



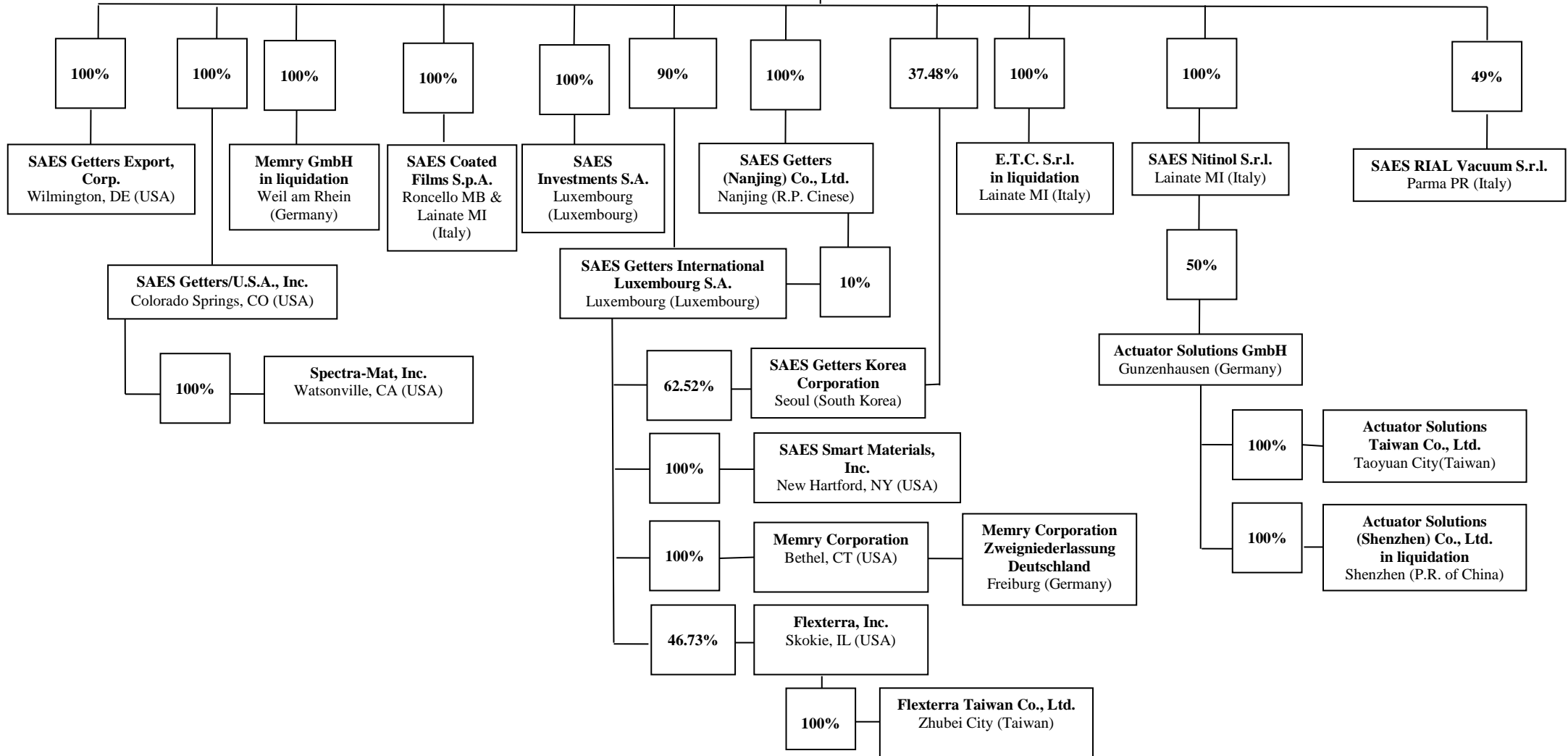
Interim Consolidated Financial Statements 2019

SAES Getters S.p.A.

Lainate MI & Avezzano AQ (Italy)

Taiwan Branch Office
Zhubei City (Taiwan)

Japan Technical Service
Branch Office
Tokyo (Japan)





Interim Condensed Consolidated Financial Statements at June 30, 2019

SAES Getters S.p.A.

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

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

Registered with the Milan Court Companies Register no.
00774910152

Board of Directors

<i>President</i>	Massimo della Porta
<i>Vice President and Managing Director</i>	Giulio Canale
<i>Directors</i>	Alessandra della Porta (1) Luigi Lorenzo della Porta (1) Andrea Dogliotti (1) Luciana Rovelli (1) (2) (4) (5) (6) (8) Adriano De Maio (1) (3) (4) Stefano Proverbio (1) (2) (5) (6) (7) (8) Gaudiana Giusti (1) (2) (4) (5) (6) (8)

Board of Statutory Auditors

<i>Chairperson</i>	Vincenzo Donnamaria
<i>Standing Auditors</i>	Maurizio Civardi Sara Anita Speranza (8)
<i>Alternate Auditors</i>	Massimo Gabelli Mara Luisa Sartori
Audit Firm	Deloitte & Touche S.p.A. (9)

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

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

Powers

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

Following the resolution adopted on April 28, 2015, the Board of Directors granted the President and the Vice President and Managing Director the powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board or of those powers reserved by law to the Shareholders' Meeting.

The President Massimo della Porta is confirmed as Group Chief Executive Officer, with the meaning that such definition and role have in the English-speaking countries. The Vice President and Managing Director Giulio Canale has been confirmed in the role of Deputy Group Chief Executive Officer and Group Chief Financial Officer, with the meaning that such definitions and roles have in the English-speaking countries.

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Interim Group Financial Highlights

INTERIM GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	1 st half 2019	1 st half 2018 (1)	Difference	Difference %
NET SALES				
- Industrial	42,200	35,551	6,649	18.7%
- Medical	41,272	34,207	7,065	20.7%
- Packaging	5,015	5,951	(936)	-15.7%
Total	88,487	75,709	12,778	16.9%
GROSS PROFIT (2)				
- Industrial	20,818	17,425	3,393	19.5%
- Medical	16,542	14,577	1,965	13.5%
- Packaging	460	622	(162)	-26.0%
- Not Allocated Costs (3)	0	(134)	134	-100.0%
Total	37,820	32,490	5,330	16.4%
	<i>% on net sales</i>	<i>42.7%</i>	<i>42.9%</i>	
EBITDA (4)	17,952	11,702	6,250	53.4%
	<i>% on net sales</i>	<i>20.3%</i>	<i>15.5%</i>	
OPERATING INCOME (LOSS)	13,412	7,882	5,530	70.2%
	<i>% on net sales</i>	<i>15.2%</i>	<i>10.4%</i>	
NET INCOME (LOSS) from continued operations	8,964	2,704	6,260	231.5%
	<i>% on net sales</i>	<i>10.1%</i>	<i>3.6%</i>	
NET INCOME (LOSS) from discontinued	176	239,870	(239,694)	-99.9%
	<i>% on net sales</i>	<i>0.2%</i>	<i>316.8%</i>	
Group NET INCOME (LOSS)	9,140	242,574	(233,434)	-96.2%
	<i>% on net sales</i>	<i>10.3%</i>	<i>320.4%</i>	
Balance sheet and financial figures	June 30, 2019	December 31, 2018	Difference	Difference %
Tangible fixed assets	61,123	53,832	7,291	13.5%
Group shareholders' equity	240,997	341,220	(100,223)	-29.4%
Net financial position (5)	105,008	223,310	(118,302)	-53.0%
Other information	1 st half 2019	1 st half 2018	Difference	Difference %
Cash flow from operating activities	2,281	(*) 6,662	(4,381)	-65.8%
Research and development expenses	5,524	5,455	69	1.3%
Number of employees as at June 30 (6)	1,072	1,010	62	6.1%
Personnel cost (7)	38,932	35,068	3,864	11.0%
Disbursement for acquisition of tangible assets	(10,525)	(**) (7,253)	(3,272)	45.1%

(*) The figure related to the 1st half 2018 included 11.592 thousand euro from discontinued operations.

(**) The figure related to the 1st half 2018 included 156 thousand euro from discontinued operations.

Starting from January 1, 2019, the SAES Group adopted the new standard **IFRS 16** on an amended retrospective basis (i.e. without recalculating the figures from the period being compared). The main effects at June 30, 2019 resulting from application of the new standards are as follows:

- lower leasing costs of 700 thousand euro;
- increase in depreciation of 662 thousand euro;
- increase in interest expense of 24 thousand euro;
- recording a Right of use of 3,434 thousand euro under non-current assets;

- recording Financial debts of 3,432 thousand euro, with a consequent worsening of the net financial position by the same amount.

The main indicators at June 30, 2019 would have been as follows without application of the new standard IFRS 16:

	June 30, 2019
EBITDA <i>without IFRS 16 adoption</i>	17,252
<i>% on net sales</i>	19.5%
OPERATING INCOME <i>without IFRS 16 adoption</i>	13,374
<i>% on net sales</i>	15.1%
INCOME BEFORE TAXES <i>without IFRS 16 adoption</i>	15,182
<i>% on net sales</i>	17.2%
NET FINANCIAL POSITION <i>without IFRS 16 adoption</i>	108,440

(1) The revenue and costs by Business Unit at June 30, 2018 presented for comparative purposes, do not coincide with what is set out in the 2018 Consolidated Interim Financial Statements since they were reclassified to allow for a like-for-like comparison with June 30, 2019; in order to reflect the SAES organizational management structure in place at June 30, 2019, revenue and costs for the shape memory alloy for industrial applications sector (previously SMAs for Thermal & Electro Mechanical Devices), along with those of the Functional Chemical Systems sector (previously Organic Electronics) were reclassified in the Industrial Business Unit. All the operating sectors were also renamed to provide greater clarity.

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

(thousands of euro)

	1 st half 2019	1 st half 2018
Net Sales	88,487	75,709
Raw materials	(15,767)	(14,048)
Direct labour	(14,426)	(11,278)
Manufacturing overhead	(21,224)	(19,321)
Increase (decrease) in work in progress and finished goods	750	1,428
Cost of sales	(50,667)	(43,219)
Gross profit	37,820	32,490
<i>% on net sales</i>	<i>42.7%</i>	<i>42.9%</i>

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

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

(thousands of euro)

	1 st half 2019	1 st half 2019 <i>without IFRS 16 adoption</i>	1 st half 2018
Operating income	13,412	13,374	7,882
Depreciation and amortization	(3,902)	(3,902)	(3,713)
Right of use depreciation	(662)	0	0
Write-down of assets	(1)	(1)	(91)
Bad debt provision (accrual) release	25	25	(16)
EBITDA	17,952	17,252	11,702
<i>% on net sales</i>	<i>20.3%</i>	<i>19.5%</i>	<i>15.5%</i>

The first application of IFRS 16 generated a positive effect on the EBITDA in the first half of 2019 of 700 thousand euro, net of which the consolidated EBITDA would have been 17,252 thousand euro (19.5% of the consolidated sales).

(5) As noted above, the first application of IFRS 16 led, at June 30 2019, to the recording of financial debts (against the recording of a Right of use under Non-current assets) of 3,432 thousand euro, with a consequent worsening of the net financial position by the same amount.

(thousands of euro)

	June 30, 2019	June 30, 2019 <i>without IFRS 16</i> <i>adoption</i>	December 31, 2018
Net financial position	105,008	108,440	223,310

(6) As at June 30, 2019 this includes:

- 963 employee units (925 units as at June 30, 2018);
- personnel employed in the Group's companies with contract types other than employment agreements, equal to 109 units (85 units as at June 30, 2018).

This figure does not include the personnel (employees and temporary workers) of the joint ventures amounting, according to the percentage of ownership held by the Group, to 58 units as at June 30, 2019 (55 units at the end of the first half of the previous year, always according to the percentage of ownership held by the Group).

(7) At June 30, 2019, the severance costs, included in the personnel costs, amounted to 355 thousand euro, and are mainly related to the finalization of the staff reduction process in the Parent Company which began at the end of the previous financial period following the sale of the purification business. In the first half of 2018, the costs of reducing the number of staff were not significant, and amounted to 15 thousand euro.

Interim Report on Operations of SAES Group

INTERIM REPORT ON OPERATIONS

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

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

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

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

SAES Group is headquartered in Lainate, in the Milan area.

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

S.G.G Holding S.p.A. is a relative majority shareholder and does not exercise any management and coordination activity towards SAES Getters S.p.A. pursuant to article 2497 of the Italian Civil Code (as specified in the 2018 Report of corporate governance and ownership).

Group structure

The Group’s business structure has three Business Units: Industrial, Medical and Packaging. The corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to the business units, but which refer to the Group as a whole, and the costs related to the basic research projects or aimed to diversify into innovative businesses, are shown separately from the three Business Units.

The following table illustrates the Group’s business structure.

Industrial 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 Insulated Devices	Products for thermal insulation
Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Solutions for Vacuum Systems	Pumps for vacuum systems
Sintered Components for Electronic Devices & Lasers	Cathodes and materials for thermal dissipation in electronic tubes and lasers
Functional Chemical Systems	Getter materials integrated into polymeric matrices for organic and hybrid electronic applications, photonics and implantable medical devices.
SMA Industrial	Shape Memory Alloys actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Medical Business Unit	
Nitinol for Medical Devices	Nitinol raw material and components for the biomedical sector
Packaging Business Unit	
Solutions for Advanced Packaging	Advanced plastic films for the active packaging sector

In order to reflect the internal SAES organizational management structure in place at June 30, 2019, from January 1, 2019, revenue and costs for the shape memory alloy (SMA) for industrial applications sector (previously SMAs for Thermal & Electro Mechanical Devices), along with those of the Functional Chemical Systems sector (previously Organic Electronics) were classified in the Industrial Business Unit. The residual revenue from the gas purification sector (previously Systems for Gas Purification & Handling), by now irrelevant following the transfer of the purification business half-way through the previous financial period, was added to that of the Business Electronic Devices sector, within the Industrial Business Unit.

Finally, the operating sectors were also renamed to provide greater clarity.

The amounts at June 30, 2018 were reclassified so they can be compared on a like-for-like basis with the 2019 figures.

Main events in the half-year period (January 1 – June 30, 2019)

The **interim results** confirm the solidity of the Group even after the sale of the purification business.

Revenue from the first half of 2019 showed an overall two-digit growth (+11.2%), driven by the Industrial (overall growth of +14.1%) and Medical (+12.8%) Business Units. On the other hand, there were further losses in the packaging sector, due to a review of the product portfolio, phasing-out the non-strategic products or those with lower profit margins, which began in the second half of 2018.

Higher growth in absolute values was recorded in the electronic device sectors (higher sales of both getter components for infrared sensors for surveillance and building maintenance applications, and advanced getters for the consumer electronics market), the SMAs for industrial applications (sales of trained wires for consumer electronics applications and components for aerospace and automotive applications) and in the Nitinol medical device business (higher volumes distributed in the various product lines).

Total revenues of the Group for the first half of 2019, including the portion of revenue from the joint ventures¹, amounted to 94.2 million euro, up by 15.4% on the 81.7 million euro in the first six months of 2018, mainly thanks to the increase in consolidated sales revenue and the increase in revenue from the joint venture SAES RIAL Vacuum S.r.l.

¹ Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

The rise in consolidated revenue meant that all the **economic indicators** improved. More specifically, the **consolidated EBITDA² figure** increased from 15.5% in the first half of 2018 to 20.3%³ in the first half of this financial period. The **consolidated net profit from continuing operations** is strongly up (+231.5%), also thanks to the income from related parties, equal to 2.3 million euro, for the sale of the patents in the OLET area owned by E.T.C. in liquidation to the joint venture Flexterra, Inc., and the financial income from securities acquired for investment of the cash resulting from the extraordinary sale of the purification business.

The significant events that occurred in the first half of 2019 are set out below.

On January 15, 2019, SAES Nitinol S.r.l. irrevocably **waived** the right to the **guarantee** granted jointly by Alfmeier S.E. and SMA Holding GmbH via a letter of patronage, **over 50% of the loan** that, on July 28, 2016, SAES Nitinol S.r.l. had signed **in favour of Actuator Solutions GmbH** (total value of the loan 3 million euro).

In January 2019, the **duration** of all the **loans** in place (capital share of 8 million euro) granted by SAES Nitinol S.r.l. **to Actuator Solutions GmbH** was **extended by five years**, extending the pay-back date from April 30, 2019 to April 30, 2024. All financial receivables (both principal and interest) that the Group is owned by the joint venture were fully written off at the end of the previous financial period.

On March 13, 2019, **SAES Getters S.p.A.** approved the **total waiver** of the right to the **financial receivables** owed to it at the end of 2018 **from SAES Nitinol S.r.l.**, for an amount of 8,905 thousand euro. At the same time, the Parent Company decided to make an **additional capital payment** of 100 thousand euro to SAES Nitinol S.r.l., with 65 thousand euro to make up for the difference between the overall loss suffered by the subsidiary in 2018 (-8,969 thousand euro) and the above-mentioned waiver of the right to the financial receivables (8,905 thousand euro) and 35 thousand euro to build up a capital reserve.

On March 18, 2019, the Ordinary Shareholders' Meeting of SAES Getters S.p.A., following a proposal by the Board of Directors of February 14, 2019, authorized a **partial, voluntary Public Tender Offer for a maximum of 3,900,000 ordinary shares** of SAES Getters (equal to 17.7% of the total shares and 26.6% of the ordinary shares), for an amount of 23 euro per share (ex-dividend 2018) up to a maximum total amount of 89.7 million euro.

The Document relating to the tender offer was approved by Consob on April 30, 2019 and published on May 2, 2019. The subscription period for the tender offer started on May 6, 2019 and ended on May 24, 2019. By the closing date, a total of 6,475,263 ordinary shares had been subscribed to under the tender offer, equal to about 166% of the shares offered in the tender offer, 44.1% of the ordinary shares and 29.4% of the capital stock of SAES Getters S.p.A. for a total amount, before applying the distribution coefficient, of 148.9 million euro. A distribution coefficient was applied to the shares offered for subscription, equal to 60.2% and the total disbursement, of 89.7 million euro, was made on May 31, 2019. By the closing of the tender offer, SAES Getters held 3,900,000 ordinary shares, equal to about 26.6% of the ordinary shares and about 17.7% of the capital stock of the Company.

This treasury stock represents a medium and long-term investment in the Company, which can also be used as a guarantee for loans, for any extraordinary transactions and/or to develop alliances in line with the Group's strategies. The Company intends to keep the treasury stock acquired in portfolio until the opportunity arises to use it.

²EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRSs); however, it is believed that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, write-downs, depreciation and amortization".

³In order for the percentage consolidated EBITDA to be comparable with that of the first half of 2018, the gain resulting from the first application of IFRS 16 has to be excluded, without which the EBITDA percentage at June 30, 2019 would be 19.5%.

For the purpose of issuing the guarantee to ensure precise fulfilment of the tender offer obligations and to cover the expenditure for the purchase of the ordinary shares, in addition to the commissions and expenses connected to the tender offer, on April 17, 2019, the Parent Company took out a **medium-long term loan** for an amount of 92.7 million euro with Mediobanca - Banca di Credito Finanziario S.p.A. The loan has a maximum duration of five years and calls for quarterly interest payments at the annual fixed rate of 1.2%. The loan can be repaid in a single solution at the expiry date, or it can be done at any time, by voluntary partial repayments for a minimum amount of 5 million euro and multiples of 1 million euro. In the case of early repayments, the Parent Company will have to pay Mediobanca the amount that has to be repaid and any mark-to-market amount - if negative - of the IRS derivative agreed by the lending entity to cover the risk of fluctuating interest rates; if the mark-to-market is positive, Mediobanca will pay this amount to SAES.

There will be a single financial covenant (net consolidated positive financial position) subject to half-yearly checks. The loan is guaranteed by liens on financial assets of the Group.

In the first quarter of 2019, a further 100 million euro in cash and cash equivalents, in addition to the 100 million euro previously allocated at December 31, 2018, were invested in the construction of a **portfolio with a conservative investment profile** and mainly **with high flexibility and liquidity**, in order to promptly deal with any future Group requirements (please refer to Note no. 18 for further information).

With reference to the scope of consolidation, in March 2019, the **liquidation process of Actuator Solutions (Shenzhen) Co., Ltd.** began, a wholly-owned subsidiary of the joint venture Actuator Solutions GmbH. The liquidation process is expected to be wound up by the end of the financial period, and no significant negative effect is expected on the consolidated income statement of the joint venture.

On April 4, 2019, following the loss recorded in 2018, the Shareholders' Meeting of **SAES Coated Films S.p.A.** decided to establish a **reserve of 5 million euro** to cover any future losses, with a capital payment by the Single Shareholder SAES Getters S.p.A.

On May 1, 2019, with the positive result of the due diligence and environmental assessment, Memry Corporation finalized **acquisition of the property located in Bethel (CT)** for a value of 5.8 million dollars. At the end of the 2018 financial period, Memry Corporation had already paid an advance of 0.3 million dollars.

In May 2019, the transfer **to the joint venture Flexterra, Inc. was finalized by E.T.C. S.r.l., in liquidation, of its OLET related patents.** Since said intellectual property was not measured as assets of E.T.C. S.r.l., the transaction gave rise to revenue to related parties of 2.6 million dollars (about 2.3 million euro).

The income statement for the first half of 2019 reflects the **application of the new accounting standard IFRS 16 - Leases**, on the basis of which the accounting on a straight line basis of the operating leasing costs are replaced by the amortization of the right of use and the borrowing costs on the liabilities recorded against this. Starting from January 1, 2019, the Group began to apply the new standard on an amended retrospective basis, without recalculating the figures from the period being compared. Please refer to Note no. 2 for further details on the new standard and on the effects of initial application.

With reference to the main levels of operating profitability, the introduction of new methods to present the leasing operations led to the following in the first half of 2019:

- a non-significant gain of 38 thousand euro in consolidated operating profit;
- a gain of 700 thousand euro on the consolidated EBITDA;
- a non-significant gain of 14 thousand euro in profit before consolidated taxes.

Sales and economic results of the first half of 2019

In the first half of 2019 the SAES Group made **consolidated net revenue** of 88,487 thousand euro, up by 16.9% compared to 75,709 thousand euro in the corresponding period of 2018. The **exchange rate effect** was positive and equal to +5.7%, mainly related to the revaluation of the US dollar against the euro in this half-year period. Breaking down the exchange rate effect, **overall growth** amount to +11.2%, mainly driven by the electronic device sectors (higher sales of getter components for infrared sensors for surveillance and building maintenance applications, and advanced getters for the consumer electronics market), the SMAs for industrial applications (sale of trained wires for consumer electronics applications and components for aerospace and automotive applications) and the Nitinol medical device business (higher volumes distributed in the various product lines).

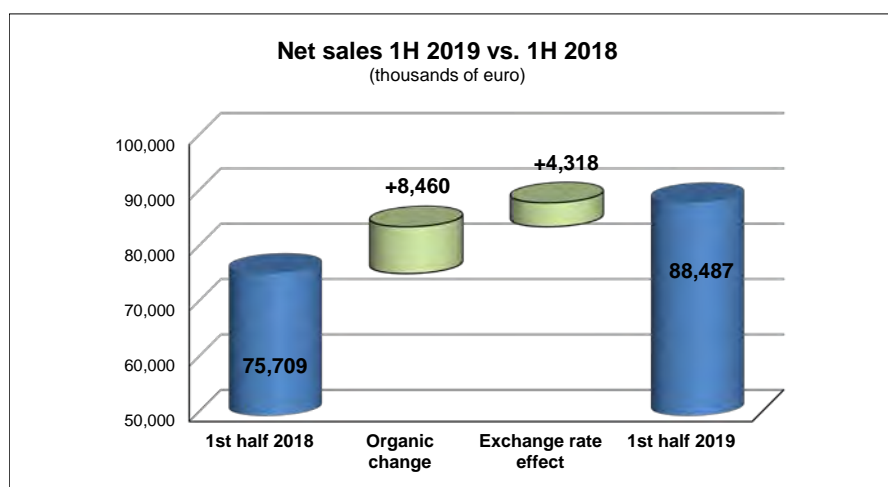
Total revenues of the Group, including the portion of revenue from the joint ventures⁴, amounted to 94,245 thousand euro, compared to 81,652 thousand euro in the first six months of 2018: the growth, of +15.4%, is due to the above-mentioned increase in consolidated revenue (+16.9%) and the increase in sales of the joint venture SAES RIAL Vacuum S.r.l. (+77 thousand euro, in accordance with SAES's percentage ownership of 49%). Revenue in the joint venture Actuator Solutions fell by 6.5%, penalized by the slowdown in the car sector and only partially offset by the income from the product developments in the telecom area.

(thousands of euro)

	1 st half 2019	1 st half 2018	Total difference	Total difference %
Consolidated net sales	88,487	75,709	12,778	16.9%
50% Actuator Solutions' net sales	5,488	5,868	(380)	-6.5%
49% SAES RIAL Vacuum S.r.l.'s net sales	578	501	77	15.4%
Pro-quota Flexterra's net sales (*)	6	6	0	0.0%
Intercompany eliminations	(280)	(406)	126	-31.0%
Other adjustments	(34)	(26)	(8)	30.8%
Total revenues of the Group	94,245	81,652	12,593	15.4%

(*) Respectively, 33.79% as at June 30, 2018 and 46.73% as at June 30, 2019.

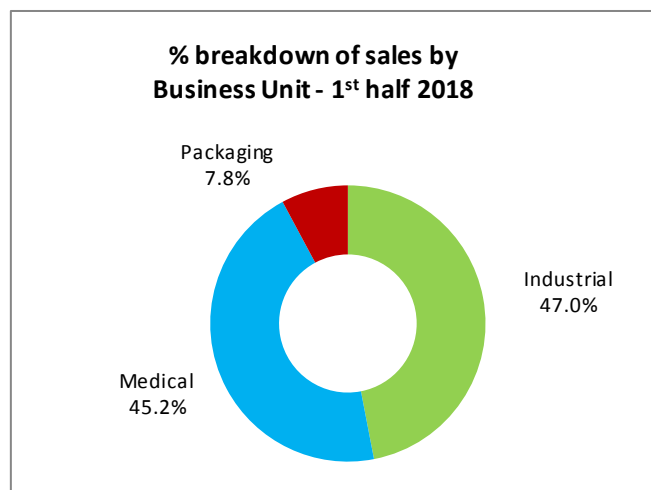
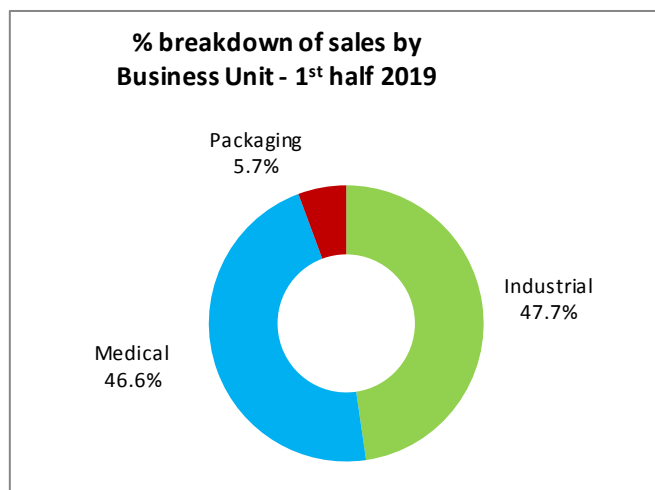
The following chart compares the consolidated revenue from the first half of 2019 with that of the corresponding period of 2018, highlighting the effect of exchange rates and the variations due to the changes in selling prices and sales volumes (organic growth).



⁴ Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

The graph below shows the **percentage weight** of the **revenue for each Business Unit** for the first half of 2019 and for the corresponding period of 2018.

The percentage effect of the divisions is line with that of the first half of 2018. There was a slight increase in the percentage weight of the **Industrial Business Unit** and the **Medical Business Unit**, which drove the growth in revenue compared to the slight drop in the **Packaging Business Unit**, penalized by the above-mentioned phasing-out of the non-strategic products and products with lower profit margins.



The following table contains the breakdown of the consolidated revenue in both the first half of 2019 and the first half of 2018, for each business sector, with the relative percentage variation at current and comparable exchange rates.

(thousands of euro)

Businesses	1 st half 2019	1 st half 2018	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	6,365	6,147	218	3.5%	5.2%	-1.7%
Electronic Devices	10,532	7,735	2,797	36.2%	3.3%	32.9%
Healthcare Diagnostics	2,450	2,162	288	13.3%	3.6%	9.7%
Lamps	2,274	2,622	(348)	-13.3%	2.9%	-16.2%
Thermal Insulated Devices	1,833	1,791	42	2.3%	6.0%	-3.7%
Solutions for Vacuum Systems	5,522	5,419	103	1.9%	3.0%	-1.1%
Sintered Components for Electronic Devices & Lasers	4,542	3,554	988	27.8%	8.5%	19.3%
Functional Chemical Systems	436	574	(138)	-24.0%	4.7%	-28.7%
SMA Industrial	8,246	5,547	2,699	48.7%	5.3%	43.4%
Industrial	42,200	35,551	6,649	18.7%	4.6%	14.1%
Nitinol for Medical Devices	41,272	34,207	7,065	20.7%	7.9%	12.8%
Medical	41,272	34,207	7,065	20.7%	7.9%	12.8%
Solutions for Advanced Packaging	5,015	5,951	(936)	-15.7%	0.0%	-15.7%
Packaging	5,015	5,951	(936)	-15.7%	0.0%	-15.7%
Total net sales	88,487	75,709	12,778	16.9%	5.7%	11.2%

The consolidated revenue from the **Industrial Business Unit** in the first half of 2019 amounted to 42,200 thousand euro, up by 18.7% compared to 35,551 thousand euro in the corresponding half-year period of 2018. The performance of the euro against the major foreign currencies led to a positive exchange rate effect equal to +4.6%, net of which revenues organically increased by 14.1%.

Overall growth amount was mainly driven by the electronic device business (Business Electronic Devices, +32.9%), thanks to higher sales of getter components for infrared sensors for surveillance and building maintenance applications, and advanced getters for the consumer electronics market, and the shape memory alloy business for industrial applications (Business SMA Industrial + 43.4%) thanks to revenue from trained wire for consumer electronics applications and components for aerospace and

automotive applications. The Sintered Components for Electronic Devices & Laser Business also grew on an overall basis (+19.3%) thanks to the growth in the heat dissipation sector in lasers and semiconductors (defense related applications) and higher sales of electron emitters (cathodes) for medical applications (devices used for anti-cancer therapies) and the Healthcare Diagnostics Business (+9.7%) thanks to the expansion of the medical diagnostic systems in markets with lower development rates (Asia and Africa).

On the other hand, the following were slightly down:

- the Solutions for Vacuum Systems Business (-1.1%), where the highest sales of pumps for analytical instrumentation and to research laboratories were offset by lower revenue in the particle accelerator sector;
- the Security & Defense Business (-1.7%) due to the postponement of some sales of alkaline dispensers related to temporary sub-supplier problems in the Avezano factory. In any case, the general market is growing, especially in the hydrogen getter sector.

In line with the entire 2018 period, the overall drop in the thermal insulation (Thermal Insulated Devices Business) and lamp sectors (Lamps Business) continued. In the Thermal Insulated Devices Business, the decline is mainly due to the discount policies in the vacuum bottles sector; in the Lamps Business, the decline is due to the technological competition by LEDs on fluorescent lamps and high-intensity discharge lamps.

Finally, the overall drop in the Functional Chemical Systems Business (-28.7%) is due to the time needed to introduce the new dispensable SAES products for new generation passive matrix OLED displays currently at the qualification stage with the Asian clients. On the other hand, there was growth in sales of functional chemicals for semi-hermetic electronic devices for photonic and automotive applications.

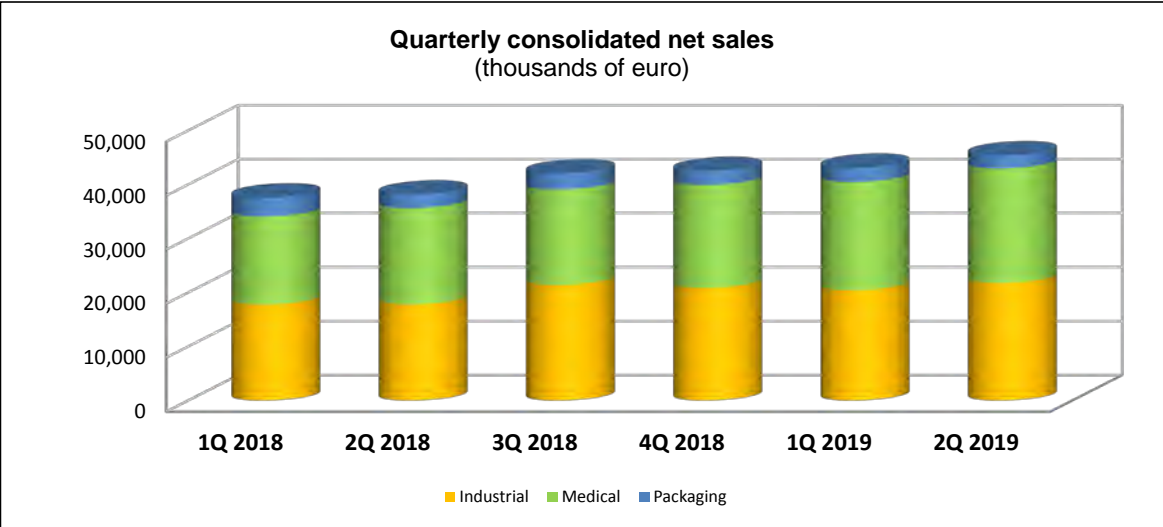
The consolidated revenue from the **Medical Business Unit** in the first half of 2019 amounted to 41,272 thousand euro, up by 20.7% compared to 34,207 thousand euro in the corresponding half-year period of 2018. The effect of the exchange rates was positive and equal to +7.9%, net of which the overall increase was two-figured amounting to +12.8%, in line with average growth rates in recent periods and due to the increase in volumes in the various product lines.

The consolidated revenue from the **Packaging Business Unit** in the first half of 2019 amounted to 5,015 thousand euro compared to 5,951 thousand euro in the corresponding period of 2018.

Sales are exclusively denominated in euro.

The drop (-15.7%) includes the streamlining of the product portfolio, which is still ongoing, aimed at reducing the percentage of metallized products rather than lacquered products (which have higher profit margins), which began in the second half of 2018.

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



(thousands of euro)

Businesses	2 nd quarter 2019	1 st quarter 2019	4 th quarter 2018	3 rd quarter 2018	2 nd quarter 2018	1 st quarter 2018
Security & Defense	2,732	3,633	3,037	3,411	3,173	2,974
Electronic Devices	6,257	4,275	6,700	6,671	4,418	3,317
Healthcare Diagnostics	1,248	1,202	1,368	1,048	1,139	1,023
Lamps	1,204	1,070	1,008	1,271	1,192	1,430
Thermal Insulated Devices	888	945	864	911	875	916
Solutions for Vacuum Systems	2,453	3,069	2,885	2,879	2,245	3,174
Sintered Components for Electronic Devices & Lasers	2,149	2,393	1,954	1,842	1,795	1,759
Functional Chemical Systems	254	182	200	301	236	338
SMA Industrial	4,591	3,655	2,856	3,079	2,709	2,838
Industrial	21,776	20,424	20,872	21,413	17,782	17,769
Nitinol for Medical Devices	21,220	20,052	19,073	17,688	17,879	16,328
Medical	21,220	20,052	19,073	17,688	17,879	16,328
Solutions for Advanced Packaging	2,392	2,623	2,559	2,970	2,473	3,478
Packaging	2,392	2,623	2,559	2,970	2,473	3,478
Total net sales	45,388	43,099	42,504	42,071	38,134	37,575

There was a progressive quarterly increase in consolidated revenue, mainly driven by the **Medical Business Unit**, which has a stable business with an extended cycle. On the other hand, the performance of the **Industrial Business Unit** was influenced by the sale of advanced components for the electronic consumer market (Electronic Devices Business), mainly concentrated in the second half of the year. Finally, the quarterly performance of sales in the **Packaging Unit Business** was affected by the above-mentioned streamlining of the product portfolio.

The following table shows details of the **consolidated revenue in the first two quarters of the current year** for the various business sectors, along with information on the overall variation and the exchange rates effect.

(thousands of euro)

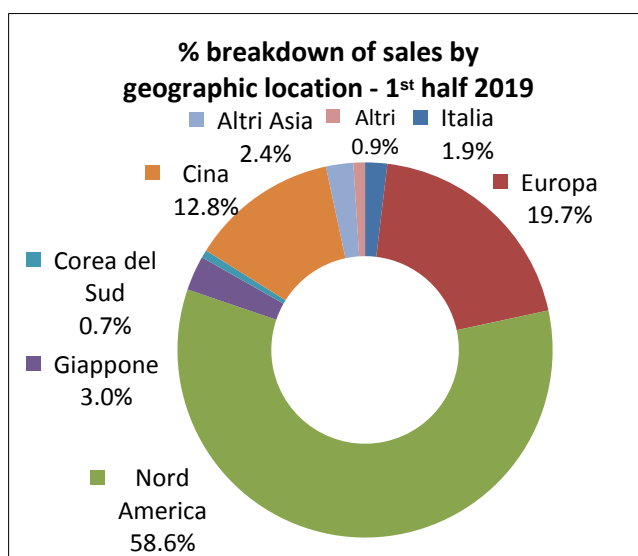
Businesses	2 nd quarter 2019	1 st quarter 2019	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	2,732	3,633	(901)	-24.8%	0.4%	-25.2%
Electronic Devices	6,257	4,275	1,982	46.4%	0.5%	45.9%
Healthcare Diagnostics	1,248	1,202	46	3.8%	0.5%	3.3%
Lamps	1,204	1,070	134	12.5%	0.7%	11.8%
Thermal Insulated Devices	888	945	(57)	-6.0%	1.0%	-7.0%
Solutions for Vacuum Systems	2,453	3,069	(616)	-20.1%	0.4%	-20.5%
Sintered Components for Electronic Devices & Lasers	2,149	2,393	(244)	-10.2%	1.0%	-11.2%
Functional Chemical Systems	254	182	72	39.6%	1.3%	38.3%
SMA Industrial	4,591	3,655	936	25.6%	0.8%	24.8%
Industrial	21,776	20,424	1,352	6.6%	0.6%	6.0%
Nitinol for Medical Devices	21,220	20,052	1,168	5.8%	1.1%	4.7%
Medical	21,220	20,052	1,168	5.8%	1.1%	4.7%
Solutions for Advanced Packaging	2,392	2,623	(231)	-8.8%	0.0%	-8.8%
Packaging	2,392	2,623	(231)	-8.8%	0.0%	-8.8%
Total net sales	45,388	43,099	2,289	5.3%	0.8%	4.5%

The growth trend already registered in the first few months of the year was also confirmed in the second quarter, encouraged both by higher sales in the driving sectors (electronic devices, SMA Industrial and Nitinol for medical applications) and the progressive appreciation of the dollar. The above-mentioned streamlining of the product portfolio had a negative impact on the performance of the Packaging Unit Business in the second quarter of the current financial period.

The breakdown of the **consolidated revenue by geographic location** of customers is provided below.

(thousands of euro)

Geographic area	1 st half 2019	%	1 st half 2018	%	Total difference	Total difference %
Italy	1,683	1.9%	2,233	2.9%	(550)	-24.6%
Europe	17,448	19.7%	19,578	25.9%	(2,130)	-10.9%
North America	51,859	58.6%	40,871	54.0%	10,988	26.9%
Japan	2,645	3.0%	3,276	4.3%	(631)	-19.3%
South Korea	601	0.7%	654	0.9%	(53)	-8.1%
China	11,285	12.8%	5,401	7.1%	5,884	108.9%
Other Asian countries	2,082	2.4%	2,929	3.9%	(847)	-28.9%
Others	884	0.9%	767	1.0%	117	15.3%
Total net sales	88,487	100.0%	75,709	100.0%	12,778	16.9%



With regard to the **geographic distribution of the revenue**, the first half of 2019 showed strong growth in **North America**, mainly driven by sales in the Nitinol sector for medical applications and in the security and defense business. Revenue in **China** was also up thanks to the sales of the SMA trained wire for electronic consumer applications and those in the Electronic Devices Business.

On the other hand, revenue in **Europe** was down, due to lower sales in the packaging sector and the structural crisis in the lamp business. There was also a fall in the Security & Defense Business in Europe, more than offset by the above-mentioned sales in the United States.

Consolidated gross profit⁵, amounted to 37,820 thousand euro in the first half of 2019, compared to 32,490 thousand euro in the first half of 2018. The strong growth (+5,330 thousand euro in absolute value and +16.4% in percentage terms), also favored by the exchange rate effect (+2,109 thousand euro), was due to the increase in sales, mainly in the electronic device sectors and the SMAs for industrial applications (Industrial Unit Business) and in the Nitinol medical device business (Medical Business Unit).

The **gross industrial margin**⁶ is substantially in line (from 42.9% in the first half of 2018 to 42.7% in the present half-year period): the slight reduction in the percentage is due to the Medical operating sector in which there were temporary production inefficiencies in Memry Corporation.

Please refer to an analysis on the operating sector for further details.

⁵Calculated as the difference between the net revenue and industrial costs directly and indirectly attributable to the products sold.

⁶Calculated as the ratio between the gross profit and the net consolidated revenue.

The adoption of the new accounting standard for operating leases starting from January 1, 2019 (**IFRS 16**) did not have any significant effect on the consolidated gross profit.

The following table shows the consolidated profit in the first half of 2019 by Business Unit, compared with the corresponding period of the previous financial period.

(thousands of euro)

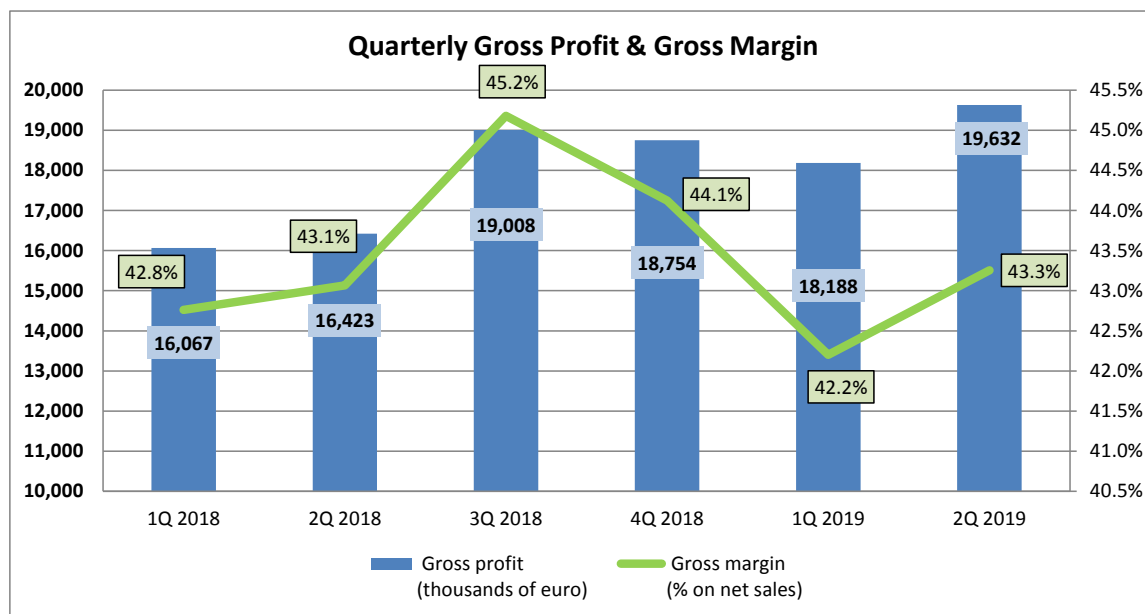
Business Unit	1st half 2019	1st half 2018	Total difference	Difference %
Industrial	20,818	17,425	3,393	19.5%
<i>% on the Business Unit net sales</i>	<i>49.3%</i>	<i>49.0%</i>		
Medical	16,542	14,577	1,965	13.5%
<i>% on the Business Unit net sales</i>	<i>40.1%</i>	<i>42.6%</i>		
Packaging	460	622	(162)	-26.0%
<i>% on the Business Unit net sales</i>	<i>9.2%</i>	<i>10.5%</i>		
Not Allocated Costs	0	(134)	134	-100.0%
<i>% on the Business Unit net sales</i>	<i>n.a.</i>	<i>n.a.</i>		
Gross profit	37,820	32,490	5,330	16.4%
<i>% on net sales</i>	<i>42.7%</i>	<i>42.9%</i>		

Gross profit in the **Industrial Business Unit** amounted to 20,818 thousand euro compared to 17,425 thousand euro in the first half of 2018. The growth (+19.5%) was mainly related to the excellent performance of sales in the electronic device sector and in the SMAs for industrial applications. The gross industrial margin was slightly up, increasing from 49% to 49.3%, thanks to the increase in the profit margins of said sectors.

Gross profit in the **Medical Business Unit** amounted to 16,542 thousand euro in the first half of 2019 compared to 14,577 thousand euro in the corresponding period of 2018 (+13.5%): the increase in revenue more than offset the fall in profit margins (from 42.6% to 40.1%), penalized by temporary production inefficiencies in Memry Corporation.

The **Packaging Business Unit** closed the current half-year period with a gross profit of 460 thousand euro (9.2% of revenue) compared to 622 thousand euro in the corresponding period of 2018 (10.5% of sales revenue): the drop, both in absolute terms and as a percentage of revenue, was mainly due to the above-mentioned reduction in sales, while the full effects of the phasing-out of non-strategic products had not yet been felt.

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



There was a progressive increase in the gross quarterly profit in the current financial period, with a peak that almost reached 20 million euro in the second quarter of 2019. The gross profit margins in the last two quarters were, as noted above, penalized by temporary production inefficiencies in the Nitinol sector for medical applications.

Consolidated operating income amounted to 13,412 thousand euro in the half year period (15.2% of consolidated revenue), strongly up (+70.2%) on 7,882 thousand euro in the corresponding period of the previous year (10.4% of consolidated revenue): excluding the positive effect of the exchange rates (+1,777 thousand euro), the growth (+3,753 thousand euro, equal to +47.6%) is due to the increase in gross profits, favored by higher sales. In the current half-year period, there is also a capital gain from the related party, equal to 2,267 thousand euro (“Other net income (expenses)”), for the sale of the patents in the OLET area owned by E.T.C. S.r.l. in liquidation to the joint venture Flexterra, Inc. In the first half of 2018, revenue of 1,136 thousand euro was accounted for under the same item for a non-repayable grant granted by the State of Connecticut to Memry Corporation.

The adoption of the new accounting standards for operating leases starting from January 1 2019 (**IFRS 16**) did not have any significant effect on the operating indicators (without application of IFRS 16, the consolidated operating profit for the first half of 2019 would have been 13,374 thousand euro, equal to 15.1% of the consolidated revenue).

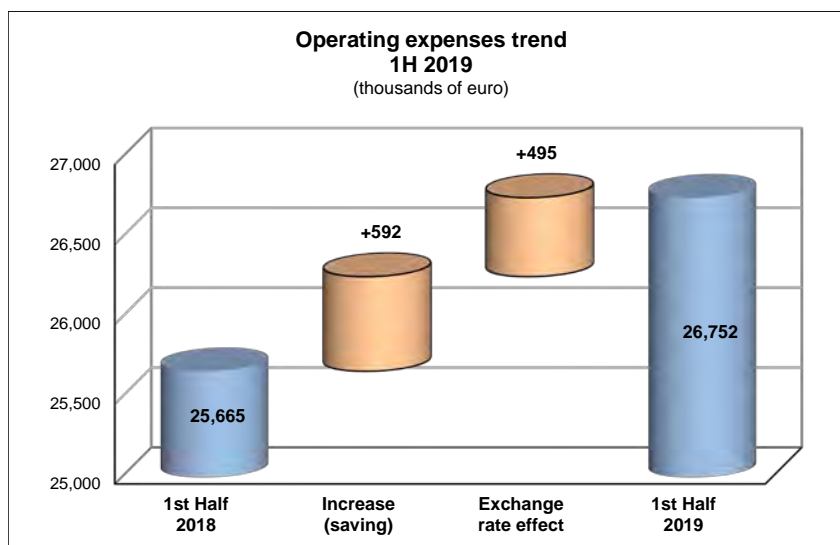
The following table shows the consolidated EBIT for the first half of 2019 by Business Unit, compared with the corresponding period of the previous financial period.

(thousands of euro)

Business Unit	1 st half 2019	1 st half 2018	Total difference	Difference %
Industrial	12,714	8,619	4,095	47.5%
Medical	11,986	11,557	429	3.7%
Packaging	(1,279)	(1,339)	60	-4.5%
Not Allocated Costs	(10,009)	(10,955)	946	-8.6%
Operating income (loss)	13,412	7,882	5,530	70.2%
<i>% on net sales</i>	<i>15.2%</i>	<i>10.4%</i>		

Consolidated operating expenses were equal to 26,752 thousand euro (30.2% of revenue), compared to 25,665 thousand euro in the corresponding half-year period of 2018 (33.9% of sales revenue). Excluding the effect of the exchange rates (+495 thousand euro), the change in operating expense amounted to +592 thousand euro: the increase is exclusively concentrated in **general and administrative expenses** (higher remuneration for the Executive Directors, in addition to severance costs, amounting to 0.3 million euro, and are related to finalization of the process to reduce the number of staff in the Parent Company which began at the end of the previous financial period following the sale of the purification business). If the exchange rate effects are left out, **selling costs** and **R&D expenses** are in line with those of the first half of 2018.

The graph below shows the development of the consolidated operating expenses in the first half of 2019.



Total **labor costs** amounted to 38,932 thousand euro, compared to 35,068 thousand euro in the corresponding period of the previous year: the increase (+3,864 thousand euro) was due, for 1,388 thousand euro, to exchange rate effects, while the organic variation, of +2,476 thousand euro, is due to the above-mentioned severance (about 0.3 million euro), the higher use of temporary workers, especially in the shape memory alloys segment and in the Avezzano factory of the Parent Company, in addition to an increase in the average number of employees at the US subsidiaries and the increase in staff at SAES Coated Films S.p.A. These increases were partly offset by the savings on labor costs as a result of the reduction of staff at the Parent Company, implemented from the end of 2018.

The profit for the half-year period takes account of the **amortization/depreciation of intangible assets and property, plant and equipment** of 4,564 thousand euro, compared to 3,713 thousand euro in the corresponding period of the previous year: the increase is mainly related to the application, starting from January 1, 2019, of the new **IFRS 16**, which led to the accounting for amortization of the right of use, for 662 thousand euro, in the present half-year period.

Consolidated EBITDA was equal to 17,952 thousand euro in the first half of 2019 (20.3% of consolidated sales revenue, compared to 11,702 thousand euro in the corresponding half-year period of 2018 (15.5% of consolidated sales revenue). If the gain related to the initial application of IFRS 16 is not included, consolidated EBITDA would amount to 17,252 thousand euro (19.5% of sales), strongly up (+47.4%) from 2018, in line with the operating indicators and mainly driven by the electronic device sector, the shape memory alloys for industrial applications and Nitinol for medical applications. EBITDA in 2019 also included the above-mentioned capital gain from a related party, of 2,267 thousand euro; the 2018 EBITDA included a non-repayable grant given to Memry Corporation, of 1,136 thousand euro.

The following table shows the reconciliation between the EBITDA in the first half of 2019 (with and without application of IFRS 16) and the operating income, along with a comparison with the same period of the previous year.

(thousands of euro)

	1 st half 2019	1 st half 2019 without IFRS 16 adoption	1 st half 2018
Operating income	13,412	13,374	7,882
Property, plant and equipment depreciation & intangible assets amortization	(3,902)	(3,902)	(3,713)
Right of use amortization	(662)	0	0
Write-down of assets	(1)	(1)	(91)
Bad debt provision (accrual) release	25	25	(16)
EBITDA	17,952	17,252	11,702
	<i>% on net sales</i>	<i>19.5%</i>	<i>15.5%</i>

The **net balance of other income (expenses)** was positive for an amount of 2,344 thousand euro, compared to a positive balance of 1,057 thousand euro in the first half of 2018. The change was due to the income from the related party, equal to 2,267 thousand euro for the sale of the patents in the OLET area owned by E.T.C. S.r.l. in liquidation to the joint venture Flexterra, Inc. In 2018, the item included income of 1,136 thousand euro, accounted for by the US subsidiary Memry Corporation following the transformation of 50% of the loan granted by the State of Connecticut (CT) at the end of the 2014 financial period as a non-repayable grant. In the current half-year period, the other income also includes other extraordinary revenue, of about 248 thousand euro, for insurance refunds and the successful conclusion of legal disputes.

The net balance of **financial income and interest expense** was positive for an amount of 2,858 thousand euro, compared to a negative balance of -305 thousand euro in the first half of 2018. The positive variation is mainly due to the financial income from securities acquired at the end of 2018 and beginning of 2019 for the investment of cash from the extraordinary transaction of transferring the purification business (overall income of 3,122 thousand euro, of which 2,316 thousand euro for the securities measured at fair value and 806 thousand euro from coupons, net of the management commissions and charges to dispose of the securities).

Finally, the item includes the interest expense on long term loans granted to the Parent Company, to SAES Coated Films S.p.A. and to the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by the Italian companies of the Group.

The first application of the new **IFRS 16** led to the recognition, in the first half of 2019, of interest expense of 24 thousand euro.

The loss deriving from **measurement using the equity method** of the jointly controlled companies amounted to a total of -1,043 thousand euro, almost exclusively attributable to the joint venture Flexterra, and compares with a cost of -733 thousand euro in the corresponding period of the previous financial period, also mainly attributable to Flexterra. For further details on the composition of these losses please refer to the paragraph "Performance of the joint ventures in the first half of 2019" and to the Note no. 8 and no. 17. Similarly to June 30, 2018, since the investment of SAES in Actuator Solutions was already fully reduced to zero and there is no legal or implied obligation for it to be recapitalized by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solutions in the first half of 2019 (-375 thousand euro) was not recognized by the Group (-359 thousand euro was the portion of the net loss that was not accounted for at June 30, 2018).

The sum of the **exchange rate differences** recorded a balance essentially equal to zero (-31 thousand euro) in the first six months of 2019, in line with the first half of 2018 (+17 thousand euro). In the first half of 2018, the exchange rate gains were balanced out both by the losses made, and the fair value

measurement of the hedging derivatives; in the current half-year period, no forward contracts were entered into in order to hedge exchange rate risk.

The **consolidated income before taxes** amounted to 15,196 thousand euro, more than double (+121.5%) the amount of 6,861 thousand euro for the first half of 2018, driven both by the increase in operating profits and the proceeds (realized and not realized) on the securities.

The adoption of the new accounting standards for operating leases starting from January 1, 2019 (**IFRS 16**) did not have a significant effect on the consolidated pre-tax profit (without application of IFRS 16, the pre-tax profit for the first half of 2019 would have been 15,182 thousand euro, equal to 17.2% of the consolidated revenue).

Income taxes amounted to 6,232 thousand euro in the first half of 2019, compared to 4,157 thousand euro in the corresponding period of the previous year. The Group **tax rate** amounted to 41%, down from the 60.6% of the first half of 2018, but still significant since both the Parent Company and SAES Coated Films S.p.A., similarly to the previous financial period, ended the current financial period with a negative taxable income, not measured as deferred tax assets.

The **net profit from operating assets** was equal to 8,964 thousand euro (10.1% of consolidated revenue), more than tripled (+231.5%) compared to 2,704 thousand euro (3.6% of consolidated revenue) in the first half of 2018.

The **profit from discontinued operations** amounted to 176 thousand euro, mainly comprising the positive adjustment of the price of selling the purification business due to the settlement of the effective value of the tax credit of the companies that were sold - SAES Getters USA, Inc. and SAES Pure Gas, Inc. - resulting from the tax return for the period January 1 – June 24, 2018, presented in April 2019.

In the first half of 2018, the net profit from discontinued operations amounted to 239,870 thousand euro, mainly comprising the gross capital gain (261,427 thousand euro) generated from the sale of the gas purification business, from which the costs related to the transaction were deducted, amounting to 33,964 thousand euro (especially legal and consultation expenses, and for bonuses for both the staff affected by the sale and the corporate employees involved in the settlement of that extraordinary corporate transaction, and interest, differences in exchange rates and taxes). Finally, this item included the net profit generated by the purification business between January 1 and June 24, 2018 (actual date of sale) for 12,407 thousand euro.

The **consolidated net profit** for the first half of 2019 amounted to 9,140 thousand euro (10.3% of consolidated revenue) compared to a net profit of 242,574 thousand euro for the first half of 2018 (320.4% of consolidated revenue).

Financial position – Investments – Other information

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

(thousands of euro)

	June 30, 2019	December 31, 2018
Cash on hands	9	9
Cash equivalents	41,792	170,592
Cash and cash equivalents	41,801	170,601
Related parties current financial assets	1	1
Securities - short term	71,312	0
Other current financial assets	32	0
Current financial assets	71,345	1
Bank overdraft	(27,002)	(27,353)
Current portion of long term debt	(5,544)	(5,438)
Other current financial liabilities	(117)	(1,049)
Current financial liabilities for leases	(1,618)	0
Current financial liabilities	(34,281)	(33,840)
Current net financial position	78,865	136,762
Related parties non current financial assets	49	49
Securities - long term	131,263	99,843
Non current financial assets	131,312	99,892
Long term debt, net of current portion	(103,355)	(13,344)
Non current financial liabilities for leases	(1,814)	0
Non current financial liabilities	(105,169)	(13,344)
Non current net financial position	26,143	86,548
Net financial position	105,008	223,310

The **consolidated net financial position** at June 30, 2019 was a positive amount of 105,008 thousand euro (cash equal to 41,801 thousand euro, securities portfolio of 202,575 thousand euro and net financial liabilities of -139,368 thousand euro) compared to a net financial position of +223,310 thousand euro as at December 31, 2018 (cash equal to 170,601 thousand euro, securities of 99,843 thousand euro and net financial liabilities of 47,134 thousand euro).

The amount at June 30, 2019 was negatively affected by the effects of adopting the new accounting standard **IFRS 16** which led to the recording of notional financial payables and representing the current value of future debts and expense related to use of assets owned by third parties, for a total amount of 3,432 thousand euro.

The table below presents the net financial position at June 30, 2019, with and without application of IFRS 16 compared with that at December 31, 2018.

(thousands of euro)

	June 30, 2019	June 30, 2019 without IFRS 16 adoption	December 31, 2018
Net financial position	105,008	108,440	223,310

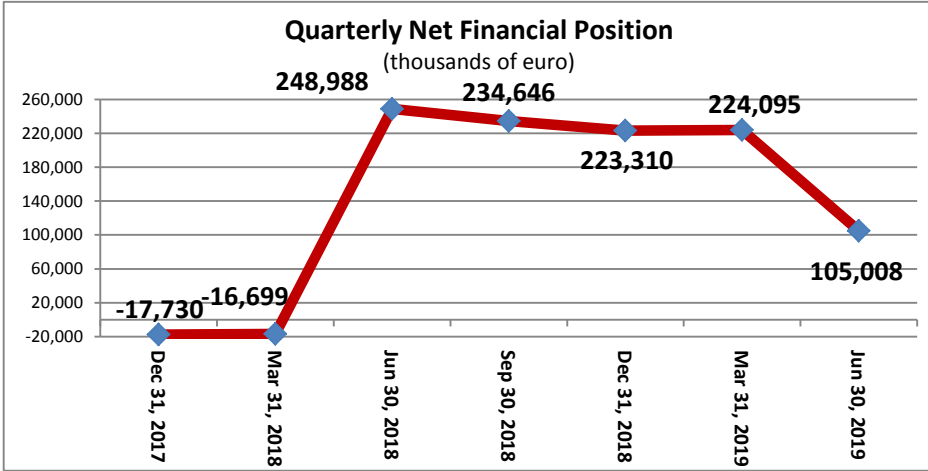
Compared to December 31, 2018, the decrease in the net financial position (-118,302 thousand euro) is mainly due to both the above-mentioned notional effect⁷ of application of IFRS 16, and the extraordinary transaction of acquiring treasury stock (total amount disbursed -93,382 thousand euro, including the accessory charges related to the Public Tender Offer). There were also dividends paid at the beginning of May (-16,580 thousand euro) and investments in property, plant and equipment (-10,958 thousand euro).

⁷ The adoption of the new accounting standard IFRS 16 - Leases led, in the first half of 2019, to an increase in the net Group financial debt, against a notional increase in fixed assets due to accounting for the right of use to the leasing assets, of 4,079 thousand euro.

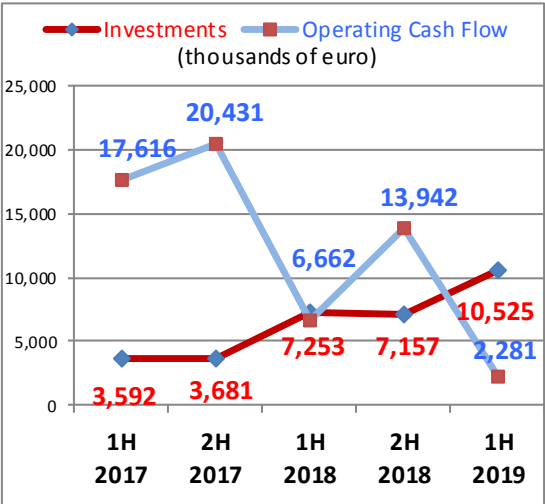
These outgoing flows were partially offset by the incoming flows generated by the operating activities and the sale of the patents of E.T.C. S.r.l. to the joint venture Flexterra, Inc. (+2,291 thousand euro) and the revaluation of the securities portfolio (+2,316 thousand euro), plus the coupons collected on these (+877 thousand euro, net of the management commissions for the securities portfolio).

The exchange rate impact led to a gain of 129 thousand euro, mainly due to the appreciation of both the US dollar, and the Chinese renminbi as at June 30, 2019 compared to the end of the 2018 financial period, on the cash and cash equivalents in those currencies.

The chart below shows the **quarterly performance of the net financial position** in the current financial period.



The worsening of the net financial position in the second quarter of 2019 (-119,087 thousand euro) is mainly due to the above-mentioned payment to acquire the treasury stock and the accessory expenses related to that extraordinary transaction on capital (-93,382 thousand euro), payment of the dividends at the beginning of May 2019 (-16,580 thousand euro) and the purchase, at the beginning of May, of the property of Memry Corporation (-4,938 thousand euro, net of the deposit of 258 thousand euro paid at the beginning of the previous financial period).

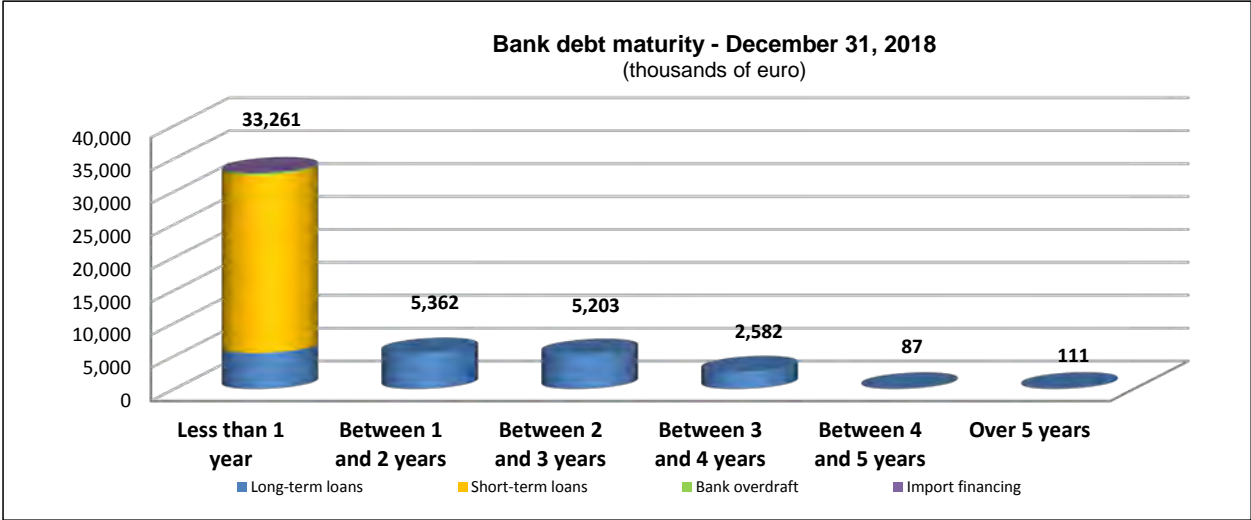
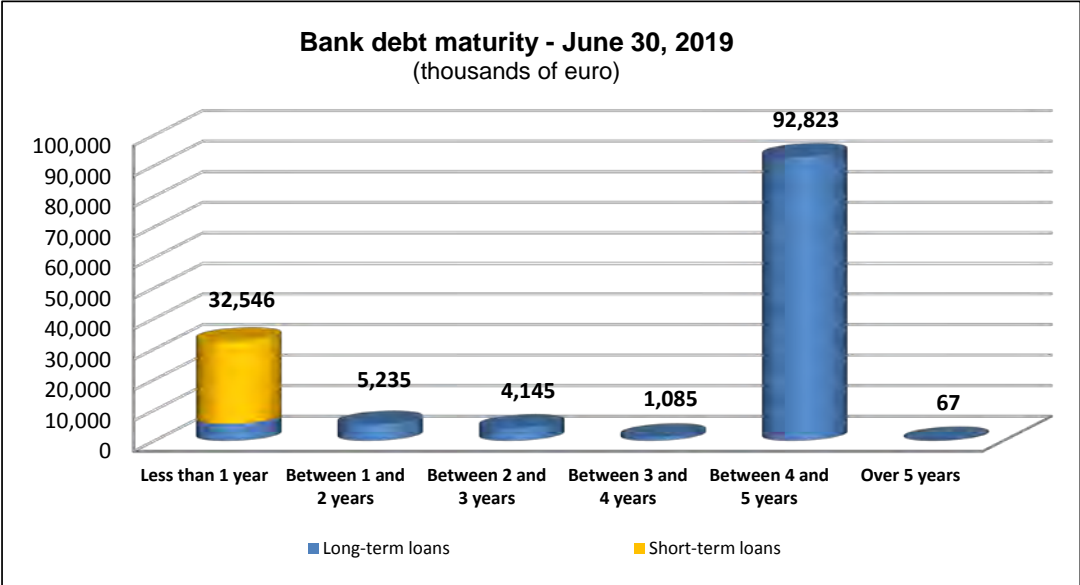


The **cash flow from the operating activity** was a positive +2,281 thousand euro in the first half of 2019. In the first half year period of 2018, the operating cash flows amounted to +6,662 thousand euro, but included the cash flows from discontinued operations of +11,592 thousand euro (i.e. the cash flows generated by the purification business in the period January 1 - June 24, 2018), net of which the cash flows from continuing operations were a negative amount of -4,930 thousand euro. Considering the cash flows relating to operating activities only (+2,281 thousand euro in the first half of 2019 compared to a negative- 4,930 thousand euro in 2018), the strong growth is attributable to the internal financing in the current half-year period (mainly driven by the electronic devices, shape memory alloys for industrial applications and Nitinol for medical application sectors), only partly penalized by the increase in net working capital (especially, the increase in trade receivables following the progressive increase in sales compared to the end of the 2018 financial period).

In the first half of 2019 the cash out for **investments in tangible assets** was equal to 10,525 thousand euro (7,253 thousand euro in the corresponding period of 2018); instead, the investments in intangible assets were not significant (433 thousand euro compared to 58 thousand euro as at June 30, 2018). The increase in capex in the first half of 2019, compared to the corresponding period of 2018, is mainly due to the purchase of the property, located in Bethel, where the Memry Corporation has its manufacturing headquarters (4,938 thousand euro, net of the deposit of 258 thousand euro paid at the end of the previous financial period) and the creation, in Bethel, of a new department to manufacture tubes. On the other hand, in the previous financial period, the Parent Company made investments prior to installation of a new pilot line for the advanced packaging business in order to speed up development of the flexible packaging products. Please refer to Note no. 14 and no. 15 for further details on the capex.

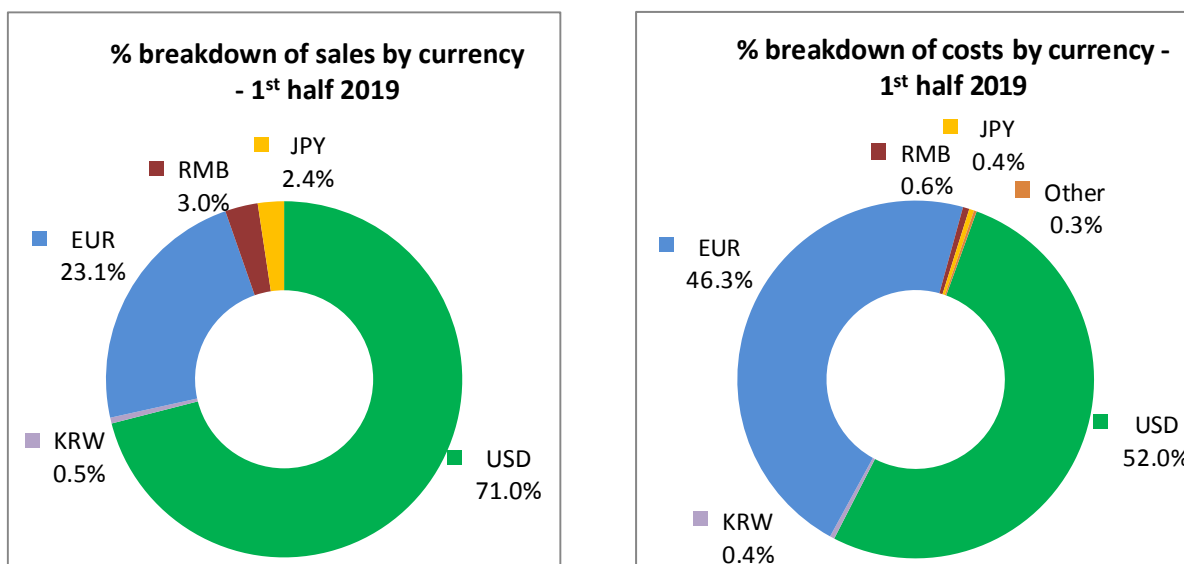
With respect to the **sale of fixed assets**, the above-mentioned payment was collected for the **sale to the joint venture Flexterra, Inc. of the intellectual property** developed in the area of OLET by E.T.C. S.r.l. in liquidation (2,291 thousand euro). However, the amount collected for the disposal of assets was not significant (5 thousand euro).

The following chart shows the **maturity profile** at June 30, 2019 of the **consolidated bank debt** compared with December 31, 2018.



The significant increase in the bank debt with 4 and 5-years maturity dates is related to the loan agreed to cover the disbursement to purchase the ordinary shares. That loan has a 5-years duration and is scheduled to be repaid on a lump-sum basis on the maturity date. For more details please see the “Main events in the half-year period” and Note no. 29.

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



Performance of the Parent Company and its subsidiaries in the first half of 2019

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

In the first half of 2019, the Parent Company reported revenue of 28,325 thousand euro, up by 2,421 thousand euro (+9.3%) compared to the corresponding period of the previous year (25,904 thousand euro), mainly thanks to the higher sales of both the SMA trained wire (SMA Industrial Business) and the advanced getters (Electronic Devices Business) for the consumer electronics market, only partially offset by the drop in sales revenue in the Security & Defense Business due to the postponement of some sales of alkaline dispensers for temporary sub-supply problems at the Avezzano factory.

Despite the increase in revenue and the related increase in gross margins (from 43.5% to 45%), the Parent Company ended the current half-year period with a profit from operating activities of 12,154 thousand euro, substantially in line with the corresponding period of the previous financial period (12,059 thousand euro) due to the increase in operating expenses (commissions payable on the sale of the SMA wire for telecom applications, as well as higher remuneration for the Executive Directors and severance costs, equal to about 0.3 million euro, only partially offset by the savings on labor costs due to the reduction of staff members which began starting from the end of 2018).

Including the profit from the discontinued operations (of 343 thousand euro, comprising the positive adjustment of the price of sale of the investment in SAES Getters USA, Inc.), the Parent Company also ended the current half-year period with a net profit of 12,497 thousand euro. This amount compares to 266,829 thousand euro at June 30, 2018, including a net capital gain⁸ on the sale of the investment in SAES Getters USA, Inc. amounting to 254,771 thousand euro.

⁸Or, net of the additional expenses for the extraordinary sale.

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

SAES Getters/U.S.A., Inc. was established in mid-May 2018 as part of the legal and corporate reorganization project aimed at selling the purification business, which was completed at the end of June 2018. On June 15, 2018, SAES Getters/USA, Inc. acquired all the assets (including the total investment in **Spectra-Mat, Inc.**) and the liabilities of **SAES Getters USA, Inc.**, not including the investment in **SAES Pure Gas, Inc.** Following that transfer, **SAES Getters USA, Inc.** and its subsidiary **SAES Pure Gas, Inc.** were sold to Entegris, Inc. on June 25, 2018.

Some comments on the performance of SAES Getters/U.S.A., Inc. and Spectra-Mat, Inc. in the first half of 2019 are provided below. With respect to the comment on SAES Getters/U.S.A., Inc., in order to provide greater clarity of the deviations, the revenue and costs relating to the first half of 2018 of SAES Getters/U.S.A., Inc.⁹ were summed with those of SAES Getters USA, Inc.¹⁰

The US parent company **SAES Getters/U.S.A., Inc.**, which operates primarily in the Industrial Business Unit, made revenue of 10,905 thousand USD (9,652 thousand euro) compared to 9,442 thousand USD (7,800 thousand euro) in the first half of the previous year: this increase (+15.5%) was mainly concentrated in the security and defense sector, driven by higher investments in defense in the United States.

The company ended the half-year period with a net profit of 3,208 thousand USD (2,839 thousand euro) compared to a net profit of 16,372 thousand USD (13,526 thousand euro) in the corresponding period of the previous financial period: the change was due to the capital gain, after taxes, made in the first half of 2018 from the above-mentioned transfer of the net assets of SAES Getters USA, Inc. to SAES Getters/U.S.A., Inc.

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Sintered Components for Electronic Devices & Lasers Business, achieved revenue of 5,131 thousand USD (4,542 thousand euro) in the first half of 2019, increased by 19.3% compared to the 4,302 thousand USD (3,554 thousand euro) in the corresponding period of the previous year, thanks to the growth in the thermal dissipation in the semiconductor lasers sector (application linked to defense) and the higher sales of electron emitters (cathodes) for medical applications (devices used for cancer-fighting therapies).

The company ended the half-year period with a net profit of 929 thousand USD (822 thousand euro) compared to 371 thousand USD (306 thousand euro) at June 30, 2018 thanks to both the increase in revenue and the related improvement in gross margins.

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

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

In the first half of 2019, it achieved a net profit of 2,162 thousand USD (1,914 thousand euro), down by 75.2% when compared to the corresponding period of 2018 (8,717 thousand USD, equal to 7,202 thousand euro) due to the lower commissions received by the associate SAES Pure Gas, Inc., sold on June 25, 2018.

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

The company manages the commercial activities of the Group in the Republic of China. In the first half of 2018, as part of the sale of the purification business to Entegris, Inc., the Chinese subsidiary sold its commercial structure located in Shanghai, which provided support to SAES Pure Gas, Inc. in the Asian market, making a net capital gain of 41,858 thousand RMB¹¹ (5,430 thousand euro).

⁹ Revenue and costs relating to the period June 16 - June 30, 2018.

¹⁰ Revenue and costs relating to the period January 1 - June 15, 2018.

¹¹ Gross capital gain of 53,517 thousand RMB and ancillary costs to the sale (including taxes) of 11,659 thousand RMB.

SAES Getters (Nanjing) Co., Ltd. ended the first half of 2019 with revenue equal to 21,845 thousand RMB (2,849 thousand euro), down by 12.5% compared to 24,956 thousand RMB (3,237 thousand euro) at June 30, 2018 due to the lower commissions received¹² by the associated enterprise SAES Pure Gas, Inc., following its above-mentioned sale in June 2018, and only partly offset by the increase in the Electronic Devices sector.

The drop in sales, along with the above mentioned net capital gain made in the first half of 2018, resulted in a reduction of the net profit (from 50,020 thousand RMB, equal to 6,489 thousand euro, to 7,057 thousand RMB, equal to 920 thousand euro), despite the higher dividends received by SAES Getters International Luxembourg S.A. (in which SAES Getters (Nanjing) Co., Ltd. owns a 10% stake) and the savings related to the sale of the sales office in Shanghai (especially labor costs, travel costs and leases costs).

MEMRY GmbH in liquidation, Weil am Rhein (Germany)

The company, which manufactures and sells shape memory alloy components for medical and industrial applications in the European market, in October 2017, after transferring all the manufacturing and sales activities to other companies of the Group¹³, started the liquidation process, which is expected to be finalized by the end of the current financial period.

Following the start-up of the liquidation process, Memry GmbH closed the first half of 2019 with a loss of -37 thousand euro (+16 thousand euro at June 30, 2018) due to certain residual costs in preparation for the liquidation.

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

The company, 100% owned by SAES Getters S.p.A., has as its business purpose the design, production and sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, on July 5, 2011, the company established the joint venture Actuator Solutions GmbH, together with the German group Alfmeier Präzision (for further details on the joint venture, please refer to the Notes no. 8 and no. 17 of the Interim condensed consolidated financial statements).

SAES Nitinol S.r.l. ended the first half of 2019 with a loss of -112 thousand euro, compared to a profit of 76 thousand euro at June 30, 2018, following the write-off of the credit corresponding to the interest income accrued in the current half-year period on the loans granted to Actuator Solutions GmbH (a write-off of -238 thousand euro), fully written-off because it is considered to be non-recoverable (for further details on the loans granted to the joint venture, please refer to Note no. 21).

Finally on March 13, 2019, SAES Getters S.p.A. approved the total waiver of the right to the financial receivables owed to it at the end of 2018 from SAES Nitinol S.r.l., for an amount of 8,905 thousand euro. At the same time, the Parent Company decided to make an additional capital payment of 100 thousand euro to SAES Nitinol S.r.l., with 65 thousand euro aimed at making up for the difference between the overall loss suffered by the subsidiary in 2018 (-8,969 thousand euro) and the above-mentioned cancellation of the financial receivables (8,905 thousand euro) and 35 thousand euro to build up a capital reserve.

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

The company, a spin-off supported by the National Research Council (CNR), operated between 2010 and 2017 exclusively as a research center to develop functional materials for applications in the Organic Electronics and in the Organic Photonics, as well as the development of integrated organic photonic devices for niche applications. Following a review of the development prospects of the company and suspension of the OLET research project (*Organic Light Emitting Diodes*), on

¹²Commissions receivable for the sales assistance provided by SAES Getters (Nanjing) Co., Ltd. - Shanghai office, to SAES Pure Gas, Inc. for the sales of purifiers in the territory of China.

¹³ Memry Corporation, SAES Smart Materials, Inc. and SAES Getters S.p.A. (Avezzano factory).

November 16, 2017, the Shareholders' Meeting of E.T.C. S.r.l. decided on early liquidation and began to wind up the company (the winding-up process should be completed by the end of the current financial period).

E.T.C. S.r.l. ended the first half of 2019 with a net profit of 2,163 thousand euro (-5 thousand euro at June 30, 2018) mainly comprising the capital gain generated by the sale of the intellectual property developed in the OLET area to the joint venture Flexterra, Inc. (for further details please refer to the paragraph "Main events in the half-year period").

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate¹⁴, MI (Italy)

SAES Coated Films S.p.A. (previously Metalvuoto S.p.A.¹⁵), with registered office in Monza Brianza, is a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. SAES Coated Films S.p.A. intends to compete in the "smart" food packaging sector, entering the market with a complete and innovative range of high-performance plastics, that are characterized by transparency, recyclability or compostability, and therefore with a low environmental impact.

In the first half of 2019, SAES Coated Films S.p.A. made revenue of 5,015 thousand euro compared to 5,951 thousand euro in the corresponding period of 2018: the drop (-15.7%) includes the streamlining of the product portfolio, which is still ongoing, aimed at reducing the percentage of metallized products with respect to lacquered products (which have higher profit margins), which began in the second half of 2018.

The current half-year period ended with a negative net result of -1,250 thousand euro, less than the loss of -696 thousand euro at June 30, 2018, due to both the fall in sales and the fact that the effects of the phasing-out process of the non-strategic products have not yet been fully felt. There were also higher costs for the services carried out by the Parent Company and charged back to SAES Coated Films S.p.A. in the current half-year period.

Finally, on April 4, 2019, following the loss recorded in 2018, the Shareholders' Meeting of SAES Coated Films S.p.A. decided to establish a reserve of 5 million euro to cover any future losses, by a capital payment by the Single Shareholder SAES Getters S.p.A.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)

SAES Investments S.A., with registered office in Luxembourg, fully controlled by SAES Getters S.p.A., was established on October 23, 2018, and its purpose is to manage the cash from the sale of the purification business with the goal of maintaining the capital in view of potential future commitments.

In the first quarter of 2019, the company invested a further 70 million euro in cash and cash equivalents, in addition to the 100 million euro previously allocated at December 31, 2018, in the construction of a portfolio with a conservative investment profile and with high flexibility and liquidity, in order to promptly deal with any future Group requirements.

The company ended the first half of 2019 with profit of 2,310 thousand euro, mainly comprising financial income on securities (2,896 thousand euro for the securities measured at fair value and 830 thousand euro from coupons), net of the management commissions and charges to dispose of the securities (164 thousand euro).

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

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

¹⁴ On June 1, 2018, SAES Coated Films S.p.A. opened a unit at Lainate, at the premises of the Parent Company.

¹⁵ On April 5, 2018, the Extraordinary Shareholders' Meeting decided to change the company name from Metalvuoto S.p.A. to SAES Coated Films S.p.A. to get greater market recognition.

At June 30, 2019, the company had a net loss of -27 thousand euro, smaller than a loss of -89 thousand euro in the corresponding period of the previous financial period, thanks to the higher interest income that accrued on the interest-bearing intercompany loan to SAES Getters S.p.A.

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

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

In the first half of 2019, the company recorded revenue equal to 617 million KRW (477 thousand euro), down compared to 681 million KRW (523 thousand euro) in the first half of 2018 due to the lower sales mainly in the vacuum system sector. The period ended with a loss of -192 million KRW (loss of -148 thousand euro) which was higher than the loss of -160 million KRW (loss of -123 thousand euro) at June 30, 2018, due to the drop in sales and the different sales mix, with a penalizing effect on the gross margins.

The company **SAES Smart Materials, Inc.**, based in New Hartford, NY (USA), active in the development, production and sale of Nitinol semi-finished products, recorded revenue equal to 11,134 thousand USD (9,854 thousand euro) in the half-year period, up 21.2% on the figure of 9,189 thousand USD (7,592 thousand euro) in the corresponding period of the previous year, mainly for the medical market. Thanks to the increase in sales and consequent economies of scale, the period ended with a net profit of 3,106 thousand USD (2,749 thousand euro), up by 43.1% compared to 2,171 thousand USD (1,793 thousand euro) in the first half of 2018.

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

The company achieved sales equal to 41,940 thousand USD (37,121 thousand euro) in the first half of 2019, compared to 36,789 thousand USD (30,394 thousand euro) in the corresponding period of the previous year: the growth (+14%), in line with average growth rates in the most recent periods, is due to increases in volumes in the various product lines. The net income amounted to 6,233 thousand USD (5,517 thousand euro), compared to income of 7,236 thousand USD (5,978 thousand euro) in the first half of 2018: despite the increase in sales revenue, the result for the current year was penalized by temporary manufacturing inefficiencies that made it necessary to increase both the workforce and the total hours of overtime worked, with a consequent drop in the gross industrial margin (fell from 40.3% to 35.9%). Additionally, the first half of 2018 benefitted from the extraordinary income of 1,375 thousand USD, accounted for following the transformation of 50% of the loan granted by the State of Connecticut (CT) at the end of the 2014 financial period as a non-repayable grant.

Finally on May 1, 2019, Memry Corporation finalized the acquisition of the property located in Bethel (CT) for a value of 5.8 million dollars, for which the company, at the end of 2018, had already paid a deposit of 0.3 million dollars.

Performance of the joint ventures in the first half of 2019

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

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

production and commercialization of actuators using shape memory alloys in place of the engine. In March 2019, the liquidation process of the subsidiary, Actuator Solutions (Shenzhen) Co., Ltd. began, and is expected to be completed by the end of the financial period. No substantial losses are expected on the consolidated income statement of the joint venture (at June 30, 2019, the extraordinary costs for writing down the assets, related to liquidation, amounted to about 52 thousand euro).

Actuator Solutions recorded net revenues of 10,976 thousand euro in the first half of 2019, down by 6.5% compared to 11,735 thousand euro in the first half of 2018 due to the slowdown in the automotive sector, only partly offset by the income for the development of telecom related products. The net result for the half-year period was a negative -750 thousand euro, substantially in line with the first six months of the previous financial period (a negative -717 thousand euro): the drop in the gross industrial result in the automotive business was offset by an increase in the telecom sector and the operational savings resulting from the restructuring implemented the previous year in the Asian subsidiaries and aimed at outsourcing certain production processes.

Finally, the loss at June 30, 2019 included extraordinary expenses of about 0.4 million euro, related to a IT fraud suffered in the first part of the year by the German subsidiary (extraordinary expenses of 0.7 million euro at June 30, 2018, mainly due to the outsourcing of production in the Chinese subsidiary in preparation for its subsequent liquidation).

(thousands of euro)

Actuator Solutions	1st half 2019	1st half 2018
	100%	100%
Total net sales	10,976	11,735
Cost of sales	(8,944)	(9,451)
Gross profit	2,032	2,284
<i>% on net sales</i>	<i>18.5%</i>	<i>19.5%</i>
Total operating expenses	(2,094)	(2,253)
Other income (expenses), net	(342)	(144)
Operating income (loss)	(404)	(113)
<i>% on net sales</i>	<i>-3.7%</i>	<i>-1.0%</i>
Interests and other financial income, net	(294)	(242)
Foreign exchange gains (losses), net	(50)	(82)
Income taxes	(2)	(280)
Net income (loss)	(750)	(717)

The share of the SAES Group in the result of this joint venture in the first half of 2019 amounted to -375 thousand euro (-359 thousand euro in the first half of 2018). Similarly to June 30, 2018, since the investment of SAES in Actuator Solutions is already fully reduced to zero and since, to date, there is no legal or implied obligation for the Group to recapitalize it, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solution as at June 30, 2019 was not recognized by the Group as a liability.

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

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

SAES RIAL Vacuum S.r.l. ended the first half of 2019 with sales revenue of 1,179 thousand euro, up by 15.4% compared to 1,023 thousand euro in the corresponding period of 2018. Despite the drop in

the gross profit margins resulting from the different product mix, the half-year period ended with a slight net profit (+29 thousand euro) compared to a net break-even result (loss of 2 thousand euro) at June 30, 2018.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	1 st half 2019	1 st half 2018
	100%	100%
Total net sales	1,179	1,023
Cost of sales	(972)	(767)
Gross profit	207	256
<i>% on net sales</i>	<i>17.6%</i>	<i>25.0%</i>
Total operating expenses	(193)	(185)
Other income (expenses), net	38	(41)
Operating income (loss)	52	30
<i>% on net sales</i>	<i>4.4%</i>	<i>2.9%</i>
Interests and other financial income, net	(14)	(13)
Foreign exchange gains (losses), net	0	0
Income taxes	(9)	(19)
Net income (loss)	29	(2)

The share of the SAES Group in the joint venture's results in the first half of 2019 amounted to +15 thousand euro (-1 thousand euro in the first half of 2018).

FLEXTERRA, Inc., Skokie, IL (USA)

Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), was established at the end of 2016 as a start up with the purpose of the design, manufacturing and sale of materials and components for the manufacture of flexible displays.

Flexterra, Inc. fully held by Flexterra Taiwan Co., Ltd.

SAES currently holds 46.73% of the capital stock of the joint venture Flexterra, Inc.

In 2018, the Flexterra project made significant progress.

In 2018, Flexterra, in association with E Ink, a leading manufacturer of electrophoretic displays, presented the first electrophoretic display in Los Angeles, which is completely flexible and uses the technology and material developed by Flexterra. Flexterra then signed a joint development agreement with a leading operator in the electrophoretic display sector. The partners with whom Flexterra is developing innovative products has already invested in manufacturing facilities and is pursuing the product industrialization stage.

Flexterra, which is classified as a joint venture, ended the first half of 2019 with a net loss of -2,266 thousand euro compared to a loss of -2,165 thousand euro in the corresponding period of 2018 (mainly costs for employees engaged in research and general and administrative activities, costs related to the management of patents and the amortization of intangible assets, including intellectual property). The biggest loss mainly relates to the amortization of the intellectual property sold during this half-year period to the joint venture by E.T.C. S.r.l. in liquidation (for further details on the transaction, please refer to the paragraph "Main events in the half-year period").

(thousands of euro)

Flexterra	1 st half 2019	1 st half 2018
	100%	100%
Total net sales	12	19
Cost of sales	(3)	(2)
Gross profit	9	17
<i>% on net sales</i>	75.0%	89.5%
Total operating expenses	(2,257)	(2,137)
Other income (expenses), net	(1)	(4)
Operating income (loss)	(2,249)	(2,124)
<i>% on net sales</i>	<i>n.a.</i>	<i>n.a.</i>
Interests and other financial income, net	2	(11)
Foreign exchange gains (losses), net	(42)	(60)
Income taxes	23	30
Net income (loss)	(2,266)	(2,165)

The SAES Group's share in the result of the joint venture in the first half of 2019 amounted to a loss of -1,058 thousand euro (a loss of -732 thousand euro at June 30 2018¹⁶).

The following table shows the **Total Group's statement of profit or loss**, achieved by incorporating the joint ventures¹⁷ of the Group with the proportional method instead of the equity method.

(thousands of euro)	1 st half 2019							Total profit or loss of the Group
	Consolidated profit or loss	50% Actuator Solutions	Intercoy eliminations & other adjustments	49% SAES RIAL Vacuum S.r.l.	Intercoy eliminations & other adjustments	46.73% Flexterra	Intercoy eliminations & other adjustments	
Total net sales	88,487	5,488	(270)	578	(44)	6		94,245
Cost of sales	(50,667)	(4,472)	270	(476)	44	(1)		(55,302)
Gross profit	37,820	1,016	0	102	0	5		38,943
<i>% on net sales</i>	42.7%							41.3%
Total operating expenses	(26,752)	(1,047)	0	(95)	0	(1,055)	0	(28,949)
Other income (expenses), net	2,344	(171)		19		0		2,192
Operating income (loss)	13,412	(202)	0	26	0	(1,050)	0	12,186
<i>% on net sales</i>	15.2%							12.9%
Interest and other financial income, net	2,858	(147)	0	(7)		1		2,705
Income (loss) from equity method evaluated companies	(1,043)		0		(15)		1,058	0
Foreign exchange gains (losses), net	(31)	(25)		0		(20)		(76)
Income (loss) before taxes	15,196	(374)	0	19	(15)	(1,069)	1,058	14,815
Income taxes	(6,232)	(1)		(4)		11		(6,226)
Net income (loss) from continued operations	8,964	(375)	0	15	(15)	(1,058)	1,058	8,589
Income (loss) from assets held for sale and discontinued operations	176	0		0		0		176
Net income (loss) before minority interest	9,140	(375)	0	15	(15)	(1,058)	1,058	8,765
Net income (loss) pertaining to minority interest	0							0
Net income (loss) pertaining to the Group	9,140	(375)	0	15	(15)	(1,058)	1,058	8,765

Research, Development and Innovation

Research and development expenses amounted to a total of 5,524 thousand euro (6.2% of net consolidated revenue) in the first half of 2019 and they were substantially aligned in absolute terms to those of the corresponding period of 2018, equal to 5,455 thousand euro (7.2% of consolidated revenue).

The **Functional Chemicals laboratory** completed its research into the innovative **Oxacqua® 2.0 lacquer** which will support Oxacqua® in coating film applications for packaging. The industrialization activities aimed at the subsequent transfer to production will start soon. The new lacquer has the advantage of resisting sterilization and pasteurization processes, typical in the food industry, and provides a net

¹⁶ At June 30, 2018, SAES held 33.79% of the capital stock of Flexterra, Inc.

¹⁷ Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

improvement of the barrier property to water. Thanks to this new lacquer, SAES Coated Films S.p.A. may develop a high-performance barrier film for applications in the food area.

In order to realize this ambitious project, it was necessary to implement a micro-encapsulation process that opens up the possibility to develop many other products: capsules containing EVOH, natural antioxidants and inorganic systems are currently being developed (like zeolites and calcium oxide). The technology is highly flexible and can be used to develop a wide range of lacquers for packaging applications, in addition to other sectors.

In addition to activities in the food packaging area, the laboratory has concentrated in the development of an **ultra-barrier film for application in OLED displays**, that will be manufactured with the new pilot line which will be installed soon in Lainate.

The enormous potential of the chemical expertise developed by the Group also includes the development of a **coating solution to improve the tire impermeability** and **the development of antifog lacquers for optics**.

The OTFT (*Organic Thin Film Transistor*) development activity also continued, albeit with some delays, by an important Taiwanese manufacturer of flexible electrophoretic displays that use the **organic materials of the joint venture Flexterra**. The final tests gave positive results and the OTFTs were used to create demonstration screens to take to the trade fairs next autumn and to begin the sales promotion campaign.

Other research activity that merits a mention is the research aimed at developing **CO2 absorbers** for food applications and the **polymeric-membrane**-based studies. They could become an important line of diversification in the future for the Group.

In the **metallurgy area**, activities were concentrated on developing and fine-tuning the production processes for **SMA High Temperature and Zero Hysteresis alloys and wires**. These two materials, which are very complex to make, and even more difficult to process, could have important applications in both the industrial and the medical sectors. The activity is concentrated in the study of the thermo-mechanical characteristics of the materials in order to understand the behavior better, and on scaling up of the manufacturing processes. In both cases, important steps forward have been made in the development activities, that bode well for the future.

In the area of Shape Memory Alloys, the activity continues to fine-tune the **thin film shape memory sputtering process** and study the realization of a **micro-actuator demonstrator**.

In the area of **bioabsorbable materials**, the activities continue in accordance with the plans, with monthly update meetings between SAES and the National Research Council (CNR) and two annual meetings of the entire project team.

To date, two highly interesting **metallic systems** have been identified, with the possibility of filing two separate patent applications currently being evaluated.

The laboratory is increasing its know-how on these metallic systems, on various phase transformation mechanisms and on the hot and cold working processes; they are also increasing knowledge in the area of corrosion testing in physiological conditions. The next step will be to equip it for deterioration testing in the biological environment with the support of the University of Laval as a partner.

Finally, all the basic research costs incurred by the Group are charged directly to the income statement in the period in which they are incurred, as they do not qualify for capitalization.

Subsequent events

The US subsidiary Memry Corporation initiated negotiations for the rent of further manufacturing space of about 60,000 sq.ft. (about 5,600 sq. meters) in Bethel (CT). The lease contract will probably last five years at an annual cost of 7.25 dollars/sq.ft. The rental contract is expected to be finalized in the second half of the year.

On August 7, 2019, S.G.G. Holding S.p.A. obtained shares with increased voting rights for a further no. 1,465,731 ordinary shares of SAES Getters S.p.A. At the conclusion of the transaction, the ordinary shares owned by S.G.G. Holding that have increased voting rights amounted to no. 2,819,773, and it holds a 43.19% of voting rights (also including the treasury stock of SAES Getters S.p.A. in the calculation).

On September 4, 2019, S.G.G. Holding registered on the List for attribution of increased voting rights on its remaining ordinary shares that still have single votes (amounting to no. 2,198,713); these shares will accrue increased voting rights twenty-four months from the registration date, only in the event of uninterrupted ownership for that period by S.G.G. Holding.

Business outlook

We retain cautious optimism for the upcoming months in view of the international uncertainties and tensions.

Related party transactions

With regard to the Group's related party transactions, please note that they fall within the ordinary operations and are settled at market or standard conditions.

Complete disclosure on related party transactions incurred during the half-year period is provided in the Note no. 42 of the Interim condensed consolidated financial statements

Group's main risks and uncertainties

For the analysis of the Group's main risks and uncertainties and the related mitigation actions to face these risks and uncertainties please refer to the 2018 Consolidated financial statements.

In particular, with reference to the financial risks, the main financial risks for the SAES Group are the following ones:

- *Interest-rate risk*, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of investments in cash and cash equivalents and the securities portfolio;
- *Exchange-rate risk*, associated with the volatility of exchange rates, which may influence the related value of the Group's costs and revenues denominated in currencies different from the euro and may thus have an impact on the Group's net income or loss; also the amount of financial

receivables/payables denominated in currencies other than the euro depends on the value of exchange rates, with potential effects both on the net income and on the net financial position;

- *The risk of changes in prices of raw materials*, which may affect the Group's product margins if these changes are not charged to the price agreed upon with customers;
- *Credit risk*, associated with the solvency of customers and the ability to collect receivables claimed from them;
- *Liquidity risk*, associated with the Group's ability to raise funds to finance its operating activities, or with the capacity of the sources of funding if the Group were to adopt strategic decisions involving some extraordinary expenditure (such as merger & acquisition transactions or organizational rationalization and restructuring activities).

Interest-rate risk

The Group's financial debts, both short and long-term ones, are mainly structured on a variable interest rate basis, therefore they are subject to the risk of interest rate fluctuations.

With regards to long-term financial debts, the exposure to interest rate variation is handled by way of entering into Interest Rate Swap or interest Rate Cap agreements, with a view to guarantee a level of financial expenditures which are sustainable by the SAES Group's financial structure. For details of the contracts as at June 30, 2019 please refer to the Note no. 37.

The Group also constantly controls the interest rate trend for the possible signing of further contracts to hedge the risk linked to the interest rate fluctuations on the variable interest loans on which no hedging contracts have been signed.

The funding for the working capital is managed through short-term financing transactions and, as a consequence, the Group does not hedge itself against the interest-rate risk.

Exchange-rate risk

The Group is exposed to the exchange rate risk on foreign commercial transactions.

Such exposure is mainly generated by sales in currencies other than the reference currency: during the first half of 2019 around 76.9% of the Group's sales and only around 53.7% of the Group's operating costs were denominated in a currency other than the euro.

In order to manage the economic impact generated by the fluctuations in exchange rates versus the euro, primarily of the US dollar and of the Japanese yen, the Group may enter into hedging contracts for amounts determined by the Board of Directors at the beginning of the financial period and determined in accordance to the net currency cash flows expected to be generated by SAES Getters S.p.A. The maturities of any derivatives entered into will tend to be in line with the collection terms of the transaction being hedged.

Moreover, the Group can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables, also intercompany ones, denominated in a currency different from the one used in the financial statements, including those relating to the cash pooling (executed by foreign subsidiaries, but denominated in euro).

Finally, the Group constantly monitors exchange rate trends in order to decide whether to enter into further risk hedging contracts linked to exchange rate fluctuations in the foreign currency takings from extraordinary company transactions or for funding needed to purchase in other currencies besides the euro.

No forward sales contracts on US dollar or yens were signed in the first half of 2019. Please refer to the Note no. 37 for further details on the Interest Rate Swaps or Interest Rate Caps in place as at June 30, 2019.

Commodity price risk

The Group's exposure to commodity price risks is usually moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed to be critical. In order to reduce its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the commodity price volatility. The Group monitors the price trends of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions using derivative instruments with the aim of neutralizing the price volatility of its commodities.

Credit risk

The Group deals predominantly with well-known and reliable customers. The Sales and Marketing Department assesses new customers' solvency and periodically checks to ensure that credit limit conditions are met. The balance of receivables is constantly monitored so as to minimize the risk of potential losses, particularly given the current difficult macroeconomic situation.

The credit risk associated with other financial assets, including cash and cash equivalents and securities portfolio, 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.

Even with reference to the securities portfolio, investments are made with leading operators in the industry, mainly with the aim of maintaining capital in view of potential future loans.

Liquidity risk

This risk can arise from the incapacity to obtain the necessary financial resources to grant the continuity of the Group's operations.

In order to minimize such risk, the Administration Finance and Control Division acts as follows:

- constantly monitors the Group's financial requirements in order to obtain credit lines necessary to meet such requirements;
- optimizes the liquidity management through a centralized management system of available liquidity (cash pooling) in euro which involves nearly all of the Group's companies;
- manages the correct balance between short-term financing and medium/long-term financing depending on the expected generation of operating cash flows.

For further information about the Group's financial debts as at June 30, 2019 and about the maturity date of these debts please refer to the Note no. 29.

As at June 30, 2019, the Group was not significantly exposed to liquidity risk, also considering the availability of assets and bank deposits and taking account 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 equity management objectives or policies during the first half of 2019.

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

Consob regulatory simplification process

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

**Interim Condensed Consolidated Financial Statements
at June 30, 2019**

Consolidated statement of profit or loss			
(thousands of euro)	Notes	1 st Half 2019	1 st Half 2018 (*)
Total net sales	3	88,487	75,709
Cost of sales	4	(50,667)	(43,219)
Gross profit		37,820	32,490
Research & development expenses	5	(5,524)	(5,455)
Selling expenses	5	(6,277)	(6,043)
General & administrative expenses	5	(14,976)	(14,151)
Write-down of trade receivables	5	25	(16)
Total operating expenses		(26,752)	(25,665)
Other income (expenses), net	6	2,344	1,057
Operating income (loss)		13,412	7,882
Interests and other financial income	7	3,349	309
Interests and other financial expenses	7	(571)	(614)
Write-down of financial receivables and other financial assets	7	80	0
Share of result of investments accounted for using the equity method	8	(1,043)	(733)
Foreign exchange gains (losses), net	9	(31)	17
Income (loss) before taxes		15,196	6,861
Income taxes	10	(6,232)	(4,157)
Net income (loss) from continued operations		8,964	2,704
Net income (loss) from discontinued operations	11	176	239,870
Net income (loss) for the period		9,140	242,574
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		9,140	242,574
Net income (loss) per ordinary share	12	0.42137	10.99554
- from continued operations		0.41315	0.11462
- from discontinued operations		0.00000	10.87291
Net income (loss) per savings share	12	0.43800	11.01217
- from continued operations		0.42978	0.13855
- from discontinued operations		0.02385	10.88954

Consolidated statement of other comprehensive income			
(thousands of euro)	Notes	1 st Half 2019	1 st Half 2018
Net income (loss) for the period from continued operations		8,964	2,704
Exchange differences on translation of foreign operations	28	520	2,002
Exchange differences on equity method evaluated companies	28	79	149
Total exchange differences		599	2,151
Total components that will be reclassified to the profit (loss) in the future		599	2,151
Other comprehensive income (loss), net of taxes - continued operations		599	2,151
Total comprehensive income (loss), net of taxes - continued operations		9,563	4,855
Net income (loss) for the period from discontinued operations		176	239,870
Exchange differences on translation of foreign operations	28	0	(94)
Reversal of currency conversion reserve after the disposal of the subsidiaries	28	0	(1,827)
Total exchange differences		0	(1,921)
Total components that have been reclassified to the profit (loss)		0	(1,921)
Other comprehensive income (loss), net of taxes - discontinued operations		0	(1,921)
Total comprehensive income (loss), net of taxes - discontinued operations		176	237,949
Total comprehensive income (loss), net of taxes		9,739	242,804
<i>attributable to:</i>			
- Equity holders of the Parent Company		9,739	242,804
- Minority interests		0	0

(*) Some amounts shown in the column do not correspond to the 2018 Interim consolidated financial statements because they reflect the reclassifications to give evidence in the Consolidated statement of profit or loss of the write-downs of the financial assets, in accordance with IAS 1.

Consolidated statement of financial position

(thousands of euro)	Notes	June 30, 2019	December 31, 2018
ASSETS			
Non current assets			
Property, plant and equipment	14	61,123	53,832
Intangible assets	15	45,347	45,290
Right of use	16	3,434	0
Investments accounted for using the equity method	17	7,042	8,006
Securities in the portfolio	18	131,263	99,843
Deferred tax assets	19	8,555	8,678
Tax consolidation receivables from the Controlling Company	20	272	272
Financial receivables from related parties	21	49	49
Other long term assets	22	1,426	396
Total non current assets		258,511	216,366
Current assets			
Inventory	23	24,006	23,482
Trade receivables	24	22,805	19,676
Other receivables, accrued income and prepaid expenses	25	4,927	4,634
Cash and cash equivalents	26	41,801	170,601
Financial receivables from related parties	21	1	1
Securities in the portfolio	18	71,312	0
Other financial receivables from third parties	27	32	0
Total current assets		164,884	218,394
Total assets		423,395	434,760
EQUITY AND LIABILITIES			
Capital stock		12,220	12,220
Share issue premium		41,120	41,120
Treasury shares		(93,382)	0
Legal reserve		2,444	2,444
Other reserves and retained earnings		258,567	42,814
Other components of equity		10,888	10,289
Net income (loss) of the period		9,140	232,333
Group shareholders' equity	28	240,997	341,220
Other reserves and retained earnings of third parties		0	0
Minority interests in consolidated subsidiaries	28	0	0
Total equity		240,997	341,220
Non current liabilities			
Financial debts	29	103,355	13,344
Financial liabilities for leases	30	1,814	0
Other non current financial payables toward third parties	31	0	0
Deferred tax liabilities	19	7,936	6,523
Staff leaving indemnities and other employee benefits	32	8,966	7,909
Provisions for risks and charges	33	554	411
Total non current liabilities		122,625	28,187
Current liabilities			
Trade payables	34	10,423	12,082
Other payables	35	10,022	12,533
Accrued income taxes	36	1,226	1,778
Provisions for risks and charges	33	2,724	4,640
Derivative financial instruments measured at fair value	37	82	48
Current portion of medium/long term financial debts	29	5,544	5,438
Financial liabilities for leases	30	1,618	0
Other financial debts to third parties	31	35	1,001
Bank overdrafts	38	27,002	27,353
Accrued expenses and deferred income	39	1,097	480
Total current liabilities		59,773	65,353
Total equity and liabilities		423,395	434,760

Consolidated statement of financial position		
(thousands of euro)	1st Half 2019	1st Half 2018 (*)
Cash flows from operating activities		
Net income (loss) from continued operations	8,964	2,704
Net income (loss) from discontinued operations	176	239,870
Current income taxes	4,626	10,408
Changes in deferred income taxes	1,550	(5,265)
Depreciation of financial leased assets	662	0
Depreciation	3,298	3,442
Write-down (revaluation) of property, plant and equipment	1	89
Amortization	604	645
Write-down (revaluation) of intangible assets	0	2
Net loss (gain) on disposal of fixed assets	(2,272)	9
Net gain on purification business disposal	(176)	(227,463)
Interest and other financial (income) expenses, net	(1,815)	1,038
Write-down of trade receivables	(25)	16
Other non-monetary costs (revenues)	0	(1,032)
Accrual for termination indemnities and similar obligations	1,304	565
Changes in provisions	(1,798)	(2,132)
	15,099	22,896
Working capital adjustments		
<i>Cash increase (decrease)</i>		
Account receivables and other receivables	(2,987)	990
Inventory	(434)	(4,291)
Account payables	(1,659)	(2,902)
Other current payables	(1,895)	(325)
	(6,975)	(6,528)
Payment of termination indemnities and similar obligations	(248)	(121)
Interests and other financial payments	(122)	(235)
Interests and other financial receipts	62	72
Taxes paid	(5,535)	(9,422)
Net cash flows from operating activities	2,281	6,662
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(10,525)	(7,253)
Proceeds from sale of tangible and intangible assets	5	60
Disbursements for acquisition of intangible assets	(433)	(58)
Sale of intellectual property to related parties	2,291	0
Purchase of securities, net of disinvestments	(100,466)	0
Income from securities, net of management fees	877	0
Consideration for the acquisition of minority interests in subsidiaries	0	(75)
Price paid for the acquisition of businesses	0	(139)
Advances paid for the purchase of investments	(1,100)	0
Consideration for the purification business disposal, net of the disposed cash	0	300,752 (**)
Ancillary monetary charges for the purification business disposal	0	(19,613) (***)
Adjustment on the consideration for the purification business disposal	(383)	0
Net cash flows from investing activities	(109,734)	273,674
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	92,735	0
Proceeds from short term financial liabilities	(470)	14,899
Dividends payment	(16,580)	(15,435)
Repayment of financial liabilities	(2,732)	(5,227)
Interests paid on long term financial liabilities	(84)	(316)
Interests paid on short term financial liabilities	(15)	(11)
Other costs paid	(16)	(19)
Financial receivables repaid (granted) from related parties	0	(225)
Interests receipts on financial receivables from related parties	1	0
Other financial payables	17	11
Repayment of financial liabilities for leased assets	(676)	0
Interests paid on leased assets	(24)	0
Purchase of treasury shares and related accessory costs	(93,382)	0
Net cash flows from financing activities	(21,226)	(6,323)
Net foreign exchange differences	151	640
Net (decrease) increase in cash and cash equivalents	(128,528)	274,653
Cash and cash equivalents at the beginning of the period	170,394	27,312
Cash and cash equivalents at the end of the period	41,866	301,965

(*) It should be noted that the amounts include both the cash flows generated by the gas purification business during the period 1 January - 24 June 2018, and the effects relating to its sale, finalized on 25 June 2018. For more details please refer to the 2018 Interim consolidated financial statements.

Furthermore, it should be noted that some amounts shown in the column do not correspond to the 2018 Interim consolidated financial statements because they reflect the reclassifications to give evidence in the Consolidated statement of profit or loss of the write-downs of the financial assets, in accordance with IAS 1.

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

(***) The figure of the first half 2018 does not include the non-monetary income related to the release into the income statement of the conversion reserve generated by the consolidation of the US companies sold (SAES Getters USA, Inc. and SAES Pure Gas, Inc.), equal to €1,827 thousand, as well as the costs related to the strategic incentive plan called Asset Transfer Plan (€4,442 thousand) and current taxes (€1,736 thousand), not yet paid as at June 30, 2018.

Consolidated statement of changes in equity as at June 30, 2019											
(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2018	12,220	41,120	0	2,444	10,289	0	42,814	232,333	341,220	0	341,220
Distribution of 2018 result								232,333 (232,333)	0		0
Dividends paid								(16,580)	(16,580)		(16,580)
Purchase of treasury shares			(89,700)						(89,700)		(89,700)
Accessory costs on purchase of treasury shares			(3,682)						(3,682)		(3,682)
Net income (loss)								9,140	9,140	0	9,140
Other comprehensive income (loss)						599			599		599
Total comprehensive income (loss)						599	0	0	9,739	0	9,739
June 30, 2019	12,220	41,120	(93,382)	2,444	10,888	0	258,567	9,140	240,997	0	240,997

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

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

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

The preparation of the financial statements is in compliance with the historical cost criterion, except when specifically required by the applicable standards, as well as on the going concern assumption, given that, despite a difficult economic and financial environment, there aren't any significant uncertainties (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial Statements) regarding the business continuity.

S.G.G Holding S.p.A.¹⁸ is a relative majority shareholder¹⁹ and does not exercise any management and coordination activity towards SAES Getters S.p.A. pursuant to article 2497 of the Italian Civil Code (as specified in the 2018 Report of corporate governance and ownership).

The Board of Directors approved and authorized the publication of the 2019 interim condensed consolidated financial statements with the resolution passed on September 12, 2019.

The interim condensed consolidated financial statements of the SAES Group are presented in euro (rounded to the nearest thousand), which is the Group's functional currency.

Foreign subsidiaries are included in the consolidated financial statements according to the standards described in the Note no. 2 “Main accounting principles”.

Accounting schemes

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

Moreover, we report that:

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

¹⁸Based in Milan at Via Vittor Pisani, 27.

¹⁹As at June 30, 2019, S.G.G. Holding S.p.A. held 34.21% of the ordinary shares of SAES Getters S.p.A. and taking account of the shares with increased voting rights, has 38.20% of the total voting rights that can be exercised on that date (including the voting rights of the treasury stock held by SAES Getters S.p.A. in the calculation).

In addition, as required by Consob resolution no. 15519 of July 27, 2006, income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal conduct of operations are specifically identified in the consolidated statement of profit or loss pursuant to allocation and the related details are provided in the consolidated explanatory notes.

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

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

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

Reclassification of the financial values at June 30, 2018

Some **reclassifications** were made for insignificant amounts, without any effects on the net profits or equity, to highlight the write-downs of the financial assets in application of IAS 1 in the consolidated Statement of profit or loss and in the Cash flow statement.

Segment information

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

- Industrial;
- Medical;
- Packaging.

Compared to the previous financial period, in order to reflect the organizational structure of the SAES management in place at June 30, 2019, starting from January 1, 2019, revenue and costs for the form memory alloy for industrial applications sector, along with those of the Functional Chemical Systems sector (previously Organic Electronics), were classified in the Industrial Business Unit. All the operating sectors were also renamed to provide greater clarity.

The amounts at June 30, 2018 were **reclassified** (see the table below) so they can be compared on a comparable basis with the 2019 figures.

Consolidated statement of profit or loss	Industrial			Medical			Packaging			Not Allocated Costs			Total		
	1 st half 2018	Reclassifications	1 st half 2018 reclassified	1 st half 2018	Reclassifications "SMAs for Thermal & Electro Mechanical Devices"	1 st half 2018 reclassified	1 st half 2018	Reclassifications	1 st half 2018 reclassified	1 st half 2018	Reclassifications "Organic Electronics"	1 st half 2018 reclassified	1 st half 2018	Reclassifications	1 st half 2018 reclassified
Total net sales	29,430	6,121	35,551	39,754	(5,547)	34,207	5,951		5,951	574	(574)	0	75,709	0	75,709
Cost of sales	(14,230)	(3,896)	(18,126)	(23,150)	3,520	(19,630)	(5,329)		(5,329)	(510)	376	(134)	(43,219)	0	(43,219)
Gross profit	15,200	2,225	17,425	16,604	(2,027)	14,577	622	0	622	64	(198)	(134)	32,490	0	32,490
% on net sales	51.6%	36.4%	49.0%	41.8%	36.3%	42.6%	10.5%		10.5%	11.1%	34.5%	n.a.	42.9%		42.9%
Total operating expenses	(7,144)	(1,670)	(8,814)	(5,536)	1,312	(4,224)	(1,940)		(1,940)	(11,045)	358	(10,687)	(25,665)	0	(25,665)
Other income (expenses), net	(7)	15	8	1,219	(15)	1,204	(21)		(21)	(134)	0	(134)	1,057	0	1,057
Operating income (loss)	8,049	570	8,619	12,287	(730)	11,557	(1,339)	0	(1,339)	(11,115)	160	(10,955)	7,882	0	7,882
% on net sales	27.3%	9.3%	24.2%	30.9%	13.2%	33.8%	-22.5%		-22.5%	-1936.4%	-27.9%	n.a.	10.4%		10.4%
Interest and other financial income (expenses), net													(305)	0	(305)
Share of result of investments accounted for using the equity method													(733)	0	(733)
Foreign exchange gains (losses), net													17	0	17
Income (loss) before taxes													6,861	0	6,861
Income taxes													(4,157)	0	(4,157)
Net income (loss) from continued operations													2,704	0	2,704
Net income (loss) from discontinued operations													239,870	0	239,870
Net income (loss)													242,574	0	242,574
Minority interests in consolidated subsidiaries													0	0	0
Group net income (loss)													242,574	0	242,574

Seasonality of operations

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

Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at June 30, 2019.

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Directly controlled subsidiaries:				
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	33,000,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	90.00	10.00*
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
Memry GmbH in 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	-
SAES Coated Films S.p.A. Roncello, MB & Lainate, MI (Italy)	EUR	50,000	100.00	-
SAES Investments S.A. Luxembourg (Luxembourg)	EUR	40,000,000	100.00	-
Indirectly controlled subsidiaries:				
<i>Through SAES Getters/U.S.A., Inc.:</i>				
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
<i>Through SAES Getters International Luxembourg S.A.:</i>				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	524,895,000	37.48	62.52
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	-	100.00
Memry Corporation Bethel, CT (USA) & Freiburg (Germany)	USD	30,000,000	-	100.00

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

The following table shows the companies included in the scope of consolidation according to the equity method as at June 30, 2019.

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
Actuator Solutions Taiwan Co., Ltd. Taoyuan (Taiwan)	TWD	5,850,000	-	50.00**
Actuator Solutions (Shenzhen) Co., Ltd. in liquidation 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	(#) 33,382,842	-	46.73****
Flexterra Taiwan Co., Ltd. Zhubei City (Taiwan)	TWD	5,000,000	-	46.73*****

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

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

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

**** % of indirect ownership held through SAES Getters International Luxembourg S.A.

***** % indirect ownership held through the joint venture Flexterra, Inc (which holds a 100% interest in Flexterra Taiwan Co., Ltd.).

(#) The share capital has increased compared to the value at December 31, 2018 (amounting to 33,358,815 USD) following the contributions by certain third party shareholders in the first half of the current financial period, to complete the payments made at the end of the 2018 financial period. Please refer to the 2018 Annual Financial Report for further information.

With reference to the scope of consolidation, in March 2019, the liquidation process of Actuator Solutions (Shenzhen) Co., Ltd. began, a wholly owned subsidiary of the joint venture Actuator Solutions GmbH. The liquidation process is expected to be wound up by the end of the financial period, and no significant negative effect is expected on the consolidated income statement of the joint venture related to that process.

2. MAIN ACCOUNTING PRINCIPLES

Consolidation principles

Following the entry into force of the European Regulation no. 1606/2002, the SAES Group adopted the IAS/IFRS accounting standards starting from January 1, 2005.

The interim condensed consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board (“IASB”) and approved by the European Union (“IFRS”), CONSOB resolutions no. 15519 and no. 15520 of July 27, 2006, CONSOB communication no. DEM/6064293 of July 28, 2006 and article 149-*duodecies* of the Issuers Regulations. The abbreviation “IFRS” includes all revised international accounting standards (“IAS”) and all interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), included those previously issued by the Standing Interpretations Committee (“SIC”).

The interim condensed consolidated financial statements for the period ended June 30, 2019 were prepared according to IAS 34 revised - Interim financial reporting, applicable to interim reporting and therefore has to be read jointly with the consolidated financial statements as at December 31, 2018, since they do not include all the disclosures required for the annual financial statements prepared according to IAS/IFRS.

For comparison purposes also 2018 comparative figures have been presented, in application of IAS 1-*Presentation of financial statements*.

IFRS accounting standards, amendments and interpretations applicable from January 1, 2019

The accounting standards, amendments and interpretations which were applied for the first time starting from January 1, 2019 are set out below.

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 incentives and SIC 27 - Evaluating the substance of transactions involving the legal form of a lease.

The new standard provides for a new definition of lease and introduces a criterion based on the notion of control (right of use) of an asset to distinguish the lease contracts from the contracts for the supply of services, by identifying the following discriminating factors of leases: the identification of the asset, the

right to replace it, the right to substantially obtain all the economic benefits arising from the use of the asset and finally, the right to direct the use of the underlying asset of the contract.

The standard establishes a single model of recognition and measurement of the lease agreements (including operating) for the lessee which provides for the recording of the lease asset under assets with an offsetting item under financial debt. Additionally, the nature of costs relating to operating leases has changed, since IFRS 16 replaced the straight-line accounting for the costs of the operating leases with amortization of the right of use and the interest expense on the loan payables.

On the other hand, the standard does not include significant changes for the lessors.

Prior to January 1, 2019, the Group, in accordance with the former IAS 17 - Leases, classified, on the contract start date, each agreement for the use of leases as finance leases or operating leases. The contract was classified as a finance lease if it transferred substantially all the risks and benefits deriving from ownership of the leased asset; otherwise, the agreement would be classified as an operating lease. Finance leases were represented as investments at the beginning of the contract; with operating leases, the leased asset was not capitalized as an investment and the lease payments were recognized to profit or loss on a straight line basis for the duration of the agreement. The Group did not have any finance leases in place as at December 31, 2018, but all the leasing agreements were classified as operating leases.

With regard to the initial application of the standard, the Group chose to apply the standard on a retrospective basis, however recognizing the cumulative effect of applying IFRS 16 in equity as at January 1, 2019 (not amending the comparative figures for 2018) in accordance with the provisions of paragraphs IFRS 16: C7-C13 (amended retrospective application). The Group accounted for the following with respect to the lease contracts that had previously been classified as operating:

- a) a financial liability, equal to the current value of future residual payments as at the transition date, discounted back using the incremental borrowing rate for each contract that applies at the transition date;
- b) a right of use equal to the value of the financial liabilities at the transition date, net of any accrued income and deferred charges / accrued liabilities and deferred income that refer to the lease and recognized in the balance sheet at the date of these financial statements.

The adoption of IFRS 16 therefore did not have any effect on the initial equity at January 1, 2019.

The table below reports the impacts resulting from adoption of IFRS 16 on the transition date.

(thousands of euro)	Impacts at the transition date (January 1, 2019)
ASSETS	
Non current assets	
Right of use - Buildings	3,070
Right of use - Office machines (*)	291
Right of use - Vehicles	410
Total non current assets	3,771
Total assets	3,771
EQUITY AND LIABILITIES	
Retained earnings	0
Total equity	0
Non current financial liabilities for leases	2,310
Total non current liabilities	2,310
Current financial liabilities for leases	1,461
Total current liabilities	1,461
Total equity and liabilities	3,771

(*)These are mainly computer equipment.

The average weighted incremental borrowing rate applied to the financial liabilities recognized at January 1, 2019 amounted to 3.96%.

In adopting IFRS 16, the Group used the exemption granted by IFRS 16:5(a) in relation to the short-term leases (i.e. contracts that last for less than 12 months).

Similarly, the Group used the exemption permitted under IFRS 16:5(b) concerning the lease contracts where the underlying asset is a low-value asset (i.e. the assets underlying the lease contract do not exceed the amount of 5 thousand euro when new). The contracts for which the exemption was applied mainly fall under the following categories:

- computers, telephones and tablets;
- printers;
- other electronic devices;
- various equipment and small items.

For these contracts, the introduction of IFRS 16 did not involve recognizing the financial liabilities of the lease and related right of use, but the lease payments are recognized to profit or loss on a linear basis for the duration of the respective contracts.

Additionally, with reference to the transition rules, the group used the following practical expedients available in the case of choosing the amended retrospective transition method:

- use of the assessment made at December 31, 2018 in accordance with the rules of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets in relation to the accounting for onerous contracts as an alternative to application of the impairment test on the value of the right to use at January 1, 2019;
- classification of the contracts that expire within 12 months from the transition date as short term leases. For these contracts, the lease payments are recognized to profit or loss on a linear basis;
- exclusion of the direct initial costs from measurement of the right of use at January 1, 2019;
- use of the information present at the transition date to determine the lease term, with specific reference to exercise of the options for extension or early termination.

The transition to IFRS 16 introduces certain elements of professional insight that involve the definition of certain accounting policies and the use of assumptions and estimates in relation to the lease term and the incremental borrowing rate. The standards are summarized below:

- the Group decided not to apply IFRS 16 for contracts containing leases that have intangible assets as the underlying asset;
- *lease term*

The Group analyzed all the lease contracts, defining the lease term for each of them, given from the “non-cancellable period”, along with the effects of any extension or early termination clauses which are reasonably certain to be exercised.

For properties where the lease contracts provide for an automatic annual renewal, an average duration of 3 years was used, based on the evaluation of the renewal period considered to be “reasonably certain” on the basis of the medium-long provisions term decided on by management. The lease term was only equated to the non-cancellable period where the non-cancellable period was more than 3 years, even if there is an extension clause.

With regard to the other categories of assets, mainly company cars and equipment, the exercise of any renewal options was considered not to be probable due to the standard Group practice.

- *incremental borrowing rate (IBR)*

Since there was no implicit interest rate in most of the lease contracts entered into by the Group, the discounting rate to apply to future payments of the lease instalments upon first application of IFRS 16 was determined as the actual loan rate of the Parent Company with an expiry which was similar to the agreements subject to measurement. This rate was duly reviewed to simulate a theoretical marginal rate in line with the contracts being evaluated. More specifically, the characteristics considered in order to estimate the IBR include the residual average duration of the agreements, the currency of the contract, the country where the asset being leased is located and the type of asset. Finally, for commercial Asian companies and the associated enterprises that carry out activities that are purely financial, a marginal interest rate was applied corresponding to that of the Parent Company.

The IBRs applied to discount back the lease payments at January 1, 2019 are reported below.

Currency	Less than 5 years	Over 5 years
EUR	1.50%	1.67%
USD	5.22%	5.22%

In order to help understand the impacts from initial application of the standard, the table below provides a reconciliation between future commitments relating to the lease contracts as at December 31, 2018 and the impact resulting from adoption of IFRS 16 as at January 1, 2019.

(thousands of euro)

Operating lease obligation as at December 31, 2018	4,727
<i>Short term lease fees (exemption)</i>	(152)
<i>Low-value lease fees (exemption)</i>	(137)
<i>Non lease component fees (services)</i>	(368)
Financial liabilities not discounted for leases as at January 1, 2019	4,070
Discounting effect	(299)
Financial liabilities for leases as at January 1, 2019	3,771
Present value of liabilities for financial leases at December 31, 2018	0
Financial liabilities for total leases as at January 1, 2019 following the transition to IFRS 16	3,771

Prepayment Features with Negative Compensation (amendment to IFRS 9)

On October 12 2017, the IASB published the amendment to IFRS 9 “Prepayment Features with Negative Compensation” That document specifies that the instruments that provide for early repayment could also comply with the test Solely Payments of Principal and Interest (“SPPI”) if the reasonable additional compensation to pay in the event of early repayment is negative compensation for the lender.

This amendment was applied starting from January 1, 2019. The adoption of the amendment did not have any effects on the consolidated Group financial statements.

Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)

On June 7, 2017 the IASB published the interpretation “Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)”. The interpretation deals with the uncertainties on what tax treatment to apply with respect to income tax matters. The interpretation requires an entity to analyze the uncertain tax treatments (individually or together in accordance with their characteristics) assuming that the tax authorities will examine the tax position in question, with full awareness of all the relevant information. If the entity believes that it is improbable that the tax authorities will accept the tax treatment followed, the entity will have to reflect the effect of the uncertainty in the measurement of its current and deferred income taxes. In addition, the document does not contain any new disclosure requirement, but emphasizes that the entity should assess whether it is necessary to provide information on the management's considerations and related to the uncertainty inherent to the recognition of the income taxes, in accordance with what is provided by IAS 1.

This new interpretation was applied starting from January 1 2019. The adoption of that change did not have any effects on the consolidated Group 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” that incorporates the amendments to some standards as part of the annual process to improve them. The main changes concern the following ones:

- IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that represents a joint operation, it has to re-measure the interests previously held in said business. However, this process does not have to be followed if joint control is obtained.
- IAS 12 - Income taxes: the amendment clarifies that all the tax effects linked to the dividends (including payments relating to financial instruments classified under equity) will have to be accounted for in a way that is consistent with the transaction that generated the profits (income statement, other comprehensive income or equity).

o IAS 23 - Borrowing Costs: the amendment clarifies that if the loans that are still in place after the applicable qualifying asset is already ready for use or for sale, they become part of the set of loans used to calculate the loan costs.

These changes were applied from January 1, 2019 and their adoption did not have any effects on the consolidated Group financial statements.

Amendment to IAS 19 - Plant Amendment, Curtailment or Settlement.

The document, published on February 7, 2018, clarifies how an entity should display an amendment (i.e. a curtailment or a settlement) of a defined benefit plan. The amendments require an entity to update its assumptions and re-measure the net liabilities or assets that come from the plan. The amendments clarify that after the occurrence of that event, an entity will use updated assumptions to measure the current service cost and the interest for the rest of the applicable period following the event.

This amendment was applied starting from January 1, 2019. The adoption of the amendment did not have any effects on the consolidated Group financial statements.

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

On October 12, 2017, the IASB published the document "*Long-term Interests in Associates and Joint Ventures* (amendment to *IAS 28*)". This document clarifies the need to apply IFRS 9, including the requirements linked to impairment, to other long-term interests in associated companies and joint ventures where the equity method is not applied.

The amendment applies from January 1, 2019 but early application is permitted.

This amendment was applied from January 1, 2019 and its adoption did not have any effects 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 May 18, 2017 the IASB issued the principle IFRS 17 – Insurance Contracts that will replace IFRS 4 – Insurance Contracts.

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

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

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

The main features of the General Model are the following ones:

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

The PAA approach envisages the measure of the liability for the residual coverage of a group of insurance contracts provided that, at its initial recognition, the entity provides that such a liability is reasonably an approximation of the General Model. Contracts with a coverage period of one year or less are

automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the assessment of liabilities for existing claims that are measured with the General Model. However, it is not necessary to discount those cash flows if the balance to be paid or settled is expected to take place within one year from the date in which the claim was filed.

The new standard must be applied to insurance contracts issued, including reinsurance contracts issued, 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.

Definition of a Business (amendments to IFRS 3)

On October 22, 2018, the IASB published the document *“Definition of a Business (Amendments to IFRS 3)”*. The document provides some clarifications on the definition of business in order to correctly apply the standard IFRS 3. More specifically, the amendment clarifies that while a business usually produces output, the presence of output is not strictly necessary to identify a business if there is an integrated set of activity/processes and assets. However, in order to meet the definition of business, an integrated set of activities/processes and assets must include, as a minimum, an input and a substantial process that together significantly contribute towards the capacity to create an output. To that end, the IASB replaced the term “capacity to create output” with “capacity to contribute towards the creation of output” to clarify that a business may also exist without the presence of all the inputs and processes needed to create output.

The amendment also introduced an optional test (“concentration test”) for the entity to decide whether a set of activities /processes and assets acquired are not a business. If the test gives a positive result, the set of activities/processes and assets acquired do not constitute a business and the standard does not require further checks. If the test provides a negative result, the entity will have to carry out further analyses on the activities/processes and assets acquired to identify the presence of a business. To that end, the amendment added numerous examples of the standard IFRS 3 in order to make the practical application of the new definition of business understood in certain cases.

The amendments apply to all the business combinations and acquisitions of activities after January 1, 2020, but early application is permitted. Considering that said amendment will be applied to new acquisitions that will be finalized starting from January 1, 2020, the effects will be recognized in the consolidated financial statements that end after that date.

Definition of Material (amendments to IAS 1 and IAS 8)

On October 31, 2018, the IASB published the document *“Definition of Material (Amendments to IAS 1 and IAS 8)”*. The document introduced an amendment to the definition of “relevant” contained in standards IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The aim of this amendment is to make the definition of “relevant” more specific and introduces the concept of “obscured information” as being close to the concepts of omitted or erroneous information already in the two standards being amended. The amendment clarifies that information is “obscured” if it was described in a way that produces an effect similar to the effect that would be produced if that information had been omitted or erroneous for the first readers of financial statements.

The changes introduced by the document apply to all the transactions that will occur after January 1, 2020. No effects are expected in the consolidated financial statements of the Group from the adoption of said amendments.

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 loss of the control of a subsidiary, even if the entity continues to hold a non-controlling stake in it, including in this case also the sale or transfer of a subsidiary to a joint venture or to an associate. The introduced changes provide that in case of a sale/transfer of an asset or a subsidiary to a joint venture or an associate, the measure of the gain or loss to be recognized in the balance sheet of the assignor/transferor depends on the fact that the sold/transferred assets or subsidiary constitute or not a business, as envisaged by IFRS 3. In the event that the sold/transferred activities or subsidiary represent a business, the entity shall recognize the gain or loss on the entire investment previously held; while, in the opposite case, the portion of gain or loss related to the share still held by the entity should be eliminated.

At the moment, the IASB has suspended the application of this amendment. The adoption of these changes is not expected to have any significant impact on the Group's consolidated financial statements.

Use of estimates

The preparation of the interim condensed consolidated financial statements requires the use of estimates and assumptions from the Management that have an effect on the values of revenues, costs, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the interim financial statements date. If such estimates and assumptions, which are based on the best evaluation currently available, should differ from the actual circumstances in the future, they will be modified accordingly during the period in which said circumstances change.

In particular, estimates are used to recognize revenues, accruals to provision for receivables, obsolete and slow-rotation inventory, depreciation and amortization, write-downs of current and non-current assets, employees' benefits, taxes and other accruals to provisions. The estimates are also used to define the duration and interest rate of the transactions that related to lease contracts. Estimates and assumptions are reviewed periodically and the effects of all changes are reflected on the statement of profit or loss.

Moreover, we report that some evaluation processes, particularly the most complex ones, such as the determination of impairment of non-current assets, are generally conducted in complete form solely for the preparation of the annual report, when all the required information is available, except in circumstances where there are indicators of impairment that require an immediate assessment of impairment.

In a likely manner, the actuarial valuations required to determine the provisions for employee benefits are normally conducted for the preparation of the annual report.

At the reference date of these interim condensed consolidated financial statements there were no changes in the estimates and assumptions used during the closing process of the financial statements as at December 31, 2018.

Criteria for converting items expressed in foreign currencies

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

Each company of Group defines the functional currency for its financial statements. Transactions in foreign currencies are initially recorded at the exchange rate (related to the functional currency) at the date of the transaction.

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

Non-current items measured at historical cost in a foreign currency (including goodwill and adjustments to the fair value generated during the purchase price allocation of a foreign company) are converted at the

exchange rates at the date of their initial recording. At a later stage, these figures are converted at the exchange rate at period end.

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

expressed in foreign currency (per 1 euro)

Currency	June 30, 2019		December 31, 2018		June 30, 2018	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US dollar	1.1298	1.1380	1.1810	1.1450	1.2104	1.1658
Japanese yen	124.2836	122.6000	130.3959	125.8500	131.6057	129.0400
South Korean won	1,295.1984	1,315.3500	1,299.0713	1,277.9300	1,302.3752	1,296.7200
Renminbi (P.R. of China)	7.6678	7.8185	7.8081	7.8751	7.7086	7.7170
Taiwan dollar	34.9981	35.2965	35.5864	35.0223	35.7406	35.5845

3. NET SALES

In the first half of 2019, consolidated net revenues were equal to 88,487 thousand euro, up by 16.9% compared to 75,709 thousand euro in the first half of 2018. Breaking down the exchange rates gains of +5.7%, mainly related to the progressive revaluation of the US dollar compared to the Euro in the present half-year period, the overall growth amounts to +11.2%, mainly driven by the electronic device sectors (higher sales of getter components for infrared sensors for surveillance and building maintenance applications, and advanced getters for the consumer electronics market), the SMAs for industrial applications (sale of trained wires for consumer electronics applications and components for aerospace and automotive applications) and the medical device business in Nitinol (higher volumes distributed in the various product lines).

The following table shows a breakdown of revenues by Business.

(thousands of euro)

Businesses (*)	1 st half 2019	1 st half 2018	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	6,365	6,147	218	3.5%	5.2%	-1.7%
Electronic Devices	10,532	7,735	2,797	36.2%	3.3%	32.9%
Healthcare Diagnostics	2,450	2,162	288	13.3%	3.6%	9.7%
Lamps	2,274	2,622	(348)	-13.3%	2.9%	-16.2%
Thermal Insulated Devices	1,833	1,791	42	2.3%	6.0%	-3.7%
Solutions for Vacuum Systems	5,522	5,419	103	1.9%	3.0%	-1.1%
Sintered Components for Electronic Devices & Lasers	4,542	3,554	988	27.8%	8.5%	19.3%
Functional Chemical Systems	436	574	(138)	-24.0%	4.7%	-28.7%
SMA Industrial	8,246	5,547	2,699	48.7%	5.3%	43.4%
Industrial	42,200	35,551	6,649	18.7%	4.6%	14.1%
Nitinol for Medical Devices	41,272	34,207	7,065	20.7%	7.9%	12.8%
Medical	41,272	34,207	7,065	20.7%	7.9%	12.8%
Solutions for Advanced Packaging	5,015	5,951	(936)	-15.7%	0.0%	-15.7%
Packaging	5,015	5,951	(936)	-15.7%	0.0%	-15.7%
Total net sales	88,487	75,709	12,778	16.9%	5.7%	11.2%

(*) In order to reflect the internal SAES organizational, from January 1, 2019, revenue for the shape memory alloy (SMA) for industrial applications sector (previously SMAs for Thermal & Electro Mechanical Devices), along with those of the Functional Chemical Systems sector (previously Organic Electronics) were classified in the Industrial Business Unit. The residual revenue from the gas purification sector (previously Systems for Gas Purification & Handling), by now irrelevant following the transfer of the purification business half-way through the previous financial period, was added to that of the Business Electronic Devices sector, within the Industrial Business Unit. The amounts at June 30, 2018 were reclassified so they can be compared on a like-for-like basis with the 2019 figures.

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

4. COST OF SALES

The cost of sales amounted to 50,667 thousand euro in the first half of 2019, compared to 43,219 thousand euro in the corresponding period of the previous year.

A breakdown of the cost of sales by category is provided below, compared with the actual figure of the first half of 2018.

(thousands of euro)

Cost of sales	1 st half 2019	1 st half 2018	Difference
Raw materials	15,767	14,048	1,719
Direct labour	14,426	11,278	3,148
Manufacturing overhead	21,224	19,321	1,903
Increase (decrease) in work in progress and finished goods	(750)	(1,428)	678
Total cost of sales	50,667	43,219	7,448

Breaking down the increase due to the exchange rate performance (+2,208 thousand euro), the percentage change in the cost of sales (+12.1%) was substantially in line with the overall growth in sales revenue (+11.2%).

While the overall change in the **cost of materials** was essentially in line with revenue (+13.8% including the change in the inventory of semi-finished goods and finished products, in addition to the raw materials), **indirect production costs** recorded a lower increase (+5.3%, net of the effect of the exchange rates) compared to the overall change in the sales revenue, due to the economies of scale related to the increase in volumes. On the other hand, there was a higher percentage increase in the **cost of direct labor** (overall change of +21.9%) since it was penalized by certain temporary production inefficiencies in the medical sector (that caused an increase in both staff numbers and the total amount of overtime worked) and the different sales mix (especially the higher sales of advanced getters for the electronic consumer market led to greater use of temporary work in the Parent Company factory in Avezzano).

The adoption of the new accounting standard for operating leases starting from January 1, 2019 (**IFRS 16**) did not have any significant effect on the cost of sales (the leasing costs were replaced by amortization of the right of use for essentially similar amounts).

5. OPERATING EXPENSES

Operating expenses amounted to 26,752 thousand euro in the first semester of 2019, up by 4.2% compared to 25,665 thousand euro in the same period of the previous year.

A breakdown by function of operating expenses, compared with the previous year, is given below.

(thousands of euro)

Operating expenses	1 st half 2019	1 st half 2018	Difference
Research & development expenses	5,524	5,455	69
Selling expenses	6,253	6,061	192
General & administrative expenses	14,975	14,149	826
Total operating expenses	26,752	25,665	1,087

Excluding the penalizing effect of the exchange rates (+495 thousand euro), the operating expense increased by 592 thousand euro (+2.3%): the increase is exclusively concentrated in **general and administrative expenses** (higher remuneration for the Executive Directors, in addition to severance costs, amounting to 0.3 million euro, and are related to finalization of the process to reduce the number of staff in the Parent Company which began at the end of the previous financial period following the sale of the purification business). **Sales costs and R&D expenses** are essentially in line with the first half of 2018, net of the penalizing effect of exchange rates. With respect to these, the commissions paid on the sales of SMA trained wire for consumer electronics applications (0.3 million euro) were offset by a generalized reduction in all other natures of cost.

The adoption of the new accounting standard for operating leases starting from January 1, 2019 (**IFRS 16**) did not have any significant effect on the operating expenses (the leasing costs were replaced by amortization of the right of use for essentially similar amounts).

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)

Total costs by nature	1st half 2019	1st half 2018	Difference
Raw materials	15,767	14,048	1,719
Personnel cost	38,932	35,068	3,864
Corporate bodies	2,498	2,013	485
Travel expenses	718	698	20
Maintenance and repairs	1,809	1,902	(93)
Various materials	4,285	3,497	788
Transports	960	843	117
Commissions	317	42	275
Licenses and patents	389	472	(83)
Consultant fees and legal expenses	2,825	2,650	175
Audit fees	307	292	15
Rent and operating leases	459	1,153	(694)
Insurances	559	533	26
Promotion and advertising	214	181	33
Utilities	1,812	1,391	421
Telephones and faxes	166	165	1
General services (canteen, cleaning, vigilance, etc.)	906	816	90
Training	131	214	(83)
Depreciation	3,298	3,212	86 (*)
Amortization	604	501	103 (*)
Right of use depreciation	662	0	662
Write-down of non current assets	1	91	(90)
Provision (release) for bad debts	(25)	16	(41)
Other	575	514	61
Total costs by nature	78,169	70,312	7,857
Increase (decrease) in work in progress and finished goods	(750)	(1,428)	678
Total cost of sales and operating expenses	77,419	68,884	8,535

(*) The amounts of the 1st Half 2018 do not correspond to the amounts shown in the Consolidated cash flow statement because they do not include the costs of SAES Pure Gas, Inc. for the period January 1 - June 24, 2018, reclassified into the item "Result from discontinued operations".

The items "Raw materials", "Various materials" and "Utilities" which are strictly connected to the production cycle, increased in correlation with the increase in production activities and sales.

The increase in "Labor costs" is mainly due to the penalizing effect of the exchange rates (+1.4 million euro), the above-mentioned severance (about 0.3 million euro), the higher use of temporary workers, especially in the shape memory alloys segment and in the Avezzano factory of the Parent Company, in

addition to an increase in the average number of employees at the US subsidiaries and the increase in staff at SAES Coated Films S.p.A. These increases were partly offset by the savings on labor costs as a result of the reduction of staff at the Parent Company, implemented from the end of 2018.

The item “Corporate bodies” included the remuneration of the members of the Board of Directors, both executive and non-executive, and of the Board of Statutory Auditors of the Parent Company. For the details on the remuneration paid in the first half of 2019 and for a comparison with the previous year, please refer to the Note no. 42.

The long-term bonus plan of the Executive Directors, with the provision suspended in the first half of 2018 following the transfer of the purification business and pending approval of an updated long-term plan, was allocated in the first half of 2019 as normal. The higher costs related to said allocation were offset by lower accruals for the variable component of the Executive Director remuneration, increased in the first half of 2018 following the achievement of performance targets that were higher than the targets assigned.

The increase in “Commissions” is related to the commissions paid in the first half of 2019 on the sales of SMA trained wire for consumer electronics applications.

The change in “Rent and operating leases” and “Right of use depreciation” is due to application of the new standard IFRS 16 - Leases (the leasing costs were replaced by the amortization of the right of use recorded under non-current assets).

6. OTHER INCOME (EXPENSES)

The item “Other income (expenses)” as at June 30, 2019 recorded a positive balance of 2,344 thousand euro compared to 1,057 thousand euro in the corresponding period of the previous year.

A breakdown of both half-year periods is provided below.

(thousands of euro)

	1st Half 2019	1st Half 2018	Difference
Other income	2,604	1,394	1,210
Other expenses	(260)	(337)	77
Total other income (expenses)	2,344	1,057	1,287

The item "Other income" includes all the revenue that does not fall within the ordinary operations of the Group, such as, for example, the proceeds from the sale of scrap materials. The increase compared to June 30, 2018 is related to the income from a related party, equal to 2,267 thousand euro for the sale of the OLET related patents owned by E.T.C. S.r.l. in liquidation to the joint venture Flexterra, Inc. In the current half-year period, it also includes other extraordinary revenue, of about 248 thousand euro, for insurance refunds and the successful conclusion of legal disputes.

In the previous financial period, there was income of 1,136 thousand euro, accounted for by the US subsidiary Memry Corporation following the transformation of 50% of the loan granted by the State of Connecticut (CT) at the end of the 2014 financial period as a non-repayable grant.

The item "Other expenses" mainly comprises property taxes and other taxes, other than income taxes, paid mainly by the Italian companies in the Group, and it is essentially in line with the first half of 2018.

7. FINANCIAL INCOME (EXPENSES) AND WRITE-DOWN OF FINANCIAL ASSETS

The following table shows the financial income breakdown in the first half of 2019, compared to the corresponding period of the previous year.

(thousands of euro)

Financial income	1 st Half 2019	1 st Half 2018	Difference
Bank interest income	39	67	(28)
Other financial income	24	242	(218)
Gains from securities evaluation at fair value	2,316	0	2,316
Interest income and coupons received on securities	970	0	970
Total financial income	3,349	309	3,040

“Other financial income” includes the interest income accrued on the interest-bearing loans granted by the Group to the joint ventures Actuator Solutions GmbH and SAES RIAL Vacuum S.r.l. The decrease compared to the previous financial period is due to the fact that the receivable for the interest income accrued in the current half-year period in favor of Actuator Solutions GmbH (238 thousand euro) was fully written down since management decided that it could not be recovered.

“Gains from securities at fair value” (2,316 thousand euro) comprises net profits resulting from the measurement at fair value of the securities subscribed to ²⁰ at the end of 2018 and beginning of 2019 to invest the cash resulting from the extraordinary sale of the purification business completed half-way through the last financial period. The income from coupons amounted to 970 thousand euro (“interest income and coupons received on securities”).

Please refer to Note no.18 for further details on the securities subscribed to.

The breakdown of financial expenses in the first half of 2019 compared to the corresponding period in 2018 is given in the table below.

(thousands of euro)

Financial expenses	1 st Half 2019	1 st Half 2018	Difference
Bank interests and other bank expenses	331	485	(154)
Other financial expenses	1	81	(80)
Commissions and other securities costs	164	0	164
Interest on lease financial liabilities	24	0	24
Realized losses on IRS	17	36	(19)
Losses from IRS evaluation at fair value	34	12	22
Total financial expenses	571	614	(43)
Write-down of financial assets	(80)	0	(80)
Total financial expenses & write-down of financial assets	491	614	(123)

The item “Bank interests and other bank expenses” included interest expenses on both short term and long term loans granted to the Parent Company, SAES Coated Films S.p.A. and the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by the Italian companies of the Group. The reduction compared to June 30, 2018 is due to the early repayment, completed in July 2018, of the remaining portion of the long-term loan signed by Memry Corporation with UniCredit. With regard to the early repayments made half way through the 2018 financial period by the Parent Company (long-term loans signed with Banca Intesa Sanpaolo S.p.A. and with UniCredit S.p.A.), the fact that interest no longer had to be paid on those loans was offset by higher interest on the loan signed in April 2019 with

²⁰Securities subscribed to by the Parent Company and SAES Investments S.A.

Mediobanca to cover the payment to acquire the ordinary shares related to the voluntary partial tender offer finalized at the end of May by SAES Getters S.p.A.

“Commissions and other securities costs” include the management commissions on the above-mentioned securities portfolio (163 thousand euro) plus the net capital loss on their sale (1 thousand euro).

The interest on lease financial liabilities amounted to 24 thousand euro in the first half of 2019 and are a result of the initial application of the new IFRS 16.

Finally, the item “Losses from IRS evaluation at fair value” is the effect on the income statement of the fair value measurement of the hedge contracts, included the implied ones, on long-term variable rate loans held by the Parent Company and SAES Coated Films S.p.A. The “Losses on derivative instruments” includes the interest differentials actually paid to credit institutes for those contracts in the first half of 2019.

The “Write-down of financial assets” refers to the write-downs of the financial assets (especially the cash and cash equivalents) in application of IFRS 9. The expected losses were calculated in accordance with a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of the rating of each bank. Compared to December 31, 2018, despite the generalized increase in the riskiness associated with the banks, this calculation led to a reduction in the expected losses on cash and cash equivalents of 80 thousand euro, due to the lower cash held by the Group (41.8 million at June 30, 2019 compared to 170.6 million at December 31, 2018).

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

The item “Share of result of investments accounted for using the equity method” includes the Group’s share in the result of the joint ventures Actuator Solutions GmbH²¹, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.²², consolidated with the equity method.

(thousands of euro)

	1 st Half 2019	1 st Half 2018	Difference
Actuator Solutions	0	0	0
SAES RIAL Vacuum S.r.l.	15	(1)	16
Flexterra	(1,058)	(732)	(326)
Total income (loss) from equity method evaluated companies	(1,043)	(733)	(310)

In the first half of 2019, the net loss deriving from measurement with the equity method amounted to -1,043 thousand euro, and in accordance with the corresponding period of the previous financial period, was mainly attributable to Flexterra (-1,058 thousand euro). The company was established as a technological start-up and made notable progress in the development of its materials during 2018; it recorded revenue that was still close to zero in the first half of 2019 (12 thousand euro) mainly from sampling work, against operating expense of over 2 million euro (mainly research and development costs).

²¹ Actuator Solutions GmbH consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. (established in June 2013) and Actuator Solutions (Shenzhen) Co., Ltd., in liquidation (established in September 2016).

²² Flexterra, Inc., in turn, consolidated the wholly owned subsidiary Flexterra Taiwan Co., Ltd. (established in January 2017).

Similarly to June 30 2018, the share pertaining to SAES in the loss in the first half of 2019 of Actuator Solution (-375 thousand euro) was not recognized by the Group given that, in accordance with IAS 28, the investment of SAES in Actuator Solutions was already fully reduced to zero and since today there is no legal or implied obligation of its recapitalization by the Group.

For further details on the performance of the joint ventures please refer to the Report on Operations, paragraph “Performance of the joint ventures in the first half of 2019” and to the Note no 17.

9. FOREIGN EXCHANGE GAINS (LOSSES)

In the first half of 2019, the exchange rate management recorded a balance that essentially broke even (a negative 31 thousand euro), compared to an almost zero balance (positive +17 thousand euro) in the corresponding period of the previous year. The exchange rate result which was close to zero confirms the overall effectiveness of the hedging policies put in place by the Group, adopted in order to limit the impact of currency fluctuations.

Details on the foreign exchange gains and losses as at June 30, 2019 compared to the previous year are set out in the table below.

(thousands of euro)

Foreign exchange gains and losses	1 st Half 2019	1 st Half 2018	Difference
Foreign exchange gains	232	830	(598)
Foreign exchange losses	(263)	(682)	419
Foreign exchange gains (losses), net	(31)	148	(179)
Realized exchange gains on forward contracts	0	4	(4)
Realized exchange losses on forward contracts	0	(31)	31
Gains (losses) from forward contracts evaluation at fair value	0	(104)	104
Gains (losses) on forward contracts	0	(131)	131
Total foreign exchange gains (losses), net	(31)	17	(48)

The item “Foreign exchange gains (losses), net” shows a negative balance of -31 thousand euro compared with a positive balance of +148 thousand euro in the corresponding period of the previous financial period. In both financial periods, the exchange differences on commercial type transactions generated in the first quarter were offset by opposite change of sign differences in the second quarter, more especially in 2019, the gains on exchange rates for the first quarter were offset by the losses in the second quarter as a result of the slight depreciation of the US dollar at June 30, 2019.

At June 30, 2019, the Group did not have any forward sales contracts in place and no derivative contracts on currencies ended in the current half-year period. As at June 30, 2018, the gains from closing the forward contracts on transactions in US dollar and yen were a negative 27 thousand euro, while the economic impacts of their fair value evaluation amounted to -131 thousand euro.

10. INCOME TAXES

As at June 30, 2019, income taxes amounted to 6,232 thousand euro, compared to 4,157 thousand euro in the corresponding period of the previous year.

The related details are provided below.

(thousands of euro)

	1st Half 2019	1st Half 2018	Difference
Current taxes	4,682 (*)	9,525 (**)	(4,843)
Deferred taxes	1,550	(5,368) (**)	6,918
Total	6,232	4,157	2,075

(*) The current taxes of the 1st half 2019 do not correspond to the amounts shown in the Consolidated cash flow statement because they do not include the revenues for current taxes on adjustment on the consideration for the purification business disposal, classified under the item "Result from discontinued operations".

(**) The amounts of the 1st Half 2018 do not correspond to the amounts shown in the Consolidated cash flow statement because they do not include the costs of SAES Pure Gas, Inc. for the period January 1 - June 24, 2018, reclassified into the item "Result from discontinued operations".

The cost for taxes amounted to 6,232 thousand euro, up from 4,157 thousand euro in the corresponding period of the previous financial period, in line with the increase in the profit before taxes.

The Group tax rate amounted to 41%, down from the 60.6% of the first half of 2018, but still significant since both the Parent Company and SAES Coated Films S.p.A., similarly to the previous financial period²³, ended the current financial period with a negative taxable income, not measured as deferred tax assets.

As in the first half of 2018, no Group company recognized deferred tax assets on the fiscal losses realized at June 30, 2019. These total fiscal losses were equal to 5,641 thousand euro compared to tax losses equal to 247 thousand euro as at June 30, 2018. The variation is mainly due to the fact that the Parent Company had ended the previous half-year period with positive taxable income, thanks to the net capital gain made from the sale to Entegris Inc. of the stake in SAES Getters USA, Inc., parent company of SAES Pure Gas, Inc.; thanks to this, even the negative taxable income of SAES Coated Films S.p.A. was used within the scope of the tax consolidation of the Italian companies. In the first half of 2019, SAES Getters S.p.A. made tax losses of 4,238 thousand euro, while those of SAES Coated Films S.p.A. amounted to 1,206 thousand euro.

11. NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

The net income from discontinued operations in the first half of 2019 amounted to 176 thousand euro, mainly comprising the positive adjustment of the price of selling the purification business due to the settlement of the effective value of the tax credit of the companies that were sold - SAES Getters USA, Inc. and SAES Pure Gas, Inc. - resulting from the tax return for the period January 1 – June 24, 2018, presented in April 2019.

In the first half of 2018, the net profit from discontinued operations amounted to 239,870 thousand euro, mainly comprising the gross capital gain (261,427 thousand euro) generated from the sale of the gas purification business, from which the costs related to the transaction were deducted, amounting to 33,964 thousand euro (especially legal and consultation expenses, and for bonuses for both the staff affected by the sale and the corporate employees involved in the settlement of that extraordinary corporate transaction, and interest, differences in exchange rates and taxes). This item included the net profit generated by the purification business between January 1 and June 24, 2018 (actual date of sale) for

²³The Parent Company had closed the first half of 2018 with negative taxable income, excluding the capital gain made on the sale of the stake in SAES Getters USA, Inc. (parent company of SAES Pure Gas, Inc.) and discontinued under "Result from discontinued operations".

12,407 thousand euro. Please refer to the Interim Financial Statements 2018 for further information on the amounts.

12. EARNING (LOSS) PER SHARE

As indicated in the Note no. 28, SAES Getters S.p.A.'s capital stock is represented by two different types of shares (ordinary shares and savings shares) which bear different rights with regards to the distribution of dividends.

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

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

The following table shows the result per share in the first half of 2019, compared with the figure of the first half of 2018.

Earning (loss) per share	1 st half 2019			1 st half 2018		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousands of euro)			9,140			242,574
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)	5,908	2,210	8,118	161,319	80,232	241,552
Total profit (loss) attributable to the different categories of shares (thousands of euro)	5,908	3,232	9,140	161,319	81,255	242,574
Average number of outstanding shares	14,021,350	7,378,619	21,399,969	14,671,350	7,378,619	22,049,969
Basic earning (loss) per share (euro)	0.42137	0.43800		10.99554	11.01217	
-from continued operations (euro)	0.41315	0.42978	(*)	0.11462	0.13855	(*)
-from discontinued operations (euro)	0.00000	0.02385		10.87291	10.88954	
Diluted earning (loss) per share (euro)	0.42137	0.43800		10.99554	11.01217	
-from continued operations (euro)	0.41315	0.42978	(*)	0.11462	0.13855	(*)
-from discontinued operations (euro)	0.00000	0.02385		10.87291	10.88954	

(*) The sum of the earning per share from continued operations and that from discontinued operations differs from the basic earning per share because the net income from continued operations and the income from discontinued operations have been attributed considering both the preference dividend to savings shares and the higher dividend due to the latter (in accordance with article no. 26 of the By-laws).

The reduction in the average number of ordinary shares in issue in the first half of 2019 compared to the corresponding period of 2018 (no. 14,021,350 compared to no.14,671,350) is due to the voluntary partial tender offer finalized by SAES Getters S.p.A. at the end of May 2019, the details of which can be found in the paragraph "Main events in the half-year period" in the Interim Report on Operations.

The table below estimates the result per share with the assumption that the treasury stock was acquired at the beginning of the financial period and therefore with the average number of ordinary shares in issue in the current half year period corresponding to what was actually in issue at June 30, 2019.

Earning (loss) per share	1 st half 2019		
	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousands of euro)			9,140
Theoretical preference dividends (thousands of euro)		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	5,351	2,766	8,118
Total profit (loss) attributable to the different categories of shares (thousands of euro)	5,351	3,789	9,140
Average number of outstanding shares	10,771,350	7,378,619	18,149,969
Basic earning (loss) per share (euro)	0.49682	0.51345	
- from continued operations (euro)	0.48712	0.50375	
- from discontinued operations (euro)	0.00000	0.02385	
Diluted earning (loss) per share (euro)	0.49682	0.51345	
- from continued operations (euro)	0.48712	0.50375	
- from discontinued operations (euro)	0.00000	0.02385	

13. SEGMENT INFORMATION

For management purposes, the Group is organized into three Business Units based on the type of products and services provided, and the applicable markets. As at June 30, 2019, the Group's operations were divided into three primary operating segments:

- **Industrial** – getters and dispensers used in a wide range of industrial applications (electronic vacuum devices, MEMS, image diagnostic systems for images, products for thermal insulation, lamps and vacuum systems) and shape memory alloy components and devices for industrial applications (home automation, white goods industry, consumer electronics and the automotive sector) and polymeric composites for organic and hybrid electronic applications, photonics and implantable medical devices;
- **Medical** - raw materials, semi-finished products and super-elastic components in Nitinol alloy for medical applications, mainly in the non-invasive surgical sector;
- **Packaging** - coating solutions for packaging, metalized films and innovative plastic and advanced film for the food packaging market, and more generally, for the advanced packaging sector, including fully recyclable and compostable.

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

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

The "Not Allocated" columns include the corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to the business units, but which refer to the Group as a whole, and the costs related to the basic research projects or aimed to diversify into innovative businesses.

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

(thousands of euro)

Consolidated statement of profit or loss	Industrial		Medical		Packaging		Not Allocated Costs		Total	
	1 st half 2019	1 st half 2018 (*)	1 st half 2019	1 st half 2018 (*)	1 st half 2019	1 st half 2018 (*)	1 st half 2019	1 st half 2018 (*)	1 st half 2019	1 st half 2018 (*)
Total net sales	42,200	35,551	41,272	34,207	5,015	5,951	0	0	88,487	75,709
Cost of sales	(21,382)	(18,126)	(24,730)	(19,630)	(4,555)	(5,329)	0	(134)	(50,667)	(43,219)
Gross profit	20,818	17,425	16,542	14,577	460	622	0	(134)	37,820	32,490
<i>% on net sales</i>	<i>49.3%</i>	<i>49.0%</i>	<i>40.1%</i>	<i>42.6%</i>	<i>9.2%</i>	<i>10.5%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>42.7%</i>	<i>42.9%</i>
Total operating expenses	(8,374)	(8,814)	(4,556)	(4,224)	(1,709)	(1,940)	(12,113)	(10,687)	(26,752)	(25,665)
Other income (expenses), net	270	8	0	1,204	(30)	(21)	2,104	(134)	2,344	1,057
Operating income (loss)	12,714	8,619	11,986	11,557	(1,279)	(1,339)	(10,009)	(10,955)	13,412	7,882
<i>% on net sales</i>	<i>30.1%</i>	<i>24.2%</i>	<i>29.0%</i>	<i>33.8%</i>	<i>-25.5%</i>	<i>-22.5%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>15.2%</i>	<i>10.4%</i>
Interest and other financial income (expenses), net									2,858	(305)
Share of result of investments accounted for using the equity method									(1,043)	(733)
Foreign exchange gains (losses), net									(31)	17
Income (loss) before taxes									15,196	6,861
Income taxes									(6,232)	(4,157)
Net income (loss) from continued operations									8,964	2,704
Net income (loss) from discontinued operations									176	239,870
Net income (loss)									9,140	242,574
Minority interests in consolidated subsidiaries									0	0
Group net income (loss)									9,140	242,574

(*) In order to reflect the internal SAES organizational, from January 1, 2019, revenue and costs for the shape memory alloy (SMA) for industrial applications sector (previously SMAs for Thermal & Electro Mechanical Devices), along with those of the Functional Chemical Systems sector (previously Organic Electronics) were classified in the Industrial Business Unit. The amounts at June 30, 2018 were reclassified so they can be compared on a like-for-like basis with the 2019 figures.

Information on geographical areas

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

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

(thousands of euro)

Country in which the Group's entity is located	1 st half 2019	%	1 st half 2018	%	Total difference
Italy	28,564	32.3%	26,900	35.5%	1,664
Europe	0	0.0%	0	0.0%	0
North America	56,779	64.2%	46,358	61.2%	10,421
South Korea	472	0.5%	517	0.7%	(45)
China	2,632	3.0%	1,913	2.5%	719
Other Asian countries	40	0.0%	21	0.0%	19
Others	0	0.0%	0	0.0%	0
Total net sales	88,487	100%	75,709	100%	12,778

14. PROPERTY, PLANT AND EQUIPMENT

Net property, plant and equipment amounted to 61,123 thousand euro as at June 30, 2019 an increase of 7,291 thousand euro compared to December 31, 2018.

The changes that occurred during the half-year period are shown below.

(thousands of euro)

Property, plant and equipment	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2018	4,139	20,128	23,708	5,857	53,832
Additions	623	4,337	636	4,929	10,525
Disposals	0	0	0	0	0
Reclassifications	33	324	1,238	(1,595)	0
Depreciation	0	(780)	(2,518)	0	(3,298)
Write-downs	0	0	0	(1)	(1)
Revaluations	0	0	0	0	0
Translation differences	12	(14)	65	2	65
June 30, 2019	4,807	23,995	23,129	9,192	61,123
December 31, 2018					
Historical cost	4,197	43,093	130,220	6,228	183,738
Accumulated depreciation and write-downs	(58)	(22,965)	(106,512)	(371)	(129,906)
Net book value	4,139	20,128	23,708	5,857	53,832
June 30, 2019					
Historical cost	4,865	47,757	131,530	9,564	193,716
Accumulated depreciation and write-downs	(58)	(23,762)	(108,401)	(372)	(132,593)
Net book value	4,807	23,995	23,129	9,192	61,123

As at June 30, 2019 land and buildings were not burdened by mortgages or other guarantees.

In the first half of 2019, investments in property, plant and equipment amounted to 10,525 thousand euro and mainly include the purchase of a property, located in Bethel, where the Memry Corporation has its manufacturing headquarters (4,938 thousand euro, net of the deposit of 258 thousand euro paid at the end of the previous financial period) and the creation, in Bethel, of a new department to manufacture pipes. "Acquisitions" also include the advances paid and the investments being made in the advanced packaging business, for the installation of a second production line for lacquering plastic films.

Finally, investments are being made to increase the production capacity of the Electronic Devices of both the US subsidiary SAES Getters/U.S.A., Inc. and the Parent Company at the Avezzano factory.

The depreciation for the period, equal to 3,298 thousand euro, is in line with the first half of 2018 (3,212 thousand euro) net of the effect of the exchange rates (92 thousand euro).

The translation differences (65 thousand euro) relate to assets owned by the US companies and result from the revaluation of the US dollar as at June 30, 2019 compared to the exchange rate of December 31, 2018.

All the property, plant and equipment described in this paragraph is owned by the SAES Group. Please refer to Note no. 16 for more details on the leased assets as at June 30, 2019, where the right of use was recognised under capital assets in application of the new IFRS 16 - Leases.

15. INTANGIBLE ASSETS

The net intangible assets amounted to 45,347 thousand euro as at June 30, 2019 and they recorded an increase of 57 euro compared to December 31, 2018.

The changes that occurred during the half-year period are shown below.

(thousands of euro)

Intangible assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2018	37,747	0	5,040	586	1,766	151	45,290
Additions	0	0	0	427	0	6	433
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Amortization	0	0	(258)	(148)	(198)	0	(604)
Write-downs	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Translation differences	216	0	5	(5)	10	2	228
June 30, 2019	37,963	0	4,787	860	1,578	159	45,347
December 31, 2018							
Historical cost	45,433	183	10,313	10,871	22,421	890	90,111
Accumulated depreciation and write-downs	(7,686)	(183)	(5,273)	(10,285)	(20,655)	(739)	(44,821)
Net book value	37,747	0	5,040	586	1,766	151	45,290
June 30, 2019							
Historical cost	45,649	183	10,331	11,254	22,425	898	90,740
Accumulated depreciation and write-downs	(7,686)	(183)	(5,544)	(10,394)	(20,847)	(739)	(45,393)
Net book value	37,963	0	4,787	860	1,578	159	45,347

The investments of the period amounted to 433 thousand euro and mainly refer to the purchase of new software licenses by the Group's US companies Memry Corporation and SAES Smart Materials, Inc.

The amortization for the period, equal to 604 thousand euro, is slightly up compared to the first half of 2018 (501 thousand euro) in addition to the effect of the exchange rates (+22 thousand euro) mainly due to the higher amortization accounted for by the Parent Company for the new software licenses acquired in the second half of the previous financial period.

The translation differences (228 thousand euro) relate to the intangible assets owned by the US companies and result from the revaluation of the US dollar as at June 30, 2019 compared to the exchange rate of December 31, 2018.

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

Goodwill is not amortized; rather, on an annual basis (or more frequently if there are impairment losses indicators), its recoverable value is periodically reviewed on the basis of the expected cash flows of the related Cash Generating Unit - CGU (impairment test).

Goodwill

The changes in the item "Goodwill" and the Cash Generating Unit to which the goodwill is allocated is highlighted below.

(thousands of euro)

Business Unit	December 31, 2018	Change in consolidation area	Write-downs	Other movements	Translation differences	June 30, 2019
Industrial	945	0	0	0	0	945
Medical	36,802	0	0	0	216	37,018
Packaging	0	0	0	0	0	0
Not allocated	0	0	0	0	0	0
Total goodwill	37,747	0	0	0	216	37,963

The increase for the year is exclusively due to the effect of exchange rates (especially related to the revaluation of the dollar at June 30, 2019 compared to the end of the previous financial period) on the goodwill in different currencies to the euro.

The following table shows the gross book values of goodwill and their accumulated write-downs for impairment from January 1, 2004 to June 30, 2019 and to December 31, 2018.

(thousands of euro)

Business Unit	June 30, 2019			December 31, 2018		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial	1,008	(63)	945	1,008	(63)	945
Medical (*)	40,418	(3,400)	37,018	40,202	(3,400)	36,802
Packaging	2,409	(2,409)	0	2,409	(2,409)	0
Not allocated	358	(358)	0	358	(358)	0
Total goodwill	44,193	(6,230)	37,963	43,977	(6,230)	37,747

(*) The difference between the gross value as at June 30, 2019 and the gross value as at December 31, 2018 is due to the translation differences on goodwill amounts denominated in currencies other than euro.

Pursuant to IAS 36, goodwill is not amortized but rather is tested for impairment annually or more often should any specific event take place that may lead to the assumption that there has been a reduction in the value of goodwill.

No recoverability analysis was carried out as at June 30, 2019 as there wasn't any indicator of impairment such as to show durable value losses in relation to the goodwill recorded in the financial statements.

The estimates concerning the recoverable amount of other tangible and intangible assets, included in the investments measured with the equity method, made in the financial statements as at December 31, 2018 are still considered to be valid today.

16. RIGHT OF USE

The assets for the right of use, resulting from lease, rental or use of third-party goods contracts, were recognized separately, and at January 1, 2019, the date of first application of the new accounting standard IFRS 16 - Leases, amounted to 3,771 thousand euro.

For further details on the initial application of the standard, please refer to what is written in Note no. 2 "Accounting Standards".

(thousands of euro)

Right of use	Fabbricati	Impianti e macchinari	Autoveicoli	Totale
December 31, 2018	0	0	0	0
IFRS 16 first time adoption	3,070	291	410	3,771
January 1, 2019	3,070	291	410	3,771
New leases agreements subscribed in the period	22	13	273	308
Early termination of leases agreements	0	0	0	0
Reclassifications	0	0	0	0
Depreciation	(449)	(89)	(124)	(662)
Translation differences	17	0	0	17
June 30, 2019	2,660	215	559	3,434
January 1, 2019				
Historical cost	3,070	291	410	3,771
Accumulated depreciation and write-downs	0	0	0	0
Net book value	3,070	291	410	3,771
June 30, 2019				
Historical cost	3,104	304	683	4,091
Accumulated depreciation and write-downs	(444)	(89)	(124)	(657)
Net book value	2,660	215	559	3,434

The initial application of the standard mainly related to the category of the properties, and in particular, can be related to the lease contracts in place for the facilities in Bethel (CT) and Menlo Park (CA) of the US Company Memry Corporation (total effect equal to 2,087 thousand euro). Note also the right of use for the overseas representative office rented by the Parent Company (181 thousand euro) and the areas rented by the US Companies Spectra-Mat, Inc. (255 thousand euro) and SAES Smart Materials, Inc. (151 thousand euro) and the sales offices of the Asian Companies and branches of the Parent Company (total value of the right of use at January 1, 2019 of 353 thousand euro) and the Luxembourg subsidiaries (43 thousand euro).

The category “plants and machinery” is almost exclusively related to the contracts signed by the Parent Company for the use of third-party computer equipment (servers, memories, network components and printers).

Similarly, the category “Vehicles” mainly refers to the rental contracts for the car fleet of the Parent Company (321 thousand euro) and the subsidiary SAES Coated Films S.p.A. (59 thousand euro).

With regard to the movements that occurred between January 1 - June 30, 2019, the new contracts entered into in the half-year period, that fall within the scope of application of the accounting standard IFRS 16, mainly refer to the car fleet of the Parent Company.

The depreciation in the period amounted to 662 thousand euro.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at June 30, 2019 the item includes the share of the net assets attributable to the Group in the joint venture Actuator Solutions GmbH²⁴, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.²⁵

The following table shows the changes in this item during the first half of 2019.

²⁴Please note that Actuator Solutions GmbH, consolidates its wholly-owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., in liquidation.

²⁵ Flexterra, Inc. (USA), in turn, consolidated the wholly owned subsidiary Flexterra Taiwan Co., Ltd.

(thousands of euro)

Investments valued using the equity method	December 31, 2018	Additions	Capital payments	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Write-downs	June 30, 2019
Actuator Solutions	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	1,642	0	0	15	0	0	0	1,657
Flexterra	6,364	0	0	(1,058)	79	0	0	5,385
Total	8,006	0	0	(1,043)	79	0	0	7,042

The decrease in the period (overall negative amount of -964 thousand euro) is due to the adjustment of the value of each investment to SAES's share of the result and other comprehensive income (loss) achieved by the joint ventures in the first half of 2019.

With reference to Actuator Solutions, please note that, since the investment of SAES in Actuator Solutions was already fully reduced to zero as at June 30, 2019 and since today there is no legal or implied obligation of its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the total comprehensive loss of Actuator Solutions in the first half-year period of 2019 (-365 thousand euro²⁶) was not recognized by the Group.

Actuator Solutions

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. This joint venture, which consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd. in liquidation²⁷, is focused on the development, production and commercialization of actuators using shape memory alloys in place of the engine.

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

(thousands of euro)

Actuator Solutions	June 30, 2019	December 31, 2018
Statement of financial position	50%	50%
Non current assets	3,456	3,510
Current assets	1,693	1,297
Total assets	5,149	4,807
Non current liabilities	4,000	4,000
Current liabilities	3,067	2,360
Total liabilities	7,067	6,360
Capital stock, reserves and retained earnings	(1,553)	(992)
Net income (loss) for the period	(375)	(537)
Other comprehensive income (loss) for the period (*)	10	(24)
Total equity	(1,918)	(1,553)

(*) 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.

²⁶ In the first half of 2018, the share of the total loss not recognized, because it exceeded the investment, was -355 thousand euro.

²⁷ The liquidation process of the Chinese subsidiary began in March 2019 and is expected to be completed by the end of the current financial period.

(thousands of euro)

Actuator Solutions	June 30, 2019	June 30, 2018
Statement of profit or loss and of other comprehensive income	50%	50%
Net sales	5,488	5,868
Cost of sales	(4,472)	(4,726)
Gross profit	1,016	1,142
Total operating expenses	(1,047)	(1,127)
Other income (expenses), net	(171)	(72)
Operating income (loss)	(202)	(57)
Interest and other financial income, net	(147)	(121)
Foreign exchange gains (losses), net	(25)	(41)
Income taxes	(1)	(140)
Net income (loss)	(375)	(359)
Exchange differences	10	4
Total comprehensive income (loss)	(365)	(355)

Overall²⁸, Actuator Solutions recorded net revenues of 10,976 thousand euro in the first half of 2019, down by 6.5% compared to 11,735 thousand euro in the first half of 2018 due to the slowdown in the automotive sector, only partly offset by the income for the development of telecom related products.

The net result for the half-year period was a negative -750 thousand euro, substantially in line with the first six months of the previous financial period (a negative -717 thousand euro): the drop in the gross industrial result in the automotive business was offset by an increase in the telecom sector and the operational savings resulting from the restructuring implemented the previous year in the Asian subsidiaries and aimed at outsourcing certain production processes.

Finally, the loss at June 30, 2019 included extraordinary charges of about 0.4 million euro, related to a computer fraud suffered in the first part of the year by the German subsidiary (extraordinary charges of 0.7 million euro at June 30, 2018, mainly due to the outsourcing of production to the Chinese subsidiary in preparation for its subsequent liquidation).

For further details on the developments in Actuator Solutions, please refer to the paragraph dedicated to the joint venture in the Interim report on operations of the SAES Group.

The share owned by the SAES Group (equal to 50%) in the result of the joint venture in the first half of 2019 amounted to -375 thousand euro (-359 thousand euro in the first half of 2018), to be added to the other components of the comprehensive income statement for an amount of 10 thousand euro (+4 thousand euro at June 30, 2018), consisting of the translation differences generated by the consolidation of Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd. in liquidation with Actuator Solutions GmbH.

Similarly to June 30, 2018, since the investment of SAES in Actuator Solutions was already fully reduced to zero and since, to date, there is no legal or implied obligation for the Group to recapitalize it, in accordance with IAS 28, the share pertaining to SAES in the total loss of the first half of 2019 was not recognized as a liability.

Similarly to December 31, 2018, since the value of the investment in Actuator Solutions GmbH at June 30, 2019 amounted to zero and since there were no recapitalization obligations, it was not necessary to carry out any impairment testing.

Please refer to Note no. 21 for information on the recoverability of the financial receivable owed to the Group by the joint venture.

The following table provides the number of employees of the joint venture Actuator Solutions as at June 30, 2019 split by category, based on the percentage of ownership held by the Group (equal to 50%).

²⁸ Values at 100%.

Actuator Solutions	June 30, 2019	December 31, 2018
	50%	50%
Managers	4	4
Employees and middle management	22	22
Workers	11	12
Total (*)	37	38

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 3 unit as at June 30, 2019 and equal to 1 unit at December 31, 2018 (according to the percentage held by the Group).

The number of employees was essentially the same as the end of the 2018 financial period.

SAES RIAL Vacuum S.r.l.

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

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

There is a put and call option among the shareholders SAES Getters S.p.A. and Rodofil S.r.l. according to an agreed schedule. In particular, Rodofil S.r.l. will have the right to exercise, through a one-off operation, a put option, by selling to SAES Getters S.p.A. a minimum of 2% up to a maximum of 51% of its shares of SAES RIAL Vacuum S.r.l., between May 1, 2020 and May 31, 2020, at a predetermined price related to the performance of the company at the date of the sale; if Rodofil does not exercise its put option, SAES Getters S.p.A. will have the right to exercise a call option through a one-off operation between June 1, 2020 and June 30, 2020, for a percentage equal to 30% of the share capital, at a price calculated with a similar method.

To that end, the SAES Getters S.p.A. and Rodofil S.r.l. shareholders are currently redefining how to calculate the price, and the above-mentioned terms of exercise of the put & call option, with a view towards postponing them by a year compared to what had originally been agreed when the joint venture was established.

Please note that as at June 30, 2019 the Management did not have enough information in order to perform an accurate assessment of the fair value of the above options, the latter are not valued in the financial statements.

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

(thousands of euro)

SAES RIAL Vacuum S.r.l.	June 30, 2019	December 31, 2018
Statement of financial position	49%	49%
Non current assets	162	161
Current assets	691	813
Total assets	853	974
Non current liabilities	149	151
Current liabilities	440	574
Total liabilities	589	725
Capital stock, reserves and retained earnings	249	232
Net income (loss) for the period	15	25
Other comprehensive income (loss) for the period (*)	0	(8)
Total equity	264	249
Goodwill arising on acquisition	1,393	1,393
SAES Group Investment	1,657	1,642

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

(thousands of euro)

SAES RIAL Vacuum S.r.l.	June 30, 2019	June 30, 2018
Statement of profit or loss and of other comprehensive income	49%	49%
Net sales	578	501
Cost of sales	(476)	(376)
Gross profit	102	125
Total operating expenses	(95)	(91)
Other income (expenses), net	19	(20)
Operating income (loss)	26	14
Interest and other financial income, net	(7)	(6)
Foreign exchange gains (losses), net	0	0
Income taxes	(4)	(9)
Net income (loss)	15	(1)
Actuarial gain (loss) on defined benefit plans, net of taxes	0	0
Total comprehensive income (loss)	15	(1)

Overall²⁹, SAES RIAL Vacuum S.r.l. ended the first half of 2019 with sales revenue of 1,179 thousand euro, up by 15.2% compared to 1,023 thousand euro in the corresponding period of 2018. Despite the drop in the gross profit margins resulting from the different product mix, the half-year period ended with a slight net profit (+29 thousand euro) compared to a net break-even result (loss of -2 thousand euro) at June 30, 2018.

The share of the SAES Group (of 49%) in the joint venture's results in the first half of 2019 amounted to +15 thousand euro (-1 thousand euro in the first half of 2018).

The difference, equal to 1,393 thousand euro, between the investment value (1,657 thousand euro) and the value of the share of the SAES Group in the company's net assets (264 thousand euro) represents the goodwill that is included in the carrying value of the investment.

Since the plans and the other indicators used to estimate the recoverable amount of the investment as at December 31, 2018 were still valid, no impairment test was carried out as at June 30, 2019.

The following table provides the number of employees of the joint venture SAES RIAL Vacuum S.r.l. as at June 30, 2019 split by category, based on the percentage of ownership held by the SAES Group (49%).

²⁹ Values at 100%.

SAES RIAL Vacuum S.r.l.	June 30, 2019	December 31, 2018
	49%	49%
Managers	0	0
Employees and middle management	4	4
Workers	4	4
Total (*)	8	8

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 1 unit as at June 30, 2019 and equal to 1 unit at December 31, 2018 (according to the percentage held by the Group).

The number of employees was essentially the same as the end of the 2018 financial period.

Flexterra

Flexterra originated from a technological partnership activated in the previous years between SAES and the US Company Polyera in the field of flexible thin film transistors for new generation displays. More specifically, Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), was established at the end of 2016 as a development start up by SAES (through the subsidiary SAES Getters International Luxembourg S.A.) and the previous shareholders and lenders of Polyera, with the purpose of the design, manufacturing and sale of materials and components for the manufacture of flexible displays.

Flexterra, Inc. fully held by Flexterra Taiwan Co., Ltd.

In 2018, the Flexterra project made significant progress.

At the end of May 2018, Flexterra, in association with E Ink, a leading manufacturer of electrophoretic displays, presented the first electrophoretic display in Los Angeles, which is completely flexible and uses the technology and material developed by Flexterra.

Flexterra then signed a joint development agreement with a leading operator in the electrophoretic display sector. The partners with whom Flexterra is developing innovative products has already invested in manufacturing facilities and is pursuing the product industrialization stage.

SAES currently holds 46.73% of the capital stock of Flexterra, Inc.

Note how SAES, which, at June 30, 2018, held 33.79% of the share capital of the joint venture through the subsidiary SAES Getters International Luxembourg S.A., granted a further 4.5 million dollars in capital on October 5, 2018 and another 2.6 million dollars³⁰ in capital on December 12, 2018.

Following the increase in capital subscribed to by SAES Getters International Luxembourg S.A., in which the other shareholders did not take part, or only contributed partially, the investment stake of SAES in the share capital of Flexterra, Inc. increased progressively to 42.23% on October 5, 2018 and 46.73% on December 12, 2018.

The Group's equity investment is accounted for using the equity method since, irrespective of the ownership percentage in the share capital, the operation is classified as a joint control agreement and, specifically, a joint venture, based on the Board's composition (five members, two of which appointed by SAES) and the shareholder agreements (that provide that the decisions on relevant matters are taken with the consent of at least 4 of the 5 Board members).

The value of the investment as at June 30, 2019 is the initial overall contribution (8,146 thousand euro, equal to 8,500 thousand USD) of SAES Getters International Luxembourg S.A. in the share capital of Flexterra, Inc., increased by the above-mentioned share capital increases in the final part of the previous financial period (for a total value of 6,201 thousand euro, corresponding to 7,100 thousand dollars), adjusted for the SAES Group's share in the result and in the overall other profits (loss) from the previous financial periods (2017 and 2018) and the first half-year period of 2019.

³⁰Contribution tied to the acquisition of OLET related patents of E.T.C. S.r.l., finalised in May 2019 (for more details please see the "Main events in the half-year period" in the Report on Operations).

The latter includes the expenses related to the issue equity instruments, as well as the currency translation difference reserve arising from the conversion in Euro of the financial statements of Flexterra, Inc. and of its subsidiary Flexterra Taiwan Co., Ltd. (respectively expressed in US Dollars and Taiwanese Dollars). In order to calculate the final value of the investment, a write-down was added, equal to -4,300 thousand euro, recorded in 2018 and resulting from the impairment analysis carried out at the end of the previous financial period.

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

(thousands of euro)

Flexterra	June 30, 2019	December 31, 2018
Statement of financial position	46.73%	46.73%
Non current assets	6,937	6,140
Current assets	1,880	3,732
Total assets	8,817	9,872
Non current liabilities	48	47
Current liabilities	133	227
Total liabilities	181	274
Capital stock, reserves and retained earnings	9,465	10,628
Reserve for stock option plans	150	143
Net income (loss) for the period	(1,058)	(1,498)
Other comprehensive income (loss) for the period (*)	79	325
Total equity	8,636	9,598

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

(thousands of euro)

Flexterra	June 30, 2019	June 30, 2018
Statement of profit or loss and of other comprehensive income	46.73% (**)	33.79%
Net sales	6	6
Cost of sales	(1)	(1)
Gross profit	5	5
Total operating expenses	(1,055)	(722)
Other income (expenses), net	0	(1)
Operating income (loss)	(1,050)	(718)
Interest and other financial income, net	1	(4)
Foreign exchange gains (losses), net	(20)	(20)
Income taxes	11	10
Net income (loss)	(1,058)	(732)
Exchange differences and capital expenditure costs	79	149
Total comprehensive income (loss)	(979)	(583)

(**) SAES share in the share capital of Flexterra, equal to 33.79% as at June 30, 2018, rose progressively to 46.73% as at December 31, 2018, following the share capital increases subscribed by SAES Getters International Luxembourg S.A. on October 5 and December 12 respectively, in which the other partners did not participate, or to which they only partially contributed.

As a whole³¹, Flexterra ended the first half of 2019 with a net loss of -2,266 thousand euro compared to a loss of -2,165 thousand euro in the corresponding period of 2018 (mainly costs for employees engaged in research and general and administrative consultation activities, costs related to the management of patents and the amortization of intangible assets, including intellectual property). The biggest loss mainly relates to the amortization of the intellectual property sold during this half-year period to the joint venture by E.T.C. S.r.l. in liquidation (for further details on the transaction, please refer to the paragraph "Main events in the half-year period" in the Report on Operations).

The SAES Group's share in the result of the joint venture in the first half of 2019 amounted to a loss of -1,058 thousand euro (a loss of -732 thousand euro at June 30, 2018), to which the other

³¹ Values at 100%.

components of the statement of comprehensive income have to added, a positive amount of 79 thousand euro (+149 thousand euro in the first half of 2018).

Since the plans and the other indicators used to estimate the recoverable amount of the investment as at December 31, 2018 were still valid, no impairment test was carried out as at June 30, 2019.

The following table provides the number of employees of the joint venture Flexterra broken down by category, based on the percentage of ownership held by the Group at June 30, 2019 (46.73%).

Flexterra	June 30, 2019	December 31, 2018
	46.73%	46.73%
Managers	3	3
Employees and middle management	6	5
Workers	0	0
Total	9	8

The number of employees was essentially the same as the end of the 2018 financial period.

18. SECURITIES IN THE PORTFOLIO

The “Securities in the portfolio” at June 30, 2019, amounted to a total of 202,575 thousand euro compared to 99,843 thousand euro at December 31, 2018.

The increase is mainly due to a further 100 million euro in cash and cash equivalents, in addition to the 100 million euro previously allocated at December 31, 2018, invested in the construction of a portfolio with a conservative investment profile and mainly with high flexibility and liquidity, in order to promptly deal with any future Group requirements.

More specifically, in the first half of 2019, SAES Investments S.A. made a net investment of 70,466 thousand euro in a ‘Buy & Hold’ bond portfolio, to be created on a progressive basis, with a conservative investment profile that can provide returns on the cash, but with high flexibility and marketability. At June 30, 2019, the value of the bond portfolio amounted to 71,312 thousand euro, and compared to the initial investment, gained financial income of 848 thousand euro when the securities are measured at fair value.

Similarly, the Parent Company invested 30,000 thousand euro in cash in credit linked certificates, due to mature at five years and representing financial instruments linked to the performance of underlying bonds and debt securities issued by leading Italian banks. The value of the financial instruments at June 30, 2019 amounted to 29,420 thousand euro (negative fair value measurement of 580 thousand euro in the first half of 2019).

Finally, a part of the cash from the sale of the purification business was already invested at the end of the 2018 financial period by SAES Investments S.A. by subscription to a *Cardif Lux Vie Multiramo* policy. The total initial investment amounted to 100,000 thousand euro, divided into two branches, more specifically:

- Branch I (initial investment of 40,000 thousand euro and fair value at June 30, 2019 of 40,184 thousand euro, compared to 40,084 thousand euro at December 31, 2018) at a minimum guaranteed rate (of 0.5%, net of the management commissions, up to the end of 2019) and a return from the policy equal to the net return made by the separately managed General Fund if higher than the minimum guaranteed rate;
- Branch III (initial investment of 60,000 thousand euro and fair value at June 30, 2019 of 61,659 thousand euro, compared to 59,759 thousand euro at December 31 2018) comprising a dynamic

multi-line mandate, with the goal of conserving the invested capital value through a conservative volatility profile in the construction of the portfolio.

Apart from the Buy & Hold bond portfolio, classified under current assets, all the other financial assets of the Group were classified under non-current assets since they were subject to guarantee for the medium-long term loan obtained by the Parent Company to cover the payment to acquire the ordinary shares under the partial voluntary tender offer finalized at the end of May 2019 (see Note 29 for the details on the loan).

Regarding the measurement at fair value of the securities portfolio at June 30, 2019, the fair value, calculated by an independent third party, coincides with market prices at the date of the financial statements for all the securities listed in an active market (Level 1 of the fair value hierarchy) and where there was no active market, the fair value was calculated by using standard market estimate models and techniques, and by referring to comparable listed security prices (Level 2 of the fair value hierarchy).

19. DEFERRED TAX ASSETS AND LIABILITIES

As at June 30, 2019 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to 619 thousand euro, compared to a positive amount of 2,155 thousand euro at December 31, 2018.

The related details are provided below.

(thousands of euro)

Deferred taxes	June 30, 2019	December 31, 2018	Difference
Deferred tax assets	8,555	8,678	(123)
Deferred tax liabilities	(7,936)	(6,523)	(1,413)
Total	619	2,155	(1,536)

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

(thousands of euro)

Deferred taxes	June 30, 2019	December 31, 2018	Difference
Deferred tax assets	10,651	10,881	(230)
Deferred tax liabilities	(10,032)	(8,726)	(1,306)
Total	619	2,155	(1,536)

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities by their nature, compared with the figures as at December 31, 2018.

(thousands of euro)

Deferred tax assets	June 30, 2019		December 31, 2018	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	24,936	6,364	24,279	6,445
Differences on depreciation/amortization and write-downs	1,842	431	1,995	505
IAS 19 effect	227	65	227	65
Bad debts and financial assets write-down	507	125	595	149
Inventory write-down	3,789	908	3,609	932
Provisions	1,270	322	947	240
Cash deductible expenses	6,570	1,596	7,119	1,736
Deferred taxes on recoverable losses	1,673	401	1,673	401
Exchange differences and other	479	439	489	408
Total		10,651		10,881

The decrease in deferred tax assets compared to the end of the previous financial period (-230 thousand euro) is mainly due to the issue of deferred tax assets recorded on the bonuses matured in the 2018 financial period and owed to the Executive Directors and the employees of the Parent Company, paid in the first half of 2019.

Since the plans and other variables used to estimate the recoverability of the deferred tax assets December 31, 2018 were still valid, no new analysis was carried out as at June 30, 2019.

The Group had 135,161 thousand euro in tax losses eligible to be carried forward as at June 30, 2019, mainly attributable to the Parent Company, the subsidiary SAES Getters International Luxembourg S.A. and E.T.C. S.r.l. in liquidation (tax losses eligible to be carried forward amounted to 132,099 thousand euro as at December 31, 2018).

The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets were equal to 1,673 thousand euro (essentially in line with those at December 31, 2018) and were exclusively related to SAES Coated Films S.p.A. These assets were recorded on the basis of the recoverability analyses made by the Directors who confirmed the assumptions of the 2018 annual financial statements considered to be still valid.

(thousands of euro)

Deferred tax liabilities	June 30, 2019		December 31, 2018	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the sub	(36,433)	(3,343)	(29,308)	(2,731)
Differences on depreciation/amortization and assets fair value	(22,374)	(5,553)	(22,016)	(5,867)
Securities fair value revaluations	(3,367)	(876)	0	0
IAS 19 effect	(459)	(110)	(459)	(110)
IFRS 16 leasing effect	(347)	(87)	0	0
Other	(150)	(63)	(72)	(18)
Total		(10,032)		(8,726)

The deferred tax liabilities recorded in the consolidated financial statements as at June 30, 2019 included in addition to the fiscal provision on taxes due in the event of distribution of the net income and the reserves of the subsidiaries for which a distribution is expected in a foreseeable future, also the temporary differences on the plus-values identified during the purchase price allocation of the US companies acquired in the past years and the more recently acquired company, SAES Coated Films S.p.A.

The increase in deferred tax liabilities compared to December 31, 2018 (+1,306 thousand euro) is mainly due to the increase in the provision for taxes due in the case of distribution of profits and reserves of the subsidiaries (+612 thousand euro) and the recording at fair value of the securities portfolio held by SAES Investments S.A. (+876 thousand euro).

20. TAX CONSOLIDATION RECEIVABLES FROM THE CONTROLLING COMPANY

The item “Tax consolidation receivables from the Controlling Company” (272 thousand euro) refers to the receivable initially of SAES Advanced Technologies S.p.A. and now held by the Parent Company³², due from S.G.G. Holding S.p.A., following a request for refund that the latter had presented as consolidating entity of the tax consolidation program in place until December 31, 2014. This receivable has been classified among non-current assets, it being collectable after the end of the year.

Starting from January 1, 2015, following the decrease of the stake of S.G.G. Holding S.p.A. in SAES Getters S.p.A. below the threshold of 50%, the prerequisite to access the tax consolidation program with S.G.G. Holding S.p.A. as consolidating company ended, as envisaged by the combined provisions of articles no. 117 and 120 of the Income Tax Code (“TUIR”). The Italian companies of the Group³³ currently form part of a new tax consolidation program with the Parent Company as consolidator.

There is no credit or debit balance with SAES Getters S.p.A. since the positive taxable income was offset with the negative income. For more details please see Note no. 36.

21. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item “Financial receivables from related parties” amounted to 50 thousand euro as at June 30, 2019, and refers to the interest-bearing loan granted by the SAES Group to the joint venture **SAES RIAL Vacuum S.r.l.**

The share whose repayment by the joint venture is expected within one year is classified under current assets (1 thousand euro, equal to the interest accrued and not yet collected at June 30, 2019), while the remaining portion was accounted for under non-current assets (49 thousand euro, equal to the principal portion).

The financial receivable, equal to a total of 9,377 thousand euro, which arose against the loans granted to the joint venture **Actuator Solutions GmbH**, was entirely written down since it is considered to be irrecoverable.

The related details are given in the tables below.

³²Please note that SAES Advanced Technologies S.p.A. merged into SAES Getters S.p.A. effective from January 1, 2016 from an accounting point of view.

³³ 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 also include Metalvuoto S.p.A. was also exercised (later renamed SAES Coated Films S.p.A.) within the scope of the national tax consolidation, with the effect starting on January 1, 2017.

Actuator Solutions GmbH

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2019 (*) (thousands of euro)	Value as at December 31, 2018 (*) (thousands of euro)
Loan granted in October 2014	EUR	1,200	flexible, with maturity date October 2018 extended to December 2019 (*)	6% annual fixed rate	74	74
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019 extended to April 2024 (**)	6% annual fixed rate	99	99
Loan signed in July 2016: - first tranche granted in July 2016 - second tranche granted in September 2016	EUR	2,000	flexible, with maturity date April 2019 extended to April 2024 (**)	6% annual fixed rate	3,516	3,427
	EUR	1,000				
Loan signed in November 2016: - first tranche granted in November 2016 - second tranche granted in January 2017 - third tranche granted in February 2017 - fourth tranche granted in March 2017 - fifth tranche granted in April 2017 - sixth tranche granted in February 2018	EUR	1,000	flexible, with maturity date April 2019 extended to April 2024 (**)	6% annual fixed rate	5,688	5,539
	EUR	1,000				
	EUR	1,000				
	EUR	1,000				
	EUR	500				
EUR	500					
Total		10,200			9,377	9,139
Financial receivables from related parties provision					(9,377)	(9,139)
Total net of write-downs					0	0

(*) Interests included.

(*) The value includes only the portion of interest accrued in the 2016-2018 period, whose payment was postponed to the end of the 2019 financial year.

(**) In January 2019, the duration of the loan was extended by five years, delaying the expiry from April 30, 2019 to April 30, 2024.

(#) On January 15, 2019, SAES Nitinol S.r.l. irrevocably waived the guarantee granted jointly by Alfmeier S.E. and SMA Holding GmbH, by means of a letter of patronage, on 50% of the loan.

All financial receivables (both principal and interest) owed to the Group by the joint venture as at December 31, 2018 (9,139 thousand euro) had already been completely written-off at the end of the previous financial period, despite the progresses made in the Actuator Solutions business, since the prospects for growth set out in the 2019-2023 five-year plan, approved by the Supervisory Committee of the company, and whose assumptions are still considered valid, show significant elements of risk, linked especially to the level of innovation of the products and the size of potential clients, with the consequent forecast of cash flows that will not be enough for the SAES Group to recover its loan.

The financial receivable corresponding to the interest accrued in the current half-year period was also written-off at June 30, 2019 (238 thousand euro) since SAES management does not consider it recoverable.

SAES RIAL Vacuum S.r.l.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2019 (*) (thousands of euro)	Value as at December 31, 2018 (*) (thousands of euro)
Loan granted in January 2016	EUR	49	flexible	Three-months Euribor, plus 2.50% spread	50	50

(*) Interests included.

22. OTHER LONG-TERM ASSETS

The “Other long-term assets”, at June 30, 2019, amounted to 1,426 thousand euro compared to 396 thousand euro at December 31, 2018.

This, in addition to the deposits paid by the various Group companies, within the scope of its operating activities, includes the deposit, of 1,100 thousand euro, for a potential minority investment currently being evaluated. If, for any reason, the negotiations are not successfully concluded, the agreements provide that the deposit will be returned to the SAES Group.

23. INVENTORY

The inventory amounted to 24,006 thousand euro as at June 30, 2019, with an increase of +524 thousand euro compared to December 31, 2018.

The following table shows the breakdown of inventory as at June 30, 2019 compared with December 31, 2018.

(thousands of euro)

Inventory	June 30, 2019	December 31, 2018	Difference
Raw materials, auxiliary materials and spare parts	7,701	8,046	(345)
Work in progress and semi-finished goods	10,554	10,271	283
Finished products and goods	5,751	5,165	586
Total	24,006	23,482	524

Excluding the positive exchange rate effect (equal to +90 thousand euro), mainly related to the revaluation of the US dollar as at June 30, 2019 compared to the end of the previous financial period, the inventory increased by 434 thousand euro: the increased volumes of semi-finished products and finished products at the Parent Company's plant in Avezzano, relate to the advanced production in the electronic devices sector where the sales are mainly concentrated in the second half of the financial period, were only partially offset by the drop in volume of raw materials in the advanced packaging business, favored by better timing in the management of the procurement of supplies with the subsidiary SAES Coated Films S.p.A.

Inventory is stated net of the write-down provision, which, during the first half of 2019, underwent the changes shown in the table below.

(thousands of euro)

Inventory provision	
December 31, 2018	2,738
Accrual	454
Release into income statement	(46)
Utilization	(314)
Translation differences	4
June 30, 2019	2,836

The provision (+454 thousand euro) was mainly related to the write-down of the semi-finished products and finished goods characterized as slow-moving or no longer used in the production process, in particular by the Parent Company and the US Companies Spectra-Mat, Inc., Memry Corporation and SAES Smart Materials, Inc.

The allocation to profit or loss (-46 thousand euro) was a consequence of a recall into production of warehouse codes that were written down in the previous year in the Nitinol division.

The use (-314 thousand euro) is related to the scrapping of items that had already been written down in previous financial periods, especially by the Parent Company and the US Company SAES Smart Materials, Inc.

24. TRADE RECEIVABLES

Trade receivables, net of the bad debt provision, were equal to 22,805 thousand euro as at June 30, 2019 and increased by 3,129 thousand euro compared to December 31, 2018.

If the effect of exchange rate fluctuations is removed (+111 thousand euro), the increase (+3,018 thousand euro) is mainly due to the higher trade receivables of the US Company Memry Corporation, explained by the strong overall growth recorded in the revenue of the form memory alloy business in the second quarter of 2019 compared to the last quarter of 2018. There were also increased receivables for the Parent Company, mainly due to the positive trend in sales in the form memory alloy business for industrial applications.

The breakdown of the item as at June 30, 2019 and December 31, 2018 is shown in the following table.

(thousands of euro)

Trade receivables	June 30, 2019	December 31, 2018	Difference
Gross value	23,124	20,092	3,032
Bad debt provision	(319)	(416)	97
Net book value	22,805	19,676	3,129

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

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

(thousands of euro)

Bad debt provision	June 30, 2019	December 31, 2018
Opening balance	416	336
Difference from the sale of the gas purification business	0	(128)
Accrual	5	211
Release into income statement	(30)	(3)
Utilization	(74)	(1)
Translation differences	2	1
Closing balance	319	416

The allocation to profit or loss (+5 thousand euro) is related to the write-down of a specific credit position by the Parent Company, which management does not believe that it will receive since the customer declared that it was insolvent.

Allocations to profit or loss are mainly a result of the partial collection of some receivables written down by SAES Coated Films S.p.A. in previous financial periods (12 thousand euro); for the rest, they refer to the allocation of general provisions by the Group's US companies.

The item also includes the net use (-2 thousand euro) through the general write-down accounted for at December 31, 2018 according to the Expected Credit Loss model provided under IFRS 9 and based on the calculation of the average amount that will not be recovered on the basis of historic and geographic indicators. The general write-down accounted for in accordance with IFRS 9 in the previous financial period, amounted to +44 thousand euro (included in the line "Provision to profit or loss").

The use (-74 thousand euro) refers almost exclusively to the part that was not collected, and therefore definitively written off, of the above-mentioned receivables written down by the subsidiary SAES Coated Films S.p.A.

The following table provides a breakdown of the trade receivables by those not yet due and past due as at June 30, 2019 compared with December 31, 2018.

(thousands of euro)

Ageing	Total	Not yet due	Due not written down					Due written down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
June 30, 2019	23,124	18,079	3,826	540	95	231	34	319
December 31, 2018	20,092	14,432	4,479	426	76	168	95	416

Receivables past due more than 30 days and not written down, since they are considered recoverable, represent an insignificant percentage if compared to the total trade receivables, and are constantly monitored. The ratio of those receivables to the total trade receivables amounts to 4% and is in line with the end of the previous financial period.

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

25. OTHER RECEIVABLES, ACCRUED INCOME AND PREPAID EXPENSES

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 4,927 thousand euro as at June 30, 2019, compared to 4,634 thousand euro as at December 31, 2018.

A breakdown of this item is provided below.

(thousands of euro)

Prepaid expenses, accrued income and other	June 30, 2019	December 31, 2018	Difference
Income tax and other tax receivables	1,598	1,233	365
VAT receivables	1,155	1,737	(582)
Social security receivables	2	3	(1)
Personnel receivables	4	5	(1)
Receivables for public grants	98	23	75
Other receivables	118	95	23
Total other receivables	2,975	3,096	(121)
Accrued income	0	0	0
Prepaid expenses	1,952	1,538	414
Total prepaid expenses and accrued income	1,952	1,538	414
Total prepaid expenses, accrued income and other	4,927	4,634	293

The item "Income tax and other tax receivables" includes the receivables for advance corporation taxes and other tax credits of the Group's companies with local authorities. The increase over December 31, 2018 (+365 thousand euro) is mainly related to the tax advances paid by the subsidiary SAES Getters/U.S.A., Inc. on its own behalf and on behalf of the other US subsidiaries Spectra-Mat, Inc., Memry Corporation and SAES Smart Materials, Inc. The higher tax credits of the Parent Company for the recoverable withholdings applied mainly to intercompany royalties and dividends.

The decrease in the “VAT receivables” was due to the refunds obtained by the Parent Company in the current half-year period on credits accrued in 2017 (274 thousand euro) and the offsets made by it between the receivable generated in 2018 and other taxes and contributions. These decreases were only partially offset by receivables generated in SAES Getters S.p.A. in the first half of 2019 and due to the surplus of the purchasing taxable transactions compared to sales ones.

The item “Receivables for public grants” was composed of credits matured by the Parent Company as at June 30, 2019 as a result of public funding for outstanding research projects.

Income from public grants included in the income statement for the half-year period amounted to a total of 79 thousand euro (1,295 thousand euro in the first half of 2018, including revenue, of 1,136 thousand euro, accounted for by the US Company Memry Corporation following the transformation of 50% of the loan granted by the State of Connecticut (CT) at the end of the 2014 financial period as a non-repayable grant).

The increase in the item “Prepaid expenses” was mainly due to all the cost items (particularly, insurance costs) which were paid in advance at the beginning of the year but which refer to the entire period (at December 31, 2018, these costs were not deferred since the respective invoices applied to the year).

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

Public grants - disclosure pursuant to law of 4 August 2017, no. 124, article 1, paragraphs 125-129

The “Law of 4 August 2017, no. 124 - article 1, paragraphs 125-129 - Fulfilment of transparency and advertising obligations” introduced, starting from the financial statements for the 2018 financial period, a series of advertising and transparency obligations by parties who have financial dealings with the Public Administration. In view of the most recent guidelines, it is believed that the following do not fall under the obligations for publication:

- the general measures that can be used by all companies that fall under the general structure of the applicable system defined by the State (for example: ACE);
- the selective economic advantages, received in application of an aid regime, accessible to all companies that meet certain conditions, on the basis of general pre-determined criteria (for example: contributions for research and development products and tax incentives);
- public resources that can be related to public parties of other States (European or non-European) and European institutions;
- contributions for training received by interprofessional funds since they are funds for association purposes and for entities governed by private law, funded with contributions paid by the companies themselves.

In accordance with the above, the analysis made showed that the Group, in the first half of 2019, similarly to the previous financial period, did not receive public grants that would fall under the application of law no. 124/2017 (article 1, paragraphs 125-129) as amended.

26. CASH AND CASH EQUIVALENTS

The item includes the liquid funds for the cash flow management necessary for the operating activities.

The following table shows a breakdown of this item as at June 30, 2019 and December 31, 2018.

(thousands of euro)

Cash and cash equivalents	June 30, 2019	December 31, 2018	Difference
Bank accounts	41,792	170,592	(128,800)
Petty cash	9	9	0
Total	41,801	170,601	(128,800)

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

“Bank accounts” are shown net of the write-down, amounting to -64 thousand euro, determined in application of IFRS 9. The expected losses were calculated on the basis of a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of the rating of each bank. At December 31, 2018, the write-down amounted to -144 thousand euro and the reduction of the expected losses at June 30, 2019 (of 80 thousand euro) despite the generalized increase in the riskiness associated with the banks, was mainly a result of the lower amount of cash held by the Group.

The decrease in cash and cash equivalents is mainly due to the other 100 million euro of cash, invested in the first quarter of 2019, in the security portfolio, by the Parent Company and the affiliate SAES Investments S.A. (please refer to Note no. 18 for further details).

For a detailed analysis of the changes occurred in cash and cash equivalents during the period please refer to the comments on the Cash flow statement (Note no. 40).

As at June 30, 2019 the Group has unused credit lines equal to 27.9 million euro compared to 21.7 million euro as at December 31, 2018. The increase is a result of opening a new line of credit in favor of SAES Getters/U.S.A., Inc. and the unused portion, of 2.3 million euro, of the credit line from Mediobanca – Banca di Credito Finanziario S.p.A.³⁴, opened to fulfil the obligations resulting from the partial voluntary tender offer finalized at the end of May by the Parent Company. Finally, the remaining amount available in this line of credit was cancelled from July 1, 2019.

27. OTHER FINANCIAL RECEIVABLES FROM THIRD PARTIES

The item includes the remaining financial receivables related to the contractual adjustment of the sales price of the gas purification business, which was collected at the beginning of July. Please refer to Note no. 31 for further details.

³⁴ The line of credit amounted to a total of 95 million euro, and was only partially used by the Parent Company, for 92.7 million euro, through the medium-long term loan that was opened to guarantee the precise fulfilment of the tender offer obligations and to cover the amount paid to acquire the ordinary shares, and for the commission and expenses connected to the Tender Offer (please refer to Note no. 29 for more information).

28. SHAREHOLDERS' EQUITY

The Group shareholders' equity amounted to 240,997 thousand euro as at June 30, 2019, with a decrease of 100,223 thousand euro compared to December 31, 2018, due to the acquisition of treasury stock as part of the partial voluntary tender offer finalized by the Parent Company at the end of May 2019 (-93,382 thousand euro³⁵) and the dividends distribution by SAES Getters S.p.A. (-16,580 thousand euro), partially offset by the profit for the period (+9,140 thousand euro) and the translation differences of the financial statements in foreign currency (a gain of +599 thousand euro).

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

Capital stock

As at June 30, 2019 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand euro, comprising 22,049,969 shares. The composition of the capital stock was unchanged compared to December 31, 2018.

The implicit book value per share was 0.554196 euro as at June 30, 2019, unchanged from December 31, 2018.

Please refer to the Report on corporate governance and ownership structure, in the 2018 Consolidated financial statements, for all of the information required by article 123-*bis* of the Consolidated Finance Act (TUF).

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

Share issue premium reserve

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

This item was unchanged compared to December 31, 2018.

Treasury stock

The item amounted to -93,382 thousand euro at June 30, 2019 and refers to the ordinary shares acquired by SAES Getters S.p.A. as part of the voluntary partial public tender offer authorized by the Ordinary Shareholders' Meeting on March 18, 2019 following the proposal by the Board of Directors of February 14, 2019. On May 31, 2019, the Parent Company acquired 3,900,000 ordinary shares at a price of 23 euros per share.

The table below shows the breakdown of the share capital and the reconciliation between the number of shares in issue and the treasury stock at June 30, 2019 and at December 31, 2018.

³⁵ This amount includes both the amount paid by the Parent Company to acquire the ordinary shares (89.7 million euro) and the related acquisition charges (3.7 million euro).

	December 31, 2018	Purchase of treasury shares	June 30, 2019
Ordinary outstanding shares	14,671,350	(3,900,000)	10,771,350
Savings outstanding shares	7,378,619	0	7,378,619
Treasury shares	0	3,900,000	3,900,000
Total shares	22,049,969	0	22,049,969

The percentage, at June 30, 2019, of treasury stock in portfolio to both the applicable category and the overall number of shares that constitutes the capital stock is shown below in accordance with article 2357 of the Civil Code.

	June 30, 2019
Number of ordinary treasury shares	3,900,000
% on total ordinary shares	26.6%
% on share capital	17.7%

The payment to acquire the shares amounted to 89.7 million euro, to which the additional charges of 3.7 million euro have to be added.

As provided by the international accounting standards, the overall cost (of 93.4 million euro) to acquire the treasury stock, including the additional charges, reduced the equity by the same amount.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as at June 30, 2019 and it was unchanged compared to December 31, 2018, since the reserve had reached its legal limit.

Other reserves and retained earnings

This item includes:

- the reserves (totaling 2,615 thousand euro) represented by the positive monetary revaluation credit balances resulting from application of Law no. 72 of March 19, 1983 (1,039 thousand euro) and Law no. 342 of November 21, 2000 (1,576 thousand euro) by the Parent Company SAES Getters S.p.A. Pursuant to Law 342/2000, the revaluation reserve is stated net of the related substitute tax of 370 thousand euro;
- the other reserves of subsidiaries, the retained earnings, and other shareholders' equity items of the companies of the Group which were not eliminated during the consolidation process.

The change in the item "Other reserves and retained earnings" includes the distribution to the shareholders of the 2018 dividend, approved by the Parent Company's Shareholders' Meeting (-16,580 thousand euro) and the carrying forward of the 2018 consolidated income (+232,333 thousand euro).

As reported in the Report on corporate governance and ownership structure attached to the 2018 Consolidated financial statements, each share is entitled to a proportional part of the net income that it is decided to distribute, except the rights attached to savings shares.

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

value higher than that of ordinary shares. In case of distribution of reserves, shares have the same rights irrespective of the category to which they belong.

Other components of the shareholders' equity

This item includes the exchange rate differences arising from the translation of the financial statements in foreign currencies. The reserve for translation differences had a positive balance of 10,888 thousand euro as at June 30, 2019, compared to a positive balance of 10,289 thousand euro as at December 31, 2018.

The increase of 599 thousand euro was due both to the overall effect on the consolidated shareholders' equity of the translation into euros of the financial statements in the currencies of fully consolidated foreign subsidiaries and the respective consolidation adjustments (+520 thousand euro), and the share of the Group in the translation reserve arising from the consolidation of the companies³⁶ evaluated with the equity method (+79 thousand euro).

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

29. FINANCIAL DEBTS

As at June 30, 2019, the financial debts amounted to a total of 108,899 thousand euro, with an increase of 90,117 thousand euro compared to December 31, 2018.

The increase is a result of the new medium-long term loan obtained on May 30, 2019 from the Parent Company for an amount equal to 92.7 million euro. This loan was granted by Mediobanca - Banca di Credito Finanziario S.p.A. to guarantee due fulfilment of the obligations of the partial, voluntary tender offer finalized at the end of May and to cover the related amount spent to acquire the ordinary shares in addition to the related commissions and expenses.

The loan has a maximum duration of five years and calls for quarterly interest payments at the annual fixed rate of 1.2%. The loan can be repaid in a single solution at the expiry date, or it can be done at any time, by voluntary partial repayments for a minimum amount of 5 million euro and multiples of 1 million euro. In the case of early repayments, the Parent Company will have to pay Mediobanca the amount that has to be repaid and any mark-to-market amount - if negative - of the IRS derivative agreed by the lending entity to cover the risk of fluctuating interest rates; if the mark-to-market is positive, Mediobanca will pay this amount to SAES. There will be a single financial covenant (net consolidated positive financial position) subject to half-yearly checks. The loan is guaranteed by liens on financial assets of the Group.

The following table shows the changes in the financial debts during the first half of 2019.

³⁶Translation reserve arising both the consolidation of Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., in liquidation, into Actuator Solutions GmbH, and of the conversion into euro of the financial statements of Flexterra, Inc. and its subsidiary Flexterra Taiwan Co., Ltd.

(thousands of euro)

Financial debts	
December 31, 2018	18,782
Proceeds	92,735
Amortization of fees and interests	194
Repayments	(2,732)
Interest payments	(84)
Conversion differences on loans in foreign currencies	4
June 30, 2019	108,899

In the first half of 2019 the Parent Company repaid 2,553 thousand euro of the principal. The difference, of 179 thousand euro, corresponds to the repayment of principal by SAES Coated Films S.p.A. and Memry Corporation.

The effect of the currencies was almost nil (positive 4 thousand euro): only 0.5% of the Group's financial debt comprises loans in US dollars held by the US subsidiary Memry Corporation (the equivalent amount in euros of said payables has increased following the revaluation of the dollar at June 30, 2019 compared to December 31, 2018).

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

(thousands of euro)

Financial debts	June 30, 2019	December 31, 2018	Difference
Less than 1 year	5,544	5,438	106
Current portion of financial debts	5,544	5,438	106
Between 1 and 2 years	5,235	5,361	(126)
Between 2 and 3 years	4,145	5,203	(1,058)
Between 3 and 4 years	1,085	2,582	(1,497)
Between 4 and 5 years	92,823	87	92,736
Over 5 years	67	111	(44)
Non current financial debts	103,355	13,344	90,011
Total	108,899	18,782	90,117

The significant increase in the bank debt with 4 and 5-years maturity dates is related to the above-mentioned loan, signed by the Parent Company, to cover the amount needed to acquire the ordinary shares. That loan has a 5-years duration and is scheduled to be repaid on a lump-sum basis on the maturity date.

The following table shows the details of the loans held by the Group companies.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at June 30, 2019 (thousands of euro)	Value as at December 31, 2018 (thousands of euro)
SAES Getters S.p.A. Unicredit	EUR	10 (millions of euro)	quarterly with maturity date March 31, 2022	Half-yearly	Three-months Euribor plus 1% spread	0.90%	5,484	6,478
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%	6,974	7,966
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%	2,801	3,353
Memry Corporation Soft financing granted by the State of Connecticut (*)	USD	1 st tranche = 2 millions of USD 2 nd tranche = 0.8 millions of USD	monthly with maturity date March 1, 2025	n.a.	2%	2%	491	528
SAES Coated Films S.p.A. Intesa Sanpaolo	EUR	300 (thousand of euro)	quarterly with maturity date June 30, 2020	n.a.	Three-months Euribor plus 2.25% spread	1.95%	75	112
SAES Coated Films S.p.A. Banco BPM	EUR	231 (thousand of euro)	half-yearly with maturity date June 30, 2020	n.a.	Three-months Euribor plus 2.75% spread	2.51%	60	90
Banco BPM - MIUR loan	EUR	231 (thousand of euro)			0.5%	0.50%	58	87
SAES Coated Films S.p.A. Intesa Sanpaolo	EUR	400 (thousand of euro)	quarterly with maturity date December 31, 2020	n.a.	Three-months Euribor plus 1.50% spread	1.20%	126	168
SAES Getters S.p.A. Mediobanca - Banca di Credito Finanziario	EUR	92.7 (millions of euro)	single solution at the final date (April 17, 2024)	Half-yearly	1.2%	1.20%	92,830	0

(*) During 2018, 50% of the loan has been transformed in a non-repayable grant.

Covenants

With the exception of the loan signed with Banco BPM, all the loans held by the Parent Company must comply with covenants calculated on some Group's economic and financial figures. The loans granted by Unicredit and Mediobanca are checked to ensure compliance with the covenants every six months (at June 30 and December 31 every financial period) while the guarantee clauses for the loan granted by Banca Intesa Sanpaolo are only checked every year (at December 31).

As noted in the tables below, all the covenants were being complied with at June 30, 2019.

			<i>loan Unicredit</i>	
			Covenant	June 30, 2019
Net equity	k euro	$\geq 94,000$		240,997
<u>Net financial position</u> (°) Net equity	%	≤ 1.00		(0.45)
<u>Net financial position</u> (°) EBITDA (§)	%	≤ 2.25		(3.41)

(°) Net financial position calculated excluding financial receivables from related parties, receivables (payables) for derivative financial instruments evaluated at fair value and financial liabilities for leasing contracts pursuant to IFRS 16.

(§) EBITDA calculated in the period July 1, 2018 - June 30, 2019, without IFRS 16 application.

			<i>loan Mediobanca</i>	
			Covenant	June 30, 2019
<u>Net financial position</u> (*)	k euro	> 0		108,490

(*) Net financial position calculated excluding all the receivables (payables) not similar to cash, cash equivalents and financial assets readily liquidated (as at June 30, 2019, receivables (payables) for derivative financial instruments evaluated at fair value, financial liabilities for leasing contracts pursuant to IFRS 16, in addition to financial receivables from related parties are therefore excluded).

The subsidized loans granted by the State of Connecticut to Memry Corporation and the loan contracts signed by SAES Coated Films S.p.A. do not provide for guarantee clauses with economic and financial covenants.

The extraordinary capital transaction (tender offer) finalized in the first half of the year meant that certain contractual terms were not honored (negative pledge, *pari passu* and total net bank debt no

higher than 100 million euro) on the loans signed by the Parent Company with Unicredit and Intesa Sanpaolo. The banks were promptly informed of the extraordinary transaction, and they expressed their prior agreement and decided not to use their right to terminate the loan contracts against payment of a waiver fee amounting to a total of 14 thousand euro.

On the basis of future plans, the Group is expected to be able to honor the covenants reported above in upcoming years.

30. FINANCIAL LIABILITIES FOR LEASES

At June 30, 2019 the “Financial liabilities for leases” for a total of 3,432 thousand euro reflect the obligation to pay the lease payments and corresponds to the current value of future payments.

Debt with a maturity of less than one year is included under the current liabilities.

(thousands of euro)

	June 30, 2019	December 31, 2018	Difference
Financial liabilities for leases - current	1,618	0	1,618
Financial liabilities for leases - non current	1,814	0	1,814
Financial liabilities for leases	3,432	0	3,432

The change compared to the end of the last financial period is due to application of the new accounting standard IFRS 16 - Leases. As at December 31, 2018 the Group did not have any payables related to any financial lease contracts.

31. OTHER FINANCIAL DEBTS TO THIRD PARTIES

The “Other financial debts to third parties” at June 30, 2019, amounted to 35 thousand euro compared to 1,001 thousand euro on December 31, 2018.

(thousands of euro)

	June 30, 2019	December 31, 2018	Difference
Other financial debts to third parties - current	35	1,001	(966)
Other financial debts to third parties - non current	0	0	0
Other financial debts to third parties	35	1,001	(966)

The following table shows the changes in the other financial debt to third parties in the first half of 2019.

(thousands of euro)	December 31, 2018	Collections (Payments)	Adjustment on the consideration for the purification business disposal	Other income statement accruals	Conversion differences	Reclassifications	June 30, 2019
Financial receivables on adjustment on the consideration for the purification business disposal	0	0	0	0	0	32	32
Other financial receivables from third parties	0	0	0	0	0	32	32
Financial payables on adjustment on the consideration for the purification business disposal	521	(428)	(131)	0	6	32	0
Import financing	470	(476)	0	6	0	0	0
Other commissions	10	0	0	25	0	0	35
Other current financial debts to third parties	1,001	(904)	(131)	31	6	32	35

At June 30, 2019, this item exclusively comprised bank commissions that had accrued and were not yet paid.

On December 31, 2018, the item included the financial payable, equal to 521 thousand euro, related to the contractual adjustment of the sales price of the gas purification business. As established in the contract agreed between the parties, the price was calculated at the closing date, using estimated amounts of working capital, cash and tax receivables, while a financial liability was accounted for at December 31, 2018 for the difference between the estimated amounts and the actual amounts. In the current half-year period, the Group paid that financial liability and calculated another positive adjustment to the price, following the definition of the actual value of the tax credit of the companies that were sold - SAES Getters USA, Inc. and SAES Pure Gas, Inc. - resulting from the tax return for the period January 1 - June 24, 2018, presented in April 2019 (please refer to Note no. 11 for further details).

The above generated, at June 30, 2019, a receivable owed to Entegris Inc., of 32 thousand euro, classified under "Other financial receivables towards third parties" (see Note no. 27).

The subsidiary SAES Coated Films S.p.A., as at June 30, 2019, did not use short-term funding contracts to import goods due to the higher financial resources made available by the Parent Company. As at December 31, 2018, the payables to fund imports amounted to 470 thousand euro.

32. STAFF LEAVING INDEMNITIES AND OTHER EMPLOYEE BENEFITS

Please note that this item includes liabilities to employees under both defined-contribution and defined-benefit plans existing in the companies of the Group in accordance with the contractual and legal obligations in place in the various countries.

The following shows a breakdown and changes in this item during the period.

(thousands of euro)	Employee severance indemnities and other employee benefits	Employee severance indemnities	Other employee benefits	Total
December 31, 2018		5,131	2,778	7,909
Accrual (release)		208	1,096	1,304
Indemnities paid		(248)	0	(248)
Conversion differences		0	1	1
June 30, 2019		5,091	3,875	8,966

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

(thousands of euro)	June 30, 2019	June 30, 2018
Financial expenses	208	215
Cost of current work performed	1,096	350
Released to the income statement	0	0
Expected return on plan assets	0	0
Recognized past service costs	0	0
Total cost	1,304	565

The significant increase in the item “Cost for the supply of current work” was mainly due to the provision made in the first half of 2019 for the long-term three-year bonus for both the Executive Directors (on June 30, 2019, this provision was suspended following the sale of the purification business and the consequent change in the organizational and corporate scope, pending approval of an updated long-term plan), and the other group employees who have the right to that form of remuneration.

The split between the obligations under defined-contribution and defined-benefit plans and the related changes occurred during the semester are shown below.

(thousands of euro)	December 31, 2018	Financial expenses	Current service cost	Benefits paid	Conversion differences	June 30, 2019
Present value of defined benefit obligations	6,700	208	1,054	(248)	(6)	7,708
Fair value of plan assets	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0
Defined benefit obligations	6,700	208	1,054	(248)	(6)	7,708
Defined contribution obligations	1,209	0	42	0	7	1,258
Staff leaving indemnities and similar obligations	7,909	208	1,096	(248)	1	8,966

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

When referred to the Group’s Italian companies, staff leaving indemnity consists of the obligation, estimated according to actuarial techniques, related to the sum to be paid to the employees of the Italian companies when employment is terminated.

Following the entry into force of the 2007 Budget Act and associated implementation decrees, in companies with a number of employees above 50, the liability associated with past years staff leaving indemnity continues to be considered a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid to pension funds is instead considered a defined-contribution plan and therefore it is not discounted.

The item “Other employee benefits” includes the provision for long-term incentive plans, signed by the Executive Directors and by some employees of the Group identified as particularly important for the achievement of the medium to long term consolidated corporate objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group’s objectives.

The aim of these plans is to further strengthen the alignment over time of individual interests to corporate interests and, consequently, to the shareholders’ interests. The final payment of the long-term incentive is always subject to the creation of value in a medium to long-term period, rewarding the achievement of performance objectives over time. The performance review is based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship/position with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.

Such plans fall into the category of defined benefit obligations and therefore they are discounted back on a yearly basis, at the end of each fiscal year.

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

Group's employees	June 30, 2019	December 31, 2018	Average June 30, 2019	Average June 30, 2018
Managers	92	91	92	95
Employees and middle management	313	315	312	359
Workers	558	527	541	611
Total (*)	963	933	945	1,065

(*) It does not include the employees of the joint ventures for which please refer to the Note no. 17.

The workforce amounted to 963 units as at June 30, 2019 (of which 518 employed abroad), compared to 933 employees as at December 31, 2018 (of which 483 employed abroad): the increase was mainly in the workforce employed at the subsidiary Memry Corporation and the other US subsidiaries.

This figure does not include the personnel employed at the Group companies with contract types other than employment agreements, equal to 109 units (87 units as at December 31, 2018).

The reduction in the average number of employees at June 30 2019 compared to the first half of the previous financial period is due to the staff who worked in the gas purification division leaving³⁷, sold on June 25, 2018.

33. PROVISIONS FOR RISKS AND CHARGES

The "Provisions for risks and charges" amounted to 3,278 thousand euro at June 30, 2019 compared to 5,051 thousand euro as at December 31, 2018.

(thousands of euro)

Provisions for risks and charges	June 30, 2019	December 31, 2018	Difference
Product warranty provision	75	74	1
Bonus	2,486	4,391	(1,905)
Phantom shares	240	70	170
Other provisions	477	516	(39)
Total	3,278	5,051	(1,773)

The following table shows the breakdown and the changes in these provisions compared to December 31, 2018.

³⁷ Employees of both the subsidiary SAES Pure Gas, Inc., and the sales office in Shanghai of the subsidiary SAES Getters (Nanjing) Co., Ltd.

(thousands of euro)

Provisions for risks and charges	December 31, 2018	Increase	Utilization	Released to the income statement	Conversion differences	June 30, 2019
Product warranty provision	74	4	0	(4)	1	75
Bonus	4,391	2,286	(4,216)	0	25	2,486
Phantom shares	70	170	0	0	0	240
Other provisions	516	0	(38)	0	(1)	477
Total	5,051	2,460	(4,254)	(4)	25	3,278

The item “Bonus” includes the provisions for the bonuses for the Group employees relating to the first half of 2019 (mainly relating to the Parent Company and the US subsidiaries³⁸). The change compared to December 31, 2018 was mainly due to both the accrual of bonuses matured during the period and payment of the variable remuneration for the previous financial period, which was made in the first half of 2019.

At the end of the 2018 financial period, SAES Getters S.p.A. adopted a bonus plan based on phantom shares for Executive Directors and certain key managers. The plan involved the free assignment to the beneficiaries of a certain number of phantom shares which, under the terms and conditions of the plan, give the right to receive a money bonus, established in relation to the increase in the stock price of the shares on the date on which certain pre-established events happen, compared to the assignment value (determined as 16,451 euro³⁹ for each phantom share assigned). For example, events that could give the right to bonuses include: change of control of the Company; failure to renew the position as director at the end of the term of office; removing the position as director or a substantial change in the powers or the role, without there being just cause; resignation for just cause; dismissal for justified objective reason (only for Key Managers); reaching pension age; permanent invalidity; death; delisting. The plan aims at remunerating the beneficiaries in relation to the increased capitalization of the company, for retention purposes and a greater alignment between performance and the Company shareholders’ interests.

There were no changes either in the collective number of beneficiaries or the number of phantom shares assigned in the current half-year period.

The liabilities relating to the phantom shares plan (240 thousand euro at June 30, 2019 compared with 70 thousand euro at December 31, 2018) were evaluated by an independent actuary following the Risk Neutral approach required under IFRS 2. Please refer to the Financial Statements at December 31, 2018 for more information on the economic-financial assumptions made at June 30, 2019 for an estimate of the fair value of the phantom shares, since they are the same as the previous financial period.

The item “Other provisions” includes the implicit obligations of Spectra-Mat, Inc., calculated on the basis of the agreements made with the local authorities, in connection with the expenses to be incurred to monitor the pollution levels at the site in which it operates (293 thousand euro), and the improved estimate, of 100 thousand euro, of the total expenses to discharge the obligation existing at the date of the financial statements, and related to an incident that occurred at the Avezzano factory of the Parent Company.

Finally, the item includes the obligation (equal to 76 thousand euro at June 30, 2019) which arose in the previous financial period for a dispute in the labor area of the Parent Company with the social security institutions. The risk fund fell by 11 thousand euro compared to December 31, 2018 against the higher premiums paid pertaining to the previous financial period.

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

³⁸ With respect to the US subsidiaries, the monetary bonus plan is related to reaching targets calculated on both the consolidated economic-financial results and the results obtained by the individual companies.

³⁹ Equal to the average weighted amount of the official prices of the ordinary shares of the Company recorded on the Italian Stock Market organised and managed by Borsa Italiana S.p.A. on the trading days falling in the 36 (thirty-six) months preceding October 17, 2018, the date of assignment of the phantom shares.

(thousands of euro)

Provisions for risks and charges	Current provisions	Non current provisions	June 30, 2019	Current provisions	Non current provisions	December 31, 2018
Product warranty provision	62	13	75	61	13	74
Bonus	2,486	0	2,486	4,391	0	4,391
Phantom shares	0	240	240	0	70	70
Other provisions	176	301	477	188	328	516
Total	2,724	554	3,278	4,640	411	5,051

34. TRADE PAYABLES

Trade payables were equal to 10,423 thousand euro as at June 30, 2019, with a decrease of 1,659 thousand euro compared to December 31, 2018.

(thousands of euro)

Trade payables	June 30, 2019	December 31, 2018	Difference
Trade payables	10,423	12,082	(1,659)
Total	10,423	12,082	(1,659)

The decrease is mainly due to the fact that the raw materials are purchased and paid for at different times. In the final part of the previous financial period, the Parent Company had made significant investments, both in preparation for the installation of a new pilot line for the advanced packaging business and related to the transfer of certain production activities from the Lainate factory to the Avezzano factory.

The effect of the dollar revaluation compared to December 31, 2018 generated an increase in this item of 19 thousand euro.

Trade payables do not bear interest and are due within twelve months.

There are no trade payables in the form of debt securities.

The following table provides a breakdown of trade payables by those not yet due and past due as at June 30, 2019 compared with December 31, 2018.

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2019	10,423	9,963	354	63	12	16	15
December 31, 2018	12,082	11,118	322	378	25	40	199

35. OTHER PAYABLES

The item "Other payables" includes amounts that are not classified as trade payables and amounted to 10,022 thousand euro as at June 30, 2019 compared to 12,533 thousand euro as at December 31, 2018.

The table below shows the details of the other payables compared with the end of the previous year.

(thousands of euro)

Other payables	June 30, 2019	December 31, 2018	Difference
Payables to employees (vacation, wages, staff leaving indemnity, etc.)	5,990	5,755	235
Social security payables	976	1,993	(1,017)
Tax payables (excluding income taxes)	1,210	1,686	(476)
Other	1,846	3,099	(1,253)
Total	10,022	12,533	(2,511)

The item “Employee payables” is mainly made up of the provisions for holidays accrued but not taken during the period and for the additional monthly salaries, as well as of the June salaries, accounted for but not yet paid as at June 30, 2019.

The increase compared to December 31, 2018 is due to the increased holiday provisions that will be used during the summer, as well as the higher accruals for the additional monthly salaries of the Group’s Italian companies. This increase was partially offset by the payment, in the current half-year period, of both the payables related to the three-year monetary bonus plans expired at the end of the previous financial period (859 thousand euro) and the severance plans related to downsizing the workforce at the Parent Company (about 1.6 million euro at December 31, 2018 compared to 0.3 million euro at June 30, 2019).

The item “Social security payables” includes the payables owed by the Group’s Italian companies to the INPS (Italy’s social-security agency) for contributions to be paid on wages as well as the payables to the treasury fund operated by the INPS and to the pension funds under the reformed staff leaving indemnity legislation.

The decrease was mainly due to the fact that as at December 31, 2018, this item included also the liability for the social security (INPS) retentions on the thirteenth month’s pay, paid in January 2019. There was also a reduction in the payables to the social security institutions for the post-employment benefits advanced by the Parent Company on behalf of the National Social Welfare Institute (INPS) to employees who left in the current half-year period in accordance with the provisions of prevailing laws.

The item “Tax payables” primarily consists of the payables owed by the Italian companies to the Treasury in connection with the withholding taxes on the wages of employees and consultants, the payable to the tax authorities for VAT to pay and the local tax payables by the US subsidiaries on top of income taxes.

The decrease was mainly due to the fact that as at December 31, 2018, this item also included the liability for the withholding tax (IRPEF) withholdings on the thirteenth month’s pay, paid in January 2019.

The item “Other” mainly includes payables of the Parent Company for both fixed and variable Director remuneration (1,485 thousand euro).

The decrease is due to the fact that at December 31, 2018, the item included the payable for the bonus payments owed to the Executive Directors covering the entire financial period, subsequently paid during the first half of 2019 (1,544 thousand euro).

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

36. ACCRUED INCOME TAXES

This item consists of payables for taxes associated with the Group's foreign subsidiaries and the IRAP (regional production tax) payable for the Italian companies. On the other hand, with regard to the IRES (corporate income tax), the Italian companies engaged in national tax consolidation with the Parent Company in its position as consolidating company, and therefore, the negative taxable income is offset by both the positive amounts and the past tax losses carried forward; IRES only has to be paid on the remaining taxable amount, but since it was negative at the end of the current period, there are no payables to the tax authorities in the financial statements for the period ended on June 30, 2019. For more details on the national tax consolidation, please see Note no. 20.

Finally, the item includes the Parent Company's payable to the tax authorities for IRES (corporate income tax) on the income subject to separate taxation of the foreign subsidiary SAES Getters International Luxembourg S.A., in application of the provisions regarding subsidiaries (known as "CFC Legislation" in accordance with article 167, paragraph 5-bis *et seq.* of the T.U.I.R. (Consolidated Income Tax Act).

Accrued income taxes amounted to 1,226 thousand euro as at June 30 and include the tax obligations accrued in the first half of the year, net of advance payments. The reduction from December 31, 2018 (tax payable of 1,778 thousand euro) is mainly due to payment of the tax payable of Memry GmbH, which arose at the end of 2017, before it went into liquidation, against the taxes due by the company on the capital gains made with the intercompany transfer of all its production and commercial activities.

37. DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at June 30, 2019, the item "Derivative financial instruments measured at fair value" that represent the fair value of the contracts entered into by the Group in order to fix the interest rate on the long-term bank loans, and the fair value of the implicit derivatives included in the same loan contracts, recorded a negative balance of 82 thousand euro compared to a net negative balance of 48 thousand euro as at December 31, 2018.

The following table provides the details of these contracts and their fair value as at June 30, 2019 compared to December 31, 2018.

Description	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value June 30, 2019 (thousands of euro)	Fair value December 31, 2018 (thousands of euro)
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	(8)	(8)
SAES Getters S.p.A. Interest Rate Swap (IRS) on Unicredit S.p.A. loan	April 7, 2017	EUR	10.000 (*)	March 31, 2022	Fixed rate paid: 0.0% Variable rate received: three month Euribor (**)	Quarterly	(37)	(21)
SAES Getters S.p.A. Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	April 19, 2017	EUR	5.000	December 21, 2022	Fixed rate paid: 0.16% Variable rate received: six month Euribor	Half-yearly	(37)	(19)
SAES Coated Films 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 (#)	0 (#)
SAES Coated Films 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 (#)
SAES Coated Films 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 (#)
Total							(82)	(48)

(*) 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 -1.00%.
(#) Fair value lower than €1 thousand.

The derivatives of SAES Coated Films 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).

With regards to such contracts, the accounting requirements to apply the hedge accounting method are not met, as set out under IAS 39, therefore they are evaluated at fair value and the profits or losses deriving from their evaluation are directly charged into the income statement.

In the first half of 2019, the Group did not sign hedging contracts to cover exposure to fluctuations in the future cash flows originating from commercial and financial transactions carried out in different currencies to the euro, and there were no contracts of this type in place at December 31, 2018.

As noted above, against the loan agreements signed in the first half of 2019 with Mediobanca, if the Parent Company makes early repayments of the loan instead of waiting until the maturity date (April 17, 2024), it will have to pay the amount that has to be repaid and any mark-to-market amount - if negative - of the IRS derivative agreed by the lending entity to cover the risk of fluctuating interest rates; if the mark-to-market is positive, Mediobanca will pay this amount to SAES. There were no assets or liabilities accounted for at June 30, 2019 for that implicit derivative since no conditions were met that would make that contract certain or payable.

The Group enters into derivative contracts with various counterparties, primarily leading financial institutions and it uses the following hierarchy to determine and document the fair value of its financial instruments:

- Level 1 – (unadjusted) prices listed on an active market for identical assets or liabilities;
- Level 2 – other techniques for which all inputs with a significant effect on the fair value reported may be observed, either directly or indirectly;
- Level 3 – techniques that use inputs with a significant effect on the fair value reported that are not based on observable market data.

As at June 30, 2019, the derivative contracts held by the Group belonged to Level 2: in fact, the fair value, carried out by an independent third party, was calculated on the basis of market data such as interest rate curves and exchange rates curves.

There were no transfers from one level to another during the period.

38. BANK OVERDRAFTS

As at June 30, 2019, the bank overdrafts amounted to 27,002 thousand euro, comprising short-term debts owed by the Parent Company in the form of “hot money” debt, where the average interest rate, including the spread, was around 0.062%.

At December 31, 2018, the item included the “hot money” debt of the Parent Company (27,003 thousand euro) and the overdrafts on the current accounts exclusively belonging to the subsidiary SAES Coated Films S.p.A. (350 thousand euro at December 31, 2018 set to zero at June 30, 2019).

39. ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income amounted to 1,097 thousand euro as at June 30, 2019 comparing to a balance of 480 thousand euro at December 31, 2018.

This item may be broken down as follows.

(thousands of euro)

	June 30, 2019	December 31, 2018	Difference
Accrued expenses	221	334	(113)
Deferred income	876	146	730
Total	1,097	480	617

The “Accrued expenses” include the portion pertaining to future financial periods of the public capital grants granted in previous financial periods to the Parent Company, in relation to the investments to develop the production lines of the Avezzano facility.

The item “Deferred income” is connected the commercial sales income pertaining to future collected by the customers. The increase over December 31, 2018 is mainly related to the higher advances collected by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and the Parent Company.

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

40. CASH FLOW STATEMENT

The cash flow from the **operating activity** was a positive +2,281 thousand euro in the first half of 2019. In the first half year period of 2018, the operating cash flows amounted to +6,662 thousand euro, but included the cash flows from discontinued operations of 11,592 thousand euro (i.e. the cash flows generated by the purification business before it was sold, i.e. in the period January 1 - June 24, 2018), net of which the cash flows from continuing operations were a negative amount of -4,930 thousand euro. Considering the cash flows relating to operating activities only (+2,281 thousand euro in the first half of 2019 compared to a negative -4,930 thousand euro in 2018), the strong growth is attributable to the internal financing in the current half-year period (mainly driven

by the electronic devices, form memory alloy for industrial applications and Nitinol for medical application sectors), only partly penalized by the increase in net working capital (especially, the increase in trade receivables following the progressive increase in sales compared to the end of the 2018 financial period).

Investing activities absorbed 109,734 thousand euro in liquidity (in the first half of 2018 on the other hand, it had generated 273,674 thousand euro in cash, of which 280,817⁴⁰ thousand euro from discontinued operations and the negative difference of -7,143 thousand euro from operating activities).

In the first half of 2019, the cash out for investments in property, plant and equipment amounted to 10,525 thousand euro, compared to 7,253 thousand euro in the corresponding period of 2018. The investments in intangible assets were not significant (433 thousand euro compared to 58 thousand euro as at June 30, 2018). The increase in capex in the first half of 2019, compared to the corresponding period of 2018, is mainly due to the purchase of the property, located in Bethel, where the Memry Corporation has its manufacturing headquarters (4,938 thousand euro net of the deposit of 258 thousand euro) paid at the end of the previous financial period) and the creation, in Bethel, of a new department to manufacture pipes. On the other hand, in the previous financial period, the Parent Company made investments prior to installation of a new pilot line for the advanced packaging business in order to speed up development of the flexible packaging products. Please refer to Note no. 14 and 15 for further details on the capex.

With respect to the sale of fixed assets, the payment was collected, for the sale to the joint venture Flexterra, Inc., of the intellectual property developed in the area of OLET by E.T.C. S.r.l. in liquidation (+2,291 thousand euro). However, the amount collected for the disposal of assets was not significant (+5 thousand euro).

Within the scope of the investment activities, there were financial payments made to acquire securities by the Parent Company and the subsidiary governed by Luxembourg law SAES Investments S.A. (for further information on the securities acquired please see Note no. 18) which, net of the disinvestments made, amounted to a total of 100,466 thousand euro⁴¹ and coupons collected of 877 thousand euro, net of the management commissions of the securities portfolio.

Finally, in the current half-year period, an advance of 1,100 thousand euro was paid for a potential minority investment currently being evaluated, while the payment related to the adjustment of the sales price of the purification business amounted to 383 thousand euro.

With regard to the details of the cash flow from discontinued transactions in the first half of 2018, please refer to the consolidated interim abridged financial statements at June 30, 2018.

The balance of the **financing activities** was a negative 21,226 thousand euro compared to a negative balance of 6,323 thousand euro in the corresponding period of the previous year.

The financial management for the period involved payments to acquire treasury stock (-93,382 thousand euro, including the additional charges related to the tender offer), the payment of dividends (-16,580 thousand euro), the repayment of both short and long term loans and the related interest (-3,301 thousand euro), and payment of the lease instalments (-700 thousand euro).

These payments were partially offset by incoming cash flows generated by a medium-long term loan taken out by the Parent Company to cover the payment to acquire the ordinary shares (+92,735 thousand euro). Please refer to Note no. 29 for more information on that new loan.

The adoption of the new accounting standard **IFRS 16 - Leases** led to an increase in the net Group financial debt, against a notional increase in fixed assets due to accounting for the right of use to the leasing assets.

⁴⁰ The cash flows related to the extraordinary sale of the purification business amounted to +281,139 thousand euro (price collected, net of the cash and cash equivalents transferred, of +300,752 thousand euro, from which the additional charges paid in the first half of 2018 were deducted, amounting to a negative -19,613 thousand euro).

⁴¹ Financial payment made to acquire the securities portfolio of 102,027 thousand euro, net of the disinvestments of 1,561 thousand euro.

However, the notional financial payables, recorded to show future debts and expense related to transactions regarding the use of leased goods, did not have any impact on the actual Group cash flows that are still tied to the contractual scheduling of the lease payments. Even at the level of flows from investment assets, the new way of presenting them did not lead to any real cash movements.

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

(thousands of euro)

	June 30, 2019	June 30, 2018
Cash and cash equivalents	41,801	302,644
Bank overdraft	(27,002)	(28,381)
Cash and cash equivalents, net - statement of financial position	14,799	274,263
Write-down of other financial assets (in application of IFRS 9)	64	0
Short term debt	27,003	27,702
Cash and cash equivalents, net - cash flow statement	41,866	301,965

The following table shows the reconciliation between the balances of the liabilities arising from financial transactions as at December 31, 2018 and June 30, 2019, with the changes arising from monetary movements and from non-cash flows.

(thousands of euro)	December 31, 2018	IFRS 16 first time adoption	January 1, 2019	Cash flows	Non-cash changes				June 30, 2019
					Foreign exchange movement	Change in fair value	Other movements	Reclassifications (*)	
Financial debts	13,344		13,344	92,735	4			(2,728)	103,355
Financial liabilities for leasing contracts	0	2,310	2,310		8			(731)	1,814
Non current debt	13,344	2,310	15,654	92,735	12	0	227	(3,459)	105,169
Derivative financial instruments evaluated at fair value	48		48	(17)		34	17		82
Current portion of medium/long term financial debts	5,438		5,438	(2,816)			194	2,728	5,544
Other current financial payables to third parties	1,001		1,001	(904)	6		(100)		35
Financial liabilities for leasing contracts	0	1,461	1,461	(688)	9		105	731	1,618
Bank borrowings	27,353		27,353	(361)			10		27,002
Current debt	33,840	1,461	35,301	(4,786)	15	34	226	3,491	34,281

(*) The total in the column "Reclassifications", equal to 32 thousands of euro, is equal to the item "Other financial receivables from third parties".

The column "Other changes" includes the provision for the interest accrued during the period on the loans (both short term and long term) and on the lease contracts, the new obligations that arose on the lease contracts entered into during the current half-year period, and a further adjustment to the price of selling the gas purification business due to the settlement of the effective value of the tax credit of the companies that were sold - SAES Getters USA, Inc. and SAES Pure Gas, Inc., resulting from the tax return for the period January 1 – June 24, 2018, presented in April 2019 see Note no. 11).

41. POTENTIAL ASSETS/LIABILITIES AND COMMITMENTS

The table below shows the guarantees that the Group has granted to third parties.

(thousands of euro)

Guarantees	June 30, 2019	December 31, 2018	Difference
Guarantees	8,080	4,095	3,985

The increase over December 31, 2018 is mainly explained by the new guarantee given by the Parent Company for the new line of credit for the US subsidiary, SAES Getters/U.S.A., Inc. for a total value of 4 million euro (see Note no. 26).

The table below shows the information on the contractual commitments for the use of third-party assets that fall outside the range of application of IFRS 16.

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
June 30, 2019	360	218	40	618
December 31, 2018	1,219	945	31	2,195

The value at December 31, 2018 cannot be compared to the value at June 30, 2019 since it included the contractual debts and expense that subsequently came under the range of application of lease accounting. Please refer to Note no. 2 for further details.

The shareholders of SAES RIAL Vacuum S.r.l., SAES Getters S.p.A. and Rodofil S.r.l. have a put & call option, according to a predefined schedule, set out in more detail in Note no. 17. To that end, currently, the shareholders are currently redefining how to calculate the price, and the terms of exercise of the put & call option, with a view towards postponing them by a year compared to what had originally been agreed when the joint venture was established.

Since at June 30, 2019, the Management did not have enough information to be able to make an accurate assessment of the fair value of the above options, the latter are not valued in the financial statements.

42. RELATED PARTY TRANSACTIONS

Related Parties are identified in accordance with IAS 24 revised.

Related Parties are the following as at June 30 2019:

- **S.G.G. Holding S.p.A.**, a relative majority shareholder holding 34.21%⁴² of the ordinary shares of SAES Getters S.p.A. at June 30, 2019, which is debtor of SAES Getters S.p.A. in relation to the application for a refund of the excess IRES paid in prior years by the merged SAES Advanced Technologies S.p.A., a request filed by S.G.G. Holding S.p.A. as the consolidator of national tax consolidation program in place until December 31, 2014⁴³ (see Note no. 20).

On May 2, 2019, S.G.G. Holding S.p.A. has collected dividends from SAES Getters S.p.A. totaling 3.8 million euro.

Finally, following the decision to subscribe to the voluntary partial Public Tender Offer in the first half of 2019 by SAES Getters S.p.A. on its ordinary shares, on May 31, 2019, S.G.G. Holding S.p.A. obtained a payment of 9.3 million euro (against 403,537 ordinary shares withdrawn in the tender offer).

- **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.

⁴²Following the decision to subscribe to the voluntary partial Public Tender Offer in the first half of 2019 by SAES Getters S.p.A. for its ordinary shares, at the end of May 2019, the number of ordinary shares held by S.G.G. Holding S.p.A. fell from 5,422,023 to 5,018,486; therefore, the percentage ordinary shares held by S.G.G. Holding fell from 36.96% to 34.21%. With regard to voting rights, at June 30, 2019, 1,354,042 of those ordinary shares had accrued increased voting rights and therefore, S.G.G. Holding held 38.20% of the voting rights (percentage calculated by also including the voting rights of the treasury stock held by SAES Getters S.p.A.).

⁴³On May 27, 2015, the tax consolidation among SAES Getters S.p.A., SAES Advanced Technologies S.p.A. (subsequently merged into SAES Getters S.p.A.), 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 interrupted with effect from January 1, 2015, following a reduction in the percentage of participation of S.G.G. Holding S.p.A. in SAES Getters S.p.A. below 50%, which resulted in the loss of control under the legislation on the national tax consolidation.

- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint venture Actuator Solutions GmbH, aimed at the development of SMA actuator devices mainly for the consumer electronics market.

- **Actuator Solutions (Shenzhen) Co., Ltd., in liquidation**, a wholly owned subsidiary of Actuator Solutions GmbH, initially involved in the technological development of actuators for the mobile market, and whose liquidation process was initiated in March 2019.

With regards to Actuator Solutions GmbH and its Taiwan subsidiary, the SAES Group has a commercial relationship (sale of raw materials and semi-finished products) and performs various services for the German company only (in particular, development services and accessory/administrative activities) that are charged back on the basis of a service contract. Additionally, SAES Nitinol S.r.l. granted several interest-bearing loans to the joint venture Actuator Solutions GmbH, for the details of which please refer to Note no. 21. As at June 30, 2019, the financial debt of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to a total of 9.4 million euro, including 1.4 million euro of interest accrued and not yet paid. The total amount of financial credit (both principal and interest) of SAES Nitinol S.r.l. due from the German joint venture was already completely written off at the end of the previous financial period; at June 30 2019, an additional write-down was made on the financial credit corresponding to the interest accrued in the present half-year period (0.2 million euro) since SAES management decided that it would be difficult to get it back.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil S.r.l., focused on the design and production of integrated vacuum components and systems for accelerators, for the research, as well as for industrial systems and devices.

With regards to SAES RIAL Vacuum S.r.l., the SAES Group has a commercial relationship (both the purchase and sale of raw materials, components and processing for the creation of vacuum systems) and performs various services, mainly sales and marketing activities and administrative support. Finally, as already mentioned before, SAES Getters S.p.A. granted a loan of 50 thousand euro, aimed at financially supporting SAES RIAL Vacuum S.r.l. (for further details please refer to the Note no. 21).

- **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 regards to Flexterra, Inc. and its subsidiary, the SAES Group carries out some administrative activities, and provides a legal, financial and tax support, as well as assistance in joint venture research and development activities, including the management of patents.

Finally, as noted above in the paragraph on “Main events in the half-year period” in the Consolidated Report on Operations, in May 2019, SAES finalized the sale to Flexterra, Inc. of the intellectual property developed in the OLET area by E.T.C. S.r.l., in liquidation. Since said patents were not measured as assets of E.T.C. S.r.l., the transaction gave rise to a capital gain to the related party essentially equal to the price of sale (about 2.3 million euro).

- **Managers with Key Responsibilities**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

The Group Human Resources Manager and the Group Legal / Compliance & Internal Audit Manager⁴⁴ are also considered to be managers with key responsibilities. Their close relatives are also considered related parties.

The following tables show the total values of the related party transactions at June 30, 2019 compared with those at June 30, 2018 (for the economic values) and December 31, 2018 (for the asset values).

⁴⁴ From the end of January 2019, the Group Strategic Marketing & Planning department came under the direct responsibility of Mr della Porta, engineer, and from the beginning of April 2019, the position of Group Administration, Finance and Control Manager was taken over by Mr Giulio Canale within the scope of his position as Group Chief Financial Officer. Finally, the Corporate Operations Manager took over responsibility of the Industrial division from the beginning of the financial period, and is no longer classified as a manager with key responsibilities.

(thousands of euro)

	1 st half 2019						June 30, 2019				
	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 Company	Financial receivables from related parties
S.G.G. Holding S.p.A.										272	
SAES RIAL Vacuum S.r.l.	15	(68)	(6)	5 (*)	5 (*)		1	25	(27)		50
Actuator Solutions GmbH	503		20 (*)	1 (*)	21 (*)		238	168			0 (**)
Actuator Solutions Taiwan Co., Ltd.	4							(3)			
Flexterra, Inc.			23 (*)		60 (*)	2,267		82			
Total	522	(68)	37	6	86	2,267	239	272	(27)	272	50

(*) Costs recovery.

(**) Financial receivable (both principal and interest) fully written down.

(thousands of euro)

	1 st half 2018						December 31, 2018				
	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 Company	Financial receivables from related parties
S.G.G. Holding S.p.A.										272	
SAES RIAL Vacuum S.r.l.	84	(52)	(2)	5 (*)	5 (*)		1	45	(44)		50
Actuator Solutions GmbH	704			1 (*)	20 (*)		237	82			0 (**)
Actuator Solutions Taiwan Co., Ltd.			32 (*)	5 (*)				24			
Mirante S.r.l.					(40)						
Flexterra, Inc.			30 (*)		71 (*)			215			
Total	788	(52)	60	11	56	0	238	366	(44)	272	50

(*) Costs recovery.

(**) Financial receivable (both principal and interest) fully written down.

Up to February 26, 2018 (the date that SAES Getters S.p.A. exercised the call option for acquisition of the entire share capital of Metalvuoto S.p.A., subsequently renamed SAES Coated Films S.p.A.), **Mirante S.r.l.** was also considered to be a related party, a former minority shareholder of SAES Getters S.p.A. in SAES Coated Films S.p.A. More specifically, there was a rental contract between SAES Coated Films S.p.A. and Mirante S.r.l., for the property owned by Mirante S.r.l. where SAES Coated Films S.p.A. had its registered office and production facilities (the property was then acquired by the Parent Company on April 6 2018 at a price of 3.5 million euro).

The following table shows the guarantees that the Group gave to third parties (and, therefore, included in the detail reported in the Note no. 41) in favor of the joint ventures.

(thousands of euro)

Guarantees	June 30, 2019	December 31, 2018	Difference
Guarantees in favour of the joint venture Actuator Solutions	1,592	1,749	(157)
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	0	0	0
Total guarantees in favour of the joint ventures	1,592	1,749	(157)

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

(thousands of euro)

Total remunerations to key management	1 st half 2019	1 st half 2018
Short term employee benefits	1,928	14,445
Post employment benefits	0	0
Other long term benefits	341	141
Termination benefits	1,073	367
Share-based payments	0	0
Total	3,342	14,953

The reduction from the figure at June 30, 2018 in “Short-term benefits” is mainly due to the fact that the remuneration of both the Executive Directors and the employees of the Parent Company who can be classified as managers with key responsibilities was included in that line the previous year, paid following the sale of the purification business as part of the bonus plan called Asset Sale Plan⁴⁵.

The increase in “Other long-term benefits” is due to the fact that in the first half of 2018, the provision for the three-year monetary bonus plan for the Executive Directors was suspended, and allocated as standard in the current half-year period (please refer to Note no. 32 for further details).

The “post-employment benefits” include, at June 30, 2019, the severance costs related to the resignation of a key manager in the Parent Company (0.3 million euro) and the provision for the phantom share bonus plan (please refer to Note no. 33 for future details).

As at June 30, 2019, payables to Managers with key responsibilities, as defined above, were equal to 3,091 thousand euro, to be compared with payables of 4,813 thousand euro as at December 31, 2018.

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in the first half of 2019 all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

43. EVENTS THAT OCCURRED AFTER THE END OF FINANCIAL PERIOD

For the events that occurred after the end of financial period, please refer to the paragraph “Subsequent Events” in the Report on operations.

Lainate (MI), September 12, 2019

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

⁴⁵ Monetary bonus plan for the Executive Directors, the managers who report on a direct hierarchical level to the Executive Directors and who are members of the Corporate Management Committee (a committee in which the Executive Directors provide guidelines and share targets with their direct hierarchical reports) and the other employees of the Parent Company considered to be particularly significant. The goal of the plan is to remunerate the beneficiaries in relation to extraordinary transactions involving the sale of investments, company branches, fixed assets and assets (in the specific case, the sale of the purification business), if these transactions create value and economic benefits for the Group, in order to ensure the retention of the beneficiaries and greater alignment between their performance and the corporate interests.

**Certification of the Interim Condensed Consolidated Financial
Statements as at June 30, 2019**

CERTIFICATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned, Giulio Canale, in his position as Deputy Chairman and Managing Director and in his capacity of Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., confirms, also in accordance with the provisions of article 154-bis, paragraphs 3 and 4 of Legislative decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the application

of the administrative and accounting procedures adopted in the preparation of the consolidated, condensed interim financial statements for the period January 1 - June 30, 2019.

2. To that end, note the following:

- Regarding the Administrative - Accounting Control Model of the SAES Group and its implementation, the provisions of paragraph 2 of the Certification of the consolidated financial statements of the SAES Group for the financial period ended on December 31, 2018 are confirmed since no changes were made.
- With regard to the results of the internal confirmation process for the accounting period from January 1 to June 30, 2019, it is confirmed that the controls illustrated in the aforementioned paragraph were also put in place and checked for the Consolidated condensed interim financial statements.
- As of today's date, the Officer responsible had received all the representation letters requested, signed by the General Manger/Financial Controller of the subsidiaries involved in the processes chosen as significant following the risk assessment.

The correct application of the administrative-accounting control system was confirmed by the positive result of the inspections carried out by the Internal Audit Department in its support of the Officer responsible for the preparation of the corporate financial reports.

3. The following is also confirmed:

3.1. The Consolidated interim condensed financial statements as at June 30, 2019

- a) were drawn up in accordance with the applicable international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of July 19, 2002 and more especially, by IAS 34 reviewed - Interim Financial Reporting;
- b) correspond to the accounting books and records;
- c) provide a true and faithful account of the capital, financial position and operating results of the issuer and the group of enterprises included in the consolidation.

3.2. The Interim report on operations includes a reliable analysis of the performance and operating result and the situation of the group of enterprises included in the consolidation, along with a description of the main risks and uncertainties that it is exposed to.

Lainate (MI), September 12, 2019

The Deputy Chairman and Managing Director and
Officer responsible for the preparation of the corporate financial reports
Mr Giulio Canale

**Independent Auditors' Report on the Interim Condensed
Consolidated Financial Statements as at June 30, 2019**

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Saes Getters S.p.A. and subsidiaries (the "SAES Group"), which comprise the statement of financial position as of June 30, 2019 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow statement for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the SAES Group as at June 30, 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
September 13, 2019

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