

# The SAES<sup>®</sup> Group

## First Half 2016 Consolidated Results

*Conference Call – Sep. 14, 2016*



**saes**  
group

making **innovation happen**, together

# H1 2016 Highlights

All figures in M€, unless otherwise stated

- RECORD HALF YEAR REVENUES TO €89.8 MILLION
- CONTINUOUS IMPROVEMENT OF ALL ECONOMIC AND FINANCIAL INDICATORS, THANKS TO THE PROGRESSIVE GROWTH OF THE SHAPE MEMORY ALLOYS AND THE STABILITY OF THE INDUSTRIAL APPLICATIONS BUSINESS

P&L figures	1H 2016	1H 2015	Total difference	Difference %
CONSOLIDATED SALES	89.8	81.8	8.0	9.8%
TOTAL REVENUES OF THE GROUP	94.2	85.5	8.7	10.2%
CONSOLIDATED GROSS PROFIT	40.0	35.0	5.0	14.2%
<i>% on sales</i>	44.5%	42.8%		
CONSOLIDATED OPERATING INCOME	11.9	8.8	3.1	35.7%
<i>% on sales</i>	13.3%	10.7%		
CONSOLIDATED EBITDA	16.1	13.2	2.9	21.7%
<i>% on sales</i>	17.9%	16.2%		
Adjusted * CONSOLIDATED EBITDA	16.5	n.a.		
<i>% on sales</i>	18.4%			
CONSOLIDATED NET INCOME	5.5	4.1	1.4	33.8%
<i>% on sales</i>	6.1%	5.0%		

Other information	Jun 30, 2016	Dec 31, 2015	Total difference	Difference %
CONSOLIDATED NET FINANCIAL POSITION	(19.5)	(17.3)	(2.2)	-12.9%

\* Excluding €0.4 million cost related to the Onondaga lake settlement agreement

# Total revenues of the Group

(achieved by incorporating the JVs with the proportional method instead of the equity method)

All figures in M€, unless otherwise stated

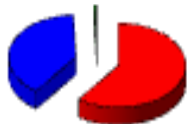
	1H 2016	1H 2015	Total difference	Difference %
<b>Consolidated sales</b>	<b>89.8</b>	<b>81.8</b>	<b>8.0</b>	<b>9.8%</b>
50% Actuator Solutions sales	4.5	4.0	0.5	13.7%
49% SAES RIAL Vacuum sales	0.3	0.0	0.3	
Eliminations	(0.4)	(0.3)	(0.1)	36.0%
<b>Total revenues of the Group</b>	<b>94.2</b>	<b>85.5</b>	<b>8.7</b>	<b>10.2%</b>

	2Q 2016	1Q 2016
<b>Consolidated sales</b>	<b>44.2</b>	<b>45.7</b>
50% Actuator Solutions sales	2.3	2.2
49% SAES RIAL Vacuum sales	0.1	0.2
Eliminations	(0.2)	(0.2)
<b>Total revenues of the Group</b>	<b>46.4</b>	<b>47.9</b>

- ✓ **Total revenues of the Group** equal to **€94.2 million**, up by 10.2% compared to €85.5 million in 1H 2015

# Industrial Applications BU Sales

All figures in M€, unless otherwise stated



## Industrial Applications

60.0%

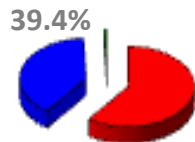
	1H 2016	1H 2015	Total difference	Organic change	Exchange rate effect						
Electronic & Photonic Devices	7.3	6.6	10.7%	10.4%	0.3%						
Sensors & Detectors	7.4	5.4	37.6%	38.5%	-0.9%						
Light Sources	4.0	5.0	-21.0%	-21.3%	0.3%						
Vacuum Systems	3.5	4.1	-15.4%	-15.8%	0.4%						
Thermal Insulation	2.4	3.1	-22.5%	-23.7%	1.2%						
Pure Gas Handling	29.4	27.6	6.2%	6.2%	0.0%						
<b>Industrial Applications</b>	<b>53.9</b>	<b>51.8</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>	<b>1Q 2015</b>	<b>2Q 2015</b>	<b>3Q 2015</b>	<b>4Q 2015</b>	<b>1Q 2016</b>	<b>2Q 2016</b>
Electronic & Photonic Devices						3.2	3.4	3.4	3.5	3.4	3.9
Sensors & Detectors						2.6	2.7	2.9	2.9	3.7	3.7
Light Sources						2.5	2.5	2.1	2.1	2.1	1.9
Vacuum Systems						1.9	2.2	2.1	2.4	1.9	1.5
Thermal Insulation						1.5	1.6	1.4	1.8	1.4	1.1
Pure Gas Handling						15.0	12.6	11.4	14.2	15.1	14.3
<b>Industrial Applications</b>						<b>26.8</b>	<b>25.0</b>	<b>23.3</b>	<b>26.8</b>	<b>27.6</b>	<b>26.3</b>

- ✓ Organic growth mainly concentrated in the **Sensors and Detectors Business** and in the **Electronic & Photonic Devices Business**, thanks to the recovery of the investments in the security and defense sector
- ✓ Organic growth also in the **Pure Gas Handling Business**, linked both to the investments for foundries in the semiconductor sector and to new investments in the display market
- ✓ Structural decrease in the **Light Sources Business**, penalized by the technological competition of LEDs
- ✓ The **Thermal Insulation Business** suffered from the weak sales in the refrigeration market
- ✓ Slow down in the **Vacuum Systems Business**, penalized by the current economic situation

# Shape Memory Alloys BU Sales

All figures in M€, unless otherwise stated

## Shape Memory Alloys (SMA)

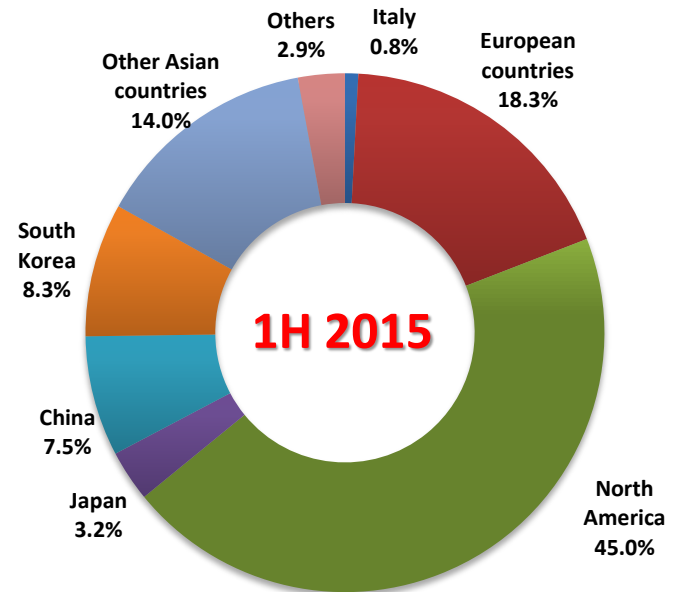
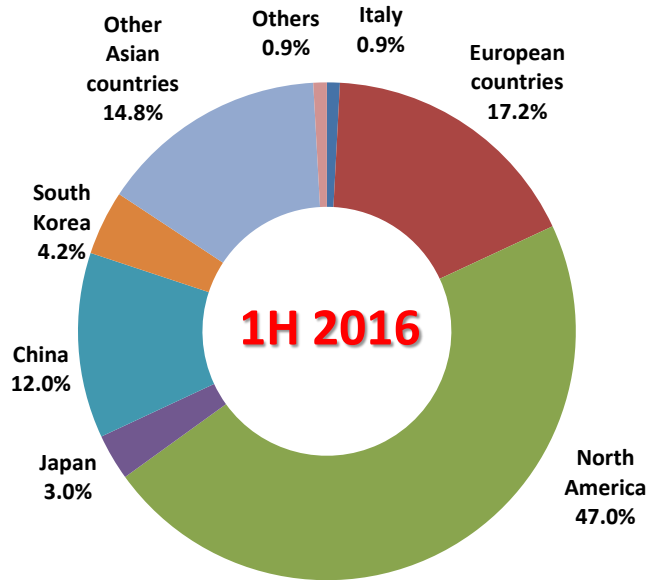


	1H 2016	1H 2015	Total difference	Organic change	Exchange rate effect
SMA Medical Applications	30.5	25.9	17.5%	17.5%	0.0%
SMA Industrial Applications	4.9	3.3	49.1%	49.1%	0.0%
<b>Shape Memory Alloys</b>	<b>35.4</b>	<b>29.3</b>	<b>21.1%</b>	<b>21.1%</b>	<b>0.0%</b>

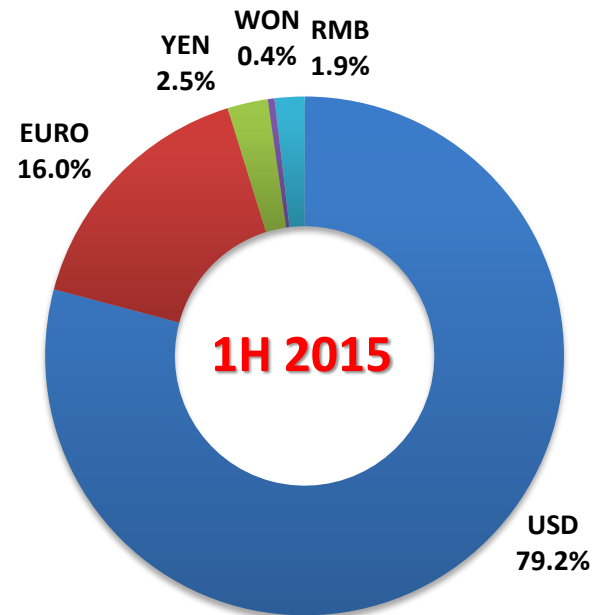
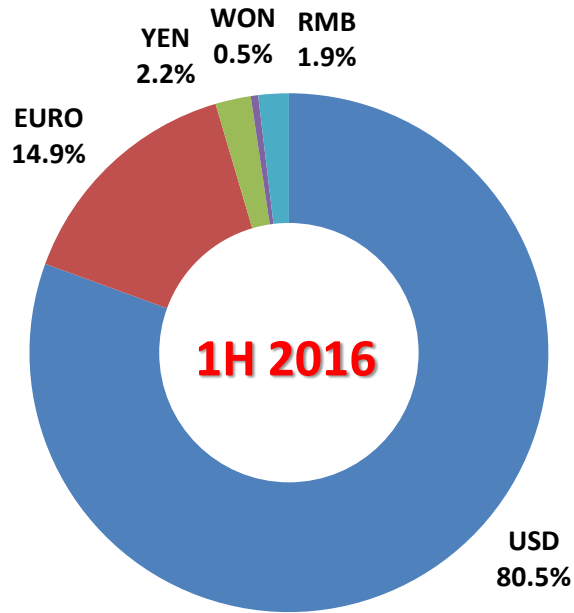
	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
SMA Medical Applications	12.5	13.5	15.4	14.6	15.4	15.1
SMA Industrial Applications	1.5	1.9	2.4	2.0	2.4	2.6
<b>Shape Memory Alloys</b>	<b>14.0</b>	<b>15.3</b>	<b>17.8</b>	<b>16.7</b>	<b>17.8</b>	<b>17.6</b>

- ✓ **Medical SMAs:** organic growth driven by the increased sales of more sophisticated Nitinol-based medical devices recently introduced, accompanied by substantially stable sales of more consolidated products
- ✓ **Industrial SMAs:** strong growth due to increased sales of springs, wires and other SMA components across all the sectors in which the Group operates (in particular, the automotive and the luxury goods markets)

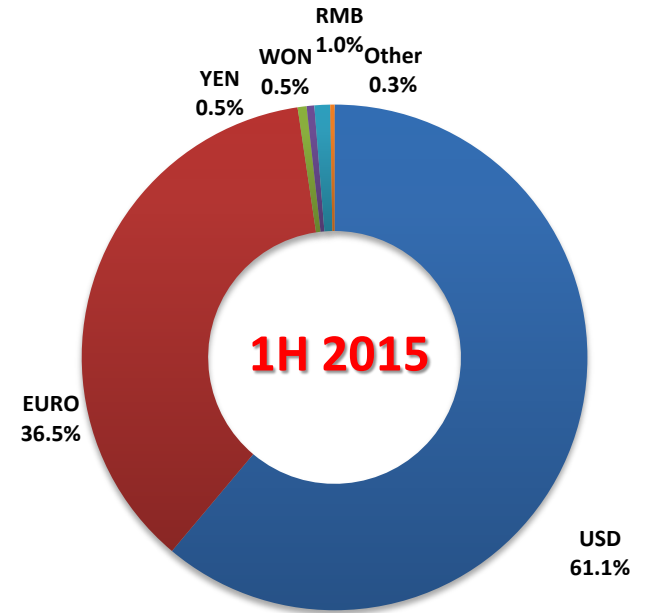
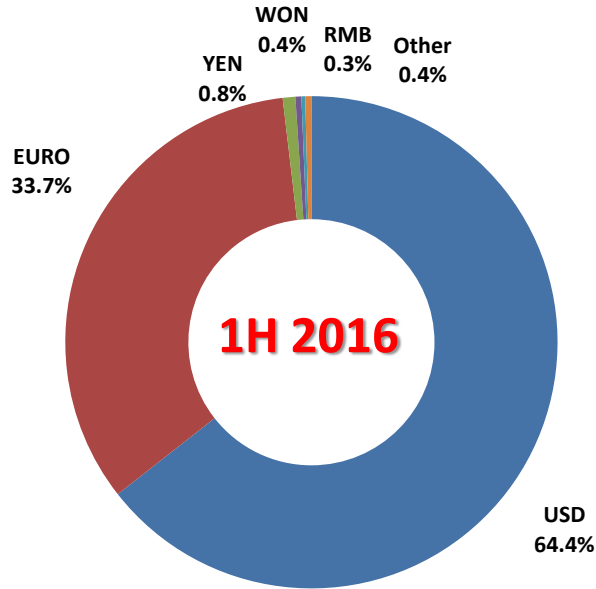
# Consolidated Sales by Geographic Area



# Consolidated Sales by Invoicing Currency



# Consolidated Costs by Currency





# Industrial Applications Margins

All figures in M€, unless otherwise stated

	1H 2016	1H 2015	Total difference	1Q 2016	2Q 2016	1Q 2015	2Q 2015	3Q 2015	4Q 2015
<b>NET SALES</b>	<b>53.9</b>	<b>51.8</b>	<b>2.1</b>	<b>27.6</b>	<b>26.3</b>	<b>26.8</b>	<b>25.0</b>	<b>23.3</b>	<b>26.8</b>
<b>GROSS PROFIT</b>	<b>25.7</b>	<b>24.9</b>	<b>0.8</b>	<b>13.3</b>	<b>12.4</b>	<b>12.4</b>	<b>12.4</b>	<b>10.7</b>	<b>12.6</b>
<i>Gross Margin</i>	<i>47.7%</i>	<i>48.0%</i>		<i>48.1%</i>	<i>47.3%</i>	<i>46.4%</i>	<i>49.7%</i>	<i>45.7%</i>	<i>47.0%</i>
<b>OPERATING INCOME</b>	<b>14.0</b>	<b>14.0</b>	<b>0.0</b>	<b>7.5</b>	<b>6.5</b>	<b>6.8</b>	<b>7.2</b>	<b>5.9</b>	<b>7.5</b>
<i>Operating Margin</i>	<i>26.0%</i>	<i>27.0%</i>		<i>27.2%</i>	<i>24.8%</i>	<i>25.2%</i>	<i>28.9%</i>	<i>25.4%</i>	<i>28.0%</i>

- ✓ **Gross profit to €25.7 million** (up by 3.4%); growth entirely due to increased sales
- ✓ **Gross margin** substantially stable (**47.7%**) despite the different product mix
- ✓ **Operating income** equal to **€14 million** (slightly up by 0.2%)
- ✓ Slight decrease in the **operating margin** (from 27% to **26%**), mainly due to some product development costs in the gas purification sector

# Shape Memory Alloys Margins

All figures in M€, unless otherwise stated

	1H 2016	1H 2015	Total difference
<b>NET SALES</b>	<b>35.4</b>	<b>29.3</b>	<b>6.2</b>
<b>GROSS PROFIT</b>	<b>14.2</b>	<b>10.1</b>	<b>4.1</b>
<i>Gross Margin</i>	<i>40.0%</i>	<i>34.4%</i>	
<b>OPERATING INCOME</b>	<b>8.8</b>	<b>4.7</b>	<b>4.0</b>
<i>Operating Margin</i>	<i>24.7%</i>	<i>16.2%</i>	

1Q 2016	2Q 2016	1Q 2015	2Q 2015	3Q 2015	4Q 2015
17.8	17.6	14.0	15.3	17.8	16.7
6.7	7.5	4.6	5.4	7.1	6.8
37.4%	42.7%	33.2%	35.5%	39.9%	41.0%
3.7	5.0	2.0	2.8	4.7	4.1
21.1%	28.4%	14.3%	18.0%	26.4%	24.8%

- ✓ **Gross profit up to €14.2 million (40.0% of consolidated sales)**
- ✓ Increase as the result of both the increased revenues, as well as of the economies of scale and of the improved efficiency
- ✓ **Operating income almost doubled** and **operating margin rose to 24.7%**, thanks to the strong increase in sales and in the gross margin, combined with the stability of the operating expenses

# Business Development & Corporate Costs Margins

All figures in M€, unless otherwise stated

	1H 2016	1H 2015	Total difference
<b>NET SALES</b>	<b>0.5</b>	<b>0.7</b>	<b>-0.2</b>
<b>GROSS PROFIT</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<i>Gross Margin</i>	<i>15.0%</i>	<i>7.8%</i>	
<b>OPERATING INCOME (LOSS)</b>	<b>-10.9</b>	<b>-10.0</b>	<b>-0.9</b>
<i>Operating Margin</i>	<i>n.s.</i>	<i>n.s.</i>	

1Q 2016	2Q 2016	1Q 2015	2Q 2015	3Q 2015	4Q 2015
<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>
<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>
<i>43.8%</i>	<i>-15.9%</i>	<i>24.0%</i>	<i>-16.0%</i>	<i>-47.1%</i>	<i>-4.1%</i>
<b>-4.7</b>	<b>-6.1</b>	<b>-4.3</b>	<b>-5.7</b>	<b>-4.7</b>	<b>-5.9</b>
<i>-1716.3%</i>	<i>-2371.7%</i>	<i>-967.2%</i>	<i>-1894.3%</i>	<i>-2242.9%</i>	<i>-2160.1%</i>

- ✓ **Gross profit** equal to **€0.1 million** (or **15.0%** of revenues), substantially unchanged
- ✓ **Operating result** equal to **-€10.9 million** (-€10.0 million in 1H 2015), penalized by higher corporate G&A expenses (namely, higher consultant fees)

# Consolidated Income Statement

All figures in M€, unless otherwise stated

	1H 2016	1H 2015	Total difference	1Q 2016	2Q 2016
<b>NET SALES</b>	<b>89.8</b>	<b>81.8</b>	<b>8.0</b>	<b>45.7</b>	<b>44.2</b>
<b>GROSS PROFIT</b>	<b>40.0</b>	<b>35.0</b>	<b>5.0</b>	<b>20.0</b>	<b>19.9</b>
<i>Gross Margin</i>	44.5%	42.8%		43.9%	45.1%
R&D expenses	-7.3	-7.0	-0.3	-3.5	-3.8
Selling expenses	-7.2	-7.1	-0.1	-3.6	-3.6
G&A expenses	-12.7	-12.0	-0.7	-6.3	-6.4
<b>Total operating expenses</b>	<b>-27.2</b>	<b>-26.1</b>	<b>-1.1</b>	<b>-13.5</b>	<b>-13.7</b>
Other income (expenses), net	-0.8	-0.1	-0.7	0.0	-0.8
<b>OPERATING INCOME</b>	<b>11.9</b>	<b>8.8</b>	<b>3.1</b>	<b>6.5</b>	<b>5.4</b>
<i>Operating Margin</i>	13.3%	10.7%		14.3%	12.3%
Interest and other financial income (expenses), net	-0.7	-0.8	0.0	-0.4	-0.4
Income (loss) from equity method evaluated companies	-1.2	-0.9	-0.2	-0.5	-0.7
Foreign exchange gains (losses), net	-0.2	1.1	-1.3	-0.1	-0.2
<b>INCOME BEFORE TAXES</b>	<b>9.8</b>	<b>8.2</b>	<b>1.6</b>	<b>5.6</b>	<b>4.2</b>
Income Taxes	-4.3	-4.1	-0.2	-2.6	-1.7
<b>NET INCOME from continued operations</b>	<b>5.5</b>	<b>4.1</b>	<b>1.4</b>	<b>3.0</b>	<b>2.4</b>
<i>Net Margin</i>	6.1%	5.0%		6.7%	5.5%
Net income (loss) from discontinued operations	0.0	0.0	0.0	0.0	0.0
<b>NET INCOME before minority interests</b>	<b>5.5</b>	<b>4.1</b>	<b>1.4</b>	<b>3.0</b>	<b>2.4</b>
<i>Net Margin</i>	6.1%	5.0%		6.7%	5.5%
Minority interests	0.0	0.0	0.0	0.0	0.0
<b>GROUP NET INCOME</b>	<b>5.5</b>	<b>4.1</b>	<b>1.4</b>	<b>3.0</b>	<b>2.4</b>
<i>Net Margin</i>	6.1%	5.0%		6.7%	5.5%

# Actuator Solutions - Income Statement (50%)

(figures based on the % of ownership held by SAES Group)

All figures in M€, unless otherwise stated

	1H 2016	1H 2015	Total difference
<b>NET SALES</b>	<b>4.5</b>	<b>4.0</b>	<b>0.5</b>
Cost of goods sold	-4.8	-4.2	-0.6
<b>GROSS PROFIT</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.1</b>
<i>Gross Margin</i>	<i>-7.5%</i>	<i>-6.2%</i>	
Operating expenses	-1.1	-0.9	-0.2
Other income (expenses), net	0.1	0.0	0.0
<b>OPERATING INCOME</b>	<b>-1.4</b>	<b>-1.1</b>	<b>-0.3</b>
<i>Operating Margin</i>	<i>-31.4%</i>	<i>-29.0%</i>	
Interest and other financial income (expenses), net	0.0	-0.1	0.0
Foreign exchange gains (losses), net	0.0	0.1	-0.1
<b>INCOME BEFORE TAXES</b>	<b>-1.4</b>	<b>-1.1</b>	<b>-0.2</b>
Income Taxes	0.3	0.2	0.2
<b>NET INCOME (LOSS)</b>	<b>-1.1</b>	<b>-0.9</b>	<b>-0.1</b>

- ✓ The **autofocus (AF) system** was qualified for its application in a **high-end drone** model and received its first commercial order
- ✓ Production currently in its starting phase; first deliveries expected after summer
- ✓ With regard to the **mobile phones** devices, both the **systems for image focus (AF)**, as well as the **infrared filters for the iris recognition** are in an advanced qualification phase

# Total Income Statement of the Group

(achieved by incorporating the JVs with the proportional method instead of the equity method)

All figures in M€, unless otherwise stated

	1H 2016	Actuator Solutions		SAES RIAL Vacuum S.r.l.		1H 2016 Total IS of the Group
		50% Actuator Solutions	Eliminations & other adjs	49% SAES RIAL Vacuum	Eliminations & other adjs	
<b>NET SALES</b>	<b>89.8</b>	<b>4.5</b>	<b>-0.4</b>	<b>0.3</b>	<b>0.0</b>	<b>94.2</b>
<b>GROSS PROFIT</b>	<b>40.0</b>	<b>-0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>39.6</b>
<i>Gross Margin</i>	<i>44.5%</i>	<i>-7.5%</i>		<i>-11.0%</i>		<i>42.0%</i>
Total operating expenses	-27.2	-1.1		-0.1		-28.4
Other income (expenses), net	-0.8	0.1		0.0		-0.8
<b>OPERATING INCOME</b>	<b>11.9</b>	<b>-1.4</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>10.4</b>
<i>Operating Margin</i>	<i>13.3%</i>	<i>-31.4%</i>		<i>-31.1%</i>		<i>11.1%</i>
Interest and other financial income (expenses), net	-0.7	0.0		0.0		-0.8
Income (loss) from equity method evaluated companies	-1.2		1.1		0.1	0.0
Foreign exchange gains (losses), net	-0.2	0.0		0.0		-0.2
<b>INCOME BEFORE TAXES</b>	<b>9.8</b>	<b>-1.4</b>	<b>1.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>9.4</b>
Income Taxes	-4.3	0.3		0.0		-4.0
<b>NET INCOME from continued operations</b>	<b>5.5</b>	<b>-1.1</b>	<b>1.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>5.5</b>
<i>Net Margin</i>	<i>6.1%</i>	<i>-24.3%</i>		<i>-31.5%</i>		<i>5.8%</i>
Net income (loss) from discontinued operations	0.0					0.0
<b>NET INCOME before minority interests</b>	<b>5.5</b>	<b>-1.1</b>	<b>1.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>5.5</b>
<i>Net Margin</i>	<i>6.1%</i>	<i>-24.3%</i>		<i>-31.5%</i>		<i>5.8%</i>
Minority interests	0.0					0.0
<b>GROUP NET INCOME</b>	<b>5.5</b>	<b>-1.1</b>	<b>1.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>5.5</b>
<i>Net Margin</i>	<i>6.1%</i>	<i>-24.3%</i>		<i>-31.5%</i>		<i>5.8%</i>

# Net Financial Position

All figures in M€, unless otherwise stated

	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
Cash and cash equivalents	28.3	26.7	24.0
Current financial assets	0.4	0.6	0.6
Current financial liabilities	(24.6)	(17.2)	(14.1)
<b>Current net financial position</b>	<b>4.2</b>	<b>10.1</b>	<b>10.5</b>
Non current financial assets	1.4	0.5	0.6
Non current financial liabilities	(25.2)	(26.7)	(28.4)
<b>Non current financial position</b>	<b>(23.7)</b>	<b>(26.2)</b>	<b>(27.8)</b>
<b>NET FINANCIAL POSITION</b>	<b>(19.5)</b>	<b>(16.0)</b>	<b>(17.3)</b>

- ✓ **NFP substantially stable** (-€19.5 million, compared to -€17.3 million at the end of 2015)
- ✓ Excellent generation of **operating cash-flow** minimized the impact of the **payout for dividends** (€8.5 million)
- ✓ **Investment activities**: capex equal to €3.4 million, plus the acquisition of the minority interest of E.T.C. S.r.l. (-€0.2 million), as well as the capital injection in favor of the joint venture Actuator Solutions (-€1 million)
- ✓ **Exchange rate effect** on NFP close to zero (-€0.2 million)

- 2H 2016 results in line with 1H 2016
- Future growth allowed also by the contribution of the next acquisition of Metalvuoto S.p.A.



# Disclaimer and Attestation

This presentation contains forward-looking statements which are based upon current expectations and involve a number of risks and uncertainties. There are a number of important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by the Company. These factors include the Company's ability to introduce new products at planned costs and on planned schedules, the Company's ability to maintain key client relationships and the environments of the various economies in the countries the Company conducts business. The Company cautions that the foregoing list of important factors is not exclusive. The Company undertakes no obligation to publicly release the result of any revision to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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The Officer Responsible for the preparation of corporate financial reports of SAES Getters S.p.A. certifies that, in accordance with the second subsection of article 154-*bis*, part IV, title III, second paragraph, section V-*bis*, of Legislative Decree February 24, 1998, no. 58, the financial information included in the present document corresponds to book of account and book-keeping entries.

*The Officer Responsible for the preparation of corporate financial reports*  
*Michele Di Marco*

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