



SAES GETTERS S.p.A.

Capitale Sociale Euro 12.220.000
Sede Legale, Direzione ed Amministrazione:
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Registro delle Imprese di Milano n° 00774910152

Report on Operations – 2nd Quarter 2006

Quarterly revenues and results were very satisfactory.

Quarterly consolidated net sales were €41.1 million compared with €34 million in the year-ago period, reflecting an increase by 20.8%. The rise on a comparable consolidation basis was equal to 25.6% 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 operating income grew to €4.6 million in the three months ended June 30, 2006 from €5.7 million in the year-ago period. The R.O.S. (Return on Sales) ratio was equal to 35.6% in the second quarter 2006 compared with 16.8% in the same period of 2005.

Consolidated net income was €6.9 million compared with €4 million in the year-ago period. Excluding non recurring items, quarterly consolidated net income would have been equal to €7.4 million, compared with €4 million in the second quarter 2005.

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

Thousands of euro

Three months ended June 30	2006	2005
Total net sales	41,103	34,019
Cost of sales	(13,982)	(16,139)
Gross profit	27,121	17,880
R&D expenses	(3,646)	(3,919)
Selling expenses	(4,255)	(4,314)
G&A expenses	(4,829)	(3,604)
Total operating expenses	(12,730)	(11,837)
Other income (expenses), net	237	(320)
Operating income	14,628	5,723
Interest and other financial income, net	383	304
Foreign exchange gains (losses), net	(917)	535
Income before taxes	14,094	6,562
Income taxes	(7,173)	(2,599)
Net income	6,921	3,963

SAES Getters S.p.A. and Subsidiaries - Consolidated Income Statement

Thousands of euro

Six months ended June 30	2006	2005
Total net sales	83,857	66,447
Cost of sales	(31,352)	(31,768)
Gross profit	52,505	34,679
R&D expenses	(7,351)	(7,188)
Selling expenses	(8,319)	(7,770)
G&A expenses	(9,251)	(6,899)
Total operating expenses	(24,921)	(21,857)
Other income (expenses), net	199	(154)
Operating income	27,783	12,668
Interest and other financial income, net	781	621
Foreign exchange gains (losses), net	(1,376)	846
Income before taxes	27,188	14,135
Income taxes	(12,828)	(6,127)
Net income	14,360	8,008

SAES Getters S.p.A. and Subsidiaries - Consolidated Income Statement per Business Unit
Thousands of euro

Three months ended June 30	Total		Information Displays		Industrial Applications		Advanced Materials & Corporate Costs	
	2006	2005	2006	2005	2006	2005	2006	2005
Total net sales	41,103	34,019	28,389	20,632	12,358	13,209	356	178
Cost of sales	(13,982)	(16,139)	(6,651)	(7,268)	(6,834)	(8,533)	(497)	(338)
Gross profit (loss)	27,121	17,880	21,738	13,364	5,524	4,676	(141)	(160)
% on net sales	66.0%	52.6%	76.6%	64.8%	44.7%	35.4%	-39.6%	-89.9%
Operating expenses and other income/expenses	(12,493)	(12,157)	(5,022)	(4,228)	(4,057)	(5,118)	(3,414)	(2,811)
Operating income (loss)	14,628	5,723	16,716	9,136	1,467	(442)	(3,555)	(2,971)
% on net sales	35.6%	16.8%	58.9%	44.3%	11.9%	-3.3%	-998.6%	1,669.1%

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

	2006 2 nd qr.	2005 2 nd qr.
Net income per ordinary share	0.3034	0.1714
Net income per savings share	0.3194	0.1875

SAES Getters S.p.A. and Subsidiaries – Consolidated Balance Sheet
Thousands of euro

	Jun 30, 2006	Dec 31, 2005
Property, plant and equipment, net	62,023	60,493
Intangible assets, net	5,107	2,695
Other non current assets	9,913	10,141
Current assets	127,613	151,069
Total Assets	204,656	224,398
Shareholders' equity	153,553	170,597
Non current liabilities	20,650	19,122
Current liabilities	30,453	34,679
Total Liabilities and Shareholders' Equity	204,656	224,398

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

Thousands of euro

	Jun 30, 2006	Mar 31, 2006	Dec 31, 2005
<i>Financial assets</i>			
Cash and banks	71,301	93,527	93,243
Other current assets	293	0	0
Total current assets	71,594	93,527	93,243
Total non current assets	0	0	0
Total financial assets	71,594	93,527	93,243
<i>Financial liabilities</i>			
Bank overdraft	1,867	1,074	2,798
Current portion of long term debt	260	257	257
Other current financial debt	0	369	893
Total current liabilities	2,127	1,700	3,948
Long term debt, net of current portion	3,304	3,434	3,434
Total non current liabilities	3,304	3,434	3,434
Total financial liabilities	5,431	5,134	7,382
Net financial position	66,163	88,393	85,861

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 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 June 30, 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 May 30, 2006 a 50% shareholding in Memory-Metalle GmbH was acquired. The purchase price was equal to €1.7 million in cash.

This company is included in the consolidated financial statements by using the equity method. No other changes in the consolidation area occurred during the quarter.

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 2 nd qr.	2005 2 nd qr.	Total difference (%)	Price-qty effect (%)	Exchange rate effect (%)
Cathode Ray Tubes	7,105	7,436	-4.5%	-7.7%	3.2%
Flat Panel Displays	21,284	13,196	61.3%	60.2%	1.1%
Subtotal Information Displays	28,389	20,632	37.6%	36.0%	1.6%
Lamps	3,357	2,762	21.5%	21.5%	0.0%
Electronic Devices	3,322	3,192	4.1%	3.4%	0.7%
Vacuum Systems and Thermal Insulation	1,358	1,803	-24.7%	-24.2%	-0.5%
Semiconductors	4,321	5,452	-20.7%	-21.2%	0.5%
Subtotal Industrial Applications	12,358	13,209	-6.4%	-6.7%	0.3%
Subtotal Advanced Materials	356	178	100.0%	100.7%	-0.7%
Total Net Sales	41,103	34,019	20.8%	19.6%	1.2%

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Information Displays Business Unit	
Cathode Ray Tubes	Barium getters for cathode ray tubes
Flat Panel Displays	Getters and metal dispensers for flat panel displays
Industrial Applications Business Unit	
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
Advanced Materials Business Development Unit	
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 2 nd qr.	2005 2 nd qr.
Italy	301	231
Other EU and European countries	4,549	4,599
North America	4,621	6,081
Japan	11,146	8,809
Asia (excluding Japan)	19,712	13,599
Rest of the World	774	700
Total Net Sales	41,103	34,019

Quarterly **consolidated net sales** were €41.1 million compared with €34 million in the year-ago period, reflecting an increase by 20.8%. The rise on a comparable consolidation basis was equal to 25.6% 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 revenues of the Information Displays Business Unit were €28.4 million in the second quarter 2006, compared with €20.6 million in the same period one year-ago, representing an increase by 37.6% (+36% net of exchange rate effect).

In particular, net sales of the Cathode Ray Tubes Business Area decreased by 4.5% to €7.1 million from €7.4 million in the same period one year-ago (-10.7% 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 7.7% because of the reduction in the cathode ray tubes market. The exchange rate effect was positive by 3.2%.

Revenues of the Flat Panel Displays Business Area were €21.3 million with respect to €13.2 million in the second quarter 2005, reflecting an increase by 61.3%. The rise net of the exchange rate effect, equal to 60.2%, 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 1.1%.

Gross profit for the Information Displays Business Unit grew to €21.7 million in the second quarter of 2006 against €13.4 million in the same period of 2005.

Operating income for the Information Displays Business Unit was equal to €16.7 million in the second quarter of 2006 compared with €9.1 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 revenues of the Industrial Applications Business Unit were €12.4 million in the second quarter of 2006 from €13.2 million in the same period one year-ago, representing a decrease by 6.4% (-6.7% net of exchange rate effect).

Revenues of the Lamps Business Area were €3.4 million with respect to €2.8 million in the second quarter 2005, reflecting an increase by 21.5%. The rise was mainly due to higher sales of components for fluorescent lamps.

Revenues from the Electronic Devices Business Area rose by 4.1% to €3.3 million from €3.2 million in the second quarter 2005. The growth was due to higher sales of porous getters for pressure transducers (+3.4%) and the positive exchange rate effect (+0.7%).

Net sales of the Vacuum Systems and Thermal Insulation Business Area decreased by 24.7% to €1.4 million with respect to €1.8 million in the same period of the previous year. It is to be recalled that sales of the second quarter 2005 included a particular order of getter pumps and getter products for particle accelerators. The exchange rate effect was negative by 0.5%.

Net sales of the Semiconductors Business Area were equal to €4.3 million compared with €5.5 million in the same period of 2005, reflecting a decrease by 20.7% (+18.8% on a comparable consolidation basis, including the effect of the sale of the subsidiary FST Consulting International, Inc. in July 2005). The growth on a comparable consolidation basis was due to higher sales of gas purifiers. The exchange rate effect was positive by 0.5%.

Gross profit for the Industrial Applications Business Unit was €5.5 million in the second quarter of 2006 compared with €4.7 million in the same period of 2005.

Operating income for the Industrial Applications Business Unit increased to €1.5 million in the second quarter of 2006 from an operating loss equal to €0.4 million in the corresponding quarter of 2005. The improvement was mainly due to a better sales mix, also thanks to the exit from some non profitable business in 2005.

Advanced Materials Business Development Unit & Corporate Costs

Consolidated revenues of the Advanced Materials Business Development Unit were €0.4 million in the second quarter of 2006, thanks to sales of getter films for MEMS applications and crystals for laser applications. Sales were €0.2 million in the second quarter of 2005.

Operating corporate costs and operating costs for the Advanced Materials Business Development Unit in the second quarter of 2006 were €3.4 million, compared with €2.8 million in the year-ago period. The increase was to higher corporate costs in comparison with the second quarter 2005.

Consolidated gross profit was equal to €27.1 million in the second quarter 2006, compared with €17.9 million in the same quarter of 2005. Consolidated gross profit in terms of sales was 66% compared with 52.6% in the second quarter 2005.

Total operating expenses were €12.7 million against €1.8 million in the second quarter 2005.

Consolidated EBITDA was €17.8 million in the second quarter 2006 compared with €8.8 million in the same quarter of 2005. Consolidated EBITDA in terms of sales was 43.2% compared with 25.9% in the second quarter 2005.

Consolidated operating income grew to €4.6 million in the three months ended June 30, 2006 from €5.7 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 35.6% in the second quarter 2006 compared with 16.8% in the same period of 2005.

Excluding non recurring items, quarterly consolidated operating income would have been equal to €15.2 million with respect to €6.5 million in the second quarter 2005.

Income taxes were €7.2 million in the three months ended June 30, 2006, compared with €2.6 million in the three months ended June 30, 2005. As a percentage of income before taxes, income taxes were 50.9% in the second quarter of 2006, compared with 39.6% in the second quarter of 2005. The increase was mainly due to the possible higher taxation on distributable reserves of foreign Group companies.

Consolidated net income was €6.9 million in the second quarter 2006 compared with €4 million in the correspondent quarter of 2005.

Excluding non recurring items, quarterly consolidated net income would have been equal to €7.4 million, compared with €4 million in the second quarter 2005.

Net income per ordinary share and savings share was €0.3034 and €0.3194, respectively, in the second quarter 2006 compared with net income per ordinary share and savings share equal to €0.1714 and €0.1875, respectively, in the year-ago period.

The Group's **net financial position** was €66.2 million as of June 30, 2006, from €88.4 million as of March 31, 2006. In the second quarter 2006 dividends, equal to €29.3 million, were distributed and the disbursement for expenditures of tangible fixed assets was equal to €3.1 million and for the acquisition of 50% shareholding in Memory Metalle GmbH was equal to €1.7 million. Cash provided by operating activities was equal to €12.9 million.

First half 2006

Consolidated net sales for the six months ended June 30, 2006 were €83.9 million up by 26.2% from €66.4 million in the year-ago period (+23.8% net of exchange rate effect). The rise on a comparable consolidation basis was equal to 30.6% including the effect of the sale of the subsidiary FST Consulting International, Inc. and the acquisition of the 35% shareholding in Nanjing SAES Huadong Getters Co. Ltd.

Consolidated EBITDA was €34.1 million in the first half 2006 compared to €18.7 million in the same period of 2005.

Consolidated operating income was €27.8 million in the first half 2006 compared to €12.7 million in the same period of 2005.

Consolidated net income was €14.4 million in the first six months of 2006 (17.1% of net sales), with respect to €8 million in the same period of the previous year (12.1% of net sales).

Net income per ordinary share and savings share was €0.6352 and €0.6512, respectively, compared to €0.3517 and €0.3678 per ordinary share and savings share, respectively, in the first half 2005.

The gross margin increased to 62.6% of net sales in the first half of 2006 from 52.2% in the same period of 2005.

The R.O.S. ratio for the six months ended June 30, 2006 was 33.1% compared to 19.1% in the year-ago period.

Six months results will be approved by the Board of Directors on September 26, 2006 and will be subjected to limited review by Reconta Ernst & Young S.p.A.

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. 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.

If the current market trend is confirmed in the second half, the Group is confident that in 2006 sales will be above €160 million and operating margin will be approximately 30%.

Starting from August 1, 2006 the Chinese subsidiary Nanjing SAES Huadong Getters Co., Ltd. will change the company name in SAES Getters (Nanjing), Co., Ltd.

The Group's economic results for the period will continue to be influenced by the exchange rates of the Euro against the major currencies. The Group entered into hedging contracts against foreign exchange risk in respect of the US dollar, the Japanese yen and the Korean Won.

Lainate, Milan - Italy, July 28, 2006

On behalf of the Board of Directors
The President
Paolo della Porta