



## **SAES GETTERS S.p.A.**

Capital Stock Euro 12,220,000 fully paid-in  
Address of Principal Executive Offices:  
Viale Italia, 77 – 20020 Lainate (Milan), Italy  
Registered with the Milan Court Companies Register no. 00774910152

### **Report on Operations – 1<sup>st</sup> Quarter 2006**

Quarterly consolidated net sales were €42.8 million compared with €32.4 million in the year-ago period, reflecting an increase by 31.8%. The rise on a comparable consolidation basis was equal to 35.7% including the effect of the sale of the subsidiary FST Consulting International, Inc. in July 2005 and the acquisition of the 35% shareholding in Nanjing SAES Huadong Getters Co. Ltd. in January 2006.

Consolidated net income was €7.4 million compared with €4 million in the year-ago period. Excluding non recurring items, consolidated net income would have been equal to €8.2 million, compared with €4.4 million in the first quarter 2005.

Quarterly net sales were very satisfactory also thanks to particularly high sales for the semiconductor market. The excellent results, above the expectations, showed a strong increase compared to the first quarter of last year, which was not very brilliant.

The trend of sales in all industrial markets in which the Group operates was positive, in particular of components used in the backlighting of liquid crystal displays. The only exception was related to the cathode ray tubes market, where the negative trend of the previous year has been continuing, requiring possible future rationalizations.

**CONSOLIDATED FINANCIAL STATEMENTS****SAES Getters S.p.A. and Subsidiaries - Consolidated Income Statement**

Thousands of euro

Three months ended March 31	2006	2005
<b>Total net sales</b>	<b>42,754</b>	<b>32,428</b>
Cost of sales	(17,370)	(15,629)
<b>Gross profit</b>	<b>25,384</b>	<b>16,799</b>
R&D expenses	(3,705)	(3,269)
Selling expenses	(4,064)	(3,456)
G&A expenses	(4,422)	(3,295)
Total operating expenses	(12,191)	(10,020)
Other income (expenses), net	(38)	166
<b>Operating income</b>	<b>13,155</b>	<b>6,945</b>
Interest and other financial income, net	398	317
Foreign exchange gains (losses), net	(459)	311
<b>Income before taxes</b>	<b>13,094</b>	<b>7,573</b>
Income taxes	(5,655)	(3,528)
<b>Net income</b>	<b>7,439</b>	<b>4,045</b>

**SAES Getters S.p.A. and Subsidiaries - Consolidated Income Statement per Business Unit**

Thousands of euro

	Total		Information Displays		Industrial Applications		Advanced Materials & Corporate Costs	
	1 <sup>st</sup> qr. 2006	1 <sup>st</sup> qr. 2005	1 <sup>st</sup> qr. 2006	1 <sup>st</sup> qr. 2005	1 <sup>st</sup> qr. 2006	1 <sup>st</sup> qr. 2005	1 <sup>st</sup> qr. 2006	1 <sup>st</sup> qr. 2005
<b>Total net sales</b>	<b>42,754</b>	<b>32,428</b>	<b>26,766</b>	<b>19,034</b>	<b>15,560</b>	<b>13,284</b>	<b>428</b>	<b>110</b>
Cost of sales	(17,370)	(15,629)	(7,945)	(7,498)	(9,144)	(7,889)	(281)	(242)
<b>Gross profit (loss)</b>	<b>25,384</b>	<b>16,799</b>	<b>18,821</b>	<b>11,536</b>	<b>6,416</b>	<b>5,395</b>	<b>147</b>	<b>(132)</b>
% on net sales	59.4%	51.8%	70.3%	60.6%	41.2%	40.6%	34.3%	-120.0%
Operating expenses and other income/(expenses)	(12,229)	(9,854)	(4,835)	(3,569)	(4,294)	(3,996)	(3,100)	(2,289)
<b>Operating income (loss)</b>	<b>13,155</b>	<b>6,945</b>	<b>13,986</b>	<b>7,967</b>	<b>2,122</b>	<b>1,399</b>	<b>(2,953)</b>	<b>(2,421)</b>
% on net sales	30.8%	21.4%	52.3%	41.9%	13.6%	10.5%	-690.0%	2,200.9%

**SAES Getters S.p.A. and Subsidiaries - Consolidated Income per Share**

Euro

	2006 1 <sup>st</sup> qr.	2005 1 <sup>st</sup> qr.
Net income per ordinary share	0.3318	0.1804
Net income per savings share	0.3318	0.1804

**SAES Getters S.p.A. and Subsidiaries – Consolidated Balance Sheet**

Thousands of euro

	Mar 31, 2006	Dec 31, 2005
Property, plant and equipment, net	62,621	60,493
Intangible assets, net	5,306	2,695
Other non current assets	9,367	10,141
Current assets	155,702	151,069
<b>Total Assets</b>	<b>232,996</b>	<b>224,398</b>
Shareholders' equity	177,806	170,597
Non current liabilities	19,651	19,122
Current liabilities	35,539	34,679
<b>Total Liabilities and Shareholders' Equity</b>	<b>232,996</b>	<b>224,398</b>

**SAES Getters S.p.A. and Subsidiaries - Consolidated Net Financial Position**

Thousands of euro

	Mar 31, 2005	Dec 31, 2005
<b><i>Financial assets</i></b>		
Cash and banks	93,527	93,243
Other current assets	0	0
<b>Total current assets</b>	<b>93,527</b>	<b>93,243</b>
<b>Total non current assets</b>	<b>0</b>	<b>0</b>
<b>Total financial assets</b>	<b>93,527</b>	<b>93,243</b>
<b><i>Financial liabilities</i></b>		
Bank overdraft	1,074	2,798
Current portion of long term debt	257	257
Other current financial debt	369	893
<b>Total current liabilities</b>	<b>1,700</b>	<b>3,948</b>
Long term debt, net of current portion	3,434	3,434
<b>Total non current liabilities</b>	<b>3,434</b>	<b>3,434</b>
<b>Total financial liabilities</b>	<b>5,134</b>	<b>7,382</b>
<b>Net financial position</b>	<b>88,393</b>	<b>85,861</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Accounting Principles, Methods and Structure of the Group**

The Quarterly Report has been prepared applying the international accounting standards (IFRS) and in accordance with Article 82 and Article 82 – bis of the “Regulations for the implementation of the Legislative Decree No. 58 of February 24, 1998 on the activities of issuers of securities” (Consob Resolution No. 11971 of May 14, 1999, as amended).

Pursuant to the above mentioned Article 82, the Quarterly Report has been prepared applying for evaluations the international accounting standards (IFRS) according to the content stated by Exhibit 3D of the same Regulations. Therefore the Quarterly Report as of March 31, 2006 has not been prepared according to the accounting standard concerning disclosure in interim reports (IAS 34 “Interim financial reporting”).

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

On January 11, 2006, the Groups signed the final contract for the acquisition of the 35% minority shareholding in Nanjing SAES Huadong Getters Co. Ltd., based in Nanjing, Jiangsu, China, from Nanjing Huadong Electronic Information Technology Co. Ltd., previously a partner in the joint venture. By means of this acquisition, the Group became the sole shareholder of the company Nanjing SAES Huadong Getters Co. Ltd. The transaction was completed on January 25, 2006. The purchase price was \$11 million. The goodwill arising from the acquisition, booked in the intangible assets, was €2.6 million and was originated by the difference between the purchase price and the fair value of acquired assets and liabilities.

In January 2006, the Group decided to suspend production, during the first half of the year, of the subsidiary SAES Getters Technical Service (Shanghai) Co. Ltd., involved in the production of pure gas distribution systems, as part of the policy of focussing on profitable businesses.

On March 1, 2006, the Group announced that it had signed a binding letter of intent to buy a 50% stake in the company Memory-Metalle GmbH based in Weil am Rhein, Germany. The company markets semi-finished goods and shape memory alloy components for medicinal and industrial applications. The acquisition is conditional upon the due diligence process and upon the negotiation of the final contract and supplementary agreements. The purchase price will be €1.7 million, subject to possible adjustments, and will be paid in cash on closing.

The branch of the parent company SAES Getters S.p.A., incorporated in Taiwan during 2005, started operating as from March 1, 2006.

To be noticed that quarterly reports are unaudited.

**Net Sales by Business Area and by Geographic Location of Customer****SAES Getters S.p.A. and Subsidiaries - Consolidated Net Sales per Business Area**

Thousands of euro (except %)

Business Area	2006 1 <sup>st</sup> qr.	2005 1 <sup>st</sup> qr.	Total difference (%)	Price-qty effect (%)	Exchange rate effect (%)
Cathode Ray Tubes	8,269	8,740	-5.4%	-12.7%	7.3%
Flat Panel Displays	18,497	10,294	79.7%	75.3%	4.4%
<b>Subtotal Information Displays</b>	<b>26,766</b>	<b>19,034</b>	<b>40.6%</b>	<b>35.3%</b>	<b>5.3%</b>
Lamps	3,328	2,899	14.8%	12.8%	2.0%
Electronic Devices	3,238	3,048	6.2%	2.1%	4.1%
Vacuum Systems and Thermal Insulation	2,051	1,419	44.5%	41.7%	2.8%
Semiconductors	6,943	5,918	17.3%	9.3%	8.0%
<b>Subtotal Industrial Applications</b>	<b>15,560</b>	<b>13,284</b>	<b>17.1%</b>	<b>11.9%</b>	<b>5.2%</b>
<b>Subtotal Advanced Materials</b>	<b>428</b>	<b>110</b>	<b>289.1%</b>	<b>287.7%</b>	<b>1.4%</b>
<b>Total Net Sales</b>	<b>42,754</b>	<b>32,428</b>	<b>31.8%</b>	<b>26.6%</b>	<b>5.2%</b>

**Index:**

<b>Information Displays Business Unit</b>	
Cathode Ray Tubes	Barium getters for cathode ray tubes
Flat Panel Displays	Getters and metal dispensers for flat panel displays
<b>Industrial Applications Business Unit</b>	
Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Electronic Devices	Getters and metal dispensers for electron vacuum devices
Vacuum Systems and Thermal Insulation	Pumps for vacuum systems and products for thermal insulation
Semiconductors	Gas purifier systems for semiconductor industry and other industries and installations for the telecommunications industry
<b>Advanced Materials Business Development Unit</b>	
Advanced Materials	Getters for microelectronic and micromechanical systems, optical crystals, shape memory alloys and metalorganic precursors

**SAES Getters S.p.A. and Subsidiaries - Consolidated Net Sales by Geographic Location of Customer**

Thousands of euro

	2006 1 <sup>st</sup> qr.	2005 1 <sup>st</sup> qr.
Italy	238	140
Other EU and European countries	4,907	5,564
North America	4,089	5,470
Japan	10,123	9,030
Asia (excluding Japan)	22,361	11,632
Rest of the World	1,036	592
<b>Total Net Sales</b>	<b>42,754</b>	<b>32,428</b>

Quarterly **consolidated net sales** were €42.8 million compared with €32.4 million in the year-ago period, reflecting an increase by 31.8%. The rise on a comparable consolidation basis was equal to 35.7% including the effect of the sale of the subsidiary FST Consulting International, Inc. in July 2005 and the acquisition of the 35% shareholding in Nanjing SAES Huadong Getters Co. Ltd. in January 2006.

### **Information Displays Business Unit**

**Consolidated net sales** of the Information Displays Business Unit were €26.8 million in the first quarter 2006, compared with €19 million in the same period one year-ago, representing an increase by 40.6% (+35.3% net of exchange rate effect).

In particular, net sales of the Cathode Ray Tubes Business Area decreased by 5.4% to €8.3 million from €8.7 million in the same period one year-ago (-11.7% on a comparable consolidation basis, including the effect of the acquisition of the 35% shareholding in Nanjing SAES Huadong Getters Co. Ltd. in January 2006). Revenues net of the exchange rate effect drop by 12.7% because of the reduction in the cathode ray tubes market. The exchange rate effect was positive by 7.3%.

Revenues of the Flat Panel Displays Business Area were €18.5 million with respect to €10.3 million in the first quarter 2005, reflecting an increase by 79.7%. The rise net of the exchange rate effect, equal to 75.3%, was due to a stronger demand of mercury dispensers for cold cathode lamps used as back-lighting of liquid crystal displays. The exchange rate effect was positive by 4.4%.

**Gross profit** for the Information Displays Business Unit grew to €18.8 million in the first quarter of 2006 against €11.5 million in the same period of 2005.

**Operating income** for the Information Displays Business Unit was equal to €14 million in the first quarter of 2006 compared with €8 million in the corresponding quarter of 2005. The growth was due to higher sales and a more favorable sales mix.

### **Industrial Applications Business Unit**

**Consolidated net sales** of the Industrial Applications Business Unit grew by 17.1% to €15.6 million in the first quarter of 2006 from €13.3 million in the same period one year-ago (+11.9% net of exchange rate effect).

Revenues of the Lamps Business Area were €3.3 million with respect to €2.9 million in the first quarter 2005, reflecting an increase by 14.8%. Sales grew because of higher sales of components for fluorescent lamps (+12.8%) and the positive exchange rate effect (+2%).

Revenues from the Electronic Devices Business Area rose by 6.2% to €3.2 million from €3 million in the first quarter 2005. The growth was due to slightly higher sales of getters for electronic tubes (+2.1%) and the exchange rate effect (+4.1%).

Net sales of the Vacuum Systems and Thermal Insulation Business Area grew by 44.5% to €2.1 million with respect to €1.4 million in the same period of the previous year. The rise net of the exchange rate effect, equal to 41.7%, was due to higher sales of getter pumps and getter products for particle accelerators and panels for thermal insulation. The exchange rate effect was positive by 2.8%.

Net sales of the Semiconductors Business Area were equal to €6.9 million compared with €5.9 million in the same period of 2005, reflecting an increase by 17.3% (+59% on a comparable consolidation basis, including the effect of the sale of the subsidiary FST Consulting International, Inc. in July 2005). The growth was due to higher sales of large gas purifiers, also thanks to an important order delivered in the quarter. The exchange rate effect was positive by 8%.

**Gross profit** for the Industrial Applications Business Unit was €6.4 million in the first quarter of 2006 compared with €5.4 million in the same period of 2005.

**Operating income** for the Industrial Applications Business Unit increased to €2.1 million in the first quarter of 2006 from €1.4 million in the corresponding quarter of 2005, mainly because of the rise of sales.

#### **Advanced Materials Business Development Unit & Corporate Costs**

**Consolidated net sales** of the Advanced Materials Business Development Unit were €0.4 million in the first quarter of 2006, thanks to sales of getter films for MEMS applications and crystals for laser applications. Sales were €0.1 million in the first quarter of 2005.

Operating corporate costs and operating costs for the Advanced Materials Business Development Unit in the first quarter of 2006 were €3.1 million, compared with €2.3 million in the year-ago period. To be noticed that in the first quarter 2006 some non recurring costs were charged with reference to personnel indemnities.

**Consolidated gross profit** was equal to €25.4 million in the first quarter 2006, compared with €16.8 million in the same quarter of 2005. Consolidated gross profit in terms of sales was 59.4% compared with 51.8% in the first quarter 2005.

Total operating expenses were €12.2 million against €10 million in the first quarter 2005.

**Consolidated EBITDA** was €16.3 million in the first quarter 2006 compared with €9.9 million in the same quarter of 2005. Consolidated EBITDA in terms of sales was 38.1% compared with 30.5% in the first quarter 2005.

**Consolidated operating income** grew to €3.2 million in the three months ended March 31, 2006 from €6.9 million in the year-ago period, mainly thanks to higher sales and a better sales mix. The R.O.S. (Return on Sales) ratio was equal to 30.8% in the first quarter 2006 compared with 21.4% in the same period of 2005.

Excluding non recurring items, quarterly consolidated operating income would have been equal to €14.2 million with respect to €7.5 million in the first quarter 2005.

**Income taxes** were €5.7 million in the three months ended March 31, 2006, compared with €3.5 million in the three months ended March 31, 2005. As a percentage of income before taxes, income taxes were 43.2% in the first quarter of 2006, compared with 46.6% in the first quarter of 2005. The decrease was mainly due to the different contribution of the economic results from the Group Companies.

**Consolidated net income** was €7.4 million in the first quarter 2006 compared with €4 million in the correspondent quarter of 2005.

Excluding non recurring items, consolidated net income would have been equal to €8.2 million, compared with €4.4 million in the first quarter 2005.

Net income per ordinary share and savings share was €0.3318 in the first quarter 2006 against €0.1804 in the year-ago period.

The Group's **net financial position** increased to €8.4 million as of March 31, 2006, from €5.9 million as of December 31, 2005. Cash provided by operating activities, equal to €12.2 million, were partially used in expenditures of tangible fixed assets (€2.6 million) and the acquisition of the shareholding equal to 35% in Nanjing SAES Huadong Getters Co. Ltd. (€ million).

### **Business performance outlook**

Expectations for 2006 are positive in particular with reference to the estimated ongoing growth in sales of components for liquid crystal displays, for which the Group timely increased its producing capacity in the Far East. On the opposite, the cathode ray tube market is expected to decrease because of the maturity of the business. The Company will evaluate possible rationalizations to face market scenarios.

Other industrial markets in which the Group operates should confirm slight growth rates.

The Group forecasts higher sales coming from the launch into the market of some products in the advanced materials field.

The Group's economic results will continue to be influenced by the exchange rates of the Euro against the major currencies. The Group entered into foreign exchange contracts aiming at hedging its foreign exchange risk against US dollar and the Korean won.

Lainate, Milan - Italy, May 11, 2006

On behalf of the Board of Directors  
The Vice President  
Massimo della Porta