto Lux S.r.l. was the lessee, up to the end of August 2017, of part of the property occupied by Metalvuoto S.p.A.
- **Metalvuoto Polska Sp. z.o.o.**, a company in liquidation, 60% owned by Mirante S.r.l. (a minority shareholder with SAES Getters S.p.A. in Metalvuoto S.p.A.), with which the SAES Group had a commercial relationship in the first semester of 2017 (in particular, for the purchase of raw materials).
- **Managers with Strategic Responsibilities**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Administration, Finance and Control Manager and the Group Legal General Counsel are considered managers with strategic responsibilities.

Their close relatives are also considered related parties.

The following table shows the total values of the related party transactions undertaken in 2017 and 2016.

(thousands of euro)

	December 31, 2017										
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (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.	29	(73)		19 (*)	3 (*)		1	51	(20)		50
Actuator Solutions GmbH	1,317		35 (*)	1 (*)	60 (*)		500	170			8,360
Actuator Solutions Taiwan Co., Ltd.	229		126 (*)	18 (*)				32			
Mirante S.r.l.					(240)						75
Metalvuoto Lux S.r.l.	94				8 (*)						
Metalvuoto Polska Sp. z.o.o.		(11)					(24)				
Flexterra, Inc.			97 (*)		151 (*)			223			
Total	**1,669**	**(84)**	**258**	**38**	**(18)**	**0**	**477**	**476**	**(20)**	**272**	**8,485**

(*) Costs recovery.

(thousands of euro)

	December 31, 2016										
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (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.		(51)	(2)	53 (*)	8 (*)		1	73	(8)		50
Actuator Solutions GmbH	1,396		318 (*)	89 (*)	28 (*)	20	160	92			5,760
Actuator Solutions Taiwan Co., Ltd.	93							70			
Mirante S.r.l.					(60)						
Metalvuoto Lux S.r.l.	101				3 (*)	1		80			4
Metalvuoto Polska Sp. z.o.o.								24 (**)			
Total	**1,590**	**(51)**	**316**	**142**	**(21)**	**21**	**161**	**339**	**(8)**	**272**	**5,814**

(*) Costs recovery.

(**) Credit for advance on future supplies.

The following table indicates the guarantees that the Group has granted to third parties in favour of the joint ventures.

(thousands of euro)

Guarantees	December 31, 2017	December 31, 2016	Difference
Guarantees in favour of the joint venture Actuator Solutions	2,088	3,124	(1,036)
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	312	312	0
Total guarantees in favour of the joint ventures	**2,400**	**3,436**	**(1,036)**

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

(thousands of euro)

Total remunerations to key management	2017	2016
Short term employee benefits	4,340	3,811
Post employment benefits	0	0
Other long term benefits	2,299	743
Termination benefits	1,100	720
Share-based payments	0	0
Total	**7,739**	**5,274**

As at 31 December 2017 payables to Managers with Strategic Responsibilities, as defined above, amounted to 7,542 thousand Euro, compared with payables of 4,365 thousand Euro as at 31 December 2016.
The increase, both in the income statement and in payables, was mainly due to the higher remuneration of the Executive Directors following the achievement of economic performances that exceed their objectives (in particular, higher annual incentive and accrual for the three-year long-term incentive, in addition to an increase in the remuneration related to the end of their mandate).

Pursuant to the Consob communications of 20 February 1997 and 28 February 1998, as well as to the revised IAS 24 standard, it should be noted that in the 2017 financial year also, all related-party transactions came within ordinary operations and were settled at standard economic and financial market conditions.
The above comments on transactions with related parties comply with the provisions of Article 2391-*bis* of the Civil Code and with the Consob Notices dated 20 February 1997 and 28 February 1998, as well as with the revised IAS 24 standards. Moreover, as required by Consob resolution no. 15519 dated 27 July 2006, the explanatory notes to the financial statements indicated the amounts of positions or transactions with related parties, separately from the related items.
The information disclosed by the Directors in their Report on the financial statements for the year ended 31 December 2017 and in the relevant notes is complete and adequate with respect to the transactions undertaken with all Group companies and with its related parties.
In this regard, the Board of Statutory Auditors acknowledges that, as appropriately indicated in the corporate governance report, the Company adopted procedures for related-party transactions, in accordance with Article 2391-*bis* of the Civil Code, as implemented by Consob Regulation no. 17221 dated 12 March 2010, and with Consob Regulation dated 24 September 2010, and with Article 9.C.I of the Code of Conduct for Listed Companies, which is designed to ensure the transparency and substantial and procedural propriety of related-party transactions identified in accordance with the revised IAS 24 standards.
The said report on corporate governance, to which reference is made in full, sets out in detail the composition of corporate offices, directorships, committees within the Board of Directors, and the Supervisory Board, in addition to the function of the Executive responsible for the drafting of corporate accounting documents and the Head of Internal Audit, following new corporate appointments that took place during the of Shareholders' Meeting of 28 April 2015.

Independent audit firm

Deloitte & Touche S.p.A, the audit firm responsible for the audit of the consolidated and SAES Getters S.p.A. financial statements, together with the audit of accounts pursuant to Article 150, paragraph 3, of Italian Legislative Decree 58/1998, issued its audit reports on 30 March 2018, in which it expressed a judgment without any remarks or requests for information on either the consolidated or the Parent Company accounts for 2017.
Various meetings, including informal encounters, were held with the representatives of Deloitte &

Touche S.p.A. No data or information was raised at these encounters that require particular mention in this report.
The Board of Statutory Auditors acknowledges that it has received, pursuant to Article 19, paragraph 3, of Legislative Decree no. 39/2010, the report of the independent audit firm on the fundamental issues that emerged during the audit and any significant deficiencies detected in the internal audit system in relation to the financial reporting process. No specific deficiencies were identified.
The Board also acknowledges that it has received confirmation of its independence from the audit firm, pursuant to Article 17, paragraph 9 letter a), of Legislative Decree no. 39/2010, together with an indication of the services other than the audit provided to the Company by any of the entities belonging to its network and, finally the Board acknowledges that it has discussed with the statutory audit firm the risks related to the latter's independence and measures taken to limit such risks, pursuant to the aforementioned Article 17, paragraph 9, letter b).

Reporting of any assignment of additional mandates to the audit firm and/or parties linked to it by long-term relationships

With respect to any additional mandates assigned to the audit firm and/or parties that have long-term relationships with the said firm, see the information provided by the Company in the Notes to the consolidated financial statements pursuant to article 149-*duodecies* of the Issuers Regulations regarding the disclosure of fees.

Indication of the existence of opinions issued in accordance with the law during the year

In addition to the matters indicated in this report, during 2017 the Board of Statutory Auditors was also called upon to state its opinion on the award to Deloitte & Touche S.p.A., which was already mandated to undertake the legal audit of the accounts of the Company and the Saes Group (the "Group"), a further mandate to conduct a "limited review of the Consolidated Non-Financial Declaration ("NFC") of SAES Getters S.p.A. and its subsidiaries for the 2017-2021 financial years pursuant to Legislative Decree no. 254/16".
The Board of Statutory Auditors has examined the proposal for services of Deloitte & Touche S.p.A. in relation to the Consolidated Non-Financial Declaration and has acknowledged the statements made by the independent auditors with reference to the following:
(i) activities for the obtention of the DNF certification are not included in any of the categories of services specifically prohibited by Article 5, paragraph 1 of EU Regulation 537/2014;
(ii) such activities do not create a risk of self-review or other types of self-interest;
(iii) such activities do not have characteristics that would result in a mutual interest or conflict of interest;
(iv) the financial terms of the assignment are consistent with those of the contract that SAES has already concluded with Deloitte & Touche S.p.A. for the statutory audit of the Accounts of SAES and the Group.
The Board of Statutory Auditors therefore found no grounds for to oppose the appointment of Deloitte & Touche S.p.A.

Filing of complaints pursuant to article 2408 of the Civil Code and of petitions

The Board of Statutory Auditors did not receive any complaints pursuant to article 2408 of the Italian Civil Code, nor has it received any type of petition.

Proper administration - Organizational structure

The Company is competently administered in accordance with law and the Company's By-laws. We attended the Shareholders' Meetings and meetings of the Board of Directors, together with meetings of the other Committees in which our presence is required. These meetings were held in accordance with the Company's By-laws and regulations governing their operation.
The mandates and powers conferred were appropriate to the Company's needs and adequate for the evolution of corporate management.
The Board of Statutory Auditors believes that the Company's overall organizational structure is appropriate for the Group's size.
Finally, during the periodic reviews that it conducted during the year, the Statutory Auditors were able to observe that all obligations and communications to Borsa Italiana and Consob concerning the listing of the Parent Company on the STAR segment of the Italian Stock Exchange were fulfilled promptly and

accurately.

Internal control and risk management system-Administrative and accounting system

The system of internal control and corporate risk management ("SCIGR"), is a set of rules, procedures and organizational structures designed to identify, measure, manage and monitor the main risks and ensure the protection of the company's net assets. It is managed and monitored by the Board of Directors, by the Director in charge of the internal control and risk management system, by the Audit and Risk Committee, by the Internal Audit Department, by the Supervisory Board and by the Board of Statutory Auditors, each one with specific tasks in the context of its role and related responsibilities. The SIGCR system adopted by the Company is in line with the components of the "CoSO Framework" model, which is internationally recognized as benchmark best practice for the representation and evaluation of the internal control system. In addition, please note that:

- the Chairman of the Board of Statutory Auditors participates, as a guest, in meetings of the Audit and Risk Committee. This is body within the Board of Directors that 2017 promoted and supported, the decisions taken by the Board of Directors, for the adoption of Risk Management instruments and methods designed to identify, understand and analyze the level of mitigation of the corporate risk within the Company and the Group; he also participates in meetings of the Remuneration and Appointments Committee.
- A Statutory Auditor sits on the Supervisory Board, a body that also in 2017 promoted and supported the proper implementation of the Organizational Model pursuant to Law 231/2001.

In addition to the these persons, the Executive responsible for the drafting of the corporate accounting documents pursuant to the Legislative Decree no. 262/2005, the independent auditor, and other corporate internal control departments are involved in this process.
During the year, as part of its monitoring of the effectiveness of the system and compliance with the law, and as a result of its regular meetings with the aforementioned individuals, the Board of Statutory Auditors did not detect any particular issues or anomalies that require a mention in this report.
Moreover, note that at its meeting of 14 March 2018, following a proposal by the Audit and Risk Committee and after consultation with the Board of Statutory Auditors, the Board of Directors concluded that the internal control and risk management system adopted by the Company was appropriate.
We acquired knowledge of and verified the adequacy of the Company's organizational structure and administrative and accounting system, as well as its reliability in accurately documenting the affairs of the company, by obtaining information from the heads of the respective offices, reviewing the corporate documents, through direct controls and exchanging information with the audit firm Deloitte & Touche S.p.A., in accordance with Article 150 of Legislative Decree 58/1998. We do not have any particular observations to report in this regard.
The Company has adopted appropriate procedures to govern and monitor the disclosure to the market of data and transactions pertaining to Group companies. It should be noted in this regard, that the Company has a complex administrative and accounting control model, approved by the Board of Directors on 14 May 2007. The model was adopted following the obligations introduced by the Italian Investor Protection Law in relation to the drafting of corporate accounting documents and of all financial documents and communications intended for the market. The model which codifies the system of corporate rules and procedures adopted by the Group in order to identify and manage the main risks associated with the drafting and dissemination of financial information, in pursuit of the Company's objectives of truthfulness and accuracy in such information, was underwent a review process that led to the issue of a new release, which was approved by the Board of Directors on 20 December 2012.

Subsidiaries

As required by the internal control model adopted by the Company, the Executive responsible ensures the rules for the control of subsidiaries are disseminated and kept up to date, ensuring that they are aligned with the principles of the Group. On this matter, the Board of Statutory Auditors refers to the detailed provisions of the specific paragraph of the Report on corporate governance and ownership (*ex* Article 123 of the Consolidated Finance Act), approved by the Board of Directors on 14 March 2018, which is available on the Company website.

Code of Conduct for listed Companies

The Corporate Governance system of the Company incorporates, in its essential features, the principles and recommendations contained in the "Code of Conduct for the corporate governance of listed companies", which the Board of Directors decided to adopt on 23 February 2012. On 14 March 2018, the Board of Directors also approved the annual Report on corporate governance and ownership structure for the year 2017. The full text of this report, which can be consulted for a detailed information, is available to the public in the manner provided for by the current laws and regulations.

Consolidated declaration of a non-financial nature

Since 2017, Legislative Decree no. 254 of 30 December 2016, implementing Directive 2014/95/EU, requires public interest entities to produce a consolidated non-financial statement (Non-financial Statement) each year to foster an understanding of the company's business activities, its performance, results, and the impact they produce.

The said Non-Financial Declaration:

- concerns the following subject areas:
  - environment
  - social
  - personnel
  - respect for human rights
  - the struggle against active and passive corruption.
- was approved by the Board of Directors on 14 March 2018;
- consists of a report that is separate from all the other documents that make up the Annual Report (as provided by Article 5 of Legislative Decree 254/16) and, once approved, will be published in a specific section of the 2017 Annual Financial Report;
- was produced in accordance with the new "GRI Sustainability Reporting Standards" (2016);
- underwent a limited review process by the independent auditors (Deloitte & Touche), which may indicate changes and additions for 15 days after its approval.

The aspects and indicators for defining the contents to be reported, and which are relevant for the Group and its stakeholders, were selected on the basis of a structured process of materiality analysis, which was performed with the contribution of company management and shared with the CCR in the second half of 2017.

The perimeter considered was as follows:

- economic-financial data: a scope that is comparable to the consolidated financial statements;
- social and environmental aspects: companies consolidated on a line-by-line basis in the SAES Group Consolidated Financial Statements[1], with the exception of Memry GmbH, which, at the end of 2016 commenced preparatory activities for the closure of the company and the transfer of production and commercial activities to other Group companies. Following completion of the transfer of business units, which took place at the beginning of the second half of 2017, the liquidation of the company began as of 1 October 2017. For these reasons, the above perimeter limitation only concerns the residual activities that remained with the company in 2017, while the social and environmental impacts of the transferred production and commercial activities are accounted for in the other companies to which the business units were transferred. Accordingly, the exclusion of Memry GmbH does not affect an understanding of the Group's business and the impact of the product itself. In particular, with respect to qualitative information and quantitative data on environmental aspects Group companies that manage production sites are included; companies with sales offices only areexcluded, as they are not considered relevant to ensuring an understanding of the Group's business activities and the impact of the product itself.

Considering that the 2016 data was provided for comparative purposes only, it should be noted that the data for Metalvuoto S.p.A. was reported for the entire 2016 financial year, to facilitate a uniform comparison with the 2017 financial year, despite the fact that its consolidation in the Group took place from October 2016.

The data collection process commenced in January 2018 with the sending of data collection files to all subsidiaries included in the perimeter and the receipt of files compiled by the various Corporate

[1] Information and data on environmental aspects was provided for companies included in the perimiter that manage at least one production site.

Functions of SAES Getters S.p.A.
The Corporate Functions involved were as follows:

- *Corporate Quality/Environment;*
- *Corporate Human Resources;*
- *Group Purchasing;*
- *Group Consolidation;*
- *Corporate Marketing & Communications;*
- *Corporate Intellectual Property;*
- *Research & Development*

Each Corporate Function then verified the data and produced the consolidation/summary tables.
The Group Consolidation office, with the support of Internal Audit, was responsible for coordinating the process.

Report on remuneration pursuant to article 123-*ter* of the Consolidated Finance Act and Article 84-*quarter* of the Regulation on Issuers and monetary incentive systems for strategic personnel

The Board of Statutory Auditors states that it had previously examined and expressed its approval, together with the Remuneration and Appointments Committee, also in accordance with the provisions set forth in article 2389, paragraph 3, of the Civil Code, of the policies and general guidelines for the remuneration of members of administrative bodies and Company executives with strategic responsibilities, in particular the Report on remuneration, produced pursuant to article 123-*ter* of the Consolidated Finance Act and 89-*quarter* of the Regulation on Issuers, as well as with reference to the annual and three-year monetary incentive schemes targeting strategic personnel of the Company and of the SAES Group.

Independence

The Board of Statutory Auditors states that it has verified the accuracy of the criteria adopted by the Board of Directors in assessing:

- the independence of its members, based on the requirements of the Code of Conduct and Articles 14-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Law on Financial Intermediation (TUF) taking note of the statements issued by the Directors and confirming the “independent” status of the directors Mr Gaudiana Giusti, Dr. Stefano Proverbio, Prof. Roberto Orecchia, Dr. Luciana Rovelli and, based solely on the requirements of independence established in Article 14-ter, paragraph 4, and 148, paragraph 3 of the TUF, the status as “Independent” of Prof. Adriano De Maio. The Board of Statutory Auditors also monitors the independence and autonomy status of its members, pursuant to the Decree of the Ministry of Justice n. 162 dated 30 March 2000, pursuant to Article 148, paragraph 3, of the TUF, and of application criterion 8.C.1 of the Code of Conduct, and notifying the Board of Directors in time for the drafting of the corporate governance report. In particular, with respect to 2016, the Board of Statutory Auditors ascertained that the independence requirements were satisfied on 15 February 2018;
- the maintenance of the requirements of professionalism and good repute that the Statutory Auditors must possess pursuant to Decree 162 of the Ministry of Justice dated 30 March 2000, as well as independence pursuant to Article 148, paragraph 3 of the Consolidated Finance Act and application criterion 8.C.1. the Corporate Governance Code.

Finally, each member of the Board of Statutory Auditors has complied with the obligation to notify Consob pursuant to Article 144-quaterdecies of the Regulation on Issuers, with regard to the rules governing the accumulation of offices.

Restatement of the year 2016

It should also be noted that some figures relating to 2016 which were presented for comparative purposes, do not coincide with the information reported in the 2016 Annual Financial Report, as they reflect the restatement following completion of the provisional valuation of the business combination of Metalvuoto S.p.A. (which took place in October 2016) in compliance with the provisions of the revised IFRS 3. Furthermore, following the Company acquiring, at the end of 2016, control over Metalvuoto S.p.A, a significant player in the advanced packaging field, a third Business Unit named “Solutions for Advanced Packaging”. The figures for 2016 were reclassified on the basis of the new organizational structure, to enable a homogeneous comparison with the current year.

Restatement of 2016 income statement figures

Thousands of euro

	2016	Restatement	2016 restated
Total net sales	**189,031**		**189,031**
Cost of sales	(103,911)		(103,911)
Gross profit	**85,120**	**0**	**85,120**
R&D expenses	(14,799)	(73)	(14,872)
Selling expenses	(15,612)		(15,612)
G&A expenses	(27,817)		(27,817)
Total operating expenses	(58,228)	(73)	(58,301)
Other income (expenses), net	(736)		(736)
Operating income (loss)	**26,156**	**(73)**	**26,083**
Interest and other financial income, net	(1,220)		(1,220)
Income (loss) from equity method evalueted companies	(3,325)		(3,325)
Foreign exchange gains (losses), net	52		52
Income (loss) before taxes	**21,663**	**(73)**	**21,590**
Income taxes	(7,581)	20	(7,561)
Net income (loss) from continued operations	**14,082**	**(53)**	**14,029**
Income (loss) from assets held for sale and discontinued operations	0		0
Net income (loss) before minority interest	**14,082**	**(53)**	**14,029**
Net income (loss) pertaining to minority interest	0		0
Net income (loss) pertaining to the Group	**14,082**	**(53)**	**14,029**

<u>Consolidated and SAES Getters S.p.A. financial statements for the year ended 31 December 2017</u>

As we are not responsible for an analytical review of the contents of the financial statements, we certify that we have verified the general approach adopted for the Consolidated and SAES Getters S.p.A. financial statements and its general compliance with law in terms of form and structure. We further certify that the information contained therein corresponds to the facts and information in our possession.

As in previous years, it should be noted that both the consolidated financial statements, following the entry into force of the Regulation (EC) no. 1606/2002, and the financial statements of the Parent Company were drafted in accordance with IAS/IFRS standards, which have were adopted on 1 January 2005. This stated, the financial statements of the Parent Company and the consolidated statements consist of a statement of financial position, a statement of profit or loss, a statement of other comprehensive income, a cash flow statement, a statement of changes in the shareholders' equity, and the explanatory notes. The reporting formats adopted are compliant with the provisions of the revised IAS 1-standard. The statement of financial position was produced by distinguishing between current and non-current assets and liabilities, according to whether the assets and liabilities are likely to be realized within or after twelve month period beginning from the reporting date and stating "Assets held for sale" and "Liabilities held for sale" under two separate headings as required by the IFRS 5 standard.

In the statement of profit or loss, operating expenses are disclosed on the basis of their destination.

The cash flow statement has been prepared according to the indirect method, as allowed under the IAS 7 standard.

In addition, as required by the Consob resolution no. 15519 dated 27 July 2006, in the statement of profit or loss by destination, revenues and costs derived from non-recurring transactions or events that do not occur frequently in the ordinary course of business have been specifically identified.

Again in accordance with this resolution, the amounts of positions or transactions with related parties have been presented separately from the applicable items in the explanatory notes.

The financial statements have been produced on an ongoing concern basis because, despite a difficult economic and financial environment, we believe that no significant uncertainties (as defined in paragraph 25 of the IAS 1 Principles – Presentation of Financial Statements) as to business continuity. This context can be only partially influenced by the Management of the Company, as it is mainly the result of external variables. Based on the best estimates available to date, the Company has approved a three-year business plan that includes the strategies developed by Company Management to succeed in achieving the defined business goals in this difficult economic environment.

With regards to the financial statements submitted for your review, we point out the following:

At the Parent Company level

Statement of profit or loss - SAES Getters S.p.A.

Thousands of euro

	2017	2016
Total net sales	**52,687**	**44,509**
Cost of sales	(29,371)	(23,442)
Gross profit	**23,316**	**21,066**
R&D expenses	(9,219)	(8,047)
Selling expenses	(6,200)	(5,583)
G&A expenses	(20,912)	(17,057)
Total operating expenses	(36,330)	(30,687)
Other income (expenses), net	4,490	4,933
Operating income (loss)	**(8,525)**	**(4,688)**
Interest and other financial income, net	16,508	11,022
Foreign exchange gains (losses), net	(212)	(170)
Income (loss) before taxes	**7,772**	**6,165**
Income taxes	(10,751)	(0)
Net income (loss) from continued operations	**(2,979)**	**6,164**
Income (loss) from assets held for sale and discontinued operations	0	0
Net income (loss)	**(2,979)**	**6,164**

Statement of other comprehensive income - SAES Getters S.p.A.

Thousands of euro

	2017	2016
Profit for the period	**(2,979)**	**6,164**
Actuarial gain (loss) on defined benefit plans	(74)	(302)
Income taxes	18	73
Actuarial gain (loss) on defined benefit plans, net of taxes	(56)	(230)
Total components that will not be reclassified to the profit (loss) in subsequent periods	**(56)**	**(230)**
Other comprehensive income (loss), net of taxes	**(56)**	**(230)**
Total comprehensive income (loss), net of taxes	**(3,035)**	**5,934**

Net sales for the year 2017 amounted to 52,687 thousand Euro, an increase (of +18.4%) compared with the previous year. Excluding the exchange rate effect, which was negative by -1.4%, organic growth stood at +19.8%, due to the results of some Industrial Applications sectors, in particular Electronic Devices and Systems for Gas Purifications & Handling, together with growing sales by the Shape Memory Alloys (SMA) business unit in the industrial applications sector.

Higher sales volumes led to an increase in **gross profit** (amounting to 23,316 thousand Euro in 2017 compared with 21,066 thousand Euro in the previous year). On the other hand, there was a reduction in total gross margin (of 44.3% in the year, compared with 47.3% in 2016), mainly due to a less favourable mix in the internal product of the Industrial Applications Business Unit, while the figure for Shape Memory Alloys Business Unit improved.

The 2017 financial year produced an **operating loss** of 8,525 thousand Euro, compared with 4,688 thousand Euro in the previous year: the increase in some operating expenses more than offset the improvement in gross profit. The operating loss also increased in absolute terms due to the fall in "other net income", although this was influenced by the fact that the 2016 figure included the release of a provision for legal risks that accrued in the previous year.

EBITDA for the year was down by 3,506 thousand Euro compared with the also negative figure of 462 thousand Euro in 2016 (-1,151 thousand Euro net of the aforementioned release of the provision for the risk of legal proceedings).

Dividends, net financial income and net foreign exchange gains totalled 21,653 thousand Euro in 2017. This was substantially unchanged from 21,697 thousand Euro in the previous year. In addition, the Company wrote down investments and financial receivables due from subsidiaries for a total of 5,357 thousand Euro, compared with -10,844 thousand Euro in 2016.

Therefore, the 2017 financial year closed with a **pre-tax profit** of 7,772 thousand Euro, an increase when compared with 6,165 thousand Euro of the previous year.

Income taxes amounted to 10,751 thousand Euro in the year, against a total balance of almost zero – i.e. a cost of 367 Euro - in 2016. This was also positively influenced by the release of the provision for risks of 500 thousand Euro that had accrued in previous financial years.
The amount for 2017 included a write-off of 10,770 thousand Euro, for deferred tax assets on tax losses carried forward of the Company, which were recognized during the 2009-2013 tax periods, on the basis of management's current estimation of their recoverability, given the outlook set out in the 2018-2020 three-year plan. Excluding this write-off, the tax balance would have resulted in revenue of 19 thousand Euro.
As a result of the aforementioned write-off, the 2017 financial year closed with a **net loss** of 2,979 thousand Euro, compared to a profit of 6,164 thousand Euro in 2016.

At consolidated level

Consolidated statement of profit or loss

Thousands of euro

	2017	2016
Total net sales	**231,078**	**189,031**
Cost of sales	(127,468)	(103,911)
Gross profit	**103,610**	**85,120**
R&D expenses	(16,102)	(14,872)
Selling expenses	(16,372)	(15,612)
G&A expenses	(31,150)	(27,817)
Total operating expenses	(63,624)	(58,301)
Other income (expenses), net	(6)	(736)
Operating income (loss)	**39,980**	**26,083**
Interest and other financial income, net	(662)	(1,220)
Income (loss) from equity method evalueted companies	(2,468)	(3,325)
Foreign exchange gains (losses), net	(1,162)	52
Income (loss) before taxes	**35,688**	**21,590**
Income taxes	(21,828)	(7,561)
Net income (loss) from continued operations	**13,860**	**14,029**
Income (loss) from assets held for sale and discontinued operations	0	0
Net income (loss) before minority interest	**13,860**	**14,029**
Net income (loss) pertaining to minority interest	0	0
Net income (loss) pertaining to the Group	**13,860**	**14,029**

Consolidated statement of other comprehensive income

Thousands of euro

	2017	2016
Net income (loss) for the period	**13,860**	**14,029**
Exchange differences on translation of foreign operations	(13,324)	3,434
Exchange differences on equity method evalueted companies	(877)	(188)
Total exchange differences	(14,201)	3,246
Equity transaction costs related to equity method evaluated companies	(7)	0
Total components that will be reclassified to the profit (loss) in the future	**(14,208)**	**3,246**
Actuarial gain (loss) on defined benefit plans	(41)	(306)
Income taxes	10	74
Actuarial gain (loss) on defined benefit plans, net of taxes - SAES Getters S.p.A. and its controlled companies	(31)	(232)
Actuarial gain (loss) on defined benefit plans - equity method evalueted companies	(10)	(3)
Income taxes	2	1
Actuarial gain (loss) on defined benefit plans, net of taxes - equity method evalueted companies	(8)	(2)
Total components that will not be reclassified to the profit (loss) in the future	**(39)**	**(234)**
Other comprehensive income (loss), net of taxes	**(14,247)**	**3,012**
Total comprehensive income (loss), net of taxes	**(387)**	**17,041**
attributable to:		
- Equity holders of the Parent Company	(387)	17,041
- Minority interests	0	0

In 2017 the SAES Group achieved **consolidated net revenues** equal to 231.1 million Euro, up by 22.2% compared to 189 million Euro achieved in 2016. The exchange rate effect was slightly negative

(-2.1%) and equal to +3.1%, mainly related to the depreciation of US dollar against the euro in the second half of the year. The acquisition of Metalvuoto S.p.A., occurred in the fourth quarter of 2016, generated additional sales equal to 9.8 million Euro (the increase in revenues related to the change of the scope of consolidation was equal to +5.2%). With the same exchange rates and the same scope of consolidation, the organic growth was equal to +19.1%, mainly driven by the gas purification sector, by the new productions in the electronic devices business, as well as by the sector of Nitinol for medical devices.

Total revenues of the Group[2] were equal to 244.9 million Euro in 2017, up by 23.5% compared to 198.4 million Euro in the 2016, thanks both to the increase in consolidated revenues (+22.2%) and to the strong increase in the sales of the joint venture Actuator Solutions (+45.2%). Also the revenues of the joint venture SAES RIAL Vacuum S.r.l. increased (+54.2%), although recording a smaller absolute value (the share of SAES in the revenues of SAES RIAL Vacuum S.r.l. was equal to 1.2 million Euro in 2017).

The growth of consolidated revenues enabled the improvement of the operating indicators, in line with the positive trend of the last years.

Consolidated gross profit[3] was equal to 103.6 million Euro in 2017, compared to 85.1 million Euro in 2016. The significant growth (+21.7%) was mainly attributable to the increased revenues, with a gross margin[4] substantially stable (from 45% in the previous year to 44.8% in 2017). All the business segments showed an increase in gross margin; nonetheless the gross margin of the Group remained stable, as a result of the dilution effect due to the new business of advanced packaging, currently characterized by a different structure of production costs, compared to that of the traditional perimeter of the Group.

Consolidated operating income amounted to 40 million Euro in 2017, strongly increased (+53.3%) when compared to 26.1 million Euro in the previous year. In percentage terms, the operating margin was equal to 17.3%, compared to 13.8% in 2016. The increase in revenues and the lower incidence of the operating expenses on the revenues (from 30.8% to 27.5%) enabled the strong improvement of the operating indicators compared to the previous year.

Consolidated EBITDA[5] was equal to 50 million Euro in 2017 (21.6% of consolidated revenues), significantly up (+40.9%) compared to 33.5 million Euro in 2016 (18.8% of consolidated revenues), mainly driven by the gas purification sector and by that of Nitinol for medical devices.

Consolidated net income amounted to 13.9 million Euro (6% of consolidated revenues) in 2017, penalized by the write-off of deferred tax assets on tax losses carried forward of SAES Getters S.p.A., following the update of their estimated recoverability, given the hypothesis contained in the three-year plan 2018-2020 and attributable to the Parent Company. Excluding this write-off, equal to 10.8 million Euro, the net income amounted to 24.6 million Euro (10.7% of consolidated revenues), significantly increased (+75.6%) compared to a consolidated net income of 14 million Euro in the previous year (7.4% of consolidated revenues).

---

[2] Total revenues of the Group are achieved by incorporating with the proportional method, instead of the equity method, the joint ventures of the Group, namely Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (33.79%).

[3] Calculated as the difference between net sales and industrial costs directly and indirectly attributable to the products sold.

[4] Calculated as the ratio between gross profit and consolidated revenues.

[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-off, depreciation and amortization".

Comment of the Board of Statutory Auditors on the changes in consolidated net equity

Consolidated statement of changes in equity as at December 31, 2017

(thousands of euro)					Other components of equity						
	Capital stock	Share issue premium	Treasury shares	Legal reserve	Currency conversion reserve	Currency conversion reserve from discontinued operati	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**	**22,301**	**0**	**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)								**13,860**	**13,860**	**0**	**13,860**
Other comprehensive income (loss)					(14,201)		(46)		(14,247)		(14,247)
Total comprehensive income (loss)					**(14,201)**	**0**	**(46)**	**13,860**	**(387)**	**0**	**(387)**
December 31, 2017	**12,220**	**41,120**	**0**	**2,444**	**8,100**	**0**	**44,397**	**13,860**	**122,141**	**0**	**122,141**

Consolidated statement of changes in equity as at December 31, 2016 restated (*)

(thousands of euro)					Other components of equity						
	Capital stock	Share issue premium	Treasury shares	Legal reserve	Currency conversion reserve	Currency conversion reserve from discontinued oper	Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
December 31, 2015	**12,220**	**41,120**	**0**	**2,444**	**19,055**	**0**	**42,826**	**8,820**	**126,485**	**3**	**126,488**
Distribution of 2015 result							8,820	(8,820)	0		0
Dividends paid							(8,502)		(8,502)		(8,502)
Purchase of minority interests							(246)		(246)	(3)	(249)
Net income (loss)								**14,029**	**14,029**	**0**	**14,029**
Other comprehensive income (loss)					3,246		(234)		3,012		3,012
Total comprehensive income (loss)					**3,246**	**0**	**(234)**	**14,029**	**17,041**	**0**	**17,041**
December 31, 2016	**12,220**	**41,120**	**0**	**2,444**	**22,301**	**0**	**42,664**	**14,029**	**134,778**	**0**	**134,778**

(*) Some amounts shown in the column do not correspond to the 2016 financial statements because they reflect the restatement deriving from the completion of the provisional valuation of the business combination of Metalvuoto S.p.A. occurred in October 2016. These adjustments are detailed in Note no. 1, paragraph "Restatement on 2016".

Group shareholders' equity amounted to 122,141 thousand Euro as at 31 December 2017, a decrease of 12,637 thousand Euro compared to 31 December 2016, mainly due to the distribution of dividends by the Parent Company (-12,250 thousand Euro) and exchange rate differences arising from the conversion of the financial statements into foreign currencies (-14,201 thousand Euro), which was only partially offset by net income realized in the period (+13,860 thousand Euro).

Capital stock
As at 31 December 2017 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand Euro and consisted of 14,671,350 ordinary shares and 7,378,619 savings shares, a total of 22,049,969 shares.
The composition of the capital stock was unchanged compared to 31 December 2016.
The implicit book value per share was 0.554196 Euro as at 31 December 2017, unchanged from 31 December 2016.
See the Report on corporate governance and ownership structure for all of the information required pursuant to article 123-bis of the Consolidated Finance Act (TUF).
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 31 December 2016.
Legal reserve
This item corresponds to the Parent Company's legal reserve of 2,444 thousand Euro as at 31 December 2017 and was unchanged compared to 31 December 2016 as the reserve had reached its legal limit.
Other reserves and retained earnings
This item includes:
- reserves (totalling 2,615 thousand Euro) represented by the positive monetary revaluation balances resulting from the application of Law no. 72 of 19 March 1983 (1,039 thousand Euro) and Law no. 342 of 21 November, 2000 (1,576 thousand Euro) by the Parent Company SAES Getters S.p.A. Pursuant to Law no. 342 of 2000, the revaluation reserve has been stated net of the relevant substitute tax of 370 thousand Euro;
- other reserves of subsidiaries, retained earnings, and other shareholders' equity items of Group companies 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 2016 dividends, as approved by the Parent Company's Shareholders' Meeting (-12,250 thousand Euro), the carry forward of the 2016 consolidated income (+14,029 thousand Euro), the equity transaction costs of the joint venture Flexterra, Inc. (-7 thousand Euro), as well as the actuarial gains and losses on defined benefit plans arising from the application of the revised version of the IAS 19 standard, net of the relevant tax effect (-39 thousand Euro), both of the subsidiaries and the companies accounted for using the equity method.
Other components of the shareholders' equity
This item includes the exchange rate differences arising from the conversion of financial statements into foreign currency. The conversion reserve had a positive balance of 8,100 thousand Euro as at 31 December 2017, compared to a positive balance of 22,301 thousand Euro as at 31 December 2016. The decrease of 14,201 thousand Euro was due both to the overall impact on consolidated shareholders' equity of the conversion into Euro of the financial statements of foreign subsidiaries expressed in currencies other than the Euro and the respective consolidation adjustments (-13,324 thousand Euro), and to the share of the Group in the currency conversion reserve arising from the consolidation of the companies[6] assessed using equity method (-877 thousand Euro). It should be noted that the Group exercised the exemption allowed under the IFRS 1 standard - First-time adoption of International Financial Reporting Standards, regarding the option of writing-off accumulated conversion gains or losses generated by the consolidation of foreign subsidiaries as of 1 January 2004. Consequently, the conversion reserve includes only the conversion gains or losses generated after the date of transition to IASs/IFRSs.

[6] Conversion reserve arising from the consolidation of Actuator Solutions Taiwan Co. and Actuator Solutions (Shenzhen) Co. Actuator Solutions GmbH, and the conversion into Euro of the financial statements of Flexterra, Inc. and its subsidiary Flexterra Taiwan Co.

Comment of the Board of Statutory Auditors on the reconciliation between the net result and the net equity of SAES Getters S.p.A. with the consolidated net result and net equity as at 31 December 2017

The reconciliation between the net income and the shareholders' equity of SAES Getters S.p.A. and consolidated net income and consolidated shareholders' equity as at 31 December 2017 and 31 December 2016 is set out below.

(thousands of euro)	December 31, 2017		December 31, 2016	
	Net income	Shareholders' equity	Net income	Shareholders' equity
SAES Getters S.p.A. - Parent Company	**(2,979)**	**60,209**	**6,164**	**75,494**
Shareholders' equity and net result of consolidated subsidiaries, net of dividends distribution and write-downs of investments in share capital	22,937	171,010	11,705	162,933
Book value of investments in share capital		(87,943)		(90,078)
Consolidation adjustments:				
Elimination of profit arising from intercompany transaltions, net of the related tax effect	(3,441)	(4,739)	(154)	(1,298)
Accrual of deferred taxes on equity distributable of consolidated subsidiaries	(553)	(3,907)	(310)	(3,354)
Equity evaluation of joint venture	(2,468)	(11,899)	(3,325)	(8,539)
Other adjustments	364	(590)	(51)	(380)
Consolidated financial statements	**13,860**	**122,141**	**14,029**	**134,778**

Comment of the Board of Statutory Auditors on the Net Consolidated Financial Position

Consolidated Net Financial Position
Thousands of euro

	December 31, 2017	June 30, 2017	December 31, 2016
Cash on hands	13	18	19
Cash equivalents	27,551	21,317	14,321
Cash and cash equivalents	**27,564**	**21,335**	**14,340**
Related parties financial assets	936	797	565
Other current financial assets	0	81	1
Current financial assets	**936**	**878**	**566**
Bank overdraft	(12,254)	(18,905)	(6,847)
Current portion of long term debt	(10,478)	(9,572)	(8,239)
Other current financial liabilities	(2,152)	(1,327)	(1,100)
Current financial liabilities	**(24,884)**	**(29,804)**	**(16,186)**
Current net financial position	**3,616**	**(7,591)**	**(1,280)**
Related parties non current financial assets	**7,549**	**8,549**	**5,249**
Long term debt, net of current portion	(28,057)	(33,592)	(35,916)
Other non current financial liabilities	(838)	(1,009)	(1,829)
Non current liabilities	**(28,895)**	**(34,601)**	**(37,745)**
Non current net financial position	**(21,346)**	**(26,052)**	**(32,496)**
Net financial position	**(17,730)**	**(33,643)**	**(33,776)**

The **consolidated net financial position** was negative for an amount of 17.7 million Euro as at 31 December 2017 (cash equal to +27.6 million Euro and net financial liabilities of -45.3 million Euro), compared to a negative net financial position of 33.8 million Euro as at 31 December 2016 (cash equal to +14.3 million Euro and net financial liabilities of -48.1 million Euro).
The significant improvement (+47.5%) was exclusively due to the strong operating cash-flow generation, related to the brilliant economic result of the year, specifically in the gas purification sector, in that of Nitinol for medical devices, as well as in the sector of getter components for electronic devices.
In particular, the operating cash-flow more than offset the disbursement for the dividends paid by the Parent Company during the year (equal to 12.2 million Euro and included in the financing activities) as well as the disbursements for investments (in particular, purchase of tangible and intangible assets equal to 7.7 million Euro and capital injection into the joint venture Actuator Solutions GmbH equal to 1

million Euro).
The net working capital was characterized by a substantial stability compared to the end of the previous year: the increase in inventory of the gas purification business and at the Parent Company's Avezzano plant, in view of the early 2018 deliveries, was largely offset by the reduction in trade receivables of the subsidiary SAES Pure Gas, Inc.
The exchange rate effect on the net financial position was negative and equal to around 1 million Euro, mainly attributable to the negative effect of the devaluation of the US dollar on the cash denominated in dollars, only partially offset by the positive effect on the debt denominated in the same currency and held by the US subsidiaries.

Comment of the Board of Statutory Auditors on the Net Financial Position of the Parent Company

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

(thousands of Euro)

	December 31 2017	December 31 2016	Difference
Cash on hand	4	11	(7)
Cash equivalents	8,374	1,178	7,196
Total cash and cash equivalents	**8,378**	**1,189**	**7,189**
Current financial assets*	**11,029**	**8,411**	**2,619**
Bank overdraft	(12,001)	(6,504)	(5,497)
Current portion of long term debt	(8,088)	(5,483)	(2,605)
Other current financial liabilities*	(7,084)	(937)	(6,147)
Other financial debt	(6)	(8)	2
Total current liabilities	**(27,178)**	**(12,932)**	**(14,247)**
Current net financial position	**(7,771)**	**(3,332)**	**(4,439)**
Non current financial receivables **	49	49	0
Long term debt, net of current portion	(22,384)	(26,856)	4,472
Total non current liabilities	**(22,335)**	**(26,807)**	**4,472**
Net financial position	**(30,106)**	**(30,139)**	**33**

* Including current financial receivables / debts versus Group companies and joint ventures

** Including non current financial receivables versus Group companies and joint ventures

The **net financial position** as of 31 December 2017 shows a negative balance of -30.106 million Euro, which is essentially unchanged compared with the negative balance of -30.139 million Euro as of 31 December 2016. The balance as of 31 December 2017 includes a provision for the write-down of financial receivables due from the subsidiary SAES Nitinol S.r.l. amounting to 660 thousand Euro, recognized to take into account the waiver approved by the Company in 2018 to cover the subsidiary's losses. Excluding this provision, the net financial position would have been -29.446 million euro.

Impairment Test

As at 31 December 2017, the goodwill recorded in the financial statements amounted to 42,994 thousand Euro. According to the IAS 36 standard, goodwill is not subjected to amortization, but to impairment testing annually at the end of each financial year, or more often if specific events or circumstances arise that may indicate that it is impaired.
For the purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGUs) or groups of units, in accordance with the maximum aggregation constraint, which cannot exceed the segment of assets identified pursuant to IFRS 8.
In particular, the CGUs identified by the SAES Group for the impairment test consist of the following operating segments (as indicated in Note no. 13):

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

The impairment test, which was approved by the Board of Directors on 14 March 2018, consists of estimating the recoverable value of each Cash Generating Unit (CGU) and comparing it with the net book value of the tangible and intangible assets allocated to the CGU in question, including goodwill.
The recoverable value is estimated by determining the value in use, which corresponds to the present value of the future cash flows that are expected from each Cash Generating Unit on the basis of the most recent three-year plan 2018-2020 produced by top management and approved by the Board of Directors on 15 February 2018.
From the checks carried out at different sensitivity levels, no critical issues emerged with regard to the net asset value reported in the financial statement as of 31 December 2017.
The estimation of the recoverable values of the various Cash Generating Units required the discretion and the use of estimates on the part of management. Accordingly, the Group cannot guarantee that impairment losses will occur in future periods. In fact, various factors, including those associated with the future development of the current market scenario and demand, could require a re-determination of asset values in future periods. The Group will constantly monitor the circumstances and events that could require further testing of impairment losses.

Impairment Test on shareholdings

In compliance with the requirements of the IAS 36 standard, in order to determine that the equity investments were recorded in the financial statements as at 31 December 2017 at a lower value than the recoverable value, SAES Getters S.p.A., performed an Impairment Test on the basis of the most recent three-year plans produced by top management and approved by the Company's Board of Directors on 14 March 2018.
In assessing where there is any evidence that the investments may have suffered a lasting reduction in value, indications from information sources both internal and external to the Group were taken into account. In particular, indicators of potential impairment were identified in the presence of negative results of the subsidiary and a difference between the book value of the investment and the corresponding share of equity. According to the impairment test result, it was concluded that the book value of the said investments was lower than the recoverable value and therefore no impairment losses were recognized.
The estimate of the recoverable value required discretion and use of estimates by the management. The Group cannot therefore guarantee that there will be no losses in value in future years. In fact, several factors linked to the evolution of the market and demand, may require a redetermination of the value of assets in future. The Group will constantly monitor circumstances and events that could result in a further requirement to verify the existence impairment losses .

Comment of the Board of Statutory Auditors on the write-down of equity investments and financial receivables in subsidiaries of the Parent Company

This item includes movements relating to the subsidiaries E.T.C. S.r.l. in liquidation, Memry GmbH in liquidation, and SAES Nitinol S.r.l., for a total amount of 5,357 thousand Euro.
The following table details the write-downs of equity investments for the year 2017, compared to the previous year:

(thousands of Euro)

	Fiscal Year 2017				Fiscal Year 2016			
	Investment Write-down	Accrual at Loss Coverage Reserve	Loss Coverage Reserve Utilization	Total	Investment Write-down	Accrual at Loss Coverage Reserve	Loss Coverage Reserve Utilization	Total
E.T.C. S.r.l. in liquidation	641	1,450	(1,450)	**641**	1,829	635	0	**2,464**
Memry GmbH in liquidation	4,055			**4,055**				**0**
Total	**4,696**	**1,450**	**(1,450)**	**4,696**	**1,829**	**635**	**0**	**2,464**

For SAES Nitinol S.r.l., in accordance with the provisions of the paragraph entitled “Significant transactions after the end of the financial year”, the account includes the impact on the Income Statement of the Company's waiver of a financial receivable of 660 thousand Euro in favour of the subsidiary.
The following is a breakdown of financial receivables written down in 2017, with a comparison with the previous year:

(thousands of Euro)

	Fiscal Year 2017 Financial Receivables Write-down	Fiscal Year 2016 Financial Receivables Write-down
SAES Nitinol S.r.l.	660	8,380
Total	**660**	**8,380**

<u>Comment of the Board of Statutory Auditors on the write-down of *Deferred Tax Assets* on the the national tax consolidation scheme</u>

As the consolidating company, the Company has participated, with the now-incorporated company SAES Advanced Technologies S.p.A., with the subsidiaries E.T.C. S.r.l., now in liquidation, and SAES Nitinol S.r.l. and, with effect from 1 January 2017, Metalvuoto S.p.A., in the national tax consolidation scheme pursuant to Article 117 et seq. of the Italian Consolidated Income Tax Act (TUIR), with effect from 1 January 2015, and for the three-year period 2015-2017. Under the scheme, the Company consolidates its taxable result with those of its subsidiaries.

(thousands of Euro)

	Fiscal Year 2017	Fiscal Year 2016	Difference
Current taxes			
- Italian Income Tax (Ires / Irap)	(111)	855	(966)
- Witholding Tax on Dividends	(658)	(1,005)	347
Total current taxes	**(769)**	**(150)**	**(619)**
Deferred taxes	(9,982)	150	(10,132)
Total Deferred taxes	**(9,982)**	**150**	**(10,132)**
Total Taxes	**(10,751)**	**0**	**(10,751)**

Negative figures: costs

Positive figures: proceeds

Current taxes for the 2017 financial year show a negative balance (cost) of 769 thousand euro, which is mainly composed of:

- a cost of 34 thousand euro relating to income taxes due to the Japanese Tax Authorities by the Japan Technical Service branch, partly recoverable as a tax credit paid abroad in the tax return of the national tax consolidation ("CNM"), of which the Company is the consolidator;
- a cost of 57 thousand euro, relating to a corporation tax liability (separate taxation) for income earned in the 2017 tax period by the subsidiary SAES Getters International Luxembourg SA, according to the provisions on subsidiaries (the so-called "CFC Legislation" established by Article 167, paragraph 5-bis et seq. of the TUIR);
- a cost of 658 thousand euro, relating to the portion non-recoverable as a tax credit (95%) of withholding taxes applied abroad on dividends received;
- a cost of 4 thousand euro, relating to withholding taxes applied by foreign subsidiaries on "management fee" payments, which is not recoverable as tax credit.

The deferred tax liabilities item shows a negative balance (cost) of 9,982 thousand euro, consisting of a 10,770 thousand euro write-down of deferred tax assets related to the carry forward of tax losses and the remainder consisting of recognition of deferred tax on temporary differences between pre-tax profit and taxable income for the year.

The write-down of deferred tax assets was decided by management following a review of the 2018-2020 three-year plan, which led to a significant reduction in the forecast taxable income compared to what was stated in the estimates used in previous years, leading to the forecast of a negative taxable base for 2018 and to the estimate of any recovery of deferred tax assets over a time horizon significantly longer than what was stated in the plan, and what was forecast in previous years for the same purposes, which was slightly longer than the timespan in the approved plans. Since this is a write-down of deferred tax assets, and not a release, the theoretical possibility of their use was not affected, should taxable income in future years be significantly higher than the current estimates by management which are reflected in the approved plan, such as to allow the use of tax losses carried forward respecting the limit of 80% of the annual taxable base, if positive.

Observations on the Reports submitted to the Shareholders

The Ordinary Shareholders' Meeting, convened on 24 April 2018 will be called to adopt resolutions, on the basis of the lists which will be presented by the Shareholders, the appointment of the new Boards of Directors and of Statutory Auditors (following the expiry of the current ones by end of mandate), after determining the number of their members and their remuneration.

The reports of the Directors on the appointment of the corporate bodies will be deposited in the 1Info storage system (*www.1info.it*) and published on the Company website (www.saesgetters.com/investor-relations/area-investors/shareholders-meeting) as of 14 March 2018.

The Ordinary Shareholders' Meeting will also be called on to approve, by an advisory vote, the first section of the Report on remuneration prepared pursuant to article 123-*ter* of Legislative Decree no. 58/1998 and according to Article 84-*quater* of Consob resolution no. 11971 dated 05/14/1999 concerning the regulation of issuers. The aforementioned Report will be published on the Company website (*www.saesgetters.com/investor-relations/area-investors/shareholders-meeting*), and on the 1Info system (*www.1info.it*) and at the Company's headquarters, on 30 March 2018.

In addition, the Board of Directors resolved to submit to the Ordinary Shareholders' Meeting, convened on 24 April 2018, a request for authorization of the purchase and sale of treasury shares, pursuant to Articles 2357 et seq. of the Civil Code and Article no. 132 of Legislative Decree no. 58/1998, after the withdrawal of the authorization previously granted by the Shareholders' Meeting on 27 April 2017 which was not used.

The authorization request is linked to the opportunity to carry out any intervention on the market in support of the liquidity of the shares and for the purpose of the share storage, in compliance with the terms, methods and purposes envisaged by the current legislation, or to pursue investment requirements and an efficient use of the company liquidity. The authorization is also required for any other purposes, such as the opportunity to use the shares in the portfolio as a means of payment in extraordinary transactions or acquisitions, to obtain any financing necessary for the implementation of projects and/or the achievement of the company's objectives or, lastly, for any stock incentive plans or stock options in favour of directors and/or employees and/or consultants of the Company.

The purchase authorization is requested for a period of 18 months commencing from the date of authorization, in one or more occasions, up to a maximum of 2 million ordinary and/or savings shares in the Company, at a purchase price including additional charges of no more than 5% and not less than 5% of the official share price recorded by the share in the trading session preceding each individual transaction.

With regard to the disposals of treasury shares, such sales can be executed for a minimum price of the weighted average of the official prices of the shares of their related category in the twenty trading days preceding the sale. The authorization for the sale of treasury shares is requested at the Shareholders' Meeting without any time limit.

Note that, as of today, the Company does not own any treasury shares.

The related report of the Directors will be available on the Company website (*www.saesgetters.com/investor-relations/area-investors/shareholders-meeting*), in the 1Info storage system managed by Computershare S.p.A. (*www.1info.it*), and at the Company's headquarters on 30 March 2018.

The Ordinary Shareholders' Meeting will also be called to approve an adjustment to the fees of Deloitte & Touche S.p.A. for the year 2017 and for the subsequent years 2018-2021, following the request made by the independent auditing company on 11 December 2017. The Ordinary Shareholders' Meeting will also be called to pass resolution on the appointment of Deloitte & Touche S.p.A. for a limited review of the Consolidated report on non-financial information of SAES Getters S.p.A. and its subsidiaries for the years 2017-2021, as proposed on 19 December 2017.

The related report of the Directors will be available on the Company website (*www.saesgetters.com/investor-relations/area-investors/shareholders-meeting*), in the 1Info storage system managed by Computershare S.p.A. (*www.1info.it*), and at the Company's headquarters on 23

March 2018.
The Ordinary Shareholders' Meeting will finally be called to approve a modification of the Directors' Severance Indemnity (*TFM*), proposing to increase the provision from 20% to 22% , starting from the current year (1 January - 31 December 2018), calculated on both fixed and variable remuneration paid to elegible Directors, as resolved by the Board of Directors pursuant to article 2389 of the Civil Code. In view of the economic situation of the Company, of the activities of the beneficiary Directors, and of the growing responsibilities related to their role, the provision aims to provide a better guarantee, at the end of their mandate, of retirement coverage that is in line with the Italian and international standards, currently conventionally in the region of 50% of the last total salary package received.
The relevant report of the Directors will be published on the Company website (*www.saesgetters.com/investor-relations/area-investors/shareholders-meeting*), in the 1INFO storage system managed by Computershare S.p.A. S.p.A. (*www.1info.it*), and at the Company's headquarters, on 23 March 2018.
On the same day (24 April 2018) the Shareholders' Meeting, convened also in an extraordinary session, will be called on to grant a new power of attorney pursuant to article 2443 of the Civil Code (Share Capital increase) and the subsequent amendments to the Company's By-laws. A Share Capital increase may be performed by the Board of Directors on one or more occasions, either free of charge and/or for payment of up to a maximum nominal amount of 15,600,000 Euro, for a period of five years.
The relevant report of the Directors will be published on the Company website (*www.saesgetters.com/investor-relations/area-investors/shareholders-meeting*), in the 1Info storage system managed by Computershare S.p.A. (*www.1info.it*), and at the Company's headquarters, on 30 March 2018.
Given the accompanying explanatory notes to the requests indicated above, the Board of Statutory Auditors has no particular observations to make, and confirm that the system of Corporate Governance adopted by the Company is in line with the recommendations of the Corporate Governance Code of Conduct for listed companies approved by Borsa Italiana S.p.A.

Opinion on the proposed dividend to the Shareholders' Meeting

The Board of Statutory Auditors,

- having examined the data in the Financial Statements of SAES Getters S.p.A. as at 31 December 2017, accompanied by the Directors' Report on Operations, the Report of the Board of Statutory Auditors, the Report of the Independent Auditors and other documentation required by law;
- noting that the legal reserve has already reached 20% of the share capital;
- the results of the financial year ended 31 December 2017;

also noting proposal of the Board of Directors to the Ordinary Shareholders' Meeting:

- to approve the financial statements of SAES Getters S.p.A. as at 31 December 2017, with a net loss of 2,979,184.04 Euro;
- to fully cover the loss for the year by using part of the "Retained earnings" reserve;
- to distribute the remaining available portion of "Other reserves and retained earnings", amounting to 39,266.31 Euro, subject to rounding off, which may be determined (i) due to the non-existence of means of payment for sums of less than one Euro cent, and (ii) by the requirement to apply withholding tax at the legally established rate, in the said amount of one Euro cent, equally for ordinary and savings shares, attributing a dividend of 0.001780 Euro per savings share and ordinary share;
- to distribute part of the Share Premium Reserve, amounting to 15,395,729.36 Euro, subject to rounding off, equally for ordinary and savings shares, allocating a dividend of 0.698220 Euro per savings share and per ordinary share;

From Other Reserves and Retained Earnings(*):

equally for ordinary and savings shares

€		0.001780	for each	
	n.	7,378,619	savings shares	13,133.94
€		0.001780	for each	
	n.	14,671,350	ordinary shares	26,115.00
				39,248.94

From the Share Premium Reserve:

in equal measure to ordinary shares and savings shares

€		0.698220	for each	
	n.	7,378,619	savings shares	5,151,899.36
€		0.000000	for each	
	n.	14,671,350	ordinary shares	10,243,830.00
				15,395,729.36

For a total dividend of:

€		0.700000	for each	
	n.	7,378,619	savings shares	5,165,033.30
€		0.700000	for each	
	n.	14,671,350	ordinary shares	10,269,945.00
For a total maximum distribution of euro:				**15,434,978.30**

(*) the amount of €39,284.94 differs from the amount of the remaining available portion of the "Other reserves and retained earnings" rounded to €39,266.31

- to pay such sums in favour of eligible ordinary shares and savings shares outstanding on the date of 2 May 2018 (Record date) with effect from 3 May 2018, with detachment of coupon no. 34. The share will trade ex-dividend as of 30 April 2018;
- to allocate any rounding of payments to the Retained earnings reserve.

On the basis of the foregoing, and in consideration of the results of our activity, we propose that the Shareholders' Meeting approve the consolidated financial statements and the financial statements of the Parent Company for the year ended on 31 December 2017, as produced by the Directors.

30 March 2018

Angelo RIVOLTA

Vincenzo DONNAMARIA

Sara Anita SPERANZA

Independent Auditors' report on the consolidated financial statements

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Saes Getters S.p.A. and its subsidiaries (the Group), which comprise the statement of financial position as at December 31, 2017, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Saes Getters S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on goodwill, tangible and intangible fixed assets.

Description of the key audit matter

The Group's consolidated financial statements include a goodwill equal to Euro 42,994 thousand, intangible fixed assets equal to Euro 10,181 thousand and tangible fixed assets equal to Euro 49,492 thousand as of December 31, 2017.

The goodwill has been attributed to the "cash generating units" (CGU) related to the following operating sectors:

- Industrial Applications (Euro 5,363 thousand);
- Shape Memory Alloys (Euro 35,222 thousand);
- Solutions for Advanced Packaging (Euro 2,409 thousand).

As required by IAS 36, the goodwill is subject to impairment testing at least once a year by comparing the recoverable values of the CGUs – determined according to the value in use method – and the net book value of the tangible and intangible fixed assets allocated to the CGUs in question, including goodwill. In the *impairment test*, which was approved by the Board of Directors on March 14, 2018, the Directors assessed that the net book value of the CGUs is lower than the recoverable value, therefore no impairment losses were recognized.

The valuation process made by the Directors is complex and based on assumptions concerning, among others, the forecast of expected cash flows of each CGU and the determination of an appropriate discount rate (WACC) and long-term growth rate (g-rate).

The Group estimated the recoverable amount by determining the present value of the future cash flows that are expected based on the three-year business plan for the period 2018-2020 approved by the Board of Directors on February 15, 2018, and the *terminal value*.

The most important key variables in determining the projections of the future cash flows are as follows:

- sales forecests by Business Area/product family/client;
- cost of materials and cost of sales by product family;
- production costs, and the investment plan;
- discount rates estimated by the Directors.

Future expectations and market conditions influence these assumptions.

Considering the relevance of those fixed assets amounts recognised in the consolidated financial statements, the subjectivity of the estimates related to the determination of cash flows of the CGUs and the key variables of the impairment model, we considered the *impairment test* as a key audit matter of the Group's consolidated financial statements.

The paragraph 15 "Intangible fixed assets – Impairment test" of the consolidated financial statements states the disclosures on the impairment test, including a sensitivity analysis performed by the Directors, which illustrates the effects that may occur on the recoverable amount resulting from changes in certain key assumptions used for the impairment test.

Audit procedures

Preliminarily, we have examined how the Directors determine the value in use of the CGUs by analyzing the methods and assumptions used and considered for the development of the *impairment test*.

As part of our audit, we have, among others, carried out the following procedures, also with the support of experts:

- understand the methodology used by the Directors on the *impairment test* and examination of its compliance with the referenced accounting principles;
- understand the Group's relevant internal controls on the *impairment test* process;
- analysis of the reasonableness of the key assumptions underlying the cash flow calculation, also through information obtained from the Management;

- analysis of the actual figures compared to the plans in order to assess the nature of the deviations and the reliability of the planning process;
- analysis of the reasonableness of the discount rate (WACC), long-term growth rate (g-rate) and *terminal value* (TV) calculation;
- review of the mathematical accuracy of the model used to estimate the value in use of the CGUs;
- review of the correct calculation of the book value of the CGUs;
- review of the Directors' sensitivity analysis.

Further, we also examined the adequacy and compliance of the disclosure provided by the Group on the *impairment test* based on IAS 36 disclosure requirements.

Deferred tax assets

Description of the key audit matter

The consolidated financial statements as of December 31, 2017 include the write-down of the deferred tax assets for an amount equal to Euro 10,720 thousand related to tax losses carried forward from previous years. Therefore, the deferred tax assets balance is Euro 5,440 thousand as of December 31, 2017 (Euro 15,073 thousand as of December 31, 2016). The caption refers to the balance of deferred tax assets as primarily related to temporary differences between the value attributed to assets and liabilities in accordance with Statutory purposes and the values attributed to them for tax purposes of the Group.

The Directors performed a specific analysis on the recoverability of the deferred tax assets based on a three-year plan for the period 2018-2020, which was approved by the Board of Directors on February 15, 2018, which, with reference to Saes Getters S.p.A. (the Parent Company), was subject to a major review, compared to the previous plan, of the margins expected for some of the businesses on which the Parent Company's business is based, of sales volumes forecasts, as well as the change in scenario regarding competitive and market dynamics. In view of the discontinuities that are reflected in the plan, this led to a forecast of a negative tax base for 2018 as well as to an estimate for recovery of deferred tax assets that involved a time horizon significantly longer than that of the plan itself, and also longer than the forecasts made in previous years for the same purposes. Based on this information, the Directors deemed it appropriate to make a write-down of deferred tax assets of the Parent Company of Euro 10,720 thousand, attributable to tax losses carried forward from previous years.

Considering the relevance of the amount written-down during the year as well as the subjectivity of the estimates, which are based on future economic and market forecasts, we considered the deferred tax assets as a key audit matter of the Group's consolidated financial statements.

Audit procedures

As part of our audit, we have carried out the following main procedures:

- understand and evaluate the Group's relevant internal controls put in place by Management on the determination of the prospective taxable income process and to the assessment of the sustainability of deferred tax assets process;
- analysis of the reasonableness, also through discussion with the Management, of the key assumptions adopted for the 2018-2020 Business Plan and of the considerations made by the Management related to the main discontinuity factors that led to the non-recoverability of the deferred tax assets on the tax losses carried forward from previous years;
- examine the documentation supporting the analyses made by the Directors to determine the write-off of the deferred tax assets;

- evaluation, according to the fact described above, of the reasonable recognition of the deferred tax assets in the Group's consolidated financial statements.

Further, we also examined the adequacy and compliance of the disclosure provided by the Group on the deferred tax assets based on IAS 12 disclosure requirements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Parent Company, Saes Getters S.p.A., or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Saes Getters S.p.A. has appointed us on April 23, 2014 as auditors of the Company for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Saes Getters S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Saes Getters Group as at December 31, 2017, including their consistency with the related consolidated financial statements and their compliance with the law.

Deloitte.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Saes Getters Group as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Saes Getters Group as at December 31, 2017 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 54

The Directors of Saes Getters S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
March 30, 2018

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

Report on operations of SAES Getters S.p.A.

Financial Highlights of SAES Getters S.p.A.

(thousands of Euro)

Income statement figures		2017	2016	Difference	Difference %
NET SALES					
- Industrial Applications		44,222	38,722	5,500	14.2%
- Shape Memory Alloys		6,936	4,645	2,291	49.3%
- Solutions for Advanced Packaging (1)		0	0	0	n.a.
- Business Development		1,529	1,142	387	33.9%
Total		**52,687**	**44,509**	**8,178**	**18.4%**
GROSS PROFIT (2)					
- Industrial Applications		21,898	20,252	1,646	8.1%
- Shape Memory Alloys		1,211	682	529	77.6%
- Solutions for Advanced Packaging		0	0	0	n.a.
- Business Development & Corporate Costs (3)		207	132	75	56.8%
Total		**23,316**	**21,066**	**2,250**	**10.7%**
	% on sales	*44.3%*	*47.3%*		
EBITDA (4)		**(3,506)**	**(462)**	**(3,044)**	**-658.8%**
	% on sales	*-6.7%*	*-1.0%*		
OPERATING INCOME (LOSS)		**(8,525)**	**(4,688)**	**(3,837)**	**-81.8%**
	% on sales	*-16.2%*	*-10.5%*		
NET INCOME (LOSS)		**(2,979)**	**6,164**	**(9,143)**	**-148.3%**
	% on sales	*-5.7%*	*13.8%*		

Balance sheet and financial figures	2017	2016 (*)	Difference	Difference %
Tangible fixed assets	29,532	30,727	(1,195)	-3.9%
Group shareholders' equity	60,209	75,494	(15,285)	-20.2%
Net financial position	(30,106)	(30,139)	33	0.1%

Other information	2017	2016 (*) (8)	Difference	Difference %
Cash flow from operating activities	(885)	1,007	(1,892)	-187.9%
Research and development expenses	9,218	8,047	1,171	14.5%
Number of employees as at December 31 (5)	450	442	8	1.8%
Personnel cost (6)	30,477	25,996	4,481	17.2%
Disbursement for acquisition of tangible assets	3,635	4,386	(751)	-17.1%

(1) Following the acquisition at the end of the 2016 financial year, of control of the company Metalvuoto SpA, a consolidated player in the advanced packaging field, for the purposes of greater reporting clarity, a third Business Unit entitled "Solutions for Advanced Packaging" was set as of 1 January 2017
(2) This parameter is calculated as the difference between the net turnover achieved and the industrial costs directly and indirectly attributable to the products sold.

(thousands of Euro)

	2017	2016
Net sales	**52,687**	**44,509**
Raw materials	(10,981)	(6,589)
Direct labour	(6,763)	(5,718)
Manufacturing overhead	(13,243)	(11,614)
Increase (decrease) in work in progress and finished goods	1,616	478
Cost of sales	**(29,371)**	**(23,443)**
Gross profit	**23,316**	**21,066**
% on sales	***44.3%***	***47.3%***

(3) This item includes costs that cannot reasonably be directly attributed or allocated to the Business Units, but which refer to the Company as a whole

(4) EBITDA is not identified as an accounting measure under International Financial Reporting Standards (IFRS). However, we believe that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be consistent with methods adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, depreciation and amortization". In the table below, EBITDA calculated as of operating profit

(thousands of Euro)

	2017	2016
Operating income	**(8,525)**	**(4,688)**
Depreciation and amortization	4,080	4,150
Write-down of assets	941	57
Bad debt provision accrual (release)	(2)	19
EBITDA	**(3,506)**	**(462)**
% on sales	***-6.7%***	***-1.0%***

(5) As of 31 December, the item includes:
- 439 employees (430 as of 31 December 2016);
- a total of 11 persons engaged by the Company with contracts other than employment agreements, (12 as of 31 December 2016).

(6). As of 31 December 2017, severance costs included in personnel costs amounted to 85 thousand Euro. However, the use of the social safety net at the Avezzano plant led to a reduction of 371 thousand Euro in labour costs. Recourse to social security measures was suspended in June 2017, before their natural expiry date, as a result of the start of new production.
During the 2016 financial year, costs related to the reduction of the workforce amounted to 100 thousand Euro, while recourse to the social safety net led to a reduction in labour costs of 1,604 thousand Euro at the Avezzano site.

The organizational structure of SAES Getters S.p.A., as the Parent Company (hereinafter also referred to as the Company), includes three Business Units: Industrial Applications, Shape Memory Alloys (SMA) and Solutions for Advanced Packaging. Corporate costs, i.e. expenses that cannot be directly attributed or reasonably allocated to any business, but which refer to the Company as a whole, and costs related to research and development projects aimed at diversifying into innovative business (Business Development Unit), are shown separately from the three Business Units.

The following table shows the Group Business organizational structure:

Industrial Applications Business Unit	
Security & Defence	Getters and metal dispensers for electronic vacuum devices
Electronic Devices	Getters for microelectronic, micromechanical systems (MEMS) and sensors
Healthcare Diagnostics	Getters for X-ray tubes used in image diagnostic systems
Thermal Insulation	Products for thermal insulation
Getters & Dispensers for Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Systems for UH Vacuum	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	Gas purifier systems for 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 Business Unit	
Solutions for Advanced Packaging	Advanced plastic films for the food packaging sector
Business Development Unit	
Organic Electronics	Materials and components for organic electronics applications

Since the previous year, as a result of the acquisition of control at the end of 2016 of the Company Metalvuoto SpA, a consolidated player in the advanced packaging field, , a third Business Unit entitled "Solutions for Advanced Packaging " was created for the purposes of better reporting clarity.
Furthermore, the new segmentation of the Industrial Applications Business Unit and the renaming of some existing operating segments, was designed better reflect the Group's organizational structure.
The figures for 2016 have been reclassified for consistency of comparison with the current year.

Net sales for 2017 totalled 52,687 thousand Euro, an increase compared with 2016 (up 18.4%: excluding the negative exchange rate effect of -1.4%, organic growth would have been + 19.8%), due primarily to the significant increase in Electronic Devices and Systems for Gas Purification & Handling business, as well as to the growth of the Shape Memory Alloys (SMA) Business Unit in the industrial applications sector.

Higher sales volumes led to an increase in **gross profit** (amounting to 23,316 thousand Euro in 2017 compared with 21,066 thousand Euro in the previous year). On the other hand, there was a reduction in total gross margin (of 44.3% in the year, compared with 47.3% in 2016), mainly due to a less favourable mix in the internal product of the Industrial Applications Business Unit, while the figure for Shape Memory Alloys Business Unit improved.

The 2017 financial year produced an **operating loss** of 8,525 thousand Euro, compared with 4,688 thousand Euro in the previous year: the increase in some operating expenses more than offset the improvement in gross profit. The operating loss also increased in absolute terms due to the fall in "other net income", although this was influenced by the fact that the 2016 figure included the release of a provision for legal risks that accrued in the previous year.

EBITDA for the year was down by 3,506 thousand Euro compared with the also negative figure of 462 thousand Euro in 2016 (-1,151 thousand Euro net of the aforementioned release of the provision for the risk of legal proceedings).

Dividends, net financial income and net foreign exchange gains totalled 21,653 thousand Euro in 2017. This was substantially unchanged from 21,697 thousand Euro in the previous year. In addition, the Company wrote down investments and financial receivables due from subsidiaries for a total of 5,357 thousand Euro, compared with -10,844 thousand Euro in 2016 (see to Notes no. 10 and no. 14 for more details).

Therefore, the 2017 financial year closed with a **pre-tax profit** of 7,772 thousand Euro, an increase when compared with 6,165 thousand Euro of the previous year.

Income taxes amounted to 10,751 thousand Euro in the year, against a total balance of almost zero – i.e. a cost of 367 Euro - in 2016. This was also positively influenced by the release of the provision for risks of 500 thousand Euro that had accrued in previous financial years.
The amount for 2017 included a write-off of 10,770 thousand Euro, for deferred tax assets on tax losses carried forward of the Company, which were recognized during the 2009-2013 tax periods, on the basis of management's current estimation of their recoverability, given the outlook set out in the 2018-2020 three-year plan. Excluding this write-off, the tax balance would have resulted in revenue of 19 thousand Euro. See Note no. 11 for more details.

As a result of the aforementioned write-off, the 2017 financial year closed with a **net loss** of 2,979 thousand Euro, compared to a profit of 6,164 thousand Euro in 2016.

The **net financial position** as at 31 December 2017 shows a negative balance of 30,106 thousand Euro, which is substantially unchanged compared with the negative balance of 30,139 thousand Euro as at 31 December 2016. The balance as of 31 December 2017 includes a provision for write-down of financial receivables due from the subsidiary SAES Nitinol S.r.l. amounting to 660 thousand Euro, recognized to take into account the waiver approved by the Company in 2018 in order to cover the subsidiary's losses. Excluding this provision, the net financial position would have been -29,446 thousand Euro.

Significant events that occurred in 2017

On 7 April 2017, SAES Getters S.p.A. signed a new loan agreement with Unicredit S.p.A. for a total of €10 million, with a term of five years (expiring on 31 March 2022) and without any pre-amortization period. The agreement provides for fixed principal repayments on a quarterly basis with interest indexed to the Euribor three-month rate, plus a spread of 1%. The loan includes some covenants that are standard for this type of transaction and which are calculated semi-annually on the basis of consolidated economic and financial figures.
On the same date, SAES Getters S.p.A. signed an Interest Rate Swap (IRS) contract expiring on 31 March 2022, on the total residual debt of the aforementioned loan. The contract provides for the exchange of the three-month Euribor rate, either positive or negative, with a fixed rate of 0%. In the event of negative three-month Euribor, the contract establishes a floor of -1%.
On 19 April 2017 the Company concluded an Interest Rate Swap (IRS) contract on the mid to long-term loan of €10 million obtained from Intesa Sanpaolo S.p.A. on 21 December 2016. The IRS contract applies to 50% of the residual debt outstanding at each repayment date, commencing from 30 June 2017 and expiring on 21 December 2022. The contract provides for the exchange of the six-month Euribor with a fixed rate of 0.16%.

On 1 June 2017 the employee 'solidarity' contract, applied at the Company's manufacturing unit located at Avezzano, was rescinded before its natural expiry date. During the first five months of 2017, the application of the contract resulted in a decrease in labour costs of 371 thousand Euro.

On 29 June 2017 the Company prematurely reimbursed both tranches of the loan to support advanced R&D projects signed in June 2015 with the European Investment Bank (one of which was secured by SACE). The total repayment amounted to 6 million Euro of principal, in addition to an indemnity fee to the EIB of 10 thousand Euro and the payment of a premium of about 76 thousand Euro to SACE. Finally, the relevant transaction costs of around 149 thousand Euro, which were previously divided into instalments on the basis of the term of the loan, were recognized in the profit and loss statement.

On 14 July 2017, the Company entered into a new royalty agreement for the integration of the SAES thin film getter technology named PageWafer® into MEMS devices (micro-electromechanical systems) used in thermal infrared sensors. In addition to an initial lump-sum received on the transfer of the technology (of which 0.4 million Euro was paid as at December 31, 2017), the contract provides for the payment of proportional royalties according based on a percentage of the volumes of silicon wafers produced using SAES' getter technology.

Due to the loss generated by Metalvuoto S.p.A. as at 30 June 2017 (of 91 thousand Euro), the share capital of the company was reduced by more than one third, below the minimum amount of capital required by law. According to article 2447 of the Civil Code, on 7 August 2017 the Shareholders' Meeting of Metalvuoto S.p.A. approved a capital injection totalling 100 thousand Euro in favour of Metalvuoto S.p.A. to meet the minimum legal equity requirement and to establish a capital reserve (of 59 thousand Euro) to be used to cover possible future losses. The payment was made by each shareholder, in proportion to its own shareholding (i.e. 70% provided by SAES Getters S.p.A. and 30% by Mirante S.r.l.).

In the second half of 2017, the transfer of all manufacturing and sales activities of the luxury goods business unit Memry GmbH into the Avezzano production plant was completed at constant values. The liquidation process of the German subsidiary commenced on 1 October 2017 and is expected to be completed by the end of 2018.

On 16 November 2017 the Shareholders' Meeting of E.T.C. S.r.l. resolved the voluntary dissolution and liquidation of the company, to be completed by the end of 2018.

On 20 December 2017 the Shareholders' Meeting of the subsidiary Metalvuoto S.p.A., convened pursuant to articles 2446 and 2447 of the Civil Code following the reduction of the share capital of the company by more than a third, below to the minimum capital established by article 2327 of the Civil Code. The reduction was due to the loss recorded in the third quarter of 2017. The Shareholders' Meeting resolved a shareholders' payment of a total of 250 thousand Euro in favour of Metalvuoto S.p.A. to be used to cover the losses as at September 30, 2017 and the future losses estimated for the year, and to restore the minimum share capital of 50 thousand Euro. Given that the minority shareholder Mirante S.r.l. did not participate at the Shareholders' Meeting, the entire capital injection was provided by the Company. According to article 2441 of the Civil Code, Mirante S.r.l., had a term of fifteen days, as of 10 January 2018, the date of the registration of the payment, to exercise its option on the recapitalization and provided its share of payment on 19 January 2018.

Research, Development and Innovation activities

In 2017 research and development expenses totalled 9,219 thousand Euro, a slight increase (+ 14.6%) compared with 8,047 thousand Euro in the previous year.

During 2017, organic materials were widely used at the laboratory in the development of lacquers for film coating, in particular a lacquer capable of absorbing ethylene. The lacquer was subsequently tested by Metalvuoto S.p.A. to verify its usability in the industrial process. Samples of films were then categorized internally by the SAES laboratory to measure their gas absorption characteristics, and then tested by external laboratories to verify their compatibility with the food packaging industry. The test results were positive and an ethylene-absorbing active film was the first product developed during 2017.
Ethylene is a gas generated by certain vegetables and fruits which has the effect of accelerating the maturation process. Non-integrated absorption systems for packaging, comprising strips of absorbent material within the packaging, are already on the market, but are not popular with end users. These non-integrated absorption solutions are used in certain geographic markets, such as England, to maintain the freshness of strawberries, which are very susceptible to deterioration due to the action of ethylene.
The first samples of SAES film were field tested for packaging late strawberries harvested in September. The tests demonstrated their effectiveness in terms of prolonging shelf life, and will be repeated during the spring harvest. External collaborations with leading Italian universities also enabled us to verify the beneficial effect that removing ethylene has on the organoleptic and nutritive characteristics of fresh food.
A second initiative involved the improvement of a lacquer previously developed by Metalvuoto S.p.A. to make it compatible with pasteurisation and sterilisation processes which are very common in the food industry.
Tests involving the laying of SAES lacquers on compostable substrates, i.e. substrates not derived from oil, were commenced at Metalvuoto S.p.A.. The results were positive in terms of both barrier and mechanical characteristics, and will continue on other substrates.
During 2017, in collaboration with potential suppliers, the organic materials laboratory also worked to develop a pilot line that would enable the testing of various lacquers and the development of thin film laying technologies. This line, which will be ordered at the beginning of 2018, will enable much faster product development, under the same operating conditions as the industrial line, but on a much smaller scale.

Also in the field of organic materials, the laboratory was involved in the preparation of sophisticated formulations which the Flexterra subsidiary, as part of an important collaboration with a final user, is using to develop OTFTs (Organic Thin Film Transistors) i.e. flexible devices for future flexible electrophoretic displays. Development of these devices is scheduled for completion by 2018, before moving on to the industrialisation stage, which will see the Group involved in supplying increasing volumes of these organic materials. The formulations produced by SAES were successfully tested by the end user and the tests were carried out with sufficient quantities of material to ensure that mass production was successful.

The company also resumed development of new organic matrix getters for OLED applications during 2017. This activity is in line with recent developments in OLED technology, which aim to use inks for production. The laboratory developed AqvaDry®-Ink, an evolution of the transparent organic getter developed in the past for the same application. In addition, improvements were made to the characteristics of other products, including FlexGloo, which can be used in passive matrix OLED.

In the Shape Memory Alloys field, the metallurgical laboratory continued basic research into new alloy formulations, in particular formulations with a high processing temperature and zero-hysteresis. A material capable of operating at significantly higher temperatures than at present (the current limit is around 100°C) would open the way to important new applications in the automotive sector. These are very complex research activities, which require an enormous amount of testing, both in the laboratory and in the pilot line. The results are expected in mid-2018.

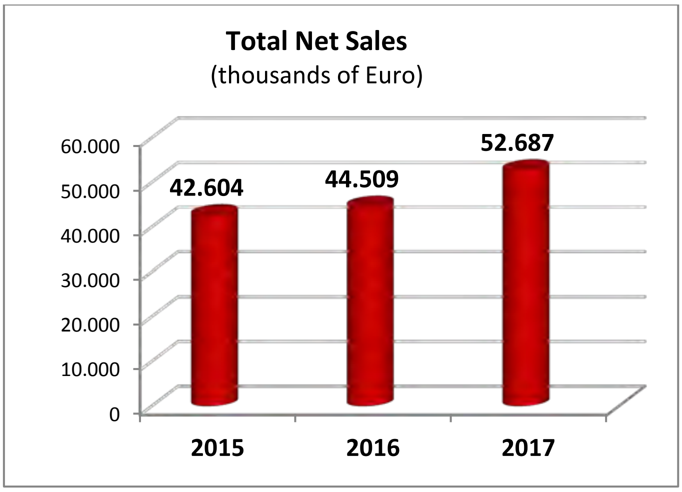
The Vacuum Systems laboratory has completed the development and characterisation of new High Vacuum pump models which will be launched on the market in early 2018.

Research and innovation activities in other sectors continued in the manner already outlined in the 2017 Half-Year Report.

Finally, it should be noted that all basic research costs incurred by the Company are recognized directly in the income statement of the financial year in which they are incurred, as they do not qualify for capitalization.

Sales and results for the 2017 financial year

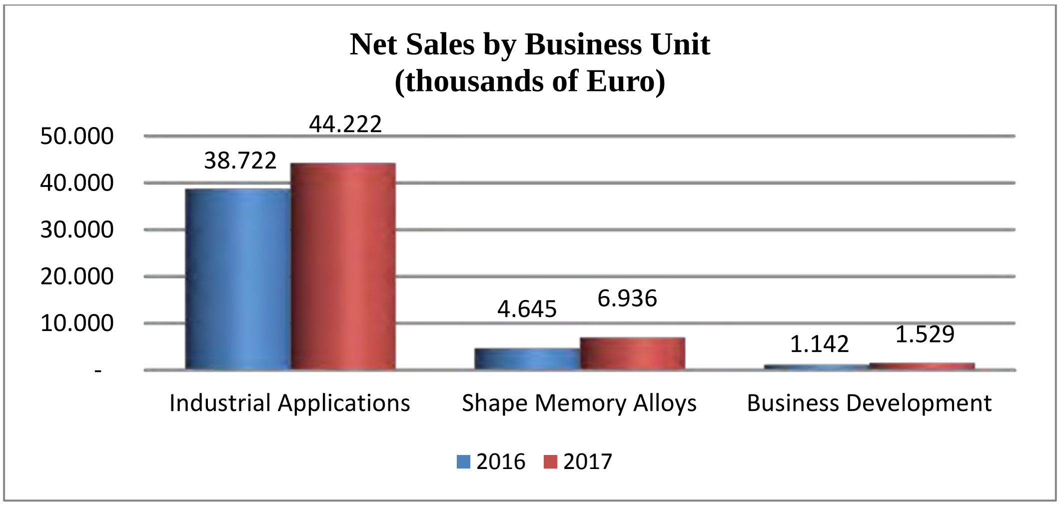
Net sales for the year 2017 amount to 52,687 thousand Euro, an increase (of 18.4%) compared to 44,509 thousand Euro in the previous year. Excluding the exchange rate effect, which was negative by 1.4%, organic growth stood at 19.8%, due to the results of some Industrial Applications sectors, in particular Electronic Devices and Systems for Gas Purifications & Handling, together with growing sales by the Shape Memory Alloys (SMA) business unit in the industrial applications sector.



The following table shows the detail of turnover recorded in the 2017 financial year and the previous year. The data is provided for each business sector and the relevant variation has been broken down into the components attributable to the exchange rate effect and to the volume effect:

(thousands of Euro)

Business Unit	2017	2016	Total Difference	Total Difference %	Exchange rate effect %	Price/quantity effect %
Security & Defense	4,995	9,074	(4,079)	-44.9%	-0.4%	-44.5%
Electronic Devices	16,873	5,587	11,286	202.0%	-2.4%	204.4%
Healthcare Diagnostics	2,272	1,921	351	18.3%	-0.6%	18.9%
Thermal Insulation	3,816	5,136	(1,320)	-25.7%	-2.2%	-23.5%
Getters & Dispensers for Lamps	5,393	7,300	(1,907)	-26.1%	-1.2%	-24.9%
Systems for UH Vacuum	7,587	7,911	(324)	-4.1%	-1.5%	-2.6%
Sintered Components for Electronic Devices & Lasers	0	0	0	n.a.	n.a.	n.a.
Systems for Gas Purification & Handling	3,286	1,793	1,493	83.3%	-3.5%	86.8%
Subtotale Industrial Applications	**44,222**	**38,722**	**5,500**	**14.2%**	**-1.4%**	**15.6%**
Nitinol for Medical Devices	2	1	1	76.4%	-4.0%	80.4%
SMAs for Thermal & Electro Mechanical Devices	6,934	4,644	2,290	49.3%	-0.4%	49.7%
Subtotale Shape Memory Alloys	**6,936**	**4,645**	**2,291**	**49.3%**	**-0.4%**	**49.7%**
Solutions for Advanced Packaging	**0**	**0**	**0**	**n.a.**	**n.a.**	**n.a.**
Business Development	**1,529**	**1,142**	**387**	**33.9%**	**-2.7%**	**36.6%**
Total Net Sales	**52,687**	**44,509**	**8,178**	**18.4%**	**-1.4%**	**19.8%**



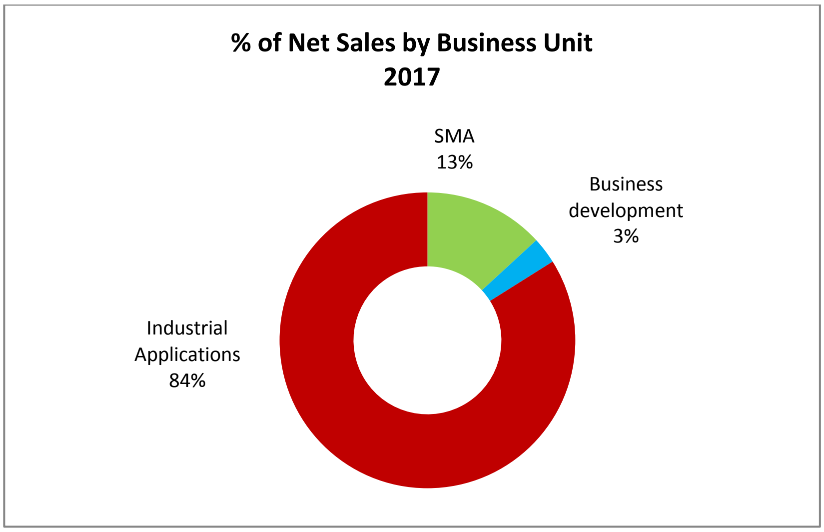
The turnover of the **<u>Industrial Applications Business Unit</u>** totalled 44,222 thousand Euro, an increase of 14.2% (15.6% at constant exchange rates) compared with 2016.

Sales growth was mainly driven by the Electronic Devices Business (which more than tripled; its organic growth is up204.4%), mainly due to the new advanced production at Avezzano plant for the electronic consumer market, as well as to the higher sales of both getter films and traditional getters, in addition to the recognition of part of the lump-sum for the aforementioned new licensing agreement for the PageWafer technology, which was signed in July 2017.
The volumes of the Healthcare Diagnostics Business (up 18.9% at constant exchange rates), and Business Systems for Gas Purification & Handling (organic growth of 86.8%) also grew, although to a lesser extent in absolute terms.
These positive trends have more than offset the reductions in other sectors: Business Security & Defence (down 44.5% at constant exchange rates) was affected by the technological transition under way from the traditional getter to the miniaturized getter, and was negatively influenced by stock adjustments by some customers; the Business Thermal Insulation (organic change down 23.5%) suffered the decrease in sales of getters in both the refrigeration market (insulating panels) and in the consumer sector (vacuum bottles). The negative trend of the previous years was confirmed for the Business Getters & Dispensers for Lamps (organic contraction 24.9%, to be considered as structural), which suffered from the technological competition between LEDs and fluorescent lamps. Finally, the Business Systems for UH Vacuum sector was penalized by the delays, in the planned schedule for some research projects in the field of particle accelerators, which had the effect of deferring part of the expected growth, resulting in levels just below that of 2016 (down 2.6 % at constant exchange rates)

Sales of the **Shape Memory Alloys (SMA) Business Unit** amounted to 6,936 thousand Euro, experiencing a significant growth (up 49.3%, which would be 49.7% the exchange rate effect is excluded). The increase is due to the sales growth in the automotive field (including sales of raw materials and semi-finished products to the joint venture Actuator Solutions GmbH), the start of sales of thin wire for mobile device applications, and revenues in the luxury goods market - which increased compared with the previous year - including the products involved in the aforementioned business unit transfer from the German subsidiary Memry GmbH to the manufacturing unit in Avezzano.

Sales in **Business Development Business Unit** amounted to 1,529 thousand Euro, an increase of 33.9% (up 36.6% at constant exchange rates) compared with 2016, in particular due to sales of dispensable dryers for passive matrix OLED screens for portable applications, mainly in China and Taiwan. Also worthy of note is the adoption of high performance dryers in advanced electronics and photonics applications, especially in the US market.

The following chart shows the percentage of sales by Business Unit:



The table below shows the breakdown of revenues by geographical area of destination recorded in 2017 and 2016, indicating the variations that occurred in the period:

(thousands of Euro)

Geographical Area	2017	%	2016	%	Total difference	Total difference %
Italy	**1,328**	2.5%	1,120	2.5%	208	18.6%
Other EU and Europe	**19,594**	37.2%	18,854	42.4%	740	3.9%
North America	**9,182**	17.4%	8,028	18.0%	1,154	14.4%
Japan	**3,278**	6.2%	3,460	7.8%	(182)	-5.3%
P. R. of China	**13,043**	24.8%	6,639	14.9%	6,404	96.5%
South Korea	**892**	1.7%	796	1.8%	96	12.0%
Taiwan	**1,828**	3.5%	1,445	3.2%	383	26.5%
Other Asian	**3,449**	6.5%	4,021	9.0%	(572)	-14.2%
Other	**93**	0.2%	146	0.3%	(53)	-36.2%
Total Net Sales	**52,687**	**100.0%**	**44,509**	**100.0%**	**8,178**	**18.4%**

The following table shows a breakdown of gross profit by Business Unit, with indication of the impact on revenues for the financial years 2017 and 2016, and the variation in the period:

(thousands of Euro)

Business Unit	2017	2016	Difference	Difference %
Industrial Applications	21,898	20,252	1,646	8.1%
% on Business Unit sales	*49.5%*	*52.3%*		
Shape Memory Alloys	1,211	682	529	77.6%
% on Business Unit sales	*17.5%*	*14.7%*		
Solutions for Advanced Packaging	0	0	0	n.a.
% on Business Unit sales	*0.0%*	*0.0%*		
Business Development & Corporate Costs	207	132	75	56.8%
% on Business Unit sales	*13.5%*	*11.6%*		
Gross Profit	**23,316**	**21,066**	**2,250**	**10.7%**
% on sales	***44.3%***	***47.3%***		

The **gross operating profit** was positive and amounted 23,316 thousand Euro in 2017, compared with 21,066 thousand Euro in the previous year, a 10.7% increase in absolute terms, due to the turnover growth. On the other hand, the overall **gross profit margin** decreased from 47.3% to 44.3%, as a result of a less favourable turnover mix compared with the previous year.
More specifically, the gross industrial margin of the **Industrial Applications Business Unit** which stood at 49.5% in 2017 (compared with 52.3% in the previous year),declined, due to the dilutive effect of new production of electronic devices at the Avezzano Plant, which was not offset by any improvements in the profitability of other product families.

Conversely, the **Shape Memory Alloys Business Unit**, increased its contribution margin from 14.7% to 17.5%, mainly due to economies of scale and, in the second part of the year, an expansion of the offer mix with the inclusion of products for the luxury goods sector, production of which was transferred from the subsidiary Memry GmbH, now in liquidation, to the manufacturing plant in Avezzano.

The result of the **Business Development & Corporate Costs Business Unit** improved significantly, recording a gross operating profit of 207 thousand Euro (compared to 132 thousand Euro in 2016). This figure remains in line with the activity in the sector, which is mainly characterized by development projects and production on pilot lines, and frequent interaction with research.

The following table shows the operating result recorded in 2017 and 2016 and indicating the changes occurred in the period:

(thousands of Euro)

Business Unit	2017	2016	Difference	Difference %
Industrial Applications	13,161	10,826	2,335	21.6%
Shape Memory Alloys	(1,018)	(490)	(528)	-107.8%
Solutions for Advanced Packaging	(435)	0	(435)	n.a.
Business Development & Corporate Costs	(20,233)	(15,024)	(5,209)	-34.7%
Operating loss adjusted	**(8,525)**	**(4,688)**	**(3,837)**	**-81.8%**
% on sales	***-16.2%***	***-10.5%***		

The year 2017 recorded an **operating loss** of 8,525 thousand Euro, compared with a loss of 4,.688 thousand Euro in the previous year. The increase in some items of operating expenses more than offset the improvement in gross profit. The operating loss also increased in absolute terms due to the negative change in "other net income", although this was influenced by the fact that the 2016 figure also included the release of a provision for legal risks that accrued in the previous year.

Research and development expenses amounted to 9,218 thousand Euro, a 14.5% increase when compared with 8,047 thousand Euro in 2016. The 2017 figure was negatively impacted (by a total amount of 937 thousand Euro) by write-downs of fixed assets, mainly relating to assets held at the Company's Taiwan branch which were used for research projects in cooperation with the subsidiary ETC S.r.l., which is now in liquidation. The remainder of the increase is mainly due to higher personnel costs, due to recruitment requirements at some laboratories.

Selling costs and, to a greater extent, **general and administrative expenses** also increased, in particular personnel costs - due to new recruitment and salary increases based on merit and to keep pace with inflation - and the cost of administrative bodies. For these items, higher accruals (including the adjustment of the provisions of past years in the case of multi-year incentive plans) are particularly significant for the variable components of remuneration and compensation, and are expected to increase, in line with the trend in economic results.

With respect in particular to general and administrative expenses, there was a significant increase in costs for third-party professional services in the year. This expenditure was required due to the importance and complexity of certain corporate projects managed during the year.

Dividends, net financial income and net foreign exchange gains, totalled 21,653 thousand Euro in 2017, essentially unchanged from 21,697 thousand Euro in the previous year. In addition, the Company wrote down investments and financial receivables due from subsidiaries for a total of 5,357 thousand Euro, compared with 10,844 thousand Euro in 2016 (see Notes no. 10 and no. 14 for more details).

Thus the 2017 financial year closed with a positive pre-tax result of 7,772 thousand Euro, an increase compared with 6,165 thousand Euro of the previous year.

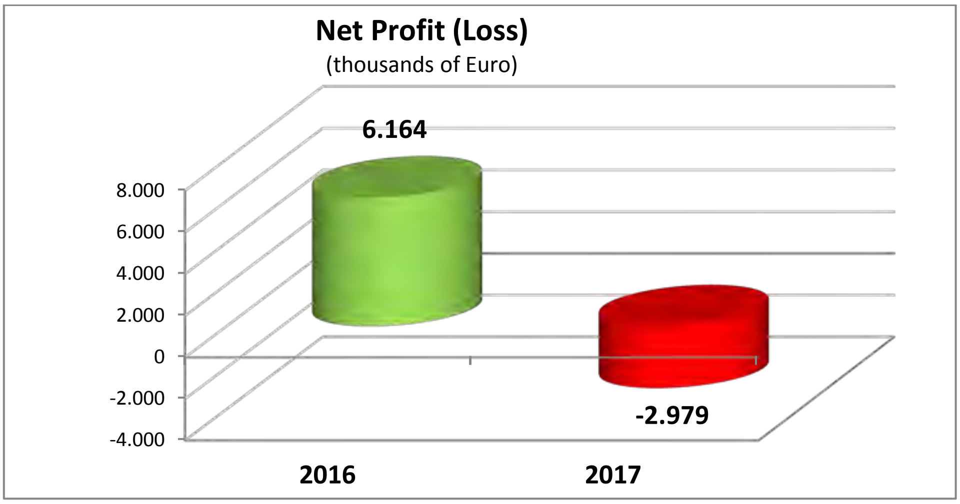
Income taxes amounted to 10,751 thousand Euro in the year, against a total balance that was almost zero – costs of 367 Euro - in 2016, which was also positively influenced by the release of a provision for risks of 500 thousand Euro which had accrued in previous years.

The figure for 2017 includes a write-down of 10,770 thousand Euro, of deferred tax assets from the Company's previous tax losses in the 2009-2013 tax periods, based on an update of management estimates of their recoverability in the light of the outlook contained in the 2018-2020 three-year plan. Excluding this write-off, the tax balance would have shown revenue of 19 thousand Euro.

Finally, it should be noted that, in view of the Group’s current organizational structure, the Company prudently decided, together with other Italian subsidiaries participating in the national tax consolidation, to suspend recognition of deferred tax assets on tax losses realized in the 2017 financial year, in line with what has been the case in previous years. See Notes no. 11 and no. 15 for further details.

Due to the said write-off of deferred tax assets, the 2017 financial year closed with a **net loss for the period** of -2,979 thousand Euro (after the write-down, a profit of 7,791 thousand Euro was recorded), against a profit of 6,164 thousand Euro in 2016.

The following chart shows the net profit (loss):



Financial position - Investments - Other information

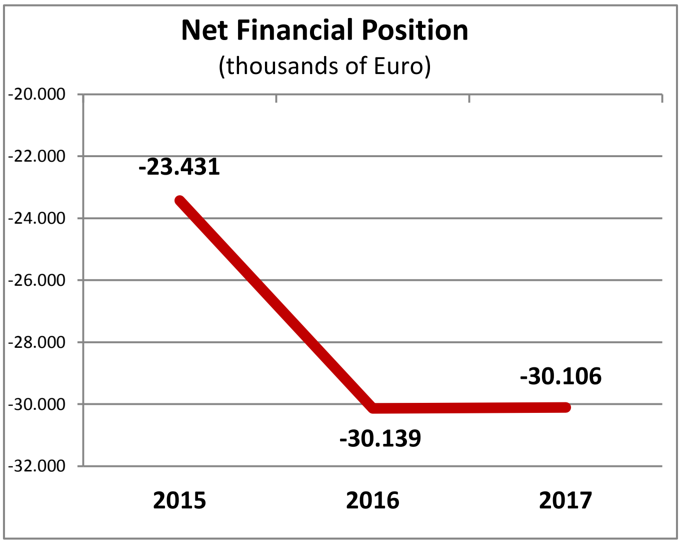
The following table shows the breakdown of net financial position:

(thousands of Euro)

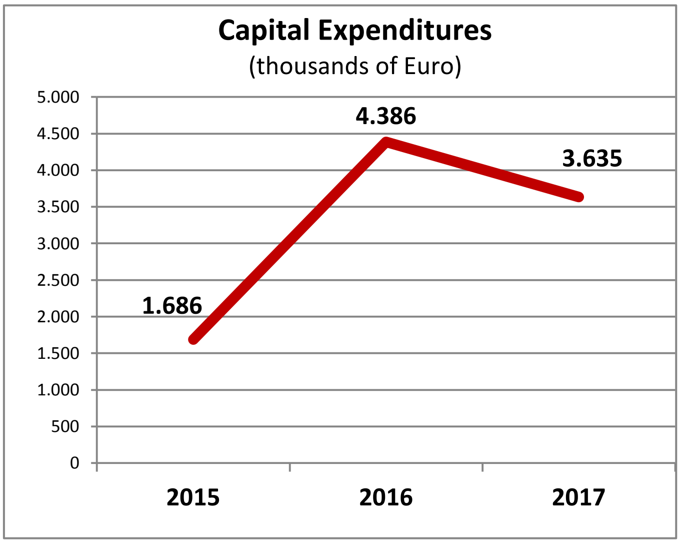
	December 31 2017	December 31 2016	Difference
Cash on hand	4	11	(7)
Cash equivalents	8,374	1,178	7,196
Total cash and cash equivalents	**8,378**	**1,189**	**7,189**
Current financial assets*	**11,029**	**8,411**	**2,619**
Bank overdraft	(12,001)	(6,504)	(5,497)
Current portion of long term debt	(8,088)	(5,483)	(2,605)
Other current financial liabilities*	(7,084)	(937)	(6,147)
Other financial debt	(6)	(8)	2
Total current liabilities	**(27,178)**	**(12,932)**	**(14,247)**
Current net financial position	**(7,771)**	**(3,332)**	**(4,439)**
Non current financial receivables **	49	49	0
Long term debt, net of current portion	(22,384)	(26,856)	4,472
Total non current liabilities	**(22,335)**	**(26,807)**	**4,472**
Net financial position	**(30,106)**	**(30,139)**	**33**

* Including current financial receivables / debts versus Group companies and joint ventures

** Including non current financial receivables versus Group companies and joint ventures

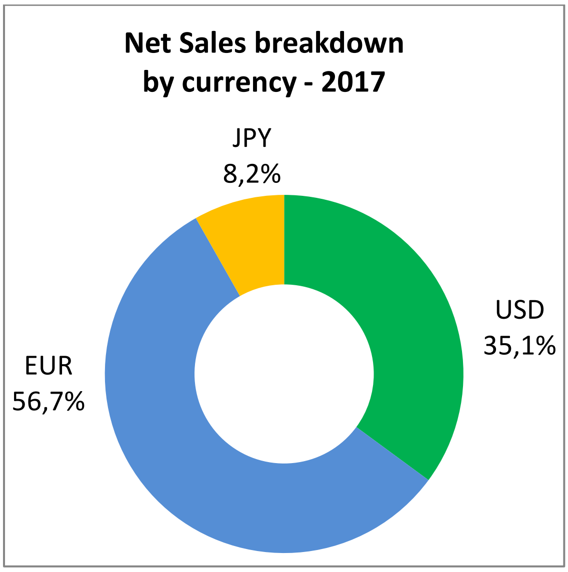


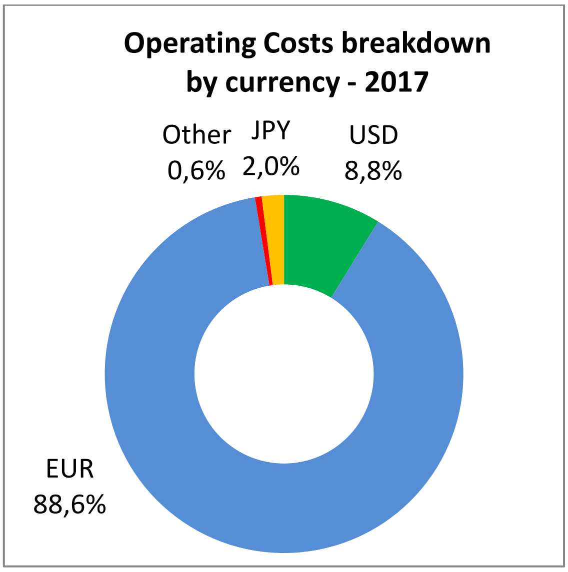
The **net financial position** as of 31 December 2017 shows a negative balance of 30,106 thousand Euro, which is essentially unchanged compared with the negative balance of 30,139 thousand Euro as of 31 December 2016. The balance as of 31 December 2017 includes a provision for the write-down of financial receivables due from the subsidiary SAES Nitinol S.r.l. amounting to 660 thousand Euro, recognized to take into account the waiver approved by the Company in 2018 to cover the subsidiary's losses. Excluding this provision, the net financial position would have been 29,446 thousand Euro.



In 2017, increases in tangible fixed assets amounted to 3,635 thousand Euro, compared with 4,386 thousand Euro in 2016. The main investments were the establishment at the Avezzano plant of a new production line in the Electronic Devices field, together with the purchase of machinery for upgrade of industrial SMA production lines and laboratory instruments for research and development at Lainate Plant.

The table below shows the composition of turnover and costs (cost of sales and operating costs) by currency:





Relations with Group Companies

Relations with Group companies are identified on the basis of the revised IAS 24 accounting standard and article 2359 of the Italian Civil Code. Relations with subsidiaries continued in 2017. Transactions, undertaken with counterparties as part of the Company's ordinary operations, were predominantly commercial in nature and involved the purchase and sale of raw materials, semi-finished goods, finished goods, machinery, tangible assets and services of various kinds. Interest-bearing cash pooling agreements and loan agreements are in place with several Group companies.
In compliance with the Consob communications of 20 February 1997 and 28 February 1998, as well as to the international revised IAS 24 accounting standard, in 2017 also, all the transactions with Related Parties were conducted in the context of ordinary management, and under economic and financial terms that were aligned with those of the market.

The main transactions with the subsidiaries, associates or joint ventures of the SAES Group were as follows:

SAES GETTERS USA, Inc., Colorado Springs, CO (USA)
Getter sales; purchases of finished products; charge-back of centrally managed insurance costs; charge-back of centrally managed audit costs; revenue for charge-back of centralized group services, revenue for the use of the SAES "brand" and royalties for the licensing of the *PageLid*® and *PageWafer*® technology. An interest-bearing cash-pooling agreement is also in place.

SAES PURE GAS, Inc., San Luis Obispo, CA (USA)
Revenues from licensing rights for purifier sales; charge-back of centrally managed insurance costs; charge-back of centrally managed audit costs; revenue for charge-back of centralized group services, including patents management, and the commercial activities support; revenues for the use of the "SAES" brand.

SAES SMART MATERIALS, Inc., New Hartford, NY (USA)
Revenues from charge-back of centrally managed insurance costs; revenues from charge-back of centralized group services, including patent management; revenues for the use of the "SAES" brand.

SPECTRA-MAT. INC., Watsonville, CA (USA)
Revenues from charge-back of centrally managed insurance costs; charge-back of centrally managed audit costs; revenues from charge-back of centralized group services, including patent management; revenues for the use of the "SAES" brand.

MEMRY CORPORATION, Bethel, CT (USA)
Purchase of raw materials; revenues from charge-back of centralized group services; charge-back of centrally managed insurance costs; revenues for the use of the "SAES" brand.

SAES GETTERS KOREA Corporation, Seoul (South Korea)
Revenues from the charge-back of centrally managed insurance costs; revenues from charge-back of centralized group services; commission expenses related to commercial transactions. In addition, an interest-charging loan agreement is in place.

SAES GETTERS (NANJING) CO., LTD. – Nanjing (People's Republic of China)
Revenues from charge-back of centralized group services; charge-back of centrally managed insurance costs.

MEMRY GmbH in liquidation, Weil am Rhein (Germania) (ex Dr.-Ing Mertmann Memory-Metalle GmbH)
Purchases of raw materials; charge-back of centralized group services. In addition, an interest-charging loan agreement is in place.

SAES GETTERS INTERNATIONAL LUXEMBOURG S.A., Luxembourg (Luxembourg)
An interest-charging loan agreement is in place. The Company also received a mandate for the management of derivative transactions for hedging on the Korean Won currency.

E.T.C. S.r.l in liquidation, Lainate (Italia)
Revenues on charge-back of general and administrative services, including management of patents. In addition, an interest-charging cash-pooling agreement is in place. The Company has leased some specific equipment for research and development projects to the subsidiary. Note that as of 1 January 2015, ETC S.r.l. in liquidation has participated in the national tax consolidation as consolidated company, in which the Company acts as consolidator. For further details see Note no. 11.

SAES Nitinol S.r.l. – Lainate (Italia)
An interest-charging cash-pooling agreement is in place with the Company.
Note that as of 1 January 2015, SAES Nitinol S.r.l. has participated in the national tax consolidation as consolidated company, in which the Company acts as consolidator. For further details see Note no. 11.

METALVUOTO S.p.A. – Roncello, MB (Italia)
Revenues from charge-back of research activities , commercial, general and administrative services.
Note that in its 2017 income tax return, the Company exercised its option to include Metalvuoto SpA with effect from January 1,2017 in the national tax consolidation in which it acts as the consolidating company. See Note no. 11.

SAES GETTERS EXPORT CORP. – Wilmington, DE (USA)
No transactions.

To clarify the above, the Company has certain agreements for the provision of commercial, technical, IT, legal, financial services and for the study of specific projects with some of its subsidiaries (ETC Srl in liquidation, MEMRY GmbH in liquidation, SAES Getters USA, Inc., SAES Pure Gas, Inc., SAES Getters Korea Corporation, SAES Getters (Nanjing) Co Spectra-Mat, Inc., SAES Smart Materials, Inc., and Memry Corporation).

The Company performs management and coordination for E.T.C. Srl in liquidation, Metalvuoto S.p.A. and for SAES Nitinol S.r.l., pursuant to article 2497 et seq. of the Civil Code.

The Company has bank guarantees in place for its subsidiaries: see Note no. 35 for details.

The most significant transactions conducted during the 2017 financial year are reviewed in the Explanatory Notes, as part of the analysis of the composition of each financial statement item.

Financial transactions with subsidiaries, associated companies or joint venture of the SAES Getters Group are summarized below:

(thousands of euro)

Legal Entity	Reiceivables 2017	Payables 2017	Revenues 2017	Expenses 2017	Memorandum accounts 2017*
S.G.G. Holding SpA					
SAES Getters USA, Inc.	3,576	157	5,487	882	4,000
SAES Pure Gas, Inc.	3,145	25	5,875	225	0
Spectra-Mat, Inc.	102	0	131	1	0
SAES Getters Export, Corp	0	0	0	0	0
SAES Smart Materials, Inc.	112	176	186	1,154	0
Memry Corporation	664	164	881	743	5,503
SAES Getters Korea Corporation	109	609	822	36	0
SAES Getters (Nanjing) Co.Ltd.	548	26	2,816	171	0
Memry GmbH in liquidazione	0	1,710	11	21	0
SAES Getters International S.A.	4	4,102	4	2	0
E.T.C. S.r.l. in liquidazione	552	769	453	137	0
SAES Nitinol S.r.l.	8,354	0	243	0	0
Metalvuoto S.p.A.	173	0	84	0	231
SAES RIAL Vacuum S.r.l.	98	20	23	73	312
Actuator Solutions GmbH	233	0	96	0	2,088
Actuator Solutions Taiwan Co., Ltd	36	0	144	0	0
Flexterra, Inc.	189	0	215	0	0
Total	**17,895**	**7,758**	**17,471**	**3,445**	**12,134**

*includes guarantees issued by SAES Getters S.p.A.

With reference to the definition of "Related Party" included in the revised IAS 24 accounting standard, the following Related Parties are identified as of 31 December 2017:

- **S.G.G. Holding S.p.A.**, parent company. S.G.G. Holding S.p.A. is the majority shareholder of the Company, holding at 31 December 2017 40.95% of the ordinary share capital with voting rights.

In relation to the controlling interest held by S.G.G. Holding S.p.A., it should be noted that the parent company does not perform management and coordination of SAES Getters S.p.A. pursuant to articles 2497 et seq. of the Civil Code. The assessments made by the Board of Directors indicate that S.G.G. Holding S.p.A. does not play any role in the definition of the annual budget and multi-year strategic plans, nor in investment decisions, does not approve certain and significant transactions of the Company and its subsidiaries (acquisitions, sales, investments, etc.) or coordinate the initiatives and actions of business in the sectors in which the Company and its subsidiaries operate, and that SAES Getters SpA has its own organizational and decision-making autonomy, and autonomous negotiating capacity in relations with customers and suppliers.
Note also that, pursuant to Article 2428, subsection 3 and 4 of the Italian Civil Code, the Company does not hold shares in the parent company, directly or through trust companies or third parties. No purchases or sales of shares in the parent company were made during 2017.

The Company indicates a receivable from S.G.G. Holding S.p.A. related to a demand for reimbursement of surplus corporation tax paid by the incorporated company SAES Advanced Technologies S.p.A. in previous years. The reimbursement demand was submitted by S.G.G. Holding S.p.A. in its capacity as consolidating company in the national tax consolidation in place until 31 December 2014 and terminated as of 1 January 2015 as a result of the decrease in S.G.G. Holding S.p.A's shareholding . in subsidiaries below the 50% threshold.

- **Actuator Solutions GmbH**, a joint venture jointly controlled by the SAES and Alfmeier Präzision Groups, formed for the development, production and marketing of actuators based on SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company wholly owned by the joint venture Actuator Solutions GmbH, for the development and commercialization of SMA devices for focusing and image stabilization in tablet and smartphone cameras.

- **Actuator Solutions (Shenzhen) Co., Ltd**., a company incorporated in late September 2016, wholly owned by Actuator Solutions GmbH, for the technological development and sale of actuators for the mobile market.

The economic and financial relations with Actuator Solutions GmbH and its subsidiary Actuator Solutions Taiwan Co., Ltd include revenues from the sale of semi-finished goods, a contract is in place for the charge-back of expenses for commercial, research and development and administration services.

- **SAES RIAL Vacuum S.r.l.,** a joint venture between SAES Getters S.p.A. and Rodofil s.n.c., for the design and production of components and integrated vacuum systems for accelerators, research, and for industrial systems and devices.
The Company has commercial relationships with SAES RIAL Vacuum S.r.l. (purchase of components for the manufacturing of vacuum systems) and provides services, which are mainly commercial in nature. Finally, on 12 January 2016, the Company granted a loan of 49 thousand Euro to the joint venture to financially support the operations of the newly-created company.

- **Flexterra, Inc.,** a joint venture between SAES Getters International Luxembourg S.A. and Polyera, based in Skokie (United States) established in late 2016, dedicated to the production of materials and components for the creation of truly flexible displays. Note that as of 31 December 2016, the company Flexterra, Inc. was not yet operational.

- **Flexterra Taiwan Co., Ltd.,** a company incorporated early in the 2017 financial year, wholly owned by the Flexterra, Inc. joint venture.
The Company provides administrative, legal, financial and tax support services to Flexterra, Inc. and its subsidiary, together with support for research and development, including patent management.

- **Mirante S.r.l**., a minority shareholder in Metalvuoto S.p.A., with a 30% holding. As of 31 December 2017, the Company has no relationship with the related party.

- **Metalvuoto Lux S.r.l.,** a company wholly owned by Mirante S.r.l. As of December 31, 2017, the Company has no relationship with the related party.

- **Metalvuoto Polska SP. Z.O.O.,** a company in liquidation, 60% controlled by Mirante S.r.l
As of 31 December 2017, the Company has no relationship with the related party.

- **Executives with Strategic Responsibilities** are considered to be the members of the Board of Directors, even if not executive directors, and the members of the Board of Statutory Auditors.
Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Legal General Counsel and the Group Administration, Finance and Control Manager are considered to be executives with strategic responsibilities. Their close relatives are also considered to be related parties.

The following table shows the overall values of transactions conducted with related parties in the 2017 and 2016 financial years:

(thousands of euro)

December 31, 2017	Net sales	Cost of goods sold	Research and development expenses	Expense recharge			Other income (expenses)	Financial Income (expenses)	Trade receivables	Trade payable	Tax consolidation receivables from Parent Company	Financial receivables
				Research and development expenses	Selling expenses	General and administrative expenses						
S.G.G. Holding S.p.A.											272	
SAES RIAL Vacuum S.r.l.	18	73			19	3		1	48	20		50
Actuator Solutions GmbH	1,200			35	1	60			234			
Actuator Solutions Taiwan Co., Ltd	233			126	18				36			
Flexterra, Inc.				97		117			189			
Totale	**1,451**	**73**	**0**	**258**	**38**	**180**	**0**	**1**	**507**	**20**	**272**	**50**

(thousands of euro)

December 31, 2016	Net sales	Cost of goods sold	Research and development expenses	Expense recharge			Other income (expenses)	Financial Income (expenses)	Trade receivables	Trade payable	Tax consolidation receivables from Parent Company	Financial receivables
				Research and development expenses	Selling expenses	General and administrative expenses						
S.G.G. Holding S.p.A.											272	
SAES RIAL Vacuum S.r.l.		51	2		53	8	0	1	73	8		50
Actuator Solutions GmbH	1,454			318	89	28	20		272			
Actuator Solutions Taiwan Co., Ltd	93								70			
Totale	**1,547**	**51**	**2**	**318**	**142**	**36**	**20**	**1**	**415**	**8**	**272**	**50**

The table below shows the remuneration of executives with strategic responsibilities:

(thousands of Euro)	**Fiscal Year 2017**	**Fiscal Year 2016**
Short term employee benefits	4,340	3,812
Post employment benefits	0	0
Other long term benefits	2,299	743
Termination benefits	1,100	720
Payments in shares	0	0
Other benefits	0	0
Total remuneration provided to managers with strategic responsibilities	**7,739**	**5,275**

As of 31 December 2017, the payable recorded in the financial statements for executives with strategic responsibilities as defined above, amounts to 7,542 thousand Euro, compared with a payable of 4,364 thousand Euro at 31 December 2016.

Other information concerning the Company

For an overview of the performance of subsidiaries, see the Consolidated Financial Statements and the "Summary Report of the Essential Data of the Subsidiaries".

The Company has two Branch Offices, one in Taoyuan City (Taiwan) and one in Tokyo (Japan).

Information on the ownership structure as provided in Article 123-bis of Legislative Decree 58/98 (Consolidated Finance Law) paragraph 1, is set out in the "Report on Corporate Governance" compiled by the Company, which is included in the financial statements and published in the Investor Relations section, under Corporate Governance, on the Company website at www.saesgroup.com.

Going concern

The financial statements are produced on a going concern basis given that, despite the difficult economic and financial situation, there are no significant uncertainties regarding business continuity (as defined in paragraph 25 of the IAS 1 - Presentation of financial statements accounting standard). This context is only partly capable of being influenced by the Company Management, as it is mainly the result of exogenous variables.
On the basis of the best estimates available to date, a three-year business plan has been approved which includes the strategies that Company management has adopted for achievement of the Company's pre-established objectives in this difficult economic context.

Subsequent events

On 26 February 2018, SAES Getters S.p.A. exercised a call option for the purchase of the entire share capital of Metalvuoto S.p.A., which was already controlled by SAES with a 70% shareholding. With this transaction, SAES acquired the remaining 30% of the shares from the minority shareholder Mirante S.r.l., for an agreed price of €75 thousand. Note that that the consolidated financial statements of the SAES Group as at 31 December 2017, already included a financial debt for the same amount, relating to the evaluation of the aforementioned option.
The acquisition of 100% of Metalvuoto S.p.A. will provide SAES with complete strategic autonomy in the advanced packaging business, for applications mainly in the food sector.

On the date of exercise of the call option by SAES, and the consequent exit of Mirante S.r.l. from the shareholding of Metalvuoto S.p.A., Mr Giovanni Ronchi, owner of Mirante S.r.l. and founder of Metalvuoto S.p.A., resigned as Chairman.
In addition, on 5 March 2018 SAES Getters S.p.A. submitted a purchase offer, which was accepted by the counterparty, for a property owned by Mirante S.r.l. where the headquarters and production facilities of Metalvuoto S.p.A. are located. The estimated purchase price is around €3.5 million and the transaction is expected to be concluded by mid-2018.

On 8March 2018, the Board of Directors of Metalvuoto S.p.A. decided to propose to the Ordinary Shareholders' Meeting, convened on 5 April 2018, to approve the establishment of an available reserve of around 3 million Euro by means of a capital contribution by the Sole Shareholder SAES Getters S.p.A. On the same day, the Shareholders' Meeting, also convened in an extraordinary session, will be called to deliberate on the change of the company name to SAES Packaging S.p.A., for the purpose of greater market recognition.

On 14 March 2018, the Company resolved to partially cancel the financial receivables due from SAES Nitinol S.r.l. for an amount of 660 thousand Euro, which is the difference between the total loss incurred by the subsidiary (800 thousand Euro) in the 2017 financial year and the loss estimated for that year (140 thousand Euro) for the same year at the start of the year, which was already covered by the payment made by the Company on 15 March 2017

Proposal for approval of the Financial Statements and for distribution of the dividend

Dear Shareholders,

We hereby submit the following proposed resolution for your approval:

"The Ordinary Shareholders' Meeting,

- having examined the Financial Statements of SAES Getters S.p.A. as at 31 December 2017, together with the Directors' Report on Operations, the Report of the Board of Statutory Auditors, the report of the independent auditors and the other documents required by law;

- having noted that the legal reserve has reached 20% of the share capital;

- having noted the results for the year ended on 31 December 2017

Resolves as follows:

- to approve the Financial Statements of SAES Getters S.p.A. as at 31 December, 2017, which report a loss of 2,979,184.04 Euro;

- to fully cover the loss for the year by using part of the "Retained earnings" reserve;

- to distribute the remaining available portion of "Other reserves and retained earnings", amounting to 39,266.31 Euro, subject to rounding off, which may be determined (i) due to the non-existence of means of payment for sums of less than one Euro cent, and (ii) by the requirement to apply withholding tax at the legally established rate, in the said amount of one Euro cent, equally for ordinary and savings shares, attributing a dividend of 0.001780 Euro per savings share and ordinary share;

- to distribute part of the Share Premium Reserve, amounting to 15,395,729.36 Euro, subject to rounding off, equally for ordinary and savings shares, allocating a dividend of 0.698220 Euro per savings share and per ordinary share;

			euro
From Other Reserves and Retained Earnings(*):			
equally for ordinary and savings shares			
- euro	0.001780	for each	
n.	7,378,619	savings shares	13,133.94
- euro	0.001780	for each	
n.	14,671,350	ordinary shares	26,115.00
			39,248.94

From the Share Premium Reserve:			
in equal measure to ordinary shares and savings shares			
- euro	0.698220	for each	
n.	7,378,619	savings shares	5,151,899.36
- euro	0.698220	for each	
n.	14,671,350	ordinary shares	10,243,830.00
			15,395,729.36

For a total dividend of:			
- euro	0.700000	for each	
n.	7,378,619	savings shares	5,165,033.30
- euro	0.700000	for each	
n.	14,671,350	ordinary shares	10,269,945.00
For a total maximum distribution of euro:			**15,434,978.30**

(*) the amount of €39,284.94 differs from the amount of the remaining available portion of the “Other reserves and retained earnings” rounded to €39,266.31

- to pay such sums in favour of eligible ordinary shares and savings shares outstanding on the date of 2 May 2018 (Record date) with effect from 3 May 2018, with detachment of coupon no. 34. The share will trade ex-dividend as of 30 April 2018;

- to allocate any rounding of payments to the Retained earnings reserve;

- to grant the Chairman, the Vice Chairman and the Chief Executive Officer, separately, every power necessary for the implementation of this resolution”.

Lainate (MI), 14 March 2018

for the Board of Directors

Dr Ing. Massimo della Porta
Chairman

Separate financial statements of SAES Getters S.p.A. for the year ended December 31, 2017

Statement of Profit or loss

(euro)	Note	2017	2016
Third party net sales		41,349,940	33,272,305
Intercompany net sales		11,337,229	11,236,396
Total net sales	4	**52,687,169**	**44,508,701**
Third party cost of sales		(26,656,060)	(21,537,898)
Intercompany cost of sales		(2,715,089)	(1,904,365)
Total cost of sales	5	(29,371,149)	(23,442,263)
Gross profit		**23,316,020**	**21,066,438**
Research & development expenses	6	(9,218,499)	(8,047,270)
Selling expenses	6	(6,199,710)	(5,583,098)
General & administrative expenses	6	(20,911,916)	(17,056,804)
Total operating expenses		**(36,330,125)**	**(30,687,172)**
Intercompany royalties		1,348,299	1,120,105
Other third party income (expenses), net		(172,092)	186,519
Other intercompany income (expenses), net		3,313,386	3,626,227
Total other income (expenses), net	7	**4,489,593**	**4,932,851**
Operating income (loss)		**(8,524,512)**	**(4,687,883)**
Dividends	8	22,602,453	22,506,846
Third party financial income		1,408	52,325
Intercompany financial income		330,726	310,995
Total financial income	8	332,134	363,320
Third party financial expenses		(1,057,059)	(873,603)
Intercompany financial expenses		(12,908)	(130,361)
Total financial expenses	8	(1,069,967)	(1,003,964)
Foreign exchange gains (losses), net	9	(211,648)	(169,694)
Write-down of intercompany investments	10	(5,356,598)	(10,844,036)
Income before taxes		**7,771,862**	**6,164,589**
Income taxes	11	(10,751,046)	(367)
		(768,579)	(149,779)
		(9,982,467)	149,412
Net income (loss) from continuing operations		**(2,979,184)**	**6,164,222**
Net income (loss) from discontinuing operations		0	0
Net income (loss)		**(2,979,184)**	**6,164,222**

Statement of other comprehensive income

(euro)	Note	2017	2016
Net income (loss) for the period		**(2,979,184)**	**6,164,222**
Income (loss) from transactions with Group Companies	23		
Actuarial gain (loss) on defined benefit plans	25	(74,088)	(302,278)
Income tax		17,781	72,547
Actuarial gain (loss) on defined benefit plans, net of taxes		(56,307)	(229,731)
Total components that will not be reclassified to the profit (loss) in subsequent periods		**(56,307)**	**(229,731)**
Other comprehensive income (loss), net of taxes		**(56,307)**	**(229,731)**
Total comprehensive income (loss), net of taxes		**(3,035,491)**	**5,934,491**

Statement of financial position

(euro)	Note	31 December 2017	31 december 2016
ASSETS			
Non Current Assets			
Property, plant and equipment, net	12	29,532,288	30,726,671
Intangible assets, net	13	394,737	343,905
Investments in Subsidiaries and other financial assets	14	61,791,699	62,903,637
Deferred tax assets	15	2,067,194	12,031,467
Intercompany financial credits	19	49,000	49,000
Non current tax consolidation receivables	20	272,136	272,136
Other long term assets	16	62,961	55,239
Total Non Current Assets		**94,170,015**	**106,382,055**
Current Assets			
Inventory	17	7,432,647	5,099,450
Third party trade receivables		6,637,546	6,496,464
Intercompany trade receivables		6,305,345	6,539,536
Trade receivables	18	12,942,891	13,036,000
Derivative instruments evalutated at fair value	31	0	0
Intercompany financial credits	19	11,029,315	8,410,605
Tax consolidation receivables	20	4,328	0
Prepaid expenses, accrued income and other	21	2,933,887	6,172,098
Cash and cash equivalents	22	8,377,728	1,189,197
Total Current Assets		**42,720,796**	**33,907,350**
Total Assets		**136,890,811**	**140,289,405**

SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital stock		12,220,000	12,220,000
Share issue premium		41,119,940	41,119,940
Tresury shares		0	0
Legal reserve		2,444,000	2,444,000
Sundry reserves and retained earnings		7,404,523	13,545,967
Net income (loss) for the period		(2,979,184)	6,164,222
Shareholders' Equity	23	**60,209,279**	**75,494,129**
Non Current Liabilities			
Non current financial liabilities	24	22,384,432	26,856,201
Staff leaving indemnity and other employee benefits	25	6,951,734	7,927,128
Non current provisions	26	7,321	6,195
Total Non Current Liabilities		**29,343,487**	**34,789,524**
Current Liabilities			
Third party trade payables		6,889,467	8,326,113
Intercompany trade payables		716,251	543,713
Trade payables	27	7,605,718	8,869,826
Derivative instruments evalutated at fair value	31	60,286	50,724
Intercompany financial payables	28	7,022,503	886,000
Other payables	30	10,608,186	6,483,945
Income taxes payables	32	58,002	0
Current provisions	26	1,888,409	1,720,659
Bank overdraft	33	12,001,201	6,503,919
Current portion of long term debt	24	8,087,432	5,482,530
Other Financial Debts	29	6,308	8,149
Total Current Liabilities		**47,338,045**	**30,005,752**
Total Liabilities and Shareholders' Equity		**136,890,811**	**140,289,405**

Cash flow statement

(euro)		2017		2016
Cash flows provided from operating activities				
Net income from continuing operations		(2,979,184)		6,164,222
Net income from discontinuing operations		0		0
Current income taxes		768,579		149,779
Change in deferred income taxes		9,982,467		(149,412)
Depreciation of property, plant and equipment		3,887,090		3,737,319
Amortization of intangible assets		192,338		413,112
Capital gains (losses) on sales of intangible assets		(40,014)		9,962
Write down of assets		941,908		56,623
Income (Cost) from investments		(17,934,512)		(11,662,810)
Financial revenues (expenses), net		737,833		640,644
Accrual for termination indemnities		2,564,977		1,024,289
Accrual (utilization) for risk and contingencies, net		856,500		(355,037)
		(1,022,018)		**28,691**
Change in operating assets and liabilities				
Cash increase (decrease) in :				
Account receivables and other receivables	3,459,253		(3,010,723)	
Inventory	(2,333,197)		(383,305)	
Trade account payables	(1,264,108)		3,620,617	
Other current payables	1,473,627		1,640,333	
		1,335,576		**1,866,922**
Payments of termination indemnities ans similar obbligations		(256,525)		(121,488)
Payments of debit interest and other financial expenses		(174,513)		(117,760)
Interest and other financial receipts		328		325
Income taxes received (paid)		(767,742)		(649,779)
Cash flows from operating activities		**(884,894)**		**1,006,910**
Cash flows used by investing activities				
Purchase of property, plant and equipment		(3,634,519)		(4,386,570)
Proceeds from sales of property, plant and equipment		39,918		2,320
Dividends received net of witholding tax		21,812,702		21,403,743
Purchase of intangible assets		(243,170)		(201,915)
Capital contributions to subisdiaries		(3,583,364)		(8,410,838)
Decrease (increase) of current financial assets		9,562		28,957
Cash flows from investing activities		**14,401,129**		**8,435,696**
Cash flows used by financing activities				
Proceeds from / (repayments of) short term financial debts		5,499,677		1,492,095
Proceeds from long term financial debts		10,133,133		15,053,077
Proceeds from short term financial debts		(12,000,000)		(5,000,000)
Proceeds from / (repayments of) Intercompany financial debts		2,857,531		(14,179,000)
Interest paid on loans		(566,043)		(523,382)
Dividends paid		(12,250,160)		(8,501,665)
Purchase of treasury shares		0		0
Repayments of financial debts		(1,841)		(131)
Cash flows from financing activities		**(6,327,703)**		**(11,659,006)**
Exchange gains (losses) from balances conversion into foreign currencies		0		0
Increase (decrease) in cash equivalents, net		**7,188,531**		**(2,216,399)**
Variance of the final net cash on hand and banks - Merger effect		n.a.		6,027
Cash and equivalents at the beginning of the period		**1,189,197**		**3,399,569**
Cash and cash equivalents, net, at the end of the period		**8,377,728**		**1,189,197**

Statement of changes in equity as at 31 December 2017

(thousands of Euro)

	Capital stock	Share issue premium	Legal reserve	Sundry reserves and retained earnings				Net income (loss) for the period	Total shareholders' equity
				Other reserves in suspension of tax	Revaluation reserve	Other	Total		
Balance at December 31, 2016	**12,220**	**41,120**	**2,444**	**138**	**2,615**	**10,793**	**13,546**	**6,164**	**75,494**
Allocation Fiscal year 2016 net profit						6,164	6,164	(6,164)	0
Dividends paid						(12,250)	(12,250)		(12,250)
Annullamento azioni proprie							0		0
Income (loss) from transactions with Group companies							0		0
Net income for the period								(2,979)	(2,979)
Other comprehensive income (loss)						(56)	(56)		(56)
Balance at December 31, 2017	**12,220**	**41,120**	**2,444**	**138**	**2,615**	**4,651**	**7,404**	**(2,979)**	**60,209**

Statement of changes in equity as at 31 December 2016

(thousands of Euro)

	Capital stock	Share issue premium	Legal reserve	Sundry reserves and retained earnings				Net income (loss) for the period	Total shareholders' equity
				Other reserves in suspension of tax	Revaluation reserve	Other	Total		
Balance at December 31, 2015	**12,220**	**41,120**	**2,444**	**0**	**1,727**	**6,346**	**8,073**	**5,859**	**69,716**
Merger effect				138	888	7,320	8,346		8,346
Allocation Fiscal year 2015 net profit						5,859	5,859	(5,859)	0
Dividends paid						(8,502)	(8,502)		(8,502)
Income (loss) from transactions with Group companies							0		0
Net income for the period							0	6,164	6,164
Other comprehensive income (loss)						(230)	(230)		(230)
Balance at December 31, 2016	**12,220**	**41,120**	**2,444**	**138**	**2,615**	**10,793**	**13,546**	**6,164**	**75,494**

NOTES

1. FORM, CONTENTS AND OTHER GENERAL INFORMATION

Form and content

The mission of SAES Getters S.p.A. has changed over the time, particularly in recent years as a result of the global recession and the profound restructuring that the Group has undergone.
In addition to operating as a holding company for the management and control of the entire Group, the Company hosts the central R & D laboratories, harnessing synergies to develop pilot production lines and sells products in the target markets.
Through its Taiwanese and Japanese branches, it also supports the marketing of finished goods manufactured by subsidiaries and associated companies in the Asian Far East.

SAES Getters S.p.A. also operates in the field of advanced materials, in particular in the development of getters for microelectronic and micromechanical systems, shape memory alloys, and getter materials in polymer matrices. SAES has recently developed a technological platform that integrates getter materials into polymer matrices, which are transversal to numerous application sectors (OLED displays, implantable medical devices and food packaging).

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A., with registered office at Via Vittor Pisani 27, Milan, which at 31 December 2017 holds 40.95% of the Company's ordinary shares. However S.G.G. Holding S.p.A. does not exercise any management or coordination over its subsidiary pursuant Article 2497 et seq. of the Italian Civil Code, for the reasons subsequently described in the Corporate governance and share ownership Report

The balance sheet and the income statement have been compiled in units of Euro, without decimal figures. This Note comments on the main items and, unless otherwise indicated, amounts are expressed in thousands of euros.

The separate financial statements for the year ended December 31, 2017 have been produced according to the IFRS issued by the International Accounting Standards Board ("IASB") and approved by the European Union ("IFRS"), Consob resolutions no. 15519 and n. 15520 of 27 July 2006, Consob communication no. DEM / 6064293 of 28 July 2006, as well as article 149-duodecies of the Regulation on Issuers. IFRS also includes all the revised International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

For reasons of comparability, comparative data for 2016 is also presented, in application of IAS 1 - Presentation of financial statements - requirements.

The preparation of the separate financial statements is mandatory according to the provisions of Article 2423 of the Civil Code.
The separate draft financial statements of SAES Getters S.p.A. for the year ended 31 December 2017 and their publication was approved by resolution of the Board of Directors on 14 March 2018.
Final approval of the separate financial statements of SAES Getters S.p.A. is the responsibility of the Shareholders' Meeting, which will be convened for April 24, 2018.

Financial Statement formats

The formats for presentation financial statements adopted are consistent with those established by the revised IAS 1 accounting standard. In particular:

- the statement of financial position has been produced by classifying assets and liabilities according to the "current / non-current" criterion, indicating, in two separate items, "Assets held for sale" and "Liabilities held for sale" , as required by IFRS 5
- the Income Statement has been produced by classifying operating costs according to destination, as this method of presenting figures is deemed to more accurately represent the specific business of the Company, complies with internal reporting methods, and is in line with the industrial sector of reference;
- the Cash Flow Statement was produced by recording cash flows on operating activities according to the "indirect method", as permitted by IAS 7.

Furthermore, as required by Consob resolution no. 15519 dated 27 July 27 2006, in the context of the income statement by destination, specific income and expenses were identified from non-recurring transactions or from events that are not repeated frequently in the normal course of business; the relevant effects were separately highlighted in the main intermediate levels of results.
Non-recurring events and transactions are mainly identified on the basis of the nature of the transaction. In particular, non-recurring expenses/income includes cases that by their nature do not occur continuously in normal operations, in particular:

- income and charges generated by the sale of properties;
- income and charges generated by the sale of business units and equity investments included among non-current assets;
- charges or any income originating from reorganization processes connected to extraordinary corporate transactions (mergers, spin-offs, acquisitions and other corporate transactions).

With respect to the aforementioned Consob resolution, the amounts of the positions or transactions with related parties were highlighted separately from the reference items in the Notes to this Financial Statements.

This financial document also takes account of the instructions given in Consob Communication no. 0031948 dated 10 March 2017 with respect to the most important issues of the financial reports as at 31 December 2016.

Reclassifications of economic balances as at 31 December 2016

The organisational changes implemented during the 2017 financial year did not require any reclassification of the balances as at 31 December 2016.

Information by business sector

The accounts are presented under the following headings:
- Industrial Applications;
- Shape Memory Alloys;
- Solutions for Advanced Packaging.

Following the acquisition of a controlling stake in the company Metalvuoto S.p.A., a consolidated player in the advanced packaging sector, at the end of 2016, for the purposes of better reporting clarity, a third business segment called "Solutions for Advanced Packaging ", was identified compared to the previous year and alongside the" Industrial Applications" and" Shape Memory Alloys" Business Units.

This update of the accounting presentation according to business segment, which was introduced as of 2017 did not require any reclassification of the Company's economic and financial data for 2016.

Seasonality of revenues

On the basis of historical data, the revenues of the various divisions are not subject to significant seasonal variations.

2. MAIN ACCOUNTING PRINCIPLES

Business Combinations and Goodwill

Business combinations are recognised according to the purchase method. According to this method, the identifiable acquired assets (including previously unrecognised intangible assets), liabilities and contingent liabilities (excluding future restructuring) are recognised at their current values (fair values) at the date of the acquisition. The positive difference between the purchase cost and the Company's interest in the fair value of such assets and liabilities is classified as goodwill and recognised among intangible assets. Any negative difference (badwill) is charged to the statement of profit or loss at the time of the acquisition
Goodwill is not amortised, but rather tested for impairment on an annual basis, or more frequently if specific events or particular circumstances indicate that impairment may have occurred, according to IAS 36 – *Impairment of assets*. After its initial recognition, goodwill is measured at cost, less any impairment which has accumulated. Goodwill, once impaired, may not be restored to its original value.
For the purposes of congruity analysis, the goodwill acquired in a business combination is allocated, at the date of acquisition, to the Company's individual cash-generating units (CGUs) or to the groups of cash-generating units that that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each CGU or group of CGUs to which goodwill is allocated represents, within the Company, the lowest level at which goodwill is monitored for internal management purposes.
When goodwill represents a part of a CGU and a part of the assets internal to that unit is sold, the goodwill associated with the assets sold is included in the carrying value of the assets in order to determine the gain or loss on the sale. The goodwill transferred in such circumstances is measured on the basis of figures for the transferred assets and the portion of the unit retained.

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

Intangible assets

Development expenses

Internally incurred costs for the development of new products and services constitute, depending on the circumstances, internally produced intangible or tangible assets and are recognised as assets solely if the costs can be reliably measured and the technical feasibility of the product, the expected volumes and prices indicate that the costs incurred in the development phase will generate future economic benefits.
Capitalised development costs consist solely of expenses actually incurred and which can be directly allocated to the development process.
Capitalised development costs are systematically amortised starting from the year of production throughout the estimated useful life of the product/service.

Other intangible assets with a finite useful life

Other purchased or internally produced intangible assets with a finite useful life are recognised as assets, in accordance with the provisions of IAS 38 – *Intangible assets*, when it is likely that the use of the assets will generate future economic benefits and their cost can be reliably determined.
Such assets are recognised at the cost of purchasing or producing them and are amortised on a straight-line basis over their estimated useful lives. Intangible assets with a finite useful life are also tested for impairment annually, or whenever there is an indication that the assets may have become impaired.
Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets; amortisation rates are revised annually and are adjusted if the current estimated useful life differs from the previous estimate. The effects of such changes are recognised prospectively in the statement of profit or loss.

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

Industrial and other patent rights	3 years / duration of the contract
Concessions and licences	3 years / duration of the contract
Trademarks	10 years / duration of the contract
Research and development expenses	5 years / duration of the contract

Tangible assets

Property, plant and equipment are recognised at the cost of purchase or production, or, where such assets existed as of January 1, 2004, at deemed cost, which, for some assets, is represented by their revalued cost. Costs incurred subsequent to purchase are capitalised only if they increase the future economic benefits of the asset to which they relate. All other costs are charged to the statement of profit or loss when they are incurred. The cost of the assets also includes the projected costs of dismantling the asset and restoring the site, where there is a legal or implicit obligation to do so. The corresponding liability is recognised at its net present value, during the period in which the obligation arises, as a provision among liabilities among provisions for risks and contingencies. Capitalised expense is recognised in the statement of profit or loss over the useful life of the associated property, plant and equipment through the depreciation process.
Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.
Land, including that adjacent to buildings, is not depreciated.
Depreciation rates are revised annually and are adjusted if the current estimated useful life differs from the previous estimate. The effects of such changes are recognised prospectively in the statement of profit or loss.

The minimum and maximum depreciation rates are listed below.

Buildings	3% - 20%
Plant and machinery	6% - 25%
Industrial and commercial equipment	3% - 40%
Other tangible assets	3% - 25%

Leasing contracts that substantially transfer all the risks and benefits of the leased item to the Company are considered financial leases.
The leased assets are capitalised at the beginning of the lease at fair value or, if lower, at the present value of the minimum lease payments and are depreciated over the estimated useful life of the asset.
The liability due to the lessor is classified as a financial liability in the statement of financial position. Lease payments are apportioned between principal and interest in order to obtain a constant interest rate on the remaining balance of the liability. Interest included in periodic lease payments are recognised in the financial costs charged to the statement of profit or loss.

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

Impairment

At the end of each reporting period, the Company assesses whether there is any indication that intangible and tangible assets with a finite useful life might have suffered impairment.
Goodwill and intangible assets with an indefinite useful life are tested to determine if they are recoverable (impairment test) at least once a year, or more frequently whenever there is an indication that the asset may have suffered impairment.

Goodwill

Goodwill is tested for impairment at the balance sheet date or during the financial year if there is an indication that things are critical. Goodwill acquired and allocated during the year is tested for impairment before the end of the year in which it was acquired and allocated.
For the purposes of impairment testing, goodwill is allocated, at the date of acquisition, to each cash-generating unit or group of cash generating units that benefit from the acquisition, regardless of whether other Company's assets and liabilities have been assigned to such units

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

The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. Future explicit cash flows normally cover a period of three years and are projected over a defined period between 3 and 12 years, except for projections that require longer periods, such as in the case of initiatives in the start-up phase. The long-term growth rate used to estimate the terminal value of the unit (or group of units) cannot exceed the average long-term growth rate for the industry, country or market in which the unit (or group of units) operates.

The value in use of cash-generating units in foreign currencies is estimated in the local currency, discounting such cash flows at a rate appropriate to the currency. The current value obtained through this process is translated into euro at the spot exchange rate at the date of the impairment test (which, in our case, is the balance sheet date).
Future cash flows are estimated by referring to the cash-generating unit's current conditions and consequently do not take into account either the benefits of future restructuring to which the entity is not committed or expenditures to improve or enhance the unit.
For impairment testing purposes, the carrying value of a cash-generating unit is determined in accordance with criteria whereby the cash-generating unit's recoverable value is determined, excluding surplus assets (i.e. financial assets, deferred tax assets, and net non-current assets held for sale).

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

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

Tangible and intangible assets with a finite useful life

During the year, the Company tests whether there are indications that tangible and intangible assets with finite useful lives may have become impaired. Both internal and external sources of information are considered in this process. These internal sources include: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to projections. External sources include: declines in the market prices of assets, negative changes in technology, markets, or laws, increases in market interest rates and the cost of capital used to value investments, and, lastly, whether the carrying value of the Company's net assets exceeds its market capitalisation.
If there is any indication that tangible or intangible assets with a finite useful life are impaired, the carrying value of the assets is reduced to their recoverable value. The recoverable value of an asset is defined as the greater of its fair value, net of selling costs, and its value in use. The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. When it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable value of the asset's cash-generating unit.
Impairment is charged to the statement of profit or loss.
If the reasons that led to impairment subsequently cease to apply, the carrying value of the asset or cash-generating unit is increased up to the new estimated recoverable value, which, however, may not exceed the value that would have resulted if no impairment had been recognised. Reversals are recognised in the statement of profit or loss.

Investments

Subsidiaries are companies in which SAES has the full power to determine the strategic decisions in order to obtain the related benefits. As a rule, control is assumed to exist when a Company holds either directly or indirectly more than half of the exercisable voting rights at an ordinary shareholders' meeting, also considering potential voting rights , meaning voting rights deriving from convertible financial instruments.

Equity investments in subsidiaries are measured at purchase cost, reduced on a permanent basis in the event of distribution of share capital or capital reserves or, in case of impairment losses determined by the impairment test, the cost can be reinstated subsequent exercises if the reasons that led to the write down cease to exist.

Receivables

Receivables generated by the company are initially recognised at their nominal value and subsequently measured at their estimated realisable value.
Receivables with maturities of more than one year, which do not bear interest or bear interest at below-market rate, are discounted using market rates.

Cash and cash equivalents

Cash and cash equivalents are recognised, according to their nature, at their nominal value.
Cash equivalents consist of highly liquid short-term investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value, whose original maturity or at the time of purchase does not exceed 3 months.

Financial liabilities

Financial liabilities include financial payables and other financial liabilities, including derivative instruments. Under IAS 39, they also include trade and other types of payables.
Non-derivative financial liabilities are initially recognised at fair value, minus transaction costs, and are subsequently measured at amortised cost, i.e. the amount initially recognised minus any repayments of principal, positively or negatively adjusted based on the amortisation (using the effective interest method), of any difference between the initial value and the value at maturity.
Financial liabilities hedged by derivative instruments aimed at covering the risk of changes in the value of the liability (fair value hedge derivatives) are measured at their fair value according to the hedge accounting methods set out in IAS 39: gains and losses arising from subsequent adjustments to fair value, limited to the hedged component, are recognised in the statement of profit or loss and offset by the portion of the loss or gain arising from subsequent measurements of the hedging instrument at fair value.

Derivative financial instruments

The derivatives transactions carried out by the Company are aimed at hedging its exposure to exchange-rate and interest-rate risk and diversifying debt parameters in order to reduce the cost and volatility of debt within pre-determined management limits.
According to the requirements of IAS 39, hedging instruments are accounted for according to hedge accounting methods only when:
a) at inception, they are formally designated as a hedge and the hedge relationship is documented;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is highly effective in each designated accounting period.

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

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

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

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

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

Inventory

Inventory, which consists of raw materials, purchased products, semi-finished, work in progress and finished products, is measured at the lesser of the cost of purchase and production and the estimated realisable value. Costs are determined according to the FIFO method. The measurement of inventory also includes direct material and labour costs and indirect production costs (both variable and fixed).
In addition, provisions for impairment are allocated for materials, finished products, spare parts and other articles deemed obsolete or slow-moving, on the basis of their expected future use and estimated realisable value.

Ceased assets/ Assets held for sale/Discontinued operations

Ceased assets, Assets held for sale and Discontinued operations refer to lines of business and assets (or groups of assets) that have been sold or are in the process of being sold, whose carrying value have been, or will be, recovered primarily through their sale rather than their continuing use.
These conditions are met when the sale or discontinuance of the group of assets held for sale is highly probable and the assets and liabilities are immediately available for sale in their current state.
Assets held for sale are measured at the lesser of their net carrying value and fair value, net of selling costs.
Where such assets have originated from recent business combinations, they are measured at their current value, net of disposal costs.
In accordance with IFRSs, the figures for discontinued operations and/or assets held for sale are presented as follows:

- in two specific items of the balance sheet: Assets held for sale and Liabilities held for sale;
- in a specific item of the statement of profit or loss: Net income (loss) from assets held for sale.

Employee severance indemnity and other employee benefits

Employee severance indemnity

The employee severance indemnity, which is compulsory for Italian companies according to Article 2120 of the Civil Code, is a deferred benefit and is related to the length of each employee's term of employment and the compensation received during the period of service.
Under IAS 19, the employee severance indemnity thus calculated is a "Defined-benefit scheme" and the associated obligation to be recognised in the financial statements (Employee severance indemnity debt) is determined through an actuarial calculation using the Projected Unit Credit Method. As required under the revised version of IAS 19, gains and losses arising from the actuarial calculation are fully recognised in the comprehensive income in the period in which they occur. These actuarial differences are recorded immediately in retained earnings and are not classified in the statement of profit or loss in subsequent periods.
The costs associated with an increase in the current value of the employee severance indemnity obligation due to the fact that the time when benefits are to be paid is fast approaching are included among "Personnel costs".
Effective from January 1, 2007, the 2007 Finance Law and related implementation decrees introduced significant changes to employee severance indemnity rules, including the employees' right to choose whether to allocate the accrued portion of their severance indemnity to complementary pension funds or the "Treasury Fund" managed by INPS.
It follows that the obligation to INPS, as well as contributions to complementary pension schemes, qualify as "Defined-contribution schemes" in accordance with IAS 19, whereas the amounts recognised in the Employee severance indemnity debt continue to qualify as "Defined-benefit schemes".
The amendments to the law enacted in 2007 have consequently entailed the redetermination of actuarial assumptions and the ensuing calculations used to determine the employee severance indemnity.

Other long term benefits

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

Provisions for risks and charges

Group companies recognise provisions for risks and charges when there is a current, legal or implicit obligation to a third party as the result of a past event and it is likely that the Company will be required to utilise resources in order to fulfil this obligation and the amount of the obligation may be reliably estimated.
Changes in estimates are reflected in the statement of profit or loss for the year in which they occur.

Treasury shares

Treasury shares are deducted from shareholders' equity.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the balance sheet date. Exchange differences resulting from the discharge of monetary items or the conversion of such items at rates differing from those at which they were initially recognised during the year or at those of the end of the previous year are recognised in the statement of profit or loss.
Non-current items measured at historical cost in a foreign currency (including goodwill and fair value adjustments arising from allocation of the acquisition cost of a foreign company) are converted at the exchange rates in force at the date of their initial cognition. Thereafter, these figures are converted at the exchange rate prevailing at year end.

Revenue recognition

Revenues are recognised to the extent that it is probable that the Company will receive the economic benefits and the amount of such benefits can be reliably determined. Revenues are shown net of discounts, allowances and returns.
Revenues from the sale of goods are recognised when the risks and benefits related to the ownership of the goods are transferred to the buyer.

Cost of sales

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

Research and development costs and promotion expenses

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

Government grants

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

Current and deferred income taxes

Income taxes include all taxes calculated on the taxable income of the Company.
Income taxes are recognised in the statement of profit or loss, with the exception of taxes pertaining to items directly charged or deducted from shareholders' equity reserve, in which case the associated tax effect is recognised directly in the respective shareholders' equity reserves.
Provisions for taxes that could be generated by the transfer of the undistributed earnings of subsidiaries are created solely when there is actual intention to transfer such earnings.
Deferred tax liabilities/assets are recognised according to the balance sheet liability method. They are calculated on all temporary differences that arise between the taxable base of the assets and liabilities and the carrying values of these assets/liabilities in the consolidated financial statements, with the exception of goodwill that is not tax-deductible.
Deferred tax assets on tax-losses carried forward are recognised to the extent that there is likely to be a future taxable income against which they may be recovered.
Current and deferred tax assets and liabilities are offset where the income taxes are levied by the same tax authority and there is a legal right to offset them.
Deferred tax assets and liabilities are determined by applying the tax rates expected to be applied under the legal systems of the various countries in which Group companies operate during the years in which the temporary differences will be eliminated.

Dividends

Dividends received are recognized in the profit or loss on an accruals basis, that is to say in the financial year in which the relevant right to the claim arises, according to the shareholders' resolution to distribute the dividends of the investee companies. Distributable dividends are reported as movement in equity in the year when they are approved by the Shareholders' Meeting.

Use of estimates and subjective assessments

In order to prepare the financial statements of the Company and related notes in accordance with IFRSs, management is required to make estimates and assumptions that have an effect on assets and liabilities as well as on the information concerning contingent assets and liabilities at the balance sheet date. In the future, should such estimates and assumptions, based on the best currently available assessment, differ from the actual circumstances, they will be adjusted accordingly when the circumstances change.
Estimates and subjective assessments are used to determine the recoverable value of non-current assets (including goodwill), revenues, accruals to provisions for receivables, obsolete and slow-moving inventory, depreciation and amortisation, employees' benefits, taxes, restructuring provisions and other accruals and provisions. Estimates and assumptions are reviewed periodically and the effects of all changes are immediately reflected in the statement of profit or loss.

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

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

The balance sheet items that require a more subjective judgment on the part of the directors in the preparation of estimates and for which a change in the underlying assumptions could have a significant impact on the financial statements are as follows: goodwill, impairment of fixed assets, amortisation of fixed assets, deferred tax assets, bad debt provisions, inventory write-downs, risk provisions, pension schemes and other post-employment benefits.
With regard to the main assumptions and sources used in making such estimates, please refer to the relevant sections of the notes to the financial statements.

Accounting standards, interpretations and amendments effective from January 1, 2017

The accounting standards used to prepare the financial statements as at December 31, 2017 are consistent with those applied in the financial statements as at December 31, 2016, except for the adoption of new standards and interpretations applicable from January 1, 2017.
The following accounting standards, amendments and interpretations are applicable for the first time from January 1, 2017.

***Disclosure Initiative* (amendment to IAS 7)**
On January 29, 2016 the IASB published the document "*Disclosure Initiative (amendments to IAS 7)*" that contains some changes to IAS 7. The document aims to provide clarification to improve the disclosure on financial liabilities. In particular, the amendments require the disclosure of information that enables users of the financial statements to understand the changes in liabilities arising from financing operations, including changes resulting from monetary movements and changes resulting from non-monetary movements. The amendments do not require any specific format to be used for such information. However, the amendments introduced require an entity to provide a reconciliation between the initial balance and the final balance for liabilities arising from financial transactions.
No comparative information related to previous years is required.

***Recognition of Deferred Tax Assets for Unrealised Losses* (amendment to IAS 12)**
On January 19, 2016 the IASB published the document "*Recognition of Deferred Tax Assets for Unrealised Losses (amendments to IAS 12)"* that contains some changes to IAS 12. The document aims to provide clarification on the recognition of deferred tax assets on unrealised losses when valuing financial assets in the "available for sale" category when certain circumstances occur and on estimated taxable income in future financial years.

The amendments published by the IASB in January 2016 and applicable from January 1, 2017 have not yet been endorsed by European Union and have not been adopted by the Company at December 31, 2017.
The adoption of these amendments had no impact on the Company's financial statements

IFRS and IFRIC accounting standards, amendments and interpretations already endorsed by the European Union, but not yet mandatorily applicable if not in advance

The following standards and amendments are approved by the European Union, but are not yet mandatorily applicable and not yet adopted by the Company in advance as at December 31, 2017.
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, is designed to replace IAS 18 - *Revenues* and IAS 11 - *Construction contracts*, as well as the interpretations IFRIC 13 - *Customer loyalty programmes*, 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 new model of revenue recognition established by the new standard 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 as follows:

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

The standard is applicable from January 1, 2018, but earlier application is allowed. The amendments to IFRS 15, *Clarifications to IFRS 15 - Revenue from Contracts with Customers*, published by the IASB in April, 2017 were approved by the European Union on November 6, 2017.

At the moment, the Company has yet to complete a detailed analysis of all of the types of contracts it has concluded with customers. However, from the analyses carried out so far, the application of IFRS 15 is not expected to have a significant impact on the amounts entered as revenue and on related information reported in the Company's financial statements.

IFRS 9 - *Financial instruments*

On July 24, 2014 the IASB published the final version of IFRS 9 - *Financial instruments*.

The document summarises the results of the IASB project aimed at replacing IAS 39. The new standard must be applied to financial statements beginning on January 1, 2018 or after that date.

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 in order to determine the evaluation criterion, replacing the many different rules envisaged by IAS 39. Instead, for financial liabilities, the main change relates to the accounting treatment of the changes in fair value of a financial liability classified as a financial liability measured at fair value in the income statement, if these changes are due to changes in the creditworthiness of the issuer of the liability. Under the new standard, these changes must be recognised in other comprehensive income and no longer in the income statement.

In addition, for non-substantive modifications of financial liabilities, spreading the economic consequences of renegotiation over the remaining maturity of the debt by altering the effective interest rate on that date is no longer permitted, but the consequence must be recognised 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 expense, which includes historical, current and future data. The standard requires this impairment model to be applied to all financial instruments, namely, to financial assets measured at amortised cost, measured at fair value through other comprehensive income, and receivables deriving from lease contracts and trade receivables.

Finally, the standard introduces a new hedge accounting model in order to accommodate the requirements of the current IAS 39 that were sometimes considered too stringent and unsuitable for reflecting a company’s risk management policies. The main innovations of the document include the following:

- an increase in the types of transactions eligible for hedge accounting, including the risks of non-financial assets/liabilities eligible to be managed in hedge accounting;
- a change in the accounting method for forward contracts and options when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
- changes in the effectiveness test by replacing the current methods based on the 80-125% rule with the principle of the “economic relationship” between the hedged item and the hedging instrument; moreover, a retrospective assessment of the effectiveness of the hedging relationship is no longer required.

The greater flexibility of the new accounting rules is offset by additional requests for information on a company’s risk management activities.

The Company still has to complete a detailed analysis of the effects of introduction of IFRS 9. However, from the analyses carried out so far, no significant impact is expected on the amounts and related information reported in the Company's financial statements.

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 lease*, SIC 15 - *Operating leases incentiv*es and SIC 27 - *Evaluating the substance of transactions involving the legal form of a lease.*

The new standard provides for a new definition of a lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from the contracts for services, by identifying the following differentiating factors: 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 manage the use of the underlying asset of the contract.

The standard establishes a single model for the recognition and measurement of lease agreements for lessees which provides for the recognition of the lease asset, including an operating lease, among assets with a corresponding financial debt, while also providing an option not recognise as leases contracts which relate to "low-value assets" and leases with a duration equal to or less than 12 months. In contrast, the standard does not contain significant changes for lessors.

The principle applies with effect from January 1, 2019. Early application is allowed, but only for companies that have opted for the early adoption of IFRS 15 - *Revenue from contracts with customers.*

It is expected that the application of IFRS 16 may have a significant impact on the accounting treatment of leases and related information reported in the Company's financial statements. However, it is not possible to provide a reasonable estimate of this impact until a detailed analysis of the relevant contracts has been completed.by the Company.

Applying IFRS 9-Financial Instruments with IFRS 4-Insurance Contracts

On September 12, 2016 the IASB published the document "*Applying IFRS 9-Financial Instruments with IFRS 4-Insurance Contracts*". For entities whose business consists mainly of insurance activities, the amendments seek to clarify concerns arising from the application of the new IFRS 9 to financial assets, before the current IFRS 4 is replaced with the new standard IFRS 17 - *Insurance Contracts*, on the basis of which financial liabilities are valued.

The amendments introduce two possible approaches:

- *overlay approach;*
- *deferral approach.*

These approaches will allow:

- the option of recognising in other comprehensive income (i.e. in the OCI statement), rather than in the income statement, the effects deriving from the application of IFRS 9 instead of IAS 39 to certain designated financial assets prior to the application of the new standard on insurance contracts (the overlay approach);
- the option of a temporary exemption from IFRS 9 until the earlier of: the date of application of the new standard on insurance contracts and the annual period commencing January 1, 2021. Entities that defer the application of IFRS 9 will continue to apply the current IAS 39 (the deferral approach).

The adoption of these amendments is not expected to have any significant impact on the financial statements of the Company.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the date of these financial statements, the competent bodies of the European Union have not yet completed the approval 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 principle IFRS 17 – *Insurance Contracts* that will replace IFRS 4 – *Insurance Contracts*.

The aim of the new standard is to ensure that an entity provides relevant information that faithfully reflects the rights and obligations deriving from insurance contracts it issue. 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 the reinsurance contracts that an insurer holds.
The new principle also establishes submission and reporting requirements to improve comparability between entities operating in 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 current ones;
- measurement reflects the time value of money;
- estimates envisage widespread use of the information available in the market;
- there is a current and explicit risk measurement;
- the anticipated profit is deferred and aggregated in groups of insurance contracts at the time of initial recognition;
- the anticipated profit is recognised in the coverage period , taking into account any adjustments resulting from variations in assumptions related to the cash flows of each group of contracts.

The PAA approach requires entities to measure the liability for the residual coverage period of a group of insurance contracts provided that, at initial recognition, the entity ensures that such liability is 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 application of the PAA method do not apply to the assessment of liabilities for existing claims that are measured using the General Model. However, it is not necessary to discount those cash flows if the balance is expected to be paid or settled within one year of the date on which the claim was filed.
The entity must apply the new principle to insurance contracts - 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 financial statements of the Company.

***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)*" that contains some changes to IFRS 2. The amendments provide clarification regarding the accounting treatment of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and the accounting treatment of changes to the terms and conditions of a share-based payment that alter its classification from cash-settled to equity-settled one.
The changes will apply from January 1, 2018.
The adoption of these changes is not expected to have any significant impact on the Company's 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 amendments to certain standards as part of the annual process to improve them. The main changes are as follows:

- IFRS 1 *First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*. The amendment to this standard will apply at the latest to financial years beginning on January 1, 2018 and relates to the elimination of certain short-term exemptions established at paragraphs E3-E7 of Appendix E of IFRS 1, since 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 organisation 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) must be exercised for each investment at the time of initial recognition. This amendment will apply with effect from January 1, 2018;

o 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 under the standard, except for that required under paragraphs B10-B16, must be applied to all equity interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5. The amendment will apply from January 1, 2017 but has not yet been approved by the European Union and thus has not been adopted by the Company at December 31, 2017.
The adoption of these amendments is not expected to have any significant impact on the financial statements of the Company.

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 to provide guidelines for foreign exchange transactions if non-cash advances or down payments are recognised 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 a payment involving foreign currencies is made or received in advance.
The interpretation clarifies that the transaction date is the earlier of:
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 recognised in the balance sheet (with the subsequent cancellation of the advance or down payment received).
If there is a number of advance or down payments received, a transaction date for each of them must be identified. IFRIC 22 is applicable from January 1, 2018.
The adoption of these amendments is not expected to have any significant impact on the financial statements of the Company

***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 changes to IAS 40. These amendments clarify the transfer of a property to, or from, an investment property. In particular, an entity must transfer a property to, or from, an investment property when, and only when, there is evidence of a change in use. Such change must be related to a specific event that actually occurred and therefore should not arise as a result of a change in the intentions of the management of an entity. These amendments will apply from January 1, 2018.
The adoption of these amendments is not expected to have any significant impact on the Company's financial statements.

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 uncertainties about the tax treatment to be adopted in respect of income taxes. The document establishes 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 emphasises that the entity should assess whether it is necessary to provide information on management's considerations and related to the uncertainty inherent in the recognition of income taxes, in accordance with IAS 1.
The new interpretation applies from January 1, 2019, but earlier adoption is allowed.
The adoption of this interpretation is not expected to have any significant impact on the financial statements of the Company.

***Prepayment Features with Negative Compensation* (amendments to *IFRS 9*)**
On 12 October 2017, the IASB published the document *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*. This document specifies that a debt instrument that provides for an early repayment option could meet the characteristics of contractual financial flows ("SPPI" test) and, consequently, could be assessed using the amortised cost method or measured at *fair value through other comprehensive income* even if the *reasonable additional compensation* anticipated in the event of early repayment is "*negative*

compensation" for the lender. The amendment applies from 1 January 2019, but early application is permitted.
The adoption of these changes is not expected to have a significant impact on the Company's financial statements.

Long-term Interests in Associates and Joint Ventures **(amendments to *IAS 28*)**
On 12 October 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 requirements relating to impairment, other long-term interests in associate companies and joint ventures to which the equity method does not apply.
The amendment applies from 1 January 2019, but early application is permitted.
The adoption of these changes is not expected to have a significant impact on the Company's financial statements.

Annual Improvements to IFRSs: 2015-2017 cycle
On 12 December 2017, the IASB published the document "*Annual Improvements to IFRSs: 2015-2017 cycle*" adopting amendments to certain principles as part of the annual improvement process. The main changes involve:

- IFRS 3 - *Business Combinations* and IFRS 11 - *Joint Arrangements*- the amendment clarifies that when an entity obtains control of a business which represents a joint operation, it must re-measure the interest it previously held in that business. This process does not apply in the event of joint control.
- IAS 12 - *Income Taxes:* the amendment clarifies that all tax consequences related to dividends (including payments on financial instruments classified as equity) should be accounted for in a manner consistent with the transaction that generated such profits (income statement, OCI or equity).
- IAS 23 - *Borrowing Costs*: the amendment clarifies that borrowings still outstanding after the qualifying asset in question is ready for use or for sale, become part of all borrowings used to calculate the borrowing costs.

The amendments apply from 1 January 2019, but early application is permitted.
The adoption of these changes is not expected to have a significant impact on the Company's 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 solve 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 a loss of 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 changes introduced state that in the event of a sale/transfer of an asset or a subsidiary to a joint venture or an associate, measurement of the gain or loss to be recognised in the balance sheet of the assignor/transferor depends on the fact that the sold/transferred assets or subsidiary constitute or not a business, within the meaning of IFRS 3. In the event that the sold/transferred assets or subsidiary constitute a business, the entity must recognise the gain or loss on the entire shareholding previously held; while, in the opposite case, the portion of gain or loss related to the shareholding still held by the entity should be eliminated.
At the moment, the IASB has suspended application of this amendment.
The adoption of these changes is not expected to have any significant impact on the Company's consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT

Objectives and financial risk management policy

The main financial instruments used by the Company, other than derivative instruments, include at sight and short-term bank deposits in addition to bank loans. The Company's policy with respect to these instruments involves the short-term investment of liquid assets and the financing of operating activities.

As a result of this approach, the Company does not trade in financial instruments.

The Company also has financial assets and liabilities, such as trade payables and receivables, deriving from operations.

In the ordinary course of its operations, SAES Getters S.p.A., is exposed to the following financial risks:

- interest rate risk: deriving from changes in interest rates, related to the financial assets produced and to the financial liabilities assumed;
- exchange rate risk: deriving from the volatility of exchange rates, to which the Company is exposed in relation to foreign currency transactions. This exposure is generated mainly by sales in currencies other than the functional currency and dividends from foreign subsidiaries;
- credit risk: consisting of the risk of non-fulfillment of commercial and financial obligations assumed by the counterparty;
- liquidity risk: related to the requirement to meet short term financial commitments.

These risks are addressed by:

- the definition, at a centralized level, of guidelines on which operational management is to be based;
- the identification of financial instruments, including derivatives, that are more suitable to meet the pre-established objectives;
- monitoring of the results achieved
- the exclusion of all transactions in speculative financial derivative instruments.

The management policies and sensitivity analysis for these financial risks are described below

Interest rate risk

The Company's financial debt, both short-term and long-term, is mainly settled at variable interest rates and is therefore subject to the risk arising from fluctuation in interest rates.
With respect to long-term loans, exposure to interest rate variability is managed by means of Interest Rate Swap or Interest Rate Option contracts, with the objective of ensuring that financial charges can be sustained by the financial structure of the Company.
On the other hand, working capital is financed managed by means of short-term financing transactions and therefore, no interest rate hedging has been carried out.

With respect to financial assets, the following table provides details of the sensitivity of the Company's pre-tax profit in the event of a change in interst rates, with all other variables remaining unchanged:

		(%)	(thousands of Euro)	(thousands of Euro)
		Increase / Decrease	**Effect on result before taxes**	**Effect on net result and net equity**
2017	**Euro**	+/- 1	+/- 33	+/- 33
	Other currencies	+/- 1	+/- 1	+/- 1
2016	**Euro**	+/- 1	+/- 41	+/- 41
	Other currencies	+/- 1	+/- 1	+/- 1

With regard to financial liabilities, the following table provides details of the sensitivity of the Company's pre-tax profit in the event of a change in interest rates, with all other variables remain the same:

		(%)	(thousands of Euro)	(thousands of Euro)
		Increase / Decrease	**Effect on result before taxes**	**Effect on net result and net equity**
2017	**Euro**	+/- 1	-/+ 464	-/+ 463
2016	**Euro**	+/- 1	-/+ 344	-/+ 344

With regard to Interest Rate Swaps, the table below provides details of the sensitivity of profit before tax, when a shift of one percentage point in the spot rate curve occurs and all the other variables remain unchanged (and consequently when the curve of the forward rates linked to them changes):

			(Euro)	(Euro)	(Euro)	(Euro)
Description	**Notional amount (thousands of Euro)**	**Fair Value (euro)**	**Estimated FV +1%**	**Difference in FV +1%**	**Estimated FV -1%**	**Difference in FV -1%**
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	3,600	(19,554)	12,294	31,848	(52,009)	(32,455)
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	5,000	(9,326)	123,941	133,267	(146,609)	(137,283)
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Unicredit S.p.A. loan	5,250	(8,376)	22,649	31,025	(35,445)	(27,069)
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Unicredit S.p.A. loan	10,000	(11,750)	(98,390)	(86,640)	0	11,750
Saes Getters S.p.A. - Interest Rate Floor on Banco BPM loan (derivative embedded)	5,000	(11,281)	179,284	190,565	(183,386)	(172,105)
		Total effect on result before taxes		**300,065**		**(357,162)**
		Total effect on net result and net equity		**299,075**		**(355,983)**

Since the Company has booked its derivative instruments during the period by recognizing the gains or losses deriving from their valuation at fair value directly in the income statement, the effects of the fair value variation described above would also have an impact on the income statement for the period.

Currency risk

The Company is exposed to foreign exchange risk on foreign currency transactions. This exposure is caused mainly by sales in currencies other than the functional currency. Approximately 43% of sales and approximately 11% of the Company's operating costs are denominated in a currency other than Euro.

In order to manage the volatility of exchange rates, mainly of the US dollar and the Japanese yen, the Company enters into hedging contracts on these currencies at values defined periodically by the Board of Directors and determined with reference to the net currency flows expected from sales. The maturities of hedging derivatives tend to align with the terms of collection of the transactions to be hedged.

The Company also occasionally hedges specific transactions in currencies other than the functional currency

In order to address the risks of fluctuations in exchange rates on trade receivables in foreign currencies during 2017, in May 2017 the Company entered into forward contracts on the US dollar and on the Japanese yen.
With respect to the US dollar, forward contracts (with a notional value of $ 3.8 million) included an average forward exchange rate of 1.1252 against the Euro.

In relation to the Japanese yen, forward contracts (for a notional value of 203 million Japanese yen) involved an average forward exchange rate of 125.42 against the Euro.
All these contracts have expired as of 31 December 2017.

Hedging contracts related to exchange rate risk are signed by the Company with reference to the financial flows, including transactions of subsidiaries, to which the economic effects of the contracts are re-allocated on an accruals basis.

The table below shows the sensitivity of pre-tax profit and of the net result of the Company to possible changes in the exchange rate of the US dollar and the Japanese yen due to the consequent change in the fair value of current assets and liabilities of a commercial nature in place at the end of each financial year, with all other variables constant:

	(%)	(thousands of Euro)	(thousands of Euro)
US dollar	**Increase / Decrease**	**Effect on result before taxes**	**Effect on net result and net equity**
2017	+ 5%	(168)	(167)
	- 5%	185	185
2016	+ 5%	(196)	(196)
	- 5%	216	216

	(%)	(thousands of Euro)	(thousands of Euro)
Japanese YEN	**Increase / Decrease**	**Effect on result before taxes**	**Effect on net result and net equity**
2017	+ 5%	(38)	(38)
	- 5%	42	42
2016	+ 5%	(45)	(45)
	- 5%	49	49

Raw material price variation risk

The Company's exposure to commodity price risk is generally limited. The procurement procedure requires that more than one supplier is sourced for each material considered critical and, in order to reduce the exposure to the risk of price changes, specific supply contracts are stipulated, where possible, in order to regulate price volatility of raw materials. The Company monitors the performance of the main raw materials which are subject to greater price volatility and does not exclude the option of hedging transactions in derivative instruments, with the purpose of attenuate this volatility.

Credit risk

Credit risk consists of the Company's exposure to potential losses arising from the non-fulfillment of the obligations assumed by commercial and financial counterparties. The Company deals mainly with known and reliable customers. The Sales Department assesses the solvency of new customers and periodically verifies the conditions for granting credit limits.
Trade receivables are constantly monitored to minimize the risk of potential losses, especially in view of the difficult macroeconomic situation.
The credit risk related to other financial assets that include cash and cash equivalents is not significant, due to the nature of the counterparties. The Company places such assets exclusively in bank deposits held with leading credit institutions.

Liquidity risk

This risk may arise if the Company is unable to obtain the financial resources necessary to perform its activities.

In order to minimize this risk, the Company:

- constantly monitors its financial requirements in order to obtain the credit lines to meet them;
- optimizes liquidity management through the use of a centralized cash pooling management system;
- manages the correct balance between short-term and medium-long term debt according to the prospective generation of operating cash flows.

The following table summarizes the maturity profile of the Company's financial liabilities as of December 31, 2017 based on non-discounted contractual payments

(thousands of Euro)

	December 31, 2017	December 31, 2016	Difference
Less than 1 year	8,087	5,483	2,604
1-2 years	8,070	7,992	78
2-3 years	6,698	8,045	(1,347)
3-4 years	5,120	5,699	(579)
4-5 years	2,497	3,123	(626)
Over 5 years	0	1,997	(1,997)
Total	**30,472**	**32,339**	**(1,867)**

4. NET REVENUES

Net revenues for 2017 amounted to 52,687 thousand Euro, up (18.4%) compared with the previous year. The following table shows the breakdown of revenues by Business Unit:

(thousands of Euro)

Business Unit	2017	2016	Total Difference	Total Difference %
Security & Defense	4,995	9,074	(4,079)	-44.9%
Electronic Devices	16,873	5,587	11,286	202.0%
Healthcare Diagnostics	2,272	1,921	351	18.3%
Thermal Insulation	3,816	5,136	(1,320)	-25.7%
Getters & Dispensers for Lamps	5,393	7,300	(1,907)	-26.1%
Systems for UH Vacuum	7,587	7,911	(324)	-4.1%
Sintered Components for Electronic Devices & Lasers	0	0	0	n.a.
Systems for Gas Purification & Handling	3,286	1,793	1,493	83.3%
Subtotale Industrial Applications	**44,222**	**38,722**	**5,500**	**14.2%**
Nitinol for Medical Devices	2	1	1	76.4%
SMAs for Thermal & Electro Mechanical Devices	6,934	4,644	2,290	49.3%
Subtotale Shape Memory Alloys	**6,936**	**4,645**	**2,291**	**49.3%**
Solutions for Advanced Packaging	**0**	**0**	**0**	**n.a.**
Business Development	**1,529**	**1,142**	**387**	**33.9%**
Total Net Sales	**52,687**	**44,509**	**8,178**	**18.4%**

For comments on the trend in turnover, see at the Report on Operations.

5. COST OF SALES

The cost of sales in the 2017 financial year amounted to 29,371 thousand Euro, an increase of 5,929 thousand Euro (25.3%) compared with 2016. The higher proportion of total turnover – up by 18.4% (see Note no. 4) - is due to a less favourable sales mix in the Industrial Applications Business Unit.

A breakdown of the cost of sales by Business Unit and by destination is provided below, compared with previous year's figures:

(thousands of Euro)

Business Unit	2017	2016	Total Difference	Total Difference %
Industrial Applications	22,324	18,469	3,855	20.9%
Shape Memory Alloys	5,726	3,964	1,762	44.5%
Solutions for Advanced Packaging	0	0	0	n.a.
Business Development & Corporate Costs	1,321	1,009	312	30.9%
Total cost of sales	**29,371**	**23,442**	**5,929**	**25.3%**

(thousands of Euro)

	2017	2016	Total Difference	Total Difference %
Raw materials	10,981	6,588	4,393	66.7%
Direct labour	6,762	5,718	1,044	18.3%
Manufacturing overhead	13,243	11,614	1,629	14.0%
Increase (decrease) in work in progress and finished goods	(1,615)	(478)	(1,137)	238.0%
Total cost of sales	**29,371**	**23,442**	**5,929**	**25.3%**

6. OPERATING EXPENSES

Operating expenses in the 2017 financial year amounted to 36,330 thousand Euro, up by 18.4% compared with the previous year.

Total operating expenses are classified by destination as follows:

(thousands of Euro)

	2017	2016	Total Difference	Total Difference %
Research & development expenses	9,218	8,047	1,171	14.5%
Selling expenses	6,200	5,583	617	11.0%
General & administrative expenses	20,912	17,057	3,855	22.6%
Total operating expenses	**36,330**	**30,687**	**5,643**	**18.4%**

Research and development expenses amounted to 9,218 thousand Euro, up by 14.5%, compared with 8,047 thousand Euro in 2016. The 2017 figure was negatively impacted (by a total of 937 thousand Euro) by the write-off of fixed assets, mainly at the company's Taiwan branch which were used for research projects conducted in cooperation with the subsidiary ETC S.r.l., now in liquidation. The remainder of the increase is mainly due to the higher cost of personnel, due to increased staff requirements at certain laboratories.

Selling costs and, to a greater extent, **general and administrative expenses** also recorded increases, in particular personnel costs due to new recruitment, as a result of salary increases awarded on merit and to keep up with inflation, and the cost of administrative bodies. For these items, higher provisions (including the adjustment of accruals for past years in the case of multi-year incentive plans) are particularly significant for the variable components of remuneration and fees, and are estimated to increase in line with the trend in financial results.

With particular reference to general and administrative expenses, the year also saw a significant increase in costs for third-party professional services, made necessary by the importance and complexity of the corporate projects undertaken during the year.

The following table sets out the total costs by item included in the cost of sales and operating expenses, compared with those of the previous year:

(thousands of Euro)

Cost item	2017	2016	Difference
Raw materials	10,981	6,589	4,392
Personnel cost	30,477	25,996	4,481
Depreciation	3,887	3,737	150
Amortization	192	413	(221)
Write-down of non current assets	941	56	885
Corporate bodies	6,202	4,429	1,773
Consultant fees and legal expenses	3,946	3,759	187
Audit fees (*)	304	151	153
Maintenance and repairs	1,927	1,773	154
Various materials	2,122	1,810	312
Licenses and patents (**)	996	937	59
Utilities	1,669	1,658	11
Travel expenses	675	808	(133)
Training	168	102	66
General services (canteen, cleaning, vigilance, etc.)	993	868	125
Commissions	100	192	(92)
Insurances	750	661	89
Telephones and faxes	104	104	(0)
Transportation fees	352	355	(3)
Promotion and advertising	118	138	(20)
Other recovery	(948)	(1,380)	432
Other	1,360	1,452	(92)
Total costs by nature	**67,316**	**54,608**	**12,708**
Increase (decrease) in work in progress and finished goods	(1,615)	(478)	(1,137)
Total cost of sales and operating expenses	**65,701**	**54,130**	**11,571**

(*) Net of 168 thousands of Euro recharged to Group companies (143 thousands of Euro in 2016)

(**) Net of 186 thousands of Euro recharged to Group companies (208 thousands of Euro in 2016)

Expenses, net of changes in inventories, showed an overall increase of 11,571 thousand Euro compared with the previous year.

In addition to the aforementioned Taiwan branch fixed asset write-off (which is the main reason for the increase in total write-offs), the main changes which occurred are related to the following:

- the "Raw materials and resale materials" item, which significantly grew in line with the increase in the Company's volume of operations: increases of similar intensity were recorded, albeit lower in absolute terms, for other items directly or indirectly related to operating activities, including "External maintenance costs", "Production auxiliary materials and various materials" and "General services (canteen, cleaning, supervision);

- the "Personnel costs" item increased both due to the increase staff numbers at production and research laboratories cost centres, and to the recruitment in some commercial departments, greater provision for variable compensation to employees, and finally to the impact of salary increases (including those agreed in the National Collective Labour Agreement). Also notable was the lower use of the temporary redundancy arrangements at the Avezzano plant (suspended as of June 2017; the saving in personnel costs for the year was 371 thousand Euro, compared to 1,604 thousand Euro in 2016);

- the “Corporate bodies" item, which includes fees due to executive and non-executive Directors and to members of the Board of Statutory Auditors. Details of the fees paid in the 2017 financial year 2017 and a comparison with the previous year are available in the Report on Remuneration. For these items, the increase compared to 2016 is mainly due to higher provisions (including the accrual adjustments for past years in the case of multi-year incentive plans) for variable components of remuneration and fees, which are expected to increase according to Company and Group results;

- items related to third party professional services (including "Technical, legal, tax and administrative consultancy"), increased, as already mentioned, due to the need to oversee numerous highly complex corporate projects related to the corporate structure or potential organizational changes, which required increasing recourse to external advisors.

7. OTHER NET INCOME (EXPENSES)

"Other net income (expenses)" in the 2017 financial year, compared to 2016, is as follows:

(thousands of Euro)

	Fiscal Year 2017	Fiscal Year 2016	Total Difference
Gain from assets sale - third parties	40	2	38
Gain from assets sale - intercompany	0	0	0
Intercompany royalties	1,348	1,120	228
Intercompany service fees	3,451	3,628	(177)
Other Income	158	198	(40)
Total Other Income	**4,997**	**4,948**	**49**
Loss from assets sale - third parties	0	(13)	13
Loss from assets sale - intercompany	0	0	0
Other intercompany expenses	(137)	(2)	(135)
Other expenses	(370)	(0)	(370)
Total Other Expenses	**(507)**	**(15)**	**(492)**
Total Net Other Income (Expenses)	**4,490**	**4,933**	**(443)**

Within "Other income", the main components consist of the charge-back of costs to subsidiaries, both in connection with the use of the Company’s trademarks and patents, and with service agreements concluded between the Company and its subsidiaries and affiliates, which recorded a total net increase of 49 thousand Euro.

"Other Expenses" includes "Other expenses due to related parties", which include the fee for research and development activities carried out at the Company's laboratories by employees of the subsidiary E.T.C. S.r.l. in liquidation.
The "Various expenses" item consists mainly of taxes on real estate owned and other taxes, other than income tax, totalling 256 thousand Euro. The residual part refers to total prior year adjustments concerning certain specific provisions in the previous year. A comparison with the previous year must take into account that this item included some non-recurring items in 2016, in particular the release of a provision to the legal risks reserve (689 thousand Euro, recognized in 2015 in relation to a dispute subsequently resolved with a settlement by the subsidiary SAES Getters USA, Inc.) and the purchase (for 242 thousand Euro) from Polyera Corporation of a license to 50% of the OLET technology that the Group has developed jointly with the that Corporation.

8. DIVIDENDS AND NET FINANCIAL INCOME (EXPENSES)

The table below gives a breakdown of Dividends:

(thousands of Euro)

	Fiscal Year 2017	Fiscal Year 2016	Total Difference
Dividends from controlled companies:			
- SAES Getters USA, Inc.	2,285	10,335	(8,050)
- SAES Getters International Luxembourg S.A.	2,520	540	1,980
- SAES Getters Export Corp	11,559	10,432	1,127
- SAES Getters Korea Corporation	0	200	(200)
- Memry GmbH in liquidation *	6,238	1,000	5,238
Dividends from Group companies	**22,602**	**22,507**	**95**

* of which 4.300 thousands euro as early dividend

The following table gives a breakdown of the item "Net financial income (expenses)":

(thousands of Euro)

Financial income	**Fiscal Year 2017**	**Fiscal Year 2016**	**Total Difference**
Bank interest income	0	0	0
Other financial income	332	363	(31)
Realized gains on derivative financial instrumen	0	0	0
Gains from derivative financial instruments evaluation at fair value	0	0	0
Total financial income	**332**	**363**	**(31)**
Financial expenses	**Fiscal Year 2017**	**Fiscal Year 2016**	**Variazione totale**
Bank interest expense and other bank charges	(982)	(828)	(154)
Other financial expenses	(17)	(130)	113
Realized losses on derivative financial instrume	(61)	(17)	(44)
Losses from derivative financial instruments evaluation at fair value	(10)	(29)	19
Total financial expenses	**(1,070)**	**(1,004)**	**(66)**
Total Net Financial Income (Expenses)	**(738)**	**(641)**	**(97)**

Total financial income, which includes interest received for loans granted to Group companies, fell slightly compared with the previous year.

Total financial expenses increased compared with the previous year, mainly due to costs (the payment of an EIB indemnity fee of 10 thousand Euro and the payment of a premium to SACE of around 76 thousand Euro) which were incurred as a result of early repayment of both tranches (one of which is guaranteed by SACE) of the loan for advanced research and development projects, concluded with the EIB (European Investment Bank) in June 2015.

The remaining increase in "Bank interest expense and other bank charges" arises from the higher cost of interest on medium / long-term loans received during the year and in the previous year.
However, the latter component is offset by lower interest expenses (included in the "Other financial expenses" item) on inter-company cash pooling accounts held with affiliates.

Finally, also the economic component, totalling 71 thousand Euro in 2017, there was a slight deterioration in the fair value of hedging contracts on interest rate fluctuations concluded by the Company - Interest Rate Swaps (IRS) and Interest Rate Options (IRO).

9. FOREIGN EXCHANGE GAINS (LOSSES)

The table shows the composition of this item:

(thousands of Euro)

	Fiscal Year 2017	Fiscal Year 2016	Total Difference
Realized exchange gains	349	528	(179)
Realized exchange gains on forward contracts	191	36	155
Non realized exchange gains	23	60	(37)
Realized exchange losses	(714)	(421)	(293)
Realized exchange losses on forward contracts	(1)	(325)	324
Non realized exchange losses	(60)	(48)	(12)
Gains (losses) from forward contracts evaluation at fair value	0	0	0
Total Net foreign exchange gains (losses)	**(212)**	**(170)**	**(42)**

The 2017 financial year recorded net losses due to unrealized exchange rate differences of -37 thousand Euro.

10. WRITE-DOWN OF INVESTMENTS AND FINANCIAL RECEIVABLES IN THE COMPANY SUBSIDIARIES

The item includes movements related to the subsidiaries E.T.C. Srl in liquidation, Memry GmbH in liquidation and SAES Nitinol S.r.l., for a total amount of 5,357 thousand Euro.

The following table details the write-downs of investments for 2017 financial year, compared with the previous year:

(thousands of Euro)

	Fiscal Year 2017				Fiscal Year 2016			
	Investment Write-down	Accrual at Loss Coverage Reserve	Loss Coverage Reserve Utilization	Total	Investment Write-down	Accrual at Loss Coverage Reserve	Loss Coverage Reserve Utilization	Total
E.T.C. S.r.l. in liquidation	641	1,450	(1,450)	**641**	1,829	635	0	**2,464**
Memry GmbH in liquidation	4,055			**4,055**				**0**
Total	**4,696**	**1,450**	**(1,450)**	**4,696**	**1,829**	**635**	**0**	**2,464**

For SAES Nitinol S.r.l., as described in the "Subsequent events" paragraph of the Report on Operations, the account includes the impact on the Income Statement of the waiver of a financial receivable of 660 thousand Euro due from the subsidiary.

The table below shows the breakdown of financial receivables written down in 2017, compared with the previous year:

(thousands of Euro)

	Fiscal Year 2017	Fiscal Year 2016
	Financial Receivables Write-down	Financial Receivables Write-down
SAES Nitinol S.r.l.	660	8,380
Total	**660**	**8,380**

See Note no. 14 for further details.

11. INCOME TAXES

As the consolidating company, the Company has participated, with the now-incorporated company SAES Advanced Technologies S.p.A., with the subsidiaries E.T.C. S.r.l., now in liquidation, and SAES Nitinol S.r.l. and, with effect from 1 January 2017, Metalvuoto S.p.A., in the national tax consolidation scheme pursuant to Article 117 et seq. of the Italian Consolidated Income Tax Act (TUIR), with effect from 1 January 2015, and for the three-year period 2015-2017. Under the scheme, the Company consolidates its taxable result with those of its subsidiaries.

The detail of the Income taxes item is shown in the table below:

(thousands of Euro)

	Fiscal Year 2017	Fiscal Year 2016	Difference
Current taxes			
- Italian Income Tax (Ires / Irap)	(111)	855	(966)
- Witholding Tax on Dividends	(658)	(1,005)	347
Total current taxes	**(769)**	**(150)**	**(619)**
Deferred taxes	(9,982)	150	(10,132)
Total Deferred taxes	**(9,982)**	**150**	**(10,132)**
Total Taxes	**(10,751)**	**0**	**(10,751)**

Negative figures: costs

Positive figures: proceeds

Current taxes for the 2017 financial year show a negative balance (cost) of 769 thousand Euro, which is mainly composed of:

- a cost of 34 thousand Euro relating to income taxes due to the Japanese Tax Authorities by the Japan Technical Service branch, partly recoverable as a tax credit paid abroad in the tax return of the national tax consolidation ("CNM"), of which the Company is the consolidator;
- a cost of 57 thousand Euro, relating to a corporation tax liability (separate taxation) for income earned in the 2017 tax period by the subsidiary SAES Getters International Luxembourg SA, according to the provisions on subsidiaries (the so-called "CFC Legislation" established by Article 167, paragraph 5-bis et seq. of the TUIR);
- a cost of 658 thousand Euro, relating to the portion non-recoverable as a tax credit (95%) of withholding taxes applied abroad on dividends received;
- a cost of 4 thousand Euro, relating to withholding taxes applied by foreign subsidiaries on "management fee" payments, which is not recoverable as tax credit.

The deferred tax liabilities item shows a negative balance (cost) of 9,982 thousand Euro, consisting of a 10,770 thousand Euro write-down of deferred tax assets related to the carry forward of tax losses (see Note no. 15 for further details) and the remainder consisting of recognition of deferred tax on temporary differences between pre-tax profit and taxable income for the year.
Note that the Company has prudently decided, in common with the other Italian subsidiaries adhering to the national tax consolidation, to suspend recognition of deferred tax assets on tax losses incurred in the financial year 2017, in line with previous years.

The following table shows the incidence of taxes on taxable income, analysing deviation from the theoretical rate:

(thousands of Euro)

	Fiscal Year 2017		**Fiscal Year 2016**	
Income before Tax	7,772		6,165	
Theorical tax rate and tax charges	**(1,865)**	**24.00%**	**(1,695)**	**27.50%**
Difference between theorical and effective current taxes				
Effect of lower tax rate on dividends	4,496		4,874	
Tax effect from other permanent differences	(1,507)		(2,999)	
Unrecognition (recognition) of deferred tax assets on fiscal losses	(1,050)		(996)	
Unrecognition (recognition) of deferred tax assets on temporary differences	(729)		(189)	
Non deductible foreign witholdings	(4)		(6)	
CFC (Controlled Foreign Companies) effect	(57)		0	
Income Statement Current Taxes - Fiscal Year	**(716)**	**9.22%**	**(1,011)**	**16.41%**
Income Statement Deferred Taxes - Fiscal Year	(9,983)		152	
Total Income Tax (Current / Deferred) - Fiscal Year	**(10,699)**	**137.67%**	**(859)**	**13.94%**
Income Statement Current Taxes - Prior years	(53)		862	
Income Statement Deferred Taxes - Prior years	1		(3)	
Total Income Taxes	**(10,751)**	**138.34%**	**0**	**0.00%**

The total tax balance, amounting to a negative figure of 10,751 thousand Euro, was positively influenced (by approximately 96 thousand Euro), in terms of current taxes, by the reduction of the corporation tax rate, which fell from 27.5% to 24% as of 1 January 2017

See above for details of the change in the balance of deferred taxes.

NON-CURRENT ASSETS

12. TANGIBLE FIXED ASSETS

Net tangible fixed assets as at 31 December 2017, net of accumulated depreciation, amounted to 29,532 thousand Euro, a fall of 1,195 thousand Euro compared with 31 December 2016.

The movements are reported in the following table:

(thousands of Euro)

Net Book Value	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2015	**158**	**7,073**	**6,645**	**467**	**14,343**
Merge Effect	430	9,435	5,718	220	15,803
Additions	0	534	2,904	948	4,386
Disposals	0	0	(12)	0	(12)
Reclassifications	0	6	788	(794)	0
Revaluations	0	(944)	(2,793)	0	(3,737)
Write-downs	0	(8)	(11)	(37)	(56)
December 31, 2016	**588**	**16,096**	**13,239**	**804**	**30,727**
Additions	0	232	2,442	961	3,635
Disposals	0	0	0	0	0
Reclassifications	0	30	539	(569)	0
Revaluations	0	(973)	(2,915)	0	(3,888)
Write-downs	0	0	(878)	(64)	(942)
December 31, 2017	**588**	**15,385**	**12,427**	**1,132**	**29,532**
December 31, 2015					
Historical cost	158	16,215	41,962	467	58,802
Accumulated depreciation and write-downs	0	(9,142)	(35,317)	0	(44,459)
Net book value	**158**	**7,073**	**6,645**	**467**	**14,343**
December 31, 2016					
Historical cost	588	32,229	91,464	841	125,122
Accumulated depreciation and write-downs	0	(16,133)	(78,225)	(37)	(94,395)
Net book value	**588**	**16,096**	**13,239**	**804**	**30,727**
December 31, 2017					
Historical cost	588	32,491	93,567	1,169	127,815
Accumulated depreciation and write-downs	0	(17,106)	(81,140)	(37)	(98,283)
Net book value	**588**	**15,385**	**12,427**	**1,132**	**29,532**

Note that, as of 31 December 2017, land and buildings are free of mortgages and other guarantees.

In 2017, increases in property, plant and equipment amounted to 3,635 thousand Euro, down compared with 4,386 thousand Euro in 2016. Expenses incurred relate to the completion of a new production line in the Electronic Devices division at the Avezzano plant, as well as the purchase of machinery for the upgrading of industrial SMA production lines and laboratory instruments for research and development activities at the Lainate site.

Financial expenses on tangible fixed assets have not been capitalized.

Write-offs amounting to approximately 942 thousand Euro were carried out, almost entirely in relation to assets located at the Taiwanese branch of the Company which were previously used for research projects in the OLET area. The projects ceased as a result of the decision to wind up E.T.C. S.r.l .

Statement of goods still included among the assets pursuant to Law no. 72/1983, article 10 and subsequent revaluation legislation (Law 413/1991 and Law 342/2000)

With reference to assets previously affected by the application of specific monetary revaluation laws, the Company has decided to opt for the exemption granted by IFRS 1: "First application of the International Accounting Standards", regarding the possibility of a selective adoption of fair value at the date of transition to the International Accounting Standards. Therefore, these assets are measured on the basis of their revalued cost (deemed cost), consisting of the amount adjusted at the time the revaluations were effected.
The net book value of the revaluations, net of the depreciated portion, amounted to 460 thousand Euro and 146 thousand Euro on the transition date, 1 January 2004, for assets included respectively in the "Land and buildings" and "Plant and machinery" categories.

(thousands of Euro)

Revaluation Laws	**Land and Buildings**		**Plant & Machinery**		**Industrial and Commercial Equipment**		**Other Assets**		
	Historical Cost	Net Book Value Dec 31, 2017	Historical Cost	Net Book Value Dec 31, 2017	Historical Cost	Net Book Value Dec 31, 2017	Historical Cost	Net Book Value Dec 31, 2017	**Net Total Value**
Law n. 576, Dec 2, 1975	0	0	178	0	0	0	0	0	**0**
Law n. 72, Mar 19, 1983	207	0	611	0	0	0	19	0	**0**
Law n. 413, Dec 30, 1991	540	221	0	0	0	0	0	0	**221**
Law n. 342, Nov 22, 2000	0	0	850	0	0	0	0	0	**0**

13. INTANGIBLE FIXED ASSETS

Intangible fixed assets, net of depreciation and amortization, amounted to 395 thousand Euro as at 31 December 2017, an increase of 51 thousand Euro compared with 31 December 2016.

The movements that occurred are reported in the table below:

(thousands of Euro)

Net Book Value	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, 2015	**0**	**40**	**515**	**0**	**0**	**555**
Merge Effect	0	0	0	0	0	0
Additions	0	5	108	0	89	202
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluations	0	(18)	(396)	0	0	(413)
Write-downs	0	0	0	0	0	0
December 31, 2016	**0**	**28**	**228**	**0**	**89**	**344**
Additions	0	56	167	20	0	243
Disposals	0	0	0	0	0	0
Reclassifications	0	0	47	42	(89)	0
Revaluations	0	(22)	(160)	(10)	0	(192)
Write-downs	0	0	0	0		0
December 31, 2017	**0**	**62**	**281**	**52**	**0**	**395**
December 31, 2015						
Historical cost	183	2,014	5,220	0	0	7,417
Accumulated depreciation and write-downs	(183)	(1,974)	(4,705)	0	0	(6,862)
Net book value	**0**	**40**	**515**	**0**	**0**	**555**
December 31, 2016						
Historical cost	183	2,019	5,328	0	89	7,619
Accumulated depreciation and write-downs	(183)	(1,992)	(5,100)	0	0	(7,275)
Net book value	**0**	**28**	**228**	**0**	**89**	**344**
December 31, 2017						
Historical cost	183	2,075	5,541	62	0	7,861
Accumulated depreciation and write-downs	(183)	(2,013)	(5,260)	(10)	0	(7,466)
Net book value	**0**	**62**	**281**	**52**	**0**	**395**

During the 2017 financial year, increases in intangible fixed assets amounted to 242 thousand Euro (20 thousand Euro in 2016), and are mainly due to the purchase of software licenses.
Financial expenses on intangible fixed assets have not been capitalized. No write-off was performed during the 2017 financial year.

All intangible fixed assets have a finite useful life and are systematically amortized.

14. INVESTMENTS IN SUBSIDIARIES AND OTHER FINANCIAL ASSETS

At the end of the financial year, long-term shareholdings amounted to 61,791 thousand Euro.
The value of these investments, measured at cost, adjusted if necessary in the event of impairment and recorded in the financial statements as at 31 December 2017 is shown in the following table:

(thousands of Euro)

Investments in Subsidiaries	Balance at December 31, 2016	Additions	Reclassifications - Discontinued operations	Write-down	Disposals	Balance at December 31, 2017
Direct controlled companies						
SAES Getters USA, Inc.	6,742	0	0	0	0	6,742
SAES Getters International Luxembourg S.A.	38,679	0	0	0	0	38,679
SAES Getters (Nanjing) Co., Ltd.	6,904	0	0	0	0	6,904
SAES Getters Export Corp.	2	0	0	0	0	2
Memry GmbH in liquidation	3,100	1,395	0	(4,055)	0	440
Metalvuoto S.p.A.	5,128	518	0	0	0	5,646
E.T.C. S.r.l. in liquidation	0	1,530	0	(641)	0	889
SAES Nitinol S.r.l.	551	140	0	0	0	691
Indirect controlled companies						
SAES Getters Korea Corporation	184	0	0	0	0	184
Total controlled companies	**61,290**	**3,583**	**0**	**(4,696)**	**0**	**60,177**
Joint ventures						
SAES Rial Vacuum Srl	1,614	0	0	0	0	1,614
Total joint ventures	**1,614**	**0**	0	0	0	**1,614**
Total related companies	**0**	**0**	**0**	**0**	**0**	**0**
Total	**62,904**	**3,583**	**0**	**(4,696)**	**0**	**61,791**

As mentioned in the information on operations (in the paragraph entitled "Significant events in 2017"), the transfer of the luxury goods business unit of the subsidiary Memry GmbH, now in liquidation, at the company's Avezzano plant, was completed in the second half of 2017, at constant values. As a result of this transfer, the value of the investment in Memry GmbH was increased by 1,395 thousand Euro, equal to the difference between the transfer price of the transferred assets, defined on the basis of an independent assessment, and their net book value, as provided by the revised OPI 1accounting standards.
Note that Memry GmbH has transferred further business units to the subsidiaries SAES Smart Materials, Inc., and Memry Corporation, generating a total net capital gain of 6.3 million euro, and has consequently distributed an interim dividend of 4.3 million euro. At the end of the transfer process, the subsidiary was placed in liquidation.
Finally, a comparison between the value of the investment and the shareholders' equity of the subsidiary estimated at the end of the liquidation process gave rise to a write-down of the investment of 4,055 thousand Euro.

With reference to Metalvuoto S.p.A .:

- on 10 March 2017, the Board of Directors of Metalvuoto S.p.A. resolved to propose to the shareholders SAES Getters S.p.A. and Mirante S.r.l. a payment of 302 thousand Euro to Metalvuoto SpA to make good the 2016 loss and reconstitute the depleted capital stock by 100 thousand Euro. The Company paid in 211 thousand Euro, in proportion to its shareholding;
- in March 2017, the Company agreed with Mirante S.r.l. on a purchase price adjustment for its shareholding (70%) in the share capital of Metalvuoto S.p.A. totalling 62 thousand Euro;
- following the loss recorded by Metalvuoto S.p.A. as at 30 June 2017 (-91 thousand Euro), the share capital of the company was reduced by more than a third, below to the minimum level of capital established by law. As provided in article 2447 of the Italian Civil Code, on 7 August 2017 the Shareholders’ Meeting of Metalvuoto S.p.A. approved a capital injection of a total of 100 thousand Euro in favour of Metalvuoto S.p.A. to meet the minimum legal equity requirement and to establish a capital reserve (amounting to 59 thousand Euro) to be used to cover any future losses. The Company paid in 70 thousand Euro, in proportion to its equity stake;
- on 20 December 2017, a Shareholders' Meeting of the subsidiary Metalvuoto S.p.A. was convened according to articles 2446 and 2447 of the Civil Code, following a reduction of the share capital by more than one third, below the legal limit established by article 2327 of the same Civil Code, due to the loss recorded in the third quarter of 2017. The Shareholders' Meeting approved a capital injection

of -250 thousand Euro to cover the losses as at 30 September 2017 and the estimated losses for the entire current year, together with as the re-establishment of the minimum share capital of 50 thousand Euro. The Company paid in 175 thousand Euro, in proportion to its share capital.

As for E.T.C. S.r.l, now in liquidation, the value of the investment increased in March 2017 following the payment of 1.53 million euro in capital by the company, of which 75 thousand Euro consisted of reconstitution of the share capital, and the remaining portion to cover estimated future losses. Due to an actual loss for the year of just 682 thousand Euro, lower than the estimated loss at the time of payment, the surplus will be used to cover future requirements. A comparison between the value of the investment and the shareholders' equity of the subsidiary estimated at the end of the liquidation process subsequently resulted in a write-down of the investment amounting to 641 thousand Euro.

Finally, on 30 March 2017, the Company approved a payment of 140 thousand Euro to SAES Nitinol S.r.l. to cover its 2016 loss and replenish its fully depleted share capital.

The information in the table below is provided pursuant to Article 2427, paragraph 5, of the Italian Civil Code:

Name	Location	Currency	Share Capital	Shareholders' Equity		Fiscal Year Net Income		% Shares	Historical Cost	Difference
				Total	Pro-quota (A)	Total	Pro-quota		(B)	(B) - (A)
SAES Getters USA, Inc.	Colorado Springs , CO	U.S.$.	9,250,000	29,167,305	29,167,305	10,168,453	10,168,453			
	(USA)	thousands of Euro	7,713	24,320	24,320	9,004	9,004	100	6,742	(17,578)
SAES Getters International	Luxembourg	Euro	34,792,000							
Luxembourg S.A.		thousands of Euro	34,792	41,613	37,452	4,668	4,201	90	38,679	1,228
SAES Getters Korea Corporation	Seul	thousands of won	524,895	1,512,022	566,706	(337,008)	(126,311)			
	(South Korea)	thousands of Euro	410	1,182	443	(264)	(99)	37	184	(259)
SAES Getters Nanjing Co. Ltd	Nanchino	Renmimbi	69,121,618	73,649,616	73,649,616	15,162,366	15,162,366			
	(China)	thousands of Euro	8,857	9,437	9,437	1,988	1,988	100	6,904	(2,533)
SAES Getters Export Corp.	Delaware, DE	U.S.$.	2,500	16,542,876	16,542,876	17,338,649	17,338,649			
	(USA)	thousands of Euro	2	13,794	13,794	15,353	15,353	100	2	(13,792)
Memry GmbH in liquidation	Weil am Rhein	Euro	330,000							
	(Germany)	thousands of Euro	330	440	440	4,536	4,536	100	440	(0)
E.T.C. S.r.l. in liquidation	Lainate (MI)	Euro	75,000							
	(Italy)	thousands of Euro	75	889	889	(682)	(682)	100	889	0
SAES Nitinol S.r.l.	Lainate (MI)	Euro	10,000							
	(Italy)	thousands of Euro	10	(650)	(650)	(800)	(800)	100	691	1,342
Metalvuoto S.p.A.	Roncello (MB)	Euro	50,000							
	(Italy)	thousands of Euro	50	65	45	(385)	(270)	70	5,646	5,600
SAES Rial Vacuum S.r.l.	Parma (PR)	Euro	200,000							
	(Italy)	thousands of Euro	200	473	232	322	158	49	1,614	1,382
Total				**91,562**	**86,402**	**33,741**	**33,390**		**61,791**	**(24,611)**

(thousands of Euro)

	Fiscal Year 2017																				
	Balance at beginning of year						Changes during fiscal year								Balance at year-end						
Company Name	Historical Cost	Revaluations	Write-downs	Investment re-establishment	Equity Value method adjustments	Balance at December 31, 2016	Acquisitions / Subscriptions / Contributions	Merge	Disposals	Capital Reimbursements	Revaluations	Write-downs	Investment re-establishment	Equity Value method adjustments	Historical Cost	Revaluations	Write-downs	Investment re-establishment	Equity Value method adjustments	Balance at December 31, 2017
Controlled companies																					
SAES Getters USA, Inc.	6,690	52	0	0	0	6,742	0	0	0	0	0	0	0	0	6,690	52	0	0	0	6,742
SAES Getters International Luxembourg S.A.	38,679	0	0	0	0	38,679	0	0	0	0	0	0	0	0	38,679	0	0	0	0	38,679
SAES Getters Korea Corporation	184	0	0	0	0	184	0	0	0	0	0	0	0	0	184	0	0	0	0	184
SAES Getters Nanjing Co. Ltd	11,797	0	4,893	0	0	6,904	0	0	0	0	0	0	0	0	11,797	0	4,893	0	0	6,904
SAES Getters Export Corp.	2	0	0	0	0	2	0	0	0	0	0	0	0	0	2	0	0	0	0	2
Memry GmbH in liquidation	3,100	0	0	0	0	3,100	1,395	0	0	0	0	4,055	0	0	4,495	0	4,055	0	0	440
Metalvuoto S.p.A.	5,128	0	0	0	0	5,128	62	0	0	0	0	0	456	0	5,190	0	0	456	0	5,646
E.T.C. S.r.l. in liquidation	5,161	0	5,411	250	0	0	1,455	0	0	0	0	641	75	0	6,616	0	6,052	325	0	889
SAES Nitinol S.r.l.	541	0	0	10	0	551	130	0	0	0	0	0	10	0	671	0	0	20	0	691
Joint ventures																					
SAES RialVacuum Srl	1,614	0	0	0	0	1,614	0	0	0	0	0	0	0	0	1,614	0	0	0	0	1,614
Other companies																					
Conai- Consorzio Nazionale Imballaggi	0.04	0.00	0.00	0	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.04
Total	**72,896**	**52**	**10,304**	**260**	**0**	**62,904**	**3,042**	**0**	**0**	**0**	**0**	**4,696**	**541**	**0**	**75,938**	**52**	**15,000**	**801**	**0**	**61,791**

According to the requirements of the IAS 36 accounting standard, an impairment test was performed on the basis of the most recent three-year plans produced by top management for the period 2018-2020 and approved by the Company's Board of Directors on 14 March 2018. The purpose of the test was to verify wether the investments were recorded in the financial statements at 31 December 2017 at a figure lower than their recoverable value.

At the date of each financial statement, the Company assesses whether there is any indication that an asset may have suffered a lasting impairment in value. If such an indication exists, the Company is required to estimate the recoverable value of the asset.

In assessing where there is any evidence that the investments may have suffered a lasting reduction in value, indications from information sources both internal and external to the Group were taken into account. In particular, indicators of potential impairment were identified in the presence of negative results of the subsidiary and a difference between the book value of the investment and the corresponding share of equity.
With reference to the investment held in SAES Getters Luxembourg SA, which acts as holding company, it should be noted that this difference is due to the higher value justified by the presence of significant latent surpluses among the subsidiary's assets.

According to the "IAS 36 - Impairment of assets" accounting principle, a verification was conducted of the recoverable value of the remaining equity investments that presented a greater book value compared to the relevant portion of net, in particular those held in Metalvuoto Spa, Saes Nitinol SpA and SAES Rial Vacuum S.r.l..

The recoverable amount of the investments was determined by identifying the equity value of the said companies through the cash flows included in their business plans. These cash flows were estimated by management in accordance with the assumptions of the 2018-2020 three-year plans, approved for each business and for the related investments by the Company's Board of Directors on 15 February 2018.

The same hypotheses, which reflect the best estimates that could be made by management regarding company operations, production profiles, the market context and the evolution of the regulatory and legislative context, form the basis of the estimates of cash flows produced by company management and projected over a defined period.

The terminal value is estimated by assuming prudentially a growth rate of zero (g-rate), and a time horizon deemed representative of the estimated duration of the various businesses, indicated as 12 years beyond the time horizon of the plan.

Cash flow projections are mainly based on the following key variables:

- evolution of macroeconomic variables;
- estimate of future sales volumes by business area/family product/customer;
- trend in prices and margins;
- cost of sales (including the cost of materials) per product family;
- production costs, operating expenses and investment plan;
- discount rates estimated by the Management

The expected growth in sales is based on management forecasts, while the margins and operating costs of the businesses have been estimated on the basis of historical data, adjusted on the basis of expected results and on the basis of expected market price dynamics. The value of investments and working capital were determined according to several factors, such as expected future growth levels and the product development plan. These assumptions are influenced by future expectations and market conditions.

The resulting cash flows, which are calculated net of tax, were then discounted at a representative rate of the weighted average cost of capital invested in the company as a whole (the Weighted Average Cost of Capital, or WACC) amounting to 6.5% , also calculated net of the tax component, for the three investments subjected to the test.

According to the impairment test result, it was concluded that the book value of said investments was lower than the recoverable value and therefore no impairment losses were recognized.

In particular:
- with reference to the investment held in SAES Nitinol S.r.l., note that during the period the Company wrote down of some financial receivables due from this subsidiary in order to capitalize it by the sum of €660 thousand (the waiver legally took place in 2018). The estimated cash flows expected from the joint venture Actuator Solutions GmbH confirmed the current value of the subsidiary, excluding the aforementioned write-off;
- with reference to the investments held in Metalvuoto S.p.A. and SAES Rial Vacuum S.r.l., the book value, arising from recent acquisitions, was confirmed on the basis of the business development plans for the two subsidiaries.

Furthermore, the sensitivity analysis carried out by increasing the WACC up to 1 percentage point more than the reference value for the Group, did not give rise to any critical issues regarding the value of the investments recorded in the financial statements as at 31 December 2017

These analyses confirm the sensitivity of recoverability assessments of the investments to a variation in the said variables. In this context, the Directors will systematically monitor the performance of these exogenous and uncontrollable variables in order to make any adjustments to the estimates of the recoverability of the carrying amounts of the investments in the separate financial statement.

The estimate of the recoverable value required discretion and use of estimates by management. The Company cannot therefore guarantee that there will be no losses in value in future years. In fact, several factors linked to the evolution of the market and demand, may require a redetermination of the value of assets in future. The Company will constantly monitor circumstances and events that could result in a further requirement to verify the existence impairment losses.

15. DEFERRED TAX ASSETS

At 31 December 2017, this item showed a credit balance of 2,067 thousand Euro, compared to 12,031 thousand Euro at 31 December 2016, and refers to the net balance of deferred taxes relating to temporary differences between the value attributed to the assets and liabilities according to civil law criteria and the value attributed to them for tax purposes.

The difference compared with the balance of the previous year is mainly due to the write-down, of 10,720 thousand Euro, of deferred tax assets on previous tax losses originating in the years 2009-2013, performed on the basis of updated estimates by management and reflected in the new 2018-2020 three-year plan approved by the Company's Board of Directors, with particular reference to the business goals and organizational structure of the Parent Company.

In particular, the 2018-2020 three-year plan for SAES Getters S.p.A. was subjected to an important review, compared with the previous plan, in terms of margins of some of the businesses on which the Parent Company's activities are organized, following the update of the estimates, with particular reference, for the Company, to the sales forecasts (volume effect), as well as the change in the scenario regarding the competitive and market dynamics (price effect). In addition, due to certain events which occurred in 2017 that led to delays and other changes in some projects under development, the Company revised the strategy for some businesses for the coming years. It should also be noted that the 2018-2020 plan is affected by a significant penalization due to the effect of changes in exchange rates.

The discontinuities reflected in the hypotheses of management's plan, resulted in a significant reduction in the forecasts of taxable income compared with what was included in the estimates used in previous years, leading to a negative tax base for 2018 and to an estimation of the possible recovery of assets recorded for deferred tax assets, considering a time horizon significantly longer than both the plan itself and the plan produced in previous years for the same purposes, which was slightly longer than the timespan of the approved plans.

As a result of these findings, management deemed it appropriate to proceed with deferred tax assets write-down of 10,720 thousand Euro attributable to previous tax losses. In any case, the theoretical possibility of using these tax losses in subsequent financial years is not affected, should future taxable income be significantly higher than the current estimates by management and reflected in the approved plan, within the limit of 80% of the taxable income for the year, if positive.

The assessment of the recoverability of the residual value of the deferred tax assets recorded in the financial statements is based on a specific analysis of the probability that the goals set forth in the three-years plan 2018-2020, over the same extended horizon as the previous three-years plan, used for the purposes of the analysis of the recoverability of deferred tax assets are achieved, and that consequently there is a probability that sufficient taxable income will be realized in future years to enable the use of the assets themselves. These assumptions are on the product of estimates based on future economic and market forecasts, which may change in response to various factors, and therefore require a restatement of the estimates.

The breakdown of deferred tax assets and liabilities recorded in the balance sheet as at 31 December 2017 and 31 December 2016 is shown according to the nature of the differences that generated the deferred tax effects:

(thousands of Euro)

	Fiscal Year 2017		Fiscal Year 2016	
	Temporary tax adjustments	Tax Impact	Temporary tax adjustments	Tax Impact
Deferred Tax Liabilities				
- Capital gains from disposals	0	0	0	0
- Termination indemnity adjustment as for IAS 19	(569)	(136)	(485)	(116)
- Assets revaluation (fair value)	(2,186)	(541)	(2,374)	(589)
Deferred Tax Assets				
- Non Operating Losses (NOLs)	0	0	44,667	10,720
- Assets write-downs	58	14	249	60
- Depreciation / Amortization	353	84	259	59
- Stock obsolescence	1,397	396	1,236	349
- IAS 19 adjustments effect	1,212	291	1,082	260
- Fiscally deductible costs	7,972	1,912	5,154	1,237
- provision accruals	100	29	100	29
- Other	75	18	96	23
Total Deferred Tax Effects		**2,067**		**12,031**

16. OTHER LONG-TERM ACTIVITIES

The item "Other long-term assets" amounted to 63 thousand Euro as at 31 December 2017, compared with 55 thousand Euro as at 31 December 2016. The item consists of the guarantee deposits paid by the Company in the context of its operating activities.

CURRENT ASSETS

17. INVENTORY

Inventory amounted to 7,433 thousand Euro as at 31 December 2017, an increase of 2,334 thousand Euro compared to the previous year. The following table shows a breakdown of inventory:

(thousands of Euro)

	December 31, 2017	December 31, 2016	Difference
Raw materials, auxiliary materials and spare parts	2,654	1,968	686
Work in progress and semi-finished goods	2,604	1,589	1,015
Finished products and goods	2,175	1,542	633
Total	**7,433**	**5,099**	**2,334**

Inventory is stated net of any allowance for write-downs, set aside to adjust them to their estimated realizable value.
The table below shows the obsolescence provision:

(thousands of Euro)

	December 31, 2016	Accrual	Release into Income Statement	Utilization	December 31, 2017
Raw materials, auxiliary materials and spare parts	903	131	(20)	(18)	996
Work in progress and semi-finished goods	199	65	0	(10)	254
Finished products and goods	134	28	(1)	(13)	148
Total	**1,236**	**224**	**(21)**	**(41)**	**1,398**

The “Accrual” column includes write-down of articles and merchandise showing slow inventory turnover and deemed obsolete. The “Release to Income Statement” column represents the value of items with a low turnover index that were recalled into production even though they were written down in previous financial year.

18. TRADE RECEIVABLES

Trade receivables at 31 December 2017 stood at 12,943 thousand Euro, substantially unchanged (decreased by 93 thousand Euro) compared to the previous year.
A breakdown of the item is shown in the following table.

(thousands of Euro)

	Gross Value Dec 31, 2017	Bad Debts Provision Dec 31,2017	Net Value Dec 31, 2017	Net Value Dec 31, 2016	Total Difference
Trade Receivables vs Customers	6,130	0	6,130	6,080	50
Trade Receivables vs Subsidiaries	6,306	0	6,306	6,540	(234)
Trade Receivables vs Joint Ventures	507	0	507	416	91
Total Trade Receivables	**12,943**	**0**	**12,943**	**13,036**	**(93)**

Receivables from clients, all collectable within 12 months, are the result of ordinary sales operations.
Trade receivables do not bear interest and are generally due between 60 and 90 days.

The following table shows a breakdown of receivables at 31 December 2107 by geographical area:

(thousands of Euro)

	Italy	UE & Other Europe	Northern America	Japan	Other Asia	Other	Total Net Value
Trade Receivables vs Customers	224	2,492	340	658	2,370	46	6,130
Trade Receivables vs Subsidiaries	650	0	4,998	0	658	0	6,306
Trade Receivables vs Joint Ventures	49	233	189	0	36	0	507
Total Trade Receivables	**923**	**2,725**	**5,527**	**658**	**3,064**	**46**	**12,943**

An analysis of trade receivables did not reveal any specific insolvency situations or expected credit losses assessed on the basis of past experience. No write-down was therefore carried out, given the correspondence between the book value of trade receivables and their estimated realizable value.

The bad debt provision underwent the following variations:

(thousands of Euro)	2017	2016
Opening balance	**19**	**0**
Accrual	0	19
Utilization	(17)	0
Release into income statement	(2)	0
Closing balance	**0**	**19**

The following table provides a breakdown of the trade receivables not yet due and past due as at 31 December 2017 compared with 31 December 2016:

(thousands of Euro)

	Total	Not yet due	Due not written down				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2017	12,943	11,721	1,002	105	49	24	42
December 31, 2016	13,036	11,337	1,320	163	149	60	7

The book value of trade receivables is considered to approximate its fair value.

19. RELATED PARTY FINANCIAL RECEIVABLES

Financial receivables classified as current assets mainly refer to cash pooling receivables and loans to subsidiaries, for a total amount of 10,954 thousand Euro at 31 December 2017.

It should be noted that this item includes the impact of the waiver by the Company on a 660 thousand Euro financial receivable from the subsidiary SAES Nitinol S.r.l. (See Note no. 10 and the paragraph entitled "Subsequent events" in the Report on operations)

20. TAX CONSOLIDATION RECEIVABLES

The non-current portion of "Tax consolidation receivables" item represents the balance of the receivable from S.G.G. Holding S.p.A. concerning the application for reimbursement of excess corporation tax paid in previous years by the company, now merged. The application was submitted by S.G.G. Holding S.p.A. as the consolidating company of the tax consolidation scheme in place until 31 December 2014 and which ceased on 1 January, 2015 following the reduction of S.G.G. Holding S.p.A.'s stake in the subsidiaries below the 50% threshold.

The current portion of "Tax consolidation receivables" item includes the corporation tax receivable for the financial year which is included in the tax consolidation scheme with SAES Getters S.p.A. as a consolidator, gross of the Company's corresponding debt to the subsidiaries E.T.C. S.r.l., S.N.T. Srl, and Metalvuoto S.p.A.

The balance for 2017, of 4 thousand Euro, represents the Parent Company's gross receivable from the subsidiary SAES Nitinol S.r.l.. This consists of the remuneration for the tax loss transferred to the national tax consolidation, based on the agreements signed between the companies participating in the consolidation.

21. PREPAID EXPENSES, ACCRUED INCOME AND OTHER

This item includes current non-trade receivables from third parties, together with prepaid expenses and accrued income. A breakdown of this item is provided below:

(thousands of Euro)

	December 31, 2017	December 31, 2016	Difference
VAT receivables	1,062	4,604	(3,542)
Income tax and other tax receivables	678	509	169
Social security receivables	75	75	0
Other receivables	185	175	10
Total other receivables	**2,000**	**5,363**	**(3,363)**
Prepaid expenses	934	809	125
Total prepaid expenses, accrued income and other	**2,934**	**6,172**	**(3,238)**

“VAT receivables” amounting to 974 thousand Euro (1,903 thousand Euro in 2016), are mainly composed of a VAT receivable generated during the 2017 financial year, as well as 57 thousand Euro in VAT in a reimbursement account. During 2017, the Company received VAT reimbursements totalling 3,695 thousand Euro, relating to the 2013, 2015 and 2016 financial years.

The item “Income tax and other tax receivables” includes receivables for advance corporation taxes (of 290 thousand Euro), as well as receivables of 377 thousand Euro from the Italian Treasury (of which 366 thousand Euro was withholding tax on dividends and royalties), and 11 thousand Euro from the Japanese tax authorities, relating to advanced tax payments by the Japan Technical Services branch.

It should be noted that the “Other” item includes a 152 thousand Euro (26 thousand Euro at 2016 year-end) receivable in subsidies to energy-intensive companies obtainable by Italian companies with high energy consumption.

Note that there are no receivables with a residual duration of more than five years.

22. CASH AND CASH EQUIVALENTS / NET FINANCIAL POSITIONS

Next table shows a breakdown of cash and cash equivalents held by the Company at 31 December 2017, mainly denominated in Euro:

(thousands of Euro)	December 31, 2017	December 31, 2016	Difference
Bank accounts	8,374	1,178	7,196
Petty cash	4	11	(7)
Total	**8,378**	**1,189**	**7,189**

The following table provides a breakdown of Net Financial Position:

(thousands of Euro)

	December 31 2017	December 31 2016	Difference
Cash on hand	4	11	(7)
Cash equivalents	8,374	1,178	7,196
Total cash and cash equivalents	**8,378**	**1,189**	**7,189**
Current financial assets*	**11,029**	**8,411**	**2,619**
Bank overdraft	(12,001)	(6,504)	(5,497)
Current portion of long term debt	(8,088)	(5,483)	(2,605)
Other current financial liabilities*	(7,084)	(937)	(6,147)
Other financial debt	(6)	(8)	2
Total current liabilities	**(27,178)**	**(12,932)**	**(14,247)**
Current net financial position	**(7,771)**	**(3,332)**	**(4,439)**
Non current financial receivables **	49	49	0
Long term debt, net of current portion	(22,384)	(26,856)	4,472
Total non current liabilities	**(22,335)**	**(26,807)**	**4,472**
Net financial position	**(30,106)**	**(30,139)**	**33**

* Including current financial receivables / debts versus Group companies and joint ventures

** Including non current financial receivables versus Group companies and joint ventures

For movements in the Net Financial Position, see the Report on Operations.

23. SHAREHOLDERS' EQUITY

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

Capital Stock

As at 31 December 2017 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand Euro, and consisted of 14,671,350 ordinary shares and 7,378,619 savings shares, a total of 22,049,969 shares.

Both ordinary and savings shares 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.

Capital reserves

a) Share premium account

This item includes sums paid by shareholders in excess of the par value for new shares in the Parent Company subscribed in capital issues. At 31 December 1997, it amounted to 41,120 thousand Euro, unchanged since the prior year.

b) Merger surplus reserve (capital share)

This item includes the portion, amounting to 11 thousand Euro, that can be allocated to the capital reserve of the surplus emerging from the merger by incorporation of SAES Advanced Technologies SpA. into SAES Getters S.p.A.

Legal reserve

This item corresponds to the Company's legal reserve of 2,444 thousand Euro as at 31 December 2017, and is unchanged compared to 31 December 2016 as the reserve had reached its legal limit.

Untaxed (suspended taxation) reserves

This item is mainly composed of the monetary revaluation receivables resulting from the application of Laws no. 72 of 19/3/1983 (1,039 thousand Euro) and 342 of 11/21/2000 (1,576 thousand Euro). See Note no. 12 for more details.

Other reserves and Retained Earnings

The item includes reserves of profits, net of the legal reserve and reserves in suspension of tax, totalling amount of 4,642 thousand Euro, detailed as follows:

- ***retained earnings***, net of the provision for application of IAS 19, amounting to 2,444 thousand Euro;
- ***reserve for transition to IAS*** for 3,207 thousand Euro, of which 1,583 thousand is available;
- ***reserve for gains on the sale of treasury shares in portfolio***, of -589 thousand Euro;
- ***reserve for transactions with Group companies***, representing the difference between the appraisal value and the book value of assets transferred to the Company by the subsidiary SAES Getters USA Inc., of -420 thousand Euro, recorded as a reduction in equity in accordance with the OPI1 principle issued by the Italian Association of Auditors.

As stated in the Report on corporate governance and ownership accompanying these Consolidated financial statements, each share confers the right to a proportional part of the distribution of net income that is resolved, without prejudice to the rights established in favour of savings shares.

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

Reserves subject to taxation in the event of distribution

(thousands of Euro)	Amount*
Revaluation Reserve - Law n. 72, March 19, 1983	1,039
Revaluation Reserve - Law n. 342, November 11, 2000	1,576
Other Reserves	138
Reserve ex Law n. 576, 1975 - re-classified into Capital Stock	419
Reserve ex Law n. 72, 1983 - re-classified into Capital Stock	976
Total	**4,148**

* included in tax base for both Company and shareholders

Availability of the main Shareholders' Equity items

(thousands of Euro)

Description	Amount	Destination	Amount Available for Distribution	Summary of detinations during prior 3 years	
				Loss Coverage	Other destinations
Capital Stock	12,220				
Share issue premium	41,120	a, b, c	41,120		
Riserva avanzo di fusione (quota capitale)	11	a, b, c	11		
Legal reserve	2,444	b	0		
Reserves in suspension of tax					
Reserve *ex* Law n. 72, 1983	1,039	a, b, c	1,039		
Reserve *ex* Law n. 342, 2000	1,576	a, b, c	1,576		
Other reserves in suspension of tax	138	a, b, c	138		
Other Reserves and Retained Earnings (1)	4,642	a, b, c	3,018		10,813
Net income (loss) for the period	(2,979)	a, b, c	(2,979)		13,415
Total Shareholders' Equity	**60,211**		**43,923**		

a: capital increase

b: loss coverage

c: distribution to shareholders'

(1) including the IAS Conversion Reserve, amounting to 3,207 thousand Euro, which can be used in full to cover losses after all the other reserves - including the Legal Reserve - have been used, and available for distribution only up to 1,583 thousand Euro

NON-CURRENT LIABILITIES

24. FINANCIAL DEBTS

As at 31 December 2017, financial debts amounted to 30,472 thousand Euro, a decrease of 1,867 thousand Euro compared to 31 December 2016.

The reduction was due to repayments of the principal made during the year (12,044 thousand Euro), partially offset by new medium-long term financing of a value of around 10 million Euro, which was concluded on 7 April 2017 by the Company in order to achieve the correct balance of financial indebtedness, with a higher percentage of medium-long term loans compared to short-term bank debt. All Company debts are denominated in Euro, so there was no exchange rate effect.

The following table indicates the changes in financial debts during 2017.

(thousands of Euro)

Financial debt	
December 31, 2016	**32,339**
Proceeds	9,950
Amortization of fees and interests	771
Repayments	(12,044)
Interest payments	(544)
Conversion differences on loans in foreign currencies	0
December 31, 2017	**30,472**

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

(thousands of Euro)

Financial debt	December 31, 2017	December 31, 2016	Difference
Less than 1 year	8,087	5,483	2,605
Current portion of financial debt	**8,087**	**5,483**	**2,605**
Between 1 and 2 years	8,070	7,992	78
Between 2 and 3 years	6,698	8,045	(1,348)
Between 3 and 4 years	5,120	5,698	(578)
Between 4 and 5 years	2,497	3,123	(626)
Over 5 years	0	1,997	(1,997)
Non current financial debt	**22,385**	**26,856**	**(4,472)**
Total	**30,472**	**32,339**	**(1,867)**

The following table shows the details of loans which had already been contracted as at 31 December 2016:

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2017 (thousands of Euro)	Value as at December 31, 2016 (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%	2,794	4,187
SAES Getters S.p.A. *BEI - Tranche A*	EUR	5 (millions of euro)	half-yearly with maturity date May 29, 2020 (**)	Half-yearly	Six-months Euribor plus 2.997% spread	4.67%	0	3,414
EIB - Tranche B (secured by SACE)	EUR	5 (millions of euro)			Six-months Euribor plus 3% running remuneration to SACE	4.75%	0	3,406
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%	4,820	6,415
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%	9,948	9,931
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%	4,446	4,985

(*) On June 29, 2017 SAES Getters S.p.A. provided an early repayment for both tranches of the EIB loan.

As table indicates, the Company prematurely repaid both tranches (one of which was guaranteed by SACE) of the loan to support advanced R&D projects signed in June 2015 with the EIB (European Investment Bank). The total repayment amounted to 6 million euro for principal, in addition to an indemnity fee to the EIB of €10 thousand and the payment of a premium of around 76 thousand Euro to SACE. Finally, the relevant transaction costs, of around 149 thousand Euro, were recorded in the income statement.

The following table shows the details of the new loan contracted by the Company during 2017.

Description	Currency	Principal (millions of Euro)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2017 (thousands of Euro)
SAES Getters S.p.A. *Unicredit loan*	EUR	10	quarterly with maturiry date March 31, 2022	Half-yearly	Three-months Euribor plus 1% spread	0.90%	8,464

Covenants

With the exception of a loan contracted with the Banco BPM on 22 December 2016, all the loans held by the Company are subject to compliance with covenants calculated on certain Group economic and financial values and verified on a half-yearly basis (on 30 June and 31 December of each year) or annually (on 31 December).
As indicated in the table below, as at 31 December 2017, all the covenants had been met.

			Unicredit loan with nominal value equal to €7 millions (*)	*Intesa Sanpaolo loan with nominal value equal to €8 millions (**)*	*Intesa Sanpaolo loan with nominal value equal to €10 millions (***)*	*Unicredit loan with nominal value equal to €10 millions (*)*
		Covenant	**Value as at December 31, 2017**	**Value as at December 31, 2017**	**Value as at December 31, 2017**	**Value as at December 31, 2017**
Net equity	k euro	≥ 94.000	122,141	n.a.	n.a.	122,141
Net financial position / Net equity	%	≤ 1,0	0,.21	0.14	0.21	0.21
Net financial position / EBITDA	%	≤ 2,5	0.52	0.35	0.50	0.52
Total financial debt of the subsidiaries	k euro	≤ 25.000	n.a.	n.a.	n.a.	n.a.
EBITDA / Financial expenses	%	> 5,0	n.a.	27.44	27.44	n.a.

(*) Net financial position calculated excluding financial receivables from related parties and receivables (payables) for derivative financial instruments evaluated at fair value.
(**) Net financial position calculated excluding receivables (payables) for derivative financial instruments evaluated at fair value.
(***) Net financial position calculated excluding financial receivables from related parties and receivables (payables) for derivative financial instruments evaluated at fair value.

25. EMPLOYEE SEVERANCE INDEMNITIES AND OTHER EMPLOYEE BENEFITS

Note that this item includes liabilities to employees under both defined-contribution and defined-benefit plans in force in Group companies in accordance with contractual and legal obligations in the various countries.

The following table shows a breakdown of this item and the related changes that occurred during the period.

(thousands of Euro)

	Employee severance indemnities	Other employee benefits	Total
December 31, 2016	**4,999**	**2,928**	**7,927**
Accrual (release)	65	2,500	2,565
Indemnities paid	(128)	(129)	(257)
Other changes	67	(3,351)	(3,283)
December 31, 2017	**5,003**	**1,948**	**6,952**

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

(thousands of Euro)	Fiscal Year 2017
Financial expenses	84
Current service cost	2,481
Release into the statement of profit (loss)	0
Expected return on plan assets	0
Recognized past service costs	0
Total cost	**2,565**

The distribution of obligations under defined-contribution and defined-benefit plans and the related changes that occurred during 2017 are shown below:

(thousands of Euro)

	December 31, 2016	Financial expenses	Current service cost	Benefits paid	Actuarial gains (losses)	Release to Income Statement	Other changes	December 31, 2017
Present value of defined benefit obligations	7,927	84	2,481	(257)	74	0	(3,358)	6,952
Fair value of plan assets	0	0	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0	0	0
Defined benefit obligations	**7,927**	**84**	**2,481**	**(257)**	**74**	**0**	**(3,358)**	**6,952**
Defined contribution obligations	0	0	0	0	0	0	0	0
Staff leaving indemnities and similar obligations	**7,927**	**84**	**2,481**	**(257)**	**74**	**0**	**(3,358)**	**6,952**

The item "Actuarial gains (losses)" refers to differences in amounts due in respect of defined benefit plans as a result of the actuarial calculation and which are immediately recognized in shareholders' equity among retained earnings.
The "Other changes" item includes the reclassification into the Other Current Payables to employees of the share of long term monetary incentive plans which reached maturity during the year.

The "Severance indemnity" item consists of the obligation, estimated according to actuarial techniques, to pay the sum to employees of the Italian companies when their employment is terminated.
Following the entry into force of the 2007 Budget Act and its associated implementation decrees, the liability associated with past years severance indemnity continues to be considered as a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid to pension funds is, on the other hand, considered a defined-contribution plan and therefore is not discounted.

Obligations under defined-benefit plans are measured by independent actuarial consultants annually according to the projected unit credit method, and applied to each plan separately.
The following table sets out the main assumptions used in the actuarial assessments for defined-benefit plans as at 31 December 2017 and 31 December 2016 respectively:

	Italy		
	December 31,2017	December 31, 2016	
Average duration of the employees subject to actuarial evaluation	more than 10 Yrs	> 10 Yrs	1-3 yrs
Discount rate	1.20%	1.30%	0.00%
Inflation rate	1.50%	1.50%	
Expected annual salary increase rate	3.50%	3.50%	

(*) Factor not considered in the actuarial appraisal of the staff leaving indemnity of the Company, as it counts more than 50 employees.

Note that, in relation to the selection of the discount rate, the reference index used is the that of the Eurozone *Iboxx Corporate AA*, with a term consistent with the average financial duration of the benefit and of the collective being evaluated at 31 December 2017.

The ISTAT 2004 mortality tables and the INPS disability/invalidity tables were used to formulate demographic assumptions.
With respect to the likelihood of employees leaving for reasons other than death, the employee turnover probabilities used were consistent with previous assessments and identified in companies assessed over a representative period of observation. In particular, an average turnover rate of 2.00% was used.

The "Other employee benefits" item includes provision for long-term incentive plans, signed by the Executive Directors and by some employees identified as particularly important for the achievement of medium to long-term corporate objectives. The three-year plans provide for the payment of monetary incentives that are proportional to the achievement of specific personal and Group objectives.

The aim of these plans is to further strengthen the alignment over time of individual and corporate interests, and consequently shareholders' interests. The final payment of a long-term incentive is always subject to the creation of value in the medium to long term, rewarding the achievement of performance objectives over time. The performance review is based on multi-year indicators and payment is always subject, in addition to maintaining the employer-employee relationship with the company for the term of the plan, to the presence of a positive consolidated income before taxes in the year of the plan's maturity.

The plans come within the category of defined-benefit obligations and are usually discounted. Nevertheless, at 31 December 2017, the long-term cash incentive plans of the Company have not been discounted, as the rates of return on the Italian government bonds were negative.

The following table shows the breakdown of actuarial differences for the year 2017:

(thousands of Euro)	Staff leaving indemnities	Other defined benefit obligations Italy	Long term incentive plan	Total
Actuarial differences:				
Changes in financial assumptions	52	12	0	64
Changes in other assumptions (demographic assumptions, remuneration assumptions, etc.)				
Other	15	(5)	0	10
Actuarial gains (losses)	**67**	**7**	**0**	**74**

With respect to defined-benefit plans, the following table shows the effect of an increase or decrease of half a percentage point in the discount rate on the obligation:

(thousands of Euro)

	Discount rate	
	+0,5%	-0,5%
Effect on the defined benefit obligation	(278)	300

The following table shows the Group's employees broken down by category:

	Dec 31, 2017	Average 2017	Dec 31, 2016	Average 2016
Managers	48	48	44	44
Employees and middle management	203	203	202	198
Workers	188	186	184	183
Total	**439**	**437**	**430**	**425**

26. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to 1,727 thousand Euro as at 31 December 2017, a decrease of 200 thousand Euro compared to 31 December 2016.
The following table shows the composition of and changes in these provisions compared to previous year.

(thousands of Euro)

	December 31, 2016	Increase	Utilization	Reclassifications	Release into income statement	December 31, 2017
Bonus	934	1,676	(871)			1,739
Provision for litigations		50				50
Other provisions	793	2	(688)	0	0	107
Total	**1,727**	**1,728**	**(1,559)**	**0**	**0**	**1,896**

The "Bonus" item includes, in the column "Increase", the accrual of bonuses to the Group's employees in the year 2017. The "Utilization" relates to bonuses paid during the year.

During the year, the Company set aside a provision for legal risks of 50 thousand Euro. This provision related to a dispute concerning the termination of the employment of a former employee.

The “Other provisions” mainly changed due to the use of the provision of 688 thousand Euro made in the previous year, to cover the losses of the subsidiary E.T.C. s.r.l.

The remaining amount of “Other provisions” mainly concerns confirmation of the provision of 100 thousand Euro for a settlement offer presented by the now merged company SAES Advanced Technologies S.p.A,. for the sole purpose of avoiding a dispute, and therefore, without any assessment of the merit, in response to a summons received following the accident which occurred in 2016 at the plant of the external company that manages the disposal of the waste of the said incorporated company. The sum set aside represents the best estimate of the expenditure required to settle the existing obligation at the balance sheet date.

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

(thousands of Euro)

	Current provisions	Non current provisions	December 31, 2017	Current provisions	Non current provisions	December 31, 2016
Bonus	1,739	0	1,739	934	0	934
Provision for litigations	50		50			0
Other provisions	100	7	107	787	6	793
Total	**1,889**	**7**	**1,896**	**1,721**	**6**	**1,727**

CURRENT LIABILITIES

27. TRADE PAYABLES

Trade payables amounted to 7,606 thousand Euro as at 31 December 2017, a decrease of 1,264 thousand Euro compared to 31 December 2016.
There are no trade payables in the form of debt securities.
All payables to suppliers are due within twelve months and are all of a commercial nature.
All transactions with Group subsidiaries are concluded at market conditions.

The following table provides a breakdown of trade payables by geographical area as at 31 December 2017:

(thousands of Euro)

	Italy	UE & Other Europe	Northern America	Japan	Other Asia	Other	Total Net Value
Payables vs suppliers	5,631	676	524	30	25	0	6,886
Payables vs Group companies	166	0	522	0	27	0	715
Payables vs joint ventures	5	0	0	0	0	0	5
Total Payables	**5,802**	**676**	**1,046**	**30**	**52**	**0**	**7,606**

Payables to suppliers are non-interest bearing and are normally settled within 60/90 days.

The following table provides a breakdown of trade payables by their maturity as at 31 December 2017, compared with the previous year:

(thousands of Euro)

	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2017	7,606	6,764	477	223	52	22	68
December 31, 2016	8,870	8,380	350	121	16	1	2

28. FINANCIAL PAYABLES TO SUBSIDIARIES

As at 31 December 2017, this item amounted to 7,023 thousand Euro, compared to 886 thousand Euro at 2016 year end, and consists of financial payables to Group companies due to the centralization of the subsidiaries' liquidity through interest-bearing loan agreements and the centralized management system of Group liquidity (*cash pooling*) at the Company's bank accounts.

29. OTHER FINANCIAL PAYABLES TO THIRD PARTIES

The balance of the item as at 31 December 2017, amounting to 6 thousand Euro (8 thousand Euro at 2016 year-end), consists of bank charges to be received.

30. OTHER PAYABLES

The "Other payables" item includes items not classified as trade payables, amounting to 10,608 thousand Euro as at 31 December 2017, an increase of 4,124 thousand Euro compared to 31 December 2016. Their breakdown is as follows:

(thousands of Euro)

	December 31, 2017	December 31, 2016	Difference
Employees payables (vacation, wages, staff leaving indemnity, etc.)	2,388	1,793	595
Debts to insurance companies	0	0	0
Social security payables	1,620	1,458	162
Tax payables (excluding income taxes)	974	895	79
Other	5,626	2,338	3,288
Total	**10,608**	**6,484**	**4,124**

The "Employee payables" item mainly consists of the provision for holidays accrued but not taken during the year, as well as the salaries for the month of December 2017.

The "Social security payables" item includes payables due from the Group's Italian companies to the INPS (the Italian National Social Welfare Institution) for retained contributions. It also includes payables to the treasury fund operated by the INPS and to the pension funds under the reformed severance indemnity legislation.

The "Tax payables (excluding income taxes)" item primarily consists of payables due from the Italian companies to the Treasury in in respect of withholding taxes on employee and contractor salaries.

Finally, the "Other" item mainly includes Parent Company payables for Directors' fees.

These payables are non-interest bearing and all are due within next fiscal year.

31. DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at 31 December 2017 the item "Derivative instruments measured at fair value", which represents the fair value of contracts signed by the Group in order to fix the interest rate on long-term bank loans and the fair value of the embedded derivatives included in the same loan agreements, recorded a negative value of 61 thousand Euro compared with the also negative value of 51 thousand Euro as at 31 December 2016.

The following table provides a summary of these contracts and their fair value as at 31 December 2017 compared with 31 December 2016.

Description	Subscription date	Currency	Notional amount (thousands of Euro)	Maturity	Interest rate	Timing	Fair value December 31, 2017 (thousands of Euro)	Fair value December 31, 2016 (thousands of Euro)
Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	September 25, 2015	EUR	3,600	July 31, 2020	Fixed rate paid: 0.285% Variable rate received: six-month Euribor	Half-yearly	(20)	(26)
Interest Rate Swap (IRS) on Unicredit S.p.A. loan	March 29, 2016	EUR	5.250 (*)	December 31, 2019	Fixed rate paid: 0.0% Variable rate received: three month Euribor (**)	Quarterly	(9)	(10)
Interest Rate Floor on Banco BPM loan (derivative embedded in the loan agreement)	December 22, 2016	EUR	5.000 (*)	December 31, 2021	If three month Euribor <0, the financing variable rate is equal to the spread	Quarterly	(12)	(15)
Interest Rate Swap (IRS) su *loan* Unicredit S.p.A.	7 aprile 2017	EUR	10.000 (*)	31 marzo 2022	Tasso fisso pagato: 0,0% Tasso variabile incassato: Euribor a 3 mesi (***)	trimestrale	(11)	n.a
Interest Rate Swap (IRS) su *loan* Intesa Sanpaolo S.p.A.	19 aprile 2017	EUR	5,000	21 dicembre 2022	Tasso fisso pagato: 0,16% Tasso variabile incassato: Euribor a 6 mesi	semestrale	(9)	n.a
Total							**(61)**	**(51)**

(*) The reference amount is aligned with the amortization plan of the hedged long-term loan.
(**) 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%.

The Company signed two new Interest Rate Swap contracts during 2017:
- the first contract, expiring on 31 March 2022, is on the mid-long-term loan of 10 million euro obtained by Unicredit S.p.A. on 7 April 2017. The contract provides for the exchange of the three-month Euribor rate, either positive or negative, with a fixed rate of 0%. In the event of a negative three-month Euribor, the contract provides a floor of -1%;
- the second contract on the mid-long-term loan of 10 million euro obtained by Intesa Sanpaolo S.p.A. on 21 December 2016. The IRS contract is applied to 50% of the residual debt outstanding at each repayment date, commencing from 30 June 2017 and expiring on 21 December 2022. The contract provides for the exchange of the six-month Euribor at a fixed rate of 0.16%.

The fair value calculation, performed by an independent third party, was based on market rates, in a risk neutral environment, and by the adoption of rates trend models that are consistent with the best practice usually adopted.
In determining the fair value, the input information used was:
- the curve of interest rate swap rates divided by maturity;
- the credit rating migration matrices extracted from Moody's;
- the volatility range in interest rates extracted from Bloomberg.

The pricing was then corrected, in accordance with the IFRS 13 standard, using a component of Credit Value Adjustment (CVA, which is a correction related to the risk of the counterparty default) and of Debt Value Adjustment (DVA, i.e. the cost of protection from the risk of default of the Company by the counterparty), calculated using the "Provision Model" method. In particular, for the purposes of determining the counterparty risk component in the fair value for the calculation of the CVA, the rating issued by the rating agency Moody's for the issuing financial institution was used. In order to determine the DVA, given the impossibility of assigning a rating to the SAES Group, the lowest rating among those recorded for financial institutions was prudently applied.

With respect to these contracts, the formal requirements to apply the hedge accounting method were not met, and therefore they are evaluated at fair value and the profit or losses deriving from their evaluation is directly charged into the income statement.

As at 31 December 2017 the Group had no hedging contract against exposure to the variability of future cash flows arising from commercial and financial transactions denominated in currencies other than the Euro.

32. INCOME TAX PAYABLES

This item, amounting to 58 thousand Euro as at 31 December 2017, includes 57 thousand Euro in tax payable to the tax authorities (gross of advance payments) for corporation tax on income subject to separate taxation of the foreign subsidiary SAES Getters International Luxembourg SA, in application of the provisions regarding subsidiaries (so-called "CFC Legislation", established by article 167, paragraph 5-*bis* et seq. of the TUIR) and €1 thousand of a debt for tax consolidation to the subsidiaries ETC S.r.l. and SAES Nitinol S.r.l ..

As at 31 December 2016, the Company did not have any income tax payables.

33. BANK BORROWINGS

As at 31 December 2017, bank borrowings amounted to 12,001 thousand Euro (compared to 6,504 thousand Euro as at 31 December 2016), and primarily consisted of short-term debts owed by the Company in the form of “hot money” short-term loans, with average interest rates, spread included, of around 0.08%.

34. CASH FLOW STATEMENT

The cash flow statement is presented according to the indirect method.

The net balance of liquidity generated in the financial year 2017 was positive, standing at 7,189 thousand Euro.

The Company’s cash flow from operating activities was negative at -885 thousand Euro, in line with the Company's gross operating result, penalized as mentioned above by the increase in operating expenses: even if slightly less than in prior year, the positive contribution from operating assets and liabilities (Working Capital) should be noted.

Investment activities generated positive cash flow at 14,401 thousand Euro: the Company received net dividends of 21,812 thousand Euro from its subsidiaries, but was required to pay investments in tangible assets, in particular at the Avezzano plant (see Note no. 12 for further details), as well as the aforementioned investments in financial fixed assets (3.6 million euro).

Cash flows used in financing activities amounted to 6,328 thousand Euro in the year: the balance between medium / long-term loans opened and repaid by the Company during the year amounted to around -1.9 million euro, offset by the increased use of short-term debt, standing at 5.5 million euro, and higher intercompany loans of 2.9 million euro. The main cash-out item related to the payment of 12.3 million euro in dividends, approximately 3.8 million more than the previous year.

35. POTENTIAL LIABILITIES AND COMMITMENTS

Next table shows the guarantees granted by the Company, as well as risks and commitments in favour of third parties:

(thousands of Euro)	December 31, 2017	December 31, 2016
Guarantees in favor of Group companies	0	0
Guarantees in favor of third parties	16,267	19,241
Total guarantees provided	**16,267**	**19,241**
Guarantees from third parties	0	0
Total guarantees received	**0**	**0**
Obligations for forward currency tramsactions	0	0
Obligations in favor of third parties	0	0
Total obligations	**0**	**0**

The item "Guarantees in favour of third parties" includes guarantees issued by the Company and used within the Group, for short and medium/long-term lines of credit granted by the banking system to the Company and to some foreign subsidiaries, as well as a surety in favour of the VAT Office. The reduction is due to the discharge of certain sureties linked to bank credit lines.

The maturities of operating lease obligations outstanding as at 31 December 2017 are shown below:

(thousands of Euro)

	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total
Operating lease obligations	259	335	0	0	**594**
Car lease obligations	375	410	26	0	**811**
Offices rental	118	86	0	0	**204**
Total	**752**	**831**	**26**	**0**	**1,609**

36. RELATED PARTY TRANSACTIONS

With regard to relations with Related Parties, identified on the basis of the IAS 24 revised international accounting standard and article 2359 of the Civil Code, it should be noted that relations with subsidiaries, associates or jointly-controlled companies continued during the 2017 financial year. Transactions with these counterparties related to the ordinary activities of the Company. These relationships were mainly of a commercial nature and involved purchases and sales of raw materials, semi-finished products, finished products, plants, tangible assets and services of various kinds. Ongoing cash pooling and financing contracts are in place with some Group companies.

All contracts were concluded at economic and financial conditions that are in line with those of the market. See the notes in the Report on Operations for further details.

37. FEES PAID TO INDEPENDENT AUDITORS AND THEIR RELATED COMPANIES

Pursuant to article 149-duodecies of the Regulations on Issuers (“Disclosure of Fees”), which was introduced by Consob resolution no. 15915 of 3 May 2007, the following table sets out the remuneration of independent auditors and of entities belonging to the independent auditors’ network in respect auditing engagements and other services, broken down by type or category:

(thousands of Euro)

Business services	Supplier	Customer	Fees
Audit	Parent Company auditor	SAES Getters S.p.A.	182
Other (*)	Parent Company auditor	SAES Getters S.p.A.	45

(*) Methodological support for the preparation of the Consolidated Non-financial Statement for the 2016 financial year and specific activities designed to understand the effects of first-time adoption of the IFRS 15 standard.

38. EVENTS OCCURRING AFTER THE END OF 2017

For events that occurred after the end of period, see the paragraph entitled “Subsequent Events” of the Report on operations.

Lainate (MI), 14 March 2018

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

Summary table of most relevant data from subsidiaries financial statements

Balance Sheet 2017

	SAES Getters USA, Inc.	SAES Getters Korea Corporation	SAES Getters International Luxembourg S.A.	SAES Getters (Nanjing) Co., Ltd.
	(U.S Dollars)	(Thousands of Won)	(thousands of Euro)	(Chinese Renminbi)
Property, plant and equipment, net	2,197,870	0	0	509,440
Intangible assets, net	4,360	0	0	0
Other non current assets	32,833,532	134,929	37,491	31,839,879
Current assets	12,180,277	1,642,796	4,150	47,103,896
Total Assets	**47,216,039**	**1,777,725**	**41,641**	**79,453,214**
Shareholders' equity	29,167,305	1,512,022	41,613	73,649,616
Non current liabilities	1,946,190	0	0	0
Current liabilities	16,102,544	265,703	28	5,803,598
Total Liabilities and Shareholders' Equity	**47,216,039**	**1,777,725**	**41,641**	**79,453,214**

Income Statement 2017

	SAES Getters USA, Inc.	SAES Getters Korea Corporation	SAES Getters International Luxembourg S.A.	SAES Getters (Nanjing) Co., Ltd.
	(U.S Dollars)	(Thousands of Won)	(thousands of Euro)	(Chinese Renminbi)
Total net sales	**15,161,619**	**1,443,621**	**0**	**47,816,352**
Cost of sales	(8,186,092)	(1,040,706)	0	(24,315,864)
Gross profit	**6,975,527**	**402,915**	**0**	**23,500,488**
Research & development expenses	(77,368)	0	0	0
Selling expenses	(2,051,481)	(188,259)	0	(7,400,801)
General & administrative expenses	(729,218)	(578,316)	(94)	(2,268,409)
Total operating expenses	**(2,858,067)**	**(766,575)**	**(94)**	**(9,669,210)**
Other income (expenses), net	(564,579)	(25,140)	0	(808,918)
Operating Income (loss)	**3,552,881**	**(388,800)**	**(94)**	**13,022,360**
Interest and other financial income (expenses), net	13,026,403	22,031	5,174	2,492,658
Foreign exchange gain (loss), net	(534,321)	29,761	(24)	(369,528)
Income before taxes	**16,044,963**	**(337,008)**	**5,056**	**15,145,490**
Income taxes	(5,876,510)	0	(388)	16,876
Net income (loss) from continuing operations	**10,168,453**	**(337,008)**	**4,668**	**15,162,366**
Net income (loss) from discontinuing operations	0	0	0	0
Net income (loss)	**10,168,453**	**(337,008)**	**4,668**	**15,162,366**

Balance Sheet 2017

SAES Getters Export, Corp.	Memry GmbH in liquidation	E.T.C. S.r.l. in liquidation	SAES Nitinol S.r.l.	Metalvuoto S.p.A.
(U.S. Dollars)	(thousands of Euro)	(thousands of Euro)	(thousands of Euro)	(thousands of Euro)
0	0	0	0	622
0	0	0	0	179
0	13	0	7,500	410
36,620,244	2,173	1,506	870	4,100
36,620,244	**2,186**	**1,506**	**8,370**	**5,311**
16,542,876	440	889	(650)	65
0	33	(0)	0	872
20,077,367	1,713	617	9,020	4,375
36,620,243	**2,186**	**1,506**	**8,370**	**5,311**

Income Statement 2017

SAES Getters Export, Corp.	Memry GmbH in liquidation	E.T.C. S.r.l. in liquidation	SAES Nitinol S.r.l.	Metalvuoto S.p.A.
(U.S. Dollars)	(thousands of Euro)	(thousands of Euro)	(thousands of Euro)	(thousands of Euro)
0	**3,562**	**0**	**0**	**12,445**
0	(2,028)	0	0	(10,799)
0	**1,534**	**0**	**0**	**1,646**
0	(103)	(405)	0	(200)
13,517,575	(121)	0	0	(1,204)
0	(1,325)	(46)	(13)	(482)
13,517,575	**(1,549)**	**(450)**	**(13)**	**(1,886)**
3,878,205	6,585	(232)	(0)	(42)
17,395,780	**6,570**	**(683)**	**(14)**	**(282)**
(57,131)	(21)	0	(743)	(195)
0	(84)	0	0	1
17,338,649	**6,465**	**(683)**	**(757)**	**(476)**
0	(1,929)	1	(43)	91
17,338,649	**4,536**	**(682)**	**(800)**	**(385)**
0	0	0	0	0
17,338,649	**4,536**	**(682)**	**(800)**	**(385)**

Certification of the financial statements of SAES Getters S.p.A.

CERTIFICATION OF THE FINANCIAL STATEMENTS OF SAES GETTERS S.p.A.
pursuant to article no. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned, Giulio Canale, in his capacity as Vice President and Managing Director, and Michele Di Marco, in his capacity as Officer Responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998:

- the adequacy for the characteristics of the enterprise and
- the effective application

of the administrative and accounting procedures for the formation of the Company Financial Statements during the period from 1 January to 31 December 2017.

2. In this respect, please note that:

2.1. The Administrative and Accounting Control Model of the SAES Group

- On 20 December 2012, the Board of Directors of SAES Getters S.p.A. approved an update of the Administrative and Accounting Control Model, issued on 14 May 2007, the adoption of which is aimed at ensuring that SAES Getters complies with the provisions of Law no. 262 of 28 December 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of Legislative Decree no. 303/06, and, specifically, obligations pertaining to the preparation of corporate accounting documents and all documents and communications of a financial nature disseminated to the market.
- The Control Model, with reference to the organizational structure of the SAES Group:
  - sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group, and introduces the role of the Officer responsible for the preparation of corporate accounting documents (hereinafter the "Officer Responsible");
  - describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
  - regarding the latter in particular, it calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of administrative and accounting procedures and the related control matrices, which describes the controlling activities implemented in each process;
  - establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to accounting and financial information.

2.2. Matrices of administrative and accounting controls of SAES Getters S.p.A.

- On 20 December 2012, 9 Matrices of administrative and accounting controls were issued, relating to the most significant processes of SAES Getters S.p.A., which were selected after the risk assessment conducted on the basis of the 2011 financial statements.
- The controls described in these matrices were shared with the process owners - according to the current organization chart - of the audited processes, and a process of continuous monitoring and alignment of these matrices with the effective operations has been established. These require each owner to verify the implementation of the controls and to confirm their adequacy and effectiveness, and to report non-operating or inadequate controls, or controls rendered obsolete by the evolution of the internal organization. This process was implemented in 2017, with reference to the results of the monitoring activities related to the 2016 financial statements and to the 2016 consolidated financial statements, and led to a review of the controls deemed inconsistent with operating activities.

2.3. Results of the internal certification process of SAES Getters S.p.A.

- The process owners signed and submitted their own "internal certification letters" to the Officer Responsible, in which they confirmed that they had verified the activities /processes subject to the controls for which they were responsible, and deemed them operationally effective and adequate for ensuring the reliability of the corresponding information flows and the processing of the associated data in accordance with the administrative and accounting procedures adopted by SAES Getters S.p.A.
- As of the date hereof, the Officer Responsible, with the support of SAES Getters S.p.A. Administration Department manager, has received all the 16 letters of internal declaration required of the process owners of SAES Getters S.p.A.;
- The results of the process were positive and no anomalies were reported.

2.4. Results of the review by the Internal Audit Department of SAES Getters S.p.A.

- The Officer Responsible sought the assistance of the Internal Audit Department for a further verification of the part of the controls included in administrative and accounting procedures by a department independent of the offices responsible for the controls.
  With regards to this review, the Internal Audit Department, through its own assessment of critical situations, selected specific administrative and accounting processes and verified with the relevant managers the proper operation of controls within the processes themselves, collecting supporting documentation where necessary. The results of the reviews were positive according to the report prepared by the Head of Internal Audit Department.

3. Furthermore, we certify that:

3.1. The Financial Statements of the Parent Company for the year ended December 31, 2017:

a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1602/2002 of the European Parliament and the Council;
b) correspond to the results of accounting records and books;
c) are capable of providing a truthful, accurate representation of the issuer's earnings and financial position.

3.2. the Report on Operations includes a reliable analysis of operating performance and income, the issuer's situation, and a description of the primary risks and uncertainties to which it is exposed.

Lainate (MI), 14 March 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 separate financial statements of
SAES Getters S.p.A.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Saes Getters S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2017 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in subsidiaries

Description of the key audit matter

The Company booked investments in subsidiaries and other financial assets for Euro 61,792 thousand as of December 31, 2017.

As required by IAS 36, the Directors, in the presence of indicators of a possible write-down of values, carried out *an impairment test* to determine whether the investments are recorded in the financial statements at a value not higher than their recoverable amount. In consideration of this, they proceeded to carry out a verification of the recoverable value of the investments held in Metalvuoto S.p.A., Saes Nitinol S.p.A. and SAES Rial Vacuum S.r.l.. At the outcome of *the impairment test*, carried out on the basis of the most recent three-year plans drawn up by the Directors for the period 2018-2020 and approved by the Company's Board of Directors on March 14, 2018, the Directors assessed that the carrying values of the above-mentioned investments were lower than their recoverable amounts, and therefore, did not reveal any impairment losses.

The recoverable amountss of the investments were determined by identifying the equity value of such investments through the future cash flows provided for in the business plans.

The valuation process made by the Directors is complex and based on assumptions concerning, among others, the forecast of expected cash flows of each of the above mentioned companies and the determination of an appropriate discount rate (WACC) and long-term growth rate (g-rate).

The Company estimated the recoverable amount by determining the present value of the future cash flows that are expected based on the three-year business plan for the period 2018-2020 approved by the Board of Directors on February 15, 2018, and the *terminal value*.

The most important key variables in determining the projections of the future cash flows are as follows:

- sales forecests by Business Area/product family/client;
- cost of materials and cost of sales by product family;
- production costs, and the investment plan;
- discount rates estimated by the Directors.

Future expectations and market conditions influence these assumptions.

Considering the relevance of those investments amounts recognised in the financial statements, the subjectivity of the estimates related to the determination of cash flows and the key variables of the impairment model, we considered the *impairment test on investments* as a key audit matter of the Saes Getters's financial statements.

The paragraph 14 "Investments in subsidiaries and other financial assets" of the financial statements states the disclosures on the impairment test, including a sensitivity analysis performed by the Directors, which illustrates the effects that may occur on the recoverable amount resulting from changes in certain key assumptions used for the impairment test.

Audit procedures

Preliminarily, we have examined how the Directors determine the value in use of investments by analyzing the methods and assumptions used and considered for the development of the *impairment test*.

As part of our audit, we have, among others, carried out the following procedures, also with the support of experts:

- understand the methodology used by the Directors on the *impairment test* and examination of its compliance with the referenced accounting principles;

Deloitte.

- understand the Company's relevant internal controls on the *impairment test* process related to its investments;
- analysis of the reasonableness of the key assumptions underlying the cash flow calculation, also through information obtained from the Management;
- analysis of the actual figures compared to the plans in order to assess the nature of the deviations and the reliability of the planning process;
- analysis of the reasonableness of the discount rate (WACC), long-term growth rate (g-rate) and *terminal value* (TV) calculation;
- review of the mathematical accuracy of the model used to estimate the recoverable value of the investment;
- review of the correct calculation of the book value of the asset subject to impairment test;
- review of the Directors' sensitivity analysis.

Further, we also examined the adequacy and compliance of the disclosure provided by the Company on the *impairment test* based on IAS 36 disclosure requirements.

Deferred tax assets

Description of the key audit matter

The financial statements as of December 31, 2017 include the write-down of the deferred tax assets for an amount equal to Euro 10,720 thousand related to tax losses carried forward from previous years. Therefore, the deferred tax assets balance is Euro 2,067 thousand as of December 31, 2017 (Euro 12,031 thousand as of December 31, 2016). The caption refers to the balance of deferred tax assets as primarily related to temporary differences between the value attributed to assets and liabilities in accordance with Statutory purposes and the values attributed to them for tax purposes of the Company.

The Directors performed a specific analysis on the recoverability of the deferred tax assets based on a three-year plan for the period 2018-2020, which was approved by the Board of Directors on February 15, 2018, which, with reference to Saes Getters S.p.A., was subject to a major review, compared to the previous plan, of the margins expected for some of the businesses on which the Company's business is based, of sales volumes forecasts, as well as the change in scenario regarding competitive and market dynamics. In view of the discontinuities that are reflected in the plan, this led to a forecast of a negative tax base for 2018 as well as to an estimate for recovery of deferred tax assets that involved a time horizon significantly longer than that of the plan itself, and also longer than the forecasts made in previous years for the same purposes. Based on this information, the Directors deemed it appropriate to make a write-down of deferred tax assets of the Company of Euro 10,720 thousand, attributable to tax losses carried forward from previous years.

Considering the relevance of the amount written-down during the year as well as the subjectivity of the estimates, which are based on future economic and market forecasts, we considered the deferred tax assets as a key audit matter of the Company's financial statements.

Audit procedures

As part of our audit, we have carried out the following main procedures:

- understand and evaluate the Company's relevant internal controls put in place by Management on the determination of the prospective taxable income process and to the assessment of the sustainability of deferred tax assets process;
- analysis of the reasonableness, also through discussion with the Management, of the key assumptions adopted for the 2018-2020 Business Plan and of the considerations made by the Management related to the main discontinuity factors that led to the non-recoverability of the deferred tax assets on the tax losses carried forward from previous years;

- examine the documentation supporting the analyses made by the Directors to determine the write-down of the deferred tax assets;
- evaluation, according to the fact described above, of the reasonable recognition of the deferred tax assets in the Company's financial statements.

Further, we also examined the adequacy and compliance of the disclosure provided by the Company on the deferred tax assets based on IAS 12 disclosure requirements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Saes Getters S.p.A. has appointed us on April 23, 2014 as auditors of the Company for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Saes Getters S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Saes Getters S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Saes Getters S.p.A. as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Saes Getters S.p.A. as at December 31, 2017 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
March 30, 2018

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

Consolidated non-financial statement

CONSOLIDATED NON-FINANCIAL STATEMENT

PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 254 OF 30 DECEMBER 2016

FINANCIAL YEAR 2017

The present is an English translation of the Italian official report. In the event of any discrepancies between the two texts, the Italian text shall prevail.

Table of contents

Letter to the stakeholders

In 2017, SAES achieved record results.

Therefore, 2017 was a year full of important results that were desired, sought and obtained with a spirit of sacrifice. The new dimensions and challenges that we have set ourselves, with a view to continuous improvement and enrichment, stem from a constant drive for innovation and initiatives to achieve lasting and sustainable growth in the value of the company.

We are proud of these results, but they also make us feel more responsible for our people, customers, partners and the communities in which we operate. For us, in fact, the challenge is to grow, but to grow sustainably and build relationships based on fairness, integrity and transparency.

Starting from this financial year, sustainability becomes an integral part of the Group's governance and a tool to create value.

We have put the effort that characterises our daily activities into preparing this document, involving different functions and the majority of Group companies across the board, in an exceptional team working exercise.

We have achieved this by thinking of those who have to read it with the intent of meeting the knowledge expectations of all our stakeholders and making goals and results accessible. Only transparency and integrity make it possible to build a relationship of trust with all stakeholders.

We are aware that our new orientation towards sustainability represents a major challenge for the Group, requiring new information and monitoring. Much has been done and much remains to be done, but the challenges are part of our DNA and do not frighten us!

Lainate, March 14, 2018

The Chairman of the Board of Directors

Massimo della Porta

Methodological note

SAES Getters S.p.A. falls within the scope of application of Italian Legislative Decree no. 254 of 30 December 2016, in implementation of Directive 2014/95/EU, which requires the annual preparation of a non-financial statement aimed at ensuring understanding of the company's business, its performance, results and impact, covering environmental, social, personnel, human rights and the fight against active and passive corruption. Therefore, this document represents the first Consolidated non-financial statement (or also "Non-Financial Statement") related to the companies belonging to the group consisting of SAES Getters S.p.A. and its subsidiaries (hereinafter also referred to as the "SAES Group" or the "Group"), describing their main results in terms of sustainability performance achieved during 2017 (from 1 January to 31 December). The figures relating to the previous financial year are shown, where available, only for comparative purposes so as to facilitate the evaluation of the performance of the business.

As envisaged by Article 5 of Italian Legislative Decree No. 254/16, this document constitutes a separate report marked with a specific wording in order to refer it to the Consolidated Non-Financial Statement required by law.

This Non-Financial Statement was prepared in accordance with the new "GRI Sustainability Reporting Standards" (2016) published by the Global Reporting Initiative (GRI), «in accordance» under the «Core» option»; the European Commission Guidelines on disclosure of non-financial information have also been taken into account, where appropriate.

The selection of topics and indicators for defining the contents to be reported, which are relevant for the Group and stakeholders, was carried out on the basis of a structured materiality analysis process described in Paragraph "1.3 Group Stakeholders and Materiality Analysis".

For the purposes of a correct representation of the Group's performance and to ensure the data reliability, the use of estimates was limited as much as possible. The estimates, if any, are based on the best available and duly reported methods. The data collection and control process was coordinated by the Consolidated Function, using a special package sent to the heads of all departments in charge, local offices and companies falling within the boundary of reference. The frequency of reporting of non-financial information and publication of the Non-Financial Statement is set on an annual basis.

BOUNDARY

The boundary of the figures and economic and financial information is the same as that of the Group's Consolidated Financial Statements. With regard to qualitative information and quantitative data relating to social and environmental topics, the reporting boundary includes the line-by-line consolidated companies in the Consolidated financial statements of the SAES Group[1] except for Memry GmbH that started, at the end of the 2016, preparatory activities for the closure of the company and for the transfer of production and commercial activities to other Group companies. Following the completion of the transfers of business units, which took place at the beginning of the second half of 2017, liquidation of the company began as of 1

[1] For the list of line-by-line consolidated companies, please refer to Note 1 – Scope of consolidation of the consolidated financial statements of SAES Getter S.p.A. as at 31 December 2017.

October 2017. For these reasons, the above boundary limit concerns only the residual activities that remained with the company in 2017, whereas the transferred social and environmental impacts of production and commercial activities are reported within the other companies to which the business units have been transferred. Therefore, the exclusion of Memry GmbH does not affect the understanding of the Group's business and the impact it has.

In particular, qualitative information and quantitative data on environmental topics include Group companies that manage production sites; on the other hand, companies with only commercial offices are excluded as they are not considered relevant to ensure the understanding of the Group's business and the impact it has.

With reference to the significant changes that occurred in the Group's structure in the reporting year, the subsidiary E.T.C. S.r.l. was also put into liquidation, approved in November 2017.

Considering that the 2016 figures were provided for comparative purposes only, it should be noted that the figures of Metalvuoto S.p.A. were reported for the entire 2016 financial year so as to facilitate a uniform comparison with the 2017 financial year even if the consolidation in the Group took place from October 2016.

CALCULATION METHODS - GREENHOUSE GAS EMISSIONS

For the calculation of CO_2 emissions of Scope 2, both methods provided by the GRI Sustainability Reporting Standards have been used: the "Location-based method" and the "Market-based method". For the calculation according to the "Location-based method", the emission factors DEFRA 2017 were used, both for Italy and for the United States. For the calculation according to the "Market-based method", the emission factor related to the “residual mix” was used for Italy[2], and the emission factor related to the sGRID 2016 datawas used for the United States.

***

This Non-Financial Statement was approved by the Board of Directors of SAES Getters S.p.A. on March 14, 2018; this Non-Financial Statement is also subject to limited audit (“limited assurance engagement” according to the criteria indicated by the ISAE 3000 Revised standard) by the independent auditors Deloitte & Touche S.p.A. that, at the end of the work carried out, will issue a specific report on the conformity of the information provided in the Consolidated Non-financial Statement prepared by SAES Getters S.p.A. pursuant to Legislative Decree no. 254/16.

***

[2] Source: AIB: 2016 European Residual Mix.

The Group envisaged a continuous improvement on sustainability topics in order to comply more and more virtuously with the best practices in the sector. In particular, the activities and related areas that will be developed starting from 2018 are listed below:

- **Regulation defining the Non-Financial Statement reporting process:**
  In view of the growing importance of sustainability issues and following the regulatory requirements introduced by Decree 254/16, the SAES Group undertakes to define a specific regulation that formalises the roles, timing and responsibilities of the Group's Non-Financial Statement reporting and definition process, already set up in 2017.
- **Fight against active and passive corruption:**
  For some time now, the fight against active and passive corruption has been monitored by the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 adopted by SAES Getters S.p.A.; in Italy, preliminary work began on the preparation of the Organisational, management and control model pursuant to Legislative Decree 231/01, also for Metalvuoto S.p.A.. With the aim of monitoring at Group level, in 2018 activities will be launched to define an anti-corruption policy to be extended to foreign companies to confirm the commitment undertaken in the prevention of unlawful practices, as well as providing specific training on these issues.
- **Supplier selection process and respect for Human Rights:**
  The Group requires its suppliers to sign the Code of Ethics and suppliers dealing with specific categories of minerals (gold, tin, tantalum, tungsten) to sign the Conflict Minerals Policy. Thanks to these two instruments, the Group is committed to safeguarding human rights along the entire value chain. Moreover, SAES Getters S.p.A. will undertake to define the guidelines that integrate environmental and social aspects in the assessment process of suppliers, of all subsidiaries.
- **Sustainability Risk Management:**
  The Group has a special ERM (Enterprise Risk Management) process developed on the basis of the COSO ERM framework and, for this first edition of the Consolidated Non-financial Statement, it has made an initial identification of the main risks associated with material aspects of sustainability for the Group, as represented at the beginning of the chapters of this document. With the aim of aligning itself with best industry practices, the Group will undertake to analyse more in-depth the risks generated and suffered, integrated within the ERM process.

The development and implementation of such a planned project could reasonably require, considering the size and operational characteristics of the SAES Group, a period of approximately 18-24 months of activity (completion by December 2019).

Contacts:

<u>Emanuela Foglia</u>

Investor Relations Manager

Tel. +39 02 93178 273

E-mail: investor_relations@saes-group.com

<u>Laura Magni</u>

Group Marketing and Communication Manager

Tel. +39 02 93178 252

E-mail: laura_magni@saes-group.com

The SAES Group, a constantly evolving story

THE SAES GROUP AT A GLANCE

231,078 (thousands of Euro) of Consolidated Net Turnover

16,102 (thousands of Euro) used in R&D equal to 7% of turnover

6 ISO 9001 certified companies

1 ISO 14001 certified company

The SAES Group invents, produces and markets new families and new compounds of "functional" materials with unique characteristics, which are used in various sectors, such as:

- **consumer electronics;**
- **home automation;**
- **automotive;**
- **medical;**
- **particle accelerators;**
- **gas purification;**
- **advanced packaging.**

The Group has a consolidated know-how, great experience and knowledge in the field of **Materials science**, which translates into an activity of continuous development of innovative and radical ideas of the R&D department.

WHAT IS MATERIALS SCIENCE?

Materials science is the discipline that studies and invents new molecules and defines new production protocols that can be applied in various supply chains and products. Materials Science is a sector that is changing the world around us and will help change it even further in the future.

The Group is divided in 3 Business Units and 1 Business Development Unit that includes basic research projects or those under development, aimed at diversification into innovative businesses[3]. The structure is shown below:

INDUSTRIAL APPLICATION

- Security & Defense
- Electronic Devices
- Healthcare Diagnostics
- Thermal Insulation
- Getters & Dispensers for Lamps
- Systems for UH Vacuum
- Sintered Components for Electronic
- Systems for gas purification and handling

SHAPE MEMORY ALLOY

- Nitinol for Medical Devices
- SMAs for Thermal & Electro Mechanical Devices

SOLUTIONS FOR ADVANCED PACKAGING

- Solutions for Advanced Packaging

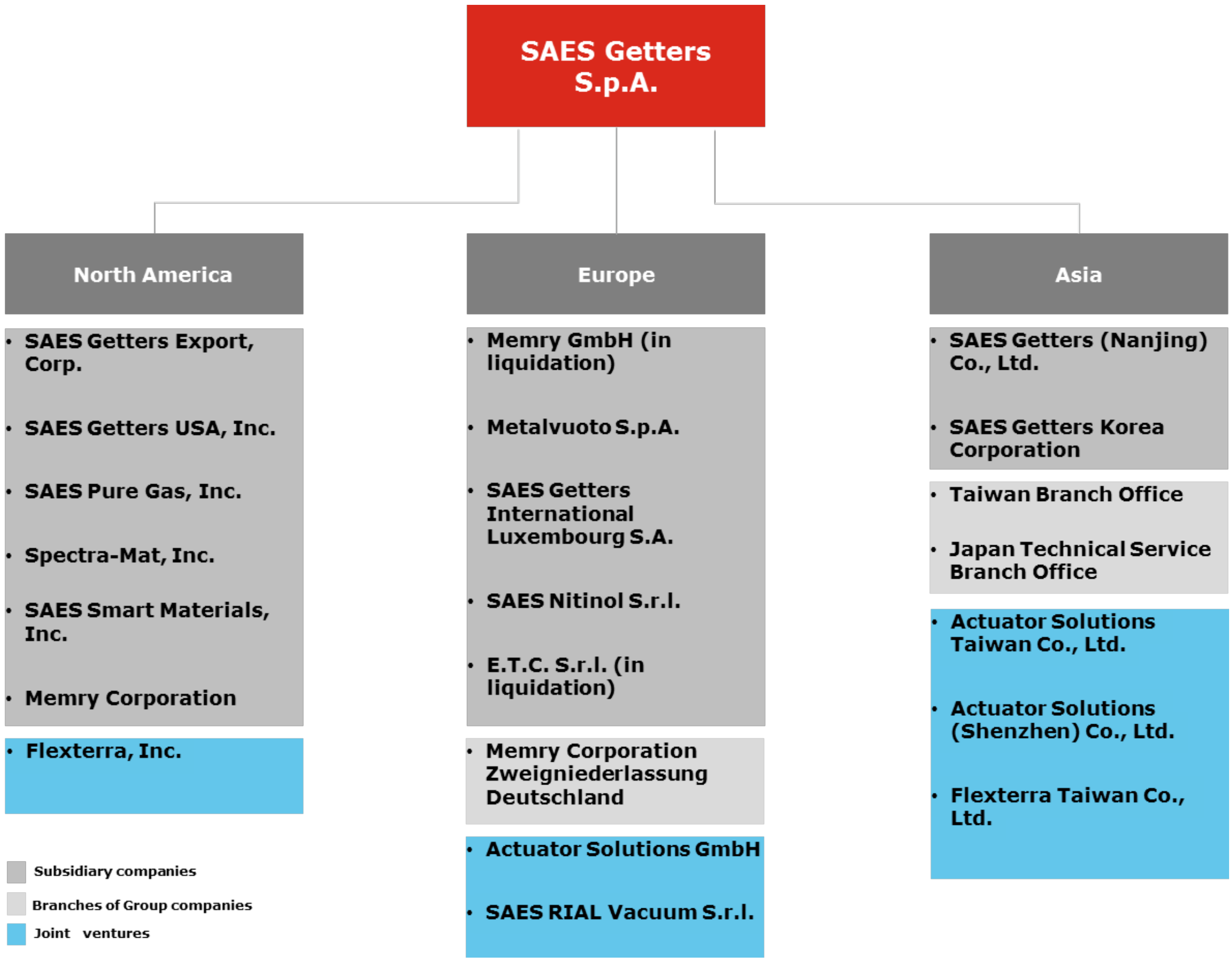
BUSINESS DEVELOPMENT UNIT

- Organic Electronics

[3] For a description of the businesses and their economic and financial data, please refer to 2017 Report on operations of SAES Group.

THE STRUCTURE OF THE SAES GROUP

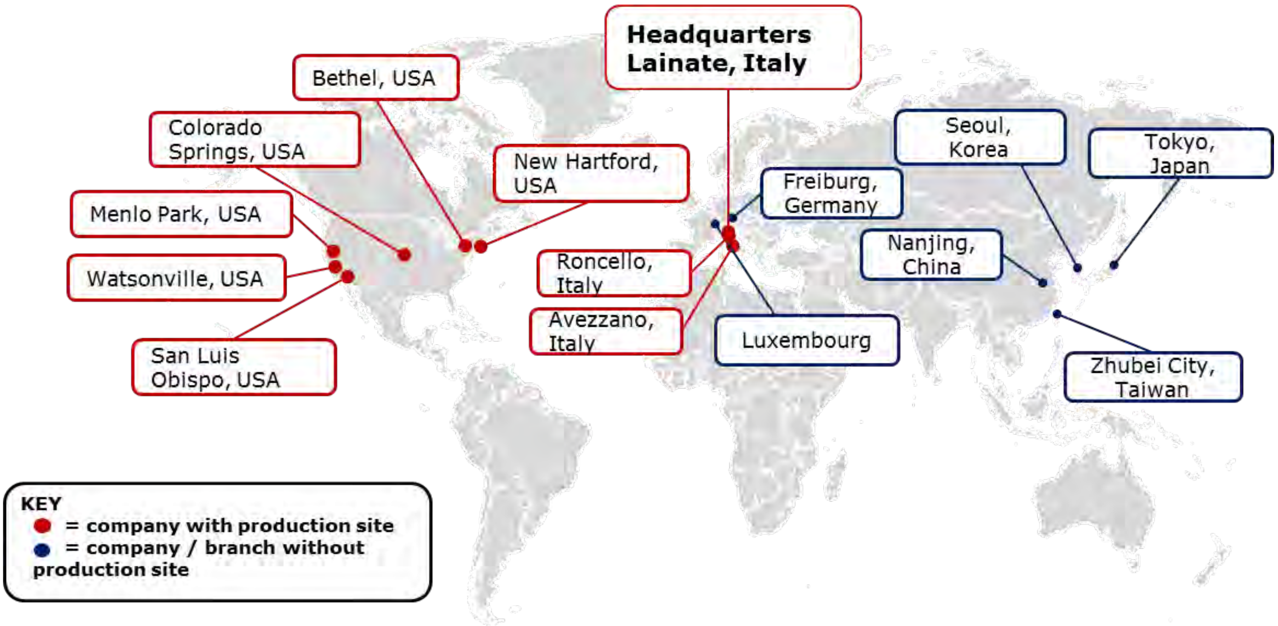
The following table shows the companies belonging to the Group[4]:



[4] For a description of the individual Group companies and the related economic and financial data, please refer to 2017 Report on operations of SAES Group.

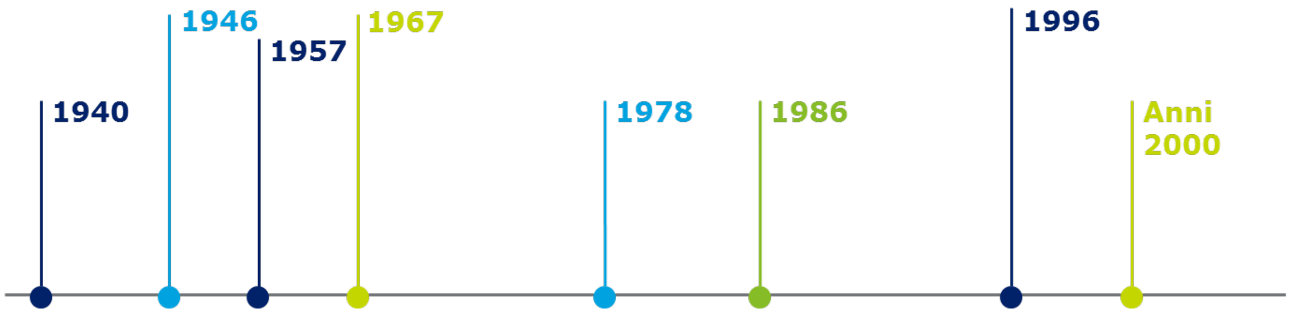
OUR PRESENCE IN THE WORLD

The SAES Group is headquartered in Lainate (Milan), Italy and is present worldwide with both production and commercial subsidiaries located in Europe, the USA and Asia[5].



[5] The geographical offices of Group companies that do not fall within the relevant boundary for the purposes of this Non-Financial Statement as described in the Methodological Note of this document, to which reference should be made.

HISTORY OF THE SAES GROUP



1940: S.A.E.S. (Società Apparecchi Elettrici e Scientifici, Electric and Scientific Equipment Company) was established in Florence on the initiative of Ernesto Gabrielli.

1946: The della Porta and Canale families joined the company, in which they still currently play a leading role.

1957, S.A.E.S. patented the getter for the cathode-ray tubes of television sets, which started production on an industrial scale.

1967: New getter configurations were presented, a technology that allows the production of new products such as non evaporable getters (NEGs) and getter pumps.

1978: After redefining the corporate structure, acquiring new companies and reaching 300 employees, S.A.E.S. became SAES Getters.

1986: SAES Getters S.p.A. was listed on the Stock Exchange.

1996: The head office of Lainate was established, currently the headquarters of the Group.

2000s: the Group's current structure was defined thanks to significant acquisitions and expansion of new markets, which gave the Group its current structure.

1. Group business management

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
ANTI-CORRUPTION	Group commitment to combat active and passive corruption through the application of policies, procedures and mechanisms for reporting potential irregularities or unlawful behaviour and specific training activities on the matter; the aspects also includes the Group's transparency in relations with Political Organisations.	Correctness and transparency in the management of relations with public and private subjects, in the carrying-on of business activities	The Group also pays attention to monitoring all behaviour and negligence that, if put in place, would create the conditions constituting the risks of crime punished by the aforementioned external regulations and undertakes to provide its employees with targeted training in this area.
ETHICS, BUSINESS INTEGRITY AND COMPLIANCE	Integrity and transparency in business activities and compliance with laws and regulations; the issue includes the adoption of an Organisational, management and control model pursuant to 231/01 for SAES Getters S.p.A., a Code of Ethics, compliance with national and international principles and guidelines, compliance with current regulations and any specific regulations (e.g. anti-trust, monopoly, anti-competitive behaviour) where the Group operates or related to the business activity.	- Compliance with regulations and laws of reference - Integrity in running the business activities	The Group pays attention to principles such as business ethics and integrity thanks to the adoption of the Code of Ethics and of the Organisational, management and control model adopted by SAES Getters S.p.A. (pursuant to Italian Legislative Decree no. 231/2001). The Group adopts and promotes among its stakeholders a healthy, correct and consistent approach with the strategic and operational objectives so as to comply with applicable laws and regulations.

1.1. Governance and Organisation

The Board of Directors (BoD) of the SAES Group consists of 11 members, including eight men and three women with an average age of 60 and ranging from 77 for the oldest member to 45 for the youngest member. The composition of the BoD as at 31 December 2017 is shown in the following table:

JOB TITLE	NAME	GENDER	YEAR OF BIRTH	EXECUTIVE (E) – NON-EXECUTIVE (NE)	CODE IND.	TUF CODE	AUDIT AND RISK COMMITTEE	APPOINTMENT AND REM. COMMITTEE
Chairman	Massimo della Porta	M	1960	E	-	-	-	-
Deputy Chairman, Managing Director and CFO	Giulio Canale	M	1961	E	-	-	-	-
Director	Adriano De Maio	M	1941	NE	-	X	-	M
Director	Alessandra della Porta	F	1963	NE	-	-	-	-
Director	Luigi Lorenzo della Porta	M	1954	NE	-	-	-	-
Director	Andrea Dogliotti	M	1950	NE	-	-	-	-
Director	Gaudiana Giusti	F	1962	NE	X	X	M	P
Director	Pietro Mazzola	M	1960	NE	-	-	-	-
Director	Stefano Proverbio	M	1956	NE	X	X	M	-
Director	Roberto Orecchia	M	1952	NE	X	X	P	-
Director	Luciana Rovelli	F	1973	NE	X	X	-	M

	Average age		
Directors/gender	30-50 years old	>50 years old	Total
Men	-	8	8
Women	1	2	3

THE COMMITTEES OF THE SAES GROUP[6]

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for outlining the guidelines that can reduce and mitigate risk, providing opinions to the Board of Directors on risk management and identification.

APPOINTMENT AND REMUNERATION COMMITTEE

The Appointment and Remuneration Committee is one of the internal committees of the Board of Directors; it is responsible for preparing the Remuneration Policy pursuant to Article 123-ter of the TUF (Consolidated Law on Finance); moreover, it is the body that assesses the adequacy and correctness of the Group Policy, identifying any proposals for change or improvement and monitoring its correct application.

COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

The Committee for transactions with related parties is formed by directors who meet the independence requirements. It is chaired by the Lead Independent Director. The committee meets whenever related party transactions need to be assessed and submitted to the Committee for its opinion.

ETHICS AND INTEGRITY

The SAES Group, aware of the importance of Governance in the planning of objectives and performances of both an economic and financial nature and in terms of sustainability, undertakes to achieve a correct corporate and entrepreneurial management that makes it possible to create value for stakeholders and increase investor confidence and interest. The Corporate Governance system of the Group is in line with the recommendations contained in the Code of Self-Regulation of the Listed Companies, promoted by Borsa Italiana S.p.A. The tools used are the Code of Ethics and the Organisational, Management and Control model according to the requirements of Italian Legislative Decree 231/2001 (hereinafter also referred to as "Model 231" or "Model")[7].

The **Code of Ethics** of SAES Getters S.p.A with which all the Group companies are required to comply, was updated in 2014 and aims to define a set of rules of behaviour that makes it possible to disseminate among the employees a corporate culture aimed at legality, defining the principles of the SAES activity. The Code defines certain values such as: legality, fairness, transparency, impartiality, diligence and professionalism, information confidentiality, environmental protection and sustainable development and competition. Moreover, it is also envisaged that, in case of violation of the principles of the Code of Ethics by temporary Workers, Suppliers, Consultants and Commercial partners it is possible, when required, the termination of the service contract.

---

[6] For a more detailed description of the Committees of the SAES Group, please refer to the other sections of the 2017 Annual Financial Report, the 2017 Report on Corporate Governance and the Ownership Structure, in particular.

[7] The Code of Ethics of the SAES Group is available and can be downloaded at www.saesgetters.com both in English and in Italian.

THE CODE OF ETHICS AND RELATIONS WITH STAKEHOLDERS

The Code of Ethics of the SAES Group pays particular attention to the relations that the Group has with some of its key stakeholders, in particular:

- **requires** relations with **customers, suppliers and external collaborators** to be transparent and non-discriminatory;
- **commits** the Group to maintain a proactive and constant collaboration in compliance with the laws and regulations in force towards the ***Public Administration, Supervisory Bodies, Trade Associations and Judicial Authorities;***
- **protects equal opportunities in the selection of personnel.**

The **Organisational, management and control model pursuant to Italian Legislative Decree 231/2001** is the document that describes the organisational model of SAES Getters S.p.A. The adoption of Model 231, which reached its tenth update in 2017, expresses the willingness to:

- determine, in all parties involved, the awareness of being able to incur disciplinary consequences and/or penalties in case of violation of the Model;
- reassert that the unlawful behaviour deriving from any violations of the Model are strongly condemned by SAES Getters S.p.A.;
- allow SAES Getters S.p.A. to prevent unlawful behaviour by monitoring risk areas.

SAES Getters S.p.A., as from 2017, opted for a Model 231 structured by process and no longer by category of offence, as it was originally, and composed of a general part known as descriptive, and a special part which, in turn, consists of 25 protocols. The decision to change the structure of Model 231 was made in response to the need and desire to make the Model increasingly usable and more effective in terms of "risk analysis" and identification of "risk mitigation areas", as well as control measures.

Thanks to Model 231, SAES Getters S.p.A. condemns all forms of **corruption**, also arranging for this purpose a special Supervisory Body with its own functions indicated in the Model.

COMMITMENT AGAINST CORRUPTION

The SAES Group is actively engaged in combating corruption, both public and private, as provided for by national legislation. In particular, the Group actively prevents any attempt at corruption, unlawful favours, collusive behaviour and requests for personal benefits as described in the Code of Ethics that, together with Model 231 are the tools for monitoring the occurrence of corruptive phenomena.

The Code of Ethics refers to specific duties of behaviour, also in relation to corruptive practices, potentially present in various areas of company operations. In particular, when carrying out relations with customers and suppliers, it must be considered that gifts, contributions and entertainment expenses are allowed when of modest value and without being interpreted as aimed at obtaining improper advantages. There are also company procedures that govern relations, both institutional and commercial, with national or EU public bodies, Supervisory Authorities, public officials and public servants.

THE INTEGRATED APPROACH OF THE SAES GROUP: QUALITY, ENVIRONMENT, SAFETY & ETHICS

The SAES Group aims to achieve technological excellence in full compliance with economic, social, environmental and ethical sustainability. The Group is constantly committed to improving its production and management processes by adopting a responsible management that combines quality and efficiency in business development with attention to its employees and the environment. Currently, there are 6 companies of the Group with **ISO 9001**[8] Certification, **2 production sites**[9] of the Group with **ISO14001** certification and **3 production sites**[10] with sector-specific certifications.

SAES has adopted a "Group Integrated Policy for quality, environment, safety and ethics" (hereinafter referred to as the "Group Integrated Policy"). Each subsidiary derives its own local policy from this Group Integrated Policy.

The Group Integrated Policy is illustrated below:
in order to guarantee continuous progress and maintain its leadership in the field of vacuum technology for scientific and industrial applications, special metallurgy and materials science, as well as reaffirming its total loyalty to its traditional "core values", the SAES Group is committed to implementing an Integrated Quality, Environment, Safety and Ethics Management System based on compliance with the following principles:

- consider a fundamental element of the Group's global strategy to be the constant commitment to research and development of innovative products with a high technological content, through the adoption of modern and well-structured methods, so as to be able to satisfy and anticipate customer expectations and needs, guaranteeing respect for the environment and safety in use;
- concentrate its efforts on profitable businesses through actions aimed at improving economic results and maximising profits, also through the introduction of diversified products;
- combine the scientific knowledge and technical skills available within the SAES Group with those acquired through collaboration with external customers and centres of excellence, with the aim of developing "enabling" products capable of promptly and effectively meeting the demands of a market in constant development;

[8] The ISO 9001 certified companies of the Group are: SAES Getters S.p.A., Metalvuoto S.p.A., Memry Corp., SAES Smart Materials, Inc., SAES Pure Gas, Inc., SAES Getters USA, Inc.

[9] SAES Getters S.p.A. is ISO14001 certified for the plants of Lainate and Avezzano.

[10] The Company SAES Getters S.p.A. is ISO-TS16949:2009 certified for the Factory of Lainate; Memry Corp. is 13485:2003 certified for the Factories of Bethel (CT) and MenloPark (CA); for further details, please refer to Chapter 3,"Technology at the service of innovation".

- adopt the most advanced international regulations and standards on quality, environment and safety, by promoting at the same time the application and diffusion among all Group companies of a corporate culture that respects human rights and ethical principles;
- constantly enhance and promote the professional and human growth of all Group employees, involving them, informing them regularly about company objectives and programmes and ensuring safe and peaceful working conditions;
- develop a corporate culture oriented towards continuous improvement, achieved through structured processes, whose performance is constantly monitored by indicators able to measure efficiency and effectiveness in a timely manner.

CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RIGHTS

The Group has the following policies on human rights and corporate social responsibility:

- **Policy on Corporate Social Responsibility (CSR):** with this policy, the Group is committed to upholding human rights without any discrimination on the grounds of gender, religion or age and to ensuring that for no operation or worker there is child and/or forced labour. These values and principles apply to all workers including students, migrants, temporary staff, employees and all other types of workers.

- **Conflict Minerals:** with this policy, the Group requires suppliers dealing with specific categories of minerals (Gold, Tin, Tantalum, Tungsten) to sign the Conflict Minerals policy aimed at ensuring that such materials do not come from areas where there is a high risk of human rights violations and environmental degradation.

1.2 Opportunities and risks

THE CONTEXT OF REFERENCE

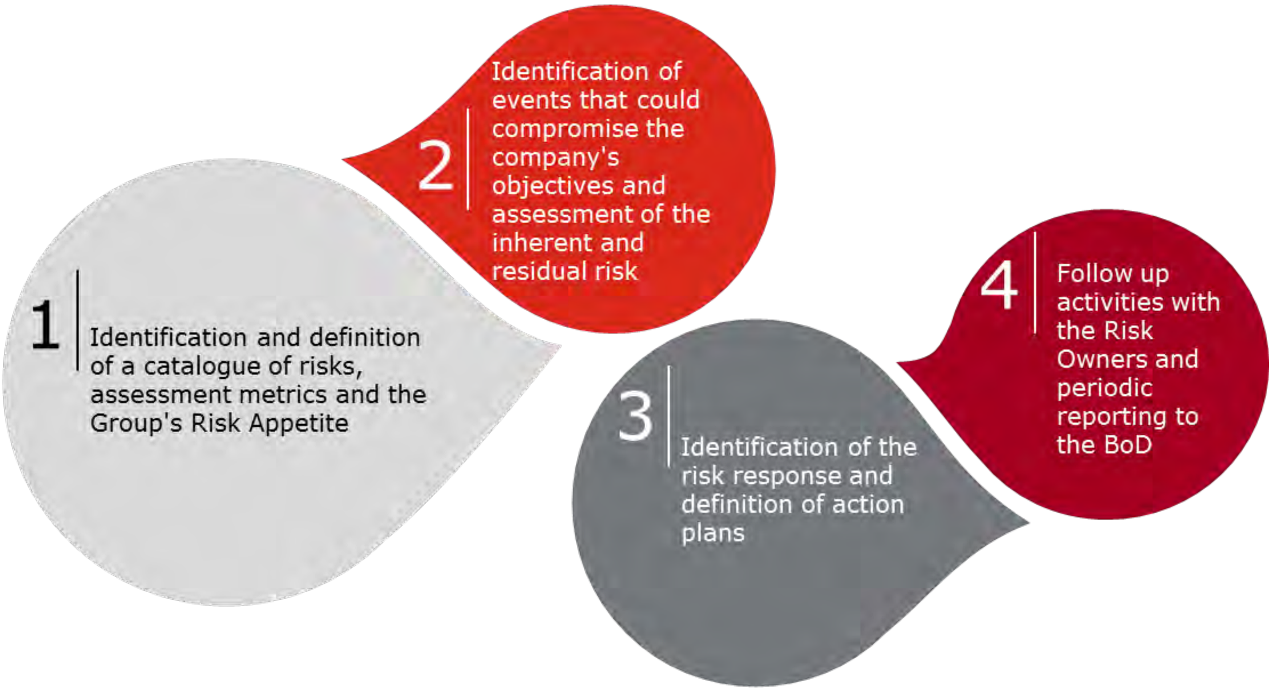
Sustainability issues, such as the fight against climate change, environmental protection and the adoption of policies for the development and sustainable management of material resources, have become increasingly interesting for institutions and organisations around the world in recent years. In particular, in 2015, the 21st United Nations Climate Change Conference (known as COP21) aimed at regulating greenhouse gas emissions and was ratified in 2016. The climate agreement will enter into force from 2020 and represents an important step forward in defining a global strategy to combat climate change and the increase in the temperature of the Planet Earth. In 2015, the United Nations adopted a new policy for the dissemination of sustainable development issues: the Sustainable Development Goals (17 SDGs). The 17 goals, valid for the period from 2015 to 2030, involve the public and private sector in ensuring the achievement of common objectives, such as peace, security, justice, social inclusion and environmental responsibility. In 2016, by means of Italian Law Decree no. 256, the Italian legal system adopted European Directive 2014/95 - Barnier on "Non-financial statement", which requires public-interest Companies that meet certain criteria to provide, starting from 2017, information on the management of social and environmental issues. Therefore, organisations are increasingly called upon to carefully assess the development of specific scenarios and the new challenges that these present, in order to be able to seize opportunities and manage the risks involved. The SAES Group operates in a dynamic environment in continuous development, both in terms of market trends and in terms of complexity and high technological content of the sector in which it operates. It is essential for the Group to properly manage and control the risks to which it is exposed during its business activities so as to ensure stability and balance over time and maintain lasting relations with its stakeholders.

The risk-aware management is carried out through the progressive implementation of a system that makes it possible to identify, assess and, where possible, mitigate and monitor business risks according to a precautionary approach.

In order to correctly define its risk profile, SAES Group has adopted an Enterprise Risk Assessment process since 2012, defining and updating a risk catalogue; this operation was carried out following the requirements of the COSO Framework international standard.

The method for assessing the identified risks follows the COSO ERM framework and involves all the identified Risk Owners. The Group's objective is to ensure that the ERM strategy becomes an integral part of the assessment of decision-making processes in business planning.

THE RISK MANAGEMENT MODEL OF THE SAES GROUP



For further information on the main risk factors for the sustainability of the SAES Group and related management methods, please refer to the tables at the beginning of each chapter of this document.

1.3 Stakeholders of the Group and materiality analysis

The SAES Group recognises the importance and the need to create a transparent, two-way and constructive dialogue with its customers, suppliers, shareholders, employees and all those involved in the life of the organisation concerning sustainability. The correct approach to sustainability is one of the Group's fundamental objectives, both from a strategic point of view and in relation to the subjects with whom it interacts.

The Group pursues its interests with a view to sustainable development and environmental protection, striving for a continuous balance among economic initiatives, safety of operations from a corporate point of view and prevention of environmental risks. With this in mind, the Group decided to undertake a process that integrates into its business the assessment of all positive and negative events, through a constructive dialogue with its stakeholders.

The Group has already launched a materiality analysis process in 2016 aimed at identifying the areas of greatest interest also for the purpose of developing the company business and creating value for stakeholders, with a view to long-term sustainability. On the basis of material or relevant aspects, priority indicators through which to monitor and communicate the Group's sustainability performance were identified.

STAKEHOLDER IDENTIFICATION

The Group implemented a process for mapping, identifying and prioritising the main categories of stakeholders, which has made it possible to define the Group's stakeholder map, by also identifying the level of dependence and influence on the Group.

THE MAP OF THE STAKEHOLDERS OF THE SAES GROUP

MAIN TOOLS FOR DIALOGUE WITH THE STAKEHOLDERS OF THE SAES GROUP

Company Intranet

Organisational communications

Information articles on values / products / people ("SAES In touch")

Institutional website : www.saesgetters.com

Social network

Events and trade fairs

Online / web advertising, paper advertising in trade magazines, product brochures

Telephone contacts / via email / meetings

Institutional website : www.saesgetters.com

Telephone contacts / via email / meetings

Financial reports

Information on request

Communications to be provided

Institutional website : www.saesgetters.com

Conferences and seminars

Scientific communities

Social network

Telephone contacts / via email / meetings

Institutional website : www.saesgetters.com

Shareholders

Institutional website : www.saesgetters.com

Press releases

Shareholders' Meeting

Presentations of financial results

Financial reports

Meetings with the financial community

Business partners

Institutional website : www.saesgetters.com

Social network

Telephone contacts / via email / meetings

MATERIALITY ANALYSIS

The Materiality Analysis made it possible to identify the main issues that have a significant economic, social and environmental impact on the Group's activities, by affecting their assessments and decisions vis-à-vis stakeholders and by determining their needs and requirements.

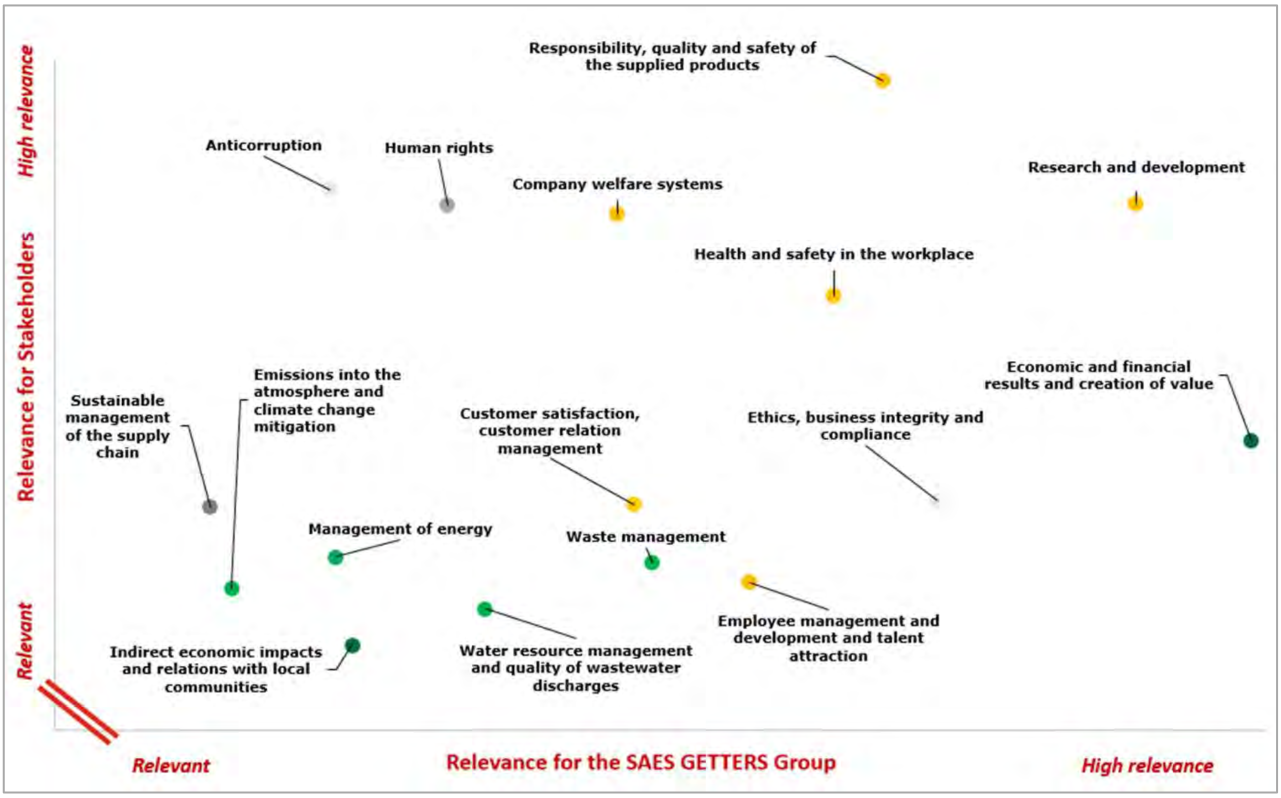
The SAES Group carried out its own materiality analysis, with the aim of identifying priority issues, in that they are more strategic and crucial. The representation of the materiality analysis offered the management of the Group the opportunity to reflect more deeply on the effects that specific issues may have on its activities, as well as an assessment of the consistency of the actions undertaken with the Group's mission.

The process of identifying the material aspects envisaged initially the identification of a list of possible topics to be assessed, based on the:

- analysis of the impacts of the SAES Group;
- benchmark with comparable operators;
- reporting guidelines and standards.

The list of aspects was subsequently subjected to an internal analysis with the aim of identifying the relevance of each topic according to the point of view of the SAES Group and that of its stakeholders. The final result is the materiality matrix shown below.

THE MATERIALITY ANALYSIS OF THE SAES GROUP



Key

- Governance and Compliance
- Economic responsibility
- Responsibility towards employees
- Product liability
- Responsibility towards suppliers
- Responsibility towards Local Communities
- Environmental responsibility

2. Economic performance and business development

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
ECONOMIC AND FINANCIAL RESULTS AND CREATION OF VALUE	Economic and financial performance of the Group, financial stability, protection of profitability and generated economic value; creation of value in the short, medium and long term also thanks to the efficient management of tangible and intangible assets (e.g. patents, production technologies, specific know-how).	- Enhancement of company assets - Achievement of growth targets defined by the Management	The Group is committed to managing its business activities responsibly by achieving sustainable profitability and growth targets, in order to generate long-term economic value that can be distributed among all Stakeholders.
INDIRECT ECONOMIC IMPACTS AND RELATIONS WITH LOCAL COMMUNITIES	Group involvement in the local company in which it operates by defining specific hiring, remuneration and management policies of local employed personnel. Analysis and management of indirect economic impacts generated by business activities.	- Timely and complete communication with the Group's stakeholders	The Group develops its business activities considering the needs and expectations of the communities in which it operates, through a progressive assimilation of culture and values, favouring the hiring of local personnel and undertaking the development of lasting relations capable of creating value for the territories.
SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN	Responsible management of procurement processes throughout the Group's supply chain; assessment and screening of suppliers on the basis of social and environmental performance, and promotion of behaviour and social responsibilities that encourage suppliers to adopt sustainable behaviour.	- Availability of raw materials - Quality of supplies and financial stability of suppliers	The Group develops correct, clear and transparent relations with all its suppliers based on compliance with principles of quality and cost-effectiveness in choosing them and favouring suppliers belonging to countries and communities in which it operates.
HUMAN RIGHTS	Management of activities, also along the value chain (suppliers and customers), which present significant risks in the field of human rights (forced labour, child labour, freedom of association and collective bargaining, discrimination at work) and any actions undertaken (e.g. training plans on issues related to Human Rights, Codes of Business Conduct and auditing activities).	- Respect for human rights by employees, suppliers, customers and partners	The Group has a policy on corporate social responsibility and a specific policy on the aspect of "Conflict Minerals". With these instruments, the Group supports universal human principles such as: human rights and labour rights, committing itself to their integration into its business strategy and to their observance throughout the entire value chain.

HIGHLIGHTS

Revenues of Euro 231.1 million, up by 22.2% compared to Euro 189 million in FY2016

Strong growth in operating results and EBITDA of just under Euro 50 million

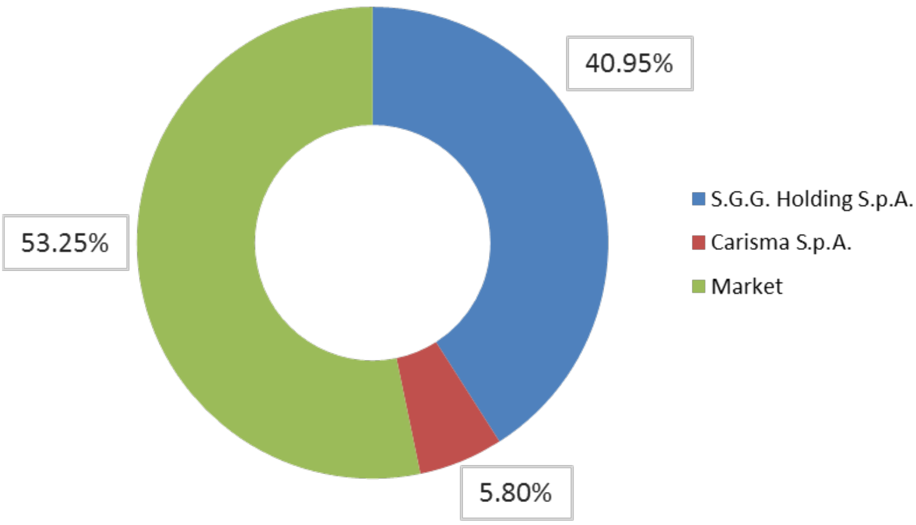
Consolidated EBITDA at Euro 50 million (21.6% of turnover), up sharply (+40.9%) from Euro 35 million (18.8% of turnover) in FY 2016

Net financial position of Euro -17.7 million, a marked improvement on Euro -33.8 million of 2016, thanks to the strong generation of operating cash

2.1 Communication with the financial community

The share capital of SAES Getters S.p.A. as at 31 December 2017 amounted to Euro 12,220,000, consisting of 22,049,969 shares, of which 14,671,350 ordinary shares and 7,378,619 savings shares, with an implicit par value of Euro 0.554196 each. The shareholding structure is represented below, with regard to the ordinary shares with voting power in the shareholders' meeting.

SHAREHOLDING STRUCTURE OF THE SAES GROUP AS AT 31 DECEMBER 2017



As at 31 December 2017, the majority shareholder is S.G.G. Holding S.p.A., which holds more than 40% of the ordinary shares whereas more than half of the ordinary shares (53.25%) are free-floating shares on the market.

INVESTOR RELATIONS

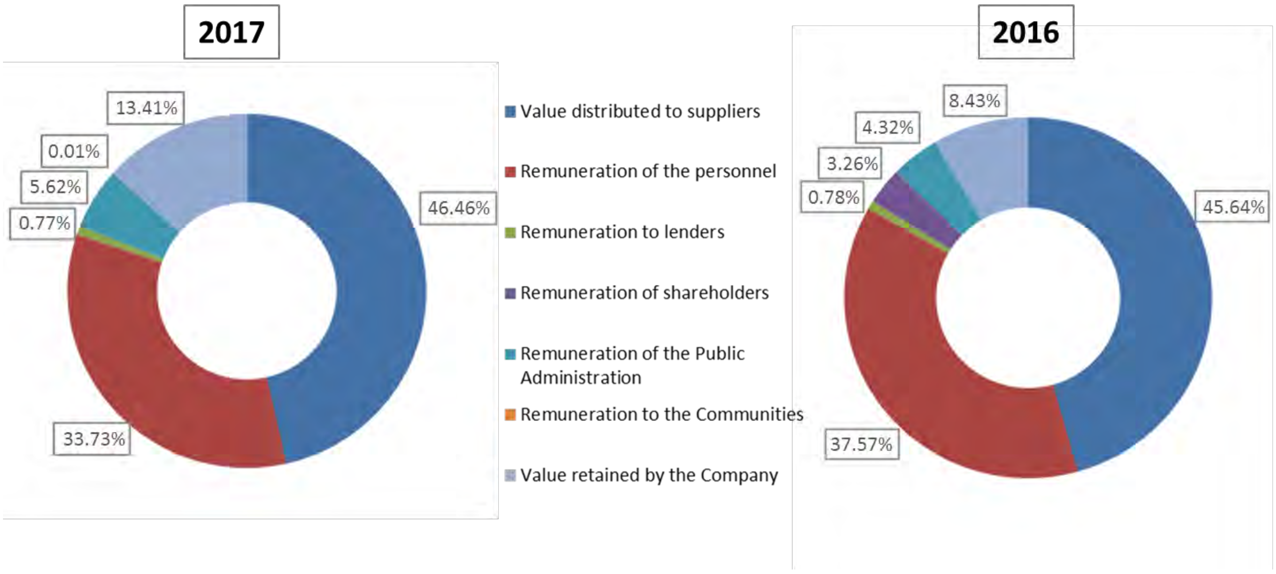
The creation of value for the shareholders also requires a transparent and fair relation with the financial community, which for the Group is an important element in the process of business management and development. In this regard, during 2017, the Group attended two **STAR conferences** in Milan and London.

Moreover, to confirm the transparency and importance that external communication assumes for the Group, 11 **press releases** were issued during the year in addition to regular financial reporting and presentations. Presentations to the financial community, corporate documents, press releases and all information concerning the Group are available on the Investor Relations section of the website: **www.saesgetters.com**, both in Italian and English. Shareholders' Meeting documents, the Code of Ethics and the contacts of analysts following the security are also available.

2.2 Generated and distributed economic value

The creation and distribution of value for its stakeholders is a constant commitment of the SAES Group. The following chart represents the wealth produced by the Group and distributed among stakeholders in the following manner: **value distributed to suppliers** (reclassified operating expenses), **remuneration of the personnel** (direct remuneration consisting of wages, salaries, employee severance indemnity and indirect remuneration consisting of social security contributions), **remuneration of lenders** (interest expense), **remuneration of shareholders** (distributed dividends), **remuneration of the Public Administration,** (total taxes paid). The **value retained by the SAES Group** is represented by the result for the year net of the profits distributed to the shareholders.

DISTRIBUTION OF THE VALUE GENERATED BY THE SAES GROUP



The table determining and distributing the economic value generated by the SAES Group was prepared on the basis of the items shown in the income statement. The **economic value generated** by the SAES Group in 2017, net of reclassified costs, amounted to approximately **Euro 234 million**, up 24% on the previous year. Most of this value is represented by the **remuneration to suppliers** (approximately **Euro 109 million**, compared to approximately Euro 86 million in 2016), followed by the **remuneration of the personnel** (approximately **Euro 79 million**, slightly higher than the figure for 2016, which was around Euro 71 million). The **remuneration of the Public Administration** amounted to approximately **Euro 13 million** (up compared to 2016, equal to approximately Euro 8 million), while the **remuneration to lenders** amounted to **Euro 1.8 million** (up 23% compared to 2016). The **value retained by the Company** was approximately **Euro 31 million** (almost double the amount recorded in 2016). In 2017, the **remuneration to the Communities** was Euro 33 thousand compared to Euro 4 thousand of 2016 whereas the **remuneration of shareholders** was **zero** (unlike 2016, when the remuneration was about Euro 6 million) since the Parent Company closed the current year at a loss and, therefore, no distribution of profits to shareholders by the latter was possible. The Board of Directors proposed to the Shareholders' Meeting the distribution of Retained earnings and the Share premium reserve for a total amount of Euro 15.4 million.

2.3 The supply chain of the SAES Group

All procurement and distribution activities for the numerous SAES products are based on the essential research and development activities that characterise the Group's technological offer.

Only after defining the specific technological solution for its customers, the Group supplies raw materials, semi-finished products and finished products to make the requested product.

FROM PRODUCT RESEARCH AND DEVELOPMENT TO DELIVERY TO THE CUSTOMERS OF THE GROUP

To carry out its activities, the SAES Group collaborates with its suppliers to obtain the best products and services essential for maintaining high standards of excellence.

Responsible sales management

In order to prevent and manage possible situations at risk, the Group has implemented specific rules regarding the sale of its own products with new business partners.

When acquiring a new customer, the Group has special procedures both in case of calls for tenders with Public Administration Bodies and with private individuals.

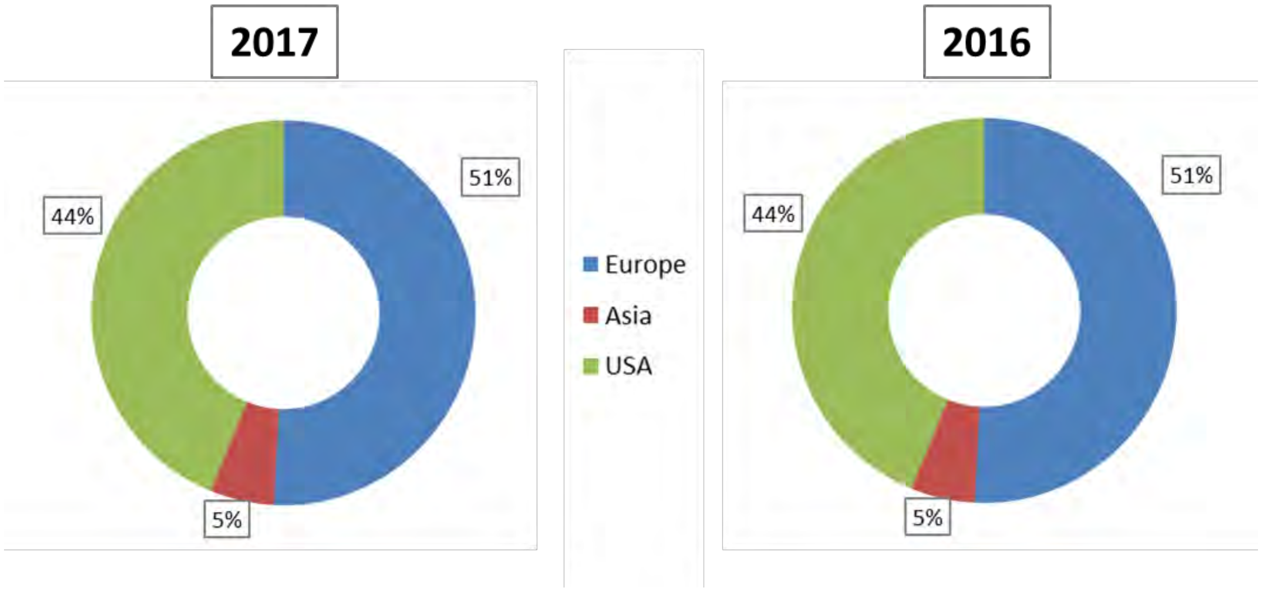
In particular, in the event that the Group interfaces with a potential distributor of products, a Due Diligence process involving reputational surveys and assessment of the counterparty's reliability based on financial, commercial and solvency information is envisaged. Moreover, the Customer Relations Management Office may request / collect and analyse specific documentation according to the type of distributor, such as, for example, in order to identify whether the countries that the distributor supplies are at risk of terrorism, the UIF reference lists or in the case of Italian distributors, the anti-mafia declaration.

The Group's four main categories of purchases range from raw materials and semi-finished products to support services for business activities. In particular, to confirm the strong drive for innovation, the expenditure for the protection of intellectual property - a decisive asset of the SAES Group - is significant.

NUMBER OF SUPPLIERS AND TOTAL EXPENDITURE BY CATEGORY OF PURCHASES

Product segment	2017		2016	
	No. of Suppliers	Value of total annual expenditure [€]	No. of Suppliers	Value of total annual expenditure [€]
Raw materials, semi-finished and finished products, outsourced work	930	75,265,442	903	56,350,743
Utilities, facilities, canteen, clothing, services, rentals, fairs, events, marketing, travels, books, printed matter	1,798	30,776,428	1,729	25,714,181
Consultancy	227	5,533,089	198	5,242,646
Patent expenses	12	1,158,681	13	1,273,846
Total	**2,967**	**112,733,640**	**2,843**	**88,581,416**

DISTRIBUTION OF SUPPLIERS BY GEOGRAPHICAL AREA



In order to contribute to the creation of value in the local communities where it operates, the SAES Group focuses on the purchase of goods and services from local suppliers. In particular, in 2017, **80.8%** of the Group's **total purchases were made locally**.

In particular, the entire expenditure made by the companies present in Asia is related to Asian suppliers, 91.4% of the purchases of US companies refer to suppliers in the USA and finally, 61.9% of the expenditure in Europe is focused on Italian suppliers.

PERCENTAGE OF EXPENDITURE CARRIED OUT ON LOCAL SUPPLIERS

Geographical area	Percentage of expenditure on 2017 local suppliers	Percentage of expenditure on 2016 local suppliers
Europe	61.9%	64%
USA	91.4%	90.7%
Asia	100 %	100 %

Group	**80.8%**	**79.5%**

3. Technology at the service of innovation

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
RESPONSIBILITY, QUALITY AND SAFETY OF THE SUPPLIED PRODUCTS	Production and sale of high quality products through actions aimed at improving the performance, durability and safety of the products manufactured.	- Compliance with specific product standards and/or standards requested by the Customer and with law regulations.	The Group pursues the objective of continuously improving the quality and safety of its products by adopting the most advanced technological solutions.
RESEARCH AND DEVELOPMENT	Research and Development activities aimed at designing products with high technological content with a special attention to innovative solutions and sustainable applications capable of generating positive externalities for the environment, society and customers; the theme includes the implementation of eco-design criteria and the use of cutting-edge technologies, patents and know-how.	- Adequacy of the product research and development process - Retention and attraction of talents and highly qualified personnel - Product innovation - Investments in research, development	The Group continuously supports and implements research and innovation initiatives, paying particular attention to the hiring of highly qualified personnel.
CUSTOMER SATISFACTION, CUSTOMER RELATION MANAGEMENT	Monitoring of the level of customer satisfaction and implementation of a customer relation management system capable of providing indications for the development and improvement of the design, implementation and marketing of products.	- Adequate structure of the process for obtaining customer feedback - Adoption of adequate data collection tools	The innovation in production processes is closely related to the supply of cutting-edge products. The Group monitors and collects complaints relating to any problems found by its customers, paying full attention in listening to and promptly resolving any problems.

HIGHLIGHTS

2 ISO 13485 certified production facilities

1 ISO 16949 certified production facility

More than 300 inventions over the last 70 years

243 scientific articles published in conference papers

3.1 Customers and markets served

Over time, the SAES Group has become a world leader in hi-tech solutions for scientific and industrial applications requiring ultra pure vacuum or gas conditions, shape memory products and functional polymeric compounds. The Group developed a high level of know-how in component and system engineering, offering a wide range of innovative solutions for more than 2000 customers in over 100 different markets. The Group develops and customises the functions of the materials according to the requests of its Customers, such as: blue chips, start-ups, universities and research centres, using a vertical approach in production: from raw materials to the finished product, capable of meeting the specific requirements of each Customer.

THE MAIN MARKETS SERVED BY THE SAES GROUP

- **Healthcare**
- **Automotive**
- **Consumer Electronics**
- **Scientific research areas**
- **Advanced Packaging**
- **Other industrial**
- **Security e defense**

TECHNOLOGY IS OUR PRODUCT: SOLUTIONS FOR EVERY REQUIREMENT

THE MAIN FUNCTIONS OF OUR PRODUCTS

ACTUATE

RECOVER

Actuate: moving parts of different mechanical devices and equipment

Recover: return to the stored shape of a device, recovering it even after large deformations

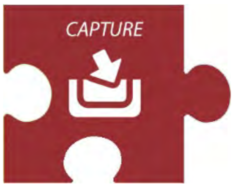
Shape Memory Alloys (SMA) are special materials that by their nature have two very special characteristics:

- the ability to return to their original shape even after considerable deformation (shape memory);
- considerable resistance to breakage under stress (super-elasticity).

Nitinol is one of the materials that presents these two characteristics and the SAES Group has been engaged for years in the development and production of this innovative alloy and the products made with it, ensuring internal control of the entire production chain: from alloy casting to finished components.

The exploitation of Nitinol's super elasticity property, together with its proven biocompatibility, is primarily used in medical applications, minimally invasive surgery and self-expanding medical devices such as aortic stents or heart valves, while form memory is primarily used in actuators in industrial applications.

The latter can be used where closing, opening or regulating actions are required, such as in thermo valves, thermostatic actuators or dosing systems. Thanks to their compactness, silent movement and light weight, they are particularly appreciated in sectors such as automotive, home automation and consumer electronics.



CAPTURE

Capture: absorb and capture steam and gaseous elements inside hermetically sealed devices

The getter materials of the SAES Group are able, through a chemical reaction, to capture molecules of active gases such as oxygen, carbon dioxide, nitrogen, etc. in hermetically sealed devices, thus making it possible to improve and maintain the vacuum level required inside them.

The main families of metallic getters are shown below:

- **Getter Film** – application of getter technology in small devices due to their reduced thickness and customised mouldability on different substrates. For example, the main uses are image intensifiers and photomultipliers, gyroscopes and other micro devices (MEMS -Micro Electro-Mechanical Systems).
- **Hydrogen Getter**: solutions applicable to cryogenic tanks for storage of liquid gases, vacuum insulated cryogenic tubes, small-volume dewars and hermetic storage containers for hydrogen-sensitive products.
- **Non evaporable getters (NEG)** – the dimensional constraints of the devices that need to maintain the vacuum, the special process temperature conditions, the need for capacity or rate of gas absorption at different temperatures etc. have led to the development of a variety of getter alloys and components, with different sizes and configurations, used in devices ranging from lamps, X-ray tubes, solar collectors, sensors, insulated panels and much more.

DISSIPATE

Dissipate: managing heat transfer and dissipation

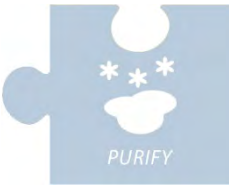
Components in sintered materials allow good heat dissipation, a factor of great importance in small or very sophisticated devices. These components (cathode bases and special filaments) are used in the production of gas lasers, high brightness LEDs, microwave power amplifiers for radar transmitters, medical X-ray therapy, photovoltaics, etc.

PROTECT & SEAL

Protect and seal: apply highly innovative materials to absorb gas or seal

The SAES Group provides innovative materials and solutions for the flexible packaging of products and devices in which the management of the composition of the atmosphere in contact with the product is essential for durability and correct operation. Through a solid technological base, the Group provides advanced functional chemical composites that enable it to capture water vapour, oxygen and other harmful gases and contaminants at the right time.

These materials are used in sectors ranging from food packaging, to home & personal care, nutraceuticals, the pharmaceutical industry up to consumer electronics.



PURIFY

Purify: remove and monitor impurities from gases to be used at high and very high purity levels

In the microelectronics market, the Group is active with solutions for the development and sale of **gas purification systems** for the semiconductor, display and LED industries. The purification of gases, which occurs through the removal and monitoring of impurities, is obtained through products such as **Bulk Gas Purifiers** and **Point of Use Purifiers**, and is applicable in all industrial sectors where the use of ultra-pure gases is necessary.

RELEASE

Release: emit, weigh out and deposit controlled quantities and qualities of metallic vapours, gases

The Group produces components and devices capable of releasing small doses of metallic vapours for specific applications. The products of this division include certain types of getters and **dispensers** capable of emitting, distributing and depositing precise quantities of metal or gas vapour, such as mercury, alkaline metals and oxygen.

Some products are also designed to ensure the emission of a stable, constant and controlled electron current necessary for the operation of some electronic devices.

The main applications for these products are in electronic and photonic devices, sensors and fluorescent lamps.

VACUUM

Vacuum: Obtain and maintain vacuum, high or ultra-high vacuum in a specific volume or chamber

The SAES Group pumps, based on getter materials, are able to create very high **vacuum** conditions in particle accelerators and advanced analytical equipment, where space constraints limit the adoption of vacuum technologies other than getter technologies. The most important fields of use concern analytical instrumentation, vacuum systems and particle accelerators.

Other less sophisticated products are also used in vacuum thermal insulation solutions.

3.2 Innovation, research and development

The identity of the SAES Group has always been oriented towards a natural propensity to research, development and innovation of new solutions that could have commercial, technological and global value for the Group and its main Stakeholders. The technological diversification that the Group proposes, both from a production point of view and in the different sectors served, is the result of a precise strategic choice, aimed at consolidating its leadership position in the high-tech products market. In fact, more than **12%** of the employees and temporary workers of the Group are employed in R&D activities and in this context, the Group protects:

- the intellectual property of strategic importance;
- the selection of qualified personnel with the necessary know-how;
- the updating of design and production technologies.

The Corporate Research & Development area, in synergy with the other Companies of the Group, invests in the development of the most functional and specific technical aspects for the various subsidiaries, constantly involving the partners present at a global level. To support the strong drive for innovation, in 2017 the Group dedicated Euro 16,102 thousand to R&D activities, equal in percentage terms to approximately 7% of consolidated net turnover.

NUMBER OF PATENTS REGISTERED BY THE SAES GROUP BY GEOGRAPHICAL AREA

Geographical area	Number of registered patents
Europe	100
China	97
Japan	80
Korea	60
USA	126
Total	**463**

The results of this approach allowed the Group to achieve significant results with more than **300 inventions** developed in about **70 years** of activity, about **8-10 inventions** per year protected by the registration of patent applications.

Since the fifties, the Group has linked its commercial success to the ability to continuously innovate, developing its products according to customer requirements and courageously entering cutting-edge sectors. During its history, the SAES Group perfected a series of patents that have become real milestones for the development and identity that the Group still holds today. These include patents that contributed to the development of gas purification applications in the eighties and metal alloys dedicated to advanced applications in the nineties.

Today, the SAES Group can count on a broad technological portfolio, developed over decades of research and know-how transfers, which actively supports a large number of high-tech applications and new products.

SAFETY AND QUALITY OF PRODUCTS

The Group carries out analyses and provides health and safety assessments of its products. All the products manufactured are labelled in accordance with current regulations[11]. These are then in accordance with the Safety Data Sheets (SDS) issued at the head office in the language of the country of use, in compliance with the local laws of the areas of use and production, and in particular with the REACH regulation in EU. The Group also adopts a restrictive policy regarding the use of hazardous substances in its products and production processes and promotes green design (Design for Environment methodology). A careful analysis of possible safety impacts on designed and manufactured products is also carried out.

QUALITY MANAGEMENT OF PRODUCTION PROCESSES

The presence of certifications attesting the Group's commitment to implementing a quality management system is considered a fundamental element in the SAES Group strategy. With regard to the quality of its production processes, the Group can boast:

- **ISO/TS 16949 Certification** for shape memory alloys at the Lainate factory;
- **ISO 13485 Certification** for Nitinol-based products for use in medical devices at the factories of Memry Corp.

[11] In particular, the products of the SAES Group are subject to CLP 1272/2008 regulation for the Italian and European markets, and to Hazcom 2012 for the USA markets on finished and intermediate products.

CUSTOMER CARE: COMPLAINT HANDLING[12]

Customer care and complaint handling are areas that the SAES Group supervises and manages on a daily basis with care. The commercial function directly manages the reports that are subsequently included in the online platform Customer Support Application: this tool makes it possible to manage all the steps of the process for checking and solving complaints. The Quality function manages the reports, carrying out analyses and issuing any technical report in case of need. In 2017, **65 complaints** were received, mainly for non-compliant products, up on the 54 of the previous year.

[12] The calculation of complaints refers to SAES Getters S.p.A. as it is the only one to have the CSA tracking system.

4. The people of the SAES Group

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
EMPLOYEE MANAGEMENT AND DEVELOPMENT AND TALENT MANAGEMENT	Professional growth and retention of talents; development and training activities aimed at strengthening the technical, managerial and organisational skills of employees and consolidating the professionalism required by the covered role. Plans and actions aimed at attracting qualified and specialised personnel with specific technical skills related to the Group's business activities. Development of a constructive dialogue with the trade unions.	- Adequacy of the recruitment process - Retention and attraction of talents - Adequacy of personnel development and training plans - Adequacy of agreements and relations with trade union representatives and other labour organisations	The SAES Group is committed to defining professional growth objectives for all its employees, recognising the achieved merits and goals. The Group supports and encourages the carrying out of growth activities for all employees by encouraging the involvement and sharing of the Group's growth objectives among all employees. The Group is committed to establishing constructive and responsible relations with trade unions in order to develop a positive dialogue.
COMPANY WELFARE SYSTEMS	Policies, benefits (economic and non-economic), actions to improve the well-being of employees and to create a comfortable working environment that meets the requirements and expectations of employees.	- Adequacy of welfare policies and convergence with regard to the personnel requirements and expectations.	The Group is committed to reconciling the working and personal lives of its employees. The SAES Group encourages the development of policies, projects and benefits that can contribute to meeting the expectations and requirements of employees.
HEALTH AND SAFETY IN THE WORKPLACE	Development of practices and programmes to promote safety in the workplace; promotion of specific training on health and safety of employees, monitoring and prevention of workplace injuries in order to reduce their number.	- Compliance with regulations on health and safety at work - Protection of workers' health - Adequacy of investments and training plans in health and safety matters	The Group is committed to reducing the number of injuries by engaging itself in improving the working environment and reducing the personnel absences.

HIGHLIGHTS

1,073 Group employees as at 31 December 2017

12 average hours of training per capita

89% of senior managers are employed in their country of origin

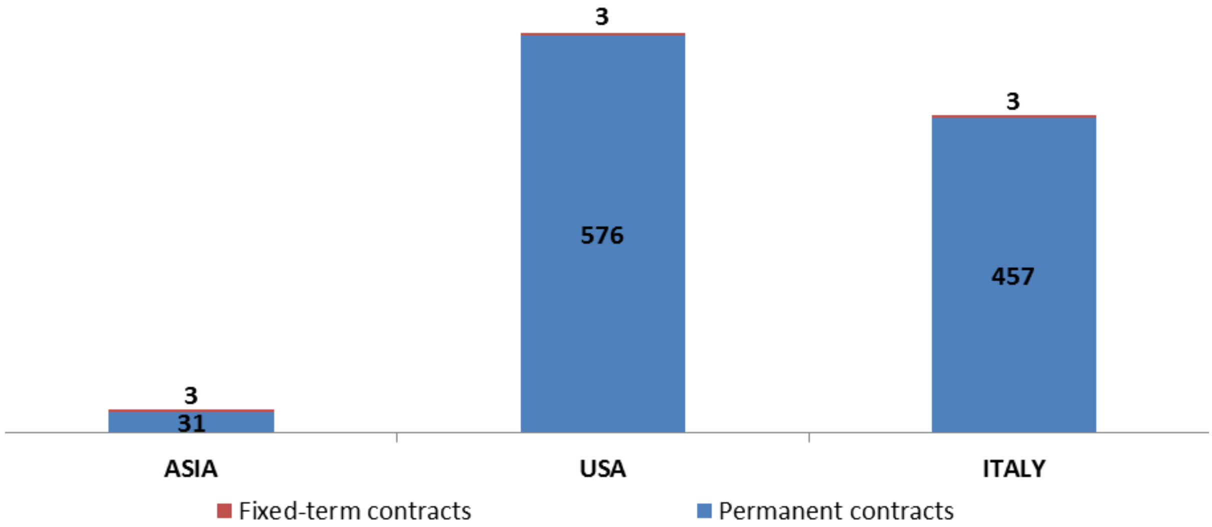
4.1 Our people

The SAES Group considers the management of its human resources to be of paramount importance as a key factor for the company success. For this reason, the Group is active in the implementation of policies that can enhance the contribution provided by employees, developing their potential and, at the same time, the skills that can bring added value to the organisation.

As at 31 December 2017, the Group total workforce amounted to **1,073 employees**, **up by 3.9%** over the previous year (1,033 employees).

The Group headcount is largely concentrated in the USA (**54%**) and Italy (**43%**). The remaining portion (**3%**) is employed in the offices located in Korea, China, Taiwan and Japan, hereinafter referred to as "Asia".

DISTRIBUTION OF EMPLOYEES BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2017



The SAES Group strongly believes in the professionalism of its employees. As a demonstration of the Group's desire to create strong and long-lasting professional relations, in 2017, **99.2% of the** total **workforce** consisted of employees with **permanent contracts**[13].

As at 31 December 2017, the Group employed **65 temporary workers** (mainly contract workers) up on 31 temporary workers in the previous year. It also offered **5 internship opportunities** in 2017 to support its commitment to develop new talents.

Compared to the professional categories, **most employees** (621) are part of **blue collars**, one of the key roles for achieving the high quality standards of the SAES Group's products. **White Collars**, on the other hand, represent approximately **34%** of employees and, finally, the category of managers, which includes key executives and managers, corresponds to approximately **8% of the** total.

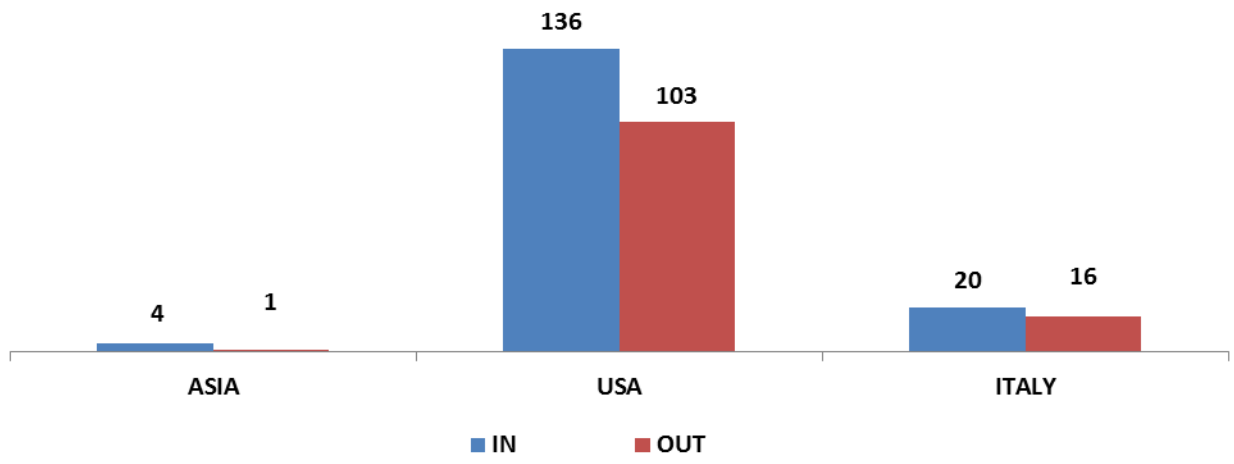
DISTRIBUTION OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2017			2016		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Manager	77	11	**88**	73	12	**85**
White Collars	249	115	**364**	251	104	**355**
Blue collars	462	159	**621**	439	154	**593**
Total	**788**	**285**	**1,073**	**763**	**270**	**1,033**

With regard to turnover within the Group, **160 new** employees were recruited in 2017, compared to **120 who left** the Group.

[13] Employees hired by SAES Getters USA, Inc. signed an at-will contract that, in the representation of the Group data, was classified as "permanent" because the contractual agreement does not establish a time limit for the employment relationship.

GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES WHO JOINED AND LEFT THE GROUP IN 2017



As a result of the hires made in 2017, the **hires rate**(that is the ratio between the number of hires and the total number of employees as at December 31) was **0.15**.

HIRES AND HIRES RATE

	2017				2016			
	<30	**30-50**	**>50**	***Rate***	**<30**	**30-50**	**>50**	***Rate***
Men	48	53	21	**15%**	64	54	9	**17%**
Women	15	15	8	**13 %**	17	14	5	**13%**
Total	**63**	**68**	**29**	**15%**	**81**	**68**	**14**	**16%**

Referring to the **outgoing turnover rate** (that is the ratio between the number of outgoing employees and the total number of employees as at December 31), the value was **0.11** in 2017.

OUTGOING AND TURNOVER RATE

	2017				2016			
	<30	**30-50**	**>50**	***Rate***	**<30**	**30-50**	**>50**	***Rate***
Men	32	43	17	**12%**	34	21	8	**8%**
Women	10	13	5	**10%**	6	8	2	**6%**
Total	**42**	**56**	**22**	**11%**	**40**	**29**	**10**	**8%**

In all Group companies, minimum notice periods for significant operational changes in the activities comply with current laws, regulations and collective bargaining agreements.

4.2 Resource development and talent management

The SAES Group recognises the importance of developing and training its own resources so that they become the added value necessary to achieve a leadership position in the markets in which the Group operates. Since it is present in dynamic markets influenced by rapid technological changes, the SAES Group invests a lot of funds in research activities, which could not be carried out without the presence of highly qualified and constantly trained personnel.

The management and retention of human capital is guaranteed by the training activities provided for the staff development, which amounted to approximately **12,700 hours** in 2017, with a per **capita average** of approximately **12 hours**.

AVERAGE HOURS OF TRAINING PER EMPLOYEE BY GENDER AND EMPLOYMENT CATEGORY (2017)

	Man		Woman		Total	
	No. of hours	Average hours	No. of hours	Average hours	No. of hours	Average hours
Manager	1,042	14	237	22	1,278	**15**
White Collars	4,169	17	1,610	14	5,779	**16**
Blue collars	4,618	10	1,032	6	5,649	**9**
Total	**9,828**	**12**	**2,878**	**10**	**12,707**	**12**

The importance of personnel training is certainly a milestone for the Group, in order to achieve excellence in the development and marketing of its products. In particular, **technical training** within R&D Dept. is considered a **strategic asset**, because of the peculiarities and the innovation that characterise the products of the SAES Group. But also at a more general level, the Group objective is **ensuring that all employees are qualified** to perform their duties in order to guarantee the economic efficiency of processes, the product quality and to keep under control the significant environmental and safety impacts.

Every year, Each function manager identifies the specific training needs of his own staff in order to reach, maintain and improve adequate skills in the carryingout of the assigned tasks.

When identifying training needs, each manager takes into account any changes made to company processes, the level of development of the personnel, the requirements and expectations of internal and external customers.

2017 was mainly characterised by the adoption of a methodological approach, always attentive to resources, with a particular focus on external training, economic investment in managerial and Young Potential roles, through tools such as MBA experience, Development Centre projects and Light Assessment sessions, in line with the company strategy and the business long-term needs.

The most significant initiatives by subject area undertaken during the year of reporting are the following:

- **Research & Development:** MBA, in-depth analysis and studies of specialist topics relevant to research and development activities (such as, for example, Study of metal corrosion by E.I.S., Potentiostat, Microencapsulation, Industrial Powder Mixing), internal training of new employees.
- **Health, safety and quality:** technical training of the fire prevention team and first aid team, Safety and business risks, training and awareness raising on issues of quality management system certification (ISO 9001:2015 new standards, ISO 9001:2015 Risk Based Thinking, ISO 9001:2015 Leadership, IATF 16949:2016 Automotive, Auditor Training), training of new employees.
- **Environment**: training on the ISO 14001:2015 environmental management system certification aspects, technical updating of hazardous substances and environmental impact, emission of discharges and waste, training of new employees.
- **Technical training:** internal and external training courses in the areas of Intellectual Property, Operations, Tax, Administrative, Legal and Labour.

In addition to the activities outlined in the training plan, in continuity with the activities of the previous years, each function took an active part in the organization of **on-the-job training**, in terms of instruction or coaching. The objective is also sharing company know-how with the company youngest resources .

In the training area, the planning of activities concerning health and safety, prevention and quality is confirmed for the next reporting year, as are updates on tax, legal, administrative and labour law issues and training sessions fornew employees.

Alongside these, the Group will plan actions aimed at developing technical (with a specific focus on emerging priority themes for the Research & Development area) and managerial skills (such as, for example, leadership, feedback and coaching), as well as the definition and the implementation of individual development plans. Finally, knowledge and awareness raising initiatives will be identified on the theme of Active Ageing.

In addition to ongoing training, the Group is committed to creating a merit-based and non-discriminatory working environment that is appropriate for the development and well-being of its employees. Please note that at SAES Pure Gas, Inc. a series of training activities related to the prevention of discriminatory behaviour such as bullying or harassment were provided, for a total of **26 hours of training.**

Moreover, **77%** of workers **receive regular evaluation of their performance** and **career** development opportunities. The continuous comparison among the resources of the SAES Group contributes to the continuous improvement of the organisation.

EMPLOYEES RECEIVING A REGULAR PERFORMANCE AND CAREER EVALUATION (2017)

	Men	Men %	Women	Women %	Total	Total %
Manager	73	95%	11	100 %	**84**	**95%**
White Collars	204	82%	90	78%	**294**	**81%**
Blue collars	326	71%	122	77%	**448**	**72%**
Total	**603**	**77%**	**223**	**78%**	**826**	**77%**

INCENTIVES AND REMUNERATION

In order to attract, motivate and retain resources with the professional qualities and skills required to pursue its objectives, the SAES Group annually approves the "Remuneration Policy" that envisages fixed and variable remuneration systems not only for directors but also for key management personnel (to be understood as those resources that hold organisational positions relating to the Group planning, management and control activities). Therefore, the most important aspect in determining remuneration is the creation of mechanisms that create a strong identification with the company and are appropriate to the reality of the global reference market and ensure organisational stability.

The remuneration package of key management personnel consists of:

- a **gross annual fixed component** (RAL), defined taking into account different factors, such as: labour market trends, organizational roles and related responsibilities, equity between the different internal salary levels, benchmarks of comparable companies for similar positions and experience, length of service, competences potential and career growth prospects of individual managers;
- a **variable component with annual disbursement** (called PfS or “Partnership for success”) that can be obtained upon the achievement of previously defined company/role objectives, verified on the basis of two main characteristics: measurability and consistency with the Group general planning.
- a **medium/long-term variable component** (LTI plan) linked to specific objectives, with deferred payment with a maximum limit of one year on the basic salary at the time of assignment.

4.3 Company welfare

With the aim of guaranteeing its employees a high degree of flexibility and the possibility of balancing work requirements with private life, the SAES Group offers its personnel various concrete initiatives to ensure good company welfare, such as **part-time** contracts, which benefited **25 people** in 2017, a slight increase compared to the previous year.

To confirm the support to employees in managing the work-life balance, the Group also offers, in some of its premises, the possibility of flexible working hours, both in and out.

The Group's constant commitment to guaranteeing cutting-edge policies, in terms of working conditions, made it possible to achieve a favourable internal climate and low levels of work-related stress, thus guaranteeing Group employees a quiet place to work.

Moreover, for both full-time workers and part-time or temporary workers, the SAES Group envisages a series of benefits that vary according to the specific requirements of employees working in the various countries where the Group operates. Some of the company welfare solutions proposed by the various companies are shown below:

- **life insurance/injuries;**
- **company health insurance** that envisages different levels of coverage based on the company's role and contract applied;
- **parental leave** guaranteed on the base of local legislation;
- **social security system to support employees**, in Italy in particular, white collars, blue collars and executives are covered both by the INPS social security system and by the supplementary scheme - COMETA (for white collars and blue collars) and PREVINDAI (for executives) - whose registration is optional;
- **medical examinations**, such as annual check-ups for key executives and regular check-ups at the company, including annual gynaecologist visits, eye tests and flu vaccines;
- **internal gym** to support the physical well-being of employees.

4.4 Health and safety of employees

The SAES Group considers the safeguarding of the safety and health of its workers to be of primary importance and has the objective of complying not only with all the specific regulations on the matter but also of implementing an effective action aimed at prevention and continuous improvement of working conditions.

The focus of this objective is on assessing the health and safety risks associated with company activities in order to implement an effective risk prevention and management programme. These activities are carried out throughout the Group in accordance with the requirements and peculiarities of applicable local regulations.

In particular, through the "Risk Assessment Document", it identified the appropriate prevention and protection measures and planned their implementation with the support of specialised figures.

The risk assessment was translated into a document containing:

- a report on risk assessment for safety and health at work that specifies the assessing methods used;
- identification of protection and prevention measures;
- personal protective equipment;
- the programme of the measures considered appropriate to ensure that safety levels are improved over time.

In addition to the Risk Assessment Document, a detailed environmental and safety emergency management plan, which establishes and explains the rules of behaviour to be used in the event of fire, injury, spill of hazardous substances, natural disasters and machinery/plant malfunctions, was prepared.

TRAINING ON ISSUES OF HEALTH AND SAFETY IN THE WORKPLACE

Within the scope of their specific duties and competences, each worker will receive continuous and adequate information and training on the procedures concerning first aid, fire-fighting, evacuation of workplaces and on the names of the workers responsible for applying first aid and fire prevention measures.

For Italian companies, information is provided through meetings with the Workers' Safety Representatives (RLS) at regular intervals depending on the risk assessment.

During 2017, the Group recorded 26 injuries at work, 21 of which related to men and the remaining 5 to women; data on temporary staff is also monitored and it should be noted that no injuries or cases of occupational diseases were recorded in 2017.

	2017			2016		
	Man	**Woman**	**Total**	**Man**	**Woman**	**Total**
Injury rate[14]	14.78	10.38	**13.67**	10.08	6.00	**9.05**
Severity index[15]	0.06	0.0002	**0.09**	0.36	0.0002	**0.33**

Injury rate has increased due to more minor injuries in the USA (only one injury occurred in Italy in 2017), while the severity index returned to very low values following the occurrence of a single injury that in 2016 contributed to more than 60% of the total days of absence.

With regard to **absenteeism**, the value recorded in 2017 was **1%**, downward compared to the previous year.

	2017			2016		
	Man	**Woman**	**Average value**	**Man**	**Woman**	**Average value**
Absentee rate[16]	1%	2%	**1%**	1%	3%	**2%**

[14] The injury rate was calculated according to the following formula: (injuries at work/worked hours)*1,000,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of external collaborators 65 in 2017).

[15] The severity index was calculated according to the following formula: (Lost days to injuries/working hours)*1,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of external collaborators 65 in 2017).

[16] The absentee rate was calculated according to the following formula: (days of absence/working days)%. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of external collaborators 65 in 2017).

4.5 Diversity and non-discrimination

As described in its Code of Ethics, the SAES Group condemns all forms of discrimination, whether internal or external, based on age, sex, sexual orientation, health, race, nationality, religious affiliation and political opinion. The commitment promoted by the Group is also based on the decision to employ **285 women** in its business activities, equal to 27% of the total. The figure, upward compared to 2016, shows the willingness of management to invest in a process of diversity, despite the characteristics of the industrial sector that has always been characterised by an accentuated male presence.

From the point of view of remuneration, the Group is also committed to providing fair remuneration for all its employees.

The gross minimum entry wage paid to new employees (blue collars) and temporary workers is higher than the local minimum wage envisaged by national law both for men and for women. In the Italian companies of the Group, in line with the previous year, the ratio stands at **1.01**, that means the minimum starting wage is on average 10% higher than the minimum legal requirement. On the other hand, the value reached **1.09** in 2017 in the companies operating in the United States.

The personnel of the Group is also more concentrated in the age group that includes employees aged between 30 and 50 (49%). The other brackets contains 37% (more than 50 years old) and 14% (less than 30 years old), respectively.

DISTRIBUTION OF EMPLOYEES BY AGE GROUP

	2017				**2016**			
	<30	**30-50**	**>50**	**Total**	**<30**	**30-50**	**>50**	**Total**
Manager	0	34	54	**88**	2	33	50	**85**
White Collars	41	206	117	**364**	38	213	104	**355**
Blue collars	106	288	227	**621**	101	278	214	**593**
Total	**147**	**528**	**398**	**1073**	**141**	**524**	**368**	**1,033**

Although investing in the promotion of diversity and internationalisation as a strategy for cultural growth, the Group recognises the importance of a management class that is able to guarantee proper business management in line with local needs. For this reason, **89%** of **managers** are **employed in their country of origin,** in line with 2016 data. In particular, all women managers are hired locally.

5. Our commitment to the environment[17]

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
MANAGEMENT OF ENERGY	Efficient energy management through actions, programmes and management systems; decrease in energy consumption from fossil fuels and promotion of the production and purchase of energy from renewable sources.	- Adequacy of plants and of energy production and management technologies - Compliance with local laws and regulations	The Group is committed to complying with the current national and international regulations in force by promoting the monitoring and reducing energy consumption of production processes through initiatives to reduce energy consumption (e.g. Assessment of life cycle cost and environmental impact of civil and industrial plants, Corporate Environmental Indicators)
EMISSIONS INTO ATMOSPHERE AND CLIMATE CHANGE MITIGATION	Monitoring, prevention and reduction of greenhouse gas (GHG) emissions from production, logistics and business travel activities; other pollutant emissions such as: NOx, SOx and VOC.	- Compliance with environmental laws and regulations - Maintenance and upgrading of plants at production sites	The atmospheric emissions generated by the activities of the Group are monitored and limited in compliance with the relevant environmental regulations. The Group is committed to monitoring micropollutants emitted into the atmosphere and defines actions and measures to reduce greenhouse gas emissions.
WATER RESOURCE MANAGEMENT AND QUALITY OF WASTEWATER DISCHARGES	Responsible and efficient management of water resources; definition of strategies to increase efficiency in the use of water with particular attention to possible specific uses; monitoring the quality of wastewater discharges and implementing actions to improve the chemical, physical and biological quality of discharges.	- Compliance with environmental laws and regulations - Adequacy of periodic checks on wastewater discharges	The Group develops projects and initiatives to optimise water consumption, also through initiatives that facilitate the reuse and recovery of water within production processes. Particular attention is paid to monitoring the chemical and biological quality of wastewater discharges and, where necessary, the adoption of special wastewater treatment systems in line with law provisions.

[17] The environmental figures include all the Companies of the Group included in the reporting boundary where the production sites are located. On the other hand, companies with only commercial offices are excluded as they are not considered relevant.

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
WASTE MANAGEMENT	Responsible management of hazardous and non-hazardous waste associated with the business of the Group; dissemination of a corporate culture aimed at maximising the efficiency of waste management by promoting responsible management methods and practices such as: reuse, differentiation and recycling of produced waste.	- Compliance with environmental laws and regulations - Adequacy of the waste delivery, transport and disposal service	The Group responsibly manages waste in full compliance with environmental laws and regulations, making all its employees aware of the proper delivery of waste in order to promote its recycling and recovery (e.g. waste classification and collection). Particular attention is paid to the proper management of waste from industrial processes (e.g. guidelines for the use of safer chemicals in SAES Group product and processes).

HIGHLIGHTS

18 tons of CO_2 saved through specific energy saving projects

50% of waste produced by the Group is recycled

2 certifications of the ISO 14001 Environmental Management System in the units of Lainate and Avezzano

5.1 Management of environmental impacts

"*Technological innovation to build the future and environmental sustainability to preserve it*", this is the motto that characterises the strategy and actions of the SAES Group in relation to its business activities. In fact, the Group implemented the vertical integration of its production processes, allowing it to focus on technological excellence and on the inflexible responsibility for environmental sustainability.

Therefore, the **eco-friendly strategy** is guaranteed by the control of the entire life cycle of the products of the SAES Group and by the systematic approach adopted for the pursuit of environmental protection. This method of action, in line with the best practices of the **UNI EN ISO 9001 quality management system** certification obtained for the Group's main production sites[18], is based on the following points:

- **measurement tools** of business performance to correctly assess the impact of the production of the organisation on environmental resources;
- **long-term planning** to define and implement work processes with low environmental impact, deeply innovative and based on the results of the analysis;
- **compliance** with the most important **international regulations**;
- development of **advanced products**, which have safe and environment-friendly features and limit the use of environmentally hazardous substances.

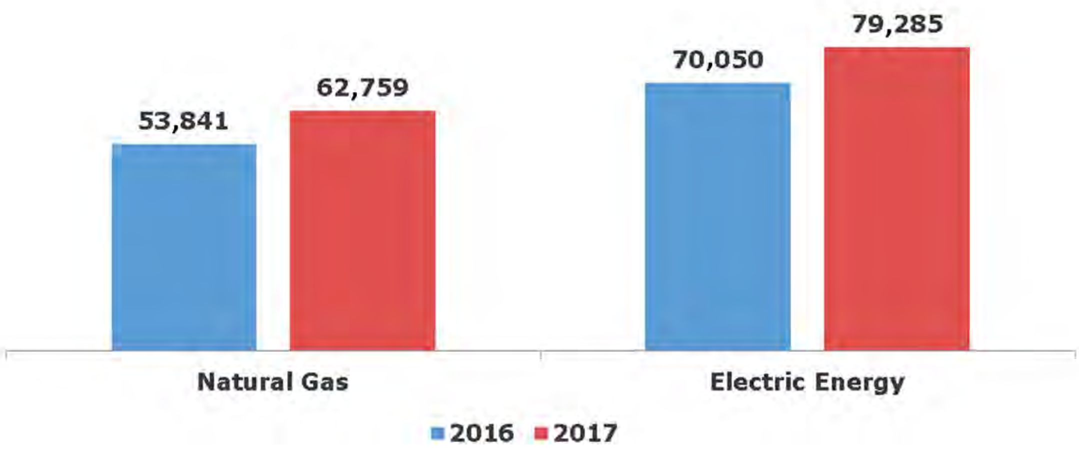
In order to strengthen its commitment to environmental issues, the SAES Group implemented an environmental management system capable of including the protection of the environment and the safety of future generations in the company's objectives. The Group's commitment is expressed through the **ISO 14001 environmental management system certification** obtained for the production plants of Lainate and Avezzano.

[18] The ISO 9001 certified companies of the Group are: SAES Getters S.p.A., Memry Corp., SAES Smart Materials, Inc., SAES Pure Gas, Inc., SAES Getters USA, Inc.

5.2 Energy consumption

At the end of 2017, the Group's total energy consumption amounted to **142,729 GJ**[19], slightly up compared to the previous year (+15%). The main consumption derives from the use of non-renewable fuel for heating (natural gas) and purchased electricity. The higher consumption is entirely due to an increase in the production of goods and services, as is evidenced by the substantial stability of energy intensity.

ENERGY CONSUMPTION BY TYPE OF SOURCE (in GJ)



The value of the **energy intensity deriving from direct consumption**[20] amounts to **1.02** for 2017 and represents the energy efficiency of the organisation. The value is in line with the value of 1.02 in 2016.

With regard to the Group's commitment to reducing its energy consumption, in 2017 the organisation **saved 300 GJ (18 Ton of CO2) through** the implementation of various programmes and initiatives to reduce consumption and/or improve efficiency. For example, the installation of timers and movement and twilight sensors in the corridors and bathrooms of the structure at the Lainate premises was completed and an autonomous environmental heating system was installed in some areas with shorter time use at the Avezzano premises.

---

[19] **Conversion factors used to calculate energy consumption:**
- Electricity: 1 GJ = 277.78 kWh - Source: DEFRA 2016
- Natural gas: 1 MJ=28.1sm^3 - Source: Norwegian Petroleum Directorate, 2017

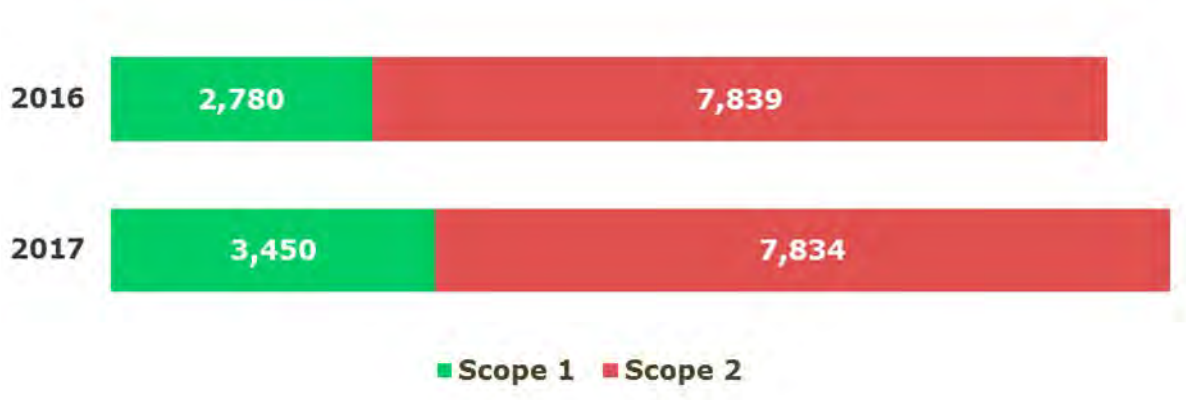
[20] **The energy intensity deriving from direct consumption** was obtained from the ratio between the value of energy consumption of natural gas and electricity by the organisation (in GJ) and the cost of goods sold (€), multiplied by one thousand.

5.3 Emissions into the atmosphere

During 2017, the SAES Group produced **11,284 tons of CO_2 equivalent**[21], up 6% compared to 2016, related to an increase in goods and services produced.With reference to **direct emissions** (Scope 1), i.e. emissions from natural gas consumption, the 2017 figure is equal to **3,450 tons of CO_2** equivalent, up by about 24% compared to 2016.

Indirect emissions (Scope 2) from the purchase of electricity remained substantially stable and amounted to **7,834 tons of CO_2** equivalent in 2017[22].

DIRECT EMISSIONS, SCOPE 1, AND INDIRECT EMISSIONS, SCOPE 2 (IN TONS OF CO_2EQ)



[21] The figure relating to the Group's Co2 emissions indicated in this section "emissions into the atmosphere" refers to emissions calculated using the Market-Based method.
Conversion factors used to calculate CO_2 emissions:
- Italy-USA Electricity: 0.3516 kg CO2 e/kWh, Source: DEFRA 2017.
- Italy-USA Natural gas: 2.097 kg CO2/m^3, Source: DEFRA 2017.

[22] The decrease is due to a change in conversion factors, against an increase in consumed kWh.

Other types of emissions released into the atmosphere by the SAES Group are mainly NOx (nitrogen oxides derived from combustion), SOx (Sulphur oxides) and Particulates, as shown in the following table.

OTHER TYPES OF EMISSIONS INTO THE ATMOSPHERE (TONS/YEAR)[23]

	2017	**2016**
NOx	1.49	1.47
SOx	0.28	0.39
Particulate (PM)	0.38	0.43

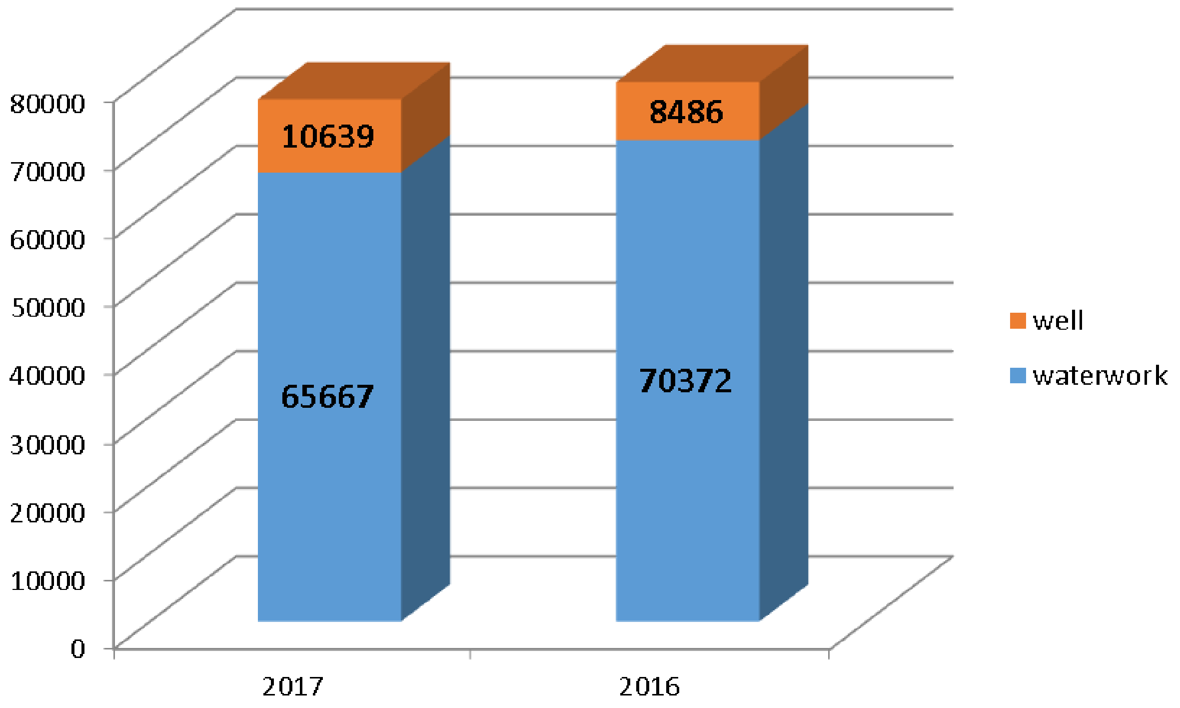
[23] The boundary refers only to those companies that envisage monitoring emissions into the atmosphere as required by current regulations and are: SAES Getters S.p.A. - Plant of Lainate and Avezzano, (excluding heating plants of Avezzano), SAES Smart Materials, Inc., considered relevant to ensure understanding of the impacts of the Group's activities.

5.4 Water consumption

The use of water resources is managed with the utmost responsibility, also through the development of policies to reduce consumption and, where possible, recirculate the water already used.

During 2017, the SAES Group consumed **76,307 m^3** of water supplied mainly by waterworks and wells.

COMPARISON OF 2016 AND 2017 WATER CONSUMPTION



In particular, it should be noted that the main water withdrawals are attributable to the withdrawal from waterworks (86%) and the remaining part from well (14%).

Global water consumption decreased by 3.2% from 2016 to 2017.

5.5 Management of waste and wastewater discharges

The waste produced by the Group amounted to **2026 tons**, a value higher than the previous year, mainly due to an increase in non-hazardous waste for disposal. The waste was divided by specific families, assigning them a specific hazard according to the classification in this regard regardless of the Country of origin. In line with Group policy, waste is recycled whenever possible; if recycling or re-use is not possible, they are disposed of according to the type of waste. For the SAES Group, responsible management of hazardous and non-hazardous waste is one of the most important points of the environmental protection policies.

The largest portion of waste produced is for recycling (50%) and, following this, the most commonly used methods are disposal (48%), a residual portion for incineration (1%) and (0.01%) landfill. With regard to the division between hazardous and non-hazardous waste, the former amounts to 341 tons (17% of the total), while the non-hazardous waste amounts to 1685 tons, or 83% of the total.

WASTE DISPOSED BY TYPE (TONS)

	2017			**2016**		
	Hazardous	**Non-hazardous**	**Total**	**Hazardous**	**Non-hazardous**	**Total**
Disposal	330.2	649.0	**979**	392.7	335.7	**728**
Recycling	8.4	1,013.0	**1,021**	14.2	993.2	**1,007**
Incineration	2.6	23.0	**26**	44.3	23.0	**67**
Landfill	0.2	0.0	**0.16**	0.2	0.0	**0**
Total	**341.2**	**1,685**	**2,026**	**451**	**1352**	**1,803**

Also with regard to wastewater discharge practices, the Group applies the most advanced management practices, respecting the environment and the territory. Where wastewater treatment plants are present, the SAES Group ensures continuous maintenance of the plants and internal and external periodic analysis to check the quality of wastewater, which therefore does not present a risk to the environment.

For example, the factory of the company SAES Smart Materials, Inc., uses wastewater to cool the incinerator instead of clean water, and the Lainate factory has a closed cooling circuit as well.

During 2017, the Group discharged **57,537 m^3** of water, up by about 6% compared to 2016. The main destination of the Group's wastewater discharge is sewerage (83%) followed by surface water (e.g. rivers and lakes) where 17% of wastewater and wastewater treatment plants (1%) are used.

WASTEWATER DISCHARGE BY DESTINATION (m^3)

Attachments

CHAPTER 1: Group business management

MATERIALITY ANALYSIS – DEFINITION OF MATERIAL ASPECTS

Material aspect	Area	Boundary		Topic GRI Reconciliation
		Where the impact occurs	Type of impact	
Ethics, business integrity and compliance	Governance and Compliance	Group	Direct	Environmental compliance; socio-economic compliance.
Anti-corruption	Governance and Compliance	Group	Direct	Anti-corruption
Economic and financial results and creation of value	Economic responsibility	Group	Direct	Economic performance
Indirect economic impacts and relations with local communities	Economic responsibility	Group	Direct/Indirect	Presence on the market
Employee management and development and talent attraction	Responsibility towards employees	Group	Direct	Employment; industrial relations; training and education; diversity and equal opportunities;
Occupational health and safety	Responsibility towards employees	Employees of Group companies with production sites	Direct/Indirect	Occupational Health and Safety;
Company welfare systems	Responsibility towards employees	Group	Direct	Employment
Responsibility, quality and safety of the supplied products	Product liability	Group	Direct	Customer Health and Safety; marketing and labelling;
Research and development	Product liability	Group production sites; Universities and Research Centres	Direct/Contribution	N.A.

Material aspect	**Area**	**Boundary**		**Topic GRI Reconciliation**
		Where the impact occurs	**Type of impact**	
Customer satisfaction, customer relation management	Product liability	Group	Direct/Indirect	N.A.
Sustainable management of the supply chain	Responsibility towards suppliers	Group / suppliers, business partners	Direct/Indirect/ contribution	Procurement practices; supplier environmental assessment; supplier social assessment;
Human rights	Responsibilities towards Local Communities	Group / suppliers, business partners	Direct/ Contribution	Child labour; forced or compulsory labour;
Waste management	Environmental responsibility	Group production sites	Direct	Discharges and waste
Water resource management and quality of wastewater discharges	Environmental responsibility	Group production sites	Direct	Water; discharges and waste
Emissions into the atmosphere and climate change mitigation	Environmental responsibility	Group production sites	Direct	Emissions
Management of energy	Environmental responsibility	Group production sites	Direct/Indirect	Energy

CHAPTER 2: Economic performance and business development

201 – 1 Table of distribution of the economic value generated by the SAES Group

Table of the Generated Value		
Determination of the Generated Value	**2017**	**2016**
	(thousands of euro)	*(thousands of euro)*
Directly generated economic value	**234,092**	**188,670**

Distribution of the Generated Value	**2017**	**2016**
	(thousands of euro)	*(thousands of euro)*
Value distributed to suppliers	108,742	86,103
Remuneration of the personnel	78,966	70,877
Remuneration of lenders	1,811	1,470
Remuneration of shareholders	0	6,152
Remuneration of the Public Administration	13,145	8,158
Remuneration of the community	33	4
Value retained by the Company	31,395	15,906
Generated economic value	**234,092**	**188,670**

Distribution of suppliers by geographical area (SAES Group)

Suppliers				
	2017		2016	
Geographical area	No. of suppliers by category	Value of total annual expenditure by category [€]	No. of suppliers by category	Value of total annual expenditure by category [€]
Europe	1,513	33,613,302	1,444	32,756,893
Asia	135	6,184,928	154	6,650,824
America	1,318	71,560,410	1,245	49,173,699
North Africa	1	1,375,000	-	-
Total	**2,967**	**112,733,640**	**2,843**	**88,581,416**

GRI 408-1: Identification of operations and main suppliers at significant risk for incidents of child labour and measures undertaken[24] and GRI 409-1 Identification of operations and main suppliers for incidents of forced or compulsory labour and measures undertaken[25]

Transactions for which the Conflict Minerals Policy has been requested to be signed						
	2017			2016		
Geographical area	Conflict Minerals Compliance transactions	Total transactions	%	Conflict Minerals Compliance transactions	Total transactions	%
Italy	**3**	**410**	**0.7**	**1**	**360**	**0.3**
USA	**2**	**270**	**0.7**	**7**	**543**	**1.3**

[24] and [26] The total number of transactions indicated relates only to suppliers of raw materials, semi-finished and finished products, external processing.

GRI 204-1 Proportion of spending on local suppliers

SAES GROUP						
Local / foreign suppliers	2017			2016		
	No. of Suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	2,537	91,104,230	80.8%	2,444	70,413,439	79.5%
Purchases from countries outside the country of origin	430	21,629,410	19.2%	399	18,167,977	20.5%
Total	2,967	112,733,640	100.0%	2,843	88,581,416	100.0%

Europe						
Local / foreign suppliers	2017			2016		
	No. of suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	1,248	25,078,394	61.9%	1,207	23,910,053	64.0%
Purchases from countries outside the country of origin	340	15,446,122	38.1%	334	13,455,997	36.0%
Total	**1,588**	**40,524,516**	**100.0%**	**1,541**	**37,366,050**	**100.0%**

ASIA						
Local / foreign suppliers	2017			2016		
	No. of suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	95	477,266	100.0%	102	477,394	100.0%
Purchases from countries outside the country of origin	-	-	0.0%	-	-	0.0%
Total	**95**	**477,266**	**100.0%**	**102**	**477,394**	**100.0%**

USA						
Local / foreign suppliers	2017			2016		
	No. of suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	1,194	65,548,570	91.4%	1,135	46,025,992	90.7%
Purchases from countries outside the country of origin	90	6,183,288	8.6%	65	4,711,980	9.3%
Total	**1,284**	**71,731,858**	**100.0%**	**1,200**	**50,737,972**	**100.0%**

CHAPTER 3: Technology at the service of innovation

Number of Complaints by product type[26]

Complaints		
	2017	**2016**
Getters	29	18
Shape Memory alloy	4	5
Vacuum Pump	27	24
Dispenser	2	7
Dryers	3	
Total	**65**	**54**

Number of complaints by type[27]

Complaints		
	2017	**2016**
Non-compliant product (products with functional or dimensional problems)	61	47
Logistics (Problems related to transport, invoicing, shipping documentation)	1	3
Packaging (problems related to primary or secondary packaging)	3	4
Total	**65**	**54**

[26] and [21] The figure refers exclusively to SAES Getters S.p.A.

CHAPTER 4: The people of the SAES Group

GRI 102-8 Information on employees

SAES GROUP						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	782	282	**1064**	757	267	**1024**
Fixed term	6	3	**9**	6	3	**9**
Total	**788**	**285**	**1073**	**763**	**270**	**1,033**

ITALY						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	340	117	**457**	333	118	**451**
Fixed term	3	0	**3**	3	2	**5**
Total	**343**	**117**	**460**	**336**	**120**	**456**

ASIA						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	22	9	**31**	21	8	**29**
Fixed term	1	2	**3**	1	1	**2**
Total	**23**	**11**	**34**	**22**	**9**	**31**

USA						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	420	156	**576**	403	141	**544**
Fixed term	2	1	**3**	2	0	**2**
Total	**422**	**157**	**579**	**405**	**141**	**546**

SAES GROUP						
Total number of employees broken down by full-time and part-time employees						
Full Time / Part Time	**as at 31 December 2017**			**as at 31 December 2016**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Full-Time	779	269	**1,048**	759	253	**1,012**
Part-time	9	16	**25**	4	17	**21**
Total	**788**	**285**	**1,073**	**763**	**269**	**1,033**

GRI 102-41 Collective bargaining agreements

Percentage of the total number of employees covered by collective bargaining agreements		
	As at 31 December 2017	**As at 31 December 2016**
Group percentage	**43%**	**44%**
Group percentage excluding USA and Asia data[28]	**100 %**	**100 %**

GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage, by most significant operating premises

ITALY				
New employees	**as at 31 December 2017**		**as at 31 December 2016**	
	Men	**Women**	**Men**	**Women**
Ratio of standard entry level wage compared to local minimum wage, by gender	1.01	1.01	1.01	1.01

USA				
New employees	**as at 31 December 2017**		**as at 31 December 2016**	
	Men	**Women**	**Men**	**Women**
Ratio of standard entry level wage compared to local minimum wage, by gender	1.09	1.09	1.52	1.52

[28] Excluding USA and Asia since there are no national collective bargaining agreements.

GRI 202-2 Proportion of senior management hired from the local community, by most significant operating premises

Percentage of senior management hired from the local community						
	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Group	91%	100 %	**89%**	88%	100 %	**89%**
Percentage of senior management hired from the local community, by most significant operating premises						
Italy	88%	100 %	**84%**	86%	100 %	**88%**
USA	93%	100 %	**93%**	93%	100 %	**94%**
Asia	100 %	100 %	**100 %**	78%	100 %	**80%**

GRI 205-2 Communication and training about anti-corruption policies and procedures

Communication and training about anti-corruption policies and procedures (2017)[29]			
Type of training	No. of attendees	Total hours	% of trained employees
Organisational Model 231/01	**416**	**850**	**95%**

GRI 401-1 New employee hires and employee turnover

SAES GROUP										
IN										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	48	53	21	**122**	**15%**	64	54	9	**127**	**17%**
Women	15	15	8	**38**	**13%**	17	14	5	**36**	**13%**
Total	**63**	**68**	**29**	**160**	**15%**	**81**	**68**	**14**	**163**	**16%**

[29] The figure refers exclusively to SAES Getters S.p.A. (Lainate and Avezzano).

OUT										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	32	43	17	**92**	**12%**	34	21	8	**63**	**8%**
Women	10	13	5	**28**	**10%**	6	8	2	**16**	**6%**
Total	**42**	**56**	**22**	**120**	**11%**	**40**	**29**	**10**	**79**	**8%**

ITALY										
IN										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	8	8	2	**18**	**5%**	6	7	0	**12**	**4%**
Women	1	1	0	**2**	**2%**	2	2	0	**4**	**3%**
Total	**9**	**9**	**2**	**20**	**4%**	**8**	**9**	**0**	**17**	**4%**
OUT										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	0	8	2	**10**	**3%**	2	6	1	**9**	**3%**
Women	0	3	3	**6**	**5%**	0	3	0	**3**	**3%**
Total	**0**	**11**	**5**	**16**	**3%**	**2**	**9**	**1**	**12**	**3%**

ASIA										
IN										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	1	1	0	**2**	**9%**	1	0	0	**1**	**5%**
Women	1	1	0	**2**	**18%**	0	1	0	**1**	**11%**
Total	**2**	**2**	**0**	**4**	**12%**	**1**	**1**	**0**	**2**	**6%**

OUT										
Number of persons	**From 1 January to 31 December 2017**					**From 1 January to 31 December 2016**				
	<30 years	**30-50 years**	**>50 years**	**Total**	**Rate**	**<30 years**	**30-50 years**	**>50 years**	**Total**	**Rate**
Men	0	0	1	**1**	**4%**	0	1	0	**1**	**5%**
Women	0	0	0	**0**	**0%**	0	1	0	**1**	**11%**
Total	**0**	**0**	**1**	**1**	**3%**	**0**	**2**	**0**	**2**	**6%**

USA										
IN										
	From 1 January to 31 December 2017					**From 1 January to 31 December 2016**				
	<30 years	**30-50 years**	**>50 years**	**Total**	**Rate**	**<30 years**	**30-50 years**	**>50 years**	**Total**	**Rate**
Men	39	44	19	102	**24%**	57	47	9	**113**	**28%**
Women	13	13	8	34	**22%**	15	11	5	**31**	**22%**
Total	**52**	**57**	**27**	**136**	**23%**	**72**	**58**	**14**	**144**	**26%**
OUT										
	From 1 January to 31 December 2017					**From 1 January to 31 December 2016**				
	<30 years	**30-50 years**	**>50 years**	**Total**	**Rate**	**<30 years**	**30-50 years**	**>50 years**	**Total**	**Rate**
Men	32	35	14	**81**	**19 %**	32	14	7	**53**	**13 %**
Women	10	10	2	**22**	**14 %**	6	4	2	**12**	**9%**
Total	**42**	**45**	**16**	**103**	**18%**	**38**	**18**	**9**	**65**	**12%**

GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities, broken down by gender

SAES GROUP						
	2017			**2016**		
	Men	**Women**	**Average value**	**Men**	**Women**	**Average value**
Absentee rate	1%	2%	**1%**	1%	3%	**2%**

ITALY						
	2017			**2016**		
	Men	**Women**	**Average Value**	**Men**	**Women**	**Average value**
Absentee rate	3%	6%	**3%**	2%	5%	**3%**

ASIA						
	2017			2016		
	Men	Women	Average value	Men	Women	Average value
Absentee rate	0%	3%	**1%**	0%	9%	**3%**

USA						
	2017			2016[30]		
	Men	Women	Average value	Men	Women	Average value
Absentee rate	0%	0%	**0%**	1%	1%	**1%**

SAES GROUP						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Lost days due to injuries	82	85	**167**	575	133	**708**
Injuries and occupational disease						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Occupational disease		-		2	-	**2**
Injuries	21	5	**26**	15	3	**18**
of which fatal	-	-	**-**	-	-	**-**
Type of injuries						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Injuries at work	21	5	**26**	15	3	**18**
Injuries while travelling to/from work	-	-	**-**	-	-	**-**
Health and safety indicators						
	2017			2016		
	Men	Women	Total	Men	Women	Total
Severity index	0.06	0.0002	**0.09**	0.36	0.0002	**0.33**
Injury rate	14.78	10.38	**13.67**	10.08	6.00	**9.05**

[30] It is excluded from the Memry, Corp. calculation due to lack of data.

ITALY						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Lost days due to injuries	5	-	**5**	114	-	**114**
Injuries and occupational disease						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Occupational disease	-	-	-	-	-	-
Injuries	1	-	**1**	-4	-	**4**
of which fatal	-	-	-	-	-	-
Type of injuries						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Injuries at work	1	-	**1**	-4	-	**4**
Injuries while travelling to/from work	-	-	-	-	-	-
Type of injuries						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Severity index	0.009	-	0.006	0.188	-	0.140
Injury rate	1.84	-	1.40	8.19	-	6.16

USA						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Lost days due to injuries	77	85	**162**	461	133	**594**
Injuries and occupational disease						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Occupational disease	0	-	**0**	2	-	**2**
Injuries	20	5	**25**	11	3	**14**
of which fatal	-	-	-	-	-	-
Type of injuries						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Injuries at work	20	5	**25**	11	3	**14**
Injuries while travelling to/from work	-	-	-	-	-	-
Health and safety indicators						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Severity index	0.09	0.27	**0.14**	0.46	0.39	**0.44**
Injury rate	22.82	16.01	**21.03**	11.00	8.84	**10.45**

Calculation method of health and safety indexes

The injury rate was calculated according to the following formula: (injuries at work/worked hours)*1,000,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of consultants 65 in 2017).

The severity index was calculated according to the following formula: (Lost days to injuries/working hours)*1,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of consultants 65 in 2017).

The absentee rate was calculated according to the following formula: (days of absence/working days)*100. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of consultants 65 in 2017).

GRI 404-1 Average hours of training per employee, broken down by gender and category

Hours of training						
	as at 31 December 2017					
	Hours per men	Average hours/men	Hours per Women	Average hours/women	Total Hours	Average hours/category
Manager	1,042	**14**	237	**22**	1,278	**15**
White Collars	4,169	**17**	1,610	**14**	5,779	**16**
Blue collars	4,618	**10**	1,032	**6**	5,649	**9**
Total	**9,828**	**12**	**2,878**	**10**	**12,707**	**12**

Hours of training						
	as at 31 December 2016					
	Hours per men	Average hours/men	Hours per Women	Average hours/women	Total Hours	Average hours/category
Manager	1,063	**15**	235	**20**	1,298	**15**
White Collars	3,140	**13**	1,021	**10**	4,161	**12**
Blue collars	5,130	**12**	1,594	**10**	6,724	**11**
Total	**9,334**	**12**	**2,850**	**11**	**12,183**	**12**

GRI 404-3 Percentage of employees receiving regular performance and career development evaluation

SAES GROUP						
Employees receiving regular performance and career development evaluation						
Number of persons	as at 31 December 2017					
	Men	Men %	Women	Women %	Total	Total %
Manager	73	**95%**	11	**100 %**	84	**95%**
White Collars	204	**82%**	90	**78%**	294	**81%**
Blue collars	326	**71%**	122	**77%**	448	**72%**
Total	**603**	**77%**	**223**	**78%**	**826**	**77%**
Number of persons	as at 31 December 2016					
	Men	Men %	Women	Women %	Total	Total %
Manager	70	**96%**	12	**100 %**	82	**96%**
White Collars	201	**80%**	72	**69%**	273	**77%**
Blue collars	293	**67%**	120	**78%**	413	**70%**
Total	**564**	**74%**	**204**	**76%**	**768**	**74%**

GRI 405-1 Diversity of governance bodies and employees

SAES GROUP						
Personnel of the Group by professional category and gender						
	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Manager	77	11	**88**	73	12	**85**
White Collars	249	115	**364**	251	104	**355**
Blue collars	462	159	**621**	439	154	**593**
Total	**788**	**285**	**1073**	**763**	**270**	**1033**

SAES GROUP								
Personnel of the Group by professional category and age								
Number of persons	as at 31 December 2017				as at 31 December 2016			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Manager	0	34	54	**88**	2	33	50	**85**
White Collars	41	206	117	**364**	38	213	104	**355**
Blue collars	106	288	227	**621**	101	278	214	**593**
Total	**147**	**528**	**398**	**1073**	**141**	**524**	**368**	**1033**

SAES GROUP				
Personnel of the Group by professional category and gender				
	as at 31 December 2017		**as at 31 December 2016**	
	Men	**Women**	**Men**	**Women**
Manager	87%	13 %	86%	14 %
White Collars	68%	32%	71%	29%
Blue collars	74%	26%	74%	26%
Total	**73%**	**27%**	**74%**	**26%**

SAES GROUP						
Personnel of the Group by professional category and age						
	as at 31 December 2017			**as at 31 December 2016**		
	<30 years	**30-50 years**	**>50 years**	**<30 years**	**30-50 years**	**>50 years**
Manager	0%	39%	61%	2%	39%	59%
White Collars	11%	57%	32%	11%	60%	29%
Blue collars	17 %	46 %	37 %	17 %	47%	36%
Total	**14 %**	**49%**	**37 %**	**14 %**	**50%**	**36%**

CHAPTER 5: Our commitment to the environment

GRI 302-1 / GRI 301-2 Energy consumption within and outside the organisation

Energy consumption					
Type	Unit of measurement	2017		2016	
		Total	Total GJ	Total	Total GJ
Heating					
Natural Gas	m^3	1,651,547	62,759	1,416,861	53,841
Electricity					
Purchased electricity	kWh	22,023,679	79,285	19,458,394	70,050

Total energy consumption			
Energy consumption	Unit of measurement	2017	2016
		Total	Total
Natural Gas	GJ	62,759	53,841
Purchased electricity	GJ	79,285	70,050
Total	**GJ**	**142,044**	**123,891**

GRI 302-4 Reduction of energy consumption

SAES Getters S.p.A. – Unit of Lainate

Initiatives to reduce energy consumption			
Initiative	Unit of measurement	Year of reference	Estimate of savings achieved
Installation of twilight controls in bathrooms and corridors	kWh	2017	1,000
Total energy savings			**1,000 kWh**

SAES Getters S.p.A. – Unit of Avezzano

Initiatives to reduce energy consumption			
Initiative	Unit of measurement	Year of reference	Estimate of savings achieved
Installation of self-contained air conditioner dept. IQC, building F5, independent from the general plant of the offices in order to manage the different operating hours (IQC 24 hours, offices 8 hours)	Sm3 Natural gas	2017	7,282
		Total energy savings	**7,282 Sm3**

SAES Smart Materials, Inc.

Initiatives to reduce energy consumption			
Initiative	**Unit of measurement**	**Year of reference**	**Estimate of savings achieved**
Expansion of high efficiency LED systems installed in 2016	kWh	2017	72,770
		Total energy savings	**72,770 kWh**

GRI 303-1 Water withdrawal by source

Withdrawals of water resources			
Source	**Unit of measurement**	**2017**	**2016**
		Volume	
Waterworks	m^3	65,667	70,372
Wells	m^3	10,639	8,486
Total	**m^3**	**76,307**	**78,858**

305 -1 / 305 – 2 Direct (scope 1) and indirect (scope 2) greenhouse gas emissions

Scope	Unit of measurement	2017	2016
Scope 1	Tons CO_2 eq.	3,450	2,780
Scope 2	Tons CO_2 eq.	7,834	7,839
Total	**Tons CO_2eq.**	**11,284**	**10,619**

Emissions, Scope 2 (2017)	
Location-based method	**Market-based method**
Tons CO_2 eq.	Tons CO_2 eq
7,834	**10,333**

Location-based electricity emission factors		
Country	**kg CO_2/kWh**	**Source**
USA	0.3516	DEFRA 2017
Italy	0.3516	DEFRA 2017
Market based electricity emission factors		
Country	**kg CO_2/kWh**	
USA	0.452	eGRID summary tables
Italy	0.471	AIB - 2016 European Residual Mix
Natural gas emission factors		
Country	**kg CO_2/m^3**	**Source**
USA	2.097	DEFRA 2017
Italy	2.097	DEFRA 2017

305-7 NOx, SOx, and other types of emissions into the atmosphere

Other gas emissions				
	2017		2016	
	Unit of measurement	Global mass balance	Unit of measurement	Global mass balance
NOx	Ton/year	1.49	Ton/year	1.47
Particulate (PM)	Ton/year	0.38	Ton/year	0.47
SOx	Ton/year	0.28	Ton/year	0.39

GRI 306-1 Water discharge by quality and destination

Wastewater discharges			
		2017	2016
	Unit of measurement	Total	Total
Sewage	m^3	47,481.55	43,954.79
Surface waters	m^3	9,526.44	9,525.60
Purification	m^3	529.71	1,054.00
Total	**m^3**	**57,537.70**	**54,534.39**

GRI 306-2 Waste by type and disposal method

Waste by type and disposal method									
Method of disposal	2017					2016			
	Unit of measurement	Hazardous	Non-hazardous	Total	%	Hazardous	Non-hazardous	Total	%
Disposal	Ton	330.2	649.0	**979**	**48.32%**	147.7	335.7	**483**	**26.8%**
Recycling	Ton	8.4	1,013.0	**1,021**	**50.41%**	14.2	993.2	**1,007**	**55.9%**
Incineration	Ton	2.6	23.0	**26**	**1.3%**	44.3	23.0	**67**	**3.7%**
Landfill	Ton	0.2	0.0	**0.16**	**0.01%**	245.2	0.0	**245**	**13.6%**
Total	**Ton**	**341.2**	**1,685**	**2,026**	**100.0%**	**451**	**1,352**	**1,803**	**100.0%**

GRI Content Index

GRI indexes-Standards	Description	Pages	Omission
GENERAL STANDARD DISCLOSURE			
Organisational profile			
102-1	Name of the organisation	302-303	
102-2	Activities, brands, products, and services	302-303	
102-3	Location of headquarters	303	
102-4	Location of operations	303	
102-5	Ownership and legal form	301; 319	
102-6	Markets served	303	
102-7	Scale of the organisation	303	
102-8	Information on employees and other workers	336-362	
102-9	Supply chain	40-42	

Organisational profile (continues)			
102-10	Significant changes to the organization and its supply chain	296	
102-11	Precautionary Principle or approach	311-312	
102-12	External initiatives	311-312	
102-13	Membership of associations	311-312	
Strategy			
102-14	Statement from senior decision-maker	295	
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	308	
Governance			
102-18	Governance structure	306-307	
Stakeholder engagement			
102-40	List of stakeholders groups	314	
102-41	Collective bargaining agreements	363	
102-42	Identifying and selecting stakeholders	313-314	
102-43	Approach to stakeholder engagement	313-314	
102-44	Key topics and concerns raised	313-314	

Reporting practice			
102-45	Entities included in the consolidated financial statements	296	
102-46	Defining report content and topic Boundaries	296	
102-47	List of material topics	318; 373	
102-48	Restatements of information	N/A	
102-49	Changes in reporting	N/A	
102-50	Reporting period	296	
102-51	Date of most recent report.	N/A	
102-52	Reporting cycle	296	
102-53	Contact point for questions regarding the report	299	
102-54	Claims of reporting in accordance with the GRI Standards	296	
102-55	GRI Content Index	375	
102-56	External assurance	387	
SPECIFIC STANDARD DISCLOSURE			
CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
Management approach			
103-1	Explanation of the material topic and its Boundary	318	
103-2	The management approach and its components	318	
103-3	Evaluation of the management approach	318	

Economic performance			
201-1	Direct economic value generated and distributed	321	
PRESENCE ON THE MARKET			
Management approach			
103-1	Explanation of the material topic and its Boundary	318	
103-2	The management approach and its components	318	
103-3	Evaluation of the management approach	318	
Presence on the market			
202-2	Proportion of senior management hired from the local community	345; 364	
PROCUREMENT PRACTICES			
Management approach			
103-1	Explanation of the material topic and its Boundary	318	
103-2	The management approach and its components	318	
103-3	Evaluation of the management approach	318	
Procurement practices			
204-1	Proportion of spending on local suppliers	324	
ANTI-CORRUPTION			
Management approach			
103-1	Explanation of the material topic and its Boundary	305	
103-2	The management approach and its components	305	
103-3	Evaluation of the management approach	305	
Anti-Corruption			
205-2	Communication and training about anti-corruption policies and procedures	364	

CATEGORY: ENVIRONMENTAL			
ENERGY			
Management approach			
103-1	Explanation of the material topic and its Boundary	346	
103-2	The management approach and its components	346	
103-3	Evaluation of the management approach	346	
Energy			
302-1	Energy consumption within the organisation	349	
302-3	Energy intensity	349	
302-4	Reduction of energy consumption	349	
WATER			
Management approach			
103-1	Explanation of the material topic and its Boundary	346	
103-2	The management approach and its components.	346	
103-3	Evaluation of the management approach	346	
Water			
303-1	Water withdrawal by source	352-354	
EMISSIONS			
Management approach			
103-1	Explanation of the material topic and its Boundary	346	
103-2	The management approach and its components	346	
103-3	Evaluation of the management approach	346	

Emissions			
305-1	Direct (Scope 1) GHG emissions	350-351; 373-374	
305-2	Energy indirect (Scope 2) GHG emissions	350-351; 373-374	
305-5	Reduction of GHG emissions.	350-351; 373-374	
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	350-351; 373-374	
DISCHARGES AND WASTE			
Management approach			
103-1	Explanation of the material topic and its Boundary	346	
103-2	The management approach and its components	346	
103-3	Evaluation of the management approach	346	
Discharges and waste			
306-1	Wastewater discharge by quality and destination	353-354; 374	
306-2	Waste by type and disposal method	353-354; 374	
ENVIRONMENTAL COMPLIANCE			
Management approach			
103-1	Explanation of the material topic and its Boundary	305	
103-2	The management approach and its components	305	
103-3	Evaluation of the management approach	305	
Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	No fines and/or sanctions are reported for violations of laws and regulations on the matter	

ENVIRONMENTAL ASSESSMENT OF SUPPLIERS			
Management approach			
103-1	Explanation of the material topic and its Boundary	318	
103-2	The management approach and its components	318	
103-3	Evaluation of the management approach	318	
Environmental assessment of suppliers			
308-1	New suppliers that were screened using environmental criteria	The group does not adopt policies for screening suppliers using environmental criteria	
CATEGORY: SOCIAL			
EMPLOYMENT			
Management approach			
103-1	Explanation of the material topic and its Boundary	335	
103-2	The management approach and its components	335	
103-3	Evaluation of the management approach	335	
Employment			
401-1	New employee hires and employee turnover.	337-339; 364-366	
INDUSTRIAL RELATIONS			
Management approach			
103-1	Explanation of the material topic and its Boundary	335	
103-2	The management approach and its components	335	
103-3	Evaluation of the management approach	335	
Industrial relations			
402-1	Minimum notice periods regarding operational changes	337	

OCCUPATIONAL HEALTH AND SAFETY			
Management approach			
103-1	Explanation of the material topic and its Boundary	335	
103-2	The management approach and its components	335	
103-3	Evaluation of the management approach	335	
Occupational Health and Safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	343-344; 367-368	
TRAINING AND EDUCATION			
Management approach			
103-1	Explanation of the material topic and its Boundary	335	
103-2	The management approach and its components	335	
103-3	Evaluation of the management approach	335	
Training and education			
404-1	Average hours of training per year per employee	339-340; 368-369	
404-3	Percentage of employees receiving regular performance and career development reviews	339-340; 368-369	
DIVERSITY AND EQUAL OPPORTUNITIES			
Management approach			
103-1	Explanation of the material topic and its Boundary	335	
103-2	The management approach and its components	335	
103-3	Evaluation of the management approach	335	
Diversity and equal opportunities			
405-1	Diversity of governance bodies and employees	306; 345; 370-371	

CHILD LABOUR			
Management approach			
103-1	Explanation of the material topic and its Boundary	318	
103-2	The management approach and its components	318	
103-3	Evaluation of the management approach	318	
Child Labour			
408-1	Operations and suppliers at significant risk for incidents of child labor	358	
FORCED OR COMPULSORY LABOUR			
Management approach			
103-1	Explanation of the material topic and its Boundary	318	
103-2	The management approach and its components	318	
103-3	Evaluation of the management approach	318	
Forced or compulsory labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	358	
ASSESSMENT OF SUPPLIERS IN SOCIAL MATTERS			
Management approach			
103-1	Explanation of the material topic and its Boundary	318	
103-2	The management approach and its components	318	
103-3	Evaluation of the management approach	318	
Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	The Group does not adopt policies for assessing suppliers on the basis of social criteria	

CUSTOMER HEALTH AND SAFETY			
Management approach			
103-1	Explanation of the material topic and its Boundary	325	
103-2	The management approach and its components	325	
103-3	Evaluation of the management approach	325	
Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	333-334	
MARKETING AND LABELLING			
Management approach			
103-1	Explanation of the material topic and its Boundary	325	
103-2	The management approach and its components	325	
103-3	Evaluation of the management approach	325	
Marketing and labelling			
417-1	Requirements for product and service information and labelling	333-334	
SOCIO-ECONOMIC COMPLIANCE			
Management approach			
103-1	Explanation of the material topic and its Boundary	305	
103-2	The management approach and its components.	305	
103-3	Evaluation of the management approach	305	
Socio-economic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	No fines and/or sanctions are reported for violations of laws and regulations on the matter	

RESEARCH AND DEVELOPMENT			
Management approach			
103-1	Explanation of the material topic and its Boundary.	325	
103-2	The management approach and its components	325	
103-3	Evaluation of the management approach.	325	
CUSTOMER SATISFACTION, CUSTOMER RELATION MANAGEMENT			
Management approach			
103-1	Explanation of the material topic and its Boundary.	325	
103-2	The management approach and its components	325	
103-3	Evaluation of the management approach.	325	

Independent Auditors' report on the Consolidated non-financial statement

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267**

**To the Board of Directors of
Saes Getters S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Saes Getters Group (the "Group") as of December 31, 2017 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 14, 2018 (hereinafter the "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.

2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.

3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Saes Getters Group.

4. Understanding of the following matters:

   - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
   - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
   - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

   Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

   In particular, we carried out interviews and discussions with the management of Saes Getters S.p.A. and with the employees of Memry Corporation, and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiary level:

  a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

- for the Lainate headquarter and production site of Saes Getters S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Saes Getters Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the selected GRI Standards.

Other Matter

The data for the year ended December 31, 2016 presented for comparative purposes in the NFS have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
March 30, 2018

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

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to art. 125-*ter* of the Consolidated Finance Law on item 2 (ordinary part) of the agenda of the Ordinary and Extraordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 24 April 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

****

Appointment of the Board of Directors: determination of the number and election of members, determination of the related remuneration pursuant to article 2389, paragraph 1, of the Italian Civil Code.

Dear Shareholders,

With the approval of the financial statements for the financial year closing on 31 December 2017, the mandate of the Board of Directors appointed on 28 April 2015 also expires and, therefore, in thanking you for the trust you have placed in us, we hereby invite you (i) to determine the number of members of the new Board of Directors and to proceed to their appointment using the slate system laid down in article 14 of the Company By-laws; and (ii) to also determine the remuneration due to the members of the new Board of Directors pursuant to article 2389, paragraph 1, of the Italian Civil Code and article 18 of the Company By-laws.

In this regard and pursuant to article 125-*ter*, first paragraph of Italian Legislative Decree no. 58/1998 (hereinafter also the "Consolidated Finance Law"), we provide you with information on these matters below.

* * *

1. With reference to the above, it is to be noted first of all that, pursuant to aforesaid article 14 of the Company By-laws, the Company is managed by a Board of Directors composed of a number of members between a minimum of three and a maximum of fifteen, who remain in office for three financial years. Furthermore, the same article specifies that the Meeting of Shareholders determines the number of the members of the Board of Directors prior to its appointment.

   Bearing this in mind, we hereby invite you to determine the number of the members of the Board of Directors within the aforesaid limits, on the basis of any proposals made by the Shareholders.

2. Secondly, it is to be noted that, pursuant to article 14 of the Company By-laws, the Directors of the Company are appointed using a slate system, with methods that guarantee (i) compliance with gender balance regulations pursuant to article 147-*ter* para 1-*ter* of the Consolidated Finance Law; and (ii) the presence of an adequate number of directors in possession of the independence requirements laid down by the laws and regulations in force and the Corporate Governance Code of listed companies, followed by the Company.

   In particular, with regard to gender balance and as this is the second mandate after one year from the entry into force of Italian Law no.121/2011 (which introduced the aforesaid paragraph 1-*ter*), at least one third of the members of the Board must belong to the less-represented gender, with the rounding up, in the case of a fractional number, to the higher number.

   With regard, on the other hand, to the presence of Independent Directors and taking into account the provisions of article 147-*ter*, paragraph 4, of the Consolidated Finance Law and article 3 of the Corporate Governance Code, as well as article IA.2.10.6. of the Instructions for the Regulation of Markets Organised and Managed by Borsa Italiana S.p.A., for the purposes of compliance with the highest requirements for membership of the STAR segment (of which the Company is a member), the number of Independent Directors (as defined by the aforesaid provisions) is considered adequate when the following number are on the Board:

   - at least 2 independent directors for boards composed of up to 8 members;
   - at least 3 independent directors for boards composed of 9 to 14 members;
   - at least 4 independent directors for boards composed of more than 14 members.

   With reference to the above, it is to be noted that the Independent Directors indicated as such at the time of their appointment must notify any events that may affect their independence requirements, with the consequent forfeiture of office.

   Under article 14 of the Company By-laws, a Shareholder may not submit nor vote for more than one list (even through intermediaries or trust companies). Shareholders that are part of the same group and Shareholders who entered a shareholders agreement concerning the shares of the Company (the existence of which the Company is unaware to the present date) cannot submit nor vote for more than one list (even through intermediaries or trust companies). In light of the above, only those Shareholders who, with reference to the shares registered in their account on the day of deposit of the lists at the Company offices, alone or together with other shareholders, own voting shares representing at least 4.5% of the voting capital as determined by CONSOB in resolution no.20273 of 24 January 2018 (adopted pursuant to article 147-*ter*, paragraph 1, of the Consolidated Finance Law), are entitled to present lists for the appointment of members of the Board of Directors.

The lists, to be signed by all those that submitted them, must be lodged at the registered office of the Company at least twenty-five days prior to the Meeting convened to resolve upon the appointment of the Directors (i.e. by Friday, 30 March 2018). The lists that have been submitted properly, therefore, will be made available to the public by 3 April 2018 at the registered office in Lainate, Viale Italia 77, on the Company website (www.saesgetters.com) and on the 1Info storage system (at the address www.1info.it).

Pursuant to article 2382 of the Italian Civil Code, anyone that has been prohibited, incapacitated, bankrupt or to has been convicted, to a punishment which entails prohibition, including temporary prohibition, from public offices or unfitness to carry out managerial offices cannot be appointed as a director, and if appointed shall forfeit his/her office. Furthermore, pursuant to article 147-*quinquies* of the Consolidated Finance Law, the directors must meet the integrity requirements established for members of control bodies with the regulations issued by the Ministry of Justice under article 148, paragraph 4, and if the aforesaid requirements are not met, the office is forfeited. Finally, each candidate may enrol in only one list, under penalty of ineligibility.

Each list contains a number of candidates that is no higher than fifteen, each with a progressive number. The lists must also contain, as an annex:

a) information on the identity of the shareholders that have submitted the lists, with the information on the total percentage of the overall shareholding owned; this indication must be proven by a special certificate issued by the intermediary to be submitted also subsequent to the deposit of the list, but in any case within the time limits provided for the publication of the lists by the issuer;
b) an exhaustive list of the personal and professional characteristics of the candidates;
c) a statement by the candidates declaring their acceptance of the office, as well as a statement declaring no causes of ineligibility or incompatibility and possession of the independence requirements laid down by the laws and regulations in force *pro tempore* and the Corporate Governance Code;
d) any other further or different declaration, information and/or document provided for by law and applicable regulations.

Each list must contain and expressly identify at least one Independent Director, with a progressive number no higher than seven. If the list has more than seven candidates, it must contain and expressly identify a second Independent Director. It remains necessary to ensure – to the extent needed to STAR requirements – the proper number of Independent Directors, as above indicated. In addition, each list, when it does not list up to three candidates, must ensure both genders are represented in order to be compliant to aforementioned Law no. 120/2011.

The submitted lists that do not comply with the provisions of law, regulations and the company by-laws shall be disregarded.

At the end of the voting, the candidates on the two lists that have received the highest number of votes are elected, according to following criteria: (i) from the list that received the highest number of votes, (hereinafter also “Majority List”), all the members of the Board are selected, in the number previously established by the Meeting of Shareholders, minus one; within these number limits, the candidates are elected in the order they appear on the list; (ii) from the list with the second-highest number of votes and that is not connected, even indirectly, with the Shareholders that have submitted or voted for the Majority List pursuant to applicable regulations (hereinafter also “Minority List”), one Director is selected, and more precisely the candidate indicated with the first number on the list. However, if not even one Independent Director is elected from the Majority List in the event that the Board is made up of no more than seven members, or if only one Independent Director is elected in the event that the Board is made up of more than seven members, the first Independent Director stated in the Minority List will be elected, rather than the first name on the Minority List. Furthermore, if the composition of the Board does not enable gender balance to be respected and taking into account the order in which candidates are listed, the last candidates elected in the Majority List of the most represented gender shall forfeit their office in a number necessary to ensure the fulfilment of the gender balance requirement, and they shall be replaced by the first non-elected candidates of the less-represented gender contained on the same list. If there is not a sufficient number of candidates of the less-represented gender on the relevant section of the Majority List to make the aforesaid replacement, the Meeting of Shareholders shall integrate the body with the voting majority required by law, ensuring that this requirement is met.

With reference to the outcome of the voting, it is to be noted that lists are not taken into consideration unless they obtain a percentage of votes equal at least to half the percentage required for submitting them. If one or more lists receive the same number of votes, the one presented by Shareholders owning the highest shareholding at the time the list is submitted shall prevail or, subordinately, the one submitted by the highest number of Shareholders. If only one list is submitted, the Meeting of Shareholders votes on this list and if it obtains the majority of the voters, without taking abstentions into account, the candidates listed in progressive order will be elected Directors up to the number established by the Meeting of Shareholders, without prejudice to the fact that if the Board is made up of more than seven members, a second Independent Director is elected, in addition to the Independent Director that must be listed among the first seven candidates, in compliance, in any event, with the distribution criteria laid down in art.147-*ter*, paragraph 1-*ter*, of the Consolidated Finance Law. If no list is submitted, or if the number of Directors elected on the basis of the lists is lower than the number established by the Meeting of Shareholders, the members of the Board of Directors are appointed by the Meeting of Shareholders with the majority required by law, without prejudice to the obligation of the Meeting of Shareholders to appoint the minimum number of Independent Directors required and compliance, in any event, with the distribution criteria laid down in art.147-*ter*, paragraph 1-*ter*, of the Consolidated Finance Law.

In relation to the selection of candidates, the Board recommends that the Shareholders submit candidate lists of directors (i) that hold management and control positions that do not exceed 100 points as determined in the Report on Corporate Governance and Ownership Structures of the Company for the 2017 financial year, included among the documents accompanying the draft financial statements for 2017; and (ii) that - in addition to the appointment requirements laid down by the laws in force - possess the personal characteristics, and management and general experience that is adequate for the type of business performed by the Company, also in light of the best practices in this field. In this regard, the opinion of the current Directors on the qualitative and quantitative composition of the new Board of Directors is annexed to this report, as recommended by the Corporate Governance Code.

Shareholders are also recommended to submit a "minority list" for the election of the Board of Directors, to be submitted together with a statement certifying the absence of the relationships, including indirect relationships, provided for in article 147-*ter*, paragraph 3, of the Consolidated Finance Law and article 144-*quinquies* of the Regulations for Issuers that hold, jointly or severally, a related controlling or majority shareholding, if this can be identified with shareholders on the basis of notifications of relevant shareholdings as per article 120 of the Consolidated Finance Law or the publication of shareholders' agreements under article 122 of the Consolidated Finance Law (agreements the Company is unaware of to the present date). Any other significant relationships existing with the Shareholders that hold, jointly or severally, a related controlling or majority shareholding, if this can be identified within the aforesaid terms, must also be specified in this statement, as well as the reasons why these relationships have not been considered decisive for the existence of the aforesaid relationships; if this information is not provided, the absence of the aforesaid relationships must be declared.

Finally, reference is to be made to article 14 of the Company By-laws for all further information. The text of the Company By-Laws can be found at the registered office and on the website www.saesgetters.com, in the section “"*Investor Relations - Corporate Governance - Company By-laws*".

Taking the above into account, we hereby invite you to submit candidate lists, using the methods and within the time limits set forth in article 14 of the Company By-laws and indicated above. These lists will then be used as a basis for voting.

Pursuant to article 14 of the Company By-laws, the Directors, appointed in accordance with the above methods, shall remain in office until the Meeting of Shareholders called to approve the financial statements for the year ending 31 December 2020.

3. With reference to the remuneration of the Board of Directors, we remind you that, in compliance with the provisions of article 2389, paragraph 1, of the Italian Civil Code, article 18 of the Company By-laws requires the Meeting of Shareholders to pass resolution on the annual remuneration of the Board of Directors, which shall remain unvaried until decided otherwise by the Meeting of Shareholders. This article also specifies that the way in which this remuneration is split up between the Board of Directors is established in a resolution passed by the Board itself, which can then, making its own decision and having consulted the Board of Statutory Auditors, grant special payments to Managing Directors, to Board Members who have been granted special duties and to General Managers.

   In this regard, it is to be noted that the Meeting of Shareholders of 28 April 2015 fixed the aforesaid annual remuneration of Directors at EUR 120,000.00, and this amount was subsequently divided up by the Board of Directors, assigning the annual remuneration of EUR 20,000.00 to the Chairman and the annual remuneration of EUR 10,000.00 to all other directors. In this respect, it is to be noted that, as stated in the Remuneration Report (Section I), the Remuneration and Appointment Committee recommends an increase in the annual remuneration of the Board of Directors, suggested to be raised to a total of EUR 230,000.00, in the event of a Board made of 11 members as it currently is, thus making it possible to assign the annual remuneration of EUR 30,000.00 to the Chairman and the annual remuneration of EUR 20,000.00 to each of all other directors, having taken into account the data collected in relation to the average annual remuneration paid to the directors of listed companies in the STAR segment (which is considered a benchmark for the Company).

   Taking the above into consideration, we hereby invite you to determine the annual remuneration of the new Board of Directors pursuant to article 2389, paragraph 1, of the Italian Civil Code and article 18 of the Company By-laws, on the basis of any proposals made by Shareholders also in light of the aforesaid recommendation made by the Remuneration and Appointment Committee.

4. Finally, we wish to inform you that each point of the previous resolutions, as well as the other proposals that shall be submitted to the Meeting of Shareholders for approval, will be put to a separate vote in order to allow voting rights holders (and the parties appointed by them with voting instructions) to vote separately on each of the previous points (and possibly on the basis of specific voting instructions received).

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

* * *

Lainate, 14 March 2018

For the Board of Directors

____

Mr. Massimo della Porta

Chairman

The opinion of the Board of Directors regarding the qualitative and quantitative composition of the future Board of Directors.

In compliance with the recommendations of the Corporate Governance Code of listed companies, bearing in mind the Company By-laws, in view of the expiry of the mandate of the Board in the coming month of April, which will coincide with the approval of the 2017 financial statements, the Board of Directors of SAES Getters S.p.A.,

- upon the proposal of the Remuneration and Appointment Committee;

- having taken into account the results of the self-assessment ("Board Review") for the 2017 financial year;

- having taken into account the analysis conducted during the 2016 financial year on the competences required of Executive Directors,

in view of the renewal of the administrative body, wishes to express its opinions to the Shareholders on the size of the new Board of Directors and on the managerial and/or professional figures whose presence into the new Board is considered appropriate.

Context

On the occasion of the preparation of the Reports for the Meeting of Shareholders on the items on the agenda and in particular in view of the upcoming renewal of the Board of Directors, the Directors worked to develop their thoughts on Governance in the search for useful indications for Shareholders to assist them in preparing the lists for the appointment of the Board.

Size

The current By-laws set forth that the Meeting of Shareholders may select a minimum of three (3) and a maximum of fifteen (15) Directors. The current Board (11 members) is considered numerically adequate by all the Directors. In the future a possible reduction in the number of members could be taken into account, but the Board - with 11 members - believes that it has reached an optimal level of functioning within internal processes, in relation to board discussions and decision-making. Likewise, the current ratio of Independent Directors (4 Independent Directors and 1 Independent Director under the combined provisions of articles 147-*ter*, paragraph 4, and 148 paragraph 3, of the Consolidated Finance Law but not of the Corporate Governance Code) and non-Independent Directors, is appreciated, considering the contribution made by Independent Directors to board discussions and the making of well thought-out, informed board decisions, as well as to the functioning of the internal board committees. The Board wishes the new Board to retain the aforesaid ratio.

Composition

The Directors consider the current composition of the Board to possess adequate competences and experience, as well as a balanced mix of profiles.

In particular, from the outcome of the self-assessment ("Board Review"), in line with the Reports on Corporate Governance of past years, the general opinion on the importance of retaining the qualitative profile of the Board in terms of the mix of different professions, experience and competence is largely shared. With the Board being composed in this manner, it is in a position to ensure better internal dialogue and carry out its own tasks efficiently, also in relation to the growing commitment required from each director in terms of time and energy, with the necessary competence and authoritativeness, responding promptly to increasingly complex issues that the Company is called upon to handle.

In the event of the amendment of the composition of the Board, in the desire to assess the possibility of further enriching the mix of profiles that is represented today, managerial skills, industrial background, business and market orientation, and a high level of international experience may emerge as priorities to be taken into consideration.

In terms of diversity, the directors consider today's Board to be adequately represented and wishes to maintain this diversification in the future, in terms of experience/seniority, education/background and also in general. In this regard, in compliance with articles 147-*ter* and 148, paragraph 1-*bis* of the Consolidated Finance Law, as amended by Italian Law no.120 of 12 July 2011 on equality of access to the administrative and control bodies of companies listed in regulated markets, in order to guarantee gender equality, the Company By-laws state that, in the event of the second mandate after one year from the entry into force of the aforesaid law (as is the case for the next Board), if lists contain less than three candidates the presence of both genders must be guaranteed, so that the less-represented gender represents at least one third of the total members, with the rounding up, in the case of a fractional number, to the higher number. Therefore, in the case of a Board with 11 (but also 10) members, as is the size of the current one, at least 4 directors must be the less-represented gender.

From a structural point of view, the Directors consider the current division of the Committees, in terms of tasks, size and skills to be adequate and to be retained. In this regard, Shareholders are reminded that, in compliance with the recommendations of the Corporate Governance Code of listed companies, at least one member of the Remuneration and Appointment Committee must ensure that they have knowledge and experience in accounting and finance, and at least one member of the Audit and Risk Committee must possess adequate experience in accounting and finance.

Lainate, 25 February 2018

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to art. 125-*ter* of the Consolidated Finance Law on item 3 (ordinary part) of the agenda of the Ordinary and Extraordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 24 April 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

****

Appointment of the Board of Statutory Auditors for the 2018-2020 financial years and determination of its remuneration;

Dear Shareholders,

with the approval of the financial statements for the year ending on 31 December 2017, the mandate of the Board of Statutory Auditors appointed by the Meeting of Shareholders of 28 April 2015 will expire, and we therefore invite you: (i) to appoint three Statutory Auditors (including the Chairperson of the Board) and two Substitute Auditors, for the 2018-2020 period, pursuant to article 22 of the Company By-Laws; and (ii) to determine their remuneration.

In this regard and pursuant to article 125-*ter*, first paragraph of Italian Legislative Decree no. 58/1998 (hereinafter also the "Consolidated Finance Law"), we provide you with information on these matters below.

* * *

1. With reference to the above, it is to be noted, first of all, that, pursuant to aforesaid article 18 of the Company By-laws, the Board of Statutory Auditors shall consist of three Statutory Auditors and two Substitute Auditors, appointed using a slate system and with methods that guarantee compliance with gender balance regulations pursuant to article 148, paragraph 1-*bis*, of the Consolidated Finance Law. In particular, as this is the second mandate after one year from the entry into force of Italian Law no.121/2011 (which introduced the aforesaid paragraph 1-*bis*), at least one third of the members of the Board must belong the less-represented gender, with the rounding up, in the case of a fractional number, to the higher number.

   It is also to be noted that, pursuant to article 22 of the Company By-laws, the members of the Board of Statutory Auditors must possess the integrity and experience requirements laid down in article 148, paragraph 4, of the Consolidated Finance Law for members of the Board of Statutory Auditors and in particular the requirements referred to in Italian Ministerial Decree no.162 of 30 March 2000 ("*Regulations laying down rules on the fixing of the experience and integrity requirements of members of the Board of Statutory Auditors of Listed Companies to be issued on the basis of article 148 of Italian Legislative Decree no.58 of 24 February 1998*"). With regard specifically to experience requirements, it is to be noted that, pursuant to article 22 of the Company By-Laws, activities related to the Company shall be deemed all the activities relating back to the business objectives set forth in article 7 of the Company By-laws and the activities related to engineering sector, the production and marketing of equipment, products and materials mentioned in article 7 of the Company By-laws, and to scientific and industrial research. Competence in the areas of commercial law, tax law, business administration and finance are also considered to be closely related to the activity of the Company.

Furthermore, the persons that find themselves in the situations of incompatibility provided for by law and other applicable provisions and those that exceed the limits on the maximum number of management and control positions that can be held as established by CONSOB pursuant to article 148-*bis*, paragraph 1, of the Consolidated Finance Law cannot be appointed Auditors. Finally, each candidate may appear on only one list, under penalty of ineligibility.

Under article 22 of the Company By-laws, a Shareholder may not submit nor vote for more than one list (even through intermediaries or trust companies). Shareholders that are part of the same group and Shareholders who entered a shareholders agreement concerning the shares of the Company (the existence of which the Company is unaware to the present date) cannot submit nor vote for more than one list (even through intermediaries or trust companies). In light of the above, only those Shareholders who, with reference to the shares registered in their account on the day of deposit of the lists at the Company offices alone or together with other shareholders, own voting shares representing at least 4.5% of the voting capital as determined by CONSOB in resolution no.20273 of 24 January 2018 (adopted pursuant to article 148-*ter*, paragraph 2, of the Consolidated Finance Law), are entitled to present lists for the appointment of members of the Board of Statutory Auditors.

The lists, to be signed by all those that submitted them, must be lodged at the registered office of the Company at least twenty-five days prior to the Meeting convened to resolve upon the appointment of the Auditors (i.e. by Friday, 30 March 2018). The lists that have been submitted properly, therefore, will be made available to the public by 3 April 2018 at the registered office in Lainate, Viale Italia 77, on the Company website (www.saesgetters.com) and on the 1Info storage system (at the address www.1info.it). Please note that, pursuant to article 144-*sexies*, paragraph 5, of the Regulations for Issuers adopted by CONSOB with resolution no.11971 of 14 May 1999, if only one list has been submitted for the appointment of the Board of Statutory Auditors within the time limit of 25 days prior to the date fixed for the Meeting on single call or only lists have been submitted by Shareholders that are connected to one another under article 145-*quinquies* of the Regulations for Issuers, other lists can be submitted up to the third day following the expiry date of the aforesaid deadline. In this case, the minimum threshold of 4.5% for the submission of lists, as stated above, shall be reduced by half.

As anticipated, the lists must contain the names of one or more candidates for the position of Statutory Auditor and of one or more candidates for the position of Substitute Auditor, in compliance with gender balance regulations pursuant to article 148, paragraph 1-*bis*, of the Consolidated Finance Law. To this end, the lists that contain a number of candidates equal or greater than three must guarantee the presence of both genders on the board, so that the less-represented gender - on the present date - represents at least one third of the total members, with the rounding up, in the case of a fractional number, to the higher number.

The names of the candidates must be marked in each section (i.e. in both the Statutory Auditors section and the Substitute Auditors section) by a progressive number and in numbers not exceeding the members of the Board of Statutory Auditors to be elected.
The lists also contain, as an annex:

a) information on the identity of the Shareholders that have submitted the lists, with the information on the total percentage of the overall shareholding owned: this indication must be proven by a special certificate issued by the intermediary to be submitted also subsequent to the deposit of the list, but in any case within the time limits provided for the publication of the lists by the Company;
b) a declaration of the Shareholders other than those that hold, jointly or severally, a controlling or majority shareholding, certifying the absence of the relationships provided for by article 144-*quinquies* of the Regulations for Issuers with the aforesaid parties;
c) an exhaustive report on the personal and professional characteristics of the candidates accompanied by the list of the management and control positions held in other companies;
d) a declaration of the candidates certifying that non-existence of causes for ineligibility and incompatibility, as well as the possession of the requirements provided for by *pro tempore* laws and regulations in force, and their acceptance of the candidature;
e) any other further or different declaration, information and/or document provided for by law and applicable regulations.

Emphasis is to be placed on the importance of accompanying the information referred to in letter c) of the above list for each candidate with the list of the management and control positions held in other companies, which must be updated up to the date of the Meeting of Shareholders, in order to facilitate the notification referred to in article 2400, paragraph 4, of the Italian Civil Code at the time of the appointment on the part of the Meeting of Shareholders and prior to the acceptance of the office, without prejudice in any event to the provisions of article 148-*bis*, paragraph 2, of the Consolidated Finance Law.

Without prejudice to the obligation to file the statement referred to in letter b) of the list stated above, in order to guarantee greater transparency in the relationships between the persons that submit the "minority lists" and the controlling or majority Shareholders, it is recommended that the Shareholders that submit a "minority list" for the election of the Board of Statutory Auditors provide the following information in the aforesaid statement:

- the description of any significant relationships with the Shareholders that, jointly or severally, possess a controlling or majority shareholding, if this can be identified on the basis of notifications of relevant shareholdings as per article 120 of the Consolidated Finance Law or the publication of shareholders' agreements under article 122 of the Consolidated Finance Law (agreements which the Company is unaware of to the present date). Alternatively, the absence of significant relationships must be indicated;
- the reasons why these relationships have not been considered decisive for the existence of the relationships referred to in article 148, paragraph 2, of the Consolidated Finance Law and article 144-*quinquies* of the Regulations for Issuers.

The submitted lists that do not comply with the provisions of law, regulations and the company by-laws shall be disregarded.

The minority - that are not party of a relevant connection, even indirectly, as per article 148, paragraph 2, of the Consolidated Finance Law and article 144-*quinquies* of the Regulation for Issuers - are entitled to elect one Statutory Auditor, who is the Chairperson of the Board, and one Substitute Auditor. The election of the Auditors by the minority Shareholders takes place at the same time as the election of the other members of the control body, with the exception of cases of replacement, as regulated in article 22 of the Company By-laws.

Therefore, members of the Board of Statutory Auditors are elected as follows: (i) 2 statutory Auditors and 1 substitute Auditor are selected from the list that has obtained the highest number of votes (“Majority List”), in the order of priority they appear on the list; (ii) 1 statutory Auditor, who will be the Chairman of the Board of Statutory Auditors (“Minority Auditor”), and 1 substitute Auditor (“Minority Substitute Auditor”) are selected from the second list that has obtained the highest number of votes and that is not connected directly or indirectly with the Shareholders that have submitted or voted for the

Majority List pursuant to the applicable provisions ("Minority List"), in the order of priority they appear on the list - all, in any event, in compliance with the rules on gender balance in the corporate bodies of listed companies referred to in Italian Law no.120/2011. If the composition of the board or the category of substitute auditors does not enable the gender balance to be respected and taking into account the order in which candidates are listed, the last candidates elected in the Majority List of the most represented gender shall forfeit their office in a number necessary to ensure the fulfilment of the gender balance requirement, and they shall be replaced by the first non-elected candidates of the less-represented gender contained on the same list. If there is not a sufficient number of candidates of the less-represented gender on the relevant section of the Majority List to make the aforesaid replacement, the Meeting of Shareholders shall appoint the missing statutory auditors or substitutes with the majority required by law, ensuring that the requirement is met.

If one or more lists receive the same number of votes, the one presented by Shareholders owning the highest shareholding when the list is submitted shall prevail or, subordinately, the one submitted by the highest number of Shareholders. If only one list is presented, the Meeting of Shareholders will vote on this list and if it obtains the majority of voters, without taking abstentions into account, all the candidates listed for these positions will be elected Statutory and Substitute Auditors, in compliance with the rules on gender balance in the corporate bodies of listed companies referred to in Italian Law no.120/2011. In this case, the Chairperson of the Board of Statutory Auditors will be the first candidate voted as Statutory Auditor. If no lists are submitted, the Board of Statutory Auditors and its Chairperson are appointed by the Meeting of Shareholders with the majority required by law, once again in compliance with the rules on gender balance in the corporate bodies of listed companies referred to in Italian Law no.120/2011.

Finally, reference is to be made to article 22 of the Company By-laws for all further information. The text of the Company By-Laws can be found at the registered office and on the website www.saesgetters.com, in the section "*Investor Relations-Corporate Governance-Company By-laws*".

Taking the above into account, we hereby invite you to submit candidate lists, using the methods and within the time limits set forth in article 22 of the Company By-laws and indicated above. These lists will then be used as a basis for voting.

Pursuant to article 2400, paragraph 1, of the Italian Civil Code and article 22 of the Company By-laws, the Board of Statutory Auditors, appointed in accordance with the above methods, shall remain in office until the Meeting of Shareholders called to approve the financial statements for the year ending 31 December 2020.

2. It is to be noted that, under article 2402 of the Italian Civil Code and article 22 of the Company By-laws, the annual remuneration of the Board of Statutory Auditors is to be determined by the Meeting of Shareholders at the time of the appointment of the Board for the whole term of office. In this regard, it is to be noted that the Meeting of Shareholders of 28 April 2015 determined the aforesaid annual remuneration at EUR 40,000.00 (forty thousand/00) for the Chairperson and EUR 29,000,00 (twenty-nine thousand/00) for each of the other Statutory Auditors.

   In view of the above, we hereby invite you to determine the annual remuneration of the new Board of Statutory Auditors for the whole term in office pursuant to article 2402 of the Italian Civil Code and article 22 of the Company By-laws, on the basis of any proposals made by the Shareholders.

3. Finally, we wish to inform you that each point of the previous resolutions, as well as the other proposals that shall be submitted to the Meeting of Shareholders for approval, will be put to a separate vote in order to allow voting rights holders (and the parties appointed by them with voting instructions) to vote separately on each of the previous points (and possibly on the basis of specific voting instructions received).

* * *

Lainate, 14 March 2018

for the Board of Directors

____

Mr. Massimo della Porta

Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to article 123-ter of the Consolidated Finance Law and article 84-quater of CONSOB resolution no.11971 of 14/05/1999, on item 4 of the agenda (ordinary part) of the Ordinary and Extraordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 24 April 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

Remuneration Report pursuant to article 123-ter, paragraph 6 of Italian Legislative Decree no.58/1998 and article 84-quater of CONSOB resolution no.11971 of 14/05/1999 concerning the regulations for issuers.

Dear Shareholders,

This Remuneration Report, drawn up pursuant to article 123-ter of Italian Legislative Decree no.58/1998 ("Consolidated Finance Law") and article 84-quater and related Annex 3A, Schedule 7-bis of CONSOB resolution no.11971 of 14/5/1999 concerning the regulations for issuers, aims to provide shareholders, investors and the market with a clear and complete illustration of the remuneration policy of the members of the Board of Directors, the Board of Statutory Auditors and the Executives with Strategic Responsibilities of the Company.

The Report was prepared in compliance with the abovementioned legal and regulatory provisions issued by CONSOB, as well as in compliance with the recommendations stated in the amended principles and application criteria of the Corporate Governance Code of listed companies, issued by the Corporate Governance Committee of Borsa Italiana S.p.A. in July 2015.

We wish to inform you that the 2018 Remuneration Policy (which is represented by Section I) was approved by the Board of Directors on 15 February 2018.

On 14 March 2018, on the proposal of the Remuneration and Appointment Committee (which had discussed the policy in its meeting of 25 January 2018 and 14 March 2018), the Board of Directors, having consulted the Board of Statutory Auditors, approved the Remuneration Report, which is divided into the following sections:

- Section I, which illustrates the Company's Policy in relation to the remuneration of the members of its Board of Directors, the General Managers and the Executives with Strategic Responsibilities for the subsequent financial year (2018) and the procedures used for the adoption and implementation of this policy;

- Section II, which provides an adequate representation of each of the items that make up the remuneration – according to the standard established by CONSOB – with an indication of the individual names for the remuneration paid to the Directors and Auditors, but in aggregate form for the remuneration paid to Executives with Strategic Responsibilities; it analytically illustrates the remuneration paid during the financial year of reference for any reason and in any form by the Company and by its subsidiary or associated companies, identifying any components of the aforesaid remuneration that concern activities carried out in years prior to the financial year of reference and also highlighting the remuneration to be paid in one or several subsequent financial years for the activities carried out during the financial year in question, with a possible indication of an estimated value for the components that are not objectively quantifiable in the financial year of reference.

Furthermore, Section II contains information on the shares held in the Company and in its subsidiaries by the members of the administration and control bodies, by Executives with Strategic Responsibilities, by spouses who are not legally separated and by minor children, in compliance with the provisions of article 84-*quater*, paragraph 4, of the Regulations for Issuers.

The Report has been made available to the public at the registered office of the Company in Lainate, Viale Italia 77, as well as on the Company website, https://www.saesgetters.com/investor-relations/area-investors/shareholders-meeting.

Finally, we wish to remind you that, pursuant to article123-ter of the Consolidated Finance Law, the Board of Directors has summoned you, and the Meeting of Shareholders is called upon to pass resolution on the first section of the Remuneration Report, by casting a non-binding affirmative or negative vote.

Now, therefore, we submit the following resolution proposal for your approval:

"The Ordinary Meeting of the Shareholders of SAES Getters S.p.A.:

- having acknowledged the information received;

resolves

1. to approve the first section of the Remuneration Report drawn up pursuant to article 123-ter, paragraph 6 of Italian Legislative Decree no.58/1998 and article 84-quater and related Annex 3A, Schedule 7-bis of CONSOB resolution no.11971 of 14/05/1999 concerning the regulations for issuers.

2. to authorise the Chairman and the Vice-Chairman and Managing Director, jointly and severally, to complete the formalities required by the laws in force, as well as to take all the necessary action to fully implement the resolution stated above, granting them all the powers necessary and appropriate for this purpose, none excluded, as well as the powers to delegate third parties".

Lainate, 14 March 2018

for the Board of Directors

Mr. Massimo della Porta
Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

SAES Getters S.p.A.

FIRST SECTION OF THE REMUNERATION REPORT

Drawn up pursuant to article 123-*ter*, paragraph 3, of Italian Legislative Decree no. 58/1998 and article 84-*quater* and related Annex 3A, Schedule 7-*bis* - section I of CONSOB resolution no. 11971/1999 on Regulations for Issuers.

SAES GETTERS S.p.A.
Remuneration Policy for Strategic Resources 2018

Introduction

The remuneration of directors and other Executives with Strategic Responsibilities within SAES Getters S.p.A. (hereinafter "**SAES**" or the "**Company**") is determined to be in amount sufficient to attract, motivate and retain qualified professionals with the (managerial and technical) skills required to successfully manage the Company.

The Company defines the general policy on remuneration annually (the "**Policy**"), which summarises the principles and procedures that the SAES Group (as defined hereafter) abides by, in order to:

- **allow for the correct application** of remuneration practices as defined hereafter;
- guarantee an adequate level of **transparency** with regard to remuneration policies and the amounts paid out;
- encourage the **proper involvement** of competent company bodies in the assessment and approval of the remuneration Policy.

The Policy has been drawn up in light of the recommendations contained in article 6 of the Corporate Governance Code of Borsa Italiana S.p.A., as amended in July 2015, adopted by SAES, taking into account the provisions of article 123-*ter* of Italian Legislative Decree no.58 of 24 February 1998, as subsequently amended (the "Consolidated Finance Law"), article 84-*quater* of the CONSOB Regulation approved with resolution no. 11971 of 14 May 1999, as subsequently amended (the "Regulations for Issuers") and Annex 3A to the Regulations for Issuers, Schedule 7-*bis*. The Policy is also drafted in compliance with the provisions contained in the procedure for transactions with related parties, approved by the Board of Directors of the Company on 11 November 2010, pursuant to the regulations adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.

The Policy is applied to Directors and Executives with Strategic Responsibilities, as described in more detail hereafter.

Several terms used frequently are defined in the following Glossary:

Code/ Corporate Governance Code: the Corporate Governance Code of listed companies as amended in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.

Remuneration and Appointment Committee: the Committee for Remuneration and Appointments set up by the Company in implementing article 6 of the Code.

Executive Directors or Directors performing special duties: the Directors of SAES Getters S.p.A. holding the offices of Chairman or Managing Director.

Non-executive Directors and/or independent Directors and/or directors without special duties: all the Directors of SAES Getters S.p.A. appointed by the Meeting of Shareholders and the Directors in other Companies of the SAES Group that are also Executives of the Group.

Executives with Strategic Responsibilities: those that hold organisational offices that have the direct or indirect power and responsibility to plan, direct and control the activities of the Company, including the directors (be they executive or otherwise) of the Company and also including statutory members of the Board of Statutory Auditors, as defined by the regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented, on transactions with related parties.

Group or SAES Group: the group of companies controlled by or connected to SAES pursuant to article 2359 of the Italian Civil Code.

GAE: the fixed gross annual earnings component for employees.

MBO (Management by Objectives): indicates the annual variable component of remuneration paid to executives based on the achievement of predefined company objectives (for directors with executive responsibilities).

PFS (Partnership for Success): means the annual variable component of remuneration (on target bonus of 40% of the base salary), based on the achievement of pre-defined business objectives for Executives with Strategic Responsibilities.

LTI Plan: indicates the "Long Term Incentive" Plan as illustrated in paragraph 7 of this Policy, with regard to executive directors, and in paragraph 9, with regard to Executives with Strategic Responsibilities (excluding members of the Board of Statutory Auditors). The payment of this long-term variable remuneration component is deferred by three years.

Variable Remuneration: remuneration connected with the attainment of annual and long-term objectives, a relevant part of which (LTI Plan) is paid in a deferred way, as required by the Code. The MBO/PFS and the LTI Plan constitute the total Variable Remuneration.

***Yearly Total Direct Compensation Target*:** indicates the sum (i) of the fixed gross annual earnings component; (ii) the variable gross annual earnings component that the executive would receive in case of achievement of objectives (MBO/PfS); (iii) the annualisation of the medium/long term gross variable component (LTI Plan) that the executive has a right to receive in case of the achievement of medium/long term objectives.

1. Principles and objectives

The Company defines and applies a Policy on remuneration on annual basis.

The main objective of the aforesaid Policy is to attract, motivate, and retain the resources with the professional characteristics required to achieve the objectives set by the Group, which is operating in increasingly more complex, diverse, and highly-competitive technological markets, while also taking into account the dynamics of the labour market.

In recent years the "business model" of the SAES Group has undergone and undergoes considerable changes. This has required and still requires a continuous alignment of its Remuneration Policies. More specifically, the Company operates through its Business Units in multiple international markets, in different technological environments and, although its Headquarters are located in Italy, the Group management involves a specific multi-business approach with different speeds depending on the business/market, requiring complex skills and a strong cultural and managerial flexibility.

The Policy has been defined in order to align the interests of the top management with those of the shareholders, and is designed to pursue the prime objective of creating sustainable assets in the medium/long-term. A fundamental aspect of said objective is represented by the consistent and compliant observance, over time, of the core principles of this Policy.

Therefore, the most important aspect in determining remuneration is the creation of mechanisms that create a strong identification with the Company and are appropriate to the reality of the global reference market and ensure organisational stability.

The 2017 Remuneration Policy did not differ substantially from the Policy defined by the Company in the previous year.

2. Remuneration and Appointment Committee

The Board of Directors set up the Compensation Committee now the Remuneration and Appointment Committee within the Board on 17 December 1999 with consulting and proposal functions. In particular, in compliance with Article 6 of the Corporate Governance Code entitled “Remuneration of Directors”, the Remuneration and Appointment Committee, as far as the management of remuneration issues is concerned:

1) draws up and defines a Remuneration Policy and submits it to the Board of Directors for approval;
2) periodically evaluates the adequacy, the overall coherence and the practical application of the Policy on the remuneration of directors and Executives with Strategic Responsibilities and provides the Board of Directors with proposals and opinions with regard to the policies adopted by the Company with regard to remuneration, based on the information provided by the Executive Directors, and suggesting improvements, where needed;

3) examines the proposals on the remuneration of Executive Directors and Executives with Strategic Responsibilities;
4) expresses opinions or submits proposals to the Board of Directors on the remuneration of directors vested with special duties, taking into account the Policy;
5) verifies the accuracy and correct application of remuneration criteria for the Company's Executives with Strategic Responsibilities and their consistency over time;
6) proposes and collaborates in establishing objectives (targets) with regard to the variable remuneration plans for executive directors;
7) verifies the achievement of the variable remuneration target defined for Executive Directors;
8) verifies the application of the resolutions taken by the Board of Directors with regard to remuneration.

At present, the Remuneration and Appointment Committee, as regulated by Article 6.P.3 of the Corporate Governance Code, is made up of independent directors and non-executive directors, namely the following members: Gaudiana Giusti (independent director), Luciana Rovelli (independent director) and Adriano De Maio (non-executive director[1]). All members of the Remuneration and Appointment Committee possess extensive experience in economics/finance and remuneration, which is assessed by the Board of Directors at their time of appointment

The meetings of the Remuneration and Appointments Committee are recorded in the Report on Corporate Governance, which is to be referred to for further information.

3. Procedure for the definition, approval, and implementation of the Policy

The Policy is defined following a transparent process in which the Remuneration and Appointment Committee and the Board of Directors play a leading role.

The Board of Directors, upon proposal by the Remuneration and Appointment Committee, defines and approves the Policy.

The Remuneration and Appointment Committee, in carrying out its tasks, ensures that there are suitable functional and operational connections with the competent Company structures. In particular, the Company's Human Resource Department, with the assistance, where needed, of specialised consulting firms identified and independently chosen by the Remuneration and Appointment Committee, provides the Remuneration and Appointment Committee with all the information and analyses it requires.

The Chairman of the Board of Statutory Auditors or other auditor appointed by the Chairman attends the meetings of the Remuneration and Appointment Committee. Such meetings can be attended also by the other Statutory Auditors.

[1] Independent Director pursuant to the combined provisions of articles 147-*ter*, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law.

Once defined, the proposed Policy drafted by the Remuneration and Appointment Committee is submitted for the approval of the Board of Directors, who may make the amendments or alterations it may deem necessary.

The Board of Directors, having consulted the Statutory Auditors and keeping in mind the observations and proposals of the Remuneration and Appointment Committee, reaches a final resolution on the Policy and approves the remuneration report detailed in the paragraph below.

The Remuneration and Appointment Committee approved the proposed Policy for the year 2018 on 25 January 2018. During this meeting the Committee evaluated the adequacy, the overall coherence and the practical application of the 2017 Policy compared to the measures implemented by the Company.

The Board of Directors approved the Policy for the year 2018 on 15 February 2018.

Based on the Policy, the following items are approved:

- by the Board of Directors: the remuneration and contract proposals for Executive Directors at the time the powers are conferred to them, according to company practice, as well as any amendment or adjustment, if needed;

- by the Company's Human Resources Department, with the approval of Executive Directors: the remuneration adjustment proposals for the Executives with Strategic Responsibilities (excluding regular members of the Board of Statutory Auditors);

- by the Shareholders: the remuneration of the Board of Statutory Auditors (please see paragraph 11 below in this regard).

4. Transparency

The Policy is part of the Remuneration Report to be submitted annually to the Meeting of Shareholders pursuant to article 123-*ter* of the Consolidated Finance Law, which must be drafted in compliance with the provisions of article 84-*quater* of the Regulations for Issuers and with Schedule 7-*bis* and 7-*ter*, contained in Annex 3A to the Regulations for Issuers (the "**Remuneration Report**"). The Remuneration Report, in Section II, also includes *(i)* an indication of the remuneration of the members of the control and management bodies, general managers, if any, and, collectively, the Executives with Strategic Responsibilities, *(ii)* reports the shares owned by the members of the managing or control bodies, by general managers and Executives with Strategic Responsibilities in the Company and in the Group.
The Remuneration Report is made available to the public at the Company's registered offices, on the Company website, and on the authorised storage mechanism (1INFO STORAGE) at least 21 days before the annual Meeting of Shareholders, generally coinciding with the meeting for the approval of the financial statements, so as to allow the Shareholders to express their non-binding vote to approve or disapprove the Policy. The results of the vote of the Shareholders on the Policy must be made available to the public on the Company website no later than 5 days after the meeting has taken place.

The Remuneration Report remains at the disposal of the public on the Company website in compliance with current regulations.

5. The Remuneration of Directors - general guidelines

In the Board of Directors a distinction can be made between:

(i) executive directors;

(ii) non-executive and/or independent directors.

There may also be directors vested with special duties (as the members of the Remuneration and Appointment Committee or the Audit and Risk Committee, the directors forming part of the Supervisory Body, the Lead Independent Director, and the members of the Committee for Transactions with Related Parties).

On the date of approval of this Policy, the directors are:

- executive directors: Chairman of the Board of Directors, Massimo della Porta (who also holds the office of Chief Technology and Innovation Officer as well as Group CEO) and the Managing Director, Giulio Canale (who also holds the office of Chief Financial Officer as well as Deputy CEO);
- non-executive directors: all the remaining directors, and namely, Stefano Proverbio, Luciana Rovelli, Adriano De Maio, Alessandra della Porta, Luigi Lorenzo della Porta, Andrea Dogliotti, Pietro Mazzola, Roberto Orecchia (Lead Independent Director) and Gaudiana Giusti.

The Shareholders of SAES on 28 April 2015, on the occasion of the appointment of the Board of Directors, defined the compensation to be paid out pursuant to article 2389, paragraph 1, of the Italian Civil Code, as remuneration for its directors, entrusting the Board of Directors with the task of splitting said total amount among its members.

In particular, the overall gross annual earnings was established by the Shareholders at EUR 120,000.00, and was subdivided by the Board of Directors in the meeting following their appointment, as follows:

- EUR 10,000 per director; and
- EUR 20,000 for the Chairman of the Board of Directors.

This amount has remained unchanged since 2006.

In this regard, the Remuneration and Appointment Committee, after careful evaluation and having taken into account the data collected on the average annual remuneration of directors of listed companies in the STAR segment (which is considered a benchmark for the Company), recommends an increase in the annual remuneration of the Board of Directors that – for the same number of Directors (11) - is suggested to be raised to a total of EUR 230,000.00, thus making it possible to assign the annual remuneration of EUR 30,000.00 to the Chairman and the annual remuneration of EUR 20,000.00 to each other director.

The Board (essentially repeating the resolution of the meeting of shareholders dating back to 2006 and confirmed in 2009 without variation)also established the following remuneration for the committees within the Board of Directors:

- EUR 9,000 per member of the Audit Committee and EUR 16,000 for its Chairman;
- EUR 4,000 per member of the Remuneration and Appointment Committee and EUR 7,000 for its Chairman;
- no additional remuneration was to be paid to the members of the Committee for Transactions with Related Parties.

The Board determined the following yearly remuneration:

- EUR 16,000 to the independent directors part of the Supervisory Body;
- EUR 20,000 to the Lead Independent Director.

The Remuneration and Appointment Committee, after having commissioned the analysis on the positioning of non-executive directors of SAES Getters S.p.A. on the market, is of the opinion that, in order to bring the Company closer to the typical remuneration of the market, the following remuneration would be the most appropriate for the offices held in the new mandate:

- Independent director who is a member of the Supervisory Body; an increase from EUR 16,000 to EUR 18,000;
- Independent director who is the Chairperson of the Supervisory Body; an increase from EUR 16,000 to EUR 20,000;
- Lead Independent Director: an increase from EUR 20,000 a EUR 25,000
- Annual remuneration for Directors participating in Committees:
  - ➢ Chairperson of the Audit and Risk Committee: increase from EUR 16,000 to EUR 17,000
  - ➢ Members of the Audit and Risk Committee: increase from EUR 9,000 to EUR 10,000
  - ➢ Chairperson of the Remuneration and Appointment Committee: increase from EUR 7,000 to EUR 15,000
  - ➢ Members of the Remuneration and Appointment Committee: increase from EUR 4,000 to EUR 10,000

The decision is referred to the Board that will be appointed by the Meeting of Shareholders of 24 April 2018. Directors are also entitled to reimbursement for any expenses incurred in connection with their roles.

In line with best practices, an insurance policy, the so-called D&O (Directors and Officers) Liability is entered into, covering for third-party liability of corporate bodies acting in their capacity as directors or officers. This insurance policy is aimed at holding the Group harmless from the losses deriving from any damages connected and attributable to the events foreseen in the applicable National Collective Labour Agreement and as defined in the relevant provisions of the appointment contract, excluding any wilful misconduct or gross negligence.

Furthermore, in line with best practices, non-executive directors are not entitled to a variable remuneration adjustment, nor are they entitled to any stock-based remuneration plan.

6. Remuneration of Executive Directors (Chairman and Managing Director)

The Remuneration and Appointments Committee submits proposals and/or opinions to the Board of Directors on the remuneration to be attributed to executive directors.

The remuneration of executive directors is comprised of the following elements:

- a fixed component of gross annual earnings;
- a variable component divided into two parts:
  - ✓ one payable annually (MBO), to which directors are entitled upon the achievement of pre-defined company objectives;
  - ✓ a medium/long-term component with deferred payment (LTI Plan).

The Company believes that remuneration should be connected to company performance. Nevertheless, the competitive aspect of remuneration should not be based on an excessive emphasis on short-term results alone, but rather on a balanced middle-ground between fixed and variable remuneration, avoiding unbalanced highs or lows that would hardly be justified in a business where the success of the Company is not always directly linked to short-term performance.

The fixed component is determined proportionally to the range of the tasks to which each executive is appointed and the responsibilities undertaken, and it must also reflect the experience and competence of each executive director, so as to justly compensate the position, efforts, and performance even in case the Company's objectives are not achieved due to causes beyond the control of the executive directors (i.e. adverse market conditions). Equally important is the consistency with which the Policy is applied through time, to ensure the necessary organisational stability.

In determining the remuneration and its single components, the Board of Directors takes into account the scope of the appointments conferred upon the executive directors and the related seniority in holding the office. In particular, remuneration is determined based on the following criteria:

a) the fixed component weighs upon the Yearly Total Direct Compensation Target in a generally adequate and sufficient measure, in order to avoid excessive fluctuations which could not be justified in light of the labour market structure indicated above and the specific nature of the technological business in which SAES Group operates;

b) the (yearly) MBO target incentive, assigned to executive directors upon achieving company objectives, may represent a significant component of remuneration, but it may not exceed the total amount of the fixed gross annual earnings component/GAE;

c) all payments are payable only after the approval by the Shareholders of the relevant financial statements.

The executive directors who hold positions on the Board of Directors of the subsidiaries do not receive any remuneration in addition to the remuneration described in this Policy.

Please refer to section 7 below for a more detailed description of the MBO and LTI Plan.

For executive directors (not under managers labour agreements), the Board of Directors generally provides for the following, with the purpose of ensuring comparable work conditions as those provided by the Law and/or by the National Collective Labour Agreement to the Italian managers of the Group and the most appropriate market benchmarks:

- Directors' Severance Indemnity ("**TFM**") pursuant to article 17, paragraph 1, letter c) of the Consolidated Text of the Laws on Income Tax ("T.U.I.R.") no. 917/1986, having similar characteristics to those typical of regular termination Severance ("TFR") pursuant to article 2120 of the Italian Civil Code, due, pursuant to the Law, to the Italian managers of the Group, inclusive of all contributions borne by the employer, normally payable to social security Institutes or Funds for manager-level employment contracts. The Directors' Severance Indemnity was regularly instituted by the Shareholders of SAES Getters S.p.A. on 27 April 2006, and by the subsequent meetings for their appointment (21 April 2009, 24 April 2012 and 28 April 2015). The Chairman and the Managing Director are entitled to such Severance Indemnity, as well as additional directors with operative/executive appointments, as indicated by the Board of Directors, after having examined the remuneration and social contribution status of each director.

  The institution of Directors' Severance Indemnity is aimed at obtaining, upon retirement, a sufficient retirement fund – in line with Italian and international standards, which is conventionally fixed at 50% of the last salary received.

  The resolutions relating to the Directors' Severance Indemnity were implemented by the stipulation/purchasing of a Directors' Severance Indemnity insurance policy, with a leading insurance company, in the name of the Company, in compliance with the requirements of law, funded by an annual premium of an amount equal to the accrual for severance indemnity, in order to reach company objectives. Said provision is at 20% of the fixed and variable remuneration paid to directors, as resolved by the Board of Directors pursuant to article 2389 of the Italian Civil Code.
- an insurance policy covering work and non-work related injuries, with premiums paid by the Company;
- indemnity for permanent invalidity or death caused by illness;
- health insurance;
- additional benefits typically awarded to top managers.

Please refer to the special Report of the Directors to the Meeting of Shareholders of 24 April 2018 for the proposal to amend the TFM.

As of the date of validity of this Policy, the Company has no incentive plans based on financial instruments.

The Board of Directors, upon the request of the Remuneration and Appointment Committee, may award discretional bonuses to Executives Directors and Executives with Strategic Responsibilities for specific exceptional operations, in terms of strategic relevance and consequence that have an impact on the Group's results.

An analysis of the positioning, composition, and, more generally, of the competitiveness of the remuneration of Executive Directors is carried out by the Remuneration and Appointment Committee and by the Board of Directors, with the assistance, where needed, of external consultants with proven and specific expertise in the field, and ascertained independence.

7. MBO and LTI Plan

7.1. The annual variable component of remuneration ("**MBO**") requires an evaluation of the executive's performance on a yearly basis. The MBO objectives for executive directors are established by the Board of Directors, in line with the Policy, upon a proposal by the Remuneration and Appointment Committee, and are connected with the performance, on an annual basis, of the Company and the Group.

Accrual of the annual variable component is subject to the achievement of the "EBITDA" parameter.

In particular, the amount of MBO awarded to executive directors may never amount to more than 100% the fixed component of gross annual earnings/GAE. In order to contribute to the attainment of medium/long-term interests, in 2009 the Group adopted a medium/long-term incentive system connected with the achievement of the objectives contained in the three-year strategic plan, i.e. the LTI Plan.

If the objectives of said three-year strategic plan are achieved, the executive directors participating in such objectives accrues an LTI incentive determined as a percentage of the fixed component of gross annual earnings/GAE awarded at the time in which his/her participation in the LTI Plan was established. This medium/long-term variable component based on a target can in no case be in excess of 100% of the fixed component of gross annual earnings/GAE upon reaching the target. Should results not only reach but go beyond the target, the incentive shall increase up to a maximum cap of 200% of the fixed component of gross annual earnings/GAE.

Payment of this incentive is deferred to the last year of the three-year period. Payment is subject to the Shareholders' approval of the financial statements for the relevant year.

With regard to the variable components of the remuneration of Executive Directors, please note that the Remuneration and Appointment Committee draws up and presents the MBO objectives to the Board of Directors, on an annual basis, and, during the following year, assesses the performance of each executive director in order to verify the attainment of the MBO objectives of the previous year.

The Remuneration and Appointment Committee is also in charge of proposing the target goal of the LTI Plan to the Board of Directors, upon presentation and approval of the three-year plan, and on its expiry shall carry out a verification of the performance of the executive order to define the achievement of the LTI Plan.

In the event that the entitlement threshold of the objectives is not reached, the director in question receives no incentive, or even a pro-rata share, of the LTI Plan.

The LTI Plan is also aimed at promoting retention: in case of termination of the mandate, for any reason, before the end of the three-year period, directors cannot claim any right over the LTI Plan, and consequently the three-year incentive, and even a pro-rata share thereof, will not be paid out.

7.2. In accordance with the principles and purposes of the Remuneration Policy, the Remuneration and Appointment Committee performed an investigation into the drafting of a proposal for an additional incentive plan that aims to remunerate its beneficiaries chosen from among the Executive Directors, executives that both, hierarchically, report directly to the Executive Directors and that are members of the Corporate Management Committee (a committee set up by the Company in which the Executive Directors provide guidelines and share objectives with those that report to them directly) - and the employees participating in the Partnership for Success plan ("PfS") in relation to extraordinary transactions, such as the transfer of shareholdings, fixed assets and assets if value and financial benefits are created for the Company itself. The Remuneration Policy for the 2018 financial year therefore envisages the possibility for the Board of Directors, upon the proposal of the Remuneration and Appointment Committee, to adopt another plan that, in the event of transfers of assets that are economically advantageous for the Company, favours the beneficiaries chosen from among the executive directors, the executives and "PFS" Participants with the payment of a cash incentive (in addition to the one envisaged in the MBO, the LTI Plan and/or the Phantom Shares Plan as per following paragraph 7.3.).

7.3. The Remuneration Policy for the 2018 financial year foresees the possibility that a meeting of shareholders is called – after approval of the Board - to approve the launch of a Phantom Shares Plan (as described below) that aims to remunerate its beneficiaries identified by the Board from among the Executive Directors and executives that both, hierarchically, report directly the Executive Directors and that are members of the Corporate Management Committee (as described in previous paragraph 7.1.) upon the occurrence of specific triggering events, in relation to the growth of the capitalisation of the Company.
The Phantom Shares Plan provides for the assignment of a certain number of Phantom Shares to each beneficiary. The Phantom Shares are not financial instruments and do not grant the beneficiaries any rights over Company shares. The Phantom Shares are virtual units of measurement that represent, virtually, for the purposes of the quantification of the incentive, the ordinary shares of the Company and reflect their value over time under the terms and conditions of the Phantom Shares Plan.
The main purposes of the Phantom Shares Plan are, in accordance with the Remuneration Policy, the retention of beneficiaries and the better alignment of their performance with the interest of shareholders and the Company.

When the time comes, Company will prepare the information document drawn up and published pursuant to article 84-*bis* of the Regulations for Issuers (the "Information Document"), and will make it available to the public within the time limits prescribed by law.

8. Indemnity in the event of resignation, dismissal, or termination

With regard to Executive Directors, the Company does not pay out any kind of extraordinary indemnity linked to end of term of office.

No indemnity is due in case of revocation of appointment for just cause.

A specific indemnity may be awarded in case of revocation by the Meeting of Shareholders or revocation, by the Board of Directors, of the powers granted to a director, without just cause, or termination of the employment agreement upon the initiative of the director for just cause, due, for example, to a substantial modification to the role or powers of such director, and/or in case of a hostile take-over or more generally dismissal for cause due to reasons other than those mentioned above by way of example.

In such cases, currently the allowance is equal to 2.5 years of the annual gross earnings, meaning the sum of the total remuneration (fixed remuneration to which the average of the variables perceived in the previous two years must be added).

Said amount is defined with the aim of guaranteeing uniform treatment among Executive Directors and Executives with Strategic Responsibilities, and is in line with the prevailing market practices of listed companies.

In case of revocation of the powers by the Board of Directors, motivated by a significantly substandard company performance (i.e. not under 40%) in relation to the results of comparable companies – in terms of size and market of reference – or of a relevant harm to the company's value, unrelated to market fluctuations, said indemnity may be reduced, or, in extreme circumstances, be completely revoked.

In case of non-renewal, remuneration equal to 2 years of the annual gross earnings is envisaged, meaning the sum of the total remuneration (gross annual earnings defined as the total of the fixed annual earnings increased by the average of any variable remuneration perceived in the previous two years).

In the event of resignation, executive directors are not entitled to any indemnity. Executive directors may resign with a six-month notice.

In the event of illness or injury, which may prevent a director performing special duties from carrying out his/her duties, said director shall be entitled to receive, for a period not exceeding twelve (12) consecutive months, an indemnity equal to one year's basic salary. Once the said period has expired, the Company may choose to terminate the employment agreement with said director, with a three-month prior notice, paying an indemnity of EUR 1,500,000.00 gross.

9. Remuneration of Executives with Strategic Responsibilities (excluding regular members of the Board of Statutory Auditors)

In order to motivate and retain Executives with Strategic Responsibilities (i.e. first-level managers and members of the so-called Corporate Management Committee (as described in paragraph 7.1) thus excluding all regular members of the Board of Statutory Auditors, remuneration guidelines are as follows:

- a fixed component of gross annual earnings/GAE;
- a variable component paid annually (called PfS or "Partnership for Success"), which is awarded upon reaching pre-defined company/personal objectives with a on target bonus of 40% of the basic annual salary;
- a medium/long-term variable component (LTI Plan) connected to specific objectives, with deferred payment and a maximum cap of one year's salary, calculated on the basic salary at the time of assignment of the incentive.

Basic salaries/GAE are verified, and, if necessary, adjusted on an annual basis by the Human Resources Department, and approved by the Executive Directors, taking a number of factors into consideration, including, by way of example, but not limited to: a) labour market fluctuations; b) work performance; c) level of responsibility/capacity; d) balance/equality of internal retribution levels; e) benchmark of similar positions in comparable companies; and f) experience, competence, potential and career opportunities.

Variable components are aimed at motivating Executives with Strategic Responsibilities to reaching annual objectives (MBO/PFS), as well as long-term strategic objectives.

The LTI Plan for Executives with Strategic Responsibilities is aimed at promoting the loyalty and motivation of key resources, based on a retribution structure with several modified components, allowing the accrual of long-term capital. The LTI Plan is aimed at guaranteeing the Company greater organisational stability as a result of key-positions being held by the same people, and thus obtaining managerial continuity and alignment with strategic company objectives also in the medium-term.

Executives with Strategic Responsibilities, being hired under manager labor contracts, enjoy non-monetary benefits that include health insurance, injury policies (both work and non-work related), life insurance policies and social security benefits. During 2013, the Company established an ad hoc programme of non-monetary benefits called "Flexible Benefits" for Executives with Strategic Responsibilities and other managers of the Company, the amount of which varies depending on the seniority of service of the executive (seniority calculated with exclusive reference to SAES). For 2017 the amounts were as follows: EUR 3,000 for managers with seniority working in SAES for over 6 years, EUR 2,000 for the other managers). Programme and same amounts will find application for the year 2018.

Finally, Executives with Strategic Responsibilities enjoy indemnities in case of termination of the employment relationship without just cause by the Company, pursuant to the National

Collective Labour Agreement (CCNL Dirigenti Industria), which provides for quantitative limits and application procedures.

Executives with Strategic Responsibilities who hold positions on the Boards of Directors of subsidiaries or other corporate bodies (e.g. the Supervisory Body) in principle do not receive any remuneration in addition to the remuneration they receive as employees (the aforesaid paragraph is also applicable to all other managers of the Group that do not have strategic responsibilities).

10. Non-competition agreements and of change of controls

The Company may enter into non-competition agreements with Executive Directors and Executives with Strategic Responsibilities, which may provide for the payment of a sum related to remuneration with regard to the duration and scope of the obligations deriving from said agreement.

Non-competition obligations shall refer to the market sector in which the Group operates, and may extend to all the countries in which the Group operates.

For the Executives with Strategic Responsibilities, meaning the first line managers that are part of the Corporate Management Committee at the time of a change of control, a bonus equal to 2.5 years of gross annual earnings (including the average variables envisaged) is paid out in the event of termination of employment due to such change of control.

A "change of control" is defined as any event that directly or indirectly alters the ownership structure, the control chain of the Company and the Company's parent that may be exercised by the Company or by the executive as a better condition than the National Collective Labour Agreement for Industrial Managers (“CCNL Dirigenti Industria”) in force.

The aforesaid requirement fully replaces the provisions set forth in the National Collective Labour Agreement for the case in question (Article 13 CCNL Dirigenti Industria).

11. Remuneration of the Board of Statutory Auditors

The remuneration to be awarded to the Board of Statutory Auditors is decided by the Shareholders upon the appointment of said board on the basis of professional fees (as long as they are applicable) and/or normal market practice.

In this regard, it is to be noted that the Meeting of Shareholders of 28 April 2015 determined the aforesaid annual remuneration at EUR 40,000.00 (forty thousand/00) for the Chairperson and EUR 29,000,00 (twenty-nine thousand/00) for each of the other Statutory Auditors.

Depending on their participation in other control bodies (for example, the Supervisory Body), and within the limits provided for by the applicable laws, Statutory Auditors may be entitled to additional remuneration.

SAES Getters S.p.A.

SECOND SECTION OF THE REMUNERATION REPORT

Pursuant to article 123-*ter*, paragraph 4, of Legislative Decree no. 58/1998 and article 84-*quater* and related Annex 3A, Schedule 7-*bis* – section II – Table 1, Table 3B and Schedule 7-*ter* – Table 1 and 2 of Consob resolution no. 11971/1999 relating to issuer regulations.

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	**Carica**	**Periodo per cui è stata ricoperta la carica**	**Scadenza della carica**	**Compensi fissi**	**Compensi per la partecipazione a comitati**	**Compensi variabili non equity**		**Benefici non monetari**	**Altri compensi**	**Totale**	**Fair Value dei compensi equity**	**Indennità di fine carica o di cessazione del rapporto di lavoro**
						Bonus e altri incentivi	**Partecipazione agli utili**					
DIRGENTI STRATEGICI	*Corporate Human Resources Manager* *Corporate Operations Manager* *Group Legal General Counsel* *Corporate Research Manager ** *Group Administration, Finance and Control*	**2017**	**(1)**	**€ 794.923 (2)**	**€ - (3)**	**€ 688.134 (4)**	**€ -**	**€ 19.603 (5)**	**€ -**	**€ 1.502.661**		**€ -**
(I) Compensi nella società che redige il bilancio				**€ 794.923**	**€ -**	**€ 688.134**	**€ -**	**€ 19.603**	**€ -**	**€ 1.502.661**	**€ -**	**€ -**
(II) Compensi da controllate e collegate				**€ - (6)**						**€ -**		
(III) Totale				**€ 794.923**	**€ -**	**€ 688.134**	**€ -**	**€ 19.603**	**€ -**	**€ 1.502.661**	**€ -**	**€ -**

(*) **Si segnala che con decorrenza 10 giugno 2013, il ruolo di *Corporate Research Manager* è stato soppresso e le responsabilità di quest'ultimo sono confluite al *Chief Technology Innovation Officer*, nella persona dell'Ing. Massimo della Porta.**

(1) **Contratto a tempo indeterminato**

(2) **Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR**

(3) **Compensi per partecipazione come membro dell'Organismo di Vigilanza**

(4) **Ammontare compensi per U*na Tantum* dirigenti strategici, che tiene conto, oltre che di quanto accantonato durante l'esercizio 2017 in via previsionale, anche dell'aggiustamento positivo sui bonus 2016, monetizzato nell'Aprile 2017, nonché del *"L.T.I.P" Incentive* maturato al 31 Dicembre 2017 ed erogabile senza condizioni.**

(5) **Compensi per uso autovettura, polizza sanitaria, *check up* e assicurazione infortuni e extraprofessionali**

(6) **Compensi per partecipazione come membri dell'Organismo di Vigilanza o Consiglieri di Amministrazione in società controllate e collegate**

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	**Carica**	**Periodo per cui è stata ricoperta la carica**	**Scadenza della carica**	**Compensi fissi**	**Compensi per la partecipazione a comitati**	**Compensi variabili non equity**		**Benefici non monetari**	**Altri compensi**	**Totale**	**Fair Value dei compensi equity**	**Indennità di fine carica o di cessazione del rapporto di lavoro**
						Bonus e altri incentivi	**Partecipazione agli utili**					
CANALE GIULIO	**Amministratore Delegato** **SAES Getters S.p.A.**	**Dal 28 aprile 2015**	**Approvazione bilancio al 31.12.2017**	**€ 10.000,00 (1)** **€ - (2)** **(3)** **€ 650.000,00 (4)** **€ - (5)**		**€ 1.950.000,00 (*)**		**€ 9.390,47 (6)**		**€ 1.969.390,47** **€ -** **€ -** **€ 650.000,00** **€ -**		**€ -**
(I) Compensi nella società che redige il bilancio				**€ 660.000,00**	**€ -**	**€ 1.950.000,00**	**€ -**	**€ 9.390,47**	**€ -**	**€ 2.619.390,47**	**€ -**	**€ -**
(II) Compensi da controllate e collegate				**€ -**						**€ -**		
(III) Totale				**€ 660.000,00**	**€ -**	**€ 1.950.000,00**	**€ -**	**€ 9.390,47**	**€ -**	**€ 2.619.390,47**	**€ -**	**€ -**

(1) Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn-31Dic 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per uso autovettura, assistenza sanitaria, *check up* e assicurazione infortuni e extraprofessionali

(*) Bonus (650.000) e LTIP (1.300K) maturati ed erogabili al 31122017 (pagam aprile 2018)
Nota:
LTIP accantonati e NON MATURATI non inseriti tra I Bonus ed altri incentivi" dal momento che non soddifano le condIzioni di essere maturati e in coerenza alla classificazione tra i "bonus differiti" nella tabella 3B, colonna 2B e 3C
Come da Istruzioni Delibera n. 18049 CONSOB "Tale valore corrisponde alla somma degli importi indicati nella tabella 3B, colonne 2A, 3B e 4, riga (III)

DA SCHEMA N. 7-bis: Relazione sulla remunerazione
ai sensi dell'articolo 123-ter del Testo unicodella finanza:
Nella colonna "Bonus e altri incentivi" sono incluse le quote di retribuzioni maturate (vested), anche se non ancora corrisposte, nel corso dell'esercizio per obiettivi realizzati nell'esercizio stesso, a fronte di piani di incentivazione di tipo monetario.
=> SI TRATTA IN SOSTANZA DEI COMPENSI VARIABILI EROGABILI

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity: Bonus e altri incentivi	Compensi variabili non equity: Partecipazione agli utili	Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
DELLA PORTA MASSIMO	Presidente SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 20.000,00 (1) € - (2) € - (3) € 750.000,00 (4) € - (5)		€ 2.250.000,00 (*)		€ 9.869,43 (6)		€ 2.279.869,43 € - € - € 750.000,00 € -		€ -
(I) Compensi nella società che redige il bilancio				€ 770.000,00	€ -	€ 2.250.000,00	€ -	€ 9.869,43	€ -	€ 3.029.869,43	€ -	€ -
(II) Compensi da controllate e collegate				€ -						€ -		
(III) Totale				€ 770.000,00	€ -	€ 2.250.000,00	€ -	€ 9.869,43	€ -	€ 3.029.869,43	€ -	€ -

(1) **Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn-31Dic 2017**

(2) **Gettone di presenza**

(3) **Rimborsi spese**

(4) **Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.**

(5) **Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR**

(6) **Compensi per uso autovettura, assistenza sanitaria, *check up* e assicurazione infortuni e extraprofessionali**

(*) Bonus (750.000) e LTIP (1.500K) maturati ed erogabili al 31122017 (pagam aprile 2018)
Nota:
LTIP accantonati e NON MATURATI non inseriti tra I Bonus ed altri incentivi" dal momento che non soddifano le condIzioni di essere maturati e in coerenza alla classificazione tra i "bonus differiti" nella tabella 3B, colonna 2B e 3C
Come da Istruzioni Delibera n. 18049 CONSOB "Tale valore corrisponde alla somma degli importi indicati nella tabella 3B, colonne 2A, 3B e 4, riga (III)

DA SCHEMA N. 7-bis: Relazione sulla remunerazione
ai sensi dell'articolo 123-ter del Testo unicodella finanza:
Nella colonna "Bonus e altri incentivi" sono incluse le quote di retribuzioni maturate (vested), anche se non ancora corrisposte, nel corso dell'esercizio per obiettivi realizzati nell'esercizio stesso, a fronte di piani di incentivazione di tipo monetario.
=> SI TRATTA IN SOSTANZA DEI COMPENSI VARIABILI EROGABILI

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	**Carica**	**Periodo per cui è stata ricoperta la carica**	**Scadenza della carica**	**Compensi fissi**	**Compensi per la partecipazione a comitati**	**Compensi variabili non equity**		**Benefici non monetari**	**Altri compensi**	**Totale**	**Fair Value dei compensi equity**	**Indennità di fine carica o di cessazione del rapporto di lavoro**
						Bonus e altri incentivi	**Partecipazione agli utili**					
DE MAIO ADRIANO	**Amministratore SAES Getters S.p.A.**	**Dal 28 aprile 2015**	**Approvazione bilancio al 31.12.2017**	**€ 10.000,00 (1) € - (2) € - (3) € - (4) € - (5)**	**€ 4.000,00 (6)**					**€ 14.000,00 € - € - € - € -**		
(I) Compensi nella società che redige il bilancio				**€ 10.000,00**	**€ 4.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 14.000,00**	**€ -**	**€ -**
(II) Compensi da controllate e collegate										**€ -**		
(III) Totale				**€ 10.000,00**	**€ 4.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 14.000,00**	**€ -**	**€ -**

(1) **Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio-31 Dicembre 2017**

(2) **Gettone di presenza**

(3) **Rimborsi spese**

(4) **Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.**

(5) **Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR**

(6) **Compensi per partecipazione come membro del Comitato Remunerazone e Nomine relativi al periodo di competenza Gen-Dic 2017**

SCHEMA 7 bis – TABELLA 1

Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity: Bonus e altri incentivi	Compensi variabili non equity: Partecipazione agli utili	Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
DELLA PORTA LUIGI LORENZO	**Amministratore SAES Getters S.p.A.**	**Dal 28 aprile 2015**	**Approvazione bilancio al 31.12.2017**	**€ 10.000,00** (1) **€ - (2)** **€ - (3)** **€ - (4)** **€ - (5)**						**€ 10.000,00** **€ -** **€ -** **€ -** **€ -**		
(I) Compensi nella società che redige il bilancio				**€ 10.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 10.000,00**	**€ -**	**€ -**
(II) Compensi da controllate e collegate										**€ -**		
(III) Totale				**€ 10.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 10.000,00**	**€ -**	**€ -**

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gen-31Dic 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
DELLA PORTA ALESSANDRA	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1) € - (2) € - (3) € - (4) € - (5)						€ 10.000,00 € - € - € - € -		
(I) Compensi nella società che redige il bilancio				€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -
(II) Compensi da controllate e collegate										€ -		
(III) Totale				€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -

(1) **Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn-31Dic 2017**

(2) **Gettone di presenza**

(3) **Rimborsi spese**

(4) **Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.**

(5) **Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR**

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	**Carica**	**Periodo per cui è stata ricoperta la carica**	**Scadenza della carica**	**Compensi fissi**	**Compensi per la partecipazione a comitati**	**Compensi variabili non equity**		**Benefici non monetari**	**Altri compensi**	**Totale**	**Fair Value dei compensi equity**	**Indennità di fine carica o di cessazione del rapporto di lavoro**
						Bonus e altri incentivi	**Partecipazione agli utili**					
DOGLIOTTI ANDREA	**Amministratore SAES Getters S.p.A.**	**Dal 28 aprile 2015**	**Approvazione bilancio al 31.12.2017**	**€ 10.000,00 (1)** **€ - (2)** **€ - (3)** **€ - (4)** **€ - (5)**	**(6)**				**(7)**	**€ 10.000,00** **€ -** **€ -** **€ -** **€ -**		
(I)	**Compensi nella società che redige il bilancio**			**€ 10.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 10.000,00**	**€ -**	**€ -**
(II)	**Compensi da controllate e collegate**									**€ -**		
(III)	**Totale**			**€ 10.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 10.000,00**	**€ -**	**€ -**

(1) Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity: Bonus e altri incentivi	Compensi variabili non equity: Partecipazione agli utili	Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
MAZZOLA PIETRO	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1) € - (2) € - (3) € - (4) € - (5)						€ 10.000,00 € - € - € - € -		
(I) Compensi nella società che redige il bilancio				€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -
(II) Compensi da controllate e collegate										€ -		
(III) Totale				€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -

(1) **Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio-31 Dicembre 2017**

(2) **Gettone di presenza**

(3) **Rimborsi spese**

(4) **Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.**

(5) **Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR**

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	**Carica**	**Periodo per cui è stata ricoperta la carica**	**Scadenza della carica**	**Compensi fissi**	**Compensi per la partecipazione a comitati**	**Compensi variabili non equity**		**Benefici non monetari**	**Altri compensi**	**Totale**	**Fair Value dei compensi equity**	**Indennità di fine carica o di cessazione del rapporto di lavoro**
						Bonus e altri incentivi	**Partecipazione agli utili**					
ORECCHIA ROBERTO	**Amministratore SAES Getters S.p.A.**	**Dal 28 aprile 2015**	**Approvazione bilancio al 31.12.2017**	**€ 10.000,00 (1) € - (2) € - (3) € - (4) € - (5)**	**€ 36.000,00 (6)**					**€ 46.000,00 € - € - € - € -**		
(I) Compensi nella società che redige il bilancio				**€ 10.000,00**	**€ 36.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 46.000,00**	**€ -**	**€ -**
(II) Compensi da controllate e collegate										**€ -**		
(III) Totale				**€ 10.000,00**	**€ 36.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 46.000,00**	**€ -**	**€ -**

(1) Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio-31 Dicembre 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per partecipazione come:
- Presidente del Comitato Controllo e Rischi per 16.000 euro relativi al periodo di competenza Gen-Dic 2017
- *Lead Indipendent Director* per 20.000,00 euro relativi al periodo 01 Gennaio -31 Dicembre 2017

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO	DESCRIZIONE CARICA			COMPENSI								
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
DONNAMARIA VINCENZO	Sindaco effettivo SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 29.000,00 (1) € - (2) € 2.639,02 (3) (4) € - (5)	€ 16.000,00 (6)					€ 45.000,00 € - € 2.639,02 € - € -		
(I) Compensi nella società che redige il bilancio				€ 31.639,02	€ 16.000,00	€ -	€ -	€ -	€ -	€ 47.639,02	€ -	€ -
(II) Compensi da controllate e collegate										€ -		
(III) Totale				€ 31.639,02	€ 16.000,00	€ -	€ -	€ -	€ -	€ 47.639,02	€ -	€ -

(1) Emolumento: deliberati dall'assemblea del 28 Aprile 2015 e relativi al periodo di competenza 01 Gennaio 2017-31 Dicembre 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compenso per partecipazione all'Organismo di Vigilanza per 16.000 euro relativi al periodo di competenza Gen-Dic 2017

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO	DESCRIZIONE CARICA			COMPENSI								
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
RIVOLTA ANGELO	Presidente Collegio Sindacale SAES Getters S.p.A.		Approvazione bilancio al 31.12.2017	€ 40.000,00 (1) € - (2) € 361,68 (3) (4) € - (5)						€ 40.000,00 € - € 361,68 € - € -		
(I) Compensi nella società che redige il bilancio				€ 40.361,68	€ -	€ -	€ -	€ -	€ -	€ 40.361,68	€ -	€ -
(II) Compensi da controllate e collegate										€ -		
(III) Totale				€ 40.361,68	€ -	€ -	€ -	€ -	€ -	€ 40.361,68	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn- 31 Dic 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity: Bonus e altri incentivi	Partecipazione agli utili	Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
SPERANZA SARA ANITA	Sindaco effettivo SAES Getters S.p.A.	Dal 28 Aprile 2015	Approvazione bilancio al 31.12.2017	€ 29.000,00 (1) € - (2) € - (3) € - (4) € - (5)						€ 29.000,00 € - € - € - € -		
(I) Compensi nella società che redige il bilancio				€ 29.000,00	€ -	€ -	€ -	€ -	€ -	€ 29.000,00	€ -	€ -
(II) Compensi da controllate e collegate										€ -		
(III) Totale				€ 29.000,00	€ -	€ -	€ -	€ -	€ -	€ 29.000,00	€ -	€ -

(1) **Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn- 31 Dic 2017**

(2) **Gettone di presenza**

(3) **Rimborsi spese**

(4) **Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.**

(5) **Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR**

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity: Bonus e altri incentivi	Compensi variabili non equity: Partecipazione agli utili	Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
ROVELLI LUCIANA	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1) € - (2) € - (3) € - (4) € - (5)	€ 20.000,00 (6)					€ 30.000,00 € - € - € - € -		
(I) Compensi nella società che redige il bilancio				€ 10.000,00	€ 20.000,00	€ -	€ -	€ -	€ -	€ 30.000,00	€ -	€ -
(II) Compensi da controllate e collegate										€ -		
(III) Totale				€ 10.000,00	€ 20.000,00	€ -	€ -	€ -	€ -	€ 30.000,00	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per partecipazione come:
- Presidente dell'Organismo di Vigilanza per 16.000,00 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017
- Membro del Comitato Remunerazione e Nomine per 4.000,00 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO	DESCRIZIONE CARICA			COMPENSI								
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
GIUSTI GAUDIANA	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1) € - (2) € 20,00 (3) € - (4) € - (5)	€ 32.000,00 (6)					€ 42.000,00 € - € 20,00 € - € -		
(I) Compensi nella società che redige il bilancio				€ 10.020,00	€ 32.000,00	€ -	€ -	€ -	€ -	€ 42.020,00	€ -	€ -
(II) Compensi da controllate e collegate										€ -		
(III) Totale				€ 10.020,00	€ 32.000,00	€ -	€ -	€ -	€ -	€ 42.020,00	€ -	€ -

(1) **Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017**

(2) **Gettone di presenza**

(3) **Rimborsi spese**

(4) **Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.**

(5) **Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR**

(6) **Compensi per partecipazione come:**

- Membro del Comitato Controllo e Rischi per 9.000,00 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017

- Presidente del Comitato Remunerazione e Nomine per 7.000,00 euro relativi al periodo di competenza 01 Gennaio- 31 Dicembre 2017

- Membro dell'Organismo di Vigilanza per 16.000, euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017

SCHEMA 7 bis – TABELLA 1 Esercizio 2017

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA (B)	(C)	(D)	COMPENSI (1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
PROVERBIO STEFANO	**Amministratore SAES Getters S.p.A.**	**Dal 28 aprile 2015**	**Approvazione bilancio al 31.12.2017**	**€ 10.000,00 (1) € - (2) € - (3) € - (4) € - (5)**	**€ 25.000,00 (6)**					**€ 35.000,00 € - € - € - € -**		
(I) Compensi nella società che redige il bilancio				**€ 10.000,00**	**€ 25.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 35.000,00**	**€ -**	**€ -**
(II) Compensi da controllate e collegate										**€ -**		
(III) Totale				**€ 10.000,00**	**€ 25.000,00**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 35.000,00**	**€ -**	**€ -**

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per partecipazione come:
- Membro de Comitato Controllo e Rischi per 9.000 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017
- Membro dell'Organismo di Vigilanza per 16.000 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2017

SCHEMA 7 bis – TABELLA 3B

Esercizio 2017

PIANI DI INCENTIVAZIONE MONETARI A FAVORE DEI COMPONENTI DELL' ORGANO DI AMMINISTRAZIONE, DEI DIRETTORI GENERALI E DEGLI ALTRI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

A	B	(1)	(2)			(3)			(4)
Cognome Nome	**Carica**	**Piano**	**Bonus dell'anno**			**Bonus di anni precedenti**			**Altri Bonus**
DELLA PORTA MASSIMO	**Presidente**		**(A)**	**(B)**	**(C)**	**(A)**	**(B)**	**(C)**	
	SAES Getters S.p.A.		**Erogabile/Erogato**	**Differito**	**Periodo di differimento**	**Non più erogabili**	**Erogabile/Erogati**	**Ancora differiti**	
(I) Compensi nella società che redige il bilancio		**Piano A (data relativa delibera)**	**€ 1.833.334**				**€ 416.666**		
		Piano B (data relativa delibera)							
		Piano C (data relativa delibera)							
(II) Compensi da controllate e collegate		**Piano A (data relativa delibera)**							
		Piano B (data relativa delibera)							
		Piano C (data relativa delibera)							
(III) Totale			**€ 1.833.334**	**€ -**	**€ -**	**€ -**	**€ 416.666**	**€ -**	**€ -**

SCHEMA 7 bis – TABELLA 3B Esercizio 2017

PIANI DI INCENTIVAZIONE MONETARI A FAVORE DEI COMPONENTI DELL' ORGANO DI AMMINISTRAZIONE, DEI DIRETTORI GENERALI E DEGLI ALTRI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

A	B	(1)	(2)			(3)			(4)
Cognome Nome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
CANALE GIULIO	Amministratore Delegato SAES Getters S.p.A.		(A) Erogabile/Erogato	(B) Differito	(C) Periodo di differimento	(A) Non più erogabili	(B) Erogabile/Erogati	(C) Ancora differiti	
(I) Compensi nella società che redige il bilancio		Piano A (data relativa delibera)	€ 1.588.888				€ 361.112		
		Piano B (data relativa delibera)							
		Piano C (data relativa delibera)							
(II) Compensi da controllate e collegate		Piano A (data relativa delibera)							
		Piano B (data relativa delibera)							
		Piano C (data relativa delibera)							
(III) Totale			€ 1.588.888	€ -	€ -	€ -	€ 361.112	€ -	€ -

SCHEMA 7 bis – TABELLA 3B

Esercizio 2017

PIANI DI INCENTIVAZIONE MONETARI A FAVORE DEI COMPONENTI DELL’ ORGANO DI AMMINISTRAZIONE, DEI DIRETTORI GENERALI E DEGLI ALTRI DIRIGENTI CON RESPONSABILITA’ STRATEGICHE

A	B	(1)	(2)			(3)			(4)
Cognome Nome	**Carica**	**Piano**	**Bonus dell'anno**			**Bonus di anni precedenti**			**Altri Bonus**
DIRIGENTI STRATEGICI *	**VARIE** (1)		**(A)**	**(B)**	**(C)**	**(A)**	**(B)**	**(C)**	
			Erogabile/Erogato	**Differito**	**Periodo di differimento**	**Non più erogabili**	**Erogabile/Erogati**	**Ancora differiti**	
(I) Compensi nella società che redige il bilancio		**Piano A (data relativa delibera)**	€ 449.390 **(2)**	€ 180.000 **(3)**		€ -	€ 238.745 **(4)**	**€ 180.000 (5)**	
		Piano B (data relativa delibera)							
		Piano C (data relativa delibera)							
(II) Compensi da controllate e collegate		**Piano A (data relativa delibera)**							
		Piano B (data relativa delibera)							
		Piano C (data relativa delibera)							
(III) Totale			**€ 449.390**	**€ 180.000**	**€ -**	**€ -**	**€ 238.745**	**€ 180.000**	**€ -**

(*) Si segnala che con decorrenza 10 giugno 2013, il ruolo di *Corporate Research Manager* è stato soppresso e le responsabilità di quest'ultimo sono confluite al *Chief Technology Innovation Officer* , nella persona dell'Ing. Massimo della Porta.

(1) Cariche con Responsabilità Strategiche: *Corporate Human Resources Manager, Corporate Operations Manager, Corporate Research Manager, Group Administration Finance and Control Manager, Group Legal General Counsel*

(2) Compensi relativi a *Una Tantum* dirigenti strategici di competenza del 2017 per Euro 352.723,04 e quota "L.T.I.P." *Incentive* maturata nel 2017 per Euro 96.666,67, entrambe non soggette a ulteriori condizioni per l'erogazione, prevista per il mese di aprile 2018

(3) Importo di competenza annuale per l'esercizio 2017 relativo ai piani di incentivazione a lungo termine ("L.T.I.P" *Incentive)*

(4) Valore composto da quota parte del compenso relativo a *Una Tantum* dirigenti strategici di competenza del 2016, monetizzato nell'Aprile 2017 (Euro 45.411,44) e da quota "L.T.I.P" *Incentive* maturata ed erogabile senza condizioni sospensive al 31 Dicembre 2017 (Euro 193.333,33)

(5) "L.T.I.P" *Incentive* accantonati fino al 31 dicembre 2016, erogabili in anni successivi al 2017

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Canale Giulio	Amministratore	SAES Getters S.p.A.	0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
De Maio Adriano	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
della Porta Alessandra	Amministratore	SAES Getters S.p.A.	54.856 SGR	-	-	54.856 SGR*

* Azioni cointestate con la sorella Carola Rita della Porta

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
della Porta Luigi Lorenzo	Amministratore	SAES Getters S.p.A.	9.619 SG	-	-	9.619 SG
		SAES Getters S.p.A.	13.685 SGR	-	-	13.685 SGR

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
della Porta Massimo	Presidente	SAES Getters S.p.A.	9.620 SG	-	-	9.620 SG
		SAES Getters S.p.A.	25.319 SGR	-	25.319 SGR	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Dogliotti Andrea	Amministratore	SAES Getters S.p.A.	108.673 SG	-	-	108.673 SG
		SAES Getters S.p.A.	2.000 SGR	-	-	2.000 SGR

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Mazzola Pietro	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Orecchia Roberto	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Stefano Proverbio	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Luciana Rovelli	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Gaudiana Giusti	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Sara Speranza	Sindaco effettivo		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Rivolta Angelo	Presidente Collegio Sindacale		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Donnamaria Vincenzo	Sindaco effettivo		0	-	-	0

SCHEMA 7 ter - TABELLA 2

PARTECIPAZIONI DEGLI ALTRI DIRIGENTI CON RESPONSABILITA' STRATEGICA (in forma cumulativa)

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2016)	NUMERO AZIONI ACQUISTATE NEL 2017	NUMERO AZIONI VENDUTE NEL 2017	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2017)
Dirigenti con responsabilità strategica	N/A	N/A	0	-	-	0

Directors' Report drawn up pursuant to art. 125-*ter*, paragraph 1, of the Consolidated Finance Law and art.73 of the Regulations for Issuers, adopted with CONSOB Resolution no. 11971 of 14/05/1999, on item 5 (ordinary part) of the agenda of the Ordinary and Extraordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 24 April 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

****

Proposal to authorise the Board of Directors pursuant to and for the purposes of articles 2357 *et seq.* of the Italian Civil Code and 132 of Italian Legislative Decree no. 58/1998 to purchase and dispose of a maximum of 2,000,000 treasury shares; consequent and related resolutions;

Dear Shareholders,

You have been called once again by the Board of Directors, in ordinary session, to pass resolution on the proposal to approve the purchase and disposal of treasury shares.

1. Reasons why authorisation is required for the purchase and disposal of treasury shares.

We would first like to remind you that the Shareholders, in their Meeting of 27 April 2017 authorised the purchase and disposal of treasury shares up to a maximum 2,000,000 shares for a period of 18 months starting from the date of approval. During the 2017 financial year the Board did not make use of this authorisation, in the same way that the same authorisation that was previously granted by the Meeting of Shareholders on 28 April 2016 was not used. However, it is not to be excluded that circumstances may arise in the future which would call for an intervention by the Company, and thus we think it appropriate for the Board, after the revocation of the authorisation granted by the Shareholders on 27 April 2017, to continue to exercise the faculty granted by the Shareholders for the purchase and disposal of shares in the Company's portfolio. It is the opinion of the Board that the purchase and sale of treasury shares constitutes a flexible instrument in terms of company management and strategy. From this perspective, the request for authorisation is thus linked to the opportunity of being able to intervene on the market in relation to activities relating to investment and the efficient use of company liquidity and for purposes of stock titles in accordance with the terms and purposes defined by law and in particular EC Regulation 2273/2003 and market practices referred to in article 180, paragraph 1, letter c) of Italian Legislative Decree no. 58/1998 ("Consolidated Finance Law"), approved by CONSOB resolution no. 16839 of March 19, 2009, to which reference can be made.

This authorisation is also required for additional purposes, such as the opportunity to use treasury shares as payment in extraordinary operations or acquisition transactions, or to obtain the required financing for the realisation of projects and/or the achievement of company goals, or, lastly, as part of share-incentive plans or stock options in favour of directors and/or employees and/or other partners of the Company.

2) Maximum number, category and value of the buy back shares.

We propose to pass a resolution, pursuant to article 2357, paragraph 2, of the Italian Civil Code, on the authorisation to purchase, either on one or more occasions, up to a maximum number of 2,000,000 ordinary and/or saving shares of the Company, with no par value, keeping into account the shares already in the portfolio of the Company, and in any case within the limitations of law.

3) Compliance with the provisions of the third paragraph of article 2357 of the Italian Civil Code.

After the implementation, on 26 May 2010, of the resolutions of the Extraordinary Meeting of the Shareholders held on 27 April 2010, ordering the annulment of 600,000 ordinary shares and 82,000 saving shares in the Company's portfolio, on the present date the Company holds no treasury shares.

On the present date no subsidiary company owns any SAES Getters S.p.A. shares. In any case all the subsidiary companies shall be given specific dispositions to promptly inform us of any shares owned by them.

Under no circumstances whatsoever, in compliance with the provisions of articles 2346, paragraph 3, and 2357, paragraph 3, of the Italian Civil Code, may the number of treasury shares purchased – keeping into account also the shares owned by subsidiary companies – exceed 20% of the overall number of shares issued.

The purchase of treasury shares shall be kept within the limitations of distributable profits and available reserves as per the last duly approved financial statements. Where, and to the extent which, the prospected buy backs shall be completed, the purchase of treasury shares will lead to a reduction of the same amount in the shareholders' equity, through the recognition in the liability side of the balance sheet of a specific negative entry; similarly, at the time of transfer of treasury shares, being ordinary and/or saving shares, the shareholders equity will be increased by a matching reduction of the liability side of the balance sheet.

4) Duration of the authorisation

The authorisation to purchase shares is requested for a period of 18 months, starting on the date in which the Shareholders pass the related resolution. The authorisation to dispose of the treasury shares purchased is requested with no limitations of time.

5) Minimum and maximum prices, and market valuations used to determine said prices.

5.1. Minimum and maximum purchase price.

The price of purchase, including accessory costs, must not go above or below the quota of 5% of the reference stock price on the day before any such transaction: the aforesaid parameters are deemed adequate to identify the range of values where the purchase of shares is beneficial to the Company.

5.2. Sale price.

Treasury shares may be sold at a minimum price equal to the weighted average of the registered price of the shares in the same category registered in the 20 trading days prior to this sale.

The aforesaid limitation shall not be applied in case of any exchanges or transfer of treasury shares effected as part of acquisition of stock, or in the case of extraordinary finance transactions entailing the use of unassigned treasury shares. In the latter case price shall be applied using reference average prices in line with international best practice procedures.

Sales operations subject to stock option plans shall be effected at the conditions provided in the stock option plan to be approved by the Shareholders pursuant to article 114-*bis* of the Consolidated Finance Law and to any applicable regulation.

6) Procedures for the purchase and sale of shares.

Purchase operations shall be effected on the stock exchange, on one or more occasions, with the procedures agreed with the stock exchange operator, so as to assure full equality of treatment among Shareholders pursuant to article 132 of the Consolidated Finance Law, and in any case in keeping with any procedure that may be allowed under any relevant and applicable laws.

Furthermore, following the admission of the Company to the STAR Segment (High Performance Equities Segment), in keeping with the terms of the agreement entered into with the Market Specialist, the purchase and sale of ordinary treasury shares must be communicated to the Market Specialist beforehand, which may not unreasonably deny its consent to the aforesaid transactions.

Purchases may be effected pursuant to article 144-*bis* letters a) and b) of the Regulations for Issuers:

a) by means of public offer of purchase or exchange;

b) on the stock exchange, regulated according to operational procedures established in the organisation and administration of said market, not allowing any direct match of purchase proposals with predetermined sale proposals.

Among the various procedures allowed under the Regulations for Issuers, we consider preferable the purchase on the stock exchange, regulated for the purposes above indicated, particularly for the purposes of supporting the course of the stock, which purposes we consider most effectively reached through a simple, elastic and flexible mechanism such as the direct purchase on the stock exchange, as soon as intervention is deemed appropriate. The possibility of using the public offer procedure for exchange or purchase is not excluded, but must be resolved upon by the Board of Directors with adequate justification.

The Shareholders and the stock exchange market shall promptly be informed pursuant to the third, fourth, and fifth paragraph of article 144-*bis* of the Regulations for Issuers.

The treasury shares purchased may be utilised at any moment, in whole or in part, on one or more occasions, even before having completed all purchases, in the manners deemed most appropriate in the interest of the Company: i) by selling the ownership of said shares, or by transferring any of the real and/or personal rights of said shares (including, but not limited to, the lending of stock); ii) by selling on the stock exchange and/or outside of the stock exchange, on the block market, through institutional placement, or exchange, even through public offer, iii) by sale or assignment to directors and/or employees and/or partners of the Company as part of share incentive plans or stock options, iv) as payment for the purchase of company stock and/or companies and/or assets and/or businesses, v) in case of extraordinary finance transactions entailing the availability of unassigned treasury stock (including, but not limited to, mergers, spin-offs, issue of convertible bonds or warrants, etc., vi) given, within the limitations of law, as security in order to obtain, for the Company and/or the companies of the Group, any loan which may be necessary for the realisation of projects or the pursuit of company objectives, and vii) under any form of utilisation allowed by the applicable laws and regulations.

Sale/assignment transactions aimed at share incentive plans shall be effected in keeping with the terms and conditions of the relative plans approved by the Shareholders pursuant to article 114-*bis* of the Consolidated Finance Law and the applicable laws and regulations.

* * *

In light of the above report, we submit the following resolution proposal for your approval:

"The Meeting of Shareholders,

- having acknowledged the Directors' Report;

- having also acknowledged the provisions of articles 2357 and 2357-ter of the Italian Civil Code, as well as article 132 of Italian Legislative Decree no. 58/1998;

resolves

1) to revoke, starting on the present date, the resolution to authorise the purchase and disposal of treasury shares, adopted by the Shareholders on 27 April 2017;

2) to authorise, pursuant to and in accordance with article 2357 of the Italian Civil Code, the purchase, on one or more occasions and over a period of eighteen (18) months starting on the day of this resolution, on the stock market and with the procedures agreed with the stock exchange operator pursuant to article 132 of Italian Legislative Decree no. 58/1998, up to a maximum of 2,000,000 ordinary and/or saving shares of the Company, and in any case within any limitation of law, for a price, inclusive of any accessory costs, not above nor under 5% of the official price registered by the stock on the day prior to every single operation, targeted to deliver any market intervention to support the liquidity of the stock and for any purpose of stock titles in the terms, the terms and purposes defined by law and in particular EC Regulation 2273/2003 and market practices referred to article 180, paragraph 1, letter c) of Italian Legislative Decree no. 58/1998, approved by CONSOB resolution no. 16839 of 19 March 2009, to which reference may be made for possible investment needs and the efficient use of corporate liquidity, as well as for any other purposes, such as the opportunity to use treasury shares as payment in extraordinary operations or acquisitions, or to obtain necessary funding to implement projects and / or the achievement of corporate *objectives and, ultimately, for any stock option plans or stock options to directors and / or employees and / or partners of the Company;*

3) to authorise the Board of Directors, and in representation thereof the Chairman, Deputy Chairman and Managing Director, jointly and severally, to purchase the shares subject to the conditions above defined, and in keeping with the terms of article 144-bis letter a) and b) of CONSOB Regulations no. 11971 of 14 May 1999, and in the degree deemed opportune in the interest of the Company, without prejudice to the terms of the agreement entered into with the Market Specialist as concerns ordinary shares;

4) to authorise the Board of Directors, and in representation thereof the Chairman, Deputy Chairman and Managing Director, jointly and severally, pursuant to and in accordance with article 2357-ter of the Italian Civil Code, so as they may dispose – at any time, in whole or in part, on one or more occasions, even before having completed purchasing, of the treasury shares purchased base on this resolution, in the manner deemed most favourable to the interests of the Company, provided that said disposal may include: i) the sale of the ownership of such shares, or the transfer of the real and/or personal rights attached to such shares (including, but not limited to, the lending of stock), ii) the sale on the stock exchange and/or outside the stock exchange market, on the block market, through institutional placement, or exchange, including through public offer, iii) the sale or assignment to directors and/or employees and/or collaborators of the Company as part of share incentive plans or stock options, iv) or as payment for the purchase of company stock and/or companies and/or assets and/or businesses, v) in case of extraordinary finance operations entailing the availability of unassigned treasury stock (including, but not limited to, mergers, spin-offs, issue of convertible bonds or warrants, etc., vi) given such shares, within the limitations of law, as security in order to obtain, for the Company and/or the companies of the Group, any loan which may be necessary for the realisation of projects or the pursuit of company objectives, and vii) any form of utilisation allowed by the applicable laws and regulations, attributing to the same the faculty to establish, from time to time and in compliance with the provisions of Law and other regulations, the terms, manner, and conditions that they may deem most appropriate, provided that the sale of shares may only be effected against a minimum payment equal to the weighted average of the official prices of shares in the same category in the 20 trading days preceding such sale. The latter term *shall not apply in case of any exchange or transfer of treasury shares effected as part of acquisitions of company stock and/or companies and/or assets and/or businesses, or in case of extraordinary finance transactions;*

5) to order purchases to be effected within the limits of the distributable profit and available reserves as per the last duly approved financial statements, and that where, and to the extent which, the prospected buy backs shall be completed, that the purchase of treasury shares will lead to a reduction of the same amount in the share-holders' equity, through the recognition in the liability side of the balance sheet of a specific negative entry; to order that, similarly, at the time of transfer of treasury shares, being ordinary or saving shares, the shareholders equity will be increased by a matching reduction of the liability side of the balance sheet;

6) to grant the Chairman, Deputy Chairman and Managing Director, jointly and severally, any power required in order to implement this resolution, making any suitable entry in the balance sheet and records in the accounts, with the faculty also to purchase and dispose of treasury shares, within the limitations provided above, also through specialised intermediaries including by entering into liquidity agreements according to the provisions of the competent market authority."

Lainate, 14 March 2018

For the Board of Directors

Mr. Massimo della Porta
Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to art. 125-*ter* of the Consolidated Finance Law on item 6 (ordinary part) of the agenda of the Ordinary and Extraordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 24 April 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

****

Supplement to the fees paid to Deloitte & Touche S.p.A. in relation to its appointment as audit firm for the 2017-2021 financial years; proposal of Deloitte & Touche S.p.A. to perform the limited review of the non-financial consolidated statement; related and consequent resolutions.

Dear Shareholders,

On 23 April 2013, the Meeting of Shareholders of SAES Getters S.p.A. appointed Deloitte & Touche S.p.A. ("Deloitte") to perform the statutory audit of the financial statements and consolidated financial statements pursuant to Italian Legislative Decree no. 39/2010 and Italian Legislative Decree no. 58/1998, and the limited review of the half-year condensed consolidated financial statements of the SAES Getters Group for the 2013-2021 nine-year period.

In the *Update of Fees* section of the related Financial Bid this appointment stated that, if circumstances arose involving an increase in the time estimated to perform the tasks that had been indicated by the audit firm (also and specifically in relation to changes in regulations, accounting standards and/or audits or the performance of additional activities), Deloitte would inform the Company of the consequent additional fees.

In view of this, on 11 December 2017, Deloitte requested the adjustment of its fees, pointing out that recent amendments to the legal framework of reference (in force starting from the audit of the financial statements as at 31 December 2017) had introduced new and additional obligations for statutory auditors in the performance of their professional activities and that, starting from 1 January 2018, new IFRS accounting standards would be entering into force, with the consequent need to start to check the effects of their first application already within the context of the audit for the 2017 financial year.

The aforesaid letter of Deloitte is annexed to this report and in it the audit firm requests:

- a steady increase in the fees for the audit activities performed for each of the financial years closing on 31 December 2017 to 31 December 2021 (inclusive) of EUR 28,000.00;
- the payment of a one-off fee of EUR 15,000.00 for the year 2017 alone for the activities connected to the first application of standard IFRS 15;

- the payment of an additional annual fee of EUR 10,000.00 for the five-year period from 2017 to 2021 for the *specified audit procedures* in the consolidated *reporting package* of Flexterra Inc. for the purposes of the audit of the consolidated financial statements of the Group.

Furthermore, it is to be noted that, following the transposition of directive EU 2014/95 by Italian Legislative Decree no. 254/2016, starting from the 2017 financial year, public-interest entities (including listed companies) at the head of a large group are obliged to submit a non-financial consolidated statement in relation to environmental, social and hr issues, compliance with human rights and the fight against corruption, which must be certified by a party qualified to perform the statutory audit.

On the request of the Company, therefore, on 19 December 2017, Deloitte also drew up a proposal for the professional services concerning the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries for the 2017-2021 financial years.

Deloitte's proposal is annexed to this report and indicates in detail the methods of performance of the task and the terms and conditions thereof, requesting the payment of an annual fee for the entire activity of EUR 35,000.00 for the five-year period from 2017 to 2021.

Considering that, pursuant to art.13, paragraph 1, of Italian Legislative Decree no. 39 of 27 January 2010, the assignment of the task of the statutory audit and the determination of the fee of the audit firm is the responsibility of the Meeting of Shareholders, having heard the reasoned proposal of the control body, best practices also set forth that the adjustment of the aforesaid fee and the assignment of further associated activities to the audit firm are also approved by the Meeting of Shareholders.

The Board of Directors therefore submits the following proposal of the Board of Statutory Auditors, on the issues highlighted above, for your approval:

"REASONED PROPOSAL OF THE BOARD OF STATUTORY AUDITORS ON THE ADJUSTMENT OF THE FEES DUE TO THE STATUTORY AUDITOR AND THE GRANTING OF THE TASK OF THE LIMITED REVIEW OF THE NON-FINANCIAL CONSOLIDATED STATEMENT TO THE LATTER"

Dear Shareholders,
the Board of Directors has summoned you in ordinary session to pass resolution, in particular and inter alia, on: (i) the adjustment of the fees to be paid to the company Deloitte & Touche S.p.A. for its appointment to perform the statutory audit for the financial years from 2013 to 2021 with the resolution of the Ordinary Meeting of Shareholders of 23 April 2013 (the "2013-2021 Appointment"); and (ii) to grant Deloitte & Touche S.p.A. the task of performing the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries for the 2017 to 2021 financial years.
The 2013-2021 Appointment sets forth, in particular, that, in the event of circumstances that involve an increase in the work time indicated by the audit firm, the latter may request an additional fee and, on 11 December 2017, Deloitte & Touche S.p.A. pointed out the need to adjust the fees that had previously been fixed.
Deloitte & Touche S.p.A. first of all highlighted the recent amendments to the legal framework of reference (in force starting from the audit of the financial statements as at 31 December 2017),

which introduced new and additional obligations for statutory auditors in the performance of their professional activities. In particular, as correctly specified by the audit firm and following the publication of Directive EU 2014/56 of Regulation EU no.537/2014 and Italian Legislative Decree no. 135/2016;

- *the information contained in the audit report has been expanded and it is also necessary to draw up an additional report for the internal control and audit committee;*
- *new accounting standards have been adopted (revised ISA Italia standards 260, 570, 700, 705, 706 and 710 and new ISA Italia standard 701), which, inter alia, introduced new notification obligations and a new outline for the audit report (which will include a specific section for the indication of key aspects of the audit: the so-called "Key Audit Matters");*
- *a new version of the ISA Italia audit standard 720B on the liability of the party appointed to perform the audit shall enter into force, which imposes the auditor to express its opinion on the compliance of the management report and some of the information contained in the Report on Corporate Governance and Ownership Structures with the laws in force and to issue a statement on the possible identification of significant errors in this regard.*

Furthermore, Deloitte & Touche S.p.A. also pointed out that, starting from 1 January 2018, the new accounting standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) will enter into force and an information note shall be provided on the effects of the adoption of the latter in the 2017 financial statements. Consequently, already within the context of the audit for the 2017 financial year, specific auditing activities must be performed in order to understand the effects deriving from the first application of these new standards, which shall be integrated and completed within the context of the audit for the 2018 financial year.
Bearing this in mind, Deloitte has, therefore, requested:

- *a steady increase in the fees for each of the financial years from 31 December 2017 to 31 December 2021 inclusive, of EUR 28,000.00 (EUR 20,000.00 of which for the "extended" audit report, including a specific section for the notification of key aspects of the audit, and EUR 8,000.00 for the new opinion on the compliance of the management report and some of the information contained in the Report on Corporate Governance and Ownership Structures);*
- *the payment of a one-off fee of EUR 15,000.00 for the year 2017 alone for the activities connected to the first application of standard IFRS 15;*
- *the payment of an additional fee of EUR 10,000.00 for the five-year period from 2017 to 2021 for the specified audit procedures on the consolidated reporting package of Flexterra Inc. for the purposes of the auditing of the consolidated financial statements of the Group.*

Finally, upon the request of the Company, on 19 December 2017, Deloitte also drew up a proposal for professional services concerning the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries for the 2017-2021 financial years.
The aforesaid proposal envisages the performance of the activities on the basis of revised standard ISAE 3000 and the payment of an annual fee of EUR 35,000.00 for each of the financial years from 31 December 2017 to 31 December 2021 inclusive.
In consideration of all of the above, the Board of Statutory Auditors considers it appropriate to propose the approval by the Meeting of Shareholders of the adjustment request made by Deloitte & Touche S.p.A. for the 2017 financial year and for the subsequent 2018-2021 financial years, and to grant Deloitte & Touche S.p.A. the task of performing the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries for the 2017-2021 financial years, for the following reasons:

(a) the further activities for which Deloitte &Touche S.p.A. has requested additional fees are necessary for the proper performance of the statutory audit of the financial statements, the consolidated financial statements and the half-year condensed consolidated financial statements of SAES Getters S.p.A.;
(b) in making its request for additional fees, the company Deloitte & Touche S.p.A. provided suitable evaluations on its requirements and, in particular and inter alia, the changing financial conditions, with an indication of the an additional commitment considered adequate and hourly costs consistent with those envisaged by the 2013-2021 Appointment;
(c) the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries is required by Italian Legislative Decree no. 254/2016 and it is considered appropriate to grant the related task to the current statutory auditor (considering the acquired knowledge of the business of the Group and its organisation), which in its own proposal specified the services to be performed and the financial conditions consequently applied;
(d) within this framework and having considered the nature of the latter task, it is considered that the assignment thereof to Deloitte & Touche S.p.A. will not affect the general independence of the latter.
Finally, the Board of Statutory Auditors points out that the technical suitability of Deloitte & Touche S.p.A. to perform the tasks has been proven, as well as the suitability of its organisation in relation to the complexity and size of the Company and the Group.
In view of all of the above, the Board of Statutory Auditors of SAES Getters S.p.A.

proposes the following for your approval:

- the adjustment of the fees paid to Deloitte & Touche S.p.A. for the 2017 financial year and for the subsequent 2018-2021 financial years, as requested by the audit firm on 11 December 2017 as mentioned above and annexed to this report; and
- to grant Deloitte & Touche S.p.A. the task of the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries for the 2017-2021 financial years, as per the proposal of 19 December 2017, mentioned above and annexed to this report.

The Board of Statutory Auditors
Mr. Angelo Rivolta (Chairman)
Ms. Sara Anita Speranza (Statutory Auditor)
Mr. Vincenzo Donnamaria (Statutory Auditor)

****

Dear Shareholders,

In light of the above, you are therefore invited to approve the following, in accordance with the reasoned proposal of the Board of Statutory Auditors:

- the supplement to the fees for the statutory audit for the 2017-2021 financial years requested by Deloite & Touche S.p.A., according to the terms specified above; and

- to grant Deloitte & Touche S.p.A. the task of the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries for the 2017-2021 financial years, according to the terms specified above.

In the event of approval of the aforesaid proposal, the following resolution text can therefore be adopted:

"The Meeting of Shareholders,

- *having examined the Directors' report;*
- *having acknowledged the reasoned proposal of the Board of Statutory Auditors;*

resolves

1) *to approve the supplement to the fees for the statutory audit for the 2017-2021 financial years requested by Deloitte & Touche S.p.A., with the letter mentioned above of 11 December 2017 and annexed to this Directors' report, within the terms specified therein;*
2) *to grant Deloitte & Touche S.p.A. the task of the limited review of the non-financial consolidated statement of SAES Getters S.p.A. and its subsidiaries for the 2017-2021 financial years, according to the terms and conditions indicated in the abovementioned proposal for professional services of 19 December 2017 and annexed to the Directors' report;*
3) *to grant the Chairman and the Managing Directors, jointly and severally, the most extensive powers to implement this resolution".*

Lainate, 14 March 2018

for the Board of Directors

Mr. Massimo della Porta
Chairman

Deloitte

Deloitte & Touche S.p.A.
Via Tortona 25
20144 Milan
Italy

Tel. +39 02 83322111
Fax. +39 02 83322112
www.deloitte.it

11 December 2017

To:
SAES Getters S.p.A.
Viale Italia 77
20010 Lainate (MI)

For the attention of Mr. Giulio Canale, Managing Director

To:
Board of Statutory Auditors
SAES Getters S.p.A.
Viale Italia 77
20010 Lainate (MI)

For the attention of Mr. Angelo Rivolta, Chairman

Dear Sirs,

As discussed in recent meetings, the regulatory framework for statutory audits and the reference audit standards (ISA Italy) have undergone significant changes that, with reference to the companies whose financial year coincides with the calendar year, enter into force starting from the audit of the financial statements as at 31 December 2017.

On 27 May 2014 Directive 2014/56/EU of 16 April 2014, amending Directive 2006/43/EC on the statutory audit of annual accounts and consolidated accounts (hereinafter, the "New VIII Directive"), and Regulation (EU) no.537/2014 of 16 April 2014 on the specific requirements for the statutory audit of public-interest entities (hereinafter, the "European Regulation") were published in the Official Journal of the European Union. Subsequently, on 21 July 2016, Italian Legislative Decree no. 135 of 17 July 2016 (hereinafter, "Lgs. D. 135/2016"), amending Italian Legislative Decree no. 39 of 27 January 2010, which implemented the New VIII Directive (hereinafter, the "Lgs. D. 39/2010"), was published in the Italian Official Journal.

Among the recent introductions to the new regulations, one of the most significant changes made with regard to the statutory auditing of public-interest entities concerns the expansion of the information contained in the audit report as provided for in art. 10 of the European Regulation. The additional report for the internal control and audit committee must also be drawn up as set forth in art. 11 of the European Regulation, the content of which has been considerably extended compared to the report on fundamental issues provided for in the previous regulations.

Following the aforesaid changes to regulations and the issuance on the part of the IAASB in January 2015 of new auditing standards within the project “Reporting on Audited Financial Statements - New and Revised Auditor Reporting Standards and Related Conforming Amendments”, with the resolution of the Auditor General of Italy protocol no.157387 of 31 July 2017, the following auditing standards have been adopted:

- ISA Italy 260 (Communication with Those Charged with Governance) (revised);
- ISA Italy 570 (Going Concern) (revised);
- ISA Italy 700 (Forming an Opinion and Reporting on Financial Statements) (revised);
- ISA Italy 701 (Communicating Key Audit Matters in the Independent Auditor's Report) (new);
- ISA Italy 705 (Modifications to the Opinion in the Independent Auditor's Report) (revised);
- ISA Italy 706 (Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report) (revised);
- ISA Italia 710 (Comparatives – Corresponding Data and Comparative Financial Statements) (revised).

The main amendments introduced by these auditing standards concern new obligations to notify management and the governance bodies and a new chart in the audit report that, with reference to public-interest entities, will include a specific section for the communication of key audit matters (“KAM”).

As stated in ISA Italy 701, the objective of the communication of Key Audit Matters within the context of the audit report is to provide additional information to potential users of the financial statements to enable them to understand the aspects that, according to the professional judgement of the auditor, have been the most significant in the auditing of the financial statements in question. Furthermore, this notification can help users of the financial statements to understand the company as well as the areas of the financial statements subject to review that have led to significant assessments on the part of the management of the company.

Another important change concerns the entry into force of the new version of auditing standard (ISA Italy) 720B on the liability of the party entrusted with the statutory audit with regard to the management report and specific information contained in the report on corporate governance and ownership structures ordered with the resolution of the Auditor General of Italy in protocol no.129507 of 15 June 2017, through which the amendments to art. 14, paragraph 2, letter e) of Lgs. D. 39/2010, introduced with Italian Legislative Decree no.139 of 18 August 2015 for the transposition of art. 34 of Directive 2013/34/EU into Italian law, became effective.

According to the provisions of the new regulations and the new auditing standard, with reference to the management report and specific information in the report on corporate governance and ownership structures, where drawn up, in addition to its opinion on the consistency of the aforesaid reports with the financial statements, the party appointed to perform the statutory audit is required to express its opinion on their compliance with the laws in force and to issue a statement on the possible identification of significant errors, based on its its knowledge and understanding of the company and the related context acquired during the audit.

In addition to the changes stated above, starting from January 2018 new accounting standards IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers shall enter into force and in the 2017 financial statements information will be provided on the expected effects from the adoption of the aforesaid standards. Consequently, within the context of the audit as at 31 December 2017 specific auditing activities must be carried out in order to understand and check the effects of the first-time application of the new standards (so-called FTA), which shall be subsequently supplemented and completed in the audit of the financial statements as at 31 December 2018. In this audit the completeness of the information requested by the new standards will also be checked. The adoption of the new accounting standards shall also result in the need to perform recurrent checks in the subsequent financial years.

The application of the new auditing standards and, in particular, of the new international auditing standard (ISA Italy) 701 and the new version of auditing standard (ISA Italy) 720B for the purposes of expressing the opinion set forth in art. 14, paragraph 2, letter e) of Lgs. D. 39/2010, as well as the auditing activities related to the adoption of new accounting standards IFRS 9 and 15 starting from 1 January 2018, will have a significant impact on the scale of the statutory audit of the financial statements and consolidated financial statements of Saes Getters S.p.A. and will lead to an increase in the time estimated for the performance thereof for each of the financial years during the 2017-2021 period.

As the circumstances have arisen for the adjustment of our fees, according to the provisions in the paragraph “Updating of Fees” in our statutory audit proposal for the financial statements and consolidated financial statements of Saes Getters S.p.A. for the nine-year period 2013-2021, as agreed, our fees for each of the financial years from 31 December 2017 to 31 December 2021 inclusive shall be increased by EUR 43,000 for the 2017 financial year and EUR 28,000 for the subsequent financial years, detailed as follows:

	Hours	**Fees (EURO)**
“Extended” audit report (so-called “Key Audit Matters”)	150	20,000
Opinion on compliance of the management report and specific information in the report on corporate governance and ownership structures	60	8000
Specified audit procedures in the consolidated reporting package of Flexterra Inc. for the purposes of the statutory audit of the consolidated financial statements of the Group	78	10,000

One-off fee in 2017 only for the first-time application of new accounting standard **IFRS 15**:

	Hours	**Fees (EURO)**
First-time application of new accounting standard (IFRS 15), in relation to the consolidated financial statements of the Group	109	15,000

Details on the hours and the fees per professional category for each type of audit work performed as stated above are provided in Annex 1.

Our proposal of 18 December 2012 (and its subsequent additions of 5 February 2013) is therefore understood to have been amended correspondingly, and the other conditions provided for therein remain unchanged.

*****

Please do not hesitate to contact me if you require any further information on the contents of this letter.

Best regards.

DELOITTE & TOUCHE S.p.A.

[*handwritten signature*]

Giovanni Gasperini

Partner

Annex

ANNEX 1

Details on the additional time and fees per professional category estimated for the audit of the financial statements and consolidated financial statements of SAES GETTERS S.p.A. for each of the financial years from 2017 to 2021 are as follows:

SAES GETTERS S.p.A. – "Extended" audit report and opinion on compliance (separate financial statements) **EURO**

Professional category	Estimated no. of hours	Mix	Hourly rate	Total
Partner	14	13%	450	6300
Senior	32	31%	295	9440
Manager	59	56%	160	9440
Gross Total	**105**	**100%**		**25,180**
Reduction				(11,180)
Net fees				**14,000**

SAES GETTERS S.p.A. – "Extended" audit report and opinion on compliance (consolidated financial statements) **EURO**

Professional category	Estimated no. of hours	Mix	Hourly rate	Total
Partner	14	13%	450	6300
Senior	32	31%	295	9440
Manager	59	56%	160	9440
Gross Total	**105**	**100%**		**25,180**
Reduction				(11,180)
Net fees				**14,000**

SAES GETTERS S.p.A. – specified audit procedures on consolidated reporting package of Flexterra Inc. **EURO**

Professional category	Estimated no. of hours	Mix	Hourly rate	Total
Partner	6	8%	450	2700
Senior	24	31%	295	7080
Manager	48	61%	160	7680
Gross Total	**78**	**100%**		**17,460**
Reduction				(7460)

Net fees	**10,000**

The estimate of our work hours is based on the assumption that we can rely on the collaboration of Company personnel for making all data and documents available that will be required for the performance of the specific auditing procedures in the Reporting Package.

Refunds for the costs incurred for the performance of the auditing activities are to be added to the above fees for the Specified Audit Procedures in the Reporting Package of Flexterra Inc., such as out-of-office visits and transfers, at the same rate at which they were incurred. Furthermore, the additional costs related to technology (databases, software, etc.) and secretary and communication services will be charged at the flat-rate of 7%, plus VAT.

The number of hours and therefore the fees stated above refer to the current situation and, therefore, may be subject to change depending on changes to the company structure, the internal organisation and the size of the activities carried out, as well as due to the effect of the application of new accounting or auditing standards or new regulatory provisions.

If during the auditing activities it is rendered necessary to amend the fees initially estimated, we will inform you so that we can agree on the necessary action and the possible adjustment of our fees. In this case, an addition shall be made to this annex.

The details of the one-off additional times and fees per professional category estimated for the year 2017 alone for the first-time application of new accounting standard **IFRS 15** are as follows:

				EURO
Professional category	Estimated no. of hours	Mix	Hourly rate	Total
Partner	14	13%	450	6300
Senior	35	32%	295	10,325
Manager	60	55%	160	9600
Gross Total	**109**	**100%**		**26,225**
Reduction				(11,225)
Net fees				**15,000**

Deloitte

Deloitte & Touche S.p.A.
Via Tortona 25
20144 Milan
Italy

Tel. +39 02 83322111
Fax. +39 02 83322112
www.deloitte.it

19 December 2017

To:
SAES Getters S.p.A.
Viale Italia 77
20010 Lainate (MI)

Dear Sirs,

Further to your request, we hereby submit our proposal (hereinafter, the “Engagement Letter”) for the performance of the limited review of the non-financial consolidated statement (hereinafter, the “Non-financial Statement”) of Saes Getters S.p.A. (hereinafter also the “Company”) and its subsidiaries (the “Group”) for the 2017-2021 financial years pursuant to Italian Legislative Decree no.254/16 (the “Decree”), according to the methods and conditions stated below.

SUBJECT AND METHODS OF PERFORMANCE

Subject of the engagement

Following the entry into force of the Decree with which EU Directive 2014/95 on non-financial information was transposed into the Italian legal system, starting from the 2017 financial year public-interest entities that exceed certain size thresholds are obliged to prepare and publish a non-financial statement on an individual or consolidated basis by adopting a recognised standard of reporting or an autonomous reporting methodology. According to the provisions of art.3, paragraph 10, of the Decree, this statement must be certified by a party qualified to perform the statutory audit.

Within this context, you have requested the professional services stated in this Engagement Letter aimed at the performance of a limited assurance engagement on the Non-financial Statement that will be prepared by the Company on the basis of “GRI Sustainability Reporting Standards”, defined in 2016 by the GRI – Global Reporting Initiative (hereinafter, “GRI Standards”).

The engagement subject of this proposal will involve the performance of the activities stated in the following paragraph “Methods of performance” in order to conclude if any information has come to our attention that leads us to believe that the Non-financial Statement prepared by the Company has not been drawn up to include all the significant aspects in compliance with the requirements of articles 3 and 4 of Decree and the GRI Standards.

As set forth in the Decree, the standards and methods for performing the audit of non-financial statements shall be regulated by CONSOB regulations. Our Engagement Letter may therefore be subject to possible amendments on the basis of the provisions of these regulations, which are currently being prepared.

Methods of performance

With regard to the contents and the purposes of the engagement, as well as the specific role of the audit firm, our work will be performed on the basis of the provisions of standard ISAE 3000 revised – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised") for engagements that consist of a limited review. This standard requires the planning and performance of procedures in order to acquire a limited level of assurance that the Non-financial Statement does not contain any significant errors.

The approach that will be adopted is based on the methodology that Deloitte has developed worldwide for assurance engagements for sustainability reports and greenhouse gas emissions, known as: "Deloitte Sustainability Assurance Methodology".

For the purposes of understanding the Non-financial Statement and the additional circumstances of the engagement, the auditor takes the process used by the Company to draw up the Non-financial Statement into consideration.

The procedures chosen depend on the professional judgement of the auditor and will include interviews - especially with the personnel of the Group responsible for the preparation of the Non-financial Statement - analysis of documents, recalculations, meetings and reconciliations with the accounts and other procedures aimed at the acquisition of any evidence considered useful.

The audit of the Non-financial Statement, as defined above, can bring significant problems regarding the Non-financial Statement to the attention of the auditor, but does not provide the assurance that the auditor is aware of all the problems that would have arisen from a complete review. Furthermore, due to the limitations found in the procedures described and in all internal control systems, there is the inevitable risk that several possible problems, including significant problems, may not be identified.

Our checks will include the data and information of a quantitative nature contained in the Non-financial Statement. The qualitative information contained herein will be checked by us to the extent necessary in order to check: (1) consistency with the other parts of the Non-financial Statement; (2) correspondence with the contents required or suggested by GRI Standards and the criteria selected by the Company and indicated in the Non-financial Statement; (3) correspondence with the requirements of articles 3 and 4 of the Decree.

The procedures that we will carry out for the purposes of the performance of this engagement are as follows:

- Preliminary analysis of the Non-financial Statement and its compliance with the provisions of Italian Legislative Decree no.254/16;
- Interviews and discussions with personnel of the Group involved in the drawing up of the Non-financial statement;
- Analysis, through interviews, of the governance system and management process of topics connected to the sustainable development of the Group strategy and operations;
- Analysis of the process for defining the significant aspects reported in the Non-financial Statement, with reference to the methods for identifying and prioritising the significant aspects for each category of stakeholder and the internal approval of the results of the process;
- Collection of information on the information, accounting and reporting system in place for the preparation of the Non-financial Statement;
- Critical analysis of the processes and procedures that support the collection, grouping, processing and transmission of data and information to the department responsible for the preparation of the Non-financial Statement;
- Analysis of the involvement process of stakeholders, with reference to the methods used and the completeness of the parties involved, through the analysis of the summary records or any other documentation existing on the most salient aspects emerging from a comparison with the latter;
- Analysis of documents supporting the preparation of the Non-financial Statement, for the purpose of obtaining evidence of the adoption of processes implemented for the correct processing of data and information on the objectives described in the Non-financial Statement;
- Analysis of the completeness and consistency of the qualitative and quantitative information given in the Non-financial Statement;
- At least 3 site visits at the subsidiaries/premises of the group in order to check the local systems in place relating to non-financial information;
- Comparison of economic-financial information and data reported in the Non-financial Statement and the data and information included in the consolidated financial statements of the Company;
- Obtaining of the letter of certification, signed by the legal representative of the Company, on the correctness and completeness of the information indicated in the Non-financial Statement and the information provided by us for the purposes of the performance of our work;
- Critical analysis of the Non-financial Statement as a whole, in relation to the correct application of the “GRI Sustainability Reporting Standards” defined in 2016 by the GRI – Global Reporting Initiative, with, where applicable, the issue of a Management Letter aimed at addressing risks and critical issues.

The engagement will be performed by a team with proven experience in sustainability issues. Based on the complexity or atypical nature of the problems found, it may be rendered necessary to employ external specialist consultants, such as, for example, legal and IT experts, who of course will be subject to confidentiality obligations.

Access to documentation

For the purposes of the performance of the engagement, as stated above, it is necessary for the Company to send us a copy of the Non-financial Statement signed by the legal representative. It is also necessary for us to be allowed access to documents (in both paper and electronic format) and all other information useful for the performance of our work, also through interviews with people of reference (employees and/or external partners).

We wish to point out that the failure to provide or any delay in the provision of the documentation stated above, as well as the non-availability of the persons of reference, may restrict the performance of the procedures with consequent effects on the drafting of the Report (as defined hereafter) or the times for the issuance of the latter.

It is to be noted that the worksheets prepared throughout this engagement (in both paper and electronic format) are the exclusive property of our Company, constitute information of a confidential nature and will be stored by us in accordance with our internal procedures.

STATEMENTS OF DIRECTORS

The Directors of the Company are responsible for the preparation and transmission of the Non-financial Statement pursuant to Italian Legislative Decree no.254/16.

The Directors of the Company are also responsible for setting up and maintaining an internal control system capable of allowing the drafting of a Non-financial Statement that does not contain significant errors, also due to fraud or unintentional conduct or events.

The Directors and the Management are also responsible for providing us with the following:

- access to all the relevant information for the drafting of the Non-financial Statement that they are aware of, such as registrations, documentation and other aspects;
- additional information that we may request of them for the purposes of the performance of this engagement;
- the possibility to contact the people within the company from whom we consider it necessary to acquire evidence without any restrictions.

At the end of the engagement, we will ask the Directors for a letter of certification signed by the legal representative also in the name and on behalf of the Board of Directors.

Given the importance of the completeness, accuracy and truthfulness of the information and statements provided to us by the Directors and the Management of the Company for the correct performance of the activities subject of this Engagement Letter, the Company agrees and acknowledges that under no circumstances can Deloitte and its associates, Directors, employees, partners and consultants, or the other entities that are members of the Deloitte Touche Tohmatsu Limited network, its associates, Directors, employees, partners and consultants that have participated in the work subject of this Engagement Letter be held liable for any loss or damage of any kind deriving from data or information required for the performance of this engagement that has been omitted, concealed or represented in an incomplete, incorrect or untruthful manner to Deloitte by the Company and/or by its Directors, trade unions, managers, employees, consultants and partners. Consequently, you hereby undertake to indemnify and hold Deloitte and its associates, Directors, employees, partners and consultants, and the other entities that are members of the Deloitte Touche Tohmatsu Limited network, its associates, Directors, employees, partners and consultants harmless against all requests for compensation, costs or damages that may derive from the actions taken by third parties for reasons that stem from data or information required for the performance of this assignment that has been omitted, concealed or represented in an incomplete, incorrect or untruthful manner to Deloitte by the Company and/or by its Directors, trade unions, managers, employees, consultants and partners.

LIMITS TO THE ENGAGEMENT

Our activities in relation to this Engagement Letter will consist of the performance of the activities referred to in the paragraph “Methods of performance”.

A limited review involves an engagement less than that required for a complete review according to ISAE 3000 Revised (“reasonable assurance engagement”) and, consequently, does not provide the assurance that all the significant facts and circumstances that could have been identified with the performance of this review have been brought to our attention.

Given the nature and purposes of the engagement, it is clearly understood that we will not have meetings and perform checks aimed at assessing the adequacy and effective operation of the internal control system underlying the preparation of the Non-financial Statement. Consequently, we will not express any opinions or conclusions on the adequacy and reliability of the internal control system of the Group.

FINAL DOCUMENTS

At the end of the engagement we will issue our report (the “Report”), addressed to the Board of Directors of the Company.

The Report will state that the engagement has been carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised "Assurance Engagements Other than Audits or Reviews of Historical Financial Information " issued by IAASB.

The conclusions of the Report will state whether, on the basis of the work carried out, any elements have been brought to our attention that lead us to believe that the Non-financial Statement has not been drawn up to include all the significant aspects in compliance with the requirements of articles 3 and 4 of the Decree and GRI Standards. The conclusions may need to be amended in specific circumstances due to possible limitations and/or exceptions discovered during the performance of the procedures.

The reproduction or publication of the Non-financial Statement, accompanied by our Report, must be authorised in advance by us and preceded by a check of the pre-publication draft for our quality control. Any translations of the Report into other languages must be done directly by us.

FEES

The determination of our fees for the performance of the engagement subject of this proposal is based on an estimate of working hours for each professional category and the related hourly rates.

The fees for the activities to be performed for the procedures described in this Engagement Letter amount to a total of **EUR 35,000** for the reports on the Non-financial Statement for the 2017-2021 financial years.

The estimate of our fees is based on the assumption that we can rely on the collaboration of Company personnel for making all data and documents available that will be required for the performance of our audits, as well as the assumption that our staff can make use of the assistance necessary to face and solve the problems connected to the performance of the task assigned to us.

Refunds for the costs incurred for the performance of the engagement are to be added to the above fees, such as out-of-office visits and transfers, at the same rate at which they were incurred. Furthermore, the additional costs related to technology (databases, software, etc.) and secretary and communcation services will be charged at the flat-rate of 7%, plus VAT.

The fees will be invoiced as follows: 40% at the beginning of the review, 55% at the beginning of the review phase carried out after the closing of the financial year and 5% upon completion.

Payments must be made upon the presentation of the related invoices.

UPDATING OF FEES

The fees stated above refer to the current situation and, therefore, may be subject to change.

If circumstances arise such as to result in an increase in the time to be employed compared to the amount estimated in this proposal, such as, for example, the change in the structure and size of the Company and/or the Group, amendments to the controls in place within the internal control system, changes in legislation, reporting and/or review standards, the performance of complex transactions by your Company and/or by companies of the Group or additional review procedures or supplementary obligations related to the performance of the engagement, we will inform you of the consequent adjustment to our fees. In the same way, if less time than predicted is employed, the fees will be reduced proportionally.

Furthermore, the fees stated above must be adjusted to take into account any changes to our rates over time. The annual adjustment will be equal to the percentage variation of the ISTAT index for the cost of living (taking December 2017 as a base month) and will start from the review activities for the 2018 financial year.

LIABILITY AND EXCLUSIVE JURISDICTION

With reference to the professional services stated in this Engagement Letter, it is clearly understood that we will not be held liable for any consequent damage that you may suffer exceeding the maximum limit of double the fees payable to us, according to the provisions in the "Fees" section, for the specific part of the activities that has given rise to the liability, except in the case of gross negligence or wilful misconduct.

In any event the recipients of this proposal acknowledge that any claim against Deloitte & Touche S.p.A. can be exercised only for the damages or claims that the latter has not managed to recover after having diligently exercised all the actions and acts (including compensatory acts) against all potentially liable parties.

Deloitte performs the activities subject of this Engagement Letter exlusively in the interest of the Company. The Company is therefore obliged to indemnify and hold Deloitte, its associates, Directors, employees, partners and consultants, as well as the other entities that are members of the Deloitte Touche Tohmatsu Limited network (hereinafter, "Deloitte") that have participated in the engagement subject of this proposal, and its associates, Directors, employees, partners and consultants harmless against all damages, costs or expenses (including legal costs) deriving from any third-party claim related or in any event connected to the services subject of this Engagement Letter. This indemnity obligation is applicable insofar as it is not prohibited by mandatory provisions of law. This clause shall remain in force also subsequent to the completion of the engagement or the cancellation thereof and while any dispute between the parties is under way.

Under no circumstances will Deloitte & Touche S.p.A. be held liable and under no circumstances will it be obliged to pay compensation for any damages that are unforeseeable upon the conclusion of this Engagement Letter, as well as any consequential, incidental damages or damages connected to any loss in profits, saving or business opportunities.

No party may transfer any right or claim against the other party, either directly or indirectly, that may arise from this Engagement Letter to any third party.

This Engagement Letter, including the respective rights and duties of the parties and all the disputes that may arise from, or in relation to, this Engagement Letter or its subject, must be regulated and interpreted according to Italian law, without the application of the rules on the conflict of laws.

The Courts of Milan shall have exclusive jurisdiction over all disputes related to this Engagement Letter, its subject and its interpretation.

This Engagement Letter has been stipulated only between the signatories thereof, without the assignment of any liability to the associates, employees and consultants of Deloitte. During the performance of the work related to the issue of our Report on the requested activities, Deloitte may, at its discretion, use resources in the other entities or companies in the international Deloitte Touche Tohmatsu Limited network, without this involving any assignment of liability to these entities or companies, its associates, Directors, employees and consultants.

DATA CONFIDENTIALITY

All the data and information obtained during the performance of this engagement shall be considered strcitly private and confidential. This data and information shall therefore be used within the limits and only for the task assigned to us and, in addition to the notifications laid down by the laws in force to governance parties and bodies, may be disclosed exclusively to:

- Associates, professional staff (employees and otherwise) and indirect support personnel belonging to all the member companies of the international Deloitte & Touche S.p.A. network, as well as any external partners involved in the performance of the engagement and in our internal control procedures, within the limits necessary for the performance of the respective tasks. In this regard we inform you that all the associates and professional personnel of the companies belonging to the international Deloitte & Touche S.p.A. network are subject to our internal procedures on information confidentiality and privacy;
- Italian or foreign supervisory authorities;
- Administrative, judicial or tax authorities, in the cases and within the limitations provided for by law;
- Other audit companies, within the limits provided for by the laws in force and reference audit standards, and trade associations within the context of the performance of quality control procedures. In these cases we will obtain your prior written approval.

For the purposes of the engagement proposed to us, we wish to inform you that, in compliance with the provisions of Italian Legislative Decree no.196 of 30 June 2003, your data that has already been collected by our Company or that will be communicated to us will be used for the sole purpose of the performance of this engagement.This data will be stored partially in paper archives and partially on electronic archives in compliance with the security measures laid down in Italian Legislative Decree no. 196 of 30 June 2003 and will not be disseminated or communicated externally, except to the people, bodies and entities that exercise supervisory functions within our Company. We also inform you that your data will also be processed for the purposes set forth by the laws in force on money-laundering.

In the cases where the performance of our activities requires the acquisition of information or data from third parties and that this requires obtaining the consent of the parties in question, you shall be responsible for procuring this consent in such a way as to enable us to properly perform the activities envisaged in this Engagement.

The non-availability of the data required for the purposes of the lawful, correct and complete performance of our activities may render the tasks assigned to us more difficult, more costly and, in certain circumstances, impossible.

The acceptance of this engagement proposal requires your consent so that we can access and use the data that will be necessary for the performance of the activities subject of this Engagement Letter.

We inform you that the data controller shall be Deloitte & Touche S.p.A. with regsitered office in Milan, Via Tortona 25, and that the data processor shall be the associate that will take on the responsibility for the engagement.

We finally inform you that article 7 of the aforesaid law grants the parties in question the power to exercise specific rights to protect their interests: to obtain information on the data in our possession; to have the data cancelled, blocked, updated, corrected or supplemented, as well as to obtain the certification that the aforesaid operations have been brought to the attention of those to whom the data has been communicated; to oppose, for legitimate reasons, the processing of the data and, in particular, its processing for commercial or advertising purposes.

The Company accepts that: (i) Deloitte & Touche S.p.A. and the Company may exchange correspondence or send documents by email via the internet, without prejudice to the express request to the contrary by the Company; (ii) neither of the parties has control over the implementation, reliability, validity or security of emails sent over the internet; and (iii) Deloitte & Touche S.p.A. cannot be held liable for any loss, damage, expense or inconvenience resulting from the loss, delay, interception, damage or alteration to any email caused for any reason beyond the reasonable control of Deloitte & Touche S.p.A.

OTHER ASPECTS

Money-laundering regulations

Deloitte & Touche S.p.A. is subject to the following obligations laid down in Italian Legislative Decree no.231 of 21 November 2007 as amended by Italian Legislative Decree no. 90 of 25 May 2017 (the "**Money-Laundering Decree**"):

a) to identify and check the identity of the Client;
b) to check, through the legal respresentative or, if other, through the signatory of the professional services proposal, the actual existence of the powers of representation, through official documents, handed over by the Client, stating the granting of the powers of assignment of the engagement or legal representation;
c) to identify and check the identity of any "beneficial owners" and to acquire the identification data of the latter, therein including their personal details from an identification document;
d) to obtain information on the purpose and nature of the professional service envisaged;
e) to store the data, information and documents acquired during the fulfilment of the aforesaid obligations;
f) to report any suspicions of money-laundering or terrorist financing to the Financial Information Unit (F.I.U.);
g) to inform the Ministry of the Economy and Finance of any violations of the provisions of the Money-Laundering Decree on the limitations of use of cash and bearer securities.

The obligations referred to in previous letters a) to e) are not applicable if the Client falls into one of the subjective categories for which simplified obligations can be applied, such as, for example, the parties listed in art. 25 of the version of Italian Legislative Decree no.231 of 21 November 2007 preceding Italian Legislative Decree no.90 of 25 May 2017 (for example, but not limited to: banks, life insurance companies, financial intermediaries, CONFIDI, public adminsitrations or institutions or bodies that perform public functions, or companies listed on a regulated market of an EU country or a non-EU country that provides for corporate notification obligations in compliance with those provided for by Community law). In this case, we are obliged to collect information to establish whether the Client falls into one of the aforesaid categories.

The reporting of any suspicions is confidential, also with regard to your Company, and does not constitute the breach of any confidentiality obligations or restrictions on the reporting of information and, if any reports are made for the purposes set forth herein and in good faith, the reporting party will not be held liable in any way.

Regulations on Health and Safety in the workplace

In consideration of the fact that the professional services of an intellectuual nature subject of the engagement referred to in this proposal shall be provided mainly on your premises, please refer to the provisions of Italian Legislative Decree no. 81 of 9 April 2008 (Consolidated Law on health and safety in the workplace) applicable to you, and we invite you to provide detailed information on any specific risks existing in the work environments to be accessed by our personnel simultaneously to the acceptance of this proposal and in any event no later than the date agreed for the commencement of the activities, as well as to specify the most appropriate prevention measures to adopt in order to eliminate these risks.

*****

We thank you for this opportunity, and we can assure you that we will perform our services with the utmost care and confidentiality.

Best regards.

DELOITTE & TOUCHE S.p.A.

[*handwritten signature*]
Giovanni Gasperi
Associate

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to art. 125-*ter* of the Consolidated Finance Law on item 7 (ordinary part) of the agenda of the Ordinary and Extraordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 24 April 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

****

Amendment to severance indemnity for executive directors

Dear Shareholders,

The Board of Directors has summoned you to meet in ordinary session to discuss the proposal to amend the severance indemnity for executive directors ("TFM"), instituted by the meeting of shareholders of 27 April 2006 and subsequently amended and supplemented.

As specified in more detail in the remuneration Report drawn up by the Board of Directors pursuant to art.123-*ter* of the Consolidated Finance Law and filed on the occasion of this Meeting of Shareholders, beneficiaries of the TFM shall be the Chairman and the Managing Directors, as well as any other directors with operative/executive appointments, identified on each occasion by the Board of Directors, after having examined the remuneration and social contribution status of each Director.

TFM is aimed at guaranteeing beneficiaries a sufficient retirement fund at the end of their working careers, in line with Italian and international standards, which is conventionally fixed at 50% of the last salary received. The TFM is implemented through the stipulation and purchasing of a specific policy in compliance with the requirements of law, funded by an annual premium equal to a percentage of the accrual to be applied to the total annual (fixed and variable) remuneration paid by the Company to the entitled directors, as resolved by the Board of Directors pursuant to article 2389 of the Italian Civil Code.

In particular, the Meeting of Shareholders of 27 April 2017 resolved to raise the aforesaid percentage from the previous 18% to the current 20% and today we propose that you increase this again from 20% to 22%, starting from the current financial year and also taking into account the financial position of the Company, the activities carried out by the entitled Directors and the increasing responsibilities associated with their respective roles. Taking the year 2017 as a reference, the percentage increase can be estimated at between EUR 25,000-30,000 more for each entitled director.

The reason for this further increase is to enable the entitled directors to obtain a sufficient retirement fund at the end of their working careers, in line with Italian and international standards, which is conventionally fixed at 50% of the last global compensation received.

Taking the above into consideration, we hereby submit the following resolution proposal for your approval:

"The Ordinary Meeting of the Shareholders of SAES Getters S.p.A.:

- having examined the Directors' report;

resolves

1. with reference to the severance indemnity established by the Meeting of Shareholders of 27 April 2006 and to which the Chairman and the Managing Directors, as well as other directors with operative/executive appointments identified by the Board of Directors, are entitled, to increase the accrual percentage to be applied to the total annual (fixed and variable) remuneration paid to the entitled directors, as resolved by the Board of Directors pursuant to art.2389 of the Italian Civil Code, to 22%, starting from the current financial year (1 January to 31 December 2018);

2. to authorise the Chairman and the Vice-Chairman and Managing Director, jointly and severally, to take all the necessary action to fully implement the resolution stated above, granting them all the powers necessary and appropriate for this purpose, none excluded, as well as the powers to delegate tasks to third parties, also approving, insofar as necessary, all action taken so far by the Board of Directors in view of the adoption of this resolution".

Lainate, 14 March 2018

for the Board of Directors

Mr. Massimo della Porta
Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to art. 125-*ter*, paragraph 1, of the Consolidated Finance Law and art.72 of the Regulations for Issuers, adopted with CONSOB Resolution no. 11971 of 14/05/1999, on item 1 (extraordinary part) of the agenda of the Ordinary and Extraordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 24 April 2018 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

****

Proposal to grant the Board of Directors, pursuant to art.2443 of the Italian Civil Code, the power to increase, on one or several occasions, with or without consideration, the share capital up to a maximum amount of EUR 15,600,000 for a period of five years; consequent and related resolutions, plus the amendment of the Company By-laws (article 4).

Dear Shareholders,

The Board of Directors has summoned you to meet in extraordinary session to submit for your approval the granting of a new power to the Board of Directors to increase the share capital, to replace the power previously granted to the Board for the period of five years by the Extraordinary Meeting of Shareholders of 23 April 2013, which has now reached expiry.

This report therefore explains the content of the proposal drafted for this purpose.

1. Introduction

As anticipated, on 23 April 2013, the Extraordinary Meeting of Shareholders of the Company granted the Board of Directors the power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital, on one or several occasions, with or without consideration, within the time limit of five years from the date of the resolution (and therefore up to 23 April 2018), up to a maximum amount of EUR 15,600,000.00 through the issue of shares from any category to be assigned free-of-charge or offered on a pre-emptive basis to the entitled parties.

The aforesaid power has not been exercised to the present date, but the opportunity remains for the Board of Directors to have this power at its disposal if it wishes to increase capital, as described in more detail below.

2. Subject of the power to be granted.

The proposal concerns the assignment, pursuant to art. 2443 of the Italian Civil Code, to the Board of Directors of the power to increase the share capital on one or several occasions, up to a total maximum amount of EUR 15,600,000 to be exercised within the time limit of five years starting from the date of the resolution passed by the Extraordinary Meeting of Shareholders; it is proposed, in particular, that the power may be exercised:

- by means of one or more increases without consideration, without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already held, in observance of the provisions of article 2442 of the Italian Civil Code and with the specification that the increase may be effected - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2017, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase; and/or
- by means of one or more increases with consideration, separable or inseparable and with the issue of ordinary and/or savings shares, having the same characteristics (therein including, in particular, the enjoyment) as the corresponding shares already in issue, to be offered pre-emptively to the entitled parties, with the right for the administrative body to determine the issue price at the same or higher value (but under no circumstances lower) than the implied book value of the shares in issue at the time of the board resolution(s) to issue shares and to fix a possible premium to be assigned to the dedicated reserve.

3. Reasons for the granting of the power.

The underlying reason for the proposal to grant this power - both for transactions with or without consideration - is to ensure that the Board of Directors, given the uncertainty and volatility of the stock markets, has the necessary flexibility and time to perform equity transactions, taking advantage of the favourable conditions that may be presented.

Furthermore, with specific reference to capital increases for a consideration, there is the need to reduce the time necessary for the Company to procure new funds, including with regard to possible acquisitions in the future. The reinforcement of the Company's capital falls within the framework of providing adequate support to its strategy of ensuring a constant and progressive increase in the size and international presence of the SAES Getters Group. This strategy, which has been in place for some time now, aims to combine internal growth, supported by the continual development of the existing product catalogue and the introduction of innovative products, with ongoing external growth, also through strategic alliances and targeted acquisitions, seizing the opportunities that arise from time to time on the market.

Also taking into account the balanced financial situation enjoyed by the Company and its recent performance (as shown in the financial statements for your consideration), the assignment of the power may enable the Company to secure necessary financial resources, by taking advantage of any favourable market situations, which are often unexpected and dynamic and do not therefore allow for strict compliance with the time periods required for the calling of the Extraordinary Meeting of Shareholders, for obtaining the appropriate deliberations and implementing them.

The reasons for a possible capital increase without consideration, on the other hand, can be drawn from the possible reallocation of shareholders' equity items, also taking into regard the presence of substantial reserves, which can also increase in the future.

4. Determination of the issue price.

In the event of capital increases for consideration, the new shares shall be offered on a pre-emptive basis to the Shareholders at the price (and with the possible premium) that shall be established from time to time, in compliance with the applicable laws and regulations in force, by the Board of Directors, without prejudice to the fact that the new shares cannot in any case be issued with an implied book value that is less than that of the shares in issue at the time of the board resolutions(s) to issue shares.

5. Duration of the power and exercising times.

It is proposed that the duration of the power is equal to the maximum time provided for by law and hence five years starting from the date of the resolution of the Extraordinary Meeting of Shareholders and that this power can be exercised on one or several occasions.

The power can be exercised starting from the date of registration of the resolution proposal of the Extraordinary Meeting of Shareholders in the Register of Companies, which must be made within the time limit of 30 days starting from the decision date.

6. Amount of the power.

The proposal to grant the power concerns capital increases up to the maximum total amount of EUR 15,600,000.00, in line with the amount of the power that has just expired. The share capital of the

Company currently stands at EUR 12,220,000.00 and is divided into 22,049,969 shares, of which 14,671,350 are ordinary shares and 7,378,619 are savings shares, all with no par value.

7. Effects of the transaction.

In the event of the exercising of the power, the Board of Directors shall provide adequate information on the economic, capital and financial effects of any capital increases carried out, as well as on the effects of the unit value of the shares and the dilution resulting from the latter.

8. Amendment of the Company By-laws.

The proposed granting of power requires the amendment of the second paragraph of article 4 of the Company By-Laws, with the need to make the change shown in the text below, which is compared to the By-laws currently in force.

Art. 4

Current text	**Proposed new text**
The Company's registered Share Capital is EUR 12,200,000.00 (twelve million, two hundred and twenty thousand euros), divided into 14,671,350 (fourteen million six hundred and seventy-one thousand three hundred and fifty) ordinary shares and 7,378,619 (seven million three hundred and seventy-eight thousand six hundred and nineteen) savings shares. The Share Capital is subject to provisions regarding representation, legitimation, and circulation of shareholdings for shares traded on regulated markets.	UNCHANGED PART
The directors have the power, within a period of five years from the resolution of 23 April 2013, to increase the Share Capital on one or more occasions up to an amount of EUR 15,600,000 (fifteen million six hundred thousand); it is in particular proposed that such power may be exercised: - by means of one or more increases without consideration, *(i)* either without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or *(ii)* by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already	The directors have the power, within a period of five years from the resolution of 24 April 2018, and therefore until 23 April 2023, to increase the Share Capital on one or more occasions up to an amount of EUR 15,600,000 (fifteen million six hundred thousand); it is in particular proposed that such power may be exercised: - by means of one or more increases without consideration, *(i)* either without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or *(ii)* by assigning ordinary and savings shares, in proportion to the

held, in observance of the provisions of article 2442 of the Italian Civil Code; the increase may be effected - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2012, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase; and/or - by means of one or more increases with consideration, with the issue of ordinary and/or savings shares, having the same characteristics as the corresponding shares already in issue, to be offered pre-emptively in the form of rights, with the right for the administrative body to determine the issue price, including any premium; it is stipulated that the conversion shares in such increase(s) cannot be issued with an implied book value less than that of the shares in issue at the time of the board resolution(s) to issue shares.	ordinary and savings shares already held, in observance of the provisions of article 2442 of the Italian Civil Code and with the specification that the increase may be made - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2017, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase; and/or - by means of one or more increases with consideration, separable or inseparable and with the issue of ordinary and/or savings shares, having the same characteristics (therein including, in particular, the enjoyment) as the corresponding shares already in issue, to be offered pre-emptively to the entitled parties, with the right for the administrative body to determine the issue price at the same or higher value (but under no circumstances lower) than the implied book value of the shares in issue at the time of the board resolution(s) to issue shares and to fix a possible premium to be assigned to the dedicated reserve.

9. Non-existence of the right of withdrawal.

The adoption of the amendment to the Company By-laws referred to in this resolution proposal does not fall within any legislative or regulatory framework involving the right of withdrawal of shareholders.

***

In light of the above report, we submit the following resolution proposal for your approval:

"The Extraordinary Meeting of Shareholders, having examined the report of the Board of Directors and having acknowledged, in particular and inter alia, the expiry of the power granted to the

directors pursuant to art.2443 of the Italian Civil Code in the resolution passed by the Extraordinary Meeting of Shareholders of 23 April 2013,

resolves

1) to grant the Board of Directors the power, pursuant to art. 2443 of the Italian Civil Code, to increase the Share Capital on one or several occasions, up to a total maximum amount of EUR 15,600,000.00 to be exercised within the time limit of five years starting from the present date; it is requested, in particular, that the power may be exercised:

- by means of one or more increases without consideration, either without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already held, in observance of the provisions of art. 2442 of the Italian Civil Code and with the specification that the increase may be made - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2017, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase; and/or

- by means of one or more increases with consideration, separable or inseparable and with the issue of ordinary and/or savings shares, having the same characteristics (therein including, in particular, the enjoyment) as the corresponding shares already in issue, to be offered pre-emptively to the entitled parties, with the right for the administrative body to determine the issue price at the same or higher value (but under no circumstances lower) than the implied book value of the shares in issue at the time of the board resolution(s) to issue shares and to fix a possible premium to be assigned to the dedicated reserve.

2) to amend, as a result of the above resolution, article 4 of the Company By-laws as follows:

"Art. 4) The Company's registered Share Capital is EUR 12,200,000 (twelve million, two hundred and twenty thousand euros), divided into 14,671,350 (fourteen million six hundred and seventy-one thousand three hundred and fifty) ordinary shares and 7,378,619 (seven million three hundred and seventy-eight thousand six hundred and nineteen) savings shares. The Share Capital is subject to provisions regarding representation, legitimation, and circulation of shareholdings for shares traded on regulated markets.

The directors have the power, within a period of five years of the resolution of 24 April 2018, and therefore until 23 April 2023, to increase the Share Capital on one or more occasions up to an amount of EUR 15,600,000 (fifteen million six hundred thousand); it is in particular proposed that such power may be exercised:

- *by means of one or more increases without consideration, either without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already held, in observance of the provisions of article 2442 of the Italian Civil Code and with the specification that the increase may be made - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2017, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase; and/or*
- *by means of one or more increases with consideration, separable or inseparable and with the issue of ordinary and/or savings shares, having the same characteristics (therein including, in particular, the enjoyment) as the corresponding shares already in issue, to be offered pre-emptively to the entitled parties, with the right for the administrative body to determine the issue price at the same or higher value (but under no circumstances lower) than the implied book value of the shares in issue at the time of the board resolution(s) to issue shares and to fix a possible premium to be assigned to the dedicated reserve";*

3) *to grant the Chairman and the Managing Directors, jointly and severally, the most extensive powers to fulfil the required formalities so that the resolutions adopted in today's extraordinary meeting of shareholders are promptly recorded in the Register of Companies, with the express power to make any non-essential amendments, cancellations and/or additions that may be necessary or appropriate".*

Lainate, 14 March 2018

for the Board of Directors

Mr. Massimo della Porta
Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 14, 2018. For any difference between the two texts, the Italian text shall prevail.

REPORT
ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURES

Drawn up pursuant to articles 123-*bis* Italian Consolidated Finance Law
and 89-*bis* of CONSOB Regulations for Issuers

(Traditional administration and control model)

Issuer: SAES®Getters S.p.A. – Viale Italia 77 – 20020 Lainate (MI)
Website: www.saesgetters.com

Financial year to which the Report refers: 2017
Date of approval of the Report: 14 March 2018

CONTENTS

GLOSSARY

Code/ Corporate Governance Code: the Corporate Governance Code of listed companies as amended in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civil Code : Italian Civil Code

Board: the Board of Directors of the Company.

Company: SAES Getters S.p.A.

Financial Year: 2017 financial year (01.01.2017-31.12.2017).

Regulations for Issuers: the Regulations issued by CONSOB with resolution no. 11971 of 14 May 1999 (and subsequent amendments and additions) on issuers.

Market Regulations: the Regulations issued by CONSOB with resolution no. 20249 of 28 December 2017 on markets.

Regulations of Related Parties: The Regulation issued by CONSOB with resolution no. 17221 of 12 March 2010 (and subsequent amendments and additions) in matters of transactions with related parties

Report: the report on corporate governance and ownership structures that companies are obliged to draw up pursuant to articles 123-*bis* of Italian Consolidated Finance Law and 89-*bis* CONSOB Regulations for Issuers.

Consolidated Finance Law: Italian Legislative Decree 24 February 1998, no. 58.

Independent Director: member of the Board of Directors of the Company satisfying the independence requirements provided for in the Corporate Governance Code and articles 147-*ter*, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law.

Savings Law: Italian Law on protection of savings of 28 December 2005, no. 262.

Model 231: The organisational, management and control model pursuant to Italian Legislative Decree no. 231 of 8 June 2001 approved by the Board of Directors of SAES Getters S.p.A. on 22 December 2004 and subsequent amendments, as last updated on 11 May 2017.

Accounting Control Model: Administrative and Accounting Model adopted by the Board of Directors of SAES Getters S.p.A. on 14 May 2007 and subsequently updated on 20 December 2012 also in light of the provisions introduced by the Savings Law.

By-laws: the current version of the Company by-laws (amended by the Meeting of Shareholders of 3 March 2016).

1. PROFILE OF THE ISSUER

A pioneer in the development of getter technology, SAES Getters S.p.A., together with its subsidiaries (hereinafter, the "SAES® Group") is the world leader in a variety of scientific and industrial applications requiring stringent vacuum or ultra-pure gases For more than 70 years, the getter solutions of the Group have been supporting technological innovation in the information display and lamp industries, ultra-high vacuum systems and vacuum thermal insulated devices, and in technologies that range from large vacuum power tubes to silicon-based miniaturised microelectronic and micromechanical devices. The Group also holds a leading position in ultra-pure gas refinement for the semiconductor industry and other high-tech industries.

Since 2004, by taking advantage of the expertise it acquired in the special metallurgy and material science field, the SAES Group expanded its business into the advanced material market, and the market of shape memory alloys in particular, a family of advanced materials characterised by super-elasticity and their ability to assume predefined forms when heated. These special alloys, which today are used mainly in the biomedical sector, are also perfectly suited to the production of actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and the automotive sector).

More recently, SAES has expanded its business by developing a technological platform that integrates polymer-matrix getters. These products, which were initially developed for OLED displays, are now used in the new application sectors, such as implantable medical devices and solid-state medical imaging. Among the new applications, the evolved food packaging sector is particularly strategic, in which SAES intends to compete by offering nine solutions for active packaging.

A total production capacity distributed in eleven manufacturing plants, a worldwide commercial and technical assistance network and more than 1100 employees allow the Group to combine multicultural skills with experience to form a company that is truly global.

The headquarters of the SAES Group are located in Lainate, in the Milan area.

SAES has been listed on the Telematic Stock Exchange ("MTA") of Borsa Italiana S.p.A., STAR segment, since 1986.

In compliance with its By-laws, the administration and control **model** adopted by the Company is the so-called traditional model based on the combination of a Board of Directors and Board of Statutory Auditors. More specifically, in this model the Governance of the Company is characterised by the existence of:

- a Board of Directors in charge of the management of the Company, which operates in compliance with principle 1.P.1. of the Code;
- a Board of Statutory Auditors/Internal Control and Audit Committee called upon to supervise compliance with the law and the By-laws, among the other matters regulated by the current laws in force, as well as the financial reporting process,

the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of the annual accounts and consolidated accounts, and the independence of the external audit firm, with a particular focus on the provision of non-auditing services to the Company;

- the Meeting of Shareholders, responsible for passing resolutions in accordance with the provisions of law and the By-laws, in ordinary and extraordinary session.

The statutory audit of the annual accounts and consolidated accounts is entrusted to an audit firm (Deloitte & Touche S.p.A.) registered in the register of statutory auditors and audit firms, set up pursuant to article 2, paragraph 1 of Italian Legislative Decree no. 39/2010.

2. INFORMATION ON OWNERSHIP STRUCTURES (pursuant to article 123-*bis*, paragraph 1, of Consolidated Finance Law)

The information reported below, unless otherwise indicated, refers to the date of approval of this Report, i.e. 14 March 2018.

2.1. Share capital structure (pursuant to article 123-bis, paragraph 1, letter a), of Consolidated Finance Law)

The share capital of SAES Getters S.p.A. is EUR 12,220,000.00, fully paid-up, and is divided into 22,049,969 shares, broken down as follows:

	No. of shares	% of share capital	listed/non-listed	Rights and obligations
Ordinary shares	14,671,350	66.54	MTA STAR segment – Borsa Italiana S.p.A.	art. 5, 6, 11, 26, 29, 30 Company By-laws
Shares with multiple voting rights	0	0	-	-
Shares with limited voting rights	0	0	-	-
Savings shares (without holding rights)	7,378,619	33.46	MTA STAR segment – Borsa Italiana S.p.A.	art. 5, 6, 11, 26, 29, 30 Company By-laws

All shares are without par value and currently have an implied book value (understood as the ratio between the total amount of the share capital and the total number of issued shares) of EUR 0.554196.

Each ordinary share awards the right to vote without any restrictions. All administrative and economic rights and the obligations provided for by law and the By-laws are

connected to ordinary shares. Savings shares are without voting rights in ordinary and extraordinary meetings.
The rights related to the different classes of shares are indicated in the By-laws, and in particular in articles 5, 6, 11, 26, 29 and 30. The By-laws are available on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Company By-laws section).

The ordinary shares are registered shares, whereas the savings shares are either bearer shares or registered shares according to the choice of the Shareholder or the provisions of law. All shares are issued in dematerialised form.

Each share awards the right to a portion of the profits allocated for distribution and the shareholders' equity resulting from liquidation, without prejudice to the rights established in favour of savings shares, as set forth in articles 26 and 30 of the By-laws.

More precisely, the net profits of each financial year are distributed as follows:

- 5% to the legal reserve, until the latter has reached one fifth of the share capital;

- the remaining amount is distributed as follows:

  - savings shares are entitled to a preferred dividend of 25% of the implied book value. When savings shares are assigned a dividend of less than 25% of the implied book value in a particular financial year, the difference will be made up on the preferred dividend in the next two financial years;
  - the residual profits that the Meeting of Shareholders decides to distribute will be divided among all the shares in such a way to ensure that the savings shares will be entitled to a total dividend that will be higher than ordinary shares by 3% of the implied book value (understood as the ratio between the total amount of the share capital and the total number of issued shares).

In the event of the distribution of reserves, shares have the same rights irrespective of the category to which they belong.

In the event of the winding-up of the Company, savings shares have priority in the reimbursement of capital for their implied book value.

To the present date, the Company does not hold any treasury shares.

The share capital may also be increased by issuing shares with different rights from those of the shares already issued. In the event of an increase in share capital, the owners of shares in each category have the proportional right to receive, in option, newly-issued shares of the same category and, if these are not available or to make up the difference, the shares of another category (or other categories).

The resolutions to issue new shares with the same characteristics of those in circulation do not require the further approval of special Meetings of Shareholders.

If ordinary or savings shares are excluded from trading, the savings shares shall be awarded the same rights as those previously due to them.

There are no other financial instruments (such as bonds, warrants) that award the right to subscribe newly-issued shares.

With regard to increased voting rights, please see paragraph 2.4 for more information.

2.2. Restrictions on the transfer of shares (pursuant to article 123-bis, paragraph 1, letter. b), Consolidated Finance Law)

There are no restrictions on the transfer of shares.

Nevertheless, attention is drawn to the indications of subsequent article 2.8 and several restrictions applicable to Significant Persons for limited periods of time (so-called blackout periods) as identified in the Internal Dealing Code published in the Company website www.saesgetters.com.

2.3. Significant investments in capital (pursuant to article 123-bis, paragraph 1, letter. c), Consolidated Finance Law)

S.G.G. Holding S.p.A. is the relative majority shareholder of the Company currently holding 6,008,023 SAES Getters S.p.A. ordinary shares, representative of 40.95% of the ordinary capital, according to the understanding of the Company on the basis of the communications received pursuant to article 120 of the Consolidated Finance Law and articles 152-*sexies* and 152-*octies* of the Regulations for Issuers.

The parties that hold voting rights exceeding 5% of the subscribed capital, represented by shares with voting rights, according to the results of the shareholders' register updated on 31/01/2018 and supplemented by the communications received by the Company up to the present date and by other information, are:

Declarer	**Direct shareholder**	**% of ordinary capital (14,671,350 ordinary shares)**	**% of voting capital (14,671,350 ordinary shares)**
S.G.G.Holding S.p.A.	S.G.G.Holding S.p.A.	40.95	40.95
Giovanni Cagnoli	Carisma S.p.A.	5.80	5.80

2.4. Shares with special rights (pursuant to article 123-bis, paragraph 1, letter d), Consolidated Finance Law)

Shares that grant special controlling rights have not been issued, nor are there any parties that hold special powers pursuant to the provisions of law and the By-laws in force.

It is to be noted that the Company introduced increased voting rights, which was approved by the Meetings of Shareholders on 3 March 2016.

This system is permitted and provided for in article 127-*quinquies* of the Consolidated Finance Law as amended by Italian Law no.116 of 11 August 2014. With the introduction of this new system, Italian legislature abolished the traditional "one share – one vote" principle and, with the intention of encouraging medium-long term shareholder investments and to reward "loyal" shareholders, permitted the by-laws of issuers to attribute increased voting rights, up to a maximum of two votes, for each share belonging to the same subject for an uninterrupted period of no less than twenty-four months.

New article 11 of the company By-Laws sets forth that the holder of ordinary shares, registered in the special list drawn up by the Company (the “List”), will have two votes for each ordinary share held without interruption for at least twenty-four months (“Period”), starting from the time of their registration in the List. The increase in voting rights takes effect from the fifth trading day of the calendar month following the conclusion of the Period, under the condition that the notification of the intermediary reaches the Company by the third trading day of the calendar day following the conclusion of the Period. If the notification of the intermediary does not reach the Company by the aforesaid deadline, the vote increase will take effect from the fifth trading day of the calendar month subsequent to the month in which the notification has reached the Company.

Furthermore, in the event that a meeting of shareholders is called subsequent to the receipt of the notification of the intermediary but prior to the effectiveness of the increased voting rights (i.e. the fifth trading day of the calendar month following the conclusion of the Period), in order to participate in this meeting, the effectiveness of the increased voting rights will be brought forward to the record date.

Please refer to the By-laws for the rules on how the new system works.

On the date of this Report, there were 6 (six) Shareholders that requested to be registered on the List (drawn up under article 127-*quinquies* of the Consolidated Finance Law), 2 (two) of whom with significant shareholding.

On the date of this Report, the following parties registered on the List, unless a reduction in shareholdings occurs in the meantime, can make use - subject to the special notification of the intermediary as stated above - of the increase in voting rights for the Meeting of Shareholders of 24 April 2018, as follows:

Shareholder	No. of ordinary shares	% of share capital	date of registration of enrolment	Total Voting Rights post-Increase	date of accrual
S.G.G. HOLDING S.P.A.	1,950,000	13.291	23/03/2016	**3,900,000**	09/04/2018
S.G.G. HOLDING S.P.A.	3,771,626	27.786	23/03/2016	**7,543,252**	09/04/2018
S.G.G. HOLDING S.P.A.	286,397	1.952	23/03/2016	**572,794**	09/04/2018
Carisma S.p.A.	656,400	4.474	23/03/2016	**1,312,800**	09/04/2018

2.5. Shareholdings of employees: system for exercising voting rights (pursuant to article 123-bis, paragraph 1, letter e), of Consolidated Finance Law)

The Company does not have share-based incentive plans (stock options, stock grants, etc.).

2.6. Restrictions on Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter. f), Consolidated Finance Law)

There are no restrictions on voting rights.

2.7. Shareholder Agreements (pursuant to article 123-bis, paragraph 1, letter. g), Consolidated Finance Law)

The Company is unaware of any agreements stipulated by Shareholders (also known as "shareholders' agreements") pursuant to article 122 of the Consolidated Finance Law.

2.8. Change of control clauses (pursuant to article 123-bis, paragraph 1, letter h), of Consolidated Finance Law) and provisions laid down by the By-laws on Takeover Bids (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1 of Consolidated Finance Law)

The companies of the Group, in the normal course of business, are party to supply agreements or collaboration agreements with customers, suppliers and industrial or financial partners, which, as customary in international agreements, at times include clauses that assign the counterparty or each party the power to cancel these agreements in the event of any changes in control on the part of the parent company SAES Getters S.p.A., or, more generally, on the part of one of the parties. None of these agreements are significant.

Several companies of the Group are also party to bank financing agreements, as well as credit lines: these agreements with the credit institutions, as customary in these types of agreement, set forth the right of the institutions to request or claim the early reimbursement of the loans and the obligation on the part of the financed company to redeem all the sums it has used in advance, if there is a change in the control of the financed company and/or the parent company (SAES Getters S.p.A.). The debt exposure for which the application of the change of control clause may be applied as at 31.12.2017 stands at approximately 31.3 million euros.
With reference to the provisions in force on takeover bids, it is to be noted that the By-laws do not provide for any derogation of the provisions on the passivity rule set forth in article 104, paragraphs 1 and 2, of the Consolidated Finance Law, nor do they expressly provide for the application of the neutralisation rules set forth in article 104-*bis*, paragraphs 2 and 3, of the Consolidated Finance Law.

It is to be specified that the information on the existence of change of control clauses in relation to managers with strategic responsibilities is found in the Remuneration Report published in accordance with article 123-*ter* of the Consolidated Finance Law.

2.9. Authorisations to increase share capital and authorisations to purchase treasury shares (pursuant to article 123-bis, paragraph 1, letter m), of Consolidated Finance Law)

The extraordinary Meeting of Shareholders of 23 April 2013 granted the Board the power, pursuant to article 2443 of the Italian Civil Code, to increase the share capital, with or without consideration, in one or several occasions within a period of five years from the resolution up to an amount of EUR 15,600,000,

- by means of one or more increases without consideration, without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already held, in observance of the provisions of article 2442 of the Italian Civil Code; the increase may be effected - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December 2012, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase;

and/or

- by means of one or more increases with consideration, with the issue of ordinary and/or savings shares, having the same characteristics as the corresponding shares already in issue, to be offered pre-emptively to the one entitled, with the right for the administrative body to determine the issue price, including any premium; it is stipulated that the conversion shares in such increase(s) cannot be issued with an implied book value less than that of the shares in issue at the time of the Board resolution(s) to issue shares.

The renewal of the power of the Board to increase the share capital expiring in 2018 is one of the items on the agenda of the upcoming Meeting of Shareholders, in extraordinary session, planned for 24 April 2018.

Please refer to the special report prepared by the Board on this item for the Meeting, which shall be filed at the registered office and made available on the Company website at the address www.saesgetters.com (Investor Relations/investors-area/ Meeting-of-Shareholders section) within the time limits provided for by the laws in force.

The Meeting of Shareholders of 27 April 2017 authorised the purchase of treasury shares of the Company up to a maximum of 2,000,000 ordinary and/or savings shares for a period of 18 months from the authorisation date, taking the shares already held in the portfolio by the Company itself into account, and any case within the limits permitted by law, for a consideration, inclusive of all additional purchase charges, but no more than 5% and no less than 5% of the official stock-exchange price registered by the share at the close of the trading session prior to each individual transaction.

During the Financial Year at the Board did not set up any treasury share purchase programme, and therefore did not make use of the authorisation granted by the Meeting of Shareholders of 27 April 2017 (nor did it use, in the months prior to the Meeting of Shareholders, the authorisation previously granted by the Meeting of Shareholders of 28 April 2016).

As stated in section 2.1 of this Report, to the present date, the Company does not hold any treasury shares.

The withdrawal of the resolution for the purchase of treasury shares and the use of the latter, adopted by the Meeting of Shareholders of 27 April 2017, and the proposal to adopt a similar resolution is entered in the agenda of the subsequent Meeting of Shareholders, in ordinary session, planned for 24 April 2018.

Reference is to be made to the special explanatory report for the Meeting of Shareholders prepared by the Board of Directors on this subject, pursuant to article 73 of the Regulations for Issuers, which shall be filed, within the time limits provided for by the laws in force (i.e. at least 21 days prior to the date of the Meeting of Shareholders) at the registered office of the Company, as well as made available on the Company website www.saesgetters.com (Investor Relations/Meeting of Shareholders).

2.10. Management and Coordination (pursuant to article 2497 et seq. of the Italian Civil Code)

The Company is not subject to management or coordination, pursuant to article 2497 et seq. of the Italian Civil Code.

For the purposes of article 16, paragraph 4, of the Market Regulations, it is to be specified that, following the renewed assessment of the Board, confirmed with the approval of this Report on this date, considering the presumption set forth in article 2497 of the Italian Civil Code to be overcome, S.G.G. Holding S.p.A., which is a relative majority shareholder, does not manage or coordinate SAES Getters S.p.A. by virtue of the majority interest held by it (article 2359, number 2, Italian Civil Code). This is in consideration of the fact that S.G.G. Holding S.p.A., from a managerial, operational and industrial point of view does not play any role in the definition of the long-term strategic plans, the annual budget and the choice of investments, nor does it approve specific significant transactions of the Company and its subsidiaries (acquisitions, transfers, investments, etc.), nor does it coordinate business initiatives and business actions in the sectors in which the Company and its subsidiaries operate. S.G.G. Holding S.p.A. does not give instructions or provide technical, administrative and financial services or coordination in favour of the Company or its subsidiaries.

The Company is fully independent from an organisational and decision-making point of view, and has independent negotiating capacity in dealings with customers and suppliers.

Consequently, the Company considers itself to operate and to have always operated with full corporate and business autonomy from its relative majority shareholder.
Relations with the latter are, in fact, limited exclusively:
- to the normal exercising on the part of S.G.G. Holding S.p.A. of its administrative and property rights due to its status as holder of voting rights (voting in the meeting of shareholders, collection of dividends, etc.);
- to the receipt, on the part of the Board of S.G.G. Holding S.p.A. of the information provided by the Company in compliance with the provisions of article 2381, paragraph 5, Italian Civil Code.

***

It is to be specified that the information required by article 123-*bis*, paragraph 1, letter i) of the Consolidated Finance Law ("*the agreements between the Company and the Directors (…) that provide for compensation in the event of resignation or dismissal without just cause or if employment is terminated following a takeover bid*") is contained in the Remuneration Report published pursuant to article 123-*ter* of the Consolidated Finance Law.

Furthermore, the information required by article 123-bis, first paragraph, letter l) of the Consolidated Finance Law ("*the laws applicable to the appointment and replacement of the directors (…) as well as the amendment of the company by-laws, if different from the laws and regulations additionally applicable*") is included in the following section of the Report dedicated to the Board of Directors (section 4).

3. COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter. a), Consolidated Finance Law)

The Corporate Governance system of SAES Getters S.p.A. is essentially based on the transposing of the principles and recommendations contained in the Corporate Governance Code (latest edition, 2015), which can be found on the website of Borsa Italiana S.p.A. www.borsaitaliana.it, in the belief that the principles and provisions expressed therein contribute significantly to the achievement of the proper and entrepreneurial management of the Company as well as to the creation of value for Shareholders, increasing the level of trust and interest of investors, foreign or otherwise.

The Company did not adopt nor comply with corporate governance codes other than the one promoted by Borsa Italiana.

This Report provides information on the corporate governance of SAES Getters S.p.A. and on the level of compliance of the Company with the Corporate Governance Code.

When drafting the Report, the Company mainly used the format circulated by Borsa Italiana S.p.A. in January 2018 (VII edition), applying the "comply or explain" principle (indicating, if and how it disregarded/decided against one or more recommendations, describing the reasons for the deviation and how the decision to decide against the recommendation was adopted by the Company, if there is a precise time frame for the deviation and how the choice "derogating" from the Code contributes to the solid corporate governance of the Company), indicating the corporate governance practices actually applied by the Company beyond the obligations laid down in laws and regulations, pursuant to article 123-*bis* of Consolidated Finance Law and article 89-*bis* of the Regulations for Issuers.

Neither the Company nor its major subsidiaries are subject to non-Italian legal provisions that influence the structure of the Corporate Governance of SAES Getters S.p.A.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors (pursuant to article 123-bis, paragraph 1, letter l), of Consolidated Finance Law)

The Board is appointed by the Meeting of Shareholders, on the basis of lists submitted by the Shareholders, according to the procedure set forth in article 14 of the Company By-laws, and in any case without prejudice to the application of different and further provisions under mandatory laws or regulations or depending on the compliance with or subjecting of the Company to codes of conduct drafted by the management companies of regulated markets or trade associations.

On the occasion of the Meeting of Shareholders called to renew the Board of Directors of the Company on 28 April 2015, the Company applied the provisions of the Code regarding the composition of the Board of Directors and its Committees and, in particular, the provisions of principles 5.P.1., 6.P.3. and 7.P.4., as well as application criteria 2.C.3. and 2.C.5.

The Board believes that the Directors should be appointed by following a transparent procedure, as described below.

Only those Shareholders that, taking into consideration the shares registered in favour of the shareholder on the day of deposit of the list at the Company offices, individually or together with other Shareholders, own voting shares representing at least the percentage in the voting capital equal to the one indicated in article 144-*quater* of the Regulations for Issuers, are entitled to submit lists for the appointment of the Directors. On the date of this Report the requested amount is 4.5% of the share capital with voting rights (as established by CONSOB with resolution no.20273 of 24.01.2018).

The lists, signed by the submitting shareholders, complete with the information and documents requested by law, are filed by the Shareholders at the Company headquarters by the twenty-fifth day prior to the date of the Meeting of Shareholders convened to appoint the members of the Board of Directors. The Company makes these lists available to the public at its headquarters, as well as at the management company of the markets and on its website, within the terms and using the methods provided for by the applicable laws in force.

Each list contains a number of candidates that is no higher than fifteen, each with a progressive number. Each list must contain and expressly identify at least one Independent Director[1], with a progressive number no higher than seven. If the list has more than seven candidates, it must contain and expressly identify a second Independent Director.

A Shareholder may not submit nor vote for more than one list, even through intermediaries or trust companies. The candidate may appear on one list only, under penalty of ineligibility.

---

[1]Meaning a Director that satisfies the requirements of independence set forth in article 147-*ter*, paragraph 4 of the Consolidated Finance Law, as well as the further requirements of independence provided for in the Corporate Governance Code.

At the end of the voting, the candidates on the two lists that have received the highest number of votes are elected, according to following criteria: (i) from the list that received the highest number of votes, (hereinafter also "Majority List"), all the members of the Board are selected, in the number previously established by the Meeting of Shareholders, minus one; within these number limits, the candidates are elected in the order they appear on the list; (ii) from the list with the second-highest number of votes and that is not connected, even indirectly, with the Shareholders that have submitted or voted for the Majority List pursuant to applicable regulations (hereinafter also "Minority List"), one Director is selected, and more precisely the candidate indicated with the first number on the list; however, if not even one Independent Director is elected from the Majority List in the event that the Board is made up of no more than seven members, or if only one Independent Administrator is elected in the event that the Board is made up of more than seven members, the first Independent Administrator stated in the Minority List will be elected, rather than the first name on the Minority List.

However, lists are not taken into consideration unless they obtain a percentage of votes equal at least to half the percentage required for submitting them.

If one or more lists receive the same number of votes, the one presented by Shareholders owning the highest shareholding when the list is submitted shall prevail or, subordinately, the one submitted by the highest number of Shareholders.

If only one list is submitted, the Meeting of Shareholders votes on this list and if it obtains the majority of the voters, without taking abstentions into account, the candidates listed in progressive order will be elected Directors up to the number established by the Meeting of Shareholders, without prejudice to the fact that if the Board is made up by more than seven members, a second Independent Director is elected, in addition to the Independent Director that must be listed among the first seven candidates.

If no list is submitted, or if the number of Directors elected on the basis of the lists is lower than the number established by the Meeting of Shareholders, the members of the Board of Directors are appointed by the Meeting of Shareholders with the majority requested by law, without prejudice to the obligation of the Meeting of Shareholders to appoint the minimum number of Independent Administrators required.

In accordance with article 147-*ter*, paragraph 1-*ter* and 148, paragraph 1-*bis* of the Consolidated Finance Law, as amended by Italian Law no.120 of 12 July 2011 on the equality of access to the administration and control bodies of listed companies in regulated markets, the Board amended articles 14 and 22 of the Company By-laws to guarantee a gender balance in the membership of the administration and control bodies of the Company: under the laws in force on gender balance, the Board of Directors must be divided up in such a way that the less represented gender represents at least one third of the members of the Board of Directors and Board of Statutory Auditors, with rounding up to the higher number in the case of a fractional number.

The company is not subject to special regulations of the sector regarding the composition of the Board of Directors.

The Meeting of Shareholders of 28 April 2015 resolved to fix 11 (eleven) members of the Board of Directors and appointed the following persons as directors: Mr. Giulio

Canale, Mr. Adriano De Maio, Ms. Alessandra della Porta, Mr. Luigi Lorenzo della Porta, Mr. Massimo della Porta, Mr. Andrea Dogliotti, Ms. Gaudiana Giusti, Mr. Pietro Alberico Mazzola, Mr. Roberto Orecchia, Mr. Stefano Proverbio and Ms. Luciana Rovelli.

The Board in office was elected using the voting list system (introduced in the Extraordinary Meeting of Shareholders of 29 June 2007 in order to incorporate the amendments and additions to the election methods introduced in the meantime by the laws in force), and more specifically on the basis of a single list, filed and published by the Majority Shareholder S.G.G. Holding S.p.A., in compliance with the methods and time limits provided for by regulatory and statutory provisions. The list and accompanying documentation was also duly published on the Company website.

Due to the expiry of the three-year period, with the approval of the financial statements for the period closing as at 31 December 2017, the mandate of the Board of Directors, appointed on 28 April 2015, is also expiring. The upcoming Meeting of Shareholders shall therefore be called upon to pass resolution on the appointment of the Board of Directors, subject to the determination of the number of its members. Please refer to the special report prepared by the Board on this item for the Meeting, which shall be filed at the registered office, on the 1Info storage system at the address www.1info.it and made available on the Company website at the address www.saesgetters.com, (Investor Relations/investors-area/ Meeting-of-Shareholders section) within the time limits provided for by the laws in force. The opinion of the Board regarding the qualitative and quantitative composition of the future Board of Directors is annexed to the Report.

4.1.1. Succession plans

Succession plans are temporary business continuity plans for managing situations in which the CEO/Managing Director was to suddenly leave the Company, while awaiting and pending the implementation of standard regulatory mechanisms to replace the directors (already described above).

In its meeting of 19 February 2013, the Board of Directors, having consulted the Remuneration and Appointment Committee that met to discuss this subject on 15 February 2013, assessed how the current structure of the body of shareholders was characterised by the presence of a stable majority shareholder, as well as the existence of powers of representation of ordinary and extraordinary administration equally granted to both the Executive Directors (thus one is the successor/back-up of the other), and hence considered it unnecessary to set up ad hoc succession plans or to make special arrangements in the event of their replacement prior to the normal expiry of their term of office.

The Remuneration and Appointment Committee essentially drew this conclusion in its meeting of 25 February 2016, which was incorporated and confirmed by the Board of Directors during the approval of the 2015 Corporate Governance Report.

The Committee moreover considered it necessary to define the ideal and necessary characteristics of the profile to be submitted to the Meeting of Shareholders in the event of the need to replace one of the Executive Directors and recommended the regular and continuous identification and monitoring of internal or external resources, with a view to identifying the profile of an ideal manager in advance together with the CEO and Managing Director who would be in a position to suddenly take over a top management position, also recommending the continuation of the promotion of the internal growth of talent that could be drawn on, if necessary.

In 2016, with the support of an external consultant (Adelaide Consulting), the Committee performed an analysis of the skills currently required of Executive Directors, identifying and drawing up a theoretically suitable profile that could, if the need ever arose, facilitate the identification and the search for an Executive Director for SAES Getters S.p.A., in the event of the need to suddenly replace both the current Executive Directors in a short period of time and to co-opt an external party, as well as to support the Meeting of Shareholders at the time of appointment or approval.
The analysis took the diversification of the business and the different markets in which the Company operates into account, as well as the type of technologies on which the Company has based its business and finally, the international vocation of the Company.

The external consultant that supported the analysis did not provide any other services to the Company during the Financial Year.

The Board did not consider it necessary to raise the subject again during the Financial Year, believing it to have been dealt with sufficiently and adequately, considering the structure of the Company and since there had been no major changes in the meantime that justified a revision of the analysis performed.
The Remuneration and Appointment Committee used the profile drawn up from the analysis carried out in 2016, as well as the results of the Board Review referred to in section 4.3 to support the Board in forming its opinion on the quantitative and qualitative composition of the future Board of Directors, drafted upon the expiry of its mandate and its renewal, in order to express opinions to shareholders on the professional and managerial figures whose presence on the Board is considered appropriate.

4.2. Composition (pursuant to article 123-bis, paragraph 2, letters d and d-bis, of Consolidated Finance Law)

The current Board of Directors of the Company, whose mandate is expiring, was appointed by the ordinary Meeting of Shareholders on 28 April 2015 using the slate system pursuant to article 14 of the Company By-laws. It is to be specified that only one list was submitted by the relative majority shareholder S.G.G. Holding S.p.A., which obtained 95.50% of the voting capital. The Board of Directors elected through this system shall remain in office until the upcoming Meeting of Shareholders for the approval of the financial statements as at 31 December 2017. This Meeting will be held on 24 April 2018. All the Directors in office during the Financial Year were appointed by the 2015 Meeting of Shareholders and therefore all of their offices expire with the upcoming Meeting. There were no resignations or terminations of office during the expiring mandate.

The current By-laws set forth that the Meeting of Shareholders may select a minimum of three (3) and a maximum of fifteen (15) Directors. The higher, maximum number of Directors reflects the need to structure the Board in a way that is more suited to the needs of the Company, also in relation to the number of its subsidiaries and the various business areas and markets in which the Group operates. Furthermore, it allows the Company to procure a range of professionals from different areas and to integrate different skills and experience in order to respond better to current and future demands, maximising value for Shareholders.

On 31/12/2017 the Board of Directors was composed of eleven members, as indicated in Table 1 annexed to this Report. Please refer to this table for the information on the qualification of each director (executive, non-executive, independent) and their seniority compared to the first appointment of each one of them.

The personal and professional information of each Director is provided below:

GIULIO CANALE - born in Genoa on 16 March 1961

Mr. Giulio Canale has been a member of the Board of Directors of SAES Getter S.p.A. since 29 April 1994.

He was awarded a degree in Economics and Business from the Università degli Studi of Genoa.

He embarked upon his career at the Milan branch of a leading advertising company, IGAP S.p.A. (1984-1989).

He joined the SAES Getters Group in 1990. For his first six years of service he lived in Asia, holding various general management roles in the subsidiaries in South Korea and Japan.
When he returned to Italy, he was appointed Managing Director in 1997 and Group CFO in 2006.

He currently holds the position of Managing Director, Group Chief Financial Officer and Deputy Chief Executive Officer.

Finally, he is a member of the Board of Directors of various companies of the SAES Getters Group and a member of the Board of Directors of S.G.G. Holding S.p.A..

ALESSANDRA DELLA PORTA – born in Milan on 27 July 1963

Ms. Alessandra della Porta has been a member of the Board of Directors of SAES Getters S.p.A. since 9 May 2013.
After graduating with a Law degree in March 1989 from the Università degli Studi of Milan, she became a member of the professional Association "Janni Fauda & Associates".

Registered in the Register of Lawyers since 9 July 1992 and in the Register of Supreme Court Lawyers since 21 November 2007, she was a member of the professional Association "NCTM" from July 2009 to June 2010.
Currently Ms. Della Porta is a partner in the professional association "Studio DPC", specialising in civil law in general, with a particular focus on family law. She recovers debt for a bank, is involved in civil and judicial activities and provides out-of-court assistance and advice on corporate matters.

She is a member of the Board of Directors of S.G.G. Holding S.p.A..

LUIGI LORENZO DELLA PORTA – born in Milan on 5 March 1954

Mr. Luigi Lorenzo dell Porta has been a member of the Board of Directors of SAES Getters S.p.A. since 24 April 2012.

He embarked upon his career in Rome in 1975 by founding the first private radio station of the capital with other partners, which he managed until 1979 when he opened the RAM production centre that produces and distributes news and current affairs programmes to private radio stations in Italy.

From 1979 he managed the Soram company, the owner of large recording studios studies, which he sold in 1983, the year in which he founded the Delven company, which he is still manages today and which markets historical military finds from 1500 to 1945.

In 1997 he took over a business together with a partner in the centre of Rome offering various collectible items - an activity that has made the shop famous all over the world.

He is a member of the Board of Directors of S.G.G. Holding S.p.A..

MASSIMO DELLA PORTA - born in Pontremoli (MS) on 8 September 1960

Mr. Massimo della Porta has been a member of the Board of Directors since 29 April 1994.

He graduated with a degree in Mechanical Engineering from the Polytechnic of Rome in 1989. He wrote his dissertation in two years on "The Production and Control of amorphous powder with a Fe Nd B base" prepared at the ENEA (Rome).

In April 1989, he began working at one of the companies of the SAES Getters Group, the SAES Metallurgia of Avezzano (AQ), as a researcher and with the specific task of creating an applied research laboratory at the SAES Metallurgia di Avezzano subsidiary.

In 1991, after having worked for approximately one year in a project to improve production processes, he was in charge of the management of production of SAES Metallurgia S.p.A.

In 1992 he took on the role of Technical Manager of the subsidiaries of Avezzano and started to coordinate projects on a Group level: the design and construction of the SAES Advanced Technologies factory; the expansion of the Korean factory in Chinchon and the expansion of the SAES Pure Gas factory in California; Manager of the transfer of several production lines from Lainate to Avezzano, and; Project Leader of various Innovation projects.

In 1996 he moved to Milan in order to take on the role of Group Innovation Manager at the parent company SAES Getters S.p.A., while simultaneously maintaining his previous responsibilities at the production sites in Avezzano.

In 1997 he took up the position of Vice Chairman and Managing Director of SAES Getters S.p.A. In the same year he was appointed Chief Technology and Innovation

Officer of the Group and was in charge of IT Systems at Group level.

He has been Chairman, Group Chief Executive Officer and Group Chief Technology & Innovation Officer since 2009.

He is member of the Board of Directors of various companies within the SAES Getters Group.

He has been an independent director of Alto Partners SGR S.p.A. since December 2004 and a manager of MGM S.r.l., a real estate company.

He is a member of the Board of Directors of S.G.G. Holding S.p.A..

Furthermore, Mr. Della Porta e is the Inventor and/or co-inventor of alloys and products for which patents have been obtained.

ADRIANO DE MAIO – born in Biella, on 29 March 1941

Mr. Adriano De Maio has been a member of the Board of Directors of SAES Getters S.p.A. since 4 May 2001.
He graduated with a degree in Electrical Engineering from the Milan Polytechnic in 1964.

He was a Full Professor of Corporate Management, Innovation Management and Management of Complex Projects at the Polytechnic of Milan from 1969 until 2012, and was Rector from 1994 to 2002. He was a Full Professor of Economics and corporate innovation management at the Università Luiss Guido Carli, of which he was Rector from 2002 until 2005 and Chairman of the IReR (Research Institute of Lombardy) from 1996 to 2010. In 2003-2004 he was the Extraordinary Commissioner of the National Research Centre.

He is the former Chairman of various institutions: the European Centre of Nanomedicine Foundation (CEN); the Green and High-Tech District of Monza and Brianza; the Investment Committee of the Venture Capital Next Fund; the Pupils Association of the Ghislieri College of Pavia; and the Consortium for Scientific and Technological Research of Trieste (“AREA”).

Mr. De Maio is a former director of Telecom Italia Media S.p.A., e-solutions S.p.A., EEMS S.p.A. and member of the Scientific Committees of the Italian Space Agency, the Fondazione Politecnico and the Fondazione Snaidero.

He is the author of numerous publications on corporate management and the governance of research and innovation.

He has been the Rector of the Università Link Campus of Rome from 2014 to 2017.

ANDREA DOGLIOTTI - born in Genoa on 23 January 1950

Mr. Andrea Dogliotti has been a member of the Board of Directors of SAES Getters S.p.A. since 27 April 2006.

He was also a member of the Audit Committee from 2009 to 2015.

He studied classics at high school and was awarded an honours degree cum laude in Mechanical Engineering/Methods for Conducting Business in Genoa, February 1974, with top marks.

From 1974 to 1995 he worked at Italimpianti (later Iritecna) and became manager in1981, where he was involved in the setting up and assessment of projects and investment plans in Italy and abroad. He managed major industrial logistics projects in Italy. He also dealt with industry strategies and the organisational approach of the company and the IRI Group.
He is the member of the Board of Directors of various operating companies.

From 1995 to 2005 he was the "Logistics Development Manager" of Luigi Serra – formerly SM Logistics – a leading Italian international shipping and logistics company. He managed and developed logistics planning, project management, IT systems and quality systems.

From 2005 to 2010 he was the Chairman of Fos Progetti S.r.l., a consultancy company based in Genoa. He followed organisation, IT, innovative technologies and internationalisation projects.

He has been working as a freelance consultant in "Technology, Processes and Strategies" since 2010. In the field of "Technology" he is involved in the design, patenting and development of innovative products with shape memory alloys and for individual mobility.

GAUDIANA GIUSTI – born in Livorno on 14 July 1962
Ms. Gaudiana Giusti has been a member of the Board of Directors of SAES Getters S.p.A. since 28 April 2015.
She is an independent director and Chairwoman of the Remuneration and Appointment Committee.

She graduated with a law degree from the University of Pisa in 1987 and a Licence speciale en droit européen from the Université Libre de Bruxelles, Brussels, Belgium in 1989.

She has been practicing law in Italy since 1988.
Ms. Giusti specialises in corporate law, capital markets, and investment and banking services.

She has also accumulated considerable experience in corporate governance, compliance, rules of business conduct, control and remuneration systems and the extraordinary financial transactions of listed and/or regulated companies.

In 2016 she held the position of General Counsel of Veneto Banca.

Between 2012 and 2016 she held the position of counsel in the Gianni, Origoni, Grippo, Capelli & Partners Firm, a firm that she worked for previously for 12 years until 2007.

Between 2007 and 2012 she worked at Credit Suisse (Italy) as Head of General Counsel Country Coverage.

In this position, she acted as senior representative of the General Counsel division for Italy, responsible for the coordination of Legal and Compliance issues. She was a member of the Italian Management Committee, in charge of the strategic management of Italian business for the three divisions (Investment Banking, Private Banking and Asset Management). She also sat on the Diversity and Philanthropy Council for Italy.

She is an independent director of A2A S.p.A. and a member of the Supervisory Body, pursuant to Decree 231, of several bodies of the Credit Suisse group and SAES Getters S.p.A.
She was also an independent director and chairwoman of the Risk Committee of Banca Farmafactoring and an independent director of Trevi Finanziaria S.p.A.

Ms. Giusti has participated in many conferences and has worked and still works as a lecturer for degree and specialisation courses at the Università Commerciale “Luigi Bocconi” and the Università LUISS “Guido Carli”, as well as in seminars.

PIETRO MAZZOLA – born in Milan on 13 June 1960

Mr. Pietro Mazzola has been a member of the Board of Directors of SAES Getters S.p.A. since 13 February 2008.

He is Full Professor of “Business strategy and policy” at the Università IULM of Milan and Adjunct Professional Professor of “Financial Statements” at the Università L. Bocconi of Milan.

He is registered in the Register of Chartered Accountants, the Register of Auditors and member of the European Accounting Association
and is also a senior lecturer of Strategy in the Management School of the Università L. Bocconi of Milan.

He has held various visiting positions and led seminars at: Jonköping University 2014; Sauders Business School, University of British Columbia, Vancouver, 2010; Helsinki School of Economics, 2009, and; Cox Family Enterprise Center, Kennesaw State University, Atlanta, Georgia, 2006.

Mr. Mazzola is the co-author of the listing guide for the industrial plan prepared by Borsa Italiana S.p.A.

He has been an expert consultant in several civil and criminal proceedings pending before the public judicial authorities or arbitration boards, in determining the damage or value of companies and company branches,

and also a management consultant for several medium-sized Italian companies.

He is a co-founder of the company Partners – Consulenti e Professionisti Associati S.p.A.
He is the author and co-author of various national and international publications.

ROBERTO ORECCHIA – born in Turin on 19 September 1952

Mr. Roberto Orecchia has been a member of the Board of Directors of SAES Getters S.p.A. since 21 April 2009.

He graduated with a degree in Medicine and Surgery from the University of Turin in 1980.

He specialised in three areas: Radiotherapy, Medical Oncology and Medical Imaging.

From 1980 to 1994 he conducted his medical and scientific activities as a Doctor and as University Researcher at the Radiotherapy Division of the Radiology Institute of the University of Turin. In 1994 he became Full Professor of Radiotherapy at the Università degli Studi in Milan and Director of the Radiotherapy Division of the European Oncology Institute (IEO) of Milan. In recent years has held various scientific positions (Chairman of the Italian Therapeutic Radiation Association (AIRO), Director of the School of Specialisation in Radiotherapy and Chairman of the Degree Course in Radiological Techniques etc.).

He currently holds the position of Scientific Director of the European Oncology Institute (IEO) of Milan, Director of the Medical Imaging and Radiation Sciences department of the IEO, Scientific Director of the National Centre of Oncological Hadrontherapy of Pavia (CNAO) and Director of the Radiotherapy Department of the European Oncology Institute (IEO) of Milan.

He has performed and continues to perform intensive clinical work, from both an educational and scientific perspective, with more than 400 publications in national and international journals (more than 380 in Pub Med), chapters and books, and other educational material on different topics: integration between radiotherapy and drugs, hyperthermia, brachytherapy, high-precision radiotherapy techniques (3D-conformational radiotherapy, stereotaxis, interoperative techniques, IMRT and hadrontherapy). The field which interests Mr. Orecchia most is breast, prostate and head and neck cancer.

He has coordinated and participated in many research collaborations with other universities, financed by various institutes such as the CNR (the national research council), MURST (the ministry of universities and research), the Ministry of Health, the Italian Cancer Association, the American-Italian Cancer Foundation (AICF) and the European Commission.

Mr. Orecchia is currently the coordinator or a European project involving 20 European member states (ULICE project) and is collaborating in two further European projects (PARTNER and ALLEGRO).

STEFANO PROVERBIO - born on 2 October 1956 in Standerton (ZA)

Mr. Stefano Proverbio has been a member of the Board of Directors of SAES Getters S.p.A. since 29 April 2015.

He graduated with a degree in Nuclear Engineering from the Polytechnic of Milan.

He joined McKinsey in 1987, where he remained until 2013 (Principal from 1992 and Director from 1998). During his career with McKinsey, Mr. Proverbio concentrated his efforts on the industry, focusing on the energy, engineering, steel, telecommunications and high-tech sectors. In this context he has worked for Italian and international clients in the field of strategy and operations.
He has also led the McKinsey Supply Chain Practice from 1995 to 2000 and the StrategyPractice from 2000 to 2012. From 2008 to 2012 he was also a member of the European Group advising the Managing Director of McKinsey and from 2000 to 2013 he was a member of the Partner evaluation and election committee.
Mr. Proverbio currently is Director Emeritus in McKinsey and provides advisory services for the top management of medium-sized firms in Italy and abroad, as well as for investment funds.

Prior to joining McKinsey, he worked at Accenture (at that time Arthur Andersen Consulting) for five years, leading projects linked to operations. was a member of t with the Zanussi Group (Zeltron and Ducati) for two years and prior to this a researcher at the Polytechnic of Milan, where he worked on a project in collaboration with EURATOM.

2014 1d Ducati) for two year McKinsey Director Emeritus
2013 – to the present date: Board Member of Borusan, a Turkish conglomerate operating in steel, energy, automotive and logistics
2014 – to the present date: Chicco Artsana - Senior Advisor
2016 - to the present date: INNOVA S.p.A.- Board Member
2016 - to the present date: IG Partners - Advisor
2017 – to the present date: Angelini – Board Member
2018- to the present date: F2i – Investment Committee

LUCIANA SARA ROVELLI - born in Legnano on 22 January 1973

Ms. Luciana Sara Rovelli has been a member of the Board of Directors of SAES Getters S.p.A. since 28 April 2015.

After graduating with a degree in Business Economics from the Università Luigi Bocconi in 1997, Ms. Rovelli gained 13 years' experience as the coordinator of various projects for leading Italian companies and international groups (Protiviti, Deloitte and Arthur Andersen), achieving the role of senior manager.

During her professional career she gained expertise in Risk Management, Corporate Governance, Internal Auditing, the evaluation of internal control systems, and the design and implementation of organisation, management and control models pursuant to Italian Legislative Decree 231/2001.
In recent years, first as an executive manager for the "231 Division" in Protiviti and then as an Independent Consultant, she completed numerous projects for major Italian and international clients aimed at the development of organisation models, codes of conduct, training plans and auditing in collaboration with control bodies, as a project coordinator.

She is the co-founder and Managing Partner of RC Advisory S.r.l., a consultancy firm founded in 2010 by a team of experts with experience in Strategy and Risk Analysis Consultancy.

Ms. Rovelli is a member of the Supervisory Body of various unlisted companies.

She is also a member of the Italian Association of Supervisory Bodies and the Italian Association of Internal Auditors.

4.2.1 Diversity in the administrative body (and in the control body)

Under letter d)-*bis* of article 123-*bis*, paragraph 2, of the Consolidated Finance Law, this Report must contain "a description of the diversity policies in relation to the composition of the administration, management and control bodies with regard to aspects such as age, gender composition and education and professional background, as well as a description of the objectives, implementation methods and results of these policies", with the specification that "in the case where no policy is applied, the company must justify the reasons for this choice in a clear and detailed manner".

The aforesaid provision was introduced by article 10 of Italian Legislative Decree 254/2016, which implemented Directive 2014/95/EU of 22 October 2014, amending directive 2013/34/EU with regard to the notification of non-financial information and information on diversity on the part of several large undertakings and groups (applicable to reports on the financial years starting from 1 January 2017).

In this regard, it is to be noted that the above provision stimulated an in-depth discussion in the Remuneration and Appointment Committee and - subsequently - the Board of Directors of the Company, leading to the launch of a process to collect and analyse detailed information on diversity within the Group, not only in relation to the administration, management and control bodies, but in its entire organisational structure as a whole, in the conviction that the subject deserved to be dealt with using a comprehensive approach.

This process has currently not yet been concluded and, for this reason, the Board did not consider it appropriate, for the moment, to define and approve a specific diversity policy, which must, *inter alia*, be carefully calibrated in order to ensure an adequate heterogeneity of staff, without imposing excessively stringent rules that produce undesirable procedural complexities.

Having said this, it is to be pointed out that within the SAES Getters Group significant measures have been in place for some time to guarantee diversity, which has always been of utmost importance for a company that has a passion for innovation and technological development.

First of all, compliance with the laws in force on gender equality among the members of the corporate bodies was promptly guaranteed. Under article 14 of the Company By-laws, in fact, the composition of the Board of Directors must ensure a gender balance and the provisions of the by-laws therefore lay down adequate criteria for the formation of the lists of candidates, as well as corrective measures to be applied in the event that the outcome of the vote does not achieve the required balance. Currently the less represented gender is female, with 3 out of 11 members of the Board being women: this is in line with the minimum number established by the laws in force regulating these matters[2]. Furthermore, similar provisions regulate the composition of the Board of Statutory Auditors (article 22 of the Company By-laws) and one statutory auditor and one Alternate auditor are members of the less-represented gender.

In second place, the Company - as stated in the beginning of this Report - complies with the Corporate Governance Code, which requires, in particular and inter *alia*, the board of directors to be composed of executive and non-executive members that have adequate skills and experience and that bring their specific experience to board discussions. Therefore, the members of the Board of Directors of SAES Getters have different educations (10 out of 11 directors have a degree) and professional backgrounds (such as lawyers, engineers, doctors, consultants, entrepreneurs and university professors) and this circumstance has provided the Board with a multiple range of approaches and viewpoints in relation to the examination of problems and the decision-making process. Also for this reason, in the self-assessment filled in by the directors (Board Review) the idea that the current composition of the Board being adequate in terms of the mix of different prerogatives and knowledge was widely shared, as stated also in the opinion of the Board on the qualitative and quantitative composition of the future Board of Directors annexed to the Report on the appointment of the Board of Directors and the Board of Statutory Auditors, in which possible areas of improvement in a structure considered to be widely satisfying have in any case been provided.

From the perspective of age, furthermore, the Board of Directors is composed of members from different generations, aged between 44 and 77 years old. The Board of Statutory Auditors, on the other hand, has two members (one statutory auditor and one Alternate auditor) that were born in the 1950s and three members (the Chairman, one statutory auditor and one Alternate auditor) that were born in the 1970s, with 20 years of difference between the youngest and oldest members.

---

[2] Italian Law no. 120/2011 laid down that in the first mandate following one year of entry into force of Law 120/2011 at least one fifth of the members of the Board shall belong to the less represented gender, with the rounding up, in the case of a fractional number, to the higher number; for the second mandate, however, at least one third of the members of the Board must belong to the less-represented gender, with the rounding up, in the case of a fractional number, to the higher number.

Finally, the Code of Ethics and Business Conduct of the Company (see section 2.4) strongly condemns any form of discrimination based on age, gender, sexual orientation, health status, race, nationality, political and trade union views and religious beliefs by all those that, in any capacity, work in the name of or on behalf of the Group and in its environment.

4.2.2. Maximum number of positions held in other companies

In compliance with principle 1.P.2. of the Code, the Directors of the Company act and pass resolution in full cognition of the facts and independently, pursuing the objective of creating value for the Shareholders. In compliance with application standard 1.C.2. of the Code, the Directors accept the office when they believe they can dedicate the time necessary to diligently perform their duties, also taking into consideration the number of positions as director or auditor held in other companies listed in regulated markets, even abroad, in financial, banking, insurance companies or large companies.

Every year the Board reveals and reports the positions of director or auditor held by the Directors in listed companies and in the other companies listed above in this Corporate Governance Report. The offices of director or auditor held by each Director in other companies listed in regulated markets, even abroad, in financial, banking, insurance companies or large companies as at 31 December 2017, as disclosed in the board meeting of 15 February 2018, are stated in Annex 1 of this Report.

The Board considers the fact that almost half of its members are directors in other companies to be a great asset for the Board itself. The Board believes that the accumulation of an excessive number of positions in boards of directors or boards of auditors in companies, whether listed or not, may compromise or risk the efficient performance of the position of Director in the Company.

In compliance with application standard 1.C.3 of the Code, the Board defined several general principles regarding the maximum number of administration and control positions in other companies that may be considered compatible with the efficient performance of the role of Director of the Company, taking into account the participation of the directors in the committees set-up within the Board itself.

In particular, since 2006 the Board has considered it appropriate to assign a score to each position, different from the one assigned to the office of member of the Board of the Company. The score differs based on the commitment related to the type of office (executive/non-executive director), as well as in relation to the type and size of the companies in which the position is held. The Board also decided to set a maximum score, beyond which it is reasonable to assume that the office of Director of the Company cannot be carried out efficiently. Exceeding the maximum threshold constitutes a just cause to remove the Director from his/her office.

The Board believes that 100 points constitutes the maximum threshold beyond which the office of Director of the Company cannot be performed with the due efficiency.

The offices and equivalent scores are summarised in the following table:

OFFICE	SCORE
Executive Director in listed issuer, banking, financial or insurance company, whether listed or not.	50
Chairman (without operational proxies) in listed issuer, banking, financial or insurance companies, whether listed or not.	15
Participation in each committee of the listed issuer (Appointment Committee, Control and Risk Committee, Remuneration Committee)	5
Non-executive director in listed issuer, banking, financial or insurance companies, whether listed or not.	12
Executive Director in a company subject to the controls set forth in the Consolidated Finance Law other than the subsidiaries of the Company	25
Non-executive director in a company subject to the controls set forth in the Consolidated Finance Law other than the subsidiaries of the Company	10
Executive Director in subsidiaries of the Company	5
Non-executive director in subsidiaries of the Company	3
Executive Director in unlisted companies, which are not subject to the controls set forth in the Consolidated Finance Law and not controlled by the Company with net shareholder's equity exceeding €100 million	20
Non-executive Director in unlisted companies, which are not subject to the controls set forth in the Consolidated Finance Law and not controlled by the Company with net shareholder's equity exceeding €100 million	7
Executive Director in unlisted companies, which are not subject to the controls set forth in the Consolidated Finance Law and not controlled by the Company with net shareholder's equity less than €100 million	18
Non-executive Director in unlisted companies, which are not subject to the controls set forth in the Consolidated Finance Law and not controlled by the Company with net shareholder's equity less than €100 million	5
Member of the Board of Statutory Auditors in listed companies, banking, financial and insurance companies, whether listed or not	17
Member of the Board of Statutory Auditors in unlisted companies, which are not controlled by the Company, but are subject to the controls set forth in the Consolidated Finance Law	13
Member of the Board of Statutory Auditors in subsidiaries of the Company	10
Member of the Board of Statutory Auditors in unlisted companies, which are not subject to the controls set forth in the Consolidated Finance Law and are not controlled by the Company	10
Member of a Supervisory Body	5
Owner (or co-owner) of the management department in a trust	7

The Board of the Company reserves the right to amend and supplement the general principles stated above, taking into account changes in regulations, experience and the best practice gained in this field.

The current Board complies with the above general principles.

Moreover, as per the 2016 financial year, in the case of an independent director, despite exceeding the maximum threshold, it is considered that the number of offices (all as member of the Supervisory Body of unlisted companies) is in fact not an impediment to the efficient performance of the role of director, considering the substantial contribution brought to the Board and the Committees of the Company that he/she belongs to. Attendance at 11 of the 12 board meetings and attendance at all the meetings of the Supervisory Body as well as those of the Remuneration and Appointment Committee was also taken into consideration by the Board as an indicator of the absence of impediments and the compatibility of external offices with the efficient performance of the role of Director of the Company.

In compliance with application standard 2.C.2. of the Code, the Directors are obliged to be aware of the duties and responsibilities concerning their office. The Chairman of the Board ensures that, subsequent to the appointment and during their mandate, the Directors and Auditors are able to participate in initiatives aimed at providing them with an adequate knowledge of the business sector in which the Issuer operates, as well as company trends and development, the principles of proper risk management. The majority of these initiatives were implemented during the first year of their mandate. Within the context of these activities, in order to encourage a more precise awareness of the legal framework of reference, an update on privacy and Regulation (EU) no.2016/679 of 27 April 2016 ("GDPR") was organised for the Board and the Board of Statutory Auditors, during a board meeting on 19 October 2017, making use of the leading law firm and compliance office of SAES;

4.3. Role of the Board of Directors (pursuant to article 123-bis, paragraph 2, letter d, of Consolidated Finance Law)

The Board of Directors convenes on a regular basis to examine management trends and business results, as well as all significant transactions. The By-laws provide that the Board is to meet at least every three months.

During the Financial Year the Board met 12 times, with an average attendance rate of 90.15% of the Directors (in 2016, attendance was 92.73%). The attendance of the Executive Directors was 100% (as in the 2016 financial year), the attendance of non-executive Directors was on average 87.96% (compared to 90.97% in the 2016 financial year) and the attendance of the Independent Directors was on average 91.67% (an increase compared to the 2016 financial year, which was 89.06%). The average attendance of directors in meetings via teleconference was just over 10% (on the contrary. the personal attendance at the registered office is slightly under 90%). Normally, for "ordinary" meetings planned on a certain date, the Directors prefer to physically attend, at the registered office: there have never been more than two directors connected via telephone at each meeting.

Only one director attended less than 75% (threshold frequently used at international level for voting decisions of investors for the reconfirmation of Directors) of the meetings during the Financial Year. Four directors attended all the meetings, and three directors missed only on meeting.

The board meetings lasted an average of approximately 2 hours and twenty minutes.

For the 2018 financial year the Board expects to meet at least twelve times, four of which to approve the periodic results. The latter dates were already communicated to Borsa Italiana S.p.A. in December 2017 during the publication of the calendar of company events, made available on the Company website. In 2018, on the date of this Report, the Board had already four times, on 25 January, 15 February, March 7 and on the date of approval of this report (14 March).

On the occasion of the Board meetings the Chairman does his utmost to ensure that the documents and information necessary for enabling the Board to express an informed opinion on the topics under its consideration are made available with reasonable notice, where possible together with the notice to attend (generally sent at least ten days prior to the Board meeting: in the Financial Year ranging from a minimum of seven to a maximum of sixteen days). With regard to the financial reports, these are made available at least two working days' notice, depending on the technical time required to prepare the documents. The documents are published in a *Virtual Data Room* (VDR) regulated by access controls. As an exception, in light of the nature of the resolutions to be passed and due to higher confidentiality requirements, such as, for example, with regard to strategy plans, with the consent of the Directors, the material may not be anticipated to them, but instead published in the VDR after the Board meeting.

The minutes of each meeting are usually approved in the meeting following the one the minutes refer to.

The draft of the minutes, published in the VDR in good time prior to the meeting summoned to approve them, enables Directors and Auditors to propose possible amendments that they consider appropriate to better describe the discussions held within the Board. The minutes on the discussions to be reported are not prepared prior to the board meeting (not even as an outline for discussion), but are prepared only afterwards, in order to allow for a totally free discussion that is not "forced" in any way.

Each Director is entitled to propose topics for discussion in the subsequent meetings of the Board. No Director made use of this power during the Financial Year.

The Chairman, with the agreement of those present, may invite persons that are not members of the Board to attend the meetings, as speakers or to provide support. The Officer in Charge of the preparation of the Company's accounting documents pursuant to article 154-*bis* of the Consolidated Finance Law is invited to participate in all the meetings of the Board of Directors regarding the approval of the interim management report, the half-year financial report, the financial statements and the consolidated financial statements, and whenever the agenda of the Board of Directors includes the approval of resolutions that require the issuing of a statement by the Officer in Charge, and each time that it is considered appropriate by the Chairman, also on the proposal of the Managing Director, when there are items on the agenda of the Board of Directors that may have an impact on the accounting information of the Company or the Group. The Officer in Charge attended all the Board meetings during the Financial Year.

The Group General Counsel, who usually acts as Secretary of the Board, also attends Board meetings. Throughout the course of the Financial Year, commercial, operations, and research and development managers from within the Company were invited to attend three Board meetings in order to provide information on technology and updates on the performance of the companies (SAES Pure Gas Inc. and Metalvuoto S.p.A.)

managed by them. Mr. De Cristofaro of the LCA Law firm attended the board meeting held to pass resolution on the subject of Privacy on 19 October 2017 in order to explain the new legal framework laid down in Regulation (EU) no.2016/679 of 17 April 2016 ("GDPR") on the protection of natural persons with regard to the processing of personal data and on the free movement of such data that repeals Directive 95/46/EC that will come into force in May 2018.

During the meetings, and in all cases at least once every quarter, pursuant to article 19 of the By-laws, the Board of Directors and the Board of Statutory Auditors are informed by the Chairman and the Managing Director, also in relation to subsidiaries, of the activities undertaken, the general business trends, their foreseeable development and the most significant economic, financial and equity-related transactions in terms of size or characteristics, including, where relevant transactions in which Board members have a direct or third party interest. During the Financial Year, an update on business and management performance and the main transactions was prepared for the Board by the Managing Directors and added to the agenda of 11 of the 12 meetings held.

The Directors examine the information received from the Executive Directors, and are responsible for requesting the latter for any clarifications, explanations or additional information considered necessary or appropriate for a complete and correct assessment of the facts brought to the attention of the Board.

The Board plays a central role in the Corporate Governance system of the Company, being vested with the most extensive powers for the ordinary and extraordinary administration of the Company, with the power to carry out all acts considered necessary for the implementation and the achievement of corporate purposes, with the exclusion of powers that are reserved by law and without exception for the Meeting of Shareholders.

Without prejudice to the exclusive jurisdiction in the subjects set forth in article 2381 of the Italian Civil Code and the provisions of the By-laws, the Board, exclusively and in compliance with application standard 1.C.1 of the Code:

a) defines, applies and updates the corporate governance rules, in conscious accordance with the regulations in force; defines the guidelines of the corporate governance of the Company and the Group it controls;

b) examines and approves the strategic, industrial and financial plans of the Company and the Group it controls

c) defines the nature and level of risk that is compatible with the strategic objectives of the Company, including all the possible risks in its assessments that may be significant from the perspective of the medium to long-term sustainability of the business activities of the Company;

d) assesses and approves the annual budget and the investment plan of the Company and the Group it controls;

e) assesses and approves the regular reporting documents provided for by the regulations in force;

f) assesses and approves the regular reporting documents provided for by the awards and revokes powers within the Board (and within the Executive Committee, if appointed) defining the limits, methods of exercise and frequency, usually at least every three months, with which such bodies must report to the Board on the activities carried out in the exercising of the powers granted to them; please refer to section 4.4.1 for more information;

g) once the proposals of the Remuneration and Appointment Committee have been examined and the Board of Statutory Auditors has been consulted, determines the remuneration of Executive Directors and the other Directors that hold special offices, as well as the division of the total remuneration due to the individual members of the Board, if the Meeting of Shareholders has not already taken care of this matter;

h) monitors and evaluates general management trends, including any conflicts of interest, taking the information received from the Executive Directors, the Remuneration and Appointment Committee and the Audit and Risk Committee into consideration, in particular, as well as regularly comparing the results achieved with planned results;

i) examines and approves significant transactions and transactions with related parties; please refer to section 12 more information;

j) evaluates the adequacy of the organisational, administrative and general accounting structure, as well as the structure of the Company and the subsidiary companies with strategic significance[3], with particular reference to the Internal Control and Risk Management System; please refer to section 11 for more information;

k) evaluates the size, composition and functioning of the Board itself and its Committees at least once a year, expressing opinions on any professional and managerial figures whose presence on the Board it might deem advisable;

l) reports to the Shareholders during the Meeting of Shareholders; provides information in the corporate governance report and, in particular, on the number of meetings of the Board held during the financial year and the related attendance rate of each Director;

m) at the end of each financial year prepares a calendar of the company events for the subsequent financial year; the 2018 calendar of company events was communicated to the market on 13 December 2017;

n) is ultimately responsible for the operation and efficiency of the organisational, management and control model ex Italian Legislative Decree 231/2001.

---

[3] Intended as a "significant" company in accounting terms (with assets exceeding 2% of the assets in the consolidated financial statements or revenues exceeding 5% of the consolidated revenues) or more generally in terms of the market and the business (therefore a newly incorporated company may also be considered "significant"). On the basis of the updated evaluations at the end of 2017, in compliance with the parameters stated above as well as together with business considerations, the following companies are considered to be significant: SAES Getters USA, Inc., SAES Pure Gas, Inc., Spectra-Mat, Inc., SAES Getters (Nanjing) Co. Ltd., SAES Smart Materials, Inc., Memry Corporation, SAES Nitinol S.r.l. and Metalvuoto S.p.A. On the contrary, while still complying with the parameters stated above, as a result of business considerations, SAES Getters International Luxembourg S.A. and SAES Getters Export Corp. are not considered to have "strategic significance".

With reference to letter b) above, during the Financial Year, the Board evaluated the strategic plans/industrial plans in the meetings of 25 January and 16 February. For 2018, the Board approved the fundamental components of the strategic Plan, updating, for example, the business forecasts stated therein in the meetings held on 25 January and 15 February. The Board will be called upon formally to examine and approve the strategic plan in one of the next Board meetings.

With reference to letter c) above, the Board defined the nature and level of risk that is compatible with the strategic objectives of the Company, as specified in more detail in section 11. The Board passed resolution on the Enterprise Risk Management project during the Financial Year on 15 March 2017 defining the acceptable risk threshold and approved the six-monthly update in the meeting of 14 September.

With reference to letter d) above, during the Financial Year, the Board approved the budget of the Company and of the Group in the meeting of 20 December 2016 and 25 January 2017; for 2018, on 19 December 2017 and 25 January 2018.

With reference to letter e) above, in the Financial Year, the Board met for this purpose on 15 March, 11 May, 14 September and 14 November; in 2018, on 14 March.

With reference to letter f) above, the Board did not consider it necessary to fix any limit of power, considering it is adequate to reserve the significant transactions to the Board. Moreover it is to be noted that, in the past, as well as during the Financial Year, the Directors with proxies used the powers assigned to them wisely, only for the normal management of the business, and on which the Board was regularly and promptly kept updated. Furthermore, except in the event of an emergency, the resolutions that would fall under the competence of the Executive Directors are also shared beforehand with the Board. There were no changes made to the powers granted to the Executive Directors during the Financial Year.

The Executive Directors are in any event obliged to report regularly to the Board of Directors and the Board of Statutory Auditors on the exercising of the delegated powers, providing adequate information on the actions carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in its subsequent meeting on the activities carried out while exercising the powers granted to them. Please see section 4.4.1 for further information.

With regard to letter g) above, on the topic of the targets assigned to the Executive Directors and variable remuneration, during the Financial Year the Board passed resolution on this matter on 16 February, on the proposal of the Remuneration and Appointment Committee, which met on 7 February for this reason. It is to be noted that the Board passes resolution on the remuneration of the Managing Directors in their absence (the Executive Directors are asked to leave the meeting at the time of discussion of the item on the agenda). In its meeting of 19 October, the Board also examined the proposal of the Remuneration and Appointment Committee on the remuneration of directors for the 2018-2020 mandate, which is explained in the Remuneration Report (in section I of the Remuneration Report) pursuant to article 123-

ter, paragraph 6, of the Consolidated Finance Law and article 84-*quater* of the Regulations for Issuers.

With reference to letter j) above, the Board of Directors met for this purpose on 15 March 2017, upon the proposal of the Audit and Risk Committee, having consulted the Board of Statutory Auditors (which met together with the Audit Firm, the Director in charge of the Internal Control and risk management System, the officer in charge of the preparation of the Company's accounting and corporate documents and the Group General Counsel) and deemed the organisational, administrative and general accounting structure, as well as the structure of the Company and the subsidiary companies with strategic significance, with particular reference to the Internal Control and risk management system, to be adequate.

With reference to the letter k) above, in line with international best practices, the Board carried out a self-assessment on the composition and activities of the Board of Directors and the Board Committees for the fourth consecutive year. The Board did not consider it necessary to extend the self-assessment procedure to the Board of Statutory Auditors.
In November 2017 a series of responses to a questionnaire sent by the Company Secretary's office in October 2017 aimed at the formalisation of the self-assessment by the Board was collected. As anticipated during the Financial Year, which coincides with the last mandate of the Board, the latter assessed the possibility of remodelling both the self-assessment questionnaire and the Board Review in order to collect and highlight any recommendations/inputs coinciding with the expiry of the mandate that could be useful for the renewal of the Board. The Board decided to not make use of any external consultants to prepare and issue the questionnaire, in contrast with the previous financial year (as far as the drafting of the questionnaire).
The objective of the Board Review was to check overall operations and the functions of the Board and the Committees in order to highlight their strengths, weaknesses and possible areas of improvement.
The questionnaires distributed to the Directors included 4 areas (Structure, Role, Functioning and Processes) divided into 19 sections with a total of 94 statements (compared to 133 in the 2016 financial year, upon the request of the directors themselves).
The questionnaire was approved beforehand by the Remuneration and Appointment Committee and also contained free spaces for suggestions in view of the renewal of the mandate of the Board, in order to further encourage close individual dialogue with the Chairman and the Company Secretary.
The topics discussed in the Board Review were examined with the assistance of the aforesaid questionnaire prepared by the Company itself and concerned mainly:

- the organisation of the Board, including the number of meetings and the length of the latter; the completeness and promptness of the information provided by the BoD in preparation for Board meetings; the operations of the Committees and the effectiveness of their support to the Board; the adequacy of the time dedicated by the Board to the discussion of all the subjects concerning the Company, including risk management, evaluation of the budget and investments, and long-term strategy;
- the composition and the structure of the Board also in terms of skills and number of Directors;

• the training of the Directors; their knowledge of the tasks and responsibilities related to their roles; their knowledge of the situation and dynamics of the Company and the Group;
• the decision-making process and the quality of the information made available to the Directors in preparation for Board meetings, including the promptness in the receipt of the information itself; the degree of in-depth knowledge provided by the Committees in the report on the activities they carry out;
• the interaction between the Directors within the Board itself, including how the atmosphere inside the Board encourages comparison and debate; the role of the Chairman and the Managing Director in stimulating dialogue and debate within the Board;
• the relationships with top management and the Directors' awareness of the latter.
The Board Review does not contain the individual assessments of the individual directors.
Each Director was able to answer each question on the questionnaire by agreeing or disagreeing.
Following the processing of the responses, as performed by the Company Secretary Office, the Board – upon previous evaluation of the Compensation and Appointment Committee, successfully carried out this assessment in the meeting of 25 January2018.

The results of the responses to the questions on the questionnaire paint an overall positive picture of the Boards and Committees of the Company, essentially confirming the outcome of the Board Review for the 2016 financial year. The results of the aforesaid analysis were particularly satisfying given that the average reached in the total of questions on a 5-point scale is 4.5. The most appreciated Area is the Functioning of the Board of Directors, with a score of 4.7.
The key topics on which the majority of the Directors demonstrated a high level of agreement were:
• the current composition of the Board in terms of the diversification of skills;
• the positive environment within the Board and the quality of discussions within it;
• the quality of the preparation and planning of the board meetings, including their length and frequency;
• the completeness, promptness and qualitative level of the information made available to Board on the general performance of the Company and the most important transactions;
• the commitment and activities of the Chairman and the Managing Director in the performance of their roles; the level of information provided by the Committees on the activities carried out and the degree of depth provided in the reports to the Board by these Committees;
• the quality of the recording of the meetings and the ease of access to the minutes by the Directors.
No particular improvements to be made emerged from the self-assessment of the Board, with the exception of continuing to consolidate the activities already undertaken, such as dedicating extensive information and wide debate to the strategies of the Group (with satisfaction being expressed for the role played by the Board with regard to matters of strategy), inviting managers to the Board meetings in which they can make a contribution in terms of providing their knowledge and assessments, organising

induction initiatives in relation to digital competencies that, although not directly related to the Company due to the nature of its business, are of increasing cross-cutting interest. The results of the Board Review were used by the Remuneration and Appointment Committee to form the opinion of the Board on the qualitative and quantitative composition of the new Board, which the latter did and approved on 25 January 2018.

The By-Laws award the Board, without prejudice to the limits imposed by law, the powers to pass resolution on the proposals regarding:

1. merger resolutions in cases pursuant to Articles 2505 and 2505-*bis* of the Italian Civil Code, also as referred to for demergers pursuant to Article 2506-*ter*, final paragraph of the Civil Code, where the said regulations are applicable;
2. the establishment or closure of secondary offices and branches;
3. the awarding of powers of representation to Directors;
4. any reduction in capital in the event of withdrawal of a shareholder;
5. the amendment of the By-laws in order to comply with legal provisions;
6. the transfer of registered offices within Italy.

The Meeting of Shareholders did not grant any general or prior authorisation for any derogations of the prohibition on competition provided for by article 2390 of the Italian Civil Code.

The Board of Directors of 13 November 2012 decided to comply with the opt-out system set forth in articles 70, paragraph 8, and 71, paragraph 1-*bis*, of the CONSOB Regulations on Issuers, by making use of the right to derogate from the obligation to publish information required on the occasion of significant mergers, demergers, capital-increase by non-cash contributions, acquisitions and transfers.

4.4. Delegated Bodies

4.4.1. Managing Directors

In compliance with application standard 2.C.1. of the Code, the following persons are considered Executive Directors of the Company:

– the Managing Directors of the Company or the strategically significant subsidiary[4], therein including the related Chairpersons when they are vested with individual management powers when they have a specific role in the formation of Company strategies;

– the Directors that cover managerial offices in the Company or in a subsidiary company that is strategically significant, or in the parent company when the office also concerns the Company;

The granting of vicarious powers or powers only in the event of an emergency to Directors that are not vested with operational authorisation does not make them

[4]See note no.3.

Executive Directors, per se, unless these powers are, in fact, used with considerable frequency.

Two of the Directors in office are Executive Directors. The Board appointed by the Meeting of Shareholders of 28 April 2015 met at the end of this meeting to allocate the Company positions, to grant the various powers, and to appoint the Committees. As in the past, the Board adopted a proxy model that provides for the granting of extensive operating powers to the Chairman and the Managing Director. Consequently, the Chairman, Chief Executive Officer and Chief Technology & Innovation Officer (namely, Mr. Massimo della Porta) and the Managing Director and Group Chief Financial Officer (Mr. Giulio Canale) were granted the powers of ordinary and extraordinary administration, acting severally, with the exclusion of the powers reserved exclusively for the Board or those reserved by law for the Meeting of Shareholders.

The powers granted to the Chairman and the Managing Director are identical and do not differ in value and competence.

In particular, Mr. Massimo della Porta and Mr. Giulio Canale, acting severally and with individual signature rights, were vested with the following powers (by way of example, but not limited to):

a) appointing and revoking proxies for individual acts or categories of acts, establishing their powers and remuneration;

b) representing the Company in any dealings with third parties, public administrations and public bodies, as well as with other companies of the Group, by signing the related deeds and agreements and undertaking commitments of any kind and nature;

c) purchasing, exchanging and transferring assets when running the Company business; stipulating, with all the appropriate clauses, amending and cancelling any kind of contract, agreement and convention without limitation as to the cause or matter; authorising purchases of raw materials, semi-finished goods, finished products and consumables; authorising offers also outside the current business conditions;

d) demanding the fulfilment of third-party obligations or obligations from third parties to the Company;

e) opening bank and/or post office accounts, making payments, via bank transfer and by cheque, making withdrawals from bank and post office accounts, carrying out debit and credit transactions on the current account of the Company at banks and post offices, uncovered or otherwise, always in interest of the Company, as well as issuing and requesting the issue of bank cheques and bank drafts;

f) negotiating and stipulating all the documents required to obtain bank credit and loans of any kind in favour of the Company and negotiating the terms and conditions related or connected to the granting of credit facilities or loans; stipulating factoring agreements for the assignment of credits of the Company;

g) carrying out transactions with the railway and customs Administrations, regarding the shipment, clearance and collection of all kinds of goods;

h) issuing relevant certificates and declarations for tax purposes, extracts from the payrolls regarding the personnel for Social Security, Insurance and National Health

Insurance Bodies, and for other Bodies and individuals, signing all declarations set forth in tax legislation;

i) taking-on and dismissing employees and personnel, of all categories and levels, including managers, signing the related agreements and fixing the employment conditions and subsequent wages increases;

j) representing the Company before all the Authorities of the Italian Republic and foreign countries; representing the Company as either plaintiff or defendant in any civil, criminal or administrative proceedings and at any instance and level of jurisdiction; appointing and revoking, if necessary, lawyers, attorneys *ad litem* and expert consultants, granting them the most extensive powers;

k) representing the Company before the Banca d'Italia, CONSOB and management company of the market, negotiating and defining all practices regarding these parties;

l) reaching compromises and settling disputes of the Company with third parties, appointing arbitrators also for amicable settlements, and signing the corresponding settlement deeds;

m) representing the Company in insolvency procedures against third parties with all the necessary powers.

The Board did not consider it necessary to fix any limit of power, considering it is adequate to reserve the significant transactions to the Board and pointing out that in the past, as well as during the Financial Year, the Directors with proxies used the powers assigned to them wisely, only for the normal management of the business, and on which the Board was regularly and promptly updated.

The Executive Directors are in fact obliged to report regularly to the Board of Directors and the Board of Statutory Auditors on the exercising of the delegated powers, providing adequate information on the deeds carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in its subsequent meeting on the activities carried out while exercising the powers granted to them.

4.4.2. Chairman of the Board of Directors

The Chairman, Mr. Massimo della Porta, coordinates and organises the activities of the Board. He is responsible for ensuring that it runs smoothly, serves as a link between the Executive and Non-Executive Directors, defines the agenda, and leads the related meetings.

The Chairman does his utmost to ensure that the Directors are provided with the documents and information necessary for enabling the Board to express an informed opinion on the topics submitted for its examination and approval with reasonable notice, where possible together with the notice to attend (generally sent at least ten days prior to the Board meeting), except in the event of necessity or emergency. The documents are made available to the Directors in a virtual data room, which is equipped and dedicated specially for this purpose. With regard to the financial reports, these are sent with at least two working days' notice, depending on the technical time required to prepare the documents. As an exception, in light of the nature of the resolutions to be passed and due to confidentiality requirements, such as, for example, with regard to strategy plans, with the consent of the Directors, the material may not be forwarded to them.

The Chairman of the Board is also the Chief Executive Officer, but shares the responsibility for the management of the Company with the Managing Director, Mr. Giulio Canale. Both are on a list of Directors submitted to the Majority Shareholder of the Company (S.G.G. Holding S.p.A.).

In accordance with principle 2.P.5 of the Code, it is to be noted that the Board considered it appropriate to grant proxies to the Chairman equal to those granted to the Managing Director, in such a way that Mr. Massimo della Porta could continue to act efficiently and to provide the strategic impulse he always provided as Managing Director in previous Board mandates (as from 29 April 1997). The granting of proxies and the concentration of offices held by Mr. Massimo della Porta is considered to be consistent with the organisational structure of the Company.

In compliance with application standard 2.C.3. of the Code, the Board assessed the possibility of appointing an Independent Director as Lead Independent Director in order to strengthen the impartiality and equilibrium that are required of the Chairman of the Board, as the latter is the main person responsible for the management of the Company and has operational authorisations. Therefore, the Board of 28 April 2015 considered it appropriate to appoint Mr. Roberto Orecchia as Lead Independent Director and informed the market, on the same date, in accordance with the provisions of the Regulations for Issuers.

The Chairman and the Managing Director do their utmost to ensure that the Board is kept informed on the main new laws and regulations that concern the Company and the company bodies. During the Financial Year, the Board and the Board of Statutory Auditors were offered an update in one of the board meetings on privacy and Regulation (EU) no.2016/679 of 27 April 2016 "GDPR"), as well as on Italian Legislative Decree no. 254/2016 and corporate social responsibility.

Should the Directors require explanations and information from the management of the Company, they must send a request to the Chairman, who takes care of the matter, by gathering the necessary information or by putting the Directors in contact with the management concerned. The Directors may request the Chairman and/or the Managing Director for business representatives of the Company and the Group to attend Board meetings in order that they may provide the appropriate insight into the topics on the agenda. No Director made use of this power during the Financial Year.

4.4.3. Reporting to the Board

The delegated bodies are obliged to report regularly to the Board of Directors and to the Board of Statutory Auditors on the exercising of the delegated powers, providing adequate information on the actions carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in its subsequent meeting on the activities carried out while exercising the powers granted to them.

4.5. Other Executive Directors

At present, there are no other executive directors apart from the Chairman and the Managing Director.

4.6. Independent Directors

The Board in office, elected by the Meeting of Shareholders of 28 April 2015, is made up of 11 (eleven) members, including two (2) Executive Directors and nine (9) non-Executive Directors, four (4) of which qualify as Independent Directors and one (1) qualifies as Independent Director under the provisions of articles 147-*ter*, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law (but not under the Corporate Governance Code), who do not have, nor have recently had, direct or indirect relations with the Company or subjects related to the latter that currently influence their independence of judgement.

If the Meeting of Shareholders resolves to amend the number of members of the Board, it is advisable that the following proportions are respected:

- Board composed of up to eight (8) members: at least two (2) Independent Directors;

- Board composed of nine (9) to fourteen (14) members: at least three (3) Independent Directors;

- Board composed of fifteen (15) members: at least four (4) Independent Directors.

The new Board was appointed in April 2015 with the same number of directors as before (11).

With reference to principle 3.P.1. and application standard 3.C.3. of the Code, the Company believes that three (3) non-Executive Independent Directors should be appointed for a Board of nine (9) to fourteen (14) directors. However, the new Board, in office since 2015, has four Independent Directors pursuant to the Consolidated Finance Law (one more than the number of Independent Directors in the previous Board and the recommendations of the Corporate Governance Code).

In particular, it is believed that with this composition, the number, expertise, availability of time and authoritativeness of the non-Executive Directors contribute to the enrichment of the Board discussions and guarantee that their opinion carries considerable weight in the making of well thought-out, informed Board decisions.

Non-Executive Directors contribute their specific expertise to Board discussions, contributing to the making of sound decisions, in compliance with the interests of the

Company, aimed at creating value for shareholders in the medium to long-term and paying special attention to areas where conflicts of interest may arise.

In compliance with application standard 3.C.1. of the Code, the Board takes the independence of its non-executive members into account, placing more emphasis on substance than form. Moreover, in principle, within this assessment, the Board tends to consider a Director as non-Independent, as a rule, in the following non-mandatory situations:

a) if the Director is the holder of a quantity of shares, either directly or indirectly, also through subsidiary companies, trust companies or third parties, that enable the Director to exercise control or to have considerable influence over the Company, or is party to a shareholder agreement through which one or more parties may exercise control or have considerable influence over the Company;

b) if the Director is, or has been in the previous three financial years, a significant figure[5] in the Company, of one of its strategically-significant subsidiaries or a company under common control with the Company, or a company or body that, together with others controls the Company or is in a position to exercise a considerable influence over the Company through a shareholder agreement;

c) if the Director directly or indirectly (for example through subsidiary companies or companies in which he/she is a significant figure, or as partner of a professional company or consultancy firm) has, or has had in the previous financial year, a significant commercial, financial or professional relationship:

– with the Company, one of its subsidiaries, the parent company or with any of the related significant figures;

– with a party that, also together with others through a shareholders agreement, or with the related significant figures, controls the Company;

or is, or has been an employee of one of the aforesaid parties in the previous three financial years;

d) if the Director receives, or has received in the previous three financial years, significant additional remuneration to the “fixed” remuneration of the non-Executive Director of the Company and the remuneration for the participation on the committees, also in the form of participation in incentive plans linked to Company performance, based on shares or otherwise, from the Company or one of its subsidiaries or the parent company;

e) if the Director has been a Director of the Company for more than nine years in the last twelve years;

f) if the Director holds the office of Executive Director in another company in which an Executive Director of the Company holds the office of Director;

g) if the Director is a shareholder or Director of a company or body belonging to the network of the company entrusted with the statutory audit of the Company;

---

[5]In compliance with application standard 3.C.2 of the Code, the Chairman of the Board of Directors, the Executive Directors and Managers with Strategic Responsibilities are considered to be “significant figures” of the Company.

h) if the Director is a close relative of a person in one of the situations described in the previous points and in particular if the Director is the spouse that is not legally separated, common law spouse, relative or relative by marriage up to fourth degree of kinship of a Director of the Company or the companies controlled by the latter or the parent company/companies or those subjected to common control or parties in the situations described in the previous points.

The possibilities listed above are not mandatory. During its evaluation the Board takes all the circumstances into consideration that may appear to compromise the independence of judgement and conduct of the Director.

Evaluation. The Independent Directors are obliged to promptly inform the Board if an event considered likely to change the "independent" status of a Director occurs.

The independence of the Directors and the relationships that may be or appear to compromise the independent opinion of a Director are evaluated annually by the Board, taking into account the information supplied by the individuals concerned or in any case available to the Company. The outcome of the evaluations of the Board is duly communicated to the market at the time of the appointment of the Independent Directors, as well as within the context of the corporate governance report.

If the Board is entirely certain that the requirement of independence is satisfied even in the presence of situations that are abstractly referable to non-independent cases, the Board will provide adequate information to the market on the outcome of the evaluation, without prejudice to the verification of the adequacy of the related reason on the part of the Board of Statutory Auditors.

More restrictive legal provisions or provisions established by the By-laws that set forth the expiry of the office of the Director in the event that he/she loses any of the independence requirements shall prevail.

In compliance with principle 3.P.2 and application standard 3.C.4. of the Code, in the meeting of 15 February 2018, as every year (in the Financial Year: 16 February 2017), the Board reported the degree of independence of its Directors pursuant to the laws in force (article 147-*ter* of the Consolidated Finance Law), confirming, on the basis of the requirements set forth in the Corporate Governance Code and articles 147-*ter*, paragraph 4, and 140 paragraph 3, of the Consolidated Finance Law, that the Directors Ms. Gaudiana Giusti, Mr. Stefano Proverbio, Mr. Roberto Orecchia and Ms. Luciana Rovelli qualified as "Independent", and on the basis of the individual independence requirements set forth in articles 147-*ter*, paragraph 4, and 140, paragraph 3, of the Consolidated Finance Law, that Mr. Adriano De Maio qualified as "Independent". The Board did not make use of additional or different criteria, as there were no situations that were even abstractly referable to the cases identified by the Code as indicative of lacking independence. The four Directors filed suitable declarations before the Meeting of Shareholders stating that they satisfied the requirements of Independent Directors (as explained above). The Board informed the market of continued positive assessment of the independence of its Independent Directors on the present date.

Also for the purposes of application standard 3.C.5 of the Code, in its meeting of 14 March 2018 the Board of Statutory Auditors checked that criteria adopted by the Board to evaluate the independence of its members had been applied correctly, acknowledging the declarations issued by the individuals.

Meetings. With reference to application standard 3.C.6 of the Code, the Independent Directors usually meet once a year in the absence of the other Directors (also in the light of the number of persons attending the meetings of the Board and the various Committees). The meeting may also be held informally via audio or video conferencing.

During the Financial Year, like in the previous year, the Independent Directors did not consider it necessary however to meet again in the absence of the other Directors, considering the high quality of the information received from the delegated bodies, their active participation in the Board and their presence on the Committees, which enabled them to analyse the issues of interest to them in adequate depth in the meetings already planned, despite the presence of other attendees, since no important issues or in any event issues that required separate discussion arose.

4.7. Lead Independent Director

As illustrated in section 4.4.2 above, as the Chairman of the Board has also operational powers, holding the office of Chief Executive Officer, although he is not the sole person responsible for the management of the Company, in compliance with application standard 2.C.3. of the Code, the Board of 28 April 2015 considered it appropriate to appoint the Independent Director Mr. Roberto Orecchia as Lead Independent Director. The non-executive Directors (and in particular the Independent Directors) refer to the latter for a better contribution to the activities and operation of the Board. The Lead Independent Director collaborates (as he has collaborated during the Financial Year) with the Chairman in order to guarantee that the Directors are the recipients of complete and timely information flows. The Lead Independent Director is also granted the power, *inter alia*, to call special meetings with Independent Directors in order to discuss the issues considered to be of interest to the operations of the Board of Directors or the management of the Company, either independently or on the request of the other Directors. During the Financial Year the Lead Independent Director made no requests or reports to the Chairman of the Board.

Mr. Roberto Orecchia is the Chairman of one of the two Committees set up within the Board, namely the Audit and Risk Committee.

5. PROCESSING OF COMPANY INFORMATION

On 24 March 2006, the Board adapted itself to the new provisions of the Consolidated Finance Law, the Regulations for Issuers, as supplemented by CONSOB resolution no. 15232 of 29 November 2005, as well as the Market Regulations organised and managed by Borsa Italiana S.p.A and related Instructions, as amended following the Italian Savings Law, in transposing the EC directive on market abuse, introducing ad hoc internal procedures or amending and updating those already existing on this matter.

More precisely, the Board adopted:

- the *Procedure for Managing Inside Information:* also for the purposes of the application standard 1.C.1., letter j) of the Code, which defines the conduct of Directors, Auditors, managers and employees in relation to the internal management and disclosure to the market of inside information, i.e. precise information that has not been made public, concerning, directly or indirectly, one or more issuers of financial instruments or one or more financial instruments, which, if made public, could have a considerable influence on the prices of these financial instruments.

The procedure stated above, available on the Company website www.saesgetters.com/Investor-Relations/Corporate-Governance/Policies and-Procedures/Inside-Information has been drawn up for the purpose of ensuring that information regarding the Company that is disclosed externally is in full compliance with the principles of correctness, clarity, transparency, timeliness, and broad and equal disclosure in order to guarantee equal treatment, completeness, comprehensibility and continuity of information, in a complete and adequate manner and, in any case, through the institutional channels and according to the terms established by the Company, as well as to ensure that internal management of information in particular is in compliance with the obligations of confidentiality and lawfulness;

- the *Insiders Register:* set-up effectively from 1 April 2006, identifies the persons that, due to their working or profession or the tasks carried out, have access to the information indicated in article 114, paragraph 1 of the Consolidated Finance Law, pursuant to and in accordance with article 115-*bis* of the Consolidated Finance Law and articles 152-*bis*, 152-*ter*, 152-*quater* and 152-*quinquies* of the Regulations for Issuers.

On 20 July 2017 the Board approved the new version of the Procedure for the management of Inside Information amending the version in force in light of the changes to the legal framework on market abuse, introduced by regulation (EU) no.596/2014 ("MAR") and the related level 2 acts.

The main differences and changes to the previous version concern the management process of so-called inside information, and more specifically:

• the identification of specific relevant information, starting with the mapping of relevant information flows;

• the monitoring of the circulation of this information, through the use of the Relevant Information List (“RIL”);

• identification of the time when the specific relevant information becomes inside information, which, practically in parallel, leads to the segregation of the inside information (and the activation of the Insider List) and the decision on to publish or delay the publication thereof;

• publication of the information, or, alternatively, the launch of the delay procedure;

• publication of the inside information if the conditions that allow for the delay are no longer met;

To manage the process that leads to the publication of the inside information (and therefore the dissemination of press releases), the Company has performed the following actions beforehand:

a) the mapping of relevant information flows;

b) the identification of the organisational functions responsible for the management and processing of these flows;

c) the definition of the criteria that lead to identifying when information is relevant and when relevant information becomes inside information.

As described in more detail in the Procedure, "inside" information means information of a precise nature that has not been made public, directly or indirectly concerning SAES (and its scope of consolidation) and that, if made public, could have a significant effect on the prices of related listed financial instruments.

Information is deemed to be of "a precise nature" if:

a) it indicates a set of circumstances which exists or may reasonably be expected to come into existence or an event which has occurred or may reasonably be expected to do so;

b) it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event referred to in letter a) on the prices of financial instruments.

In the case of a "protracted process" that is intended to bring about, or that results in, particular circumstances or a particular event (such as, for example, the process of acquiring a company), also the intermediate steps of that process can be considered to be inside information if, in turn, they meet the aforesaid criteria on inside information.

Inside information must be communicated to the public "as soon as possible".

On 15 February 2018, the Board of Directors acknowledged the report drawn up by the Legal Department, the department in charge of the management of the Insider List, on the state of implementation of the management procedure for inside information, in terms of events/projects/processes mapped through the registrations made to the Relevant Information List (RIL), the absence of registrations made to the Insiders List and the absence of delay procedures.

The Board also approved the Code of Conduct for Internal Dealing (hereinafter also “Internal Dealing Code”), which regulates the information disclosure requirements that the Relevant Persons and/or in the Persons Closely Associated to the Relevant Persons, as identified in the Code itself, are obliged to observe in relation to the transactions they carry out on financial instruments of the Company or other financial instruments related to them. The Internal Dealing Code also regulates the obligations that the Company is obliged to observe towards the market in relation to the transactions on financial instruments carried out by Relevant Persons and by Closely Associated Persons. The Internal Dealing Code provides for black-out periods, i.e. predetermined periods (the 30 calendar days preceding the Board meetings to approve the accounting data for the period and the 24 hours subsequent to the issuance of the related press release) during which the persons subject to the provisions of the Code may not carry out transactions on SAES Getters financial instruments or on financial instruments related to them. The Internal Dealing Code was amended by the Board of 29 July 2016 to also formally implement (EU) Regulation no.596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (MAR or “Market Abuse Regulation”) and which repeals directive 2003/6/EC of the European Parliament and the Council, as well as directives 2003/124/EC, 2003/125/EC e 2004/72/EC.

The Chairman and the Managing Director may prohibit, or restrict, the performance of transactions by Relevant Persons and Closely Associated Persons in other periods of the year when particular events are taking place.

In this case the Officer In Charge (as defined in the Internal Dealing Code) will be responsible for informing the Relevant Persons (who have not already been informed on account of their position) of the start and finish dates of the period during which the Transactions are prohibited.

During the Financial Year two notifications were made to the market and to the competent authorities for transactions performed by Relevant Persons. The related filing models as well as the Code of Conduct for Internal Dealing can be consulted on the Company website www.saesgetters.com (Investor-Relations/Corporate-Governance/Policies-and-Procedures/Internal-Dealing section).

The Directors and Auditors are obliged to keep the documents and information acquired throughout the performance of their duties confidential and to comply with the procedures adopted for the internal management and external disclosure of these documents and information.

The information disclosed outside the Company must be uniform and transparent. The Company must be precise and consistent in communicating with mass media. Relations with the mass media are reserved exclusively to the Chairman and the Managing Director, or to the business departments in charge of these matters.

6. COMMITTEES WITHIN THE BOARD (pursuant to article 123-*bis*, paragraph 2, letter d), of the Consolidated Finance Law)

In order to perform its duties more efficiently, the Board set up the Audit and Risk Committee and the Remuneration and Appointment Committee within the Board, whose functions are described in the following sections.

The meetings of each committee are recorded and the minutes are made accessible to the Board of Statutory Auditors.

In relation to application standard 4.C.1. letter d) of the Code, it is to be specified that it was not considered necessary for the Chairperson of each committee to give information on the work carried out to the next Board meeting to be held thereafter: the Chairman of the Control and Risk Committee reports at least every six months to the Board on the work of this Committee and if he considers it appropriate he asks for specific issues to be tackled by adding them to the agenda of the Board. The Chairwoman of the Remuneration and Appointment Committee reports on the items to be added to the agenda of the Board whenever she considers it necessary and reports once a year on the work carried out by the Committee during the previous financial year.

Both the Committees are composed exclusively of non-Executive Directors, who are predominantly Independent.

The Board does its utmost to ensure an adequate rotation within the Committees, unless for any reason and cause it is considered appropriate to confirm one or more Directors beyond the established terms and conditions.

The Board has the power to set up one or more further Committees within it with to act in an advisory or consultative capacity, which shall be defined in practical terms in the Board resolution concerning the formation of the aforesaid Committees.

In relation to application standard 4.C.1., letter e) of the Code, it is specified that the existing Committees (Remuneration and Appointment Committee and the Audit and Risk Committee) are provided with annual predetermined expenses budgets that are considered adequate for the performance of their activities.

6.1. Audit and Risk Committee

For all information regarding the Audit and Risk Committee please refer to section 10 of this Report.

6.2. Appointment Committee

On the basis of the recommendations of the Code, application standard 4.C.1., letter c), in 2012 the Board assessed the possibility of grouping the functions provided for the Appointment Committee (application standard 5.C.1., letters a) and b)) into a single Committee - the Remuneration and Appointment Committee - in consideration of the close correlation and mutual relevance of the subjects dealt with.

6.3. Executive Committee

The Board did not consider appropriate to set up an Executive Committee within the Board, as already explained in section 4.5.

6.4. Remuneration and Appointment Committee

For all information on the Remuneration and Appointment Committee please refer to section 8 and to the Remuneration Report published by the Company, pursuant to article 123-*ter* of the Consolidated Finance Law.

6.5. Committee for transactions with related parties

The Committee is composed of unrelated directors that satisfy the requirements of independence and is chaired by the Lead Independent Director. The Committee meets whenever any resolution on the transactions with related parties is to be passed pursuant to the Procedure on transactions with related parties published on the Company websitewww.saesgetters.com (Investor Relations/Corporate-Governance/Policy-and-Procedures/Related-Parties section).

The Committee did not meet during the Financial Year.

7. APPOINTMENT COMMITTEE

On the basis of the recommendations of the Code, application standard 4.C.1., letter c), in 2012 the Board assessed the possibility of grouping the functions provided for the Appointment Committee (application standard 5.C.1., letters a) and b)) into a single Committee in consideration of the close correlation and mutual relevance of the subjects dealt with. Hence the Remuneration and Appointment Committee was set up.

In its capacity as Appointment Committee, the Remuneration and Appointment Committee delivered its opinion on the qualitative and quantitative composition of the new Board in its first meeting in 2018, which the Board approved on 15 February 2018, and in the second half of 2017, it supervised the Board Review procedure, as described in more detail below.

8. REMUNERATION AND APPOINTMENT COMMITTEE

The Board of Directors set up the Compensation Committee now the Remuneration and Appointment Committee within the Board on 17 December 1999 with consulting and proposal functions. The Committee has its own Regulations, approved by the Board of Directors on 20 December 2012, which regulates its composition and appointment, the tasks and operating procedures of the Committee itself, in compliance with the principles and application criteria contained in the Corporate Governance Code of listed companies.

The Remuneration and Appointment Committee is composed of 3 non-executive directors, of which 2 are independent. At least one member has considerable knowledge and experience in accounting and finance matters. The members are: - Ms. Gaudiana Giusti (Independent Director) – Chairwoman of the Committee, Mr. Adriano De Maio (non-executive Director and Independent Director pursuant to the combined provisions of articles 147-*ter*, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law) and Ms. Luciana Rovelli (Independent Director).

All members of the Committee have adequate experience in accounting and finance.

During the Financial Year the Committee met seven times with an average attendance of 80.95% of its members (compared to 85.71% in the 2016 financial year) and the meetings lasted an average of one and a half hours (unchanged compared to the previous year). On the invitation of the Chairwoman, the Group Legal Counsel and the Group HR Director attended the meetings, who ensure direct access to the company information necessary for the Committee to perform its duties. The external consultant Taxis Srl attended four of the meetings for several of the activities illustrated below. At least five meetings are planned for 2018, one of which was already held on 25 January 2018 and one that has been held on the present date. Minutes of the meetings of the Committee are duly recorded.

Executive Directors do not usually attend the meetings of the Remuneration and Appointment Committee, nor do they attend meetings in which their remuneration is

decided upon. The Chairman of the Board of Statutory Auditors is always invited to the meetings, and he attended all the meetings held during the Financial Year. The Committee has the right to access the information and the company departments required for the performance of its duties and, if it is considered appropriate, may make use of external consultants, to be selected autonomously by the Committee itself. This power was exercised during the Financial Year for the process of preparing the remuneration package, targets and the most appropriate contractual form for the executive directors that will be appointed on the new Board with the assistance of Taxis S.r.l. and requesting the Company to acquire opinions on corporate and labour law issues. The process was initiated in June 2017 through benchmarking. Still with the support of the chosen consultant, the Committee carried out intense preparations to establish strategic incentive plans. This led to proposals for strategic incentive plans, assessed in the Board meetings of 15 February and 7 March 2018. Such proposals will be further subject to review and approval of the new Remuneration and Appointment Committee and the Board that will be appointed following the Meeting of Shareholders of 24 April 2018. The Committee also performed an analysis on the remuneration of non-executive directors that led to the proposals contained in the Remuneration Report. The Committee supervised the verification process for a possible differentiation of the powers within the Board and the Board Review process, approving the questionnaire to be used and checking the results to be submitted to the Board. In its first meeting in 2018 the Committee delivered its opinion on the qualitative and quantitative composition of the new Board, which the Board approved on 15 February 2018 and that is annexed to the Report for the Meeting of Shareholders on the appointment of the Board. The other more "ordinary" activities, so to speak, being those that recur from year to year, were the approval of the Remuneration Policy, the proposal on the targets and goals of the Executive Directors and the related implementation and calculation methods, the update on the progress of annual goals (MBO/Partnership for Success) in compliance with company policies and the 2017 Remuneration Policy, and the checking of the Remuneration Report. In compliance with application standard 4.C.1. of the Code, it is to be specified that the Remuneration and Appointment Committee has an annual predetermined expenses budget that is considered adequate for the performance of its activities.
For all information on the Remuneration and Appointment Committee please refer to the Remuneration Policy published by the Company pursuant to article 123-*ter* of the Consolidated

On 14 March 2018 the Chairwoman of the Committee reported to the Board on the activities carried out during the financial year, as summarised above.

The Committee supervised the Board Review process on the Financial Year as described in more detail in section 4.3, meeting to discuss the matter on 14 November and 19 December 2017.

9. REMUNERATION OF DIRECTORS

For all information on the remuneration of the directors please refer to the Remuneration Policy published by the Company pursuant to article 123-*ter* of the Consolidated Finance Law.

10. AUDIT AND RISK COMMITTEE (pursuant to article 123-*bis*, paragraph 2, letter d), of Consolidated Finance Law)

10.1. Composition and operation of the Audit and Risk Committee

Composition and Operation. By virtue of principle 7.P.4. of the Code, the Board set up an Audit and Risk Committee (Committee replacing the Internal Control Committee), composed of three (3) non-Executive Directors, the majority of whom are independent. On 28 April 2015 the Board appointed the following Directors as members of the Audit and Risk Committee: Mr. Roberto Orecchia (Independent Director) – Chairman of the Committee, Ms. Gaudiana Giusti (Independent Director) and Mr. Stefano Proverbio (Independent Director).

At least one member of Committee has adequate experience in accounting and financial matters. In this case, this member is Mr. Stefano Proverbio. Ms. Gaudiana Giusti also possesses the aforesaid adequate experience.

The Committee has its own Regulations, which regulates its composition and appointment, the tasks and operating procedures of the Committee itself, in compliance with the principles and application criteria contained in the Corporate Governance Code of listed companies.

The Audit and Risk Committee is chaired and meets on the initiative of the Chairman. The minutes of the Committee meetings are duly recorded. Executive Directors do not normally attend the Committee meetings (and did not attend any of the meetings of the Committee during the Financial Year). The Chairman of the Board of Statutory Auditors or other Auditor appointed by the Chairman of the Board of Statutory Auditors attends the Committee meetings. During the Financial Year the Chairman of the Board of Statutory Auditors attended all the meetings of the Committee. The Committee may invite non-members to attend its meetings on the invitation of the Committee itself, with reference to each item on the agenda. On the invitation of the Committee, the Internal Audit Manager - appointed Secretary of the Committee - as well as the Group General Counsel (or his/her representative) attend the meetings, who ensure that the Committee has constant access to any company information they may require in order to perform their duties.

The Committee carries out its duties, listed under section 10.2, in collaboration with the Board of Statutory Auditors, the Internal Audit Manager and the Managing Director entrusted with the supervision of the operations of the Internal Control and Risk Management System.

In the performance of its tasks, the Audit and Risk Committee has the right to access the information and Company departments required for the performance of its duties, and may make use of external consultants, at the expense of the Company. During the Financial Year the Audit and Risk Committee accessed the information and made contact with the Company departments made available by the Company, and in particular with the audit firm, the Chairman of the Board of Statutory Auditors, the Officer in Charge of the preparation of the Company's accounting documents, the Internal Audit Manager and the Group Legal Counsel.

The Audit and Risk Committee consulted the Risk & Compliance Specialist about the performance of the Enterprise Risk Management process, as more widely described in section 11 of this Report, checking its progress and results every six months..

The Chairman of the Audit and Risk Committee reports regularly the Board on the activities of the Committee. During the Financial Year the Committee reported to the Board on 20 July 2017 and 25 January 2018 on the activities carried out in the first and second halves of 2017, as described in more detail below.

10.2. Tasks assigned to the Audit and Risk Committee

In the meeting of 23 February 2012, the Board of Directors decided to adjust the tasks of the Audit and Risk Committee to the recommendations contained in article 7 of the Code. Therefore, the Audit and Risk Committee is responsible for:

a) offering preventive advice to the Board of Directors with regard to:

   i. the definition of the guidelines of the internal control and risk management system;
   ii. the adequacy of the internal control and risk management system compared to the characteristics of the Company and its risk profile, as well as on its effectiveness, at least every year;
   iii. the drafting of the work plan prepared by the Internal Audit Manager, approved annually by the Board of Directors;
   iv. the description, in the corporate governance report, of the main characteristics of the internal control and risk management system and the coordination methods between the parties involved in the latter and whose overall adequacy is evaluated by the Board;
   v. the results reported by the statutory auditor in the suggestion letter, if any, and in the report on the fundamental issues emerging during the statutory audit;
   vi. the appointment, cancellation and definition of the remuneration of the Internal Audit Manager.

b) evaluating the correct use of the accounting principles and their consistency for the purpose of the drafting of Consolidated Financial statements together with the Officer in Charge of the preparation of the Company’s accounting documents and after having consulted the statutory auditor and the Board of Statutory Auditors;

c) offering advice on specific aspects related to the identification of the main business risks;

d) examining the regular reports on the assessment of the internal control and risk management system, and those of particular relevance prepared by the Internal Audit Manager;

e) monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit Department;

f) requesting the Internal Audit Department to inspect specific operational areas;

g) the task of reporting to the Board of Directors regarding the activities carried out and on the adequacy of the internal control and risk management system;

h) supporting, with adequate preparatory work, the evaluations and decisions of the Board of Directors on the management of risks originating from any detrimental circumstances brought to the attention of the Board.

Following the entry into force of Italian Legislative Decree no. 39/2010, the Audit and Risk Committee is even more focused on its main task of preparing the relevant issues to be submitted to the Board of Directors in order to enable the latter to make adequate choices and decisions on the internal control and risk management system issues.

The role of the Audit and Risk Committee, as an investigation body and analysis and study centre of proposals in preparation for the resolutions of the Board of Directors and aimed at putting the necessary conditions in place for enabling the administrative body to make adequate choices and decisions on internal control and risk management system issues, is in perfect harmony with the new provisions on statutory auditing introduced in the system by the provisions of Italian Legislative Decree no. 39/2010.

During the 2017 Financial Year the Committee met six times (on 25 January, 28 February, 11 May, 18 July, 19 October and 19 December).
The average length of each meeting was approximately one hour. The average participation of members in the Committee meetings was approximately 89% (an increase compared to the 2016 financial year, when average attendance was 83%).
During the Financial Year the Audit and Risk Committee:

- assisted the Board in determining the guidelines of the internal control and risk management system, in the regular assessment of its adequacy and its actual operation;
- monitored the progress of the audit plan implemented by the Internal Audit Department pursuant to Italian Law no.262/05 and Italian Legislative Decree no. 231/2001, as well as the implementation of the recommendations issued from time to time;
- evaluated, together with the Officer in Charge and the audit firm, the correct use of the accounting principles and their consistency for the purpose of the drafting of Consolidated Financial statements (in particular with reference to the plenary meeting of the control bodies on 14 March);
- reported to the Board (on 20 July 2017 and on 25 January 2018) on the activities carried out in the first and second halves of 2017 and on adequacy of the Internal Control and Risk Management System;
- participated in the plenary meeting of the control bodies of 14 March 2017: the plenary meeting involved the Company parties/bodies that supervise/check that the internal control and risk management system is operating properly (aimed, *inter alia*, at the approval of the assessment of the organisational structure and the internal control and risk management system);

- examined and assessed, offering advice and performing inquiries, the sustainability procedure and its goals, and, in particular, the draft of the report on non-financial information, checking that internal processes were ready to collect information validating the materiality matrixes and monitoring the progress of the activities; with reference to this activity, it is envisaged that the Committee, subsequent to the appointment of the new Board and the Committee, following the Meeting of Shareholders, will be formally assigned this activity, entrusted with the consulting and proposing task, with the necessary adjustment of its charter and the renaming of the Committee as the Audit, Risk and Sustainability Committee.

In the 2018 financial year the Control and Risk Committee has met on 25 January, 15 February and 13 March (the latter meeting being dedicated to the review of the draft of the report on non financial information). Four more meetings are planned for the remaining part of 2018.
Moreover, on 13 March 2018 a plenary meeting of the control bodies was held, attended by the Committee itself, the Supervisory Body, the Audit Firm, the Board of Statutory Auditors, the Internal Audit Manager, the Director in charge of the Internal Control and Risk Management System, the Officer in charge of drawing up the Company's accounting documents pursuant to Italian Legislative Decree no. 262/05, and the Legal Department.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In compliance with principle 7.P.1. of the Code, the Internal Control and Risk Management System is defined as the set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of the main risks. An efficient Internal Control and Risk Management System helps to ensure the protection of company assets, the efficiency and effectiveness of corporate transactions, the reliability of financial information and compliance with laws and regulations.

The Internal Control and Risk Management System is operated and monitored by the following parties within the Company, which are involved in various capacities and with different responsibilities in the Internal Control and Risk Management System. Each one has specific duties, as described below:

- Board of Directors;
- Director in charge of the Internal Control and Risk Management System;
- Board of Statutory Auditors;
- Supervisory Body;
- Audit and Risk Committee;
- Internal Audit Department.

In addition to the parties mentioned above, other parties are involved, in various capacities and with different levels of responsibility in the management of the Internal Control and Risk Management System:

- Officer in Charge of the preparation of the Company's accounting documents pursuant to Italian Legislative Decree no. 262/05;
- Audit firm;
- other internal control departments (Quality, Safety, Compliance, etc.);
- other bodies set forth in different regulations (ISO certification bodies).

The Board of Directors believes that the current division of the parties involved in the Internal Control and Risk Management System and the interrelationship between the control bodies and departments guarantee an adequate level of reliability on the capacity of the system itself to achieve its goals.

The evaluation, insofar as it refers to the Internal Control and Risk Management System in its entirety, reflects the limitations inherent in such a system. Even if it is well-conceived and functional, this System, in fact, can only guarantee with reasonable probability that Company objectives are achieved.

The Board of Directors met for this purpose on 15 March 2017, upon the proposal of the Audit and Risk Committee, having consulted the Board of Statutory Auditors (which met on the previous day together with the Audit Firm, the Director in charge of the Internal Control and risk management System, the Officer in Charge of the preparation of the Company's accounting and corporate documents and the Group General Counsel) and deemed the Internal Control and risk management system, to be adequate.

Since 2012, the Company has implemented a process for the development of Risk Management tools and methods aimed at the identification, analysis and understanding of the level of mitigation of company risk.
In 2016 the Company separated the Risk & Compliance department, providing it with competences and resources, with the aim of implementing and structuring an ongoing Enterprise Risk Management process, using Risk Management methods consistent with the best practices in the sector and reporting to the Management and the Board of Directors, under the supervision of the Audit and Risk Committee.
To date, the ERM process being implemented reports on a six-monthly basis to the Board of Directors on the main threats and risks and defines actions to implement and monitor the effectiveness of the Internal Control System.
According to Enterprise Risk Management methodology, the control system is designed starting with the definition of the company strategy. The strategy is defined through the identification of critical success factors that have not been adequately pursued, presenting strategic risk for the company. Furthermore, the achievement of strategic goals switches from the definition of other related goals by the Company. According to ERM methodology, goals are defined as follows:

- strategic: high-level goals, in line with the mission of the Group;
- operational: linked to the efficient and effective use of resources;
- reporting: linked to the reliability of reporting inside and outside the Company;

- compliance: linked to compliance with applicable laws and regulations.

In order to provide reasonable assurance on the pursuit of company strategic goals and related goals, the Company identifies and monitors the risk of failing to achieve the aforesaid goals and, for each of them:

- assesses the impact/probability of these risks;
- identifies the methods for monitoring current risks;
- assesses the effectiveness of the controls put in place compared to the identified risks.

Within this process risk assessment methods were defined that led to the definition of a potential/inherent risk rating, the identification of existing management actions and the assessment of residual risk on the Group. To complete the ERM process, the Board of Directors approved the Risk Appetite framework of the Group, which defines the level of risk compatible with the strategic goals of the Group.

The Risk & Compliance department is assigned the task of identifying the Management responsible for identifying the processes and risks that are significant for the business of the Group. The involvement of the Risk Owners thus makes it possible, for each macro-risk, for specific events/threats to be identified, as well as risk response and, if necessary, the definition of possible improvement and mitigation measures.

The Risk & Compliance department, as a facilitator of the ERM process, is responsible for formalising and coordinating the review of the responses to the risk given by the Risk Owners to the risk when:

- the risk appetite of the Group changes;
- the processes, identified risks, activities and/or controls change;
- the Audit and Risk Committee finds the Internal Control System to be inefficient or ineffective.

The actual application of the identified responses to risk is ensured with the ongoing monitoring and independent inspection by the Internal Audit department.

The ongoing monitoring sees the active involvement of the Risk Owner that identifies the need to review the internal control system. This review concerns possible amendments to be made to the risks identified during the risk identification phase, and the need to update risk assessments or amend the identified control activities, so that any risks found can be mitigated.

The Internal Audit department, on the basis of the audit approved by the Board of Directors, carries out regular independent checks aimed at testing the adequacy and effective application of the control system.

Ultimately, notification and reporting are fundamental components of the Enterprise Risk Management process. Relevant information is communicated using the methods and within the time limits that enable the parties involved in the process to meet their obligations.

In particular, this concerns:

- the reporting formalised by the Risk & Compliance department for the purpose of informing the Risk Owners of the results of the risk assessments that concern them;
- the reporting formalised by Risk & Compliance department for the Director in Charge of the Internal Control and Risk Management System in order to enable the latter to report to the Board of Directors on the status of the Internal Control System.

The goal of the Company is to ensure that Enterprise Risk Management increasingly becomes an integral part of the company processes, as well as a functional tool in the decision-making process, on the basis of the corporate risk profile.

***

The information on the main characteristics of the Internal Control System for the purposes of financial reporting and the risk management system in place in relation to the financial reporting process, including the consolidated reporting process, is given below.

THE INTERNAL CONTROL SYSTEM FOR THE PURPOSES OF THE FINANCIAL REPORTING AND RISK MANAGEMENT PROCESS.

Introduction

The changes in regulations in recent years have regulated different aspects of the internal control and risk management system, and as a consequence there has been a proliferation of control models and different bodies called upon in various capacities to provide a level of reliability on these models. Within this context the Administrative and Accounting Control Model (hereinafter also referred to as the "Accounting Control Model") is defined as a document describing the internal control system with reference to the financial reporting process.

The Internal Control System related to the financial reporting process is an integral part of the internal control and risk management system of the SAES Group, and contributes to the ensuring of the achievement of the objectives stated above.

More specifically, for the purposes of the financial reporting process, this System is aimed at ensuring:

- the reliability of the reporting, its correctness and compliance with accounting standards and legal requirements;
- the accuracy of the reporting, its neutrality and precision;
- the reliability of the reporting, which must be clear and complete so that investors, the market and also the corporate bodies can make informed decisions;
- the promptness of the reporting, with particular reference to the observance of the deadlines prescribed for its publication according to applicable laws and regulations.

The task of monitoring the implementation of the above Accounting Control Model was assigned, by the Board of Directors, to the Officer in Charge of the preparation of the Company's accounting documents (hereinafter also "Officer in Charge"), and the Managing Director.

The guidelines taken as a reference in the planning, implementation, monitoring and updating of the Accounting Control Model, even if not explicitly indicated, are the guidelines set forth in the CoSO Report.

Reference is to be made to the subsequent sections for in the specific details on the Accounting Control Model and the tasks assigned to the Officer in Charge.

Furthermore, in order to ensure the integration of the internal control System for the purposes of the financial reporting process with the more general internal control and risk management system of business risks, the Officer in Charge closely collaborates with the Internal Audit Department and orders regular independent checks aimed at analysing compliance with administrative and accounting procedures.

These checks, by selecting specific processes among those consider important following the risk assessment process described below, are always included in the more general inspection of the actions of the Internal Control Department at the subsidiary companies of the SAES Group.

ADMINISTRATIVE AND ACCOUNTING CONTROL MODEL

On 14 May 2007 the Board of Directors of the Company approved the Accounting Control Model, adopted also in light of the provisions introduced by the Savings Law, with a special reference to the obligations on the drafting of corporate accounting documents and all documents and communications of a financial nature intended for the market.

This Accounting Control Model, which represents the set of company rules and procedures aimed at achieving the Company's objectives of truthfulness and correctness in its reporting through the identification and management of the main risks associated with the preparation and the disclosure of financial information, was subjected to a revision process that led to the issue of a new release approved by the Board of Directors on 20 December 2012.

Components of the Accounting Control Model

The Accounting Control Model is made up of the following elements:

- general control environment;
- administrative and accounting risk assessment;
- counterfoils of administrative and accounting controls (hereinafter also "counterfoils");
- regular evaluation of the adequacy and effective application of the controls described in the counterfoils;
- internal certification process, functional to the external certifications required by law.

The *control environment* is the basis of an effective internal control and risk management system. The main documents formalising its essential characteristics are: the Code of Ethics and Business Conduct, the set of governance rules contained in the Report on corporate governance and ownership structures, the organisation chart and the organisational provisions, and the system of proxies.

The administrative and accounting risk assessment is the process of identifying and assessing the risks related to accounting and financial reporting. The risk assessment is conducted on an entity level as well as on a single process level. The criteria set forth in Italian Legislative Decree 61/2001 are followed when determining the materiality threshold.

This process is repeated and updated every year by the Officer in Charge with the support of the Internal Audit Department and subsequently shared with the Managing Director, and requires:

- the identification, using quantitative criteria (size) and qualitative (significance) criteria, of the balance sheet items/financial information that are highly volatile or that imply the risk of error, with reference to the financial statements of the Company, the consolidated financial statements and the financial statements of the subsidiaries;
- the identification of the related input account processes/flows and the related controls to protect the identified risks for each significant balance sheet item/piece of financial information;
- the communication to the departments involved in the intervention areas with regard to which it is necessary to monitor the efficiency and operation of the controls.

If the checks carried out on the risk areas selected as result of the regular risk assessment are not properly documented or formalised, the person in charge of the process or the accounting flow, with the support of the Officer in Charge and, if necessary, the Internal Audit Department, will be responsible for preparing appropriate documentary evidence in order to allow the checks existing in the analysed area to be assessed.

The *counterfoils of administrative and accounting* of SAES Getters are documents that describe the control standards in place for each administrative and accounting flow process selected following the regular risk assessment, with an indication of the control objectives regarding the preparation of the financial statements and the related controls existing in addition to the responsibilities and the frequency of the implementation of the control itself.

These counterfoils are used as a tool to identify the specific controls in place for each relevant process, with the identification of the controls to be tested in order to evaluate the adequacy of the Administrative and Accounting Control System. The counterfoils are subject to constant revision by the related Department Managers, with the support of the Internal Audit Department of the Group.

With regard to the *regular evaluation of the adequacy and effective application of the controls described in the counterfoils,* the Department Managers and the subsidiary companies involved in the training and management process of accounting and financial reporting are responsible for the correct operation and updating of the Internal Administrative and Accounting Control System with reference to all the related accounting processes/flows, and must continually assess the correct application of the administrative and accounting control procedures, their adequacy to the existing processes and updating of the related counterfoils of the controls, providing a declaration, on a regular basis, of the proper functioning of the internal administrative and accounting control system (as specified in more detail below).

Furthermore, the Internal Administrative and Accounting Control System is subject to an independent assessment by the Internal Audit Department, aimed at assessing the adequacy of the project and the actual effectiveness of the existing controls. The assessment is integrated in the general annual audit plan prepared by the Manager of the Internal Audit Department, confirmed by the Audit and Risk Committee and approved by the Board of Directors.

The Officer in Charge regularly monitors the adequacy and effectiveness of the internal administrative and accounting control system on the basis of the reports received from the Department Managers and the subsidiary companies and the reports on the activities of the Internal Audit Department.

All the documents on the control activities carried out and their results are made available to the firm entrusted with the audit in order that it may carry out the necessary verifications for the purposes of certification.

Finally, with regard to the *internal certification process, functional to the external certifications required by law*, this process consists of a series of subsequent certifications aimed at ensuring that announcements made externally are consistent with the definitions of article 154-*bis* of the Consolidated Finance Law.

Depending on the type of financial announcement to the market, different certifications are identified:

- Annual Financial Statements and Half-year Report produced with reference to the separate Financial Statements of SAES Getters S.p.A., the Consolidated financial statements of SAES Getters and to the half-year condensed Consolidated Financial Statements of the SAES Getters Group;
- Certifications to interim Management Reports and other final accounting reports or produced with reference to other documents such as, for example, price sensitive press releases containing economic and financial information on final data, interim or otherwise; final accounting data included in the presentations delivered regularly to shareholders and financial community or published presentations.

THE INTERNAL ADMINISTRATIVE AND ACCOUNTING CONTROL SYSTEM OF THE SUBSIDIARY COMPANIES OF SAES GETTERS S.P.A.

The Persons in charge of the management and preparation of accounting and financial reporting for the subsidiary companies, namely the local Administrative Directors and/or Controllers, together with their General Managers, are responsible for:

- ensuring that the activities and the controls in place in the input process of the accounting reporting are consistent with the principles and objectives defined at Group level;
- continuously monitoring the relevant identified controls, in order to ensure their operating and effectiveness;
- promptly and regularly informing the Managing Director or the Officer in Charge of the following:

- significant changes to the Internal Administrative and Accounting Control System in order to identify the specific controls to be implemented;
- any anomalies or findings that may generate significant errors in the accounting report.

Considering that the control structures in the majority of the subsidiaries are small, the Company decided not to issue specific procedures on the processes that influence the input of the accounting reporting of these companies, and detailed control counterfoils were prepared for the processes selected as a result of the risk assessment, which are verified by the Administrative Directors/Controllers of the individual subsidiaries.

11.1. Executive Director in charge of the Internal Control and Risk Management System

On 28 April 2015 the Managing Director Mr. Giulio Canale was appointed by the Board as the Director responsible for the internal control and risk management system (hereinafter "Director in Charge") who in particular, in compliance with application standard 7.C.4. of the Code:

a) is responsible for identifying the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and subjects them on a regular basis to the Board;
b) implements the guidelines defined by the Board of Directors, by designing, implementing and managing the internal control and risk management system and constantly checking its adequacy and effectiveness;
c) is responsible for adapting this System to the trend of operating conditions and the legal and regulatory framework;
d) may request the Internal Audit Department to carry out inspections on specific operational areas and on compliance with internal rules and procedures in the performance of business transactions, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and the Chairman of the Board of Statutory Auditors;
e) duly reports to the Audit and Risk Committee (or the Board of Directors) on the problems and critical aspects emerging during the operations of the system or that comes to his knowledge, so that the Committee (or the Board) may take the appropriate action.

The Director in Charge, with the support of the Internal Audit Department (which meets every month) continuously verifies the effectiveness of the operations of the implemented Internal Control and Risk Management System. It is also acknowledged that, in relation to application standard 7.C.4. of the Code, the Officer in Charge constantly verified the overall adequacy, efficiency and effectiveness of the internal control and risk management system and the Board, during the approval phase of this Report, took note thereof.

A description of the business risks is included in the Management Report, which is among the documents contained in the financial statements for the Financial Year.

11.2. Internal Audit Manager

With reference to the Internal Audit Manager, the Company, again in its meeting of 23 February 2012, resolved to adopt application standard 7.C.1. of the Code.
The Internal Audit Manager is appointed and removed by the Board, on the proposal of the Director in Charge and after having consulted the Audit and Risk Committee. In the same meeting, the Board, on the proposal of Mr. Giulio Canale and with the approval of the Audit and Risk Committee, in consideration of the aforesaid application standard, appointed Ms. Laura Marsigli as Internal Audit Manager.
With reference to application standard 7.C.1. of the Code, the Board of Directors defined the remuneration received by the Internal Audit Manager to be consistent with the company policies normally applied and provided her with an adequate budget for the performance of her responsibilities.

As defined by the Board and in compliance with principle 7.P.3. of the Code, the Internal Audit Manager is responsible for ensuring the operation and adequacy of the Internal Control and Risk Management System and its basic compliance with application standard 7.C.5. of the Code, and in particular:

a) verifies the effectiveness and adequacy of the internal control and risk management system on the basis of an annual plan: the audit plan for the 2016 Financial Year was submitted to the Board for approval on 20 December 2016 in compliance with application standard 7.C.1; the plan for the 2018 financial year was approved on 19 December 2017;

b) is not in charge of any operational area and hierarchically reports to the Board;

c) has direct access to all the information useful for the performance of her activities;

d) prepares regular reports containing adequate information on her activities, the procedures according to which risk management is performed, as well as on compliance with the plans defined to minimise risk. The regular reports contain an opinion on the suitability of the internal control and risk management system based on the results of the actions taken;

e) promptly prepares reports on particularly significant events;

f) sends the regular reports to the chairpersons of the Board of Statutory Auditors, the Audit and Risk Committee and the Board of Directors, as well as to the Director in Charge;

g) assesses the reliability of the IT systems within the audit plan, including the accounting systems.

In compliance with application standard 7.C.6. of the Code, the Internal Audit Department, as a whole or by operational segments, may be entrusted to subjects outside the Company, provided that they possess the requirements of professional standing and independence. During the Financial Year the Company did not make use of this power, and Internal Audit activities were entrusted to an internal resource.

During the Financial Year, the Internal Audit Manager took care of the activities set forth in the Audit plan, and more specifically:

- operational, compliance and financial audit activities, several requested by the Officer in Charge and the Supervisory Body;
- the systematic updating of the Audit and Risk Committee and the Board of Directors every six months on the status of the Audit Plan;
- the drafting of a 2018-2020 Audit Plan proposal for the Audit and Risk Committee and the Board of Directors;
- the performance of the Risk Assessment provided for in Accounting Model 262;
- the performance of follow-up activities on the actions emerging from concluded audits.

Furthermore, the Internal Audit Manager supported the ERM project as described in section 11.1.

11.3. Organisational Model pursuant to Italian Legislative Decree no. 231/2001

Italian Legislative Decree no. 231 of 8 June 2001, which lays down the "*Rules on the administrative liability of legal entities, companies and associations, also deprived of legal status*", introduced an administrative liability system of companies for offences committed in the interest or to the advantage of the companies themselves, by a directors, managers or employees, into the Italian legal system.

The Board, with its resolution of 22 December 2004, approved and adopted its own "Organisational, Management and Control Model" pursuant to and in accordance with Italian Legislative Decree no. 231/2001 ("Model 231") and simultaneously the "Code of Ethics and Business Conduct" that form an integral part of the Model, in order to clearly define the set of values that the SAES Getters Group recognises, accepts and shares, as well as the set of rules of conduct and the principles of legality, transparency and correctness to be applied in the performance of its business and in its various dealings with third parties.

The General Part of the Model and the Code of Ethics can be found on the Company website www.saesgetters.com (Investor-Relations/Corporate-Governance section).

With its resolution of 13 February 2007, the Board approved the revision of Model 231 in light of the entry into force of the regulations implementing the EC regulations on the prevention of market abuse, as well as within the regular verification pursuant to article 7, paragraph 4, letter a) of Italian Legislative Decree no. 231/2001.

With its resolutions of 18 March 2008 and 23 April 2008, the Board then approved the revision of Model 231 in order to adapt it to the legal amendments that were made in 2007 aimed at extending the range of offences protected ex Italian Legislative Decree no. 231/2001. In particular, the following offences were introduced:

- the offences of receiving, laundering or using money, goods or benefits of illegal origin (article 25-*octies* of Italian Legislative Decree no. 231/2001) introduced by Italian Legislative Decree of 16 November 2007 in implementation of the third anti-money laundering 2005/60/EC Directive.
- article 9 of Italian Law no. 123 of 3 August 2007 introduced article 25-*septies* in Italian Legislative Decree no. 231/2001, related to the offences connected to the

violation of safety and accident-prevention regulations. Reference is made to the possible offence of manslaughter or gross/very gross negligent injury committed in violation of accident-prevention regulations and the protection of occupational health and safety.

On 8 May 2008 the Board updated the Code of Ethics and Business Conduct of the Company.

In the last quarter of the 2009 financial year the Company set up the revision and adjustment plan of the Model to Italian Legislative Decree no. 231/2001, following the inclusion of the following significant offences on the list:

- (article 24-*ter*) organised crime offences - Italian Law 15 July 2009, no. 94;

- (article 25-*bis*) crimes against the industry and commerce - Italian Law 23 July 2009, no. 99;

- (article 25-*novies*) crimes related to the violation of copyright - Italian Law 23 July 2009, no. 99,

in addition to the offence of incitement to withhold statements from or issue false statements to the judicial authority - Italian Law of 3 August 2009, no. 116.

In this regard the activities carried out by each company department were mapped in order to check in particular the existence of any significant business activities for the purposes of Italian Legislative Decree no. 231/2001, as updated, as well as the adequacy of the supervision controls implemented for the prevention of crime.

The updated Model was submitted to and approved by the Board of Directors during the meeting of 27 April 2010.

During this verification it was considered appropriate to arrange a new procedure on patents, the "*Procedure for the management of new corporate IP assets*".

On 17 February 2011 the Procedure was submitted to and approved by the Board of Directors of the Company and subsequently distributed to all company staff, also through training courses organised internally by the company departments with the support of consultants specialising in these matters.

The Model was updated by the Board of Directors on 20 December 2011 in order to transpose the introduction of the environmental crimes among the cases of predicate offence set forth in Italian Legislative Decree no. 231/2001. The update included the introduction of a new Special Part G – "environmental offences".

On 20 December 2012 the Board of Directors updated the Model by introducing a new Special Part H – "Offences relating to the employment of foreign workers" containing protocols of conduct for the prevention of the potential commission of the criminal conduct referable to the cases of predicate offence set forth in article 22, paragraph 12-*bis* of Italian Legislative Decree no. 109/2012, which penalises the employer in the event of the employment of third-country nationals with unlawful residence permits.

On 19 December 2013 the Board of Directors updated the Model following the entry into force of Italian Law no. 190/2012, which introduced new offences, such as private bribery and extortion by persuasion, into the Italian legal system.

On 13 May 2015 the Board of Directors updated the Model and added Special Part I – “The crimes of receiving, laundering and using money, goods or benefits of illegal origin, self-laundering and transnational crime”.

Finally, on 11 May 2017, also following the merger by incorporation of the subsidiary SAES Advanced Technologies S.p.A. with SAES Getters S.p.A., the Board of Directors updated the model in consideration of the subsequent interventions of the legislator aimed at extending the scope of Italian Legislative Decree no.231 of 8 June 2001 (hereinafter the "Decree" or "Italian Legislative Decree no. 231/2001"), new case law that had become enshrined in the meantime and the organisational amendments made to the structure of the Company and the Group. Furthermore, in agreement with the Supervisory Board, the Company opted for a 231 Model structured per process and no longer per category of offence, as it was originally, and is composed of a general descriptive part, and a special part that, in turn , is composed of 25 protocols. The decision to amend the structure of the 231 Model arises from the need and desire to render the 231 Model of SAES more and more user-friendly and efficient in terms of "risk analysis", and identification of the "areas of risk mitigation" and control measures.

The 231 Model was adopted by the Board in the firm belief that the establishment of an “organisational, management and control model”, in addition to being a valid tool for raising the awareness of all those that operate on behalf of the Company so that they behave correctly in the performance of their activities, is also an indispensable for preventing the risk of the commission of the offences set forth in Italian Legislative Decree no. 231/2001. With the adoption and the effective implementation of the Model, the Company aspires to take advantage of the so-called justification in the unlikely event of their involvement for the relevant types of offences.

A 231 training plan was defined for the second half of 2017 following the update to the Organisational Model of SAES Getters S.p.A., and saw the involvement of staff from the Lainate and Avezzano offices.
First of all staff belonging to the categories of employees, clerks and managers were given a basic course on the regulations of Italian Legislative Decree no. 231/2001, precedents and corporate cases, an explanation of the components of the Organisational Model of the Company (e.g. the Code of Ethics, disciplinary sanctions, etc.) and the role and responsibilities of all the players involved (e.g. Board of Directors, Supervisory Body, etc.) with a special focus on the methods for reporting to the Supervisory Body. In order to check the effectiveness of the classroom teaching, the individual participants were given questionnaires on the training that were filled in and corrected in the classroom at the end of the course.
Secondly, specific training courses were given, according to the area to which each employee belonged, during the course of which the 231 control Protocols adopted by the Company were explained with the aim of raising staff's awareness of them. In particular, the specific courses focused on compliance with general principles of conduct and several operational controls. In order to render the reading of the protocols comprehensible and to reinforce the training, several practical examples were given on the ways of committing the 231 offences within the framework of the processes to which the protocols refer.
With regard, on the other hand, to staff employed in production, specific training courses were given on the 231 regulations, the components of the Organisational Model

of the Company, the role and responsibilities of the players involved, the methods for reporting to the Supervisory Body and, *inter alia*, the explanation of the protocols concerning the production area and occupational health and safety.
Overall 95% of the total workforce participated in the 231 training and 19 training sessions were given in the Lainate office, compared to 5 training sessions in the Avezzano office.

11.4. Supervisory Body

The Company has a supervisory body whose tasks are identified in Italian Legislative Decree no. 231/2001, as specified in Model 231 formalised by the Company, such as supervising the operation, effectiveness, compliance and revision of the Model, as well as preparing the operating procedures to ensure its correct functioning.

On 28 April 2015, subsequent to the Meeting for the appointment of the Board in office, the latter appointed the following persons as members of the Supervisory Body:

- - Mr. Vincenzo Donnamaria (as member of the Board of Statutory Auditors);
- - Ms. Gaudiana Giusti (as Independent Director);
- Mr. Stefano Proverbio (as Independent Director);
- Ms. Luciana Rovelli (as Independent Director);
- Mr. Alessandro Altei (as Group Legal Counsel).

The Supervisory Body has its own Charter and also elected its Chairperson internally, namely Ms. Luciana Rovelli.

The Supervisory Body shall remain in office until the approval of the financial statements for the 2017 financial year.

The Supervisory Body met five times during the Financial Year (with the average attendance rate of 88% of its members at all the meetings and full attendance at 3 out of 5 meetings), compared with an average attendance of approximately 83% in 2017. The minutes of the meetings of the Body were duly recorded.

The Supervisory Body, with the support of the Internal Audit Department, prepared an audit plan for sensitive activities.

Among the activities carried out during the Financial Year, the Supervisory Body:

- analysed the information flows received from Department managers, without finding any critical issues;

- met company staff to deepen issues related to sensitive areas in more depth;

- oversaw the updating of the Organisational Model and staff training, monitoring the project planning activities and progress, by also sharing methodologies and deliverables with the project team;

- examined and approved the new version of the Model as subsequently adopted by the Board;

- monitored training, actively participating in some training sessions and approving the material used in the training plan beforehand;

- performed an in site inspection at Avezzano facilities to meet with the Employer and RSPP to make some in depth evaluation of risks associated to Law 231 and safety measures adopted as to health, environment and safety matters;

- analysed the Report on Safety and Environment prepared on the basis of article 35 of Italian Legislative Decree 81/2008 (from which no remark or red flag was raised;

- reported to the Board in a half-year report;

- monitored the development of the regulatory framework.

The Board of Directors, taking also account of the activities of the Supervisory Board, assigns the latter an annual expense budget for the performance of its activities, in full economic and managerial autonomy. The aforesaid budget is updated from time to time in accordance with the specific requirements that will be determined by the Supervisory Body. If any budget overrun due to specific requirements shall be communicated by the Supervisory Board to the Board of Directors.

11.5. Audit Firm

The statutory audit is carried out by an appointed audit firm that operates in accordance with the provisions of law. On 23 April 2013, the Meeting of Shareholders resolved to entrust Deloitte & Touche S.p.A. with the auditing task pursuant to the Italian Legislative Decree no. 39/2010 on the basis of the proposal of the Board of Statutory Auditors:

- for the auditing of the financial statements of the Company and the consolidated financial statements of the SAES Getters Group;

- for the verification of the regular bookkeeping and the correct registration of the management facts in the accounting records;

- for the limited review of the consolidated half-year report of the Company,

for the 2013-2021 financial years.

The upcoming Meeting of Shareholders will be asked to pass resolution on the supplement of the consideration paid to Deloitte & Touche S.p.A. in relation to the appointment as audit firm for the 2017-2021 financial years, as well as the proposal of Deloitte & Touche S.p.A. to perform the limited review of the non-financial consolidated statement.

11.6. Officer in Charge of the preparation of the Company's accounting documents and other corporate roles and functions

On 28 April 2015 the Board appointed Mr. Michele Di Marco as *Group Administration, Finance & Control Manager and Deputy Chief Financial Officer*, confirming him, to be the Officer in Charge of the preparation of the Company's accounting documents, after having consulted the Board of Statutory Auditors, pursuant to and in accordance with new article 154-*bis* of the Consolidated Finance Law, introduced by the Italian Savings Law.

Pursuant to article 24 of the Company By-laws, introduced with the resolution of the extraordinary Meeting of Shareholders of 29 June 2007, the Officer in Charge of the preparation of the Company's accounting documents must satisfy the professional requirements characterised by qualified experience of at least three years in the performance of administration, accounting and/or control activities, or as a manager or consultant on finance, administration, accounting and/or control activities, within listed companies and/or associated groups, or within companies, entities and enterprises of significant size and relevance, even with reference to the drafting and control of corporate accounting documents.

The office of Officer in Charge expires at the end of the mandate of the Board that appointed him (approval of the financial statements for the 2017 financial year). He can be re-elected. Mr. Di Marco has been the Officer in Charge since 29 June 2007. The Officer in Charge has autonomous spending and signature rights. The Board ensures that Mr. Di Marco is provided with adequate powers and means to perform the duties assigned to him pursuant to article 154-*bis* of the Consolidated Finance Law, those assigned to him by the Board upon his appointment, and supervises his effective compliance with administrative and accounting procedures.

On 14 May 2007, the Board approved the first version of the document describing the Accounting Control Model, as described in section 11, and an update on 20 December 2012, in order to ensure a higher level of reliability of the financial reporting disclosed to the market and the effectiveness of the Officer in Charge. In particular, the document:

- describes the components of the Accounting Control Model;
- indicates the responsibilities, means and powers of the Officer in Charge;
- regulates the rules of conduct, the roles and responsibilities of the company organisational structures involved in various capacities;
- defines the (formal and internal) certification process on financial reporting.

11.7. Coordination of the subjects involved in the check of the Internal Control and Risk Management System

In observance of principle 7.P.3. of the Code and considering the regulatory and procedural provisions introduced by Legislative Decree no. 39 of 27 January 2010, in order to facilitate a steady information flow among the several business bodies and functions that enables the Internal Control and Audit Committee (the Board of Statutory Auditors) to carry out suitable supervision as required by the law, periodical meetings are planned, among the other activities carried out by the Committee in the fulfilment of its functions, of the Committee/Board of Statutory Auditors, the Audit and Risk Committee, the Audit firm, the Internal Audit Manager, the Director in Charge with drawing up corporate accounting documents according to Legislative Decree no. 262/05, The Director in Charge and the Group General Counsel. Such meetings focus on the analysis and discussion of the financial information process and the application of accounting principles, as well as the relevant controls, the effectiveness of the internal control system, internal audit and risk management, the legal auditing of yearly

accounts and consolidated accounts, the independence of the legal auditing company, particularly in connection with the performance of non-auditing services to the entity subject to legal auditing.
These meetings also offer the possibility to discuss specific projects related to the activities of the involved bodies, such as, by way of example, in this Financial Year, the Enterprise Risk Management process entrusted to the Risk & Compliance department.
In 2017, the meeting was held on 14 March. For the current financial year the meeting took place on 13 March.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 21 December 2010 the Board of Directors, having consulted and obtained the approval of the Independent Directors Committee, adopted the Procedures for transactions with related parties (the "Procedures") in compliance with the provisions of CONSOB Regulation no. 17221 of 12 March 2010 (hereinafter "Regulations") and CONSOB Communication of 24 September 2010 (hereinafter "Communication"), aimed at ensuring the transparency and the substantial and procedural correctness of the transactions with related parties, identified pursuant to the revised international accounting standard IAS 24.
The Procedures define the transactions of "major significance" that must be approved in advance by the Board, with the reasoned and binding opinion of the Committee for Transactions with Related Parties.
The other transactions, unless they fall within the residual category of transactions of minor value - transactions of less than €250,000 - are defined as "of minor significance" and may be carried out subject to the reasoned and non-binding opinion of the aforesaid Committee. Furthermore, the Procedures identify cases of exemption to their application, including, in particular, the ordinary transactions concluded under conditions equivalent to those of the market or standard, transactions with or between subsidiaries and those with associated companies, provided that the other related parties of the Company have no significant interest in them, and transactions of minor value.

The Procedures came into force on 1 January 2011 and are published in the Company website www.saesgetters.com. (Investor-Relations / Corporate-Governance/Policies-and-Procedures/Related-Parties).

13. APPOINTMENT OF AUDITORS

The appointment of the Board of Statutory Auditors is expressly regulated by the By-laws, which set forth an appointment procedure using a slate system, without prejudice to the application of different and further mandatory legal or regulatory provisions.

The Board believes that the Auditors, in the same way as the Directors, ought also to be appointed according to a transparent procedure, as described below.

Article 22 of the current By-laws, which already provided for the election of the Board of Statutory Auditors by presenting lists, was amended by the resolution of the extraordinary Meeting of Shareholders of 27 June 2007 in order to incorporate the amendments and additions to the election procedures introduced in the meantime to the regulations in force.

In particular, the amendments were introduced in compliance with the provisions of article 148, paragraph 2 and 2-*bis*, as well as article 148-*bis* of the Consolidated Finance Law, as amended by Italian Legislative Decree no. 203 of 29 December 2006, and article 144-*sexies* of the Regulations for Issuers as modified by CONSOB resolution no. 15915 of 3 May 2007, which establishes that an active member of the Board of Statutory Auditors must be elected by the minority Shareholders that are not directly or indirectly related to the Shareholders that have submitted or voted that obtained the most votes, with reference to the definition of relations between current Shareholders and minority Shareholders contained in the Regulations for Issuers; that the Chairman of the Board of Statutory Auditors is appointed by the Meeting of Shareholders from among the Auditors appointed by the minority shareholders; that the By-laws may require the Shareholder or Shareholders that submit the list are owners, at the time of submission of the list, of a shareholding that does not exceed the one stated in article 147-*ter*, paragraph 1, of the Consolidated Finance Law; that the list must be lodged at the company headquarters, accompanied with a series of documents specified by the regulations, at least 25 days prior to the date fixed for the Meeting of Shareholders convened to pass resolution on the appointment of Auditors; that the lists must be made available to the public at the company headquarters, the management company of the market and on the website of the issuing companies within the time limits and using the methods provided for by law; that the By-laws can establish the criteria to identify the candidate to be elected if the lists are equal.

Current article 22 of the By-laws sets forth that the minority - that are not party of a relevant connection, even indirectly, as per article 148, paragraph 2, of Consolidated Finance Law and related regulatory rules - are entitled to the appointment of one statutory Auditor, who is the Chairman of the Board, and of one Alternate Auditor.

The election of the Auditors by the minority Shareholders takes place at the same time as the election of the other members of the control body (with the exception of cases of replacement).

Only those shareholders who, with reference to the shares registered in their account on the day of deposit of the lists at the Company offices, alone or together with other shareholders, own voting shares representing at least the percentage in the voting capital equal to the one determined by CONSOB, pursuant to article 148 paragraph 2 of the Consolidated Finance Law and in compliance with the Regulations for Issuers, are entitled to present lists for the appointment of Auditors. On the date of this Report, the requested share is 4.5% of the share capital with voting rights (as established by CONSOB with resolution no.20273 of 24.01.2018).

A Shareholder may not submit nor vote for more than one list, even through intermediaries or trust companies.

Shareholders that are part of the same group and shareholders who entered a shareholders agreement concerning the shares of the Company cannot submit nor vote for more than one list, even through intermediaries or trust companies. Each candidate may enrol in only one list, under penalty of ineligibility.

The lists, to be signed by all those that submitted them, must be lodged at the head offices of the Company within twenty-five days prior to the Meeting convened to resolve upon the appointment of the Board of Statutory Auditors. The Company makes the lists available to the public on its website www.saesgetters.com, at the Company offices (Viale Italia, 77, Lainate (Milan) and on the 1Info system at www.1info.it, within the time limits and using the methods established by applicable laws.

The lists must contain the names of one or more candidates for the position of Statutory Auditor and of one or more candidates for the position of Alternate Auditor. The names of the candidates are marked in each section (Statutory Auditors section, Alternate Auditors section) by a progressive number and in numbers not exceeding the members to be elected.

The lists also contain, as an annex:

a) information on the identity of the Shareholders that have submitted the lists, with the information on the total percentage of the overall shareholding owned: this indication must be approved by a special certificate issued by the intermediary to be submitted also subsequent to the deposit of the list, but in any case within the time limits provided for the publication of the lists by the issuer;

b) a declaration of the Shareholders other than those that hold, even jointly, a controlling or majority shareholding, certifying the absence of the relationships provided for by article 144-*quinquies* of the Regulations for Issuers with the latter;

c) an exhaustive report on the personal and professional characteristics of the candidates accompanied by the list of the management and control positions held in other companies;

d) a declaration of the candidates certifying that non-existence of causes for ineligibility and incompatibility, as well as the possession of the requirements provided for by *pro tempore* laws and regulations in force, and their acceptance of the candidature;

e) any other further or different declaration, information and/or document provided for by law and applicable regulations.

If upon the expiry of the deadline to submit the lists, only one list has been lodged, or only lists by inter-related Shareholders pursuant to the applicable regulations, lists may be submitted up to the fifth day subsequent to this date. In this case the minimum threshold above required for submitting the lists are reduced by half. The failure to submit minority lists, the extension of the deadline for the submission of the latter and the reduction of the thresholds are disclosed within the time limits and using the methods provided for by applicable laws.

Members of the Board of Statutory Auditors are elected as follows: (i) 2 statutory Auditors and 1 Alternate Auditor are selected from the list that has obtained the highest number of votes (“Majority List”), in the order of priority they appear on the list; (ii) 1 statutory Auditor, who will be the Chairman of the Board of Statutory Auditors (“Minority Auditor), and 1 Alternate Auditor (“Minority Alternate Auditor”) are selected from the second list that has obtained the highest number of votes and that is not connected directly or indirectly with the Shareholders that have submitted or voted for the Majority List pursuant to the applicable provisions ("Minority List"), in the order of priority they appear on the list.

If one or more lists receive the same number of votes, the one presented by Shareholders owning the highest shareholding when the list is submitted shall prevail or, subordinately, the one submitted by the highest number of Shareholders.

If only one list is presented, the Meeting of Shareholders will vote on this list and if it obtains the majority of voters, without taking abstentions into account, the candidates listed for these positions will be elected statutory and alternate Auditors. In this case, the Chairman of the Board of Statutory Auditors will be the first candidate voted as statutory Auditor.

If no lists are submitted, the Board of Statutory Auditors and the Chairman are appointed by the Meeting of Shareholders with the ordinary majorities required by law.

If, for any reason, the Majority Auditor is no longer available, he/she is replaced by the Alternate Auditor selected from the Majority List.

If, for any reason, the Minority Auditor is no longer available, he/she is replaced by the Minority Alternate Auditor.

The Meeting of Shareholders, as set forth in article 2401, paragraph 1, of the Italian Civil Code, the Meeting of Shareholders appoints or replaces the Auditors in compliance with the principle of the necessary representation of minorities.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-*bis*, paragraph 2, letter d) and d-bis), of the Consolidated Finance Law)

The Board of Statutory Auditors holding office was appointed by the Meeting of Shareholders on 28 April 2015 and will remain in office until the approval of the 2017 financial statements. More specifically, the Board of Statutory Auditors consists of Mr. Angelo Rivolta, who replaced Mr. Pier Francesco Sportoletti on 11 October 2016 and was subsequently reconfirmed by the Meeting of Shareholders of 27 April 2017, Chairman of the Board of Statutory Auditors (elected on the basis of a Minority List), Mr. Vincenzo Donnamaria and Ms. Sara Anita Speranza, Statutory Auditors, as well as Ms. Anna Fossati (Alternate Auditor from the Majority List and Mr. Maurizio Civardi, Alternate Auditor appointed by the Meeting of Shareholders of 27 April 2017, on the proposal of the Majority Shareholder due to the lack of other candidates on the Minority List submitted by the Minority Shareholder and proposals received from other Minority Shareholders. The Board of Statutory Auditors holding office was appointed on the basis of two lists submitted to the Company by the majority Shareholder S.G.G. Holding S.p.A. and by the minority Shareholder Equilybra Capital Partners, in compliance with the methods and within the time limits set forth in regulations and the By-laws.

The list and accompanying documentation were also promptly published on the Company website.

Due to the expiry of the three-year period, with the approval of the financial statements for the period closing as at 31 December 2017, the mandate of the Board of Statutory Auditors, appointed on 28 April 2015, is also expiring. The upcoming Meeting of Shareholders shall therefore be called upon to pass resolution on the appointment of the Board of Statutory Auditors.

Pursuant to aforesaid article 18 of the Company By-laws, the Board of Statutory Auditors shall consist of three Statutory Auditors and two Alternate Auditors, appointed using a slate system and with methods that guarantee compliance with gender balance regulations pursuant to article 148, paragraph 1-*bis*, of the Consolidated Finance Law. In particular, as this is the second mandate after one year from the entry into force of Italian Law no.120/2011 (which introduced the aforesaid paragraph 1-*bis*), at least one third of the members of the Board must belong the less-represented gender, with the rounding up, in the case of a fractional number, to the higher number. Please refer to the Report prepared by the Directors on the items on the agenda of the Meeting of Shareholders, which shall be published on the Company website at the address: www.saesgetters.com,Investor-Relations/investors-area/Meeting-of-Shareholders section, made available at the company offices (Viale Italia, 77, Lainate (Milan) and on the 1Info system at www.1info.it, within the time limits established by the applicable laws. Please refer to section 4.2.1 for information on the diversity policy of the administration and control body of the Company.

The Board carries out an annual inspection on the continuance of the experience and integrity requirements that the Auditors must satisfy pursuant to the Decree of the Ministry of Justice of 30 March 2000, no. 162, as well as that of independence pursuant to article 148 of the Consolidated Finance Law and application standard 8.C.1. of the Code. During the Financial Year, with reference to the 2016 financial year, this inspection was performed on 16 February 2017. With reference to the 2017 financial year, this inspection was performed on 15 February 2018.

In addition to the requirements set forth in the applicable regulations, the Auditors of the Company must also have proven skills and expertise in tax, legal, organisational and accounting matters, in such a way as to guarantee the Company maximum efficiency in the controls and the diligent execution of their duties.

In derogation from application standard 8.C.1. of the Code, the Board did not consider it necessary to specifically provide that the Auditors should be chosen from among persons that qualify as independent on the basis of the criteria indicated for the Directors, as they considered legal provisions to be sufficient. The Shareholders submitting the lists for the appointment of the Board of Statutory Auditors are required to indicate the possible suitability of the candidates to qualify as independent, leaving the evaluation of the importance of this qualification to the Meeting of Shareholders.

In compliance with application standard 8.C.2. of the Code, the Auditors accept the office when they believe they can devote the necessary time to the diligent performance of their duties.

During the Financial Year each member of the Board of Statutory Auditors informed CONSOB of the management and control positions held at the companies set forth in

Book V, Chapters V, and VI, VII of the Italian Civil Code, pursuant to and in accordance with article 144-*quaterdecies* of the Regulations for Issuers.

Also in compliance with the principle 8.P.1. of the Code, the Auditors operate autonomously and independently also from the Shareholders that elected them.

The Auditor that, personally or on account of third parties, has an interest in a particular transaction of the Company immediately informs the other Auditors and the Chairman of the Board providing exhaustive details on the nature, terms, origins and extent of the interest, also pursuant to application standard 8.C.3. of the Code.

The remuneration of the Board of Statutory Auditors is decided by the meeting of shareholders upon its appointment and is proportionate to the commitment required, the significance of the position held and the size and sector of the company. The auditors may receive additional remuneration for their participation in other control bodies (for example, the Supervisory Body), within the limits permitted by the laws in force.

The Board of Statutory Auditors, within the context of the tasks assigned to it by law, supervises the methods of implementing corporate governance rules and ensures (as it did during the Financial Year) that the criteria and procedures to ascertain the independence of its members adopted by the Board of Directors has been correctly applied. The outcome of these checks is announced to the market within the context of this Report or the Auditors' Report to the Meeting of Shareholders.

The Board of Statutory Auditors also oversees (as it did during the Financial Year) the conditions for the independence and the autonomy of its members, informing the Board of Directors thereof in a timely manner with respect to the drafting of this Report. The Board of Statutory Auditors verified the continuing satisfaction of the requirements of independence of its members in the first meeting after its appointment (on 28 April 2015) and during the Financial Year. In carrying out the inspections stated above the Board did not apply any further criteria for the independence of the Directors, but only laws and regulations.

The Board of Statutory Auditors is responsible for evaluating the proposals made by the audit firms in order to be entrusted with the related task, as well as the plan prepared for the audit and the results shown in the report and in the suggestion letter. The Board of Statutory Auditors also supervises the effectiveness of the auditing process and the independence of the audit firm, also checking its compliance with legal provisions, as well as the nature and size of the services other than the auditing services provided to the Company and its subsidiaries by the aforesaid audit firm and the entities belonging to its network.

During the Financial Year, the Board of Statutory Auditors supervised the independence of the audit firm, checking its compliance with legal provisions in these matters, as well as the nature and size of the services other than the auditing services provided to the Company and its subsidiaries.

Furthermore, by virtue of the provisions contained in Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors also acts as Internal Control and Audit Committee called upon to supervise the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of annual accounts and the consolidated accounts and the independence of the audit firm.

The Board of Statutory Auditors may ask the Internal Audit Department to carry out specific inspections on operational areas or corporate transactions in the performance of its tasks, as indicated in application standard 8.C.4. of the Code.

In accordance with application standard 8.C.5. of the Code, the Board of Statutory Auditors and the Audit and Risk Committee duly exchanged important information for the performance of their respective tasks, for example on the occasions of the meetings of the Board of Directors or Audit and Risk Committee (which, it is to be remembered, are attended by the Chairman of the Board of Statutory Auditors or other Auditor appointed by the latter).

The Board of Statutory Auditors has access to the minutes of the meetings of the Committees and the Supervisory Body through the virtual data room.

During the Financial Year the Board of Statutory Auditors met five times with constant participation of all members. The meetings of the Board of Statutory Auditors last an average of 3 hours. Two meetings are planned for the 2018 financial year; 1 meeting was already held on 13 March. The new Board of Statutory Auditors that will be appointed in the Meeting of Shareholders of 24 April will fix the meetings for the remaining part of the year. Full information will be made known in the 2018 Corporate Governance Report.

In relation to principle 8.P.2. of the Code, the Company believes it has adopted adequate measures to guarantee the effective performance of the tasks of the Board of Statutory Auditors.

The personal and professional information of each Statutory Auditor is provided below:

Angelo RIVOLTA – born in Desio (MI) on 24 May 1976

Mr. Rivolta graduated with a degree in Economics and Business from the Università Cattolica del Sacro Cuore of Milan in 1999.

He qualified to practice as a Chartered Accountant and Statutory Auditor in 2004.

He registered in the Register of Chartered Accountants and Accounting Experts of Monza and Brianza under no.1315/A (previously registered under no.902 in the Register of Chartered Accountants of Monza and Brianza) in 2005.

He is also registered in the Register of Statutory Auditors, under number 138641 with provision 02/11/2005 published in the Official Journal of the Italian Republic, no.88 – IV Special Series – of 08/11/2005.

He practices his profession in his own firm.

Mr. Rivolta has been Chairman of the Board of Statutory Auditors of SAES Getters S.p.A. since October 2016.

Vincenzo DONNAMARIA - born in Rome on 4 October 1955

Mr. Donnamaria graduated with a Law degree from the Università degli Studi of Rome in 1978.

He is a lawyer enrolled in the Bar of Rome (1984).

He has been registered in the Register of Auditors since its formation (Italian Ministerial Decree 12 April 1995).

He is also a Court of Cassation lawyer, registered in the Special Register of Cassation Lawyers since 2003.

Mr. Vincenzo Donnamaria is a founding member and national manager of the Studio Associato di Consulenza Legale e Tributaria KStudio Associato law firm. The Firm, which has more than 300 professionals, lawyers, chartered accountants and auditors, is a partner in the international KPMG network.

From November 1978 to April 1985 he advanced his career in Arthur Andersen, reaching the office of ordinary member of the Tax and Corporate Consultancy Firm.

From May 1985 to September 1988 he was the founding member of the Studio Consulenti Associati Di Paco, Donnamaria, Guidi, (KPMG) and was responsible for the Rome office.

He participated as a lecturer of teaching courses in the field of direct and indirect taxation and as a speaker at conferences on topics related to tax.

In 1985 he published the book “Disciplina fiscale degli ammortamenti” (Tax regulations on amortisation),together with Mr. Francesco Rossi Ragazzi for the IPSOA publishing house.

He is a member of ANTI (Associazione Nazionale Tributaristi Italiani, National Association of Italian Tax Advisors).

During 1988 he was appointed Consultant of the Authority for Communication Guarantees within the preparation of the Regulations concerning the organisation and the operation of this Authority.

In 1998 he was also appointed member of the Commission of Inquiry set up by the Ministry of Defence, with Italian Ministerial Decree of 29 September 1998, in relation to the criminal proceedings initiated by the Judicial Authority against the former General Management personnel of the Construction of naval weapons and arms.

He was a Statutory Auditor of SAES Getters S.p.A. from 1997 until 2006. From 2006 until 2015 he held the position of Chairman of the Board of Statutory Auditors and in 2015 he was appointed Statutory Auditor.

Sara Anita SPERANZA - born in Luino (VA) on 12 January 1972

Ms. Speranza graduated with a degree in Economics from the Università Cattolica del Sacro Cuore of Milan in 1995.

She qualified to practice as a Chartered Accountant in 1999

and has also been registered in the Register of Chartered Accountants of Milan since 1999.

She is registered in the Register of Statutory Auditors – Decree of the general manager of civil affairs and the professions 19/004/2001, O.G. supplement no.36 – IV special series of 08.05.2001.

Ms. Speranza is a partner in the firm Cornelli Gabelli e Associati and over a period of almost twenty years she has acquired a wealth of experience and skills in the assistance and consultancy of leading companies and industrial, real estate and commercial groups, both in Italy and abroad, on the subject of direct and indirect taxation within the context of ordinary company activities, as well as in extraordinary transactions. She has also acquired significant experience in corporate law consultancy: planning, programming and management control; and the reorganisation, restructuring and winding-up of companies.

She is a member of the board of statutory auditors and board of directors of a large number of leading national and international companies, including those listed on regulated markets, such as Mylan S.p.A., BGP Products S.r.l., companies of the Klepierre group and companies of the Philips Saeco group.

She has been a Statutory Auditor of SAES Getters S.p.A. since 2015.

15. INVESTOR RELATIONS

The Chairman and Managing Director, in compliance with procedure for the management of inside information, do their utmost to establish constant dialogue with the Shareholders, the institutional investors and the market in order to guarantee the systematic distribution of a complete and timely report on its activities. Disclosure to investors, the market and the press is guaranteed by press releases, regular meetings with institutional investors and with the financial community.

Also in compliance with application standard 9.C.1. of the Code, the dialogue with the institutional investors, the Shareholders as a whole and the analysts is entrusted to a specific dedicated department, called Investor Relations, in order to ensure continuous and professional relations, as well as the correct, constant and complete exchange of information.

The management of relations with the Shareholders is entrusted to Ms. Emanuela Foglia, Investor Relations Manager, under the supervision of the Group Chief Financial Officer and the Managing Director, Mr. Giulio Canale.

During the Financial Year meetings and conference calls on the regular economic and financial reporting were organised. During the Financial Year, the Company also participated in the STAR Conference organised by Borsa Italiana S.p.A. in Milan on 21 and 22 March 2017 and in London on 9 October 2017 respectively.
[For the current financial year the STAR Conference in Milan is planned for 27 and 28 March 2018, whereas the conference in London is planned for 23 and 24 October 2018].

On 15 and 16 May 2017 the Company attended the event “Le eccellenze del Made in Italy”, organised by Intermonte S.p.A. in Florence.

The presentations used during the meetings planned with the financial community were made public through publication on the Company website at the address www.saesgetters.com/it/investor-relations/presentation, in addition to being sent in advance via e-mail to CONSOB and Borsa Italiana S.p.A.

The e-mail address for collecting requests for information and providing explanations and clarifications to the Shareholders on the transactions carried out by the Company is: investor_relations@saes-group.com

Furthermore, the Company, in order to facilitate the attendance of the Shareholders in the Meeting of Shareholders, allows the Shareholders to ask questions on the items on the agenda, also before the Meeting, by sending a registered letter with acknowledgement of receipt to the Company headquarters via certified e-mail to the address saes-ul@pec.it. The questions received before the Meeting of Shareholders are answered on the website of the Company or, at the latest, during the Meeting of Shareholders, with the right of the Company to provide a unified response to questions with the same content.

Special attention is to be paid to the Company website (www.saesgetters.com), where financial and economic information (such as financial statements, half-yearly and quarterly reports), as well as data and documents of interest to the Shareholders as a whole (press releases, presentations to the financial community, calendar of corporate events, non-financial information) can be found in Italian and English.

Also in compliance with application standard 9.C.2., the Company provides the necessary or appropriate information in the special Investor Relations section of the Company website so that the Shareholders can make informed decisions while exercising their rights, with particular reference to the methods provided for the participation and exercising of voting rights in the Meeting, as well as to the documents related to the topics on the agenda, therein including the list of candidates for the positions of Director and Auditor and their personal and professional information.

The admission and the permanence of the Company in the STAR ("Segmento Titoli con Alti Requisiti" - segment of securities with high requirements) of Borsa Italiana S.p.A. also represent an indicator of the ability of Companies to satisfy the high information disclosure standards that constitute one of its essential requirements.

16. MEETINGS OF SHAREHOLDERS (pursuant to article 123-bis, paragraph 2, letter c), of the Consolidated Finance Law)

The Meetings, duly constituted, represent all the Shareholders, and its resolutions, passed in compliance with the law, are binding upon Shareholders even if they are absent or dissenting. The meeting is held in ordinary and/or extraordinary session, according to law, at the Company headquarters or another location, even abroad, provided that it is within the countries of the European Union.

The Meeting of Shareholders is regulated by articles 8, 9, 10, 11, 12 and 13 of the By-laws, which can be found on the Company website at the address https://www.saesgetters.com/investor-relations/corporate-governance/company-laws
.

In sharing principles 9.P.1. and 9.P.2., as well as application standard 9.C.2. and 9.C.3. of the Code, the Chairman and Managing Director do their utmost to encourage the widest possible attendance at the Shareholders in the Meetings, as an actual moment of communication and connection between the Company and its investors. As a rule, all the Directors attend the Meetings. The Board of Directors does its utmost to reduce the constraints and obligations that render it difficult and burdensome for the Shareholders to attend Meetings and exercise their voting rights. Moreover, no complaints to this effect were received from the Shareholders.

The Meetings are also an occasion for providing the Shareholders with information on the Company, in compliance with the regulations on inside information.

In particular, in the Meetings the Board of Directors reports on the activities carried out and those that are planned and does its utmost to ensure that the Shareholders are provided with adequate information on the necessary topics so that they may make the decisions reserved for the Meeting of Shareholders in full cognition of the facts.

During the Financial Year, the ordinary Meeting of Shareholders was held on 27 April 2017 to pass resolution on the following agenda:

1. Report of the Board of Directors for the year ended 31 December 2016; financial statements as at 31 December 2016; related resolutions; presentation of the consolidated financial statements as at 31 December 2016; distribution of the dividend;

2. Remuneration Report pursuant to article 123-*ter*, paragraph 6 of Italian Legislative Decree no.58/1998 and article 84-*quater* of CONSOB resolution no.11971 of 14/05/1999 concerning the Regulations for Issuers.

3. Proposal to authorise the Board of Directors pursuant to and for the purposes of articles 2357 *et seq.* of the Italian Civil Code and Italian Legislative Decree no.58/1998 to purchase and dispose of a maximum of 2,000,000 treasury shares; consequent and related resolutions;

4. Appointment of the Chairman of the Board of Statutory Auditors and addition to the Board of Statutory Auditors (appointment of Alternate auditor) pursuant to and in accordance with article 2401 of the Italian Civil Code;

5. Amendment to Directors' Severance Indemnity.

No additions to the agenda were proposed by the entitled Shareholders.

In order to attend the Meeting of Shareholders, the Company requires the notification establishing the right to speak and to vote in the Meeting of Shareholders to be sent by the intermediary on the basis of records at the end of the accounting day of the seventh day of open market before the date fixed for the Meeting of Shareholders on single and only call.

In this regard, article 10 of the By-laws states:

"Attendance and representation at the Meeting of Shareholders are governed by the Law.

Voting rights holders will have the right to attend the Meetings providing that their capacity to attend the meeting is certified according to the methods and within the terms provided by the regulations and laws in force.
The electronic notice of the delegation to attend the Meetings may be pursued by means of related link on the Company website, according to the methods set forth by the notice of calling, or, alternatively, by means of certified email sent to the email address indicated in the notice of call.

The Chairman of the Meeting, also through appointees, shall be responsible for verifying the validity of the meeting's establishment, the identity and legitimacy of those present, and for regulating the meeting's progress, establishing the methods of discussion and voting (which shall in all cases be transparent), and announcing the results of votes."

The minutes of the Meeting of Shareholders was made available on the Company website on 24 May 2017, 26 days after the Meeting of Shareholders, whereas the outcome of the voting was made available the day after the Meeting.

Six Directors attended the Meeting of Shareholders on 27 April 2017. No. 45 individuals, for themselves or on behalf of others, attended the Meeting: they represented no. 7.968.757 ordinary shares, equal to 54.31% of the voting capital (out of the total 14.671.350 ordinary shares of the capital stock).

The Board of Directors, on the occasion of the Meeting of Shareholders, ensured that adequate information was provided, filing the reports on the items on the agenda and the resolution proposals at the registered office, on the 1Info storage system at the address www.1info.it, and first and foremost by publishing them on the Company website. The reports were made available in Italian and English, within the time limits provided for by law.

The Chairwoman of the Remuneration and Appointment Committee did not report to the Shareholders at the Meeting, as the Board and the Committee considered the information contained in writing in the Remuneration Report and in the Corporate Governance Report to be thorough and complete.

16.1. Regulations for Meeting of Shareholders

In compliance of application standard 9.C.3. of the Code, on 13 March 2012 the Board proposed the adoption of specific regulations for Meeting of Shareholders, indicating the procedure to be followed in order to enable the orderly and functional performance of the meetings, guaranteeing, at the same time, the right of each shareholder to take the floor on the points under discussion. These regulations were approved and adopted by the Meeting of Shareholders of 24 April 2012 and updated, with the amendment of article 4, paragraph 7, by the Meeting of Shareholders of 23 April 2013.

The regulations for meetings of shareholders can be found on the Company website at the address: www.saesgetters.com/investor-relations/area-investors/shareholders-meeting.

16.2. Special Meeting of holders of Saving Shares

The special meeting of holders of savings shares is held in accordance with the law, at the company headquarters or another location, even abroad, provided that it is within the countries of the European Union.
The last meeting of holders of savings shares was held on 27 April 2017 in order to appoint the Common Representative, since his mandate had expired. The special meeting confirmed Mr. Massimiliano Perletti as Common Representative of the holders

of savings shares for in the 2017-2019 financial years (e-mail address: massimiliano.perletti@roedl.it), fixing his remuneration (at €1100 per year).

16.3. Significant changes in the market capitalisation of shares

The ordinary shares listed on the Italian Electronic Stock Market (STAR segment) increased by 96.7% in 2017, whereas savings shares registered an increase of 59%, compared to an increase of 11.7% registered by the FTSE MIB index and 32.1% registered by the FTSE Italia Star index.

16.4. Significant changes in the company structure

As per the announcements made, the majority shareholder S.G.G. Holding S.p.A. transferred 630,000 ordinary shares to SAES Getters S.p.A. on 15 and 17 May 2017.

As a result of this transaction, the shareholding of S.G.G. Holding S.p.A. was reduced from 45.24% a 40.95%.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

No corporate governance practices exist that have been implemented by the Company in addition to those already indicated in the sections above.

18. CHANGES AFTER THE REPORTING PERIOD

There were no changes in the Corporate Governance structure subsequent to the closing date of the Financial Year.

19. CONSIDERATIONS ON THE LETTER OF 13 DECEMBER 2017 OF THE CHAIRMAN OF THE COMMITTEE FOR CORPORATE GOVERNANCE

The recommendations made by the Chairwoman of the Committee for Corporate Governance in her letter of 13 December 2017 were brought to the attention of the Board of Directors on 15 February 2018.

These recommendations were not taken into consideration within the context of and throughout the Board Review process because the letter was received after the process had been concluded.

In the aforesaid letter the Committee for Corporate Governance made several recommendations mainly with regard tothe following specific areas:

- the possibility of ensuring full transparency on the timing, completeness and usability of pre-meeting information, providing precise indications about the actual respecting of the time limits identified as being suitable for the sending of documentation:

In this regard, the Board considers the information that it receives prior to board meetings to be complete and user-friendly and that it receives the documents (which are uploaded in the Virtual Data Room) well in advance. The documents are uploaded as they become available: several are received together with the notice of call, which, as stated above, is approximately 10 days prior to the meeting (during the Financial Year this ranged from a minimum of 7 to a maximum of 16 days). Others afterwards, but in any case no more than two days prior to the meeting. The Board acknowledges that there are other non-corporate documents that due to their nature are not distributed in advance but are explained and discussed in depth during the meeting and uploaded in the VDR immediately after the meeting;

- the extension of the self-assessment procedure to the individual Directors and to the Board of Statutory Auditors:

In this regard the assessment was referred and forwarded to the new Board that will be appointed in the Meeting of Shareholders of 24 April 2018; this Board will be responsible for deciding on how to structure the self-assessment for the 2018 financial year;

- giving greater weight, in the determination and the choices of remuneration policies, to long-term variable components, to the introduction of claw-back policies, and to the definition of criteria and procedures for the assignment of any severance indemnity:

In this regard the Board will take this recommendation into due consideration in the preparation of the remuneration package and the agreement for the Executive Director(s), as appointed by the Board subsequent to its own appointment by the upcoming Meeting of Shareholders on 24 April 2018. The work carried out by the current Remuneration and Appointment Committee has already led, for example, to the drafting of claw-back clause in the agreement that will regulate the relationships with Executive Director(s) that, if confirmed by the Remuneration and Appointment Committee (the one to be appointed within the Board elected by the Shareholders Meeting on April 24, 2018) will go in the direction recommended by the Corporate Governance Committee;

- the setting up of a committee for appointments, determining its specific powers. In this regard it is desirable for companies to set up a committee for appointments, even if they have a concentrated ownership structure, clearly distinguishing the tasks of the committee in question from those of the remuneration committee, if the latter also performs the tasks of an appointment committee, also requesting a separate report for the different activities carried out:

In this regard, the Board is not considering taking this recommendation on board at the minute and, in light of the streamlined organisation of the Board and of the Company, including the work carried out by the current Remuneration and Appointment Committee on the occasion of the expiry of the mandate of this Board and in view of the new one, considering the activities of a possible Appointment Committee to be limited in time, considers the decision to group the tasks envisaged for the Appointment Committee into a single Committee - the Remuneration and Appointment Committee - to still be valid and achievable, in consideration of the correlation and reciprocal relevance of the issues handled. Obviously the new Board shall have the power to adopt a different solution with the division of the tasks into two different committees with separate reporting obligations.

Lainate, 14 March 2018

for the Board of Directors

Mr. Massimo della Porta
Chairman

ANNEXES

TABLE 1 – STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS														
Position	**Members**	**Year of birth**	**Date of first appointment * (no. of years in SAES)**	**In office since**	**In office until**	**List (M/m) ****	**Exec.**	**Non-exec.**	**Independence based on Code**	**Independence based on Consolidated Finance Law**	**Number of other offices *****	**Attendance at BoD meetings (*)**	**Audit and Risk Committee (**)**	**Remun. and Appointment Committee (**)**
Chairman ◊	Massimo della Porta	1960	1997 (24)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	X				2	12/12		
Vice-Chairman, Managing Director and Chief Financial Officer•	Giulio Canale	1961	1997 (24)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	X				1	12/12		
Director	Adriano De Maio	1941	2001 (17)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X		X	-	10/12		4/7 M
Director	Alessandra della Porta	1963	2013 (5)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X			1	11/12		

BOARD OF DIRECTORS														
Position	**Members**	**Year of birth**	**Date of first appointment * (no. of years in SAES)**	**In office since**	**In office until**	**List (M/m) ****	**Exec.**	**Non-exec.**	**Independence based on Code**	**Independence based on Consolidated Finance Law**	**Number of other offices *****	**Attendance at BoD meetings (*)**	**Audit and Risk Committee (**)**	**Remun. and Appointment Committee (**)**
Director	Luigi Lorenzo della Porta	1954	2012 (6)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X			1	10/12		
Director	Andrea Dogliotti	1950	2006 (12)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X			-	12/12		
Director	Gaudiana Giusti	1962	2015 (3)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X	X	X	1	12/12	6/6 M	7/7 P
Director	Pietro Mazzola	1960	2008 (10)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X			-	8/12		
Director	Stefano Proverbio	1956	2015 (3)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X	X	X	2	11/12	6/6 M	

BOARD OF DIRECTORS														
Position	**Members**	**Year of birth**	**Date of first appointment * (no. of years in SAES)**	**In office since**	**In office until**	**List (M/m) ****	**Exec.**	**Non-exec.**	**Independence based on Code**	**Independence based on Consolidated Finance Law**	**Number of other offices *****	**Attendance at BoD meetings (*)**	**Audit and Risk Committee (**)**	**Remun. and Appointment Committee (**)**
Director°	Roberto Orecchia	1952	2009 (9)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X	X	X	-	10/12	4/6 P	
Director	Luciana Rovelli	1973	2015 (3)	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X	X	X	-	11/12		6/7 M
Directors leaving office during the Financial Year														

Number of meetings held during the Financial Year	**Board of Directors**	**Audit and Risk Committee**	**Remun. and Appointment Committee**	**Appointment Committee**
	12	6	7	N/A

Quorum required for the submission of the lists by minorities for the election of one or more members (pursuant to article 147-*ter* of the Consolidated Finance Law): 4.5 %
On the date of this Report the requested amount is 4.5% of the share capital with voting rights (as established by CONSOB with resolution no.20273 of 24.01.2018).

NOTES
The symbols below must be entered in the column "Position":
• This symbol indicates the director in charge of the internal control and risk management system.
◊ This symbol indicates the main person in charge of the management of the issuer (Chief Executive Officer or CEO).
○ This symbol indicates the Lead Independent Director (LID).
* The date of the first appointment of each director means the date on which the director was appointed for the first time (ever) to the Board of Directors of the issuer.

** The list from which each director was selected is indicated in this column (“M”: majority list; “m”: minority list; “BoD”: list submitted by the BoD).
*** This column indicates the number of positions as director or statutory auditor held by the person in question in other companies listed in regulated markets, even abroad, in financial, banking, insurance or large companies. These positions are explained in detail in the Report on Corporate Governance.
(*). This column indicates the attendance of the directors at the meetings of the BoD and committees respectively (indication of the number of meetings that he/she has attended compared to the total number of meetings that he/she could have attended (e.g. 6/8; 8/8, etc.).
(**). This column indicates the office held by the director within the Committee: “C”: chairperson; “M” member.

TABLE 2 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Position	Members	Year of birth	Date of first appointment	In office since	In office until	List M/m	Independence based on the Code	Attendance at board meetings	Other positions
Angelo Rivolta	Chairman	1976	2015	11/10/2016	Meeting of Shareholders for the approval of the 2017 Financial Statements	m	n.a.	5/5	2
Angelo Rivolta	Alternate Auditor	1976	2015	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	m	n.a.	n.a.	n.a.
Vincenzo Donnamaria	Statutory Auditor	1955	1997	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	n.a.	5/5	27
Sara Anita Speranza	Statutory Auditor	1972	2015	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	n.a.	5/5	27
Anna Fossati	Alternate Auditor	1971	2015	28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	n.a.	n.a.	n.a.
Maurizio Civardi	Alternate Auditor	1959	2017	27/04/2017	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	n.a.	n.a.	n.a.
AUDITORS LEAVING OFFICE DURING THE FINANCIAL YEAR									

Quorum required for the submission of the lists by minorities for the election of one or more members (pursuant to article 148 of the Consolidated Finance Law): On the date of this Report the requested amount is 4.5% of the share capital with voting rights (as established by CONSOB with resolution no.20273 of 24.01.2018).	4.5 %
Number of meetings during the Financial Year	5

ANNEX 1 - POSITIONS AS DIRECTOR OR AUDITOR HELD IN OTHER COMPANIES LISTED IN REGULATED MARKETS, EVEN ABROAD, IN FINANCIAL, BANKING, INSURANCE OR LARGE COMPANIES

NAME	POSITIONS	
	Company	***Position***
Giulio Canale	S.G.G. Holding S.p.A..	Executive Director
Adriano De Maio	-	-
Alessandra della Porta	SAIAV Srl	Non-executive Director
Luigi Lorenzo della Porta	S.G.G.Holding S.p.A. DELVEN S.n.c.	Non-executive Director Executive Director
Massimo della Porta	S.G.G. Holding S.p.A.. Alto Partners SGR S.p.A. MGM S.r.l.	Executive Director Independent Director Executive Director
Andrea Dogliotti	-	-
Gaudiana Giusti	A2A	Non-executive Director
Pietro Mazzola	Fratelli Testori S.p.A.	Chairman of the Board of Statutory Auditors?
Roberto Orecchia	-	-
Stefano Proverbio	Borusan Group – Turkey INNOVA Italy 1 S.p.A. Angelini Finanziaria Holding	Non-executive Director Non-executive Director Non-executive Director
Luciana Rovelli	-	-

It is to be noted that, among the companies stated above, only S.G.G. Holding S.p.A belongs to the SAES Getters Group, as the ultimate parent company of the latter.

SAES Getters S.p.A.
Viale Italia, 77 - 20020 Lainate (MI), Italy - Tel. + 39 02 931 78 1 - Fax + 39 02 931 78 250
www.saesgetters.com