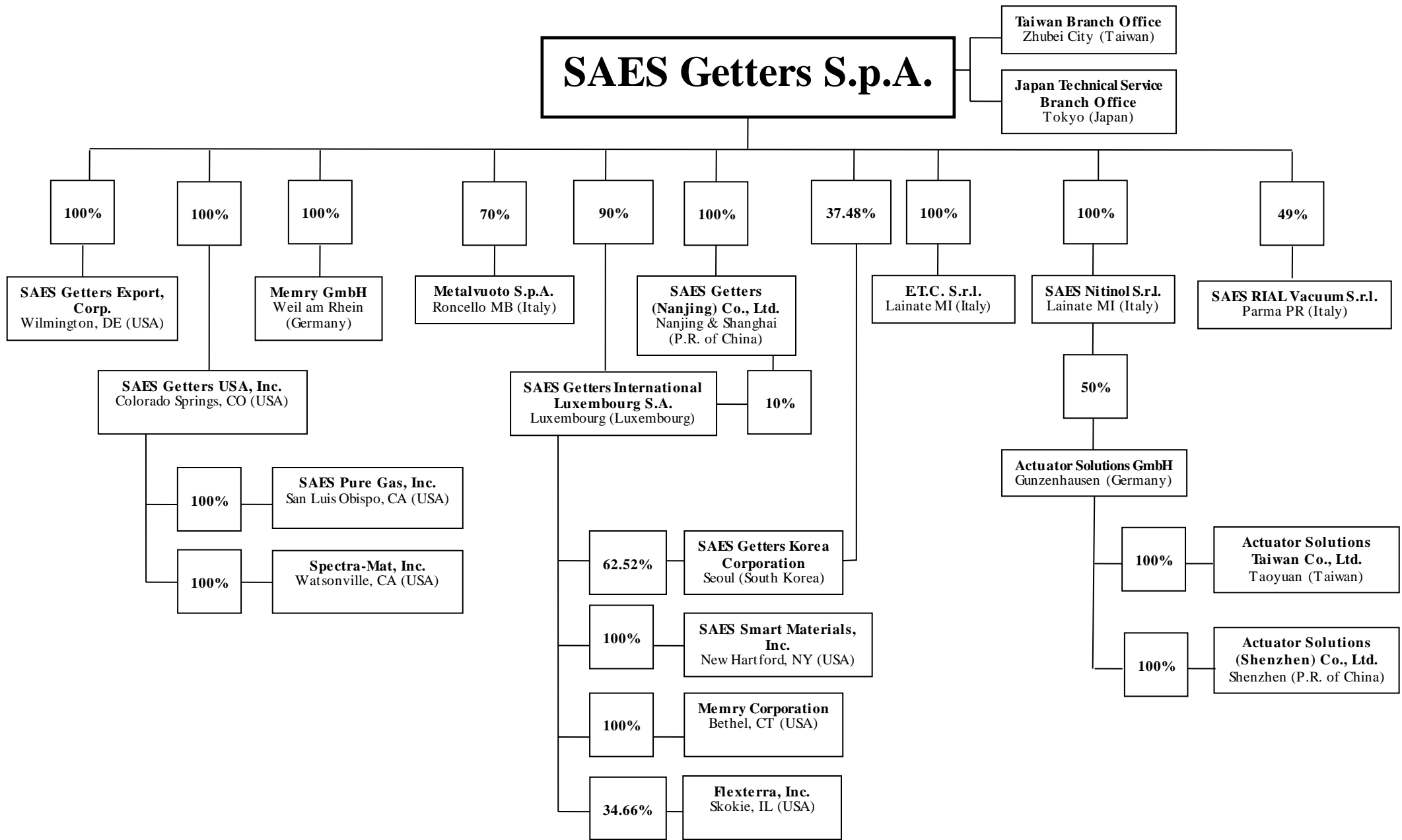


Consolidated Financial Statements 2016

saes
group

2016

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



SAES Getters S.p.A.

Taiwan Branch Office
Zhubei City (Taiwan)

**Japan Technical Service
Branch Office**
Tokyo (Japan)

100%

SAES Getters Export, Corp.
Wilmington, DE (USA)

100%

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

100%

SAES Pure Gas, Inc.
San Luis Obispo, CA (USA)

100%

Spectra-Mat, Inc.
Watsonville, CA (USA)

100%

Memry GmbH
Weil am Rhein (Germany)

70%

Metalvuoto S.p.A.
Roncello MB (Italy)

90%

**SAES Getters International
Luxembourg S.A.**
Luxembourg (Luxembourg)

10%

62.52%

SAES Getters Korea Corporation
Seoul (South Korea)

100%

SAES Smart Materials, Inc.
New Hartford, NY (USA)

100%

Memry Corporation
Bethel, CT (USA)

34.66%

Flexterra, Inc.
Skokie, IL (USA)

100%

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

37.48%

ETC. S.r.l.
Lainate MI (Italy)

100%

SAES Nitinol S.r.l.
Lainate MI (Italy)

50%

Actuator Solutions GmbH
Gunzenhausen (Germany)

100%

Actuator Solutions Taiwan Co., Ltd.
Taoyuan (Taiwan)

100%

Actuator Solutions (Shenzhen) Co., Ltd.
Shenzhen (P.R. of China)

49%

SAES RIAL Vacuum S.r.l.
Parma PR (Italy)

Consolidated Financial Statements 2016

SAES Getters S.p.A.

Capital Stock of 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) Roberto Orecchia (1)(2)(5)(6)(7) Luciana Rovelli (1)(2)(4)(6)(8) Pietro Alberico Mazzola (1) Adriano De Maio (1)(3)(4) Stefano Proverbio (1)(2)(5)(6)(8) Gaudiana Giusti (1)(2)(4)(5)(6)(8)

Board of Statutory Auditors

<i>President</i>	Angelo Rivolta (*)
<i>Statutory Auditors</i>	Vincenzo Donnamaria (8) Sara Anita Speranza
<i>Alternate Statutory Auditors</i>	Anna Fossati
Audit Firm	Deloitte & Touche S.p.A. (9)

Representative of holders of savings shares	Massimiliano Perletti (10) (e-mail: massimiliano.perletti@roedl.it)
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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
- (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 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 2014-2016 by the Special Meeting of Holders of Savings Shares held on April 29, 2014

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

(*) Following the decease of Dr Pier Francesco Sportoletti (Chairman of the Board of Statutory Auditors), appointed on the basis of the list proposed by the minority shareholder Equilybra Capital Partners S.p.A., on October 11, 2016 the Minority Deputy Statutory Auditor Dr Angelo Rivolta (named within the same list) inherited the responsibility, according to article no. 22 of the Company's By-Laws. The latter will remain in office until the next Shareholders' Meeting, according to article no. 2401, paragraph 1, of the Civil Code.

SAES Getters S.p.A.

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

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

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

Website of the Company: www.saesgetters.com

Call of shareholders' ordinary meeting

The shareholders are convened to the ordinary meeting in single call at the offices of Lainate, Viale Italia 77, on 27 April 2017, at 10:30 a.m., to resolve upon the following

Agenda:

1. Report of the Board of Directors for the year ended 31 December 2016; financial statements as at 31 December 2016; relevant resolutions; presentation of the consolidated financial statements as at 31 December 2016; dividends distribution;
2. Remuneration Report pursuant to Article 123-ter, subsection 6 of Italian Legislative Decree no. 58/1998 and Article 84-*quater* of CONSOB resolution no. 11971 of 14/5/1999 concerning the rules for issuers;
3. Proposal to authorise the Board of Directors pursuant to and for the purposes of Articles 2357 *et seq.* of the Italian Civil Code and 132 of Italian Legislative Decree no. 58/1998, to purchase and dispose up to a maximum of no. 2,000,000 treasury shares; pertinent and consequent resolutions;
4. Appointment of the Chairman of the Board of Statutory Auditors and reconstitution of the Board of the Statutory Auditors (appointment of alternate auditor) pursuant to and for the purposes of Article 2401 of the Italian Civil Code;
5. Amendment to Directors' termination indemnity.

Presentation of draft resolutions/additions to the agenda

The Shareholders who, individually or jointly, represent at least one fortieth of the share capital with voting rights can request, within ten days from the publication of this notice (i.e. no later than 7 April 2017), to add points to the agen-

da, specifying in the request the additional points proposed, or submit draft resolutions on points already on the agenda of the Meeting.

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

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

Right to ask questions on the points on the agenda

Those entitled to vote can ask questions on the points on the agenda at least three days in advance from the date of the meeting in single call (i.e. no later than 24 April 2017), by sending a registered letter with return receipt to the registered office (Viale Italia, 77, Lainate (Milan) – for the attention of the Le-

gal Department) or by certified electronic mail to the following address: saes-ul@pec.it.

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

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

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

Those holding voting rights at the end of the accounting day of the seventh day of open market before the date scheduled for the Shareholders' Meeting in single call, i.e. 18 April 2017 (the so-called "record date"), and for which the Company received the related notification by the intermediary, have the right to speak and to vote in the Shareholders' Meeting. Therefore, those who will be the holders of the shares subsequent to 18 April 2017 will not have the right to attend and vote at the Shareholders' Meeting.

The notification of the intermediary above must be received by the Company by the end of the third day of open market before the date scheduled for the Shareholders' Meeting in single call (24 April 2017). If the notification is received by the Company after the deadline above, the party will have the right to speak and to vote in the meeting provided that the notification arrives by the beginning of the meeting in single call. It should be recalled that the notification to the Company is carried out by the intermediary on request of the subject who has the right to vote.

Attendance and proxy voting

Each person who has the right to speak during the Shareholders' Meeting can be represented by written proxy in accordance with applicable law provisions, with the right to use for this purpose the proxy form available on the website: www.saesgetters.com or at the registered office of the Company. The proxy can be notified to the Company by sending to the certified electronic mail address saes-ul@pec.it. Any prior notification does not exempt the proxy holder,

in the accreditation for the attendance to the shareholders' meeting, from the obligation to certify the conformity of the original notified copy and the identity of the appointor.

Appointed Representative

The proxy can be granted, with voting instructions on the proposals concerning the points on the agenda, to Computershare S.p.A., with registered office in via Lorenzo Mascheroni no. 19, 20145 Milan, appointed if necessary by the Company pursuant to Article 135-*undecies* of Italian Legislative Law no. 58/1998, by signing the specific proxy form available, in printer-friendly version, on the website www.saesgetters.com (in the section Shareholders' Meetings) or at the registered office of the Company or at the registered office above of Computershare S.p.A.. The original proxy with voting instructions must be received by Computershare S.p.A. via Lorenzo Mascheroni no. 19, 20145 Milan, by the end of the second day of open market before the date scheduled for the Shareholders' Meeting in single call (i.e. no later than 25 April 2017). A copy of the proxy, accompanied by a statement that certifies its conformity with the original, may be sent in advance to the Appointed Representative, within the above deadline, by fax to no. +39 02 46776850 or as an attachment to an electronic mail message to be sent to ufficiomilano@pecserviziotitoli.it. The proxy is effective only if voting instructions are given. The proxy and voting instructions can be revoked within the same deadline as above. The notification made to the Company by the intermediary, certifying the right to speak and to vote in the Shareholders' Meeting, is required even if the proxy is granted to the Appointed Representative. Pursuant to the law, the shares for which the proxy was granted, partial or otherwise, are calculated for the regular forming of the Meeting and, if no voting instructions have been given, the shares are not counted in the calculation of the majority and of the capital share required for the approval of the resolutions. Information concerning the granting of the proxy to Computershare S.p.A. (which may be contacted for any further explanation at no. +39 02 46776811) is made available within the specific proxy form above.

Share capital and shares with voting rights

The share capital amounts to Euro 12,220,000.00 divided in 14,671,350 ordinary shares, and 7,378,619 saving shares all without par value. Each ordinary share gives one voting right in the Meeting.

Shareholders' Meeting documents

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

I. from 28 March 2017:

- i) the Board of Director's report on the appointment of members to the Board of Statutory Auditors;

II. from 31 March 2017:

- i) the annual financial report and the other documents set forth in Article 154-ter of Italian Legislative Decree 58/1998 and therefore, the draft financial statements and the consolidated financial statements as at 31 December 2016, accompanied by the reports of the Board of Directors, of the Statutory Board of Auditors and of the Auditing firm Deloitte & Touche S.p.A.;
- ii) the annual Report on Corporate Governance and Ownership Structure;
- iii) the Remuneration Report;
- iv) the Report of the Board of Directors related to the authorisation of the Board of Directors to purchase and dispose up to a maximum of 2,000,000 treasury shares;
- v) the Report of the Board of Directors on the amendment to Directors' termination indemnity.

III. from 12 April 2017 the following will be filed only at the registered office of the Company:

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

Lainate, 15 March 2017

Chairman of the Board of Directors



Mr. Massimo della Porta

SAES GETTERS S.p.A.

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

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

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

Website of the Company: www.saesgetters.com

Call of Special Meeting of Holders of Savings Shares

Holders of savings shares are convened to the Special Meeting that will take place in single call at the offices of Lainate, Viale Italia 77, on 27 April 2017, at 12:00 a.m. (and in any case at the end of the Ordinary Shareholders' Meeting called, in single call, on the same date), to resolve upon the following

Agenda:

1. Appointment of the common representative for holders of savings shares for the period 2017-2018-2019 and establishing his/her remuneration.

Presentation of draft resolutions/additions to the agenda

The Shareholders who, individually or jointly, represent at least one fortieth of the share capital with voting rights can request, within ten days from the publication of this notice (i.e. no later than 7 April 2017), to add points to the agenda, specifying in the request the additional points proposed, or submit draft resolutions on points already on the agenda of the Meeting.

The request, together with the notification establishing the ownership of the aforesaid stake requested issued by the intermediaries who keep the accounts on which the shares are recorded, must be submitted and signed in the original, within the above term, at the registered office of the Company (Viale Italia, 77, Lainate (Milan) – for the attention of the Legal Department) or sent to the certified electronic mail address: saes-ul@pec.it, together with information that

allows to identify the proposing Shareholders (in this regard, please also provide a telephone number of reference). Within the above deadline and with the same procedures, a report must be sent by the proposing Shareholders, stating the reasons of the draft resolutions on the new points whose discussion is proposed as an addition to the agenda or the reason related to further draft resolutions submitted on points already on the agenda. Any addition to the list of points on the agenda of the Meeting or to the presentation of further draft resolutions on points already on the agenda of this Meeting is reported by the Company, in the same form prescribed for the publication of this notice of call, at least fifteen days prior to the date set for the Meeting on first call. Together with the publication of the notice of additions to the agenda or of the presentation of further draft resolutions on the points already on the agenda, the above draft resolutions/additions, as well as their reports prepared by the Shareholders, accompanied by any assessment of the Board of Directors, will be made available to the public as indicated in Article 125-*ter*, subsection 1, of Italian Legislative Decree no. 58/1998.

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

Right to ask questions on the points on the agenda

Those entitled to vote can ask questions on the points on the agenda three days in advance from the date of the meeting in single call (i.e. no later than 24 April 2017), by sending a registered letter with return receipt to the registered office

(Viale Italia, 77, Lainate (Milan) – for the attention of the Legal Department) or by certified electronic mail to the following address: saes-ul@pec.it.

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

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

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

Those holding voting rights at the end of the accounting day of the seventh day of open market before the date scheduled for the Shareholders' Meeting in single call, i.e. 18 April 2017 (the so-called “record date”), and for which the Company received the related notification by the intermediary, have the right to speak and to vote in the Shareholders' Meeting. Therefore, those who will be the holders of the shares subsequent to 18 April 2017 will not have the right to attend and vote at the Shareholders' Meeting.

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

Attendance and proxy voting

Each person who has the right to speak during the Shareholders' Meeting can be represented by written proxy in accordance with applicable law provisions, with the right to use for this purpose the proxy form available on the website: www.saesgetters.com or at the registered office of the Company. The proxy can be notified to the Company by sending to the certified electronic mail address saes-ul@pec.it. Any prior notification does not exempt the proxy holder, in the accreditation for the attendance to the Shareholders' Meeting, from the obligation to certify the conformity of the original notified copy and the identity of the appointor.

Appointed Representative

The proxy can be granted, with voting instructions on the proposals concerning the points on the agenda, to Computershare S.p.A., with registered office in via Lorenzo Mascheroni no. 19, 20145 Milan, appointed if necessary by the Company pursuant to Article 135-*undecies* of Italian Legislative Law no. 58/1998, by signing the specific proxy form available, in printer-friendly version, on the website www.saesgetters.com (in the section Shareholders' Meetings) or at the registered office of the Company or at the registered office above of Computershare S.p.A.. The original proxy with voting instructions must be received by Computershare S.p.A. via Lorenzo Mascheroni no. 19, 20145 Milan, by the end of the second day of open market before the date scheduled for the Shareholders' Meeting in single call (i.e. no later than 25 April 2017). A copy of the proxy, accompanied by a statement that certifies its conformity with the original, may be sent in advance to the Appointed Representative, within the above deadline, by fax to no. +39 02 46776850 or as an attachment to an electronic mail message to be sent to ufficiomilano@pecserviziotitoli.it. The

proxy is effective only if voting instructions are given. The proxy and voting instructions can be revoked within the same deadline as above. The notification made to the Company by the intermediary, certifying the right to speak and to vote in the Shareholders' Meeting, is required even if the proxy is granted to the Appointed Representative.

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

Share capital and shares with voting rights

The share capital amounts to Euro 12,220,000.00 divided in 14,671,350 ordinary shares, and 7,378,619 saving shares all without par value. Each saving share gives one voting right in the Meeting.

Shareholders' Meeting documents

The following will be made available to the public at the registered office of the Company as well as at the website www.saesgetters.com at least thirty days prior to the date set for the Meeting in single call:

- the report of the Board of Directors on the single item on the Agenda.

The Chairman of the Board of Directors

Mr. Massimo della Porta

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LETTER TO SHAREHOLDERS

Dear Shareholders,

I write this letter with great satisfaction because it has only been a few years since the terrible 2009 and I am here to comment the year of record sales, both consolidated and total, with the latter that reached almost two hundred million euro.

A figure which is particularly significant when we consider that it was achieved thanks to the excellent performance of the gas purification systems and of the shape memory alloys, both areas in which the innovation efforts have been concentrating in the last few years and that are giving us great satisfaction.

The first ones were subject to a long re-launch process that, thanks to the development of a new and wider range of purifiers, allowed to enter markets and applications different from semiconductors, resulting in higher sales and less cyclicity.

The latter are the emblem of the turnaround of the last few years, which saw the group bringing a technological and market diversification that had been attempted in the past, but never completed. In 2016, thanks to the continuous growth of both medical and industrial applications, this new business has exceeded, in terms of turnover, both the historic getters and the purification systems.

In addition, these excellent results allowed to exceed the goals of profitability and cash generation that we had set at the end of the previous year.

We have completed the transformation of the Group, started in 2003, proving that a long-term strategy, based on innovation and diversification, has allowed to go through the deep economic crisis of the last few years unharmed and to return to grow.

The ended year also marked an important turning point for the new technology in which the Group has been investing for some years, that of functional polymers. This is an additional technological diversification achieved by grafting organic chemistry skills, a sector that has always seen Italy at the forefront. A very versatile technology, that can be used in applications ranging from the food packaging industry to the innovative display one, allowing the Group to accomplish two major investments in two companies that will contribute to a further sales' growth.

The first one, Metalvuoto S.p.A., is a leading company in the business of thin film metallization of plastic materials for the advanced packaging industry, that for some years has been investing in the plastic film coating technology through the use of lacquers. The technology of SAES functional polymers allows the development of lacquers with an advanced performance and will allow Metalvuoto S.p.A. to grow fast, in a rapidly developing market, namely that of "Active Packaging" in the food sector and other ones.

The second company, Flexterra, Inc., is a highly innovative startup, that owns a portfolio of patented materials similar to our functional polymers and that will be used in the next-generation flexible displays. The success of this initiative would bring the Group back in the display market, that for many years has determined its success.

2017 is expected to be a year of further growth and will see us engaged in the development of the new initiatives mentioned above, with the aim of providing SAES with the critical mass necessary to support both the huge operating expenses of a Group that operates on a global scale, and the investments in research and innovation that ensure its continuity.

A sincere thanks to all the employees that have enabled the achievement of these important goals and to you Shareholders who have believed in us.

Dr Ing. Massimo della Porta
SAES Group CEO

Group financial highlights

GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	2016	2015 (8)	Difference	Difference %
NET SALES				
- Industrial Applications	113,076	102,011	11,065	10.8%
- Shape Memory Alloys	71,603	63,680	7,923	12.4%
- Business Development	4,352	1,223	3,129	255.8%
Total	189,031	166,914	22,117	13.3%
GROSS PROFIT (1)				
- Industrial Applications	55,346	48,142	7,204	15.0%
- Shape Memory Alloys	29,260	23,994	5,266	21.9%
- Business Development & Corporate Costs (2)	514	(52)	566	1088.5%
Total	85,120	72,084	13,036	18.1%
<i>% on sales</i>	<i>45.0%</i>	<i>43.2%</i>		
EBITDA (3)	35,469	29,375	6,094	20.7%
<i>% on sales</i>	<i>18.8%</i>	<i>17.6%</i>		
EBITDA adjusted (4)	37,167	30,064	7,103	23.6%
<i>% on sales</i>	<i>19.7%</i>	<i>18.0%</i>		
OPERATING INCOME (LOSS)	26,156	20,499	5,657	27.6%
<i>% on sales</i>	<i>13.8%</i>	<i>12.3%</i>		
OPERATING INCOME (LOSS) adjusted (5)	27,854	21,188	6,666	31.5%
<i>% on sales</i>	<i>14.7%</i>	<i>12.7%</i>		
Group NET INCOME (LOSS)	14,082	8,820	5,262	59.7%
<i>% on sales</i>	<i>7.4%</i>	<i>5.3%</i>		
Balance sheet and financial figures				
	December 31, 2016	December 31, 2015	Difference	Difference %
Tangible fixed assets	53,402	50,383	3,019	6.0%
Group shareholders' equity	134,831	126,485	8,346	6.6%
Net financial position	(33,776)	(17,280)	(16,496)	-95.5%
Other information				
	2016	2015	Difference	Difference %
Cash flow from operating activities	18,695	22,851	(4,156)	-18.2%
Research and development expenses	14,799	13,815	984	7.1%
Number of employees as at December 31 (6)	1,113	1,004	109	10.9%
Personnel cost (7)	70,877	62,262	8,615	13.8%
Disbursement for acquisition of tangible assets	8,663	5,017	3,646	72.7%

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

(thousands of euro)

	2016	2015
Net sales	189,031	166,914
Raw materials	(43,915)	(40,790)
Direct labour	(21,814)	(19,146)
Manufacturing overhead	(40,281)	(37,242)
Increase (decrease) in work in progress and finished goods	2,099	2,348
Cost of sales	(103,911)	(94,830)
Gross profit	85,120	72,084
<i>% on sales</i>	<i>45.0%</i>	<i>43.2%</i>

(2) 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.

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

(thousands of euro)

	2016	2015
Operating income	26,156	20,499
Depreciation and amortization	(8,525)	(8,511)
Write-down of assets	(138)	(311)
Bad debt provision accrual (release)	(650)	(54)
EBITDA	35,469	29,375
<i>% on sales</i>	<i>18.8%</i>	<i>17.6%</i>

(4) Adjusted EBITDA is meant to be the EBITDA itself, further adjusted to exclude non-recurring items or anyway considered as not indicating the current operating performance by the Management.

As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

(thousands of euro)

	2016	2015
EBITDA	35,469	29,375
<i>% on sales</i>	<i>18.8%</i>	<i>17.6%</i>
Settlement agreement Onondaga Lake	(440)	(689)
Layoffs costs Memry GmbH	(1,258)	0
EBITDA adjusted	37,167	30,064
<i>% on sales</i>	<i>19.7%</i>	<i>18.0%</i>

(5) Adjusted OPERATING INCOME is the operating income itself, further adjusted by excluding non-recurring amounts or anyway considered as not indicating the of the current operating performance by the Management.

As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

(thousands of euro)

	2016	2015
Operating income	26,156	20,499
<i>% on sales</i>	<i>13.8%</i>	<i>12.3%</i>
Settlement agreement Onondaga Lake	(440)	(689)
Layoffs costs Memry GmbH	(1,258)	0
Operating income adjusted	27,854	21,188
<i>% on sales</i>	<i>14.7%</i>	<i>12.7%</i>

(6) As at December 31, 2016 this item includes:

- employees for 1.081 units (962 units as at December 31, 2015);

- personnel employed with contract types other than employment agreements, equal to 32 units (42 units as at December 31, 2015).

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 77 units as at December 31, 2016 (49 units at the end of the previous year, always according to the percentage of ownership held by the Group).

(7) As at December 31, 2016 the severance costs included in the personnel costs are equal to 1,358 thousand euro (of which 1,258 thousand euro related to the decision of liquidating the German subsidiary Memry GmbH, after having moved its production and commercial activities to other companies of the Group; the use of the social security provisions in the Italian Group's companies has led to a reduction in the personnel costs equal to 1,604 thousand euro.

In the year 2015 the costs for staff reduction amounted to 137 thousand euro, while the use of the social security provisions led to a reduction in the personnel costs equal to 2,173 thousand euro.

(8) Please note that some revenues and costs of the year 2015 have been reclassified to enable a homogeneous comparison with 2016; in particular:

- the royalties on the licensing of the thin-film getter technology for MEMS of new generation (902 thousand euro) have been reclassified within the consolidated revenues;

- the engineering and industrialization costs of new products (805 thousand euro) have been reclassified and moved from the operating expenses (in particular, research and development expenses) to the cost of sales.

For more details please refer to the Note no. 1 and the paragraph "Reclassification on December 31, 2015 income statement figures" in the notes to the financial statements.

Report on operations of the SAES Group

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 or ultra-pure gases 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 devices. The Group also holds a leading position in ultra-pure gas refinement for the semiconductor and other high-tech markets.

Starting in 2004, by leveraging the core competencies in special metallurgy and in the materials science, 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, in which SAES aims to compete with an offering of new solutions for active packaging.

A total production capacity distributed in thirteen facilities, a worldwide-based sales & service network, about 1,100 employees allow the Group to combine multicultural skills and expertise to form a truly global enterprise.

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

SAES Getters S.p.A. is listed on the Italian Stock Exchange Market, STAR segment, since 1986. The Parent Company is controlled by S.G.G. Holding S.p.A., which does not exercise any management and coordination activity in accordance with article 2497 of the Civil Code, for the reasons explained later in the Report on corporate governance and ownership.

The Group’s business structure currently identifies two Business Units: Industrial Applications and Shape Memory Alloys. The corporate costs, that means 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 undertaken to achieve the diversification into innovative businesses (Business Development Unit) are shown separately from the two Business Units.

The following table illustrates the Group’s Business organizational structure.

Industrial Applications Business Unit	
Electronic & Photonic Devices	Getters and metal dispensers for electronic vacuum devices
Sensors & Detectors	Getters for microelectronic and micromechanical systems (MEMS)
Light Sources	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Vacuum Systems	Pumps for vacuum systems
Thermal Insulation	Products for thermal insulation
Pure Gas Handling	Gas purifier systems for semiconductor industry and other industries
Shape Memory Alloys (SMA) Business Unit	

SMA Medical applications	Nitinol shape memory alloys for the biomedical sector
SMA Industrial applications	SMA actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Business Development Unit	
Functional Polymer Composites	Innovative technologies that integrate getter materials in polymer matrices

This structure is unchanged compared to the previous year.

Please note that, following the acquisition¹ of the majority of the company Metalvuoto S.p.A., an established player in the advanced packaging industry, to ensure information transparency, starting from January 1, 2017, a third Business Unit called "Solutions for Advanced Packaging" will be established next to the "Industrial Applications" and "Shape Memory Alloys" Business Units.

Industrial Applications Business Unit

Electronic & Photonic Devices

SAES Group provides advanced technological solutions for electronic devices used in a wide range of markets, including the aeronautical, medical, industrial, security and defence sectors, as well as basic research.

The portfolio of products includes, among others, getters of different types and formats, alkaline metal dispensers, cathodes and materials for thermal management. The offered products are able to satisfy the most stringent application requirements and are employed in various devices such as X-ray tubes, microwave tubes, solid state lasers, electron sources, photomultipliers and radiofrequency amplification systems.

Sensors & Detectors

SAES Group provides advanced technological solutions for electronic devices used in a wide range of markets, including the aeronautical, industrial, security and defence sectors, as well as consumer electronics.

The portfolio of products includes mainly getters of different types and formats. The offered products are able to satisfy the most stringent application requirements in terms of the high quality of the guaranteed vacuum and are employed in various devices such as night vision devices based on infrared sensors, gyroscopes for navigation systems, pressure sensors and MEMS devices of various nature. In particular, for the MEMS market, SAES has developed a thin getter film that can be deposited directly on silicon slices used for the manufacturing of sensors; this allows the getter technology to be easily integrated in miniaturized systems of last generation.

Light Sources

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

Vacuum Systems

The skills acquired in the vacuum technology are the basis of the development of pumps based on non-evaporable getter materials (NEG), which can be applied in both industrial and scientific fields (as an example, in analytical instrumentation, in vacuum systems for research activities and in particle accelerators). The family of high vacuum pumps NEXTorr[®], welcomed in the already mentioned application markets, integrates in a single device, extremely compact and powerful, both the getter technology and the ionic one. This product line has most recently been joined by that of CapaciTorr[®] HV, high vacuum pumps that use an innovative alloy with a greater capacity to absorb gases and which have contributed to further strengthening the Group's position in its target markets.

Thermal Insulation

¹ The acquisition was finalized on October 10, 2016.

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

Pure Gas Handling

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

Shape Memory Alloys (SMA) Business Unit

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

SMA Medical Applications

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

SMA Industrial Applications

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

Business Development Unit – Functional Polymer Composites

The technology platform that integrates getter materials in polymer matrices, initially developed by the SAES Group to meet the protection needs of the rigid OLED (Organic Light Emitting Diodes) displays, has been enriched with new materials for flexible OLED applications, that represent the new development trend in the display field.

In addition to OLED applications, these functional polymer composites have been recently used also in other sectors, including implantable medical devices and new diagnostics for solid-state images.

An additional particularly promising application is that of innovative plastic films for food packaging, a field in which SAES has recently acquired the majority of the company Metalvuoto S.p.A., an established player in the advanced packaging industry. Thanks to this acquisition, SAES aims to compete in the *active packaging* market, with a further significant expansion of the current perimeter of use of this technology.

Please note that some revenues and costs of the year 2015 have been reclassified to enable a homogeneous comparison with 2016; in particular:

- the royalties on the licensing of the thin-film getter technology for MEMS of new generation (902 thousand euro) have been reclassified within the consolidated revenues;

- the engineering and industrialization costs of new products (805 thousand euro) have been reclassified and moved from the operating expenses (in particular, research and development expenses) to the cost of sales. For more details please refer to the Note no. 1 and the paragraph "Reclassification on December. 31, 2015 income statement figures" in the notes to the financial statements.

Relevant events occurred in 2016

2016 was characterized by a strong organic growth in revenues both in the Shape Memory Alloys (SMAs) and in the Industrial Application Business Unit, the latter driven by the gas purification sector, as well as by the recovery in the security & defense market.

In 2016 the **consolidated revenues**, equal to 189 million euro, achieved their record level in the history of SAES Group. In particular, the organic growth equal to +11.1% compared to 2015, was mainly driven by the Shape Memory Alloys Business Unit (+12.2%), recording a significant organic growth in both segments: in the medical SMA segment, the organic growth (+11.8%) was favored by increased volumes of both the more traditional products and of the new medical devices recently introduced; in the industrial SMA segment, the organic growth was equal to +15.8%, thanks to increased sales of SMA wires and springs, in particular in the automotive and consumer sectors.

In the Industrial Applications Business Unit the organic growth (+10.4%) was instead driven by the excellent performance in the gas purification business (organic growth equal to +15.6%), as well as by the recovery in the security and defense sectors that, together, more than offset the structural decrease of the lamps business (penalized by the competition of the LED technology) and the decrease in the thermal insulation business (penalized by the negative trend in the refrigeration market and by the persistent weak demand of getter solutions for the oil drilling business). The vacuum pumps business showed a slight organic growth (+0.8%): in the fourth quarter of the year sales showed a turnaround, after nine months of weakness, thanks to the start of an important European research project.

Including the share of the revenues of the joint venture Actuator Solutions and SAES RIAL Vacuum S.r.l., the total revenues of the Group² were closed to 200 million euro (+13.4% compared to 2015).

The growth in consolidated revenues allowed for the significant improvement of the economic indicators. In particular please note the increase in the EBITDA³, driven by the gas purification sector and by the medical SMAs segment.

Finally, with regards to the financial management, please note that the net financial position (-33.8 million as at December 31, 2016) was strongly influenced by the investments made to support the future growth of the Group, including both the extraordinary operations undertaken during the year (in particular, the acquisition of Metalvuoto S.p.A. and the investment in the newco Flexterra, Inc.), as well as the *capex* for the expansion of the production capacity.

Here below the other significant events occurred in 2016.

² Total revenues of the Group are achieved by incorporating with the proportional method, instead of the equity method used in the financial statement, the 50% joint venture Actuator Solutions, as well as the new joint venture SAES RIAL Vacuum S.r.l., of which SAES currently owns 49% of the share capital.

³ EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRS); however, we believe that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, depreciation and amortization".

On January 15, 2016 SAES Nitinol S.r.l. made a further capital injection, equal to 1 million euro, in favor of the joint venture Actuator Solutions GmbH, to support its investments. The same amount was paid by the 50% joint partner Alfmeier, through the company SMA Holding GmbH.

On January 19, 2016, as envisaged by the contract signed on December 23, 2015 between SAES Getters S.p.A. and Rodofil s.n.c., the Parent Company acquired a further 39% of the joint venture SAES RIAL Vacuum S.r.l., for a pre-determined price equal to 1.3 million euro. The total investment of SAES Getters S.p.A. in the joint venture is currently equal to 49%⁴ of its share capital

On February 26, 2016 SAES Getters S.p.A. acquired the remaining 4% of the share capital of E.T.C. S.r.l. from the minority shareholder, for a consideration of 0,2 million euro. Following such acquisition, SAES Getters S.p.A. is now the sole shareholder of E.T.C. S.r.l.

On March 3, 2016 the Extraordinary Shareholders' Meeting of SAES Getters S.p.A. approved the amendment to article 11 of the Company's By-Laws, with the introduction of the increase of the voting right and the assignment of two votes for each ordinary share of the Company held for a period of at least 24 months on a continuous basis. This increase is not extended to the holders of savings shares, as they do not have any voting right, or the right to attend the shareholders' meetings.

The introduction of the increase of the voting right will help to support the Company's growth by encouraging the medium-long term investment in the share capital of the Company and thus the stability of the shareholding structure, which has always been a strength and it is in line with the mid-long term interests of the Company.

At the end of April 2016 SAES Nitinol S.r.l. granted an additional 1 million euro loan to Actuator Solutions GmbH, aimed at financially supporting the operating activities of the joint venture. The loan expires on April 30, 2019 and provides for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. A loan of the same amount and conditions was granted by the 50% joint partner Alfmeier, through the company SMA Holding GmbH.

At the end of 2014 Memry Corporation had officially signed an agreement with the State of Connecticut to obtain a soft financing in several tranches, for a total amount of 2.8 million USD. The loan, with duration of ten years and an annual subsidized interest rate of 2%, was used to purchase new machinery and equipment necessary to expand the production plant in Bethel. The first tranche of the soft financing, equal to 2 million USD, was paid by the State of Connecticut to the US subsidiary on February 20, 2015. The second and last tranche, equal to 0.8 million USD, was paid on June 10, 2016.

On July 18, 2016 a settlement agreement was signed to close the environmental dispute related to presumed harmful emissions of mercury in the Onondaga Lake (located in the city of Syracuse, NY-USA) by a company of the Group (King Laboratories, Inc. acquired by SAES Getters USA, Inc. in the Eighties and no longer existing since decades), concerning the compensation for the environmental damages and the purification of the water and of the sediment below the lake. The total cost of the agreement, without the recognition of any liability for the SAES Group, amounted to 1,3 million USD⁵, which were paid by SAES Getters USA, Inc. to the other party on September 13, 2016.

In July 2016 it was approved the transfer of the legal and operational offices of E.T.C. S.r.l. from Bologna to Lainate, at the production site of the Parent Company. Such transfer was finalized by the end of 2016.

On July 28, 2016 SAES Nitinol S.r.l. signed a new loan contract in favor of Actuator Solutions GmbH, aimed at financially supporting the operating activities of the subsidiary Actuator Solutions Taiwan Co., Ltd. The first tranche of the financing, equal to 2 million euro, was paid by SAES Nitinol S.r.l. on the day of the

⁴ Please note that this percentage had already been used for consolidation purposes as at December 31, 2015, representing the substantial interpretation of the purchase agreement signed on December 23, 2015, which provided for the mutual commitment of the parties to increase the investment of SAES Getters S.p.A. in SAESRIAL Vacuum S.r.l. of an additional 39% by the end of January 2016, without any change in the corporate governance.

⁵ Equal to 1,129 thousand euro, of which 689 thousand euro already accounted for as a provision at the end of 2015, and the remaining 440 thousand euro recorded in the income statement for 2016.

signature of the contract (July 28, 2016), while the second tranche, equal to 1 million euro, was paid on September 28, 2016. The loan expires on April 30, 2019 and provides for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. The 50% of the loan is granted by a letter of patronage jointly signed by Alfmeier S.E. and SMA Holding GmbH, in favor of SAES Nitinol S.r.l.

At the end of September 2016 it was approved the liquidation of the 100% owned subsidiary Memry GmbH, active in the sector of shape memory alloys, and the transfer of all its production and commercial activities into other Group's companies. This decision is in line with the corporate and organizational streamlining plan in place, aimed at increasing the efficiency of the Group's production activities on an international scale. This transaction resulted in extraordinary restructuring charges equal to 1.3 million euro in the fourth quarter of 2016. The completion of such transaction is expected by the end of the second half of 2017.

At the end of September 2016 it was established the company Actuator Solutions (Shenzhen) Co., Ltd., wholly owned by Actuator Solutions GmbH. The corporate scope of this new company is the technology development and the sale of actuators for the mobile market.

As at December 31, 2016 the controlling company didn't make any capital contribution yet, and therefore the new company is not operating.

Following the decease of Dr Pier Francesco Sportoletti, occurred in October 2016, Dr Angelo Rivolta (formerly Minority Deputy Statutory Auditor) is the new Chairman of the Board of Statutory Auditors, according to the Company's By-Laws.

On October 10, 2016 SAES Getters S.p.A., following the agreement signed on July, 29, 2016, acquired from Mirante S.r.l. a 70% majority interest in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. Thanks to this acquisition, SAES, that already cooperated with Metalvuoto S.p.A. in testing the application of SAES' functional polymer composites on the plastic films for food preservation made by Metalvuoto S.p.A., aims at competing in the "smart" food packaging sector, entering the market with a complete and innovative range of products, through the development of high performance active plastics, characterized by transparency, biocompatibility and a reduced environmental impact.

SAES Getters S.p.A. acquired 70% of Metalvuoto S.p.A. for a price based on a multiple of the EBITDA, adjusted according to predefined financial parameters (including the net financial position and the value of the finished goods inventory), equal to around 5.1 million euro.

A *put* and *call* option between the shareholders have been provided, to be exercised starting from the twelfth month and within eighteen months from the date of the closing, for the acquisition of the remaining 30% of the share capital of Metalvuoto by SAES, for a predetermined price, calculated with a similar method as for the 70% first purchase. In case the option is not exercised within the agreed terms, SAES is committed to acquire the remaining 30% of the share capital of the company within twenty-four months.

As set out in the shareholders' agreements that govern the relationship between the parties of the company in its new shareholding structure, the new Board of Directors of Metalvuoto S.p.A is composed by three members, two of which nominated by the controlling company SAES, including the Managing Director; the minority shareholder, Mirante S.r.l., is represented by the third member, the Chairman of the Board itself, namely the founder Eng. Giovanni Ronchi.

On November 15, 2016 the corporate merger of the wholly owned subsidiary SAES Advanced Technologies S.p.A. into SAES Getters S.p.A was implemented, through the completion, signature and filing of the merger agreement in the Italian Business Register, by the two companies participating into the merger.

The merger produced its legal effects starting from December 31, 2016. For fiscal and accounting purposes only, the merger operation had been backdated at January 1, 2016.

The merger produced no equity, economic or financial effect into the SAES Group's consolidated financial statements, nor provided any share swap, being the incorporated company already wholly owned by SAES Getters S.p.A.

The transaction aims at optimizing the Group's industrial policy, as part of an aggregating process aimed at improving and integrating the Group's Italian manufacturing factories, simplifying their industrial processes

and R&D activities. At the same time, the merger aims at the optimization of the financial flows and at the improvement of the equity structure, thanks to the streamlining of the corporate structure, as well as to the strengthening of the market presence and of the competitiveness of the Parent Company.

On November 24, 2016 Actuator Solutions GmbH announced a restructuring plan, aimed at a cost reduction, which provides for the focusing of the German industrial site on the development, production and commercialization of devices mainly for the automotive sector.

The plan provides for a reduction in the workforce, already started at the end of 2016, that generated extraordinary expenses equal to around 50 thousand euro.

On November 28, 2016 SAES Nitinol S.r.l. signed a further loan contract in favor of Actuator Solutions GmbH, which granted for a loan to be provided in different tranches, for a maximum total amount of 4.5 million euro. The loan, aimed at financially supporting the joint venture's operations, expires on April 30, 2019 and provides for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. The first tranche of the financing, equal to 1 million euro, was paid by SAES Nitinol S.r.l. on November 30, 2016. The contract provides for the priority reimbursement of such loan, compared to other loans granted to Actuator Solutions by its shareholders.

On December 15, 2016 the SAES Group announced that it has started a transaction aiming at the industrialization, production and commercialization of materials used in flexible organic transistors (OTFTs: Organic Thin Film Transistors) in partnership with Polyera, a company based in the USA and Taiwan, already active in the field of flexible thin film transistors for new generation displays and partner of SAES in the development of organic electronics applications.

The new materials related to the transaction will be developed by the newco Flexterra, Inc., based in Skokie (close to Chicago, Illinois, USA), dedicated to the manufacturing of materials and components for the manufacturing of truly flexible displays, with an enormous application potential in different sectors.

The development of these materials is based on the competences in organic chemistry and material sciences already present at SAES since 2008, gained with the development of its technological platform in the functional polymers for the organic electronics and advanced packaging industries, in combination with the expertise of Polyera in organic thin-film transistors.

The first products being made on the basis of the agreement will address the market of electrophoretic displays (EPDs), often indicated as e-paper⁶, which, at present, are mainly used in e-books. The flexible display market is not limited to the mere substitution of current displays, but it opens a broad range of new applications, mainly still unexplored, in the field of "printed electronics", such as wearable devices, active signage, fully flexible OLEDs and OLETs, etc., addressing important emerging markets.

As at the end of December 2016, Flexterra was capitalized by Polyera and SAES Getters International Luxembourg S.A.

In particular, Polyera transferred to Flexterra tangible and intangible assets (including IPs and know-how) for an estimated value of 14 million USD and, against this contribution in kind, received Series A shares of Flexterra, privileged, among other things, in the distribution of profits and in case of the sale of Flexterra.

SAES Getters International Luxembourg S.A. provided Flexterra with contributions in cash, in different phases within the end of 2016, for a total capital contribution of 8.5 million USD, against which the company received in turn Series A privileged shares of Flexterra.

On the basis of the agreement, Polyera will grant the shareholding rights in Flexterra to its investors, among which there are two important Asian venture capital funds. These investors will also contribute in cash, with an amount that will be exactly defined in the first quarter of 2017, and that will be between a guaranteed minimum amount of 4.5 million USD, up to a maximum amount of 6 million USD.

SAES will transfer a further contribution of 4.5 million USD in capital – in addition to tangible and intangible assets (IPs) with an estimated value of around 3 million USD – in a second phase, to be finalized upon the achievement by Flexterra of technical and commercial objectives as set out in the agreement (namely, the signature of a binding agreement for the commercialization of Flexterra products – milestone) no later than March 31, 2018.

⁶ The so-called 'electronic ink' reproduces the appearance of the real ink on a normal paper.

On the basis of the current evaluation, the contribution of SAES is equivalent to an equity participation representing around 35% of the share capital of Flexterra. Such participation is expected to increase up to around 45% with the contribution to be finalized by March 31, 2018, subsequent to the achievement of the above-mentioned milestone.

The transaction does not include any put & call option.

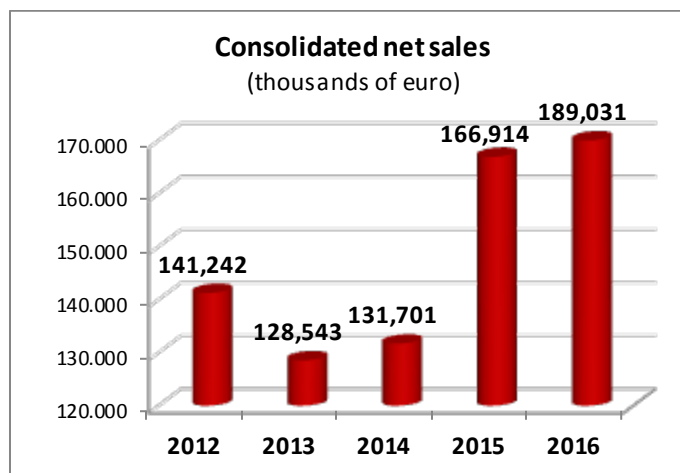
The Board of Directors of the new company will be composed of five members, two of which, including the Chief Executive Officer, appointed by SAES.

On December 21, 2016, SAES Getters S.p.A. signed a new loan agreement with Intesa Sanpaolo S.p.A., for a total amount of 10 million euro, with a duration of 6 years (expiring on December 21, 2022). The contract provides for an initial 12-month grace period, during which only the interest on the loan will be paid. The contract provides for the repayment of fixed principal amounts on a six-month basis and interests indexed to the six-month Euribor, plus a spread equal to 1.2%.

The loan provides for the activation of financial covenants that are standard for this type of transactions, calculated annually on consolidated economic and financial figures.

On December 22, 2016, SAES Getters S.p.A. signed a new loan agreement with Banco BPM, for a total amount of 5 million euro, with a duration of 5 years (expiring on December 31, 2021). The contract provides for an initial grace period lasting around 9 months, during which only the interest on the loan will be paid. The reimbursement is agreed through variable quarterly principal amounts and interests indexed to the three-month Euribor, plus a spread equal to 1%. The loan does not include any financial covenant.

Sales and economical results for the fiscal year 2016



In the fiscal year 2016 **consolidated net revenues** were equal to 189,031 thousand euro, up by 13.3% compared to 166,914 thousand euro achieved in 2015.

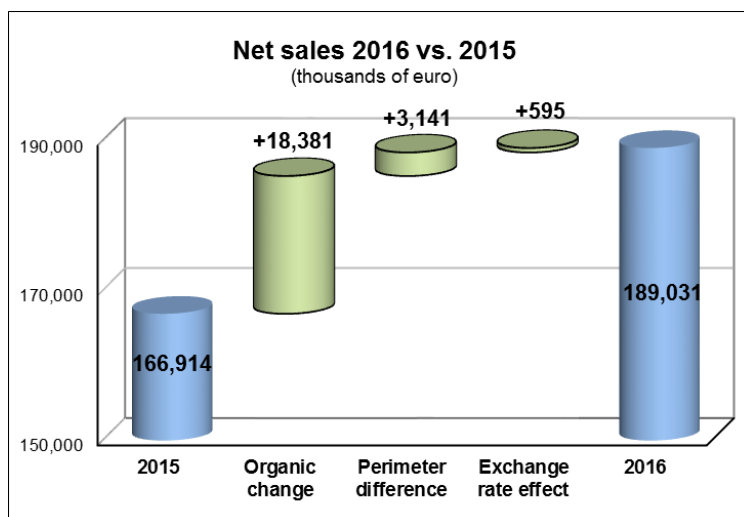
The **exchange rate effect** was slightly positive (+0.4%), due to the strengthening both of the US dollar and of the Japanese yen against the euro, while the **organic growth** amounted to +11.1%, mainly driven by the shape memory alloys (SMAs) business both for medical and industrial applications, by the gas purification segment and by the recovery of the security and defense market (Sensors and Detectors Business and Electronic & Photonic Devices Business). Finally, please note that the **change in the scope of consolidation** following the acquisition of Metalvuoto S.p.A., has generated an increase in revenues equal to +1.8% 3,141 thousand euro in absolute terms).

Total revenues of the Group, achieved by incorporating the joint ventures with the proportional method, instead of with the equity method used in the financial statement would be equal to 198,384 thousand euro, up by 13.4% compared to 174,989 thousand euro in 2015: the growth was attributable, in addition to the increase in consolidated revenues (+13.3%), also to the increased revenues of the joint venture Actuator Solutions (+7.9%) and to the consolidation of the new joint venture SAES RIAL Vacuum S.r.l. (of which SAES currently owns 49% of the share capital) not yet operating at the end of the previous year.

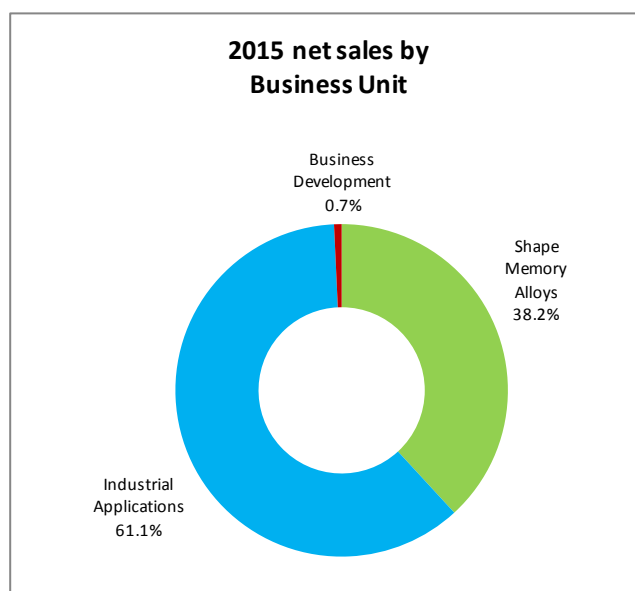
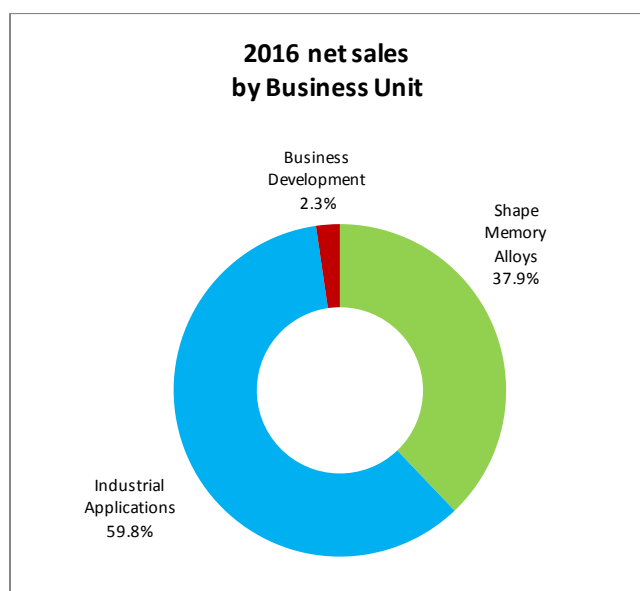
(thousands of euro)

	2016	2015	Difference	Difference %
Consolidated net sales	189,031	166,914	22,117	13.3%
50% Actuator Solutions' sales	9,321	8,638	683	7.9%
49% SAES RIAL Vacuum S.r.l.' sales	773	0	773	n.a.
Eliminations	(799)	(636)	(163)	25.6%
Other adjustments	58	73	(15)	-20.5%
Total revenues of the Group	198,384	174,989	23,395	13.4%

The following chart shows the increase of consolidated net sales during the year 2016, highlighting the effect of exchange rates, the growth related to the change in the scope of consolidation and the variation due to the changes in selling prices and sales volumes.



Compared to the previous year, the consolidation in the last quarter of the revenues of Metalvuoto S.p.A., included in the Business Development Unit and then not allocated⁷ in the 2016 consolidated financial statements, determined a reduction of the percentage weight of both the SMA Business Unit (from 38.2% to 37.9%) and the Industrial Applications Business Unit (from 61.1% to 59.8%).



The following table contains the breakdown of the consolidated net sales by business segment in 2016 and in 2015, along with the percent change at current and comparable exchange rates and shows the percent change related to the new scope of consolidation.

⁷ The revenues of Metalvuoto S.p.A. will be classified into a new specific Business Unit starting from January 1, 2017.

(thousands of euro)

Business	2016	2015	Difference	Difference %	Exchange rate effect %	Organic change %	Perimeter difference effect %
Electronic & Photonic Devices	14,733	13,455	1,278	9.5%	0.8%	8.7%	0.0%
Sensors & Detectors	15,008	11,155	3,853	34.5%	-0.8%	35.3%	0.0%
Light Sources	7,791	9,234	(1,443)	-15.6%	0.9%	-16.5%	0.0%
Vacuum Systems	8,737	8,593	144	1.7%	0.9%	0.8%	0.0%
Thermal Insulation	5,190	6,382	(1,192)	-18.7%	2.1%	-20.8%	0.0%
Pure Gas Handling	61,617	53,192	8,425	15.8%	0.2%	15.6%	0.0%
Industrial Applications	113,076	102,011	11,065	10.8%	0.4%	10.4%	0.0%
SMA Medical Applications	62,651	55,956	6,695	12.0%	0.2%	11.8%	0.0%
SMA Industrial Applications	8,952	7,724	1,228	15.9%	0.1%	15.8%	0.0%
Shape Memory Alloys	71,603	63,680	7,923	12.4%	0.2%	12.2%	0.0%
Business Development	4,352	1,223	3,129	255.8%	0.0%	-1.2%	257.0%
Total net sales	189,031	166,914	22,117	13.3%	0.4%	11.1%	1.8%

Consolidated revenues of the **Industrial Applications Business Unit** amounted to 113,076 thousand euro in 2016, up by 10.8% compared to 102,011 thousand euro in the previous year. The currency trend led to a positive exchange rate effect equal to +0.4%, net of which revenues increased by 10.4%.

The businesses showing a strong organic growth were the Pure Gas Handling Business (organic growth equal to +15.6%), whose positive performance was linked to the strong investments in silicon foundries and in memories in Asia, as well as in the display segment. Also the Sensors and Detectors Business (+35.3%) and the Electronic & Photonic Devices Business (+8.7%) recorded an organic growth, thanks to the recovery of investments in the security & defense area.

The Vacuum Systems Business recorded a slight organic growth (+0.8%): the sales of vacuum pumps, after nine months of weakness, marked a turnaround in the fourth quarter of 2016, thanks to the start of an important European research project.

On the other hand, despite the favorable exchange rate effect, the following segments decreased: the Light Sources Business (with an organic decrease of 16.5%), penalized by the technological competition of the LEDs towards the fluorescent lamps, and the Thermal Insulation Business (-20.8%), in which the good results of the vacuum bottle segment did not completely offset the weak demand of getter solutions for oil extraction (penalized by the decrease of the crude oil price), as well as the contraction of the sales in the refrigeration market (subject to a more and more increasing competitive pressure).

Sales of the *Electronic & Photonic Devices Business* were equal to 14,733 thousand euro in 2016, compared to 13,455 thousand euro in 2015 (+9.5%). Excluding the positive exchange rate effect (+0.8%), the price/quantity effect was equal to +8.7%.

Sales of the *Sensors & Detectors Business* were equal to 15,008 thousand euro in 2016, up by 34.5% compared to 11,155 thousand euro in 2015. Excluding the negative exchange rate effect (-0.8%, mainly due to the depreciation of the renminbi against the euro), the overall organic growth was equal to 35.3%.

Sales of the *Light Sources Business* amounted to 7,791 thousand euro, down by 15.6% compared to 9,234 thousand euro in 2015. Excluding the positive exchange rate effect (+0.9%), the lamps business showed an organic decrease of 16.5% compared to the previous year.

Sales of the *Vacuum Systems Business* were equal to 8,737 thousand euro in 2016, up by 1.7% compared to 8,593 thousand euro in 2015. Excluding the positive exchange rate effect (+0.9%), the overall organic growth was equal to 0.8%.

Sales of the *Thermal Insulation Business* were equal to 5,190 thousand euro in 2016, compared to 6,382 thousand euro in 2015 (-18.7%). The currency effect was positive and equal to +2.1%, while the overall organic decline amounted to -20.8%.

Sales of the purification sector (*Pure Gas Handling Business*) were equal to 61,617 thousand euro in 2016, compared to 53,192 thousand euro in 2015 (+15.8%). Excluding the positive exchange rate effect (+0.2%), the overall organic growth was equal to +15.6%.

Consolidated revenues of the **Shape Memory Alloys Business Unit** were equal to 71,603 thousand euro in 2016, showing an increase (+12.4%) compared to 53,680 thousand euro in the previous year. The exchange rate effect was slightly positive and equal to +0.2%, net of which the organic growth was equal to +12.2%.

Both segments of this Business Unit recorded a two-digit growth.

The medical SMA segment (raw material and Nitinol components) recorded an organic growth equal to +11.8%, driven both by the new and more sophisticated Nitinol-based medical devices, which came into force during the year, and by the growth of the reference end-market.

Also the industrial SMA segment recorded a strong organic growth (+15.8%), thanks to the increased sales of SMA springs and trained wires, mainly for the automotive and consumer markets.

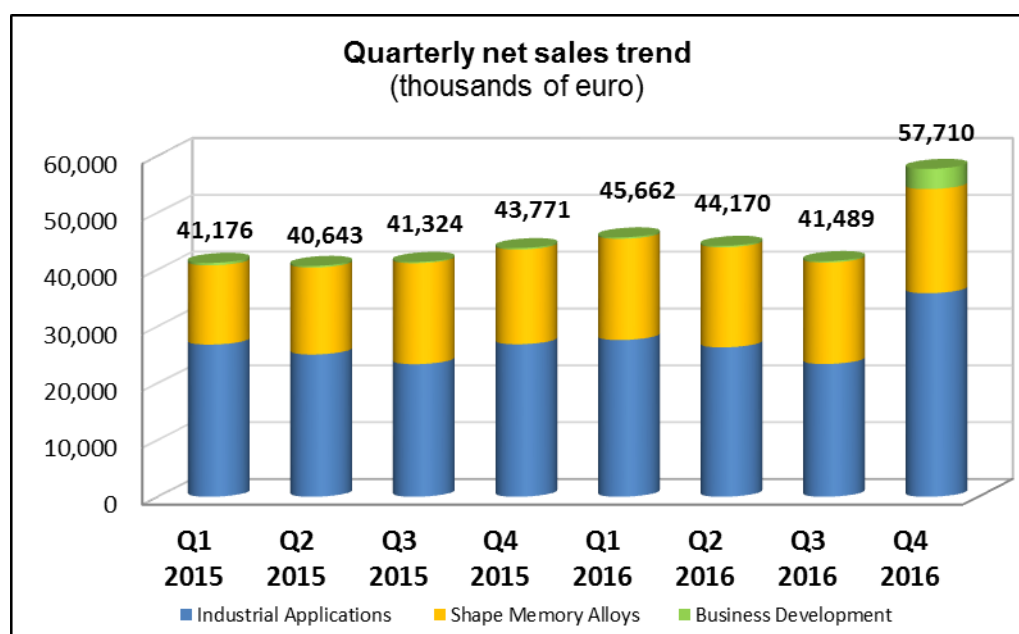
Sales of the *SMA Medical Applications Business* were equal to 62,651 thousand euro, up by 12% compared to 55,956 thousand euro in 2015. Excluding the positive exchange rate effect (+0.2%), the organic growth was equal to +11.8%.

Sales of the *SMA Industrial Applications Business* were equal to 8,952 thousand euro in 2016, up by 15.9% compared to 7,724 thousand euro in 2015. The exchange effect was slightly positive and equal to +0.1%, while the price/quantity effect was equal to +15.8%.

The **Business Development Unit** that includes projects of basic research or development, aimed at diversifying into innovative businesses, as well as revenues recorded by the newly acquired Metalvuoto S.p.A.⁸, in the fourth quarter of 2016, closed the year 2016 with revenues equal to 4,352 thousand euro compared to 1,223 thousand euro in the previous year.

The increase is entirely attributable to the change in the scope of consolidation, while, in the business of OLED screens, the increase in the sales of moisture-absorbers functional polymers offset the lower sales of alkaline metals dispensers.

The following chart shows the **quarterly trend of revenues** in 2016, with evidence of the breakdown by Business Unit.



⁸ As already mentioned, please note that, starting from January 1, 2017, revenues of Metalvuoto S.p.A will be attributed to a specific Business Unit.

In particular, please note that the increase in revenues in the fourth quarter of 2016 was driven by the excellent performance of the gas purification business, as well as by the first consolidation of the revenues of the newly acquired Metalvuoto S.p.A., that will be classified in a specific Business Unit starting from January 1, 2017. In the same quarter, finally please note the increase in revenues also in the vacuum pumps sector, thanks to the start of a major new European research project.

The following table contains the **quarterly net sales trend** in 2016 with evidence of the breakdown by Business.

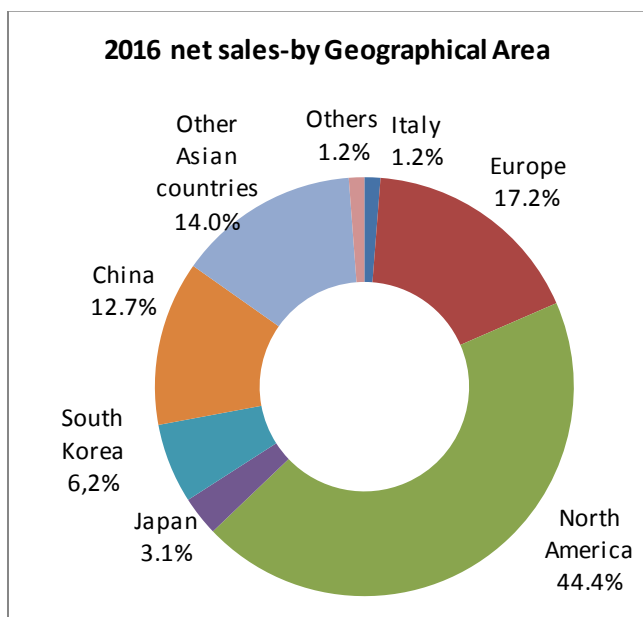
(thousands of euro)

Business	1st Quarter 2016	2nd Quarter 2016	3rd Quarter 2016	4th Quarter 2016
Electronic & Photonic Devices	3,411	3,853	3,843	3,626
Sensors & Detectors	3,653	3,744	3,500	4,111
Light Sources	2,081	1,886	1,786	2,038
Vacuum Systems	1,948	1,513	1,689	3,587
Thermal Insulation	1,390	1,052	1,500	1,248
Pure Gas Handling	15,104	14,250	11,050	21,213
Industrial Applications	27,587	26,298	23,368	35,823
SMA Medical Applications	15,427	15,054	15,800	16,370
SMA Industrial Applications	2,372	2,560	2,062	1,958
Shape Memory Alloys	17,799	17,614	17,862	18,328
Business Development	276	258	259	3,559
Total net sales	45,662	44,170	41,489	57,710

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

(thousands of euro)

Geographical area	2016	%	2015	%	Difference	Difference %
Italy	2,332	1.2%	1,924	1.2%	408	21.2%
Europe	32,584	17.2%	32,849	19.7%	(265)	-0.8%
North America	83,914	44.4%	74,940	44.9%	8,974	12.0%
Japan	5,769	3.1%	5,815	3.5%	(46)	-0.8%
South Korea	11,648	6.2%	11,883	7.1%	(235)	-2.0%
China	24,008	12.7%	16,832	10.1%	7,176	42.6%
Other Asian countries	26,528	14.0%	19,475	11.7%	7,053	36.2%
Others	2,248	1.2%	3,196	1.8%	(948)	-29.7%
Total net sales	189,031	100.0%	166,914	100.0%	22,117	13.3%



The main changes related to the **geographical distribution of revenues** refer to the gas purification sector, whose sales' decline in Europe, North America and Israel ("Others") was more than offset by higher sales in China, Taiwan and Singapore ("Other Asian countries").

The revenues' growth in China (+42,6%) was also supported by the higher sales of getter solutions in the Sensors & Detectors Business.

Sales in North America increased (+12%) thanks to the aforementioned growth in the SMA medical segment, while the first consolidation of Metalvuoto S.p.A. allowed to offset the decrease of the Pure Gas Handling Business in Europe.

Consolidated gross profit was equal to 85,120 thousand euro in 2016 compared to 72,084 thousand euro in 2015. The marked growth (+18.1%) was mainly attributable to the increase in revenues, as well as to the improvement in the gross margin⁹ (up from 43.2% in 2015 to 45% in 2016), mainly driven by the gas purification business and the Shape Memory Alloys Business Unit. For further details, please refer to the Business Unit analysis.

The following table shows the 2016 consolidated gross profit by Business Unit, compared to the previous year and shows the change due to the acquisition of Metalvuoto S.p.A.

(thousands of euro)

of which:

Business Unit	2016	2015	Difference	Difference %	Perimeter difference
Industrial Applications	55,346	48,142	7,204	15.0%	0
<i>% on Business Unit net sales</i>	48.9%	47.2%			
Shape Memory Alloys	29,260	23,994	5,266	21.9%	0
<i>% on Business Unit net sales</i>	40.9%	37.7%			
Business Development & Corporate Costs	514	(52)	566	1088.5%	307
<i>% on Business Unit net sales</i>	11.8%	-4.3%			
Gross profit	85,120	72,084	13,036	18.1%	307
<i>% on net sales</i>	45.0%	43.2%			9.8%

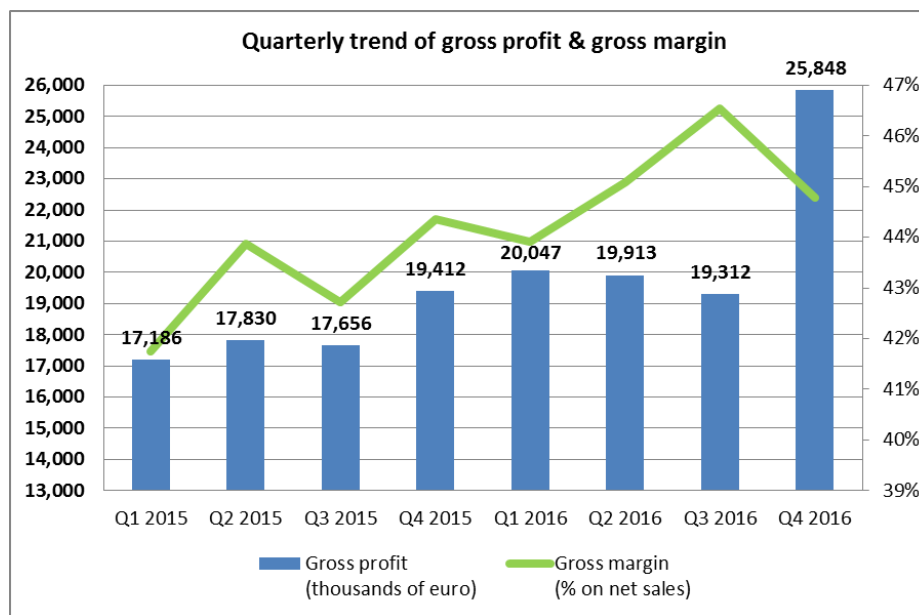
Gross profit of the **Industrial Applications Business Unit** was equal to 55,346 thousand euro in 2016, compared to 48,142 thousand euro in 2015. This increase (+15%) was attributable both to the increase in sales of this operating segment, and - to a lesser extent - to a different and more favorable product mix, as well as to the excellent contribution of the gas purification segment and of the security & defense related business.

In the **Shape Memory Alloys Business Unit** the increase in sales has allowed the strong growth both in the gross profit (+21.9%, from 23,994 thousand euro in 2015 to 29,260 thousand euro in 2016) and in the gross margin (from 37.7% in 2015 to 40.9% in 2016). In particular, the gross margin increased in both the business segments, the medical and the industrial one, as the result of the greater economies of scale and of the improved efficiency of the new productions, in addition to the higher proportion of sales for added value Nitinol components.

⁹ Calculated as the ratio between the gross profit and the consolidated sales.

Gross profit of the **Business Development Unit & Corporate Costs** was equal to 514 thousand euro (11.8% of consolidated revenues), compared to a loss equal to 52 thousand euro in the previous year (-4.3% of consolidated revenues). The improvement was mainly attributable to the consolidation of the gross profit of Metalvuoto S.p.A. related to the fourth quarter of the year, whose acquisition was finalized on October 10, 2016.

The following chart shows the quarterly trend of both the consolidated gross profit and gross margin. Please note that the continuous improvement in the gross margin during 2016 has been interrupted only in the last quarter, due to the dilutive effect of the initial consolidation of Metalvuoto S.p.A., whose gross margin is lower than the average one of the SAES Group.



Consolidated operating income amounted to 26,156 thousand euro in 2016, with a strong increase (+5,657 thousand euro, equal to +27.6%) compared to an operating income equal to 20,499 thousand euro in the previous year. In percentage terms, the operating margin was equal to 13.8%, compared to 12.3% in 2015. The increase in revenues and in the gross margin enabled the improvement in the operating indicators compared to the previous year, despite the increase of operating expenses (increased consultant fees for corporate extraordinary projects developed during the year, in addition to the higher accrual for the variable remuneration of the Executive Directors, as well as higher costs for employed personnel).

The following table shows the operating result of the fiscal year 2016 by Business Unit, compared with the previous year and shows the effect related to the change in the scope of consolidation.

(thousands of euro)

of which:

Business Unit	2016	2015	Difference	Difference %	Perimeter difference
Industrial Applications	31,191	27,460	3,731	13.6%	0
Shape Memory Alloys	17,244	13,561	3,683	27.2%	0
Business Development & Corporate Costs	(22,279)	(20,522)	(1,757)	-8.6%	(140)
Operating income (loss)	26,156	20,499	5,657	27.6%	(140)
<i>% on net sales</i>	<i>13.8%</i>	<i>12.3%</i>			<i>-4.5%</i>
Settlement agreement Onondaga Lake	(440)	(689)	249	36.1%	0
Costs for severance and for retention plan of Memry GmbH	(1,258)	0	(1,258)	n.a.	0
Operating income (loss) adjusted	27,854	21,188	6,666	31.5%	(140)
<i>% on net sales</i>	<i>14.7%</i>	<i>12.7%</i>			<i>-4.5%</i>

As shown in the above table, excluding the cost following the signature of a settlement agreement for the definition of the environmental dispute regarding the compensation for the environmental damages and the water and below sediment purification of the Onondaga Lake (for further details please refer to the paragraph "Relevant events occurred in 2016" and the Notes no. 7 and no.29), as well as the extraordinary costs for severance and for the strategic employees' retention plan, related to the transfer of the production activities of Memry GmbH and the subsequent liquidation of the German subsidiary, the **adjusted operating income**¹⁰ was equal to 27,854 thousand euro (14.7% of consolidated revenues).

Operating income of the **Industrial Applications Business Unit** was equal to 31,191 thousand euro in 2016, up by 13.6% compared to 27,460 thousand euro in 2015: the increase in revenues and in the gross margin more than offset the increase in the operating expenses, in particular those items mostly related with the volumes of sales, such as commissions to agents and transport costs.

Operating income of the **Shape Memory Alloys Business Unit** amounted to 17,244 thousand euro, up by +27.2% compared to 13,561 thousand euro in the previous year. This increase was exclusively attributable to the strong increase in sales and in the gross margin; in fact, excluding the above-mentioned extraordinary personnel costs related to the liquidation of Memry GmbH (equal to 1,258 thousand euro), the operating expenses in 2016 were substantially in line with those of the previous year (10,919 thousand euro in 2016, against 10,528 thousand euro in 2015).

The operating result of the **Business Development & Corporate Costs** was negative and equal to -22,279 thousand euro and it included both the result of the Business Development Unit and the costs that cannot be directly attributed or reasonably allocated to any business sector but refer to the Group as whole; this figure compares to an operating loss of -20,522 thousand euro in 2015. The worsening was mainly due to higher corporate general and administrative expenses (higher costs for variable remuneration to Executive Directors and increased consultant fees for corporate extraordinary projects implemented during the year).

Consolidated operating expenses were equal to 58,228 thousand euro, compared to 50,747 thousand euro in the previous year. Excluding the extraordinary personnel costs related to the decision of liquidating the German subsidiary Memry GmbH, operating expenses were equal to 56,970 thousand euro and showed a physiological increase (+12.3%) related to the increase in revenues.

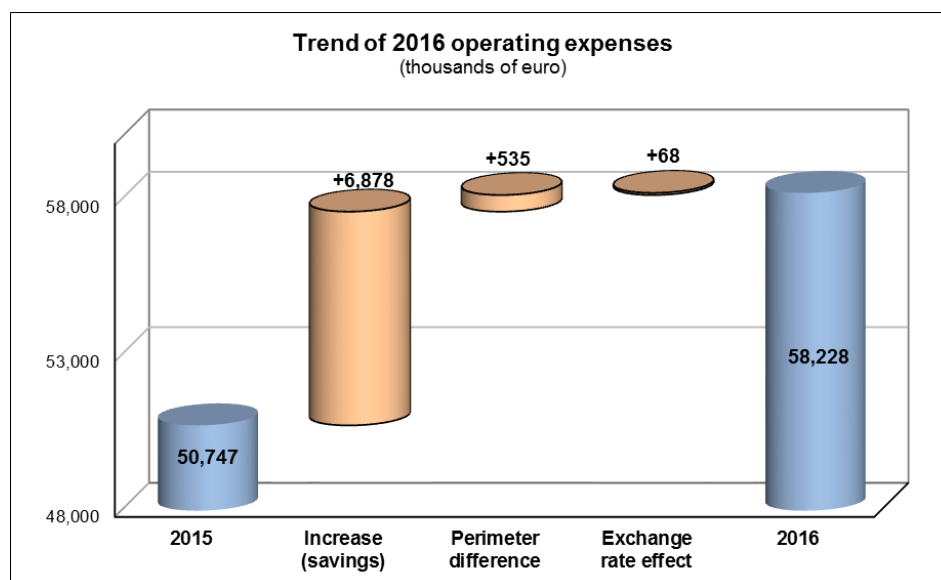
The increase mainly regarded the **general and administrative expenses** (+2,841 thousand euro, excluding the one-off costs for Memry GmbH). In particular, please note the increased consultant fees for corporate extraordinary projects developed during the year, in addition to higher costs for employed personnel, as well as the higher accrual for the variable remuneration of the Executive Directors.

¹⁰ Adjusted operating income is the operating income itself, further adjusted by excluding non-recurring amounts, not considered as indicators of the current operating performance by the Management. As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

Within the *selling expenses*, the increase (+2,398 thousand euro) mainly regarded variable costs in relation to sales volumes, as agent commissions and transport costs. In addition, please note the increase in personnel costs subsequent to the strengthening of the sales structure in the USA.

R&D expenses were substantially in line with those of the previous year.

The following chart shows the trend of consolidated operating expenses in the fiscal year 2016, including the increase related to the acquisition of Metalvuoto S.p.A.



In 2016 the total **labor cost** was equal to 70,877 thousand euro, compared to 62,262 thousand euro in 2015: excluding both the extraordinary costs for severance and for the strategic employees' retention plan of Memry GmbH (1,258 thousand euro), and the increase related to the change in the scope of consolidation (477 thousand euro), the growth (6,880 thousand euro) was due to the increase in the average number of the Group's employees concentrated in the shape memory alloys and in the purification business, as well as to higher accruals for the variable components of salaries, estimated to grow in line with the trend of the economic performance.

The result of the year included **depreciation and amortization** equal to 8,525 thousand euro, in line with the previous year (8,511 thousand euro).

Consolidated EBITDA was equal to 35,469 thousand euro (18.8% of consolidated revenues) in 2016, up by 20.7% compared to 29,375 thousand euro (17.6% of consolidated revenues) in 2015, mainly driven by the gas purification sector and by the medical SMAs segment.

As shown in the following table, excluding the cost related to the settlement agreement for the definition of the environmental dispute regarding the Onondaga Lake as well as the non-recurring costs for severance and for the retention plan dedicated to the strategic employees of Memry GmbH, the **adjusted EBITDA**¹¹ was equal to 37,167 thousand euro in 2016, equal to 19.7% of the consolidated revenues.

The following table shows the reconciliation between EBITDA, adjusted EBITDA and operating income, compared with the previous year.

¹¹ Adjusted EBITDA is meant to be the EBITDA itself, further adjusted to exclude non recurring items or anyway considered as not indicating the current operating performance by the Management. As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

(thousands of euro)

of which:

	2016	2015	Difference	Difference %	Perimeter difference
Operating income	26,156	20,499	5,657	27.6%	(140)
Depreciation and amortization	(8,525)	(8,511)	(14)	-0.2%	(149)
Write-down of assets	(138)	(311)	173	55.6%	0
Bad debt provision accrual (release)	(650)	(54)	(596)	-1103.7%	(48)
EBITDA	35,469	29,375	6,094	20.7%	57
<i>% on sales</i>	<i>18.8%</i>	<i>17.6%</i>			<i>1.8%</i>
Settlement agreement Onondaga Lake	(440)	(689)	249	36.1%	0
Costs for severance and for retention plan of Memry GmbH	(1,258)	0	(1,258)	n.a.	0
EBITDA adjusted	37,167	30,064	7,103	23.6%	57
<i>% on sales</i>	<i>19.7%</i>	<i>18.0%</i>			<i>1.8%</i>

The net balance of **other income (expenses)** was negative and equal to 736 thousand euro, substantially in line with a negative balance of 838 thousand euro in 2015. This amount included, in both years, the cost related to the settlement agreement for the definition of the environmental dispute regarding the purification of the Onondaga Lake (689 thousand euro accounted for at the end of 2015 and 440 thousand euro recorded in the income statement in the first half of 2016). In addition, the 2016 figure included the cost for purchasing from Polyera Corporation a licensee on 50% of the OLET technology that the Group developed in partnership with Polyera itself (242 thousand euro).

The net balance of **financial income and expenses** was negative for 1,220 thousand euro (compared to a negative balance of 1,528 thousand euro in 2015) and it mainly included interest expenses on long term loans held by the Parent Company, by the newly acquired Metalvuoto S.p.A. and by the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by SAES Getters S.p.A. The decrease in financial expenses was related both to the decrease in the average net financial indebtedness in 2016 compared to the previous year, and to the reduction of the interest rates. In particular, the lower costs on loans in the form of “hot money” and on the use of bank credit lines were only partially offset by the increase in interests related to medium-long-term bank loans.

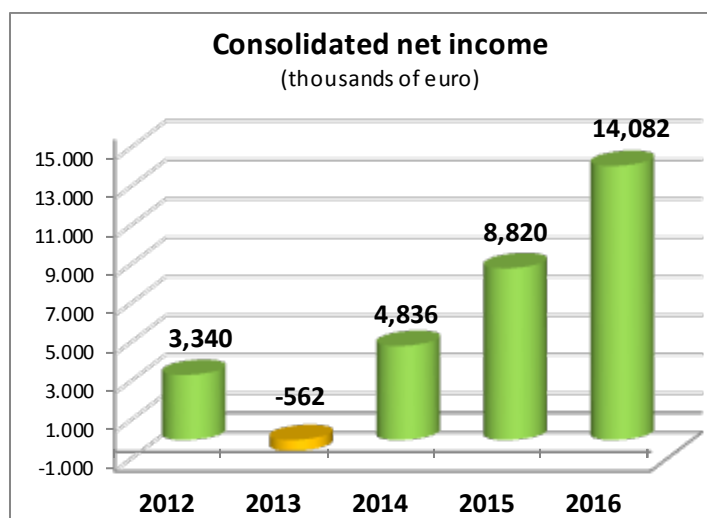
The loss deriving from the **evaluation with the equity method** of the joint ventures totally amounted to -3,325 thousand euro (compared to -1,843 thousand euro in the previous year) and it was mainly attributable to the joint venture Actuator Solutions. For more details on the composition of such loss, please refer to the Note no. 9 and the Note no. 16.

The sum of the **exchange rate differences** recorded a slightly positive balance for 52 thousand euro in 2016, compared to a positive balance of 694 thousand euro in 2015. The positive balance of 2015 was mainly due to foreign exchange gains (1,907 thousand euro) following the partial release into the income statement of the translation reserve generated by the consolidation of SAES Getters (Nanjing) Co., Ltd. and of SAES Getters Korea Corporation, following the partial reduction of the share capital of the two Asian subsidiaries. These gains were partially offset by the losses realized on forward contracts entered to hedge commercial transactions in dollars and yen (-986 thousand euro), in addition to foreign exchange losses (about -0.5 million euro) generated in the last part of the year from the conversion of the financial credit denominated in euro of the Korean subsidiary versus the Parent Company, only partially hedged by forward contracts.

Consolidated income before taxes amounted to 21,663 thousand euro (11.5% of consolidated revenues), showing an increase of +21.6% compared to an income before taxes of 17,822 thousand euro in the previous year (10.7% of consolidated revenues).

Income taxes amounted to 7,581 thousand euro in 2016, compared to 9,002 thousand euro in the previous year. The Group's **tax rate** was equal to 35%, significantly improved when compared to 50.5% of the previous year, as a result of lower tax losses realized by the Parent Company (on which deferred tax assets were prudentially not recognized), in addition to the release of the fiscal provision of 500 thousand euro

related to the assessment on the fiscal declaration of the Parent Company for the year 2005, following the positive outcome of the existing dispute commenced by the Company.



Consolidated net income amounted to 14,082 thousand euro (7.4% of consolidated revenues) in 2016, strongly increased (+59.7%) compared to a consolidated net income of 8,820 thousand euro (5.3% of consolidated revenues) in 2015.

Net financial position – Investments – Other information

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

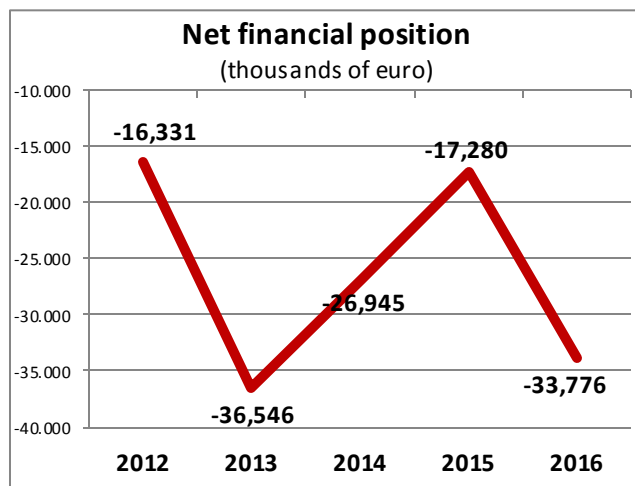
(thousands of euro)

	December 31, 2016	June 30, 2016	December 31, 2015
Cash on hands	19	22	23
Cash equivalents	14,321	28,291	24,021
Cash and cash equivalents	14,340	28,313	24,044
Related parties current financial assets	565	437	555
Other current financial assets	1	0	0
Current financial assets	566	437	555
Bank overdraft	(6,847)	(16,504)	(5,012)
Current portion of long term debt	(8,239)	(7,252)	(7,136)
Other current financial liabilities	(1,100)	(801)	(1,957)
Current financial liabilities	(16,186)	(24,557)	(14,105)
Current net financial position	(1,280)	4,193	10,494
Related parties non current financial assets	5,249	1,449	600
Long term debt, net of current portion	(35,916)	(23,882)	(27,019)
Other non current financial liabilities	(1,829)	(1,271)	(1,355)
Non current liabilities	(37,745)	(25,153)	(28,374)
Non current net financial position	(32,496)	(23,704)	(27,774)
Net financial position	(33,776)	(19,511)	(17,280)

The **consolidated net financial position** as at December 31, 2016 was negative for 33,776 thousand euro (cash equal to +14,340 thousand euro and net financial liabilities of -48,116 thousand euro) compared to -17,280 thousand euro as at December 31, 2015 (cash equal to +24,044 thousand euro and net financial liabilities of -41,324 thousand euro).

The net financial position was strongly influenced by the investments made to support the future growth, including both the extraordinary operations undertaken during the year (in particular, the acquisition of

Metalvuoto S.p.A. and the investment in the newco Flexterra, Inc.), as well as the *capex* for the expansion of the production capacity.



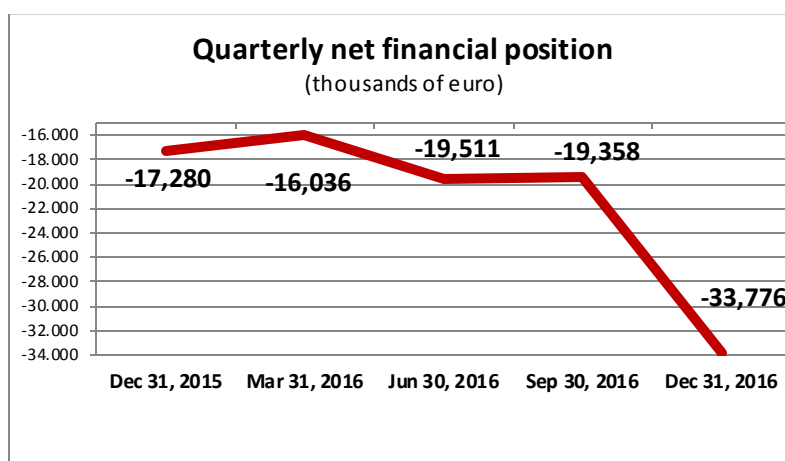
As at December 31, 2016, please note the strong increase in the net working capital. In fact, the self-financing was partially offset by the increase in trade receivables, as well as in the inventory of the gas purification sector, the former related to the sales increase recorded in the last period of 2016, while the latter in anticipation of the sales of the beginning of 2017. The operating cash flows still supported both the payment of dividends and the above mentioned disbursement for investment activities.

In particular, the payments for the purchase of tangible and intangible assets, net of proceeds deriving from the sale of such assets, amounted to -8,860 thousand euro. Still within the investment activities, it must also be included the purchase of the minority interest in E.T.C. S.r.l. (-249 thousand euro), the capital contribution made during the year in favor of the joint venture Actuator Solutions GmbH (-1,000 thousand euro), the capitalization of the new company Flexterra, Inc. (-8,146 thousand euro) as well as the purchase of Metalvuoto S.p.A. (7,888 thousands euro, inclusive of an acquired net debt of -1,444 thousand euro and of 652 thousand euro related to the debt for the purchase of the remaining 30% by the end of 2018).

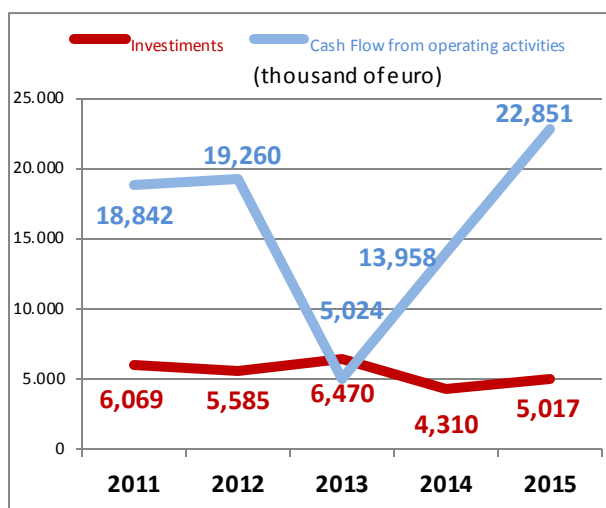
With regard to financing activities, the expenses for dividend payments amounted to 8.5 million euro.

The exchange rate impact on the net financial position has been slightly negative (-0.2 million euro), mainly due to the negative effect generated by the revaluation of the US dollar on the indebtedness in dollars, only partially offset by the positive effect on the cash in the same currency.

The chart below shows the quarterly amount of the net financial position during the year 2016.



Please note that the decline in net financial position in the fourth quarter of 2016 was attributable, as well as to the increase in net working capital above mentioned, even to the extraordinary transactions carried out during the last quarter (in particular, the acquisition of Metalvuoto S.p.A. and the investment in the newco Flexterra, Inc.), despite the strong operating cash generation, related to the increase in both sales and earnings.



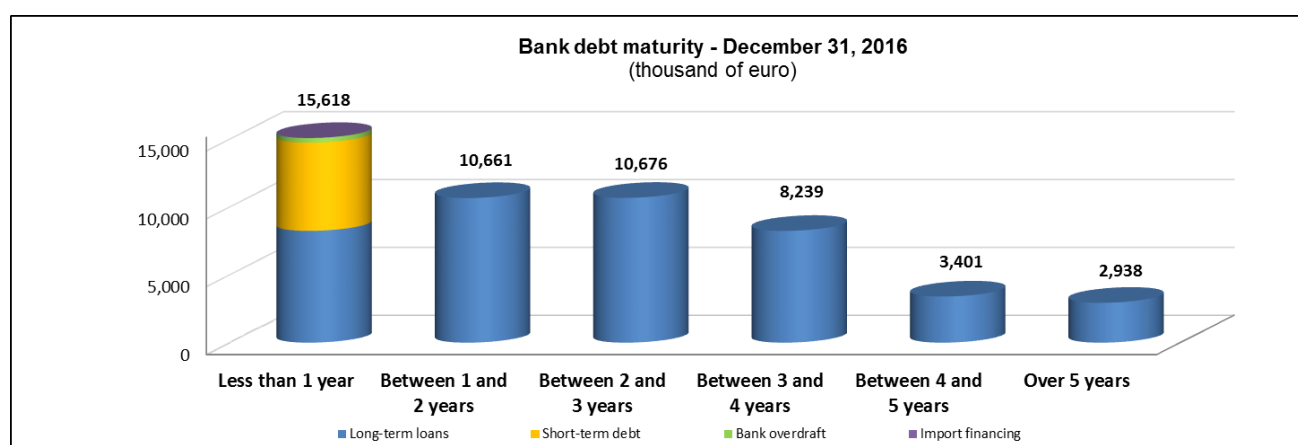
The **cash flow from operating activities** was positive and equal to 18,695 thousand euro (9.9% of consolidated revenues), compared to 22,851 thousand euro in 2015 (13.7% of revenues). As already mentioned, despite a higher self-financing, related to the growth in revenues and operating results, the operating activities were penalized by the strong increase in the net working capital in the gas purification segment at the end of 2016 (increase in both trade receivables, related to the increase in the sales recorded in the last period of 2016, and the inventory, in anticipation of the sales at the beginning of 2017).

In 2016 the monetary disbursements for **investments in tangible assets** amounted to 8,663 thousand euro, compared to 5,017 thousand euro in the previous year. Instead, the investments in intangible assets were not significant (202 thousand euro, compared to 42 thousand euro in 2015). For more details on the capex of the year, please refer to the notes no 14 and no 15.

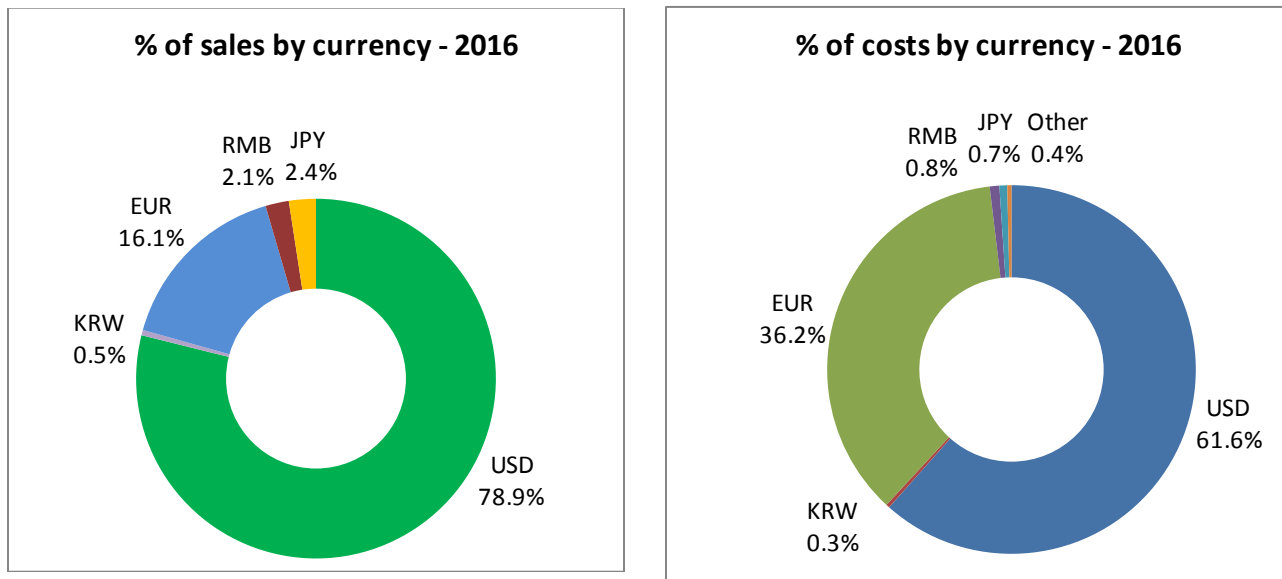
Always within the investment activities, please note also the payment of 1,284 thousand euro for the purchase of the additional 39% of the share capital of the joint venture SAES RIAL Vacuum S.r.l., the purchase of 4% of the share capital of ETC S.r.l., for a consideration of 249 thousand euro, the capital contribution of 1,000 thousand euro in favor of the joint venture Actuator Solutions, as well as the investment in Flexterra, Inc. (8,146 thousand euro) and the payment for the purchase of 70% of Metalvuoto S.p.A. (5,825 thousand euro, inclusive of the negative net cash of the latter).

Finally, within the investment activities there is also the payment for the earn-out related to the technological upgrading of the purification business carried out during 2013 (254 thousand euro in 2016).

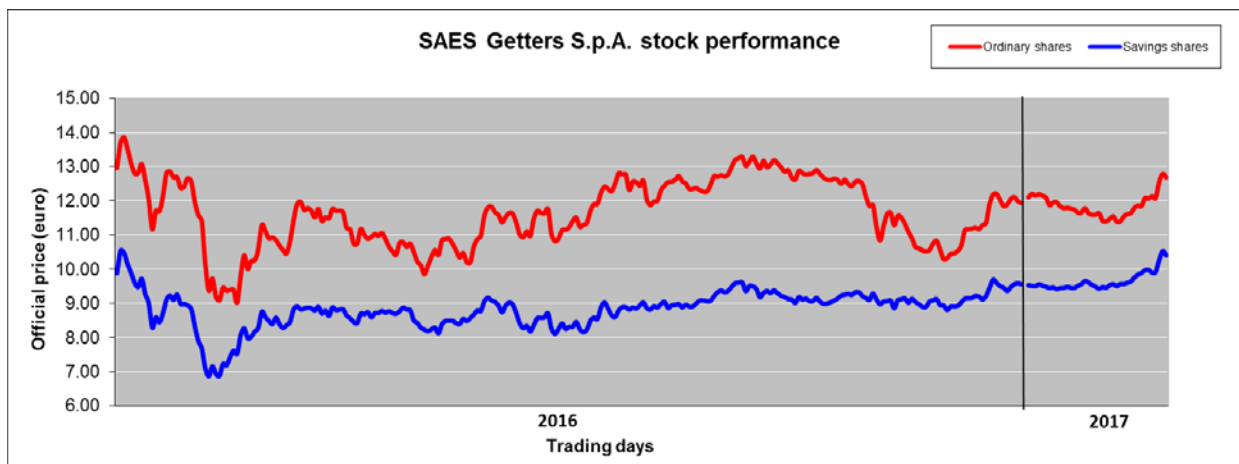
The following table shows the maturity profile the consolidated bank debt as at 31 December 2016.



The composition of net sales and costs (cost of sales and operating expenses) by currency in 2016 is provided below.



The official price trend for ordinary and savings shares during the year 2016 and the first months of 2017 is given below.



The value of ordinary shares, listed on the STAR segment of Mercato Telematico Azionario of Borsa Italiana, decreased by 7.9% in 2016, while the saving shares recorded a decrease in their value of -3.3%, compared with a decrease of 8.3% recorded by the FTSE MIB index and an increase of 5.8% recorded by the FTSE Italia Star index.

The following table shows the main accounting ratios.

Ratios		2016	2015	2014
Operating income/Total net sales	%	13.8	12.3	9.9
Income before taxes/Total net sales	%	11.5	10.7	7.8
Net income from continued operations/Total net sales	%	7.4	5.3	2.6
Net income from continued operations/Average shareholders' equity (ROAE)	%	11.7	7.8	3.3
Research expenses/Total net sales	%	7.8	8.3	10.9
Depreciation of tangible assets/Total net sales	%	3.8	4.3	5.4
Cash flows from operating activities/Total net sales	%	9.9	13.8	10.6
Taxes/Income before taxes	%	35.0	50.5	66.6
Total net sales/Average number of employees (*)	k euro	186	177	147
Accumulated depreciation/Tangible assets	%	71.8	71.1	69.8

(*) Calculated without considering the employees of the joint ventures, evaluated using the equity method.

Performance of SAES Getters S.p.A.'s subsidiaries in 2016

SAES ADVANCED TECHNOLOGIES S.p.A., Avezzano, AQ (Italy)

On November 15, 2016 the corporate merger of the wholly owned subsidiary SAES Advanced Technologies S.p.A. into SAES Getters S.p.A. was implemented, through the completion, signature and filing of the merger agreement in the Italian Business Register, by the two companies participating into the merger.

The merger produced its legal effects starting from December 31, 2016, while for fiscal and accounting purposes, the merger operation had been backdated at January 1, 2016. Therefore, with regard to the performance of SAES Advanced Technologies S.p.A. in 2016, please refer to the Report on operations of SAES Getters S.p.A.

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

The company reported consolidated revenues equal to 90,443 thousand USD in 2016 (81,708 thousand euro at the average exchange rate of 2016), compared to 79,515 thousand USD (71,667 thousand euro at the average exchange rate of 2015) in the previous year and a consolidated net income of 4,592 thousand USD (4,148 thousand euro), compared to a consolidated net income of 7,130 thousand USD (6,426 thousand euro) in 2015.

Further notes are provided below.

The US parent company *SAES Getters USA, Inc.*, which operates primarily in the Industrial Applications Business Unit, recorded sales of 15,205 thousand USD, compared to 13,831 thousand USD recorded in the previous year: the increase in the sales in the Electronic & Photonic Devices Business and in the Sensors & Detectors one (favored by the recovery of the security and defense sectors) more than offset the decrease in sales of getter components for fluorescent lamps and getter solutions for thermal insulation used in the oil extraction business.

The company ended the year with a net income of 4,592 thousand USD, down compared to a net income of 7,130 thousand USD in 2015: despite the increase of the sales and the gross margin, the net income decreased as a consequence of both the cost related to the signature of a settlement agreement for the definition of the environmental dispute related to presumed harmful emissions of mercury in the Onondaga Lake (1,250 thousand USD), and the lower earnings deriving from the evaluation with the equity method of the shareholding in the subsidiary SAES Pure Gas, Inc., that ended the current year with a net income lower than that of the previous year.

Finally, the tax rate, that in 2015 was positively affected by some effects related to the final calculation of the taxes of the previous year, came back in line with the standard rates in the USA (from 29.3% in 2015 to 38.8% in 2016) .

The subsidiary **SAES Pure Gas, Inc.** based in San Luis Obispo, CA (USA), active in the Pure Gas Handling Business, achieved sales of 67,708 thousand USD, up by 15.6% compared to 58,582 thousand USD in the previous year. Despite the growth in sales (favored by increased investments in the factories of microprocessors, mainly in the Asian market) and in the gross margin (thanks to a more favorable product mix, with a lower consumption of raw materials), the increase in selling expenses (in particular, higher commissions to agents and to the subsidiary SAES Getters Export, Corp.) and the higher charge-backs of the Parent Company following the review of the service contracts, reduced the net income from 4,699 thousand USD in 2015, to 3,102 thousand USD in 2016.

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Electronic & Photonic Devices Business, achieved revenues of 7,530 thousand USD in 2016, compared to 7,101 thousand USD in the previous year, and a net income of 574 thousand USD, compared to a net income of 365 thousand USD in 2015. The recovery of the US military spending, together with the strong demand for industrial goods, helped to boost the sales in 2016 (+6%); the increase in sales, together with a more favorable product mix, allowed to close the year with a result almost doubled compared to 2015 .

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 US Group's companies. In particular, starting from 2015, SAES Getters Export, Corp. began to operate also on behalf of Memry Corporation and SAES Smart Materials, Inc. while in the past it had only managed the export activities of SAES Getters USA, Inc. and its subsidiaries.

In 2016 it achieved a net income of 12,228 thousand USD (11,047 thousand euro), substantially in line with 12,567 thousand USD (equal to 11,327 thousand euro) in the previous year.

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

The company manages the commercial activities of the Group in the Republic of China.

SAES Getters (Nanjing) Co., Ltd. ended 2016 with revenues equal to 37,983 thousand RMB (5,166 thousand euro), up by 26.5% compared to 30,035 thousand RMB (4,307 thousand euro) in the previous year: the higher sales in the Chinese market of getter solutions for civil and industrial applications in the surveillance and security sectors and the increase in the commission income collected from the associated company SAES Pure Gas, Inc. for commercial assistance provided to the latter for sales of purifiers in the Chinese market, have more than offset the decrease in sales of getters for vacuum insulated panels for the refrigeration sector. The company ended the year with a net income of 4,488 thousand RMB (610 thousand euro), compared 190 thousand RMB (27 thousand euro) as at December 31, 2015: the increase in sales allowed the significant increase in the net income, despite the wage increases aimed at the recovery of inflation, the lower dividends received by SAES Getters International Luxembourg S.A. (in which SAES Getters (Nanjing) Co., Ltd. owns a 10% stake) and the lower interest income earned on the cash and cash equivalents (the latter decreased as a result of the partial repayment of the share capital to the Parent Company, completed in May 2015).

MEMRY GmbH, Weil am Rhein (Germany)

The company manufactures and markets shape memory alloy components for both medical and industrial applications in the European market. At the end of September 2016 it was approved the liquidation and the transfer of all the production and commercial activities of the German subsidiary into other Group's companies. This transaction resulted in extraordinary restructuring charges¹² equal to 1,258 thousand euro in the fourth quarter of 2016. The completion of such transaction is expected by the end of the second half of 2017.

¹² In particular, costs for severance and for the strategic employees' retention plan.

In 2016 the company achieved sales equal to 7,519 thousand euro, substantially in line with 7,573 thousand euro in the previous year. The net income was equal to 418 thousand euro, substantially in line with the previous year (1,386 thousand euro), excluding the above mentioned non-recurring restructuring charges.

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, the production and the sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate 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 next paragraph and to the Notes no. 9 and no. 16 of the Consolidated financial statement). SAES Nitinol S.r.l ended 2016 with a net loss equal to 8,520 thousand euro (in 2015 the loss was equal to -73 thousand euro), almost exclusively due to the devaluation (-8,400 thousand euro) of the entire value of the investment in Actuator Solutions GmbH recorded following the continued net loss in Actuator Solutions. Please refer to the section “Significant events occurred in 2016” for the detailed description of the sequence of capital contributions and loans granted by SAES Nitinol S.r.l. to the subsidiary Actuator Solutions GmbH during 2016.

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

The company, a spin-off supported by the National Research Council (CNR), has as its purpose the development of 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.

The company operates exclusively as a research center for the above mentioned developments, until February 26, 2016 it was 96% controlled by the Parent Company; on that date SAES Getters S.p.A. acquired from the minority shareholder the residual 4% of the share capital, and it is now the sole shareholder of E.T.C. S.r.l.

E.T.C. S.r.l. ended the 2016 with a net loss of 2,202 thousand euro¹³, compared to a loss of -1,586 thousand euro in the previous year. The increased loss was due by the increase in consultancy expenses, by the lower contributions accrued on research projects in progress and by the recharge by the Parent Company of the cost of the purchase of a OLET license from Polyera Corporation (for further details please refer to Note no. 7). Finally, please note lower tax revenues arising from the membership of tax consolidation program.¹⁴

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

On October 10, 2016 SAES Getters S.p.A. acquired from Mirante S.r.l. a majority interest (70%) in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. Thanks to this acquisition, SAES, that already cooperated with Metalvuoto S.p.A. in testing the application of SAES’ functional polymer composites on the plastic films for food preservation made by Metalvuoto S.p.A., aims at competing in the “smart” food packaging sector, entering the market with a complete and innovative range of products, through the development of high performance active plastics, characterized by transparency, biocompatibility and a reduced environmental impact.

For the operation details, please refer to Note no. 3 “Business Combinations”. Please note that, given that there is a put option for the minority shareholder on the remaining 30% of the share capital, the company is 100% consolidated without recognition of minority interests, starting from the date on which the Group acquired its control (that means October 10, 2016).

In the fourth quarter of 2016, Metalvuoto S.p.A. achieved revenues of 3,141 thousand euro and an overall result substantially at breakeven of +13 thousand euro.

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

¹³ Result of the reporting prepared for the consolidation purposes according to the International Accounting Standards.

¹⁴ The company resulting from the merger, having a negative taxable income, cannot pass its fiscal gain to the other participants of the tax group consolidation (in particular, E.T.C. S.r.l. and SAES Nitinol S.r.l.).

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.

In 2016, the company recorded a net income of 2,982 thousand euro, compared to 371 thousand euro in 2015: the improvement was exclusively attributable to the dividends received in the current year¹⁵ by the subsidiaries (in particular, SAES Smart Materials, Inc. and SAES Getters Korea Corporation).

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 the production activities and now operates only as a distributor of products made by other Group's companies in the Korean market.

In 2016 the company recorded revenues equal to 1,180 million KRW (919 thousand euro), substantially unchanged compared to 1,190 million KRW (947 thousand euro) in the previous year. The period ended with a net loss of 442 million KRW (-344 thousand euro), compared to a loss of 771 million KRW (-613 thousand euro) in 2015: the improvement of the result was due to the lower foreign exchange losses deriving from the conversion of the financial receivable in euro that the Korean subsidiary holds in respect of the Parent Company, following the fluctuation of the Korean won against the euro (please note that the related forward sale contract was signed by SAES Getters S.p.A. and the intra-group financial credit was significantly lower at the end of the year 2015, following the reduction of the share capital of SAES Getters Korea Corporation).

The company **SAES Smart Materials, Inc.**, based in New Hartford, NY (USA), active in the development, production and sale of shape memory alloy semi-finished products, recorded revenues equal to 16,125 thousand USD (14,568 thousand euro) in 2016, slightly down compared to 17,506 thousand USD (15,778 thousand euro) in 2015. Despite the reduction in revenues, the net income increased by 12.3% (from 3,726 thousand USD - amounting to 3,358 thousand euro - in 2015, to 4,186 thousand USD - amounting to 3,781 thousand euro - in 2016), thanks to the improved gross margin, the latter favored by a sales mix with a lower consumption of raw materials.

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 56,696 thousand USD (51,220 thousand euro) in 2016, showing an increase (+19.8%) compared to 47,345 thousand USD (42,672 thousand euro) in 2015, thanks to the combined effect of the increased sales of the current customers and of the contribution of both new products and new customers. The net income amounted to 6,744 thousand USD (6,092 thousand euro) in 2016, with a strong increase compared to a net income of 2,654 thousand USD (2,392 thousand euro) in the previous year, thanks to the increased revenues, the favorable product mix and the reduction of the incidence of fixed costs

Finally, please note that on June 10, 2016, Memry Corporation collected the second and last tranche, equal to 0.8 million USD, of the soft financing granted by the State of Connecticut with the aim to purchase new machinery and equipment to expand the production plant in Bethel (for further details please refer to the section "Main events occurred in 2016" and to the Note no. 26).

¹⁵ Please note that no dividend was received in the previous year from SAES Getters International Luxembourg S.A.

Performance of the joint venture companies in 2016

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

Actuator Solutions GmbH is headquartered in Gunzenhausen (Germany) and it is 50% jointly controlled by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. The joint venture, which consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Schenzen) Co., Ltd.¹⁶ is focused on the development, production and commercialization of actuators using shape memory alloys in place of the engine.

Actuator Solutions recorded net revenues equal to 18,642 thousand euro in 2016; its turnover, mainly generated by the seat comfort business (valves exploiting the SMA technology and used in lumbar control systems of the seats of cars), increased by 7.9% compared to 17,275 thousand euro in 2015, thanks to the extension of the lumbar control system to an increasing number of cars. In addition, please note that, in the second half of 2016, the AF (autofocus) system for application in high-end action cameras recorded its first sales, with initial revenues equal to around 0.4 million euro, but for which Actuator Solutions secured a considerable contract during the next twelve months.

The net result of the period was negative for -6,747 thousand euro, compared to a loss of -3,687 thousand euro in the previous year. The worsening was due both to the decreasing gross margin in the seat comfort sector (in turn, due not only to decreasing unit prices, but also to the still low-yield of the new lines related to the expansion of the production capacity, as well as to the reduction of the production costs that were at full operating speed only since the last quarter of 2016) and to higher research, development and prototyping expenses for autofocus (AF) actuators, to be applied mainly in the mobile sector.

In addition, in 2016, it has been prudently decided to write-down the deferred tax assets recognized in previous years on the negative taxable income of Actuator Solutions Taiwan Co., Ltd., following the company's continuing tax loss situation. The related cost was approximately equal to 778 thousand euro.

Please note that, in November 2016, Actuator Solutions GmbH announced a restructuring plan, aimed at cost reduction, which provides for the focusing of the German industrial site on the development, production and commercialization of devices mainly addressed to the automotive sector. The plan provides for a reduction in the workforce, already started at the end of 2016, which generated extraordinary severance costs equal to around 50 thousand euro.

(thousands of euro)

Actuator Solutions	2016	2015
	100%	100%
Total net sales	18,642	17,275
Cost of sales	(20,318)	(17,728)
Gross profit	(1,676)	(453)
<i>% on sales</i>	-9.0%	-2.6%
Total operating expenses	(5,345)	(4,237)
Other income (expenses), net	127	125
Operating income (loss)	(6,894)	(4,565)
<i>% on sales</i>	-37.0%	-26.4%
Interest and other financial income, net	(309)	(327)
Foreign exchange gains (losses), net	243	64
Income taxes	213	1,141
Net income (loss)	(6,747)	(3,687)

¹⁶ Mission of the new company, established in September 2016 in the People's Republic of China, is the technology development and commercialization of actuators for the mobile market. Please note that this company was not yet operating as at December 31, 2016.

The share of the SAES Group in the 2016 result of the joint venture amounted to -3,373 thousand euro (-1,843 thousand euro in the previous year), but the negative evaluation of the investment using the equity method accounted for in the income statement has been lower (-3.188 thousand euro), as the additional losses subsequent to the write-off of the consolidated participation have not been recorded, since there is no legal or implied obligation of recapitalization by the SAES Group towards Actuator Solutions to date.

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

SAES RIAL Vacuum S.r.l. was established at the end of 2015 through the transfer by Rodofil s.n.c. of the Rial Vacuum business (assets, trademark and customers list, as well as inventory and employed personnel), specialized in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders, used in the major research laboratories worldwide.

In particular, on December 23, 2015 SAES Getters S.p.A. acquired by Rodofil s.n.c. a first tranche, equal to 10% of the newco SAES RIAL Vacuum S.r.l., while the acquisition of a further 39% was finalized on January 19, 2016.

The aim of the joint venture is to create an Italian technological and manufacturing hub of the highest level, for the design and production of integrated vacuum systems for accelerators, for the research field, as well as for industrial systems and devices. The joint venture will combine at the highest level the competences of SAES in the field of materials, vacuum applications and innovation, with the experience of Rial and 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.

SAES RIAL Vacuum S.r.l. ended the 2016 with sales equal to 1,578 thousand euro and a net loss equal to -280 thousand euro, the latter related to some organization and integration expenses that are typical of any company in its start-up phase.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	2016
	100%
Total net sales	1,578
Cost of sales	(1,522)
Gross profit	56
<i>% on sales</i>	3.5%
Total operating expenses	(274)
Other income (expenses), net	(49)
Operating income (loss)	(267)
<i>% on sales</i>	-16.9%
Interest and other financial income, net	(15)
Foreign exchange gains (losses), net	0
Income taxes	2
Net income (loss)	(280)

The share of the SAES Group in the result of this joint venture amounted to -137 thousand euro in 2016.

FLEXTERRA, Inc., Skokie, IL (USA)

On December 15, 2016 the SAES Group has started a transaction aiming at the industrialization, production and commercialization of materials used in flexible organic transistors (OTFTs: Organic Thin Film Transistors) in partnership with Polyera, a company based in the USA and Taiwan, already active in the field of flexible thin film transistors for new generation displays and partner of SAES in the development of organic electronics applications.

The development of these materials is based on the competences in organic chemistry and material sciences already present at SAES since 2008, gained with the development of its technological platform in the

functional polymers for the organic electronics and advanced packaging industries, in combination with the expertise of Polyera in organic thin-film transistors.

The new materials will be developed by the newco Flexterra, Inc., based in Skokie (near Chicago, Illinois, United States), dedicated to the production of materials and components for the realization of truly flexible displays, with a huge application potential in various sectors.

At the end of December 2016, Flexterra, Inc. was capitalized by Polyera and SAES Getters International Luxembourg S.A. In particular, Polyera transferred to Flexterra tangible and intangible assets (including IPs and know-how) for an estimated value of 14 million USD and, against this contribution in kind, received Series A shares of Flexterra, privileged, among other things, in the distribution of profits and in case of sale of Flexterra.

SAES Getters International Luxembourg S.A. provided Flexterra with contributions in cash, in different phases within the end of 2016, for a total capital contribution of 8.5 million USD, against which the company received in turn Series A privileged shares of Flexterra.

On the basis of the agreement, Polyera will grant the shareholding rights in Flexterra to its investors, among which there are two important Asian venture capital funds. These investors will also contribute in cash, with an amount that will be exactly defined in the first quarter of 2017, and that will be between a guaranteed minimum amount of 4.5 million USD, up to a maximum amount of 6 million USD.

SAES will transfer a further contribution of 4.5 million USD in capital – in addition to tangible and intangible assets (IPs) with an estimated value of around 3 million USD – to be finalized upon the achievement by Flexterra of technical and commercial objectives as set out in the agreement (namely, the signature of a binding agreement for the commercialization of Flexterra products – milestone) no later than March 31, 2018.

On the basis of the current evaluation, the contribution of SAES is equivalent to an equity participation representing around 34,66% of the share capital of Flexterra. Such participation is expected to increase up to around 45% with the contribution to be finalized by March 31, 2018, subsequent to the achievement of the above-mentioned milestone.

The Board of Directors of the new company will be composed of five members, two of which, including the Chief Executive Officer, appointed by SAES.

Based on the Board's composition and the shareholders agreements that provide that the decisions on some relevant matters are taken with the unanimous consent of all the shareholders, Flexterra, Inc. has been qualified as a joint venture and therefore it is accounted for using the equity method.

Please note that as at December 31, 2016 the company Flexterra, Inc. was not yet operative.

For the detail of its net assets at the end of 2016, please refer to the Note no. 16.

The following table shows the **Total Group's statement of profit or loss**, achieved by incorporating with the proportional method instead of the equity method the 50% joint venture Actuator Solutions, as well as the new joint venture SAES RIAL Vacuum S.r.l., of which SAES currently owns 49% of the share capital.

2016						
(thousands of euro)	Consolidated statement of profit or loss	50% Actuator Solutions	Intercompany eliminations & other adjustments	49% SAES RIAL Vacuum S.r.l.	Intercompany eliminations & other adjustments	Total Group's statement of profit or loss
Total net sales	189,031	9,321	(715)	773	(26)	198,384
Cost of sales	(103,911)	(10,159)	715	(746)	25	(114,076)
Gross profit	85,120	(838)	0	27	(1)	84,308
<i>% on sales</i>	<i>45.0%</i>					<i>42.5%</i>
Total operating expenses	(58,228)	(2,673)	0	(134)	(28)	(61,063)
Other income (expenses), net	(736)	64	0	(24)	29	(667)
Operating income (loss)	26,156	(3,447)	0	(131)	0	22,578
<i>% on sales</i>	<i>13.8%</i>					<i>11.4%</i>
Interest and other financial income, net	(1,220)	(155)	0	(7)	0	(1,382)
Income (loss) from equity method evaluated companies	(3,325)		3,188		137	0
Foreign exchange gains (losses), net	52	122		0		174
Income (loss) before taxes	21,663	(3,480)	3,188	(138)	137	21,370
Income taxes	(7,581)	107		1		(7,473)
Net income (loss) from continued operations	14,082	(3,373)	3,188	(137)	137	13,897
Income (loss) from assets held for sale and discontinued operations	0	0		0		0
Net income (loss) before minority interest	14,082	(3,373)	3,188	(137)	137	13,897
Net income (loss) pertaining to minority interest	0					0
Net income (loss) pertaining to the Group	14,082	(3,373)	3,188	(137)	137	13,897

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

In relation to article 36 of the Consob Market Regulations no. 16191 dated 10/29/2007, regarding the conditions for the listing of shares of companies with control over companies established or regulated under the law of non-EU countries and significant for the purposes of the consolidated financial statements, please note that (i) the Group's companies listed below fall within this regulatory provision, (ii) appropriate procedures have been adopted to ensure the full compliance with the above-mentioned regulations and (iii) the conditions laid down in the said article 36 exist.

The following companies are considered important as, with reference to December 31, 2016, they exceed the individual significance parameters provided for in article 151 of the Issuer Regulation:

- SAES Getters USA, Inc. – Colorado Springs, CO (USA);
- SAES Pure Gas, Inc. – San Luis Obispo, CA (USA);
- Spectra-Mat, Inc. – Watsonville, CA (USA);
- SAES Smart Materials, Inc. – New Hartford, NY (USA);
- Memry Corporation – Bethel, CT (USA);
- SAES Getters Export, Corp. – Wilmington, DE (USA);
- SAES Getters (Nanjing) Co., Ltd. – Nanjing & Shanghai (P.R. of China).

Research, Development and Innovation activities

Research and development expenses amounted to 14,799 thousand euro in 2016 and increased in absolute terms compared to 2015 (13,815 thousand euro), but decreased as a percentage of consolidated revenues, thanks to the strong growth of the latter (7.8% in 2016, compared to 8.3% in the previous year).

2016 saw the organic materials laboratory strongly committed in the activity of identification of new application areas for the technology of functional polymers, namely polymers in which micro or nano structured powders of active materials are dispersed in a controlled way, mainly composed of zeolites, suitably treated with functionalization technologies developed over the years and protected by patents.

This technology was developed for its application in new generation OLED displays, with the function of protecting the delicate organic layers that constitute the screen from the water that penetrates through the joints, in the case of displays that are encapsulated through two glass sheets glued each other at the edges. The

OLED technology has not yet fully established itself in the television market, because of its high costs; despite this, its development proceeds in a very intense way, with the aim of producing flexible OLED screens, or even that can be rolled up, which would open new application fields, such as that of the wearable display or the development of electronic devices, very compact but with large displays, that can be rolled up or folded. This objective can be achieved by using plastic materials instead of the glass currently used and implementing fully flexible electrical circuits; however, both solutions are very complex and require considerable research efforts, but they represent excellent opportunities for SAES. In fact, the plastic is full of defects, namely micro channels that allow the passage, although in very small quantities, of atmospheric gases (among which oxygen and water) that are extremely harmful to the organic material layers that constitute the screen. The problem can be solved in two ways: either by producing plastic without defects, that means “plugging” the holes of the plastic, or by inserting inside the screen one layer of organic material, fully compatible with those that constitute the screen itself, with the function of absorbing the gaseous substances that permeate it.

The products developed by SAES in the last few years carry out exactly this function and will be used with the development of the flexible OLEDs, given that the solution to make plastics little permeable is very expensive.

The delay in the market development of OLEDs has prompted us to seek other application fields, as we always do when we have a new technology and product platform. The study, which already started in 2015, was completed in 2016 and allowed to verify the potential of the technology of functional polymers in the advanced packaging industry. In particular, we have identified the innovative film coating technique, that means the deposition of lacquers on the surface of the plastic film, as a very promising one for our products. The deposition of lacquers on the surface of plastic films allows to modify the characteristics of the plastic to improve its performance in terms of gas barrier properties or to make it active in respect of the latter. The packaging market is moving along two directions: more and more ecological materials (compostable and recyclable ones), for example by removing the multi-layer materials, and advanced packaging solutions able to control the gases present in the package, in order to preserve its content longer (active packaging). Our products have been conveniently adjusted to better meet the cost needs of the end application and some new features, in addition to the gas absorption, have been added to meet the market needs. This work was done in collaboration with a company very active in this area since several years, Metalvuoto S.p.A., a leading company in the metallization of plastic films, through a vacuum deposition of thin layers of aluminum, films used in the production of multiple layers to obtain waterproof plastics. In the last few years, Metalvuoto S.p.A. has been investing in the technology of lacquers deposition on plastic films, the coating film technology, and has developed significant expertise and cutting-edge equipment, as well as some lacquers developed in collaboration with the Politecnico of Milan. As part of this collaboration we have been able to verify the applicability and economic compatibility of our functional polymers, in the form of lacquers, for the production of functionalized films. The collaboration has immediately highlighted the great benefits of combining the expertise developed by the two companies and was then transformed into an increasingly close partnership, that led to the acquisition of a majority stake in Metalvuoto S.p.A. by SAES. This acquisition will enable the Group to better exploit the competitive advantages of the functional polymers technology and to quickly offer highly innovative products in the market, leveraging on the technological expertise and on the commercial network of Metalvuoto S.p.A.

A second big opportunity in the organic materials sector has matured during 2016. For some years the Group had a structured collaboration with a very innovative startup, Polyera, Inc., based in Chicago, a spin-off of the Northwestern University specialized in the development of active organic materials for the production of displays. Also in this case the synergies between the two companies were very clear and this has led to the creation of a new corporate vehicle, Flexterra, Inc., in which the skills and the portfolio of patents of the two companies were brought together. The new company will be focused in the next few months to develop, in the context of an important cooperation with an end user, organic materials for the production of OTFTs (Organic Thin Film Transistors), namely flexible devices that will be used to operate the future flexible electrophoretic displays.

The central laboratory has successfully continued its basic research activities in the field of Shape Memory Alloys regarding new alloys formulations and the improvement of the existing production processes, to

support applications in both the medical segment and in the industrial one. The research activities were focused on the development of new formulations that will allow to raise the transformation temperature of the alloys up to about 200°C. A material able to operate at temperatures significantly higher than the current ones (the limit is about 100°C) would open the way to important new applications in the automotive field. Another important business is the one that sees the laboratory engaged in developing new production processes of shape memory alloys, with the aim of getting processes “targeted” to the final applications, that means large volumes for the medical sector and small volumes for the industrial one.

The joint venture Actuator Solutions has continued its activities related to the development, prototyping and production of SMA actuators for different applications, and particularly intense were the activities for the development of autofocus (AF) systems for micro cameras. In 2016, this activity made it possible the market introduction of a first model of AF actuator, that today is already in production and is used on drones. A second model of AF actuator, much more compact than the first one, developed in the second half of 2016, should be employed in the mobile phone sector, characterized by high volumes.

Research and innovation activities in other areas of the company continued along the direction already shown in the 2016 half-year report.

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

Group’s main risks and uncertainties

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

Strategic Risk

Industry Risk

Some of the SAES Group’s businesses are more sensitive to the performance of some macroeconomic indicators (GDP trend, consumer confidence level, availability of liquidity, etc.). In particular, some sectors, such as the lighting one, the vacuum pumps and the applications for the defense market, have been affected, also in 2016, by the evolution of the political decisions regarding public investments. The effect on the Group has been the decline in the demand of getter solutions for fluorescent lamps and the postponement of some research projects, which envisaged the use of vacuum systems. Instead the sales of getters for the security & defense sector recorded a strong growth compared to the previous year, thanks to the recovery of the investments in this business.

Also the Pure Gas Handling Business is particularly exposed to the cyclical nature of some of the markets in which the “Gas Purification” technology is used, first of all the semiconductors industry.

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

With particular reference to the recalled example of the semiconductors industry, in recent years the Group has seen a decrease in the weight of that industry in the end markets, making the fluctuation of revenues less obvious than in the past, thanks to the widening of the product range and to the characteristics of excellence of the proposed solutions.

Another external factor that cannot be influenced by the Group is the evolution of the legislation in the countries in which the Group sells its products or in those countries that represent the end markets for SAES' customers: the rules and the resulting operating practices are of particular importance in the industrial lamps business, where the market is often influenced by environmental requirements, or with respect to the applications for the medical business: let's think, for example, at the indirect impact on the customers that buy these applications originated by the laws on welfare, or to the frequent need for qualification by some institutional bodies of those products of the customers in which the technologies of the Group, or the products themselves as components, are applied. Please consider also the eventuality in which the qualifications mentioned above are actually achieved, but later than expected, with the effect of delaying the payback of the Group's investments made to support the development and industrialization of new products.

The Group seeks to mitigate the risks associated with changes in the regulations by monitoring the legislative and macroeconomics trends where possible with the aim of anticipating the effects of any news and keeping the focus on the product development activities, in order to be able to innovate the product range when needed and anticipate the market trends; as mentioned above, the attention is also on responding rapidly and adapting the production structure through the engineering functions.

Competition risk

The Group is active in the upstream segment of the value chain and the production process of the industrial sectors in which it operates (B2B, i.e. Business-to-Business), often as tier 2 or 3, and thus it does not sell to end consumers.

This decreases the SAES Group's capacity to anticipate and steer the evolution of the end demand for its products, which depends more on the success and ability of its customers.

Aggressive competitors have emerged in recent years and these competitors target those customers and industries that are most price-sensitive and most mature, with the consequent risks of decreased margins.

The SAES Group has adopted various response strategies to deal with this risk. In particular, where possible and in accordance with the current regulations, long-term supply agreements are signed, through the development of new solutions and services, new products of higher quality have been offered and there has been a focus on the repositioning of the product range along several phases of the value chain.

In addition, as mentioned above, the Group aims at diversifying its target markets in order to reduce its dependency on markets characterized by a rising level of competition.

In parallel, the Group has continued with market researches aimed at anticipating the evolution of the demand, also through alliances and agreements with leading specialized centers of study.

Finally, also with the development of the activity of the joint ventures Actuator Solutions and SAES RIAL Vacuum S.r.l., the Group intends to pursue the goal of changing its position in the value chain, moving from the production of simple components to the production of more complex devices, real systems that can be sold directly to their end users, with the possibility, thanks to the greater closeness to the customers, to better face the competition.

Risks related to technological and technical trends

A typical risk of the companies that operate in the consumer electronic industry is the accelerated technological obsolescence of applications and technologies in the market. It may also happen, as mentioned above, that the replacement of one technology or particular peculiarity by another is also driven by changes in the law in target countries. In particular, during the year, the market of fluorescent lamps, in which the getter solutions of the Group are used, has been under stress, penalized by the technological competition of the LED lamps.

This risk is mitigated through constant market analyses and the screening of emerging technologies both to identify new development opportunities and to seek to avoid being caught unprepared by the phenomenon of technological obsolescence.

In addition, as mentioned above, the Group seeks to reduce its dependence on a single industry/application by diversifying the markets in which it operates.

Risks of catastrophic events

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

The presence of some of the Group's plants in earthquake-prone areas (for example, Abruzzo and California) is managed by adopting specific devices of risk mitigation such as: adoption of certified anti-seismic plants; existence of specific emergency management procedures; performing of regular controls of the plants conducted by the relevant authorities; signature of insurance policies to cover the assets and the interruption of the business for the Italian factories and the foreign production subsidiaries; evacuation drills for employees.

Operational risks

Uncertainty concerning the success of research and development projects

The SAES Group, both on its own initiative or in cooperation with its customers and partners, works with the aim of developing innovative products and solutions, which are often on the cutting edge and intended to generate returns in the long term.

The risk of failure does not depend solely on our ability to provide the requested products in terms of form, schedule and cost. SAES has the control neither over its customers' ability to succeed in implementing the content of their business plans nor over the timing for the new technologies to take root in the market.

Examples include, but are not limited to, the emergence of competitive technologies that do not require the use of the Group's products and know-how, or the development timeframe may be so long as to make it no longer profitable to continue the project, or in any case the time-to-market is delayed, with a negative effect on the return of the investment.

This risk is mitigated through periodic and structured revisions of the project portfolio managed by the Innovation Committee.

Wherever and whenever possible, the Group seeks access to public funding, obviously only if they are intended to achieve goals that are perfectly consistent with the development project in question. The Group makes increasingly frequent use of "open" forms of cooperation with external centers of excellence in order to reduce the development timeframe.

A further cause of failure of the research and development projects can be found in the difficulty to transfer their results in the industrialization stage and this may limit the ability to switch to a mass production.

To mitigate this risk, the Group's organization has promoted the contiguity of the R&D and engineering functions, in order to encourage a greater interaction in managing the projects and to limit the timing dilution in switching to mass production.

Protection of intellectual property

The SAES Group has always sought to develop an original knowledge and, where possible, to protect this knowledge using patents. Please note that there is an increasing difficulty in defending patents, also due to the uncertainties relating to the legal systems of some countries in which the Group operates.

The risks in question are the loss of market shares and margins due to fake products, in addition to incurring enormous expenses for lawsuits.

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

Risks associated with the definition of the business requirements

The rationalization of the Group's manufacturing and marketing structures implemented during the last years and currently ongoing, has led to an increasing polarization, between Italy, and in particular the Avezzano facility, being the sole manufacturing center for traditional getter metal alloys, and the USA, with some sub-specialized facilities, as the base of production addressed to the pure gas handling materials, the Nitinol raw material and the medical SMA devices (stents). Instead, the training process of the SMA wires for their use in industrial applications is carried out exclusively in the factory of the Parent Company in Lainate. Finally, the active packaging business will be concentrated in the plant of the newly acquired Metalvuoto S.p.A.

The primary risks are associated with the greater distance from some customers, with possible consequences in the service level, in addition to the increase in transportation and insurance costs.

The Group has reacted by seeking to maintain the service level high and a direct customer relationship, also through an improved inventory management, compensating any production peak using temporary workers, with the aim of enhancing efficiency in delivering orders.

Moreover, following the mentioned exposure of the Group to the external context, the risk of a shortage in the production capacity may occur for specific markets/product lines, in case of particularly positive unforeseen changes in demand, to which the Group's factories may not be able to respond with the necessary promptness.

In order to limit the potential effects of such risk, the Group has tried to increase the integration between its sales departments and the operations one, in order to anticipate as much as possible the evolution of the demand and to carry out an intensive monitoring of the production process. In addition, the main factories have sought to maximize the flexibility of its structures, with particular regards to indirect activity centers.

Risks related to dealings with suppliers

This risk refers to the possibility that limited sources of key resources and/or difficulty in accessing such resources could jeopardize the ability to manufacture quality products at competitive prices and in a timely manner.

We believe that the Group's exposure to this risk is limited. The risk associated with the procurement of the major raw materials used by the Group is low, even in periods of growing demand.

Nevertheless, the Group always seeks to diversify its sources (double supplier policy/ continuous scouting of potential best suppliers) and, when possible, to enter into agreements with prices fixed over the medium/long-term, in order to mitigate the volatility of purchase prices.

Risks related to customers concentration

This risk refers to the possibility that revenues are concentrated in a small number of customers in some businesses, with the result that the Group's results are too much dependent on the financial performance of these customers or on their strategic decisions: for example, please consider the possibility that one or more customers decide to integrate vertically, inside their factories, the production of semi-finished goods or components that they currently buy from the Group.

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

Risks related to dealings with suppliers

This risk refers to the possibility that limited sources of energy and other key resources and/or difficulty in accessing such resources could jeopardize the ability to manufacture quality products at competitive prices and in a timely manner.

We believe that the Group's exposure to this risk is limited. The risk associated with the procurement of the major raw materials used by the Group is low, even in periods of growing demand.

Nevertheless, the Group always seeks to diversify its sources and, when possible, to enter into agreements with prices fixed over the medium/long-term, in order to mitigate the volatility of purchase prices.

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Risks related to the location of production

This risk refers to the fact that the Parent Company from 2009 to 2013¹⁷ has recognized deferred tax assets on its tax losses.

The maintenance of such deferred tax assets is motivated by the expected growth in the production activities of the Italian plants of the Group, together with any implementing decisions to rationalize the organizational structure, in accordance with the assumptions of the business plan. However, it is possible that future strategic decisions or some business opportunities, or even the evolution of the markets in which the Group operates, may lead to a geographical distribution of the production, and consequently a composition of the financial results, different from the expected one, or that there may be some delays compared to what was planned, with the result that the recoverability of the tax losses carried forward may fail by the Parent Company.

The Group periodically checks the tenability of the assumptions underlying the recognition of deferred tax assets on unused tax losses: more specifically, the estimates related to the achievement of a positive taxable income in the future years and the related assumptions are an integral part of the planning process and are subject to the specific approval by the Board of Directors.

Transport Risk

This risk is related to the transport of materials and products and the resulting deterioration of the relationship with the end customer.

The possible application of customs duties could have a negative impact on the receipt of goods by the customer (increased costs) and delays in the shipment to customers based in foreign countries, resulting in the deterioration of the relationship with them. To this end, the Group has adopted some risk mitigation systems through the continuous monitoring of customs duties, the use of different forwarders and the application of delivery terms suitable for and agreed with the customer, in order to strengthen the shipping process.

¹⁷ Please note that in 2014, 2015 and 2016 it has been prudently decided to suspend the recognition of deferred tax assets on the tax losses realized by SAES Getters S.p.A.

Risk of IT business continuity

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

In order to strengthen the current IT infrastructure, the Company has planned the implementation of a business continuity plan in relation to the IT systems. Within this process it will be included the formalization of a specific disaster recovery procedure, aimed at defining roles, responsibilities and operating procedures in the management of risk events that could potentially have an impact on the operation of the corporate IT systems.

Financial and reporting risks

Risk of budget and planning

The frequent business changes such as tier 2 or 3, the subsequent re-organizational adaptation and a reduced future visibility of the different businesses in which the Group operates, are risk events on the budget and planning process.

In order to mitigate this risk, the Group involves in the forecast process all the corporate areas and makes use, under specific circumstances, of third parties evaluation reports; in the event of changes in the assumptions originally used, it prepares and implements additional periodic reports, involving the different actors in the process.

Financial risks

The SAES Group is also exposed to some risks having a financial nature, and in particular:

- Interest-rate risk, associated with the volatility of interest rates, which may influence the cost of the use of debt financing or the return on temporary investments of cash;
- Exchange-rate risk, associated with the volatility of exchange rates, which may influence the related value of the Group's costs and revenues according to the currency of denomination of accounting transactions and may thus have an impact on the Group's net result; the value of the exchange rates also affects the amount of financial receivables/payables denominated in currencies other than the euro, with a potential effect both on the net income and on the net financial position;
- 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;
- 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).

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

Subsequent events

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

On January 19, 2017 SAES Nitinol S.r.l. paid a second tranche of the financing in favor of the joint venture Actuator Solutions GmbH, equal to 1 million euro, on the basis of the loan contract signed on November 28, 2016.

On March 10, 2017, the Board of Directors of Metalvuoto S.p.A. approved to propose to the shareholders SAES Getters S.p.A. and Mirante S.r.l. a payment of 302 thousand euro in favor of Metalvuoto S.p.A., to cover the loss related to the fiscal year 2016¹⁸, as well as the reconstitution of a share capital equal to 100 thousand euro, fully eroded by such loss. The payment will be made by each shareholder, in proportion of its equity share.

On March 15, 2017 SAES Getters S.p.A. approved a payment in favor of E.T.C. S.r.l. of 768 thousand euro, equal to the difference between the total loss (-2,218 thousand euro¹⁹) recorded by E.T.C. S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-1,450 thousand euro) and already covered by the payment made by the Parent Company on March 14, 2016.

At the same time, the Parent Company provided for a further capital contribution equal to 1,450 thousand euro, to cover the expected losses for the year 2017.

On March 15, 2017 SAES Getters S.p.A. approved the partial waiver of the financial receivable claimed by the same towards SAES Nitinol S.r.l. for an amount of 8,380 thousand euro in favor of SAES Nitinol S.r.l., equal to the difference between the total loss (-8,520 thousand euro) recorded by SAES Nitinol S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-140 thousand euro) and already covered by the payment made by the Parent Company on March 14, 2016.

At the same time, the Parent Company provided for a further capital contribution in cash equal to 140 thousand euro in favor of SAES Nitinol S.r.l., to cover possible future losses.

Business outlook

In the **first two months of 2017, consolidated net revenues** were equal to 34,745 thousand euro, up by 24.8% compared to 27,832 thousand euro in the corresponding period of the previous year. The exchange rate effect was positive and equal to +3.2% while the change in the scope of consolidation (the acquisition of Metalvuoto S.p.A. completed in the last quarter of 2016) has generated an increase in consolidated net revenues equal to 2,259 thousand euro (+8.1%). Excluding these effects the organic growth was equal to 13.5%.

¹⁸ The loss related to the full year 2016, resulting from the financial statements written according to National Accounting Principles, is equal to -1,920 thousand euro.

¹⁹ According to the National Accounting Principles.

(thousands of euro)

Business	Feb-17	Feb-16	Total difference	Total difference (%)	Exchange rate effect (%)	Organic change (%)	Perimeter difference effect (%)
Security & Defense	1,870	1,676	194	11.6%	2.3%	9.3%	0.0%
Electronic Devices	974	1,307	-333	-25.5%	1.7%	-27.2%	0.0%
Thermal Insulation	761	911	-150	-16.5%	2.3%	-18.8%	0.0%
Healthcare Diagnostics	721	599	122	20.4%	2.2%	18.2%	0.0%
Systems for UH Vacuum	1,531	1,356	175	12.9%	2.4%	10.5%	0.0%
Getters & Dispensers for Lamps	1,172	1,291	-119	-9.2%	1.4%	-10.6%	0.0%
Sintered Components for Electronic Devices & Lasers	1,122	1,160	-38	-3.3%	3.1%	-6.4%	0.0%
Systems for Gas Purification & Handling	11,069	7,951	3,118	39.2%	4.4%	34.8%	0.0%
Industrial Applications	19,220	16,251	2,969	18.3%	3.3%	15.0%	0.0%
Nitinol for Medical Devices	11,600	9,813	1,787	18.2%	3.5%	14.7%	0.0%
SMAs for Thermal & Electro Mechanical Devices	1,380	1,581	-201	-12.7%	0.9%	-13.6%	0.0%
Shape Memory Alloys	12,980	11,394	1,586	13.9%	3.1%	10.8%	0.0%
Solutions for Advanced Packaging	2,259	0	2,259	100.0%	0.0%	0.0%	100.0%
Business Development	286	187	99	52.9%	5.8%	47.1%	0.0%
Total Net Sales	34,745	27,832	6,913	24.8%	3.2%	13.5%	8.1%

Consolidated revenues of the Industrial Applications Business Unit were equal to 19,220 thousand euro, compared to 16,251 thousand euro in the corresponding period of 2016. The increase (+18.3%) was the result of the excellent performance of the gas purification business in the first two months of 2017.

The Shape Memory Alloys Business Unit ended the first two months of 2017 with revenues equal to 12,980 thousand euro (11,394 thousand euro in the first two months of 2016), showing a significant organic growth in the medical segment.

The newly established Solutions for Advanced Packaging Business Unit recorded revenues equal to 2,259 thousand euro the first two months of 2017, completely attributable to the consolidation of Metalvuoto S.p.A.

Total revenues of the Group were equal to 36,607 thousand euro in the **first two months of 2017**, showing an increase (+25.4%) compared to 29,202 thousand euro in the corresponding period of 2016; the revenues of the joint ventures Actuator Solutions and SAES RIAL Vacuum S.r.l. increased by 35.8%, while consolidated revenues increased by 24.8%, as previously mentioned.

Following the acquisition of the majority of the company Metalvuoto S.p.A., an established player in the advanced packaging industry, to ensure information transparency, it was set up a third Business Unit called "Solutions for Advanced Packaging". The figures related to 2016 (in particular, subsequent to October 10, the date in which the acquisition was finalized) will be reclassified accordingly, for a homogeneous comparison. In addition, please note the new segmentation of the Industrial Applications Business Unit and the new name of some existing operating areas, to better respond to the organizational structure of the Group.

2017 is expected to be a year of further growth. SAES will be committed in the integration and development of the new initiatives in Metalvuoto S.p.A. and Flexterra, Inc., with the objective of achieving the critical mass necessary to support both the operating expenses of a Group that operates on a global scale, as well as the investments in research and innovation, which ensure its continuity over time.

Going concern

The financial statements have been prepared on an ongoing concern basis because, despite a difficult economic and financial environment, we believe that there aren't any significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) surrounding the business continuity. This context, as previously highlighted in the paragraphs related to the risks to which the Group is subject, can be only partially influenced by the Management of the Company, being it mainly the result of external variables.

Based on the best estimates available to date, the Company has approved a three-years business plan that includes the strategies envisaged by the Company's Management in order to succeed in achieving the defined business goals in this difficult economic environment. These strategies, that include also an increase in the production activities undertaken in Italy, will allow the full recovery of the corporate assets and, in particular, of the deferred tax assets recognized in the balance sheet.

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 year is provided in the Note no. 39 of the consolidated financial statements.

Consob regulatory simplification process

Please note that, 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.

**Consolidated Financial Statements
for the year ended on December 31, 2016**

Consolidated statement of profit or loss			
(thousands of euro)	Notes	2016	2015 (*)
Total net sales	4	189,031	166,914
Cost of sales	5	(103,911)	(94,830)
Gross profit		85,120	72,084
Research & development expenses	6	(14,799)	(13,815)
Selling expenses	6	(15,612)	(13,214)
General & administrative expenses	6	(27,817)	(23,718)
Total operating expenses		(58,228)	(50,747)
Other income (expenses), net	7	(736)	(838)
Operating income (loss)		26,156	20,499
Interest and other financial income	8	278	293
Interest and other financial expenses	8	(1,498)	(1,821)
Share of result of investments accounted for using the equity method	9	(3,325)	(1,843)
Foreign exchange gains (losses), net	10	52	694
Income (loss) before taxes		21,663	17,822
Income taxes	11	(7,581)	(9,002)
Net income (loss) from continued operations		14,082	8,820
Net income (loss) from assets held for sale and discontinued operations		0	0
Net income (loss) for the period		14,082	8,820
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		14,082	8,820
Net income (loss) per ordinary share	12	0.6331	0.3944
Net income (loss) per savings share	12	0.6497	0.4111

Consolidated statement of other comprehensive income			
(thousands of euro)	Notes	2016	2015
Net income (loss) for the period		14,082	8,820
Exchange differences on translation of foreign operations	25	3,434	10,458
Exchange differences on equity method evaluated companies	25	(188)	(51)
Total exchange differences		3,246	10,407
Total components that will be reclassified to the profit (loss) in the future		3,246	10,407
Actuarial gain (loss) on defined benefit plans	25	(306)	(21)
Income taxes	25	74	(22)
Actuarial gain (loss) on defined benefit plans, net of taxes - SAES Getters S.p.A. and subsidiaries		(232)	(43)
Actuarial gain (loss) on defined benefit plans on equity method evaluated companies	25	(3)	0
Income taxes	25	1	0
Actuarial gain (loss) on defined benefit plans, net of taxes - equity method evaluated companies		(2)	0
Total components that will not be reclassified to the profit (loss) in the future		(234)	(43)
Reversal of currency conversion reserve after the reduction of the share capital of the subsidiaries	25	0	(1,907)
Total components that have been reclassified to the profit (loss)		0	(1,907)
Other comprehensive income (loss), net of taxes		3,012	8,457
Total comprehensive income (loss), net of taxes		17,094	17,277
<i>attributable to:</i>			
- Equity holders of the Parent Company		17,094	17,277
- Minority interests		0	0

(*) Some amounts shown in the column do not correspond to the 2015 financial statements because they reflect the reclassifications detailed in Note no. 1, paragraph "Reclassifications on December 31, 2015 income statement figures".

Consolidated statement of financial position

(thousands of euro)	Notes	December 31, 2016	December 31, 2015
<u>ASSETS</u>			
Non current assets			
Property, plant and equipment, net	14	53,402	50,383
Intangible assets, net	15	58,984	52,322
Investments accounted for using the equity method	16	9,621	3,990
Deferred tax assets	17	15,073	14,064
Tax consolidation receivables from Controlling Company	18	272	272
Financial receivables from related parties	19	5,249	600
Other long term assets	20	435	456
Total non current assets		143,036	122,087
Current assets			
Inventory	21	38,233	32,534
Trade receivables	22	39,282	23,366
Prepaid expenses, accrued income and other	23	9,691	10,593
Derivative financial instruments evaluated at fair value	33	1	0
Cash and cash equivalents	24	14,340	24,044
Financial receivables from related parties	19	565	555
Total current assets		102,112	91,092
Total assets		245,148	213,179
<u>EQUITY AND LIABILITIES</u>			
Capital stock		12,220	12,220
Share issue premium		41,120	41,120
Legal reserve		2,444	2,444
Other reserves and retained earnings		42,664	42,826
Other components of equity		22,301	19,055
Net income (loss) of the period		14,082	8,820
Group shareholders' equity	25	134,831	126,485
Other reserves and retained earnings of third parties		0	3
Minority interests in consolidated subsidiaries	25	0	3
Total equity		134,831	126,488
Non current liabilities			
Financial debts	26	35,916	27,019
Other non current financial debts towards third parties	27	1,829	1,355
Deferred tax liabilities	17	6,733	6,526
Staff leaving indemnities and other employee benefits	28	10,173	7,856
Provisions	29	918	814
Total non current liabilities		55,569	43,570
Current liabilities			
Trade payables	30	20,048	13,675
Other payables	31	12,498	9,203
Accrued income taxes	32	1,034	1,060
Provisions	29	3,370	3,530
Derivative financial instruments evaluated at fair value	33	51	22
Current portion of medium/long term financial debts	26	8,239	7,136
Other current financial debts towards third parties	27	1,049	1,935
Bank overdraft	34	6,847	5,012
Accrued liabilities	35	1,612	1,548
Total current liabilities		54,748	43,121
Total equity and liabilities		245,148	213,179

Consolidated cash flow statement		
(thousands of euro)	2016	2015
Cash flows from operating activities		
Net income (loss) from continued operations	14,082	8,820
Net income (loss) from discontinued operations	0	0
Current income taxes	8,158	7,244
Changes in deferred income taxes	(578)	1,758
Depreciation	7,170	7,147
Write-down (revaluation) of property, plant and equipment	138	123
Amortization	1,355	1,364
Write-down (revaluation) of intangible assets	0	188
Net loss (gain) on disposal of fixed assets	11	(95)
Interest and other financial (income) expenses, net	4,545	3,371
Other non-monetary costs (revenues)	0	(1,869)
Accrual for termination indemnities and similar obligations	1,384	1,037
Changes in provisions	552	1,390
	36,817	30,478
Working capital adjustments		
<i>Cash increase (decrease)</i>		
Account receivables and other receivables	(13,154)	(3,156)
Inventory	(3,172)	(46)
Account payables	4,284	2,628
Other current payables	2,837	357
	(9,205)	(217)
Payment of termination indemnities and similar obligations	(127)	(74)
Interests and other financial payments	(396)	(414)
Interests and other financial receipts	116	139
Taxes paid	(8,510)	(7,061)
Net cash flows from operating activities	18,695	22,851
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(8,663)	(5,017)
Proceeds from sale of tangible and intangible assets	5	156
Disbursements for acquisition of intangible assets	(202)	(42)
Consideration for the acquisition of minority interests in subsidiaries	(249)	0
Price paid for acquisition of shareholding in subsidiaries, net of cash acquired	(5,825)	0
Price paid for the acquisition of businesses	(254)	(1,884)
Consideration for the acquisition of investments in joint ventures	(9,430)	(330)
Capital injection into joint ventures	(1,000)	(2,900)
Net cash flows from investing activities	(25,618)	(10,017)
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	15,626	19,282
Proceeds from short term financial liabilities	1,500	0
Dividends payment	(8,502)	(3,477)
Repayment of financial liabilities	(7,394)	(33,303)
Interests and other costs paid on financial liabilities	(930)	(1,185)
Financial receivables repaid (granted) from related parties	(3,490)	1,700
Interests receipts on financial receivables from related parties	155	62
Other financial payables	(830)	0
Other financial receivables	0	159
Payment of finance lease liabilities	(8)	(18)
Net cash flows from financing activities	(3,873)	(16,780)
Net foreign exchange differences	752	2,916
Net (decrease) increase in cash and cash equivalents	(10,044)	(1,030)
Cash and cash equivalents at the beginning of the period	24,041	25,071
Cash and cash equivalents at the end of the period	13,997	24,041

Consolidated statement of changes in equity as at December 31, 2016											
(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					
December 31, 2015	12,220	41,120	0	2,444	19,055	0	42,826	8,820	126,485	3	126,488
Distribution of 2015 result							8,820	(8,820)	0		0
Dividends paid							(8,502)		(8,502)		(8,502)
Purchase of minority interests							(246)		(246)	(3)	(249)
Net income (loss)								14,082	14,082	0	14,082
Other comprehensive income (loss)					3,246		(234)		3,012		3,012
Total comprehensive income (loss)					3,246	0	(234)	14,082	17,094	0	17,094
December 31, 2016	12,220	41,120	0	2,444	22,301	0	42,664	14,082	134,831	0	134,831

Consolidated statement of changes in equity as at December 31, 2015											
(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, 2014	12,220	41,120	0	2,444	10,555	0	41,510	4,836	112,685	3	112,688
Distribution of 2014 result							4,836	(4,836)	0		0
Dividends paid							(3,477)		(3,477)		(3,477)
Net income (loss)								8,820	8,820	0	8,820
Reversal of currency conversion reserve after the reduction of the share capital of the subsidiaries					(1,907)				(1,907)		(1,907)
Other comprehensive income (loss)					10,407		(43)		10,364		10,364
Total comprehensive income (loss)					8,500	0	(43)	8,820	17,277	0	17,277
December 31, 2015	12,220	41,120	0	2,444	19,055	0	42,826	8,820	126,485	3	126,488

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

SAES Getters S.p.A., the Parent Company, 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 or ultra-pure gases are required (electronic devices, industrial lamps, vacuum systems and thermal insulation solutions), as well as in the gas purification industry. The Group also operates in the 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 transverse to numerous fields of application (OLED displays, implantable medical devices and food packaging).

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; in spite of a difficult economic and financial environment, it is not considered to exist significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) on the business continuity.

The Parent Company SAES Getters S.p.A., based in Lainate (Italy), is controlled by S.G.G. Holding S.p.A.²⁰, which does not exercise management and coordination activity.

The Board of Directors approved and authorized the publication of the 2016 consolidated financial statements in a resolution passed on March 15, 2017.

The 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”.

The consolidated financial statements for the year ended December 31, 2016 have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board (“IASB”) and approved by the European Union (“IFRS”), Consob resolutions no. 15519 and no. 15520 of July 27, 2006, Consob communication no. DEM/6064293 of July 28, 2006 and article 149-*duodecies* of the Issuers Regulation. The abbreviation “IFRS” includes also 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”).

In the interest of comparability, the comparative figures for 2015 have also been presented in application of the requirements of IAS 1 - *Presentation of Financial Statements*.

Accounting schemes

The presentation adopted is compliant with the provisions of IAS 1-revised, that provides 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.

²⁰ Based in Milan at Via Vittor Pisani, 27.

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, it is compliant with internal reporting procedures and in line with 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 permitted by IAS 7.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, in the consolidated statement of profit or loss by allocation, income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal conduct of operations are specifically identified and their effects are stated separately at the main interim result levels.

Non-recurring events and transactions are identified primarily on the basis of the nature of the transactions. In particular, non-recurring income/expenses include cases that by their nature do not occur 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 included among non-current assets;
- income/expenses arising from reorganization processes associated with extraordinary corporate actions (mergers, de-mergers, acquisitions and other corporate actions);
- income/expenses arising from discontinued businesses.

During the year 2016 the Group did not carry out any unusual or non-recurring transaction having a significant impact on the economic situation and the financial position.

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

This financial report also takes into account the indications given by Consob communication no.0031948 of 10 March 2017 concerning guidance on the most important issues of financial relations as at December 31, 2016.

Reclassifications on December 31, 2015 income statement figures

Please note that, following the completion of the transfer of the PageWafer[®] technology related to the last contract signed at the end of 2014, the technology licensing activity can be considered as a core business of the Group; therefore, starting from January 1, 2016, the royalties for the licensing of the thin film getter technology for MEMS of new generation are classified within the consolidated revenues. The figures related to 2015²¹ have been reclassified accordingly, for a homogeneous comparison (in 2015 this income was classified in a separate item of Consolidated statement of profit or loss that did not contribute to the formation of the consolidated revenues)..

Furthermore, following a change in the organizational structure of the Parent Company, as well as for a better representation of the costs by allocation, starting from 2016 the engineering and industrialization costs of the new products are classified as cost of sales, instead of being recorded as operating expenses. Also the figures related to the previous year, presented for comparative purposes, have been reclassified.

²¹ In 2015 the royalties amounted to 902 thousand euro (of which 177 thousand euro deriving from lump-sums related to the technology transfer), compared to 1,400 thousand euro as at December 31, 2016 (of which 362 thousand euro deriving from lump-sums related to the technology transfer).

The following table shows the effects of these reclassifications on the consolidated statement of profit (loss) as at December 31, 2015.

Thousands of euro

	2015	Royalties reclassification	Industrialization costs reclassification	2015 reclassified
Total net sales	166,012	902		166,914
Cost of sales	(94,025)		(805)	(94,830)
Gross profit	71,987	902	(805)	72,084
R&D expenses	(14,620)		805	(13,815)
Selling expenses	(13,214)			(13,214)
G&A expenses	(23,718)			(23,718)
Total operating expenses	(51,552)	0	805	(50,747)
Royalties	902	(902)		0
Other income (expenses), net	(838)			(838)
Operating income (loss)	20,499	0	0	20,499
Interest and other financial income, net	(1,528)			(1,528)
Income (loss) from equity method evaluated companies	(1,843)			(1,843)
Foreign exchange gains (losses), net	694			694
Income (loss) before taxes	17,822	0	0	17,822
Income taxes	(9,002)			(9,002)
Net income (loss) from continued operations	8,820	0	0	8,820
Income (loss) from assets held for sale and discontinued operations	0			0
Net income (loss) before minority interest	8,820	0	0	8,820
Net income (loss) pertaining to minority interest	0			0
Net income (loss) pertaining to the Group	8,820	0	0	8,820

The following table shows the effects of these reclassifications on the income statement figures by operating segment.

Consolidated statement of profit or loss	Industrial Applications			Shape Memory Alloys			Not allocated			Total		
	2015	Reclass.	2015 reclass.	2015	Reclass.	2015 reclass.	2015	Reclass.	2015 reclass.	2015	Reclass.	2015 reclass.
Total net sales	101,109	902	102,011	63,680	0	63,680	1,223	0	1,223	166,012	902	166,914
Gross profit	47,496	646	48,142	24,230	(236)	23,994	261	(313)	(52)	71,987	97	72,084
<i>% on net sales</i>	<i>47.0%</i>		<i>47.2%</i>	<i>38.0%</i>		<i>37.7%</i>	<i>21.3%</i>		<i>-4.3%</i>	<i>43.4%</i>		<i>43.2%</i>
Total operating expenses	(21,021)	256	(20,765)	(10,764)	236	(10,528)	(19,767)	313	(19,454)	(51,552)	805	(50,747)
Royalties	902	(902)	0	0	0	0	0	0	0	902	(902)	0
Other income (expenses), net	83	0	83	95	0	95	(1,016)	0	(1,016)	(838)	0	(838)
Operating income (loss)	27,460	0	27,460	13,561	0	13,561	(20,522)	0	(20,522)	20,499	0	20,499
<i>% on net sales</i>	<i>27.2%</i>		<i>26.9%</i>	<i>21.3%</i>		<i>21.3%</i>	<i>n.s.</i>		<i>n.s.</i>	<i>12.3%</i>		<i>12.3%</i>
Interest and other financial income (expenses), net										(1,528)	0	(1,528)
Share of result of investments accounted for using the equity method										(1,843)	0	(1,843)
Foreign exchange gains (losses), net										694	0	694
Income (loss) before taxes										17,822	0	17,822
Income taxes										(9,002)	0	(9,002)
Net income (loss) from continued operations										8,820	0	8,820
Net income (loss) from discontinued operations										0	0	0
Net income (loss)										8,820	0	8,820
Minority interests in consolidated subsidiaries										0	0	0
Group net income (loss)										8,820	0	8,820

Segment information

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

- Industrial Applications;
- Shape Memory Alloys.

This structure is unchanged compared to the previous year.

Please note that, following the acquisition²² of the majority of the company Metalvuoto S.p.A., an established player in the advanced packaging industry, to ensure information transparency, starting from January 1, 2017, a third Business Unit called "Solutions for Advanced Packaging" will be established next to the Business Units "Industrial Applications" and "Shape Memory Alloys".

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 December 31, 2016.

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Directly-controlled subsidiaries:				
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	9,250,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing & Shanghai (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	90.00	10.00*
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
Memry GmbH Weil am Rhein (Germany)	EUR	330,000	100.00	-
E.T.C. S.r.l. Lainate, MI (Italy)	EUR	75,000	100.00	-
SAES Nitinol S.r.l. Lainate, MI (Italy)	EUR	10,000	100.00	-
Metalvuoto S.p.A. Roncello, MB (Italy)	EUR	2,100,000	70.00**	-
Indirectly-controlled subsidiaries:				
<i>Through SAES Getters USA, Inc.:</i>				
SAES Pure Gas, Inc. San Luis Obispo, CA (USA)	USD	7,612,661	-	100.00
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
<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)	USD	30,000,000	-	100.00

* % of indirect ownership held by SAES Getters (Nanjing) Co., Ltd. (10.00%).

** Metalvuoto S.p.A. is 100% consolidated without recognition of minority interests, since the acquisition contract signed on October 10, 2016 provides for a put option for the minority shareholder, to be exercised starting from the twelfth month and within eighteen months from the closing date, for the full value of the stake held by the latter.

The following table shows the companies included in the scope of consolidation according to the equity method as at December 31, 2016.

²² Acquisition completed on October 10, 2016

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. Shenzhen (P.R. of China)	RMB	0****	-	50.00****
SAES RIAL Vacuum S.r.l. Parma, PR (Italy)	EUR	200,000	49.00	-
Flexterra, Inc. Stokie, IL (USA)	USD	24,524,638	-	34.66*****

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

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

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

**** Please note that as at December 31, 2016 the controlling company Actuator Solutions GmbH didn't make any capital contribution yet, and therefore the new company is not operating.

***** % of indirect ownership held by SAES Nitinol S.r.l. SAES Getters International Luxembourg S.A.

The changes occurred in the scope of consolidation compared to December 31, 2015 are listed below.

- On January 19, 2016, as envisaged by the contract signed on December 23, 2015 between SAES Getters S.p.A. and Rodofil s.n.c., the Parent Company acquired a further 39% of the joint venture SAES RIAL Vacuum S.r.l. for a pre-determined price equal to 1.3 million euro. The total investment of SAES Getters S.p.A. in the joint venture is currently equal to 49% of its share capital.

For completeness please note that on the basis of the substantial interpretation of the purchase agreement, the acquisition of 39% completed in January 2016 had already been considered in the financial statements as at December 31, 2015; therefore, this acquisition has not brought any period effect resulting from changes in the scope of consolidation.

Please also note the contract includes a put and call option among the shareholders, according to an agreed schedule. In particular, Rodofil will have the right to exercise a put option, by selling to SAES a minimum of 2% up to a maximum of 51% of its shares of SAES RIAL Vacuum S.r.l., through a one-off operation between May 1, 2020 and May 31, 2020, at a predetermined price related to the performance of the new company at the date of the sale; if Rodofil does not exercise its put option, SAES 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.

- On February 26, 2016 SAES Getters S.p.A. acquired the residual 4% of the share capital of E.T.C. S.r.l. from the minority shareholder, for a consideration of 249 thousand euro. Following such purchase, SAES Getters S.p.A. is now the sole shareholder of E.T.C. S.r.l.

- During the 2016, the legal and operational offices of E.T.C. S.r.l. were transferred from Bologna to Lainate, at the production site of the Parent Company.

- At the end of September 2016 it was established the company Actuator Solutions (Shenzhen) Co., Ltd., wholly owned by Actuator Solutions GmbH. The corporate scope of this new company is the technology development and the sale of actuators for the mobile market.

Please note that as at December 31, 2016 the controlling company Actuator Solutions GmbH didn't make any capital contribution yet, and therefore the new company is not operating.

- On October 10, 2016 SAES Getters S.p.A. acquired from Mirante S.r.l. a majority interest (70%) in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, producing metalized and innovative plastic

films for food preservation. The contract signed by the shareholders includes a put and call option, to be exercised starting from the twelfth month and within eighteen months from the date of the closing, for the acquisition of the remaining 30% of the share capital of Metalvuoto by SAES. In case the option is not exercised within the agreed terms, SAES is committed to acquire the remaining 30% of the share capital of the company within twenty-four months.

- On November 15, 2016 the corporate merger of the wholly owned subsidiary SAES Advanced Technologies S.p.A. into SAES Getters S.p.A was implemented.

The merger produced its legal effects starting from December 31, 2016. For fiscal and accounting purposes only, the merger operation had been backdated at January 1, 2016.

The merger produced no equity, economic or financial effect into the SAES Group's consolidated financial statements, nor provided any share swap, being the incorporated company already wholly owned by SAES Getters S.p.A.

- On December 2016, the SAES Group has established in partnership with Polyera a joint venture, Flexterra, Inc., based in Skokie (close to Chicago, Illinois, USA) dedicated to the manufacturing of materials and components for the manufacturing of truly flexible displays.

As at the end of December 2016, Flexterra, Inc. was capitalized by Polyera and SAES Getters International Luxembourg S.A. In particular, Polyera transferred to Flexterra, Inc. tangible and intangible assets (including IPs and know-how) for an estimated value of 14 million USD and, against this contribution in kind, received Series A shares of Flexterra, privileged, among other things, in the distribution of profits and in case of the sale of Flexterra. SAES Getters International Luxembourg S.A. provided Flexterra, Inc. with contributions in cash, in different phases within the end of 2016, for a total capital contribution of 8.5 million USD, against which the company received in turn Series A privileged shares of Flexterra.

On the basis of the agreement, Polyera will grant the shareholding rights in Flexterra to its investors, among which there are two important Asian venture capital funds. These investors will also contribute in cash, with an amount that will be exactly defined in the first quarter of 2017, and that will be between a guaranteed minimum amount of 4.5 million USD, up to a maximum amount of 6 million USD.

On the basis of the current evaluation, the contribution of SAES is equivalent to an equity participation representing equal to 34.66% of the share capital of Flexterra, Inc.

2. MAIN ACCOUNTING PRINCIPLES

Consolidation principles

The consolidated financial statements include the financial statements of SAES Getters S.p.A. and the financial statements of all the subsidiaries, effective from the date on which their control is assumed and until such control ceases to exist.

Control exists when the Group is exposed or has rights to variable returns from its involvement with the investee and, at the same time, has the ability to affect those returns through its power over the investee.

Specifically, the Group controls a subsidiary if it simultaneously has the following:

- the decision power, that means the ability to manage the relevant activities of the subsidiary, in particular those activities that have a significant influence on the results of the subsidiary itself;
- the right to the (positive or negative) variable results deriving from the investment in the entity;
- the possibility to use its own decision power to determine the "relevant activities" in the subsidiary.

When the Group holds less than the majority of the voting rights (or similar rights) it has to consider all the relevant facts and circumstances to determine whether it controls the entity object of investment, including:

- contractual agreements with other holders of voting rights;

- rights deriving from contractual agreements;
- voting rights and potential voting rights of the Group.

In preparing the consolidated financial statements, the assets, liabilities as well as costs and revenues of the consolidated companies are added up line by line in their total amount, attributing to minority-interest shareholders their portion of net equity and net income or loss for the period in specific items in the statement of financial position and in the statement of profit or loss.

The carrying value of the equity investment in each of the subsidiaries is eliminated towards the corresponding share of net equity, including any adjustment to the fair value on the date of acquisition; any resulting positive difference is recognized among intangible assets as goodwill, as illustrated below, whereas any negative difference is charged into the statement of profit or loss.

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

Associates are defined as those companies in which the Group is able to exercise a significant influence. A significant influence is the power to participate in determining the financial and operating policies of the associate without holding its control or joint control.

A joint venture is instead a joint agreement on an entity whereby the parties that have the joint control have rights to the net assets of that entity. Joint control is the sharing, established by an agreement, of the control of an economic activity, that exists only when the unanimous consent of all parties sharing control is required for decisions on those activities.

Joint ventures are different from joint operations that are instead agreements that give the parties of the agreement, which have joint control of the entity, rights over the individual assets and obligations for the liabilities relating to the agreement.

Investments in associates and joint ventures are accounted for using the equity method. In the case of joint operations, assets and liabilities, costs and revenues related to the agreement are recognized based on the relevant accounting standards.

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 date (current exchange rate method), whereas the associated revenues and costs are converted at the average exchange rates for the year. Translation differences resulting from the application of this method are classified as a shareholders' equity item until the equity investment is sold. In preparing the consolidated cash flow statement, the cash flows of consolidated foreign companies expressed in currencies other than the euro are converted by using the average exchange rates for the year.

Non-current items measured at historical cost in a foreign currency (including goodwill and adjustments to 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 year 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	December 31, 2016		December 31, 2015	
	Average rate	Final rate	Average rate	Final rate
US dollar	1.1069	1.0541	1.1095	1.0887
Japanese yen	120.1970	123.4000	134.3100	131.0700
South Korean won	1,284.1800	1,269.3600	1,256.5000	1,280.8000
Renminbi (P.R. of China)	7.3522	7.3202	6.9733	7.0608
Taiwan dollar	35.6892	33.9995	35.2501	35.7908

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

Business combinations and Goodwill

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

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

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

The costs related to the acquisition are recognized in the statement of profit or loss when they are incurred.

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

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

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

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

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

Intangible assets

Development expenses

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

Capitalized development costs consist solely of effectively incurred expenses that may be directly allocated to the development process.

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

Other intangible assets with finite useful life

Other purchased or internally produced intangible assets with finite useful lives are recognized as assets, in accordance with the provisions of IAS 38 – *Intangible assets*, when it is likely that the use of the assets will generate future economic benefits and that the determination of their cost is reliable.

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

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

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

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

Property, plant and equipment

Owned property, plant and equipment are recognized at the cost of purchase or production, or, where such assets were carried as of January 1, 2004, at deemed cost, which, for some assets, is represented by their revalued cost. Costs incurred subsequent to the purchase are capitalized only if they increase the future economic benefits deriving from the asset to which they refer. All other costs are charged into the statement of profit or loss when they are incurred. The cost of the assets

also includes the projected costs of dismantling the asset and restoring the site, where there is a legal or implicit obligation to do so. The corresponding liability is recognized at its net present value during the period in which the obligation arises as a provision among the liabilities within the provisions for risks and contingencies. The capitalized expense is recognized into the statement of profit or loss over the useful life of the associated property, plant and equipment through the depreciation process.

Depreciation is calculated at constant rates over the estimated useful life of the assets.

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

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

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

Leasing contracts that substantially transfer to the Group all the risks and benefits of the leased item are considered as financial leases.

The leased assets are capitalized at the beginning of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and they are depreciated over the estimated useful life of the asset.

The liability due to the lessor is classified as a financial liability in the statement of financial position. Lease payments are apportioned between principal and interest in order to obtain the application of a constant interest rate on the remaining balance of the liability. Interests are recognized in the financial costs of the statement of profit or loss.

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

Impairment

At the end of each reporting period, the Group assesses whether there is any indication that the intangible assets and property, plant and equipment might have suffered an impairment.

Goodwill and intangible assets with an indefinite useful life are subjected to an impairment test at least once a year, or more frequently whenever there is an indication that the asset may have suffered an impairment.

Goodwill

Goodwill is assessed for impairment at the balance sheet date or during the fiscal year if there are indicators of criticality. The goodwill acquired and allocated during the year is assessed for impairment before the end of the year in which it was acquired and allocated.

For the purposes of impairment testing, goodwill is allocated, as of the date of acquisition, to each cash-generating unit or group of cash generating units that benefit from the acquisition, regardless of whether other Group's assets and liabilities have been allocated to such units.

If the carrying value of the cash-generating unit (or group of units) exceeds its recoverable value, the difference is recognized into the statement of profit or loss as an impairment loss.

The impairment loss is charged into the statement of profit or loss, initially by decreasing the carrying value of the goodwill allocated to the unit (or group of units), and only then is charged to the unit's other assets in proportion to their carrying value, up to a maximum of the recoverable value of assets with finite useful lives. The recoverable value of a cash-generating unit or group of cash-generating units to which the goodwill is allocated is the greater of the fair value, less selling costs, and the value in use of the unit itself.

The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. Future explicit cash flows normally cover a period of three years and they are projected along a defined period between 5 and 12 years, except for projections that require longer periods, such as in the case of initiatives in the start-up phase. The long-term growth rate used to estimate the terminal value of the unit (or group of units) cannot exceed the average long-term growth rate for the industry, country or market in which the unit (or group of units) operates.

The value in use of cash-generating units in foreign currencies is estimated in the local currency discounting such cash flows at a rate appropriate to the currency itself. The current value obtained through this process is translated into euro at the spot exchange rate as of the date of the impairment test (which, in our case, is the balance sheet date).

Future cash flows are estimated by referring to the cash-generating unit's current conditions and consequently do not contemplate either the benefits of future restructuring operations to which the entity is not yet committed or future investments to improve or optimize the unit.

For impairment testing purposes, the carrying value of a cash-generating unit is determined in accordance with the criteria according to which the cash-generating unit's recoverable value is determined, excluding surplus assets (i.e. financial assets, deferred tax assets, and net non-current assets held for sale).

After having conducted an impairment test on the cash-generating unit (or group of units) to which the goodwill is allocated, a second level impairment test is conducted that includes also centralized assets with auxiliary functions (corporate assets) that do not generate positive cash flows and cannot be allocated to the individual units according to a reasonable and consistent criterion. At this second level, the recoverable value of all units (or groups of units) is compared with the carrying value of all units (or groups of units), including those units to which no goodwill has been allocated and corporate assets.

Where the conditions that had previously required the recognition of impairment cease to apply, the original value of the goodwill is not restored, according to IAS 36 - *Impairment of assets*.

Tangible and intangible assets with finite useful life

During the year, the Group verifies whether there are indications that tangible and intangible assets with finite useful lives may have become impaired. Both internal and external sources of information are considered in this process. These internal sources include: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to projections. The external sources include: the trend in the market prices of assets, any discontinuities of technology, market, or legislation, the trend in market interest rates and the cost of capital used to assess investments, and, lastly, whether the carrying value of the Group's net assets exceeds its market capitalization.

If there are indications that tangible or intangible assets with finite useful lives have become impaired, the carrying value of the assets is reduced to their recoverable value. The recoverable value of an asset is defined as the greater of its fair value, net of selling costs, and its value in use. The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the asset. When it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable value of the asset's cash-generating unit.

Impairment is charged into the statement of profit or loss.

If the reasons that led to impairment subsequently cease to apply, the carrying value of the asset or cash-generating unit is increased up to the new estimate of the recoverable value, which, however, may not exceed the value that would have resulted if no impairment had been recognized. Reversals are recognized into the statement of profit or loss.

Investments in associates and joint ventures

Investments in associates and joint ventures are evaluated using the equity method. According to this method, the investment is initially recognized at cost and then it is adjusted to recognize the

Group's share of its net equity changes. The share of net result deriving from the application of this consolidation method is recognized into the statement of profit or loss, under the item "Share of result of investments accounted for using the equity method".

Losses of associates in excess of the Group's share are not recognized, unless the Group has assumed any obligation to cover them.

The positive difference between the purchase price and the Group's interest in the fair value of the assets, liabilities and contingent liabilities of the associate at the date of acquisition represents the goodwill and it is included in the carrying value of the investment.

Any negative difference between the purchase price and the Group's interest in the fair value of assets, liabilities and contingent liabilities of the associate is charged into the statement of profit or loss once the acquisition method process is completed within twelve months from the date of the acquisition.

When there has been a change recognized directly in the equity of the associate or of the joint venture and in its statement of comprehensive income, the Group recognizes, if applicable, its share of any changes and discloses this in the statement of changes in equity and in the consolidated statement of comprehensive income.

The consolidated net income is adjusted to delete the positive and negative economic effects arising from intercompany transactions with the associate or the joint venture and not yet realized with third parties at year end.

Annually the Group verifies whether there are indications of impairment, by comparing the value of the investment according to the equity method and its recoverable value. Any impairment loss is allocated to the investment and charged into the statement of profit or loss.

Following the loss of a significant influence over an associate or of the joint control of a joint venture, the Group measures and recognizes the residual interest at fair value. The difference between the carrying value of the investment at the date of the loss of the significant influence or of the joint control and the fair value of the residual interest and of the compensations received is recognized into the income statement.

Receivables

Receivables generated by the company are initially recognized at their nominal value and subsequently measured at their estimated realizable value.

Receivables with maturities over one year, which do not bear interest or bear interest at below-market rate, are discounted using market rates.

Cash and cash equivalents

Cash and cash equivalents are recognized, according to their nature, at their nominal value.

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

Financial liabilities

Financial liabilities include financial payables and other financial liabilities, including derivative instruments. Under IAS 39, they also include trade and other nature payables.

Non-derivative financial liabilities are initially recognized at fair value, less transaction costs, and are subsequently measured at amortized cost, i.e. the amount initially recognized less any repayments of principal, positively or negatively adjusted based on the amortization (using the effective interest method), of any difference between the initial value and the value at maturity.

Financial liabilities hedged by derivative instruments aimed at covering the risk of changes in the value of the liability (fair value hedge derivatives) are measured at their fair value according to the hedge accounting methods set out in the IAS 39 for the hedge accounting: gains and losses arising from subsequent adjustments to fair value, limited to the hedged component, are recognized into the statement of profit or loss and offset by the portion of the loss or gain arising from subsequent measurements of the hedging instrument at fair value.

Derivative financial instruments

The derivatives transactions undertaken by the SAES Group are aimed at hedging its exposure to exchange-rate and interest-rate risks and diversifying debt parameters in order to reduce the cost and volatility of debt within pre-determined management limits.

According to the requirements of IAS 39, hedging instruments are accounted according to the hedge accounting methods only when:

- a) at inception, they are formally designated as a hedge and the hedge relationship is documented;
- b) the hedge is expected to be highly effective;
- c) the effectiveness of the hedge can be reliably measured;
- d) the hedge is highly effective in each designated accounting period.

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

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

- *Fair value hedges* - If a derivative financial instrument is designated as a hedge of the exposure to the changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss resulting from subsequent changes in the fair value of the hedging instrument is recognized into the statement of profit or loss. The gain or loss arising from the fair value adjustment of the hedged item attributable to the hedged risk is recognized as an adjustment to the carrying value of the item itself and entered in the statement of profit or loss.

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

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

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

Inventory

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

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

Assets held for sale/Discontinued operations

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

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

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

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

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

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

Staff leaving indemnity and other employee benefits

Staff leaving indemnity

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

In application of IAS 19, the staff leaving indemnity calculated as indicated above is a "Defined-benefit plan" and the associated obligation to be recognized (Staff leaving indemnity debt) is determined through an actuarial calculation by using the Projected Unit Credit Method. As required by the revised version of IAS 19, gains and losses arising from the actuarial calculation are fully recognized in the comprehensive income in the period in which they occur. These actuarial differences are entered immediately on the retained earnings and are not classified in the statement of profit or loss in the following periods.

The costs associated with the increase in the current value of the staff leaving indemnity obligation arising from the proximity of the moment in which benefits are to be paid are included among "Personnel costs".

Effective from January 1, 2007, the 2007 Finance Law and related implementation decrees have introduced significant changes to staff leaving indemnity rules, including the employees' right to choose whether to allocate the not accrued portion of their leaving indemnity to complementary pension funds or the "Treasury Fund" managed by INPS.

It follows that the obligation to INPS, as well as contributions to complementary pension schemes, acquire the status of "Defined-contribution plans" in accordance with IAS 19, whereas the amounts recognized in the Staff leaving indemnity debt continue to be considered "Defined-benefit plans".

The amendments to the law enacted in 2007 have consequently entailed the redetermination of actuarial assumptions and the ensuing calculations employed to determine the staff leaving indemnity.

Other long term benefits

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

Provisions for contingencies and obligations

Group companies recognize provisions for contingencies and obligations when there is a current, legal or implicit, obligation to a third party as the result of a past event and it is likely that the Group will be required to spend resources in order to fulfill this obligation and the amount of the obligation may be reliably estimated.

Changes in estimates are reflected in the statement of profit or loss for the year in which they occur.

Treasury shares

Treasury shares are deducted from the shareholders' equity.

Transactions in foreign currencies

Transactions in foreign currencies are entered at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect at the balance sheet date. Exchange differences resulting from the discharge of monetary items or the conversion of such items at rates differing from those at which they were initially recognized during the year or at those of the end of the previous year are recognized in the statement of profit or loss.

Non-current items measured at historical cost in a foreign currency (including goodwill and fair value adjustments generated in the allocation of the acquisition cost 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 year end.

Revenue recognition

Revenues are recognized to the extent that it is probable that the Group will receive the economic benefits and the amount of such benefits may be reliably determined. Revenues are represented net of discounts, allowances and returns.

Revenues from the sale of goods are recognized when the risks and benefits related to the ownership of the goods are transferred to the buyer.

Cost of sales

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

Research and development costs and promotion expenses

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

Government grants

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

Income taxes

Income taxes include all taxes calculated on the taxable income of the Group's companies.

Income taxes are recognized into the statement of profit or loss, with the exception of taxes pertaining to items directly charged or entered in a shareholders' equity reserve, in which case the associated tax effect is recognized directly in the respective shareholders' equity reserves.

Accruals for taxes that could be generated by the transfer of the undistributed earnings of subsidiaries are made solely where there is an effective intention to transfer such earnings.

Deferred tax liabilities/assets are recognized according to the balance sheet liability method. They are calculated on all temporary differences that arise between the taxable base of the assets and liabilities and the carrying values of these assets/liabilities in the consolidated financial statements, with the exception of goodwill that is not tax-deductible.

Deferred tax assets on tax-losses carried forwards are recognized to the extent that there is likely to be a future taxable income against which they may be recovered.

Current and deferred tax assets and liabilities are offset where the income taxes are applied by the same tax authority and there is a legal right to offset them.

Deferred tax assets and liabilities are determined by applying the tax rates expected to be applied under the tax codes of the various countries in which Group companies operate during the years in which the temporary differences will be eliminated.

Earnings per share

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

Use of estimates and subjective assessments

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

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

The balance sheet items that require more than others a subjective judgment on the part of the directors in the preparation of the estimates and for which a change in the underlying assumptions could have a significant impact on the financial statements are the following ones: goodwill, impairment of fixed assets, depreciation of assets, deferred tax assets, bad debt provisions, inventory write-downs, risk provisions, pension plans and other post-employment benefits.

With regard to the main assumptions and sources used in making such estimates, please refer to the relevant sections of the notes to the financial statements.

Standards, interpretations and amendments effective from January 1, 2016

Accounting standards used to prepare the consolidated financial statements as at December 31, 2016 are consistent with those applied in the consolidated financial statements as at December 31,

2015, except for the adoption of new standards and interpretations applicable starting from January 1, 2016. The following accounting standards, amendments and interpretations are applicable for the first time from January 1, 2016.

IAS 19 - *Defined benefit plans: employee contributions (amendment)*

On November 21, 2013 the IASB issued an amendment to IAS 19 - *Defined benefit plans: employee contributions*, which aims at recording the contributions (relating only to the service provided by the employee during the year) made by employees or third parties to defined benefit plans as a reduction of the service cost for the year in which the contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (in 2011), according to which such contributions are to be interpreted as part of a post-employment benefit, rather than a short-term benefit and, therefore, that this contribution should be spread over the years of service of the employee.

The adoption of this amendment had no impact on the Group's consolidated financial statements.

Annual improvements to IFRSs: 2010-2012 cycle

On December 12, 2013 the IASB published the document "*Annual improvements to IFRSs: 2010-2012 cycle*" which incorporates the changes to some standards as part of the annual process to improve them. The main changes include the following ones:

○ IFRS 2 - *Share-based payments - definition of vesting conditions*. Some changes have been made to the definitions of "vesting condition" and "market condition" and the definitions of "performance condition" and "service condition" have been added (previously included in the definition of "vesting condition").

○ IFRS 3 - *Business combination - accounting for contingent consideration*. The amendment clarifies that a contingent consideration in a business combination classified as a financial asset or liability (differently from what envisaged for that classified as an equity instrument) shall be re-measured at fair value at each balance sheet closing date and the changes in the fair value are recognized in the income statement or among the items of the other comprehensive income based on the requirements of IAS 39 (or IFRS 9).

○ IFRS 8 - *Operating segments - aggregation of operating segments*. The amendments require an entity to provide disclosures about the assessments made by the management in applying the criteria of aggregation of operating segments, including a description of the aggregated operating segments and of the economic indicators that have been taken into account to decide whether such operating segments have similar economic characteristics as such to allow their aggregation.

○ IFRS 8 - *Operating segments - reconciliation of total of the reportable segments' assets to the entity's assets*. The amendments clarify that the reconciliation between the total assets of the operating segments and the total assets as a whole of the entity must be submitted only if the total assets of the operating segments are regularly reviewed by the chief operating decision makers.

○ IFRS 13 - *Fair value measurement - short-term receivables and payables*. The basis for conclusions of this principle have been changed in order to clarify that with the issuance of IFRS 13, and the consequential amendments to IAS 39 and IFRS 9, the option of accounting current trade receivables and payables without detecting the effects of their discounting, where such effects are not significant, remains valid.

○ IAS 16 - *Property, plant and equipment* and IAS 38 - *Intangible assets - revaluation method: proportionate restatement of accumulated depreciation/amortization*. The changes have eliminated the inconsistencies in the recognition of depreciation when a tangible or intangible asset is re-valued. The changes clarify that the gross carrying value is appropriate consistently with the revaluation of the carrying value of the asset and that the accumulated depreciation is equal to the difference between the gross carrying value and the carrying value net of any recognized impairment.

○ IAS 24 - *Related parties disclosures - key management personnel*. It is clarified that in case the services of key management personnel are provided by an entity (and not by a person), that entity has to be considered as a related party.

The adoption of this changes had no impact on the Group's consolidated financial statements.

IFRS 11 - Joint arrangements - accounting for acquisitions of interests in joint operations (amendment)

On May 6, 2014 the IASB issued some amendments to IFRS 11 - *Joint arrangements - accounting for acquisitions of interests in joint operations* related to the accounting of the purchase of interests in a joint operation whose activity constitutes a business in accordance with what envisaged by IFRS 3. The changes require that in these cases the principles set out in IFRS 3 relating to the effects of a business combination shall be applied.

The adoption of this amendment had no impact on the Group's consolidated financial statements.

IAS 16 - Property, plant and equipment and IAS 38 - Intangibles assets - clarification of acceptable methods of depreciation and amortisation (amendments)

On May 12, 2014 the IASB issued some amendments to IAS 16 - *Property, plant and equipment* and to IAS 38 - *Intangibles assets - clarification of acceptable methods of depreciation and amortisation*.

The amendments to IAS 16 - *Property, plant and equipment* establish that the depreciation method based on revenues is not appropriate. The amendment clarifies that the revenues generated by an activity that includes the use of an asset subject to depreciation generally reflect several factors that differ from the solely consumption of the economic benefits of that asset, a condition that is instead required for the depreciation.

The amendments to IAS 38 - *Intangibles assets* introduce a relative assumption that a depreciation method based on revenues is inappropriate for the same reasons stated by the amendments made to IAS 16 - *Property, plant and equipment*. In the case of intangible assets, this assumption can be rebutted only in limited and specific circumstances.

The adoption of these amendments had no impact on the Group's consolidated financial statements.

Annual improvements to IFRSs: 2012-2014 cycle

On September 25, 2014 the IASB published the document "*Annual improvements to IFRSs: 2012-2014 cycle*".

The document introduces changes to the following standards:

- IFRS 5 - *Non-current assets held for sale and discontinued operations*. The amendment introduces specific guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or *vice versa*), or when the requirements for the classification of an asset as held-for-distribution cease to exist. The amendments state that: (i) for such reclassifications should be considered valid the same classification and evaluation criteria; (ii) assets that no longer meet the criteria for held for distribution should be treated in the same way as assets that cease to be classified as held for sale.

- IFRS 7 - *Financial instruments: disclosure*. The amendments provide additional guidance to clarify whether a servicing contract represents a residual involvement in a transferred asset for the purposes of the disclosure required in relation to transferred assets. In addition, it is clarified that the disclosure on the compensation of financial assets and liabilities is not explicitly requested for interim financial statements, except in the case this represents a significant information.

- IAS 19 - *Employee benefits*. The document introduces some changes to IAS 19 in order to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments specify that the breadth of the market for high quality corporate bonds to be considered is the one related to the involved currency and not the country of the entity subject to reporting.

- IAS 34 - *Interim financial reporting*. The document introduces some amendments to clarify the requirements to respect when the required information is presented within the interim financial report but outside the interim financial statements. The amendment specifies that such information has to be incorporated by way of a cross-reference from the interim financial statements to the other parts of the interim financial report and that such document must be available to the readers of the financial statements with the same terms and same timing as the interim financial statements. The adoption of these amendments had no impact on the Group's consolidated financial statements.

IAS 1 - Disclosure initiative (amendment)

On December 18, 2014 the IASB issued an amendment to IAS 1 - *Disclosure initiative*. The objective of the amendments is to provide some clarifications regarding some elements of disclosure that may be perceived as impediments to a clear and understandable preparation of the financial statements. The changes are the following ones:

- Materiality and aggregation: it clarifies that a company should not obscure information by aggregating or disaggregating it and that materiality considerations apply to the primary financial statements, notes and any specific disclosure requirement of IFRSs. The disclosures specifically required by IFRSs need to be provided only if the information is material.
- Statement of financial position and statement of profit or loss and other comprehensive income: it clarifies that the list items specified by IAS 1 for these statements can be disaggregated and aggregated on a case by case basis. It is also included an additional guidance on the presentation of subtotals in these statements.
- Presentation of the elements of Other Comprehensive Income (“OCI”): it clarifies that the share of OCI of associates and joint ventures consolidated with the equity method should be presented in aggregate as a single line item, with the latter divided in components respectively subject or not subject to reclassifications in the income statement.
- Explanatory notes: it clarifies that entities have flexibility when designing the structure of the notes and it provides a guidance on how to determine a systematic order of the notes themselves, for example:
 - giving priority to those that are most relevant to the understanding of the financial position (for example, gathering information on particular activities);
 - grouping elements measured with the same criteria (for example, assets measured at fair value);
 - following the order of the items presented in the tables.

The adoption of this amendment had no impact on the Group’s consolidated financial statements.

Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)

On December 18, 2014 the IASB published the document “*Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)*”, containing amendments related to issues raised as a result of the application of the consolidation exception granted to investment entities.

The adoption of this amendment had no impact on the Group’s consolidated financial statements.

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

The following standards and amendments are approved by the European Union, but not yet mandatorily applicable and not yet adopted by the Group in advance as at December 31, 2016.

IFRS 15 - Revenue from contracts with customers

On May 28, 2014 the IASB issued IFRS 15 - *Revenue from contracts with customers* that, together with further clarifications published on April 12, 2016, replaces IAS 18 - *Revenues* and IAS 11 - *Construction contracts*, as well as the interpretations IFRIC 13 - *Customer loyalty programmes*, IFRIC 15 - *Agreements for the construction of real estate*, IFRIC 18 - *Transfers of assets from customers* and SIC 31 - *Revenues - barter transactions involving advertising services*. The new model of revenue recognition established by the new standard will apply to all contracts with customers except those that fall within the scope of other IAS/IFRSs such as leases, insurance contracts and financial instruments. The basic steps for the recognition of revenues under the new model are the following ones:

- the identification of a contract with the customer;
- the identification of the performance obligations of the contract;
- the determination of the price;
- the allocation of the price to the performance obligations of the contract;

○ the criteria of recognition of the revenue when the entity satisfies each performance obligation. The standard is applicable starting from January 1, 2018, but an earlier application is allowed. Instead, the amendments to IFRS 15, *Clarifications to IFRS 15 - Revenue from Contracts with Customers*, published by the IASB in April 2016, have not been yet endorsed by the European Union.

The possible impacts of these changes on the Group's consolidated financial statements are currently being assessed.

IFRS 9 - Financial instruments

On July 24, 2014 the IASB published the final version of IFRS 9 - *Financial instruments*.

The document summarizes the results of the IASB project aimed at replacing IAS 39. The new standard will have to be applied to financial statements beginning on January 1, 2018 or after that date.

The standard introduces new requirements for the classification and measurement of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the management of financial instruments and the contractual cash flow characteristics of the financial assets themselves in order to determine the evaluation criterion, replacing the many different rules envisaged by IAS 39. Instead, for financial liabilities, the main change regards the accounting treatment of the changes in the fair value of a financial liability designated as a financial liability evaluated at fair value in the income statement, if these changes are due to changes in the creditworthiness of the issuer of the liability itself. Under the new standard, these changes must be recognized in the other comprehensive income and not in the income statement.

With reference to the impairment model, the new standard requires that the estimate of credit losses is made on the basis of the expected losses model (and not of the incurred losses model used by IAS 39) using concrete information, available without unreasonable effort or expenses, which include historical, current and future data. The standard requires that this impairment model applies to all financial instruments, namely to financial assets measured at amortized cost, to those measured at fair value through other comprehensive income, to receivables deriving from lease contracts and to trade receivables.

Finally, the standard introduces a new hedge accounting model in order to adapt the requirements of the current IAS 39 that sometimes were considered too stringent and unsuitable to reflect the risk management policies of the company. The main novelties of the document include the following ones:

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

The greater flexibility of the new accounting rules is offset by additional requests of information on the risk management activities of the company.

The possible impacts of the introduction of IFRS 9 on the Group's consolidated financial statements are currently being assessed.

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 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 control (right of use) of an asset to distinguish the lease contracts from the contracts for services, by identifying the following discriminating factors: 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 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 for the lessee which provides for the record of the lease asset, including an operating lease, among the assets with a financial debt as counterpart, while providing also the possibility not to recognize as leases those contracts which refer to “low-value assets” and those leases with a duration of the contract equal to or less than 12 months. In contrast, the standard does not include significant changes for the lessors.

The principle applies starting from January 1, 2019 but an early application is allowed, only for those companies that have chosen an early adoption of IFRS 15 - *Revenue from contracts with customers*.

It is expected that the application of IFRS 16 may have a significant impact on the accounting treatment of leases and the related disclosure reported in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of its effect until the Group has completed a detailed analysis of the related contracts.

Recognition of Deferred Tax Assets for Unrealised Losses (amendments to IAS 12)

On January 19, 2016 the IASB published the document “*Recognition of Deferred Tax Assets for Unrealised Losses (amendments to IAS 12)*” that contains some changes to IAS 12. The document aims at providing some clarifications on the recognition of deferred taxes on unrealized losses upon the occurrence of certain circumstances and on the estimate of the taxable income in the future years.

The changes will apply starting from January 1, 2017, but an early adoption is allowed.

The Directors are currently considering the possible impacts of these amendments on the Group's consolidated financial statements.

Disclosure Initiative (amendments to IAS 7)

On January 29, 2016 the IASB published the document “*Disclosure Initiative (amendments to IAS 7)*” that contains some changes to IAS 7. The document aims at providing some clarifications to improve the disclosure on financial liabilities. In particular, the amendments require to disclose information that enables users of the financial statements to understand the changes in liabilities arising from financing operations, including changes resulting from monetary movements and changes resulting from non-monetary movements. The amendments do not provide any specific format to be used for such information. However, the introduced amendments require an entity to provide a reconciliation between the initial balance and the final balance for the liabilities arising from financial transactions.

The changes will apply starting from January 1, 2017, but an early application is allowed. It is not required to present any comparative information related to the previous years.

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

Classification and measurement of share-based payment transactions (amendments to IFRS 2)

On June 20, 2016 the IASB published the document “*Classification and measurement of share-based payment transactions (amendments to IFRS 2)*” that contains some changes to IFRS 2. The amendments provide some clarifications on the accounting treatment of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with net settlement characteristics and on the accounting of the changes to the

terms and conditions of a share-based payment that alter its classification from cash-settled to equity-settled one.

The changes will apply starting from January 1, 2018, but an early application is allowed.

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

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

On September 12, 2016 the IASB published the document “*Applying IFRS 9-Financial Instruments with IFRS 4-Insurance Contracts*”. For entities whose business consists mainly of insurance activities, the amendments seek to clarify the concerns arising from the application of the new IFRS 9 to financial assets, before the replacement by the IASB of the current IFRS 4 with the new standard currently under preparation, on the basis of which financial liabilities are valued.

The amendments introduce two possible approaches:

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

These approaches will allow:

- the possibility to recognize in the other comprehensive income (that means in the OCI statement), rather than in the income statement, the effects deriving from the application of IFRS 9 instead of IAS 39 to certain designated financial assets before the application of the new standard concerning insurance contracts (overlay approach);
- the possibility of a temporary exemption from the application of IFRS 9 until the earlier between the application date of the new standard on insurance contracts and the annual period beginning on January 1, 2021. The entities that defer the application of IFRS 9 will continue to apply the current IAS 39 (deferral approach).

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

Annual Improvements to IFRSs: 2014-2016 Cycle

On December 8, 2016 the IASB published the document “*Annual Improvements to IFRSs: 2014-2016 Cycle*” that incorporates the amendments to some standards as part of the annual process to improve them. The main changes concern the following ones:

- *IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term Exemptions for first-time adopters*. The amendment of this standard is effective at the latest for annual periods beginning on January 1, 2018 and concerns the elimination of some short-term exemptions provided by paragraphs E3-E7 of Appendix E of IFRS 1, as the benefit of such exemptions is deemed outdated;

- *IAS 28 Investments in Associates and Joint Ventures - Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice*. The amendment states that the option for a venture capital organization or another entity qualified as such (for example, a mutual fund or a similar entity) to measure investments in associates and joint ventures measured at fair value through profit or loss (rather than by applying the equity method) is carried out for each investment at the time of its initial recognition. This amendment shall apply starting from January 1, 2018;

- *IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the Standard*. The amendment clarifies the scope of IFRS 12, specifying that the information required by the standard, except for that envisaged by paragraphs B10-B16, is applied to all equity interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5. The amendment shall apply starting from January 1, 2017.

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

Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)

On December 8, 2016 the IASB published the document “*Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)*”. The interpretation aims at providing guidelines for foreign exchange transactions if non-cash advances or down payments are recognized in the

accounts, prior to the recognition of the related assets, costs or revenues. This document provides guidance on how an entity should determine the date of a transaction, and as a result, the spot exchange rate to be used when there are foreign currency transactions in which the payment is made or received in advance.

The interpretation clarifies that the transaction date is the earlier between:

- a) the date on which the advance payment or the down payment received are recorded in the financial statements;
- b) the date on which the asset, the cost or the income (or part of it) is recognized in the balance sheet (with the cancellation of the advance or down payment received).

If there are a number of advance or down payments received, a transaction date for each of them must be identified. IFRIC 22 is applicable starting from January 1, 2018, but an earlier adoption is allowed.

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

Transfers of Investment Property (Amendments to IAS 40)

On December 8, 2016 the IASB published the document “*Transfers of investment property (amendments to IAS 40)*” that contains some changes to IAS 40. These amendments clarify the transfer of a property to, or from, an investment property. In particular, an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in its use. Such a change must be related to a specific event that happened and therefore should not be limited to a change in the intentions of the management of an entity. These amendments will apply starting from January 1, 2018, but an earlier adoption is allowed.

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

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.

3. BUSINESS COMBINATIONS

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

On October 10, 2016 SAES Getters S.p.A. acquired from Mirante S.r.l. a majority interest (70%) in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. Thanks to this acquisition, SAES, that already cooperated with Metalvuoto S.p.A. in testing the application of SAES' functional polymer composites on the plastic films for food preservation made by Metalvuoto S.p.A., aims at competing in the "smart" food packaging sector, entering the market with a complete and innovative range of products, through the development of high performance active plastics, characterized by transparency, biocompatibility and a reduced environmental impact.

SAES Getters S.p.A. acquired 70% of Metalvuoto S.p.A. for a price based on a multiple of the EBITDA, adjusted according to predefined financial parameters (including the net financial position and the value of the finished goods inventory), equal to 5,128 thousand euro.

The contract signed between the parties provides that such price can be adjusted at the time of the purchase of the additional 30% (please refer to the next paragraph), should occur in Metalvuoto S.p.A. some commercial and/or investment operations related to the previous management; such operations have been assessed as not likely to occur and, therefore, they have not been valued at December 31, 2016 for the determination of the purchase price.

A put and call option between the shareholders have been provided, to be exercised starting from the twelfth month and within eighteen months from the date of the closing, for the acquisition of the remaining 30% of the share capital of Metalvuoto by SAES, for a predetermined price, calculated with a similar method as for the 70% first purchase. In case the option is not exercised within the agreed terms, SAES is committed to acquire the remaining 30% of the share capital of the company within twenty-four months.

As set out in the shareholders' agreements that govern the relationship between the parties of the company in its new shareholding structure, the new Board of Directors of Metalvuoto S.p.A is composed by three members, two of which nominated by the controlling company SAES, including the Managing Director; the minority shareholder, Mirante S.r.l., is represented by the third member, the Chairman of the Board itself, namely the founder Eng. Giovanni Ronchi.

Based on the provisions included in IFRS 10, the SAES Group considers to have the control of Metalvuoto S.p.A. Therefore, the financial statements of the latter were included in the consolidated financial statements from the date on which SAES Getters S.p.A. acquired its control (on October 10, 2016).

Since there is a put option for the minority shareholder for the remaining shares in the share capital, the company is 100% consolidated without recognition of minority interests. The financial liability for the purchase of the remaining shares, which was estimated to be equal to 652 thousand euro, has been recorded in the non current financial debt of the Group.

The following table shows the historical book value of the assets and liabilities acquired and the reconciliation with the goodwill arising from the operation.

(thousands of euro)	Figures as at October 10, 2016
Metalvuoto S.p.A.	Book value
	100%
Property, plant and equipment, net	1,012
Intangible assets, net	68
Deferred tax assets	186
Other long term assets	4
Total non current assets	1,270
Inventory	1,494
Trade receivables	1,923
Prepaid expenses, accrued income and other	107
Financial receivables from related parties	1,159
Cash and cash equivalents	1
Total current assets	4,684
Total assets	5,954
Financial debts	899
Staff leaving indemnities and other employee benefits	701
Total non current liabilities	1,600
Trade payables	2,088
Other payables	171
Accrued liabilities	133
Current portion of medium/long term financial debts	417
Other financial debts towards third parties	1,254
Bank overdraft	698
Total current liabilities	4,761
Total equity	(407)
Total equity and liabilities	5,954
Goodwill arising on acquisition	6,187
Total net assets and goodwill	5,780
Price paid for acquisition of 70% shareholding	5,128
Actual value of purchase obligation of further 30% shareholding	652
Total	5,780

The following table shows the financial consideration, net of cash and cash equivalents acquired (negative for 697 thousand euro).

(thousands of euro)	
Price paid for acquisition of 70% shareholding	5,128
Cash and cash equivalents net acquired	(697)
Price paid net of cash and cash equivalents net acquired	5,825

The process of determining the current values of the assets and liabilities acquired is still in progress. The difference between the price paid and the net value of the assets acquired on the basis of the historical values as of the date of the acquisition has been provisionally allocated to the item goodwill and, in accordance with IFRS 3 revised, the definitive treatment of this difference will be finalized within twelve months from the operation.

In accordance with IFRS 3 revised, the supplementary expenses related to the acquisition were charged in 2016, the year in which they incurred.

Please note that the assets and liabilities associated with Metalvuoto S.p.A., fully consolidated in the Group's financial statements as at December 31, 2016 on a line-by-line basis, consist of the carrying values disclosed in the subsidiary's financial statements, converted according to

international accounting standards, as of the date of the acquisition, including the changes occurred between the date of the acquisition and December 31, 2016.

4. NET SALES

In 2016 consolidated net sales were equal to 189,031 thousand euro, up by 13.3% compared to 166,914 thousand euro in 2015. Excluding the positive exchange rate effect (slightly positive and equal to 0.4%) and the change in the scope of consolidation (+1.8%, following the acquisition of Metalvuoto S.p.A., finalized on October 10, 2016) the organic growth was equal to +11.1%, mainly driven by the shape memory alloys (SMAs) business both for medical and industrial applications, by the gas purification segment and by the recovery of the security and defense market (Sensors and Detectors Business and Electronic & Photonic Devices Business).

The following table shows a breakdown of revenues by Business.

(thousands of euro)

Business	2016	2015	Difference	Difference %	Exchange rate effect %	Organic change %	Perimeter difference effect %
Electronic & Photonic Devices	14,733	13,455	1,278	9.5%	0.8%	8.7%	0.0%
Sensors & Detectors	15,008	11,155	3,853	34.5%	-0.8%	35.3%	0.0%
Light Sources	7,791	9,234	(1,443)	-15.6%	0.9%	-16.5%	0.0%
Vacuum Systems	8,737	8,593	144	1.7%	0.9%	0.8%	0.0%
Thermal Insulation	5,190	6,382	(1,192)	-18.7%	2.1%	-20.8%	0.0%
Pure Gas Handling	61,617	53,192	8,425	15.8%	0.2%	15.6%	0.0%
Industrial Applications	113,076	102,011	11,065	10.8%	0.4%	10.4%	0.0%
SMA Medical Applications	62,651	55,956	6,695	12.0%	0.2%	11.8%	0.0%
SMA Industrial Applications	8,952	7,724	1,228	15.9%	0.1%	15.8%	0.0%
Shape Memory Alloys	71,603	63,680	7,923	12.4%	0.2%	12.2%	0.0%
Business Development	4,352	1,223	3,129	255.8%	0.0%	-1.2%	257.0%
Total net sales	189,031	166,914	22,117	13.3%	0.4%	11.1%	1.8%

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

5. COST OF SALES

The cost of sales amounted to 103,911 thousand euro in 2016, compared to 94,830 thousand euro in the previous year.

A breakdown of the cost of sales by category is provided below, compared with the figure of the previous year.

(thousands of euro)

Cost of sales	2016	2015	Difference	of which:
Raw materials	43,915	40,791	3,124	Perimeter difference 2,138
Direct labour	21,815	19,146	2,669	186
Manufacturing overhead	40,281	37,242	3,039	538
Increase (decrease) in work in progress and finished goods	(2,100)	(2,349)	249	(28)
Total cost of sales	103,911	94,830	9,081	2,834

Excluding the effect of Metalvuoto S.p.A. consolidation (+2,834 thousand euro) and the exchange rate effect (+194 thousand euro), the percentage change in the cost of sales (+9.4%) is in line with the organic sales' growth (+11.1%).

In particular, the organic percentage change in the cost of raw materials (+8.5% also including the change in inventories of semi-finished and finished products) is aligned to that of the manufacturing overhead (+8%); instead the direct labour costs increased more than proportionally compared to revenues (organic change equal to +13.8%), following the shift in the sales mix towards more technologically sophisticated products, characterized by a higher absorption of qualified direct labour.

6. OPERATING EXPENSES

Operating expenses were equal to 58,228 thousand euro in 2016, compared to 50,747 thousand euro in the previous year.

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

(thousands of euro)

Operating expenses	2016	2015	Difference	of which: Perimeter difference
Research & development expenses	14,799	13,815	984	36
Selling expenses	15,612	13,214	2,398	323
General & administrative expenses	27,817	23,718	4,099	176
Total operating expenses	58,228	50,747	7,481	535

Excluding the change in the scope of consolidation following the acquisition of Metalvuoto S.p.A., the increase mainly regarded the **general and administrative expenses** (+3,923 thousand euro); in particular, please note the increased consultant fees for corporate extraordinary projects developed during the year, higher costs for fixed compensation to employed personnel and for the variable remuneration of the Executive Directors, in addition to the extraordinary personnel costs equal to 1,258 thousand euro related to the announced liquidation of Memry GmbH.

Always excluding the effect of the consolidation of Metalvuoto S.p.A., starting from the fourth quarter of 2016, the increase in **selling expenses** (+2,075 thousand euro) is mainly related to agent commissions and transport costs, namely variable costs, an increase in which is strictly related to the increased sales volumes.

The slight increase in **R&D expenses** (+948 thousand euro, excluding the research costs of Metalvuoto S.p.A.) is attributable to the increase in the average number of personnel employed in research activities, particularly in the gas purification sector.

The exchange rates effect on operating expenses has been substantially null (+68 thousand euro).

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

(thousands of euro)

of which:

Total costs by nature	2016	2015	Difference	Perimeter difference
Raw materials	43,915	40,791	3,124	2,138
Personnel cost	70,877	62,262	8,615	477
Corporate bodies	4,057	3,218	839	0
Travel expenses	1,828	1,676	152	4
Maintenance and repairs	3,120	2,886	234	58
Various materials	8,733	8,175	558	3
Transports	2,193	1,868	325	118
Commissions	1,559	1,040	519	0
Licenses and patents	1,178	1,366	(188)	3
Consultant fees and legal expenses	5,902	4,585	1,317	70
Audit fees (*)	508	470	38	30 (**)
Rent and operating leases	2,431	2,127	304	66
Insurances	1,185	1,108	77	7
Promotion and advertising	479	427	52	34
Utilities	3,110	2,957	153	117
Telephones and faxes	420	412	8	3
General services (canteen, cleaning, vigilance, etc.)	1,401	1,314	87	9
Training	186	178	8	1
Depreciation	7,170	7,147	23	134
Amortization	1,355	1,364	(9)	15
Write-down of non current assets	138	311	(173)	0
Provision (release) for bad debts	650	54	596	48
Other	1,844	2,190	(346)	62
Total costs by nature	164,239	147,926	16,313	3,397
Increase (decrease) in work in progress and finished goods	(2,100)	(2,349)	249	(28)
Total cost of sales and operating expenses	162,139	145,577	16,562	3,369

(*) Of which 83 thousand euro as out of pocket expenses incurred in 2016 and -2 thousand euro as balance on out of pocket expenses related to the previous year (in 2015, the out of pocket expenses were 86 thousand euro and the recovery of out of pocket expenses related to the previous year was -16 thousand euro).

(**) Of which 8 thousand euro related to the revision on the opening balance sheet of Metalvuoto S.p.A. and 2 thousand euro for expenses incurred in the fourth quarter of 2016 related to Metalvuoto S.p.A.

The items “Raw materials”, “Various materials”, “Transports” and “Commissions”, which are strictly connected to the production cycle, increased for the increase in sales, mainly in the gas purification sector.

The increase in “Personnel cost” was due, in addition to the change in the scope of consolidation, to the growth in the average number of the Group’s employees, to salary increases linked to meritocratic policies and to higher accruals for the variable compensation of the employees, estimated to be growing in line with the trend of the economic results. Finally, please note that this item included the extraordinary costs for severance and for the strategic employees’ retention plan of Memry GmbH (1,258 thousand euro), related to the decision to transfer the production activities of the latter in the US and to liquidate the German subsidiary by the end of next year.

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. Please note that, starting from the end of April 2015, this remuneration was calculated according to the new standards defined with the three-year renewal of the corporate bodies. The increase compared to the previous year is mainly due to the higher accruals for the variable component of the remuneration of the Executive Directors.

For the details on the 2016 remunerations and the comparison with the previous year, please refer to the Note no. 39 and to the Report on the remuneration.

The increase of the item “Consultant fees and legal expenses” is related to the corporate extraordinary projects developed during the year 2016.

The change of the item "Write-down of non current assets" was mainly related to the fact in 2015 it was included the devaluation of the know-how related to a specific getter for lamps, that was suffering a growing competitive pressure.

The increase in "Provision for bad debts" is mainly due to the impairment of some trade receivables of the subsidiary SAES Pure Gas, Inc. following the application of contractual penalties for delays in the delivery of purifiers to customers.

The decrease in the item "Other" is mainly related to the internalization of some manufacturing phases in the industrial SMA productions and the consequent lower recourse to external productions.

7. OTHER INCOME (EXPENSES)

This item recorded a net loss of -736 thousand euro as at December 31, 2016, compared with -838 thousand euro in the previous year. The change compared to 2015 is primarily due to the consolidation of the newly acquired company Metalvuoto S.p.A. (+88 thousand euro). The breakdown is provided below.

(thousands of euro)

	2016	2015	Difference	of which: Perimeter difference
Other income	535	370	165	97
Other expenses	(1,271)	(1,208)	(63)	(9)
Total other income (expenses)	(736)	(838)	102	88

The item "Other income" includes all those revenues that do not fall within the ordinary operations of the Group, such as, for example, the proceeds from the sale of scrap materials, and, net of the change in the scope of consolidation, it is in line with the previous year.

The item "Other expenses" is mainly composed by the property taxes and other taxes, other than income taxes, paid by the Italian Group's companies.

In both years, this item includes a cost for the definition of the environmental dispute regarding the purification of the Onondaga Lake²³ (689 thousand euro accounted for at the end of 2015 and 440 thousand euro recorded in the income statement of the first half of 2016); the 2016 figure includes also the cost related to the purchase, from Polyera Corporation, of a license on 50% of the OLET technology jointly developed by the Group with Polyera itself (242 thousand euro).

8. FINANCIAL INCOME (EXPENSES)

The following table shows the financial income breakdown in 2016, compared to the previous year.

²³ Please refer to the Note no. 29 for further details about the definition of the environmental dispute.

(thousands of euro)

Financial income	2016	2015	Difference	of which: Perimeter difference
Bank interest income	63	101	(38)	0
Other financial income	214	192	22	0
Realized gains on derivative financial instruments	0	0	0	0
Gains from derivative financial instruments evaluation at fair value	1	0	1	1
Total financial income	278	293	(15)	1

The reduction of the item “Bank interest income” was due to the lower cash and cash equivalents of the Asian subsidiaries as a result of the partial repayment of the share capital of these companies of the Group, completed at the end of 2015.

The increase of the item “Other financial income” was due to the interest income matured on the additional interest-bearing loans granted by the subsidiary SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH during 2016 (for further details please refer to the Note no. 19).

The following table shows the breakdown of the financial expenses in 2016, compared to the previous year.

(thousands of euro)

Financial expenses	2016	2015	Difference	of which: Perimeter difference
Bank interests and other bank expenses	1,403	1,618	(215)	17
Other financial expenses	49	181	(132)	32
Realized losses on derivative financial instruments	17	0	17	0
Losses from derivative financial instruments evaluation at fair value	29	22	7	0
Total financial expenses	1,498	1,821	(323)	49

The item “Bank interests and other bank expenses” includes the interest expenses on loans, both short and long term ones, held by the Parent Company, by the newly acquired company Metalvuoto S.p.A. and by the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by SAES Getters S.p.A.

Compared to 2015, the decrease in this item was related both to the decrease in the average net financial indebtedness in 2016 compared to the previous year, and to the reduction of the interest rates. In particular, the lower costs on loans in the form of “hot money” and on the use of bank credit lines were only partially offset by the increase in interests related to medium-long-term bank loans.

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

The items “Gain and losses from IRS evaluation at fair value” are 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 by Metalvuoto S.p.A. The item “Realized losses on IRS” includes the interest differences actually paid to the bank in respect of these contracts during the fiscal year 2016.

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

This item includes the Group's share in the result of the joint ventures Actuator Solutions GmbH²⁴ and SAES RIAL Vacuum S.r.l.²⁵, both evaluated with the equity method.

Please note that as at December 31, 2016 the joint venture Flexterra, Inc. was not yet operative and therefore it did not contribute to the result of the SAES Group.

(thousands of euro)

	2016	2015	Difference
Actuator Solutions	(3,188)	(1,843)	(1,345)
SAES RIAL Vacuum S.r.l.	(137)	0	(137)
Flexterra, Inc.	0	n.a.	n.a.
Total income (loss) from equity method evaluated companies	(3,325)	(1,843)	(1,482)

In 2016, the loss deriving from the evaluation with the equity method amounted to -3,325 thousand euro (compared to -1,843 thousand euro in the previous year) and it was mainly attributable to the joint venture Actuator Solutions.

For further details on the performance of the two joint ventures please refer to the Report on Operations, paragraph "Performance of the joint ventures in 2016" and to the Note no 16.

10. FOREIGN EXCHANGE GAINS (LOSSES)

In 2016 the exchange rates management recorded a substantially breakeven balance (positive for 52 thousand euro) compared to a positive balance of 694 thousand euro in the previous year.

The 2016 result close to zero confirms the overall effectiveness of the hedging policies adopted by the Group, which were adopted precisely in order to limit the impact of currency fluctuations.

The breakdown of foreign exchange gains and losses as at December 31, 2016 compared to the previous year is given below.

(thousands of euro)

Foreign exchange gains and losses	2016	2015	Difference	of which: Perimeter difference
Foreign exchange gains	1,078	3,164	(2,086)	0
Foreign exchange losses	(738)	(1,311)	573	(1)
Foreign exchange gains (losses), net	340	1,853	(1,513)	(1)
Realized exchange gains on forward contracts	37	35	2	0
Realized exchange losses on forward contracts	(325)	(1,156)	831	0
Gains (losses) from forward contracts evaluation at fair value	0	(38)	38	0
Gains (losses) on forward contracts	(288)	(1,159)	871	0
Total foreign exchange gains (losses), net	52	694	(642)	(1)

²⁴ Please note that Actuator Solutions GmbH consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. (established in June 2013) and Actuator Solutions (Shenzhen) Co., Ltd. (established in September 2016 in P.R. of China and not yet operative as at December 31, 2106).

²⁵ SAES RIAL Vacuum S.r.l. was included in the scope of consolidation starting from December 2015, but it has started to be operating in January 2016, therefore it didn't contribute to the 2015 result of the SAES Group.

The item “Foreign exchange gains (losses), net” shows a positive balance of 340 thousand euro, compared with a positive balance equal to 1,853 thousand euro in the previous year. This change was due to the fact that, in the previous year, the item included the foreign exchange gains (1,907 thousand euro) resulting from the release into the income statement of part of the translation reserve generated by the consolidation of SAES Getters (Nanjing) Co., Ltd., and SAES Getters Korea Corporation following the partial reduction of the share capital of the two Asian commercial subsidiaries.

The item also included, in both fiscal years, the differences deriving from the fluctuations of the Korean won on the financial credit in euro held by the Korean subsidiary towards the Parent Company (-6 thousand euro in 2016, versus -462 thousand euro in 2015), as well as those related to the conversion of commercial items in dollars and yen (+346 thousand euro in the current year, versus +408 in the previous year).

The item “Gains (losses) on forward contracts” recorded a negative balance of 288 thousand euro, compared to a negative balance of 1,159 thousand euro as at December 31, 2015. This balance included both the gains or losses realised when forward contracts on transactions in dollars and yen are unwound, as well as the impact of their fair value evaluation in the income statement²⁶.

In both years this item also included the realized gains or losses (+21 thousand euro in 2016 against -136 thousand euro in 2015) related to the forward sales contracts of euro entered into by the Group with the objective of limiting the currency risk on the balance of the aforementioned financial credit in euro of the Korean subsidiary (included in the item “Foreign exchange gains (losses), net”).

11. INCOME TAXES

In 2016 income taxes amounted to 7,581 thousand euro, with an decrease of 1,421 thousand euro compared to the previous year.

The related breakdown is given below, with evidence of the effect attributable to the consolidation of the newly acquired Metalvuoto S.p.A.

(thousands of euro)	2016	2015	Difference	of which:
				Perimeter difference
Current taxes	8,158	7,244	914	0
Deferred taxes	(577)	1,758	(2,335)	(200)
Total	7,581	9,002	(1,421)	(200)

Despite the increase of the income before taxes, the tax expenses decreased compared to the previous year due to some non-recurring adjustments. In particular, in 2015 the taxes included a negative adjustment of 1,692 thousand euro, as a consequence of the redetermination of deferred tax assets and liabilities of the Group's Italian companies, by applying the new IRES²⁷ tax rate, equal to 24%, which will come into force starting from 2017; instead in 2016, the item taxes included a positive adjustment related to the release of the fiscal provision of 500 thousand euro related to the assessment on the fiscal declaration of the Parent Company for the year 2005, following the positive outcome of the existing dispute commenced by the Company (for further details please refer to the Note no. 29).

²⁶ Please note that in 2016 the economic impacts arising from the fair value evaluation were null, since there were no outstanding contracts as at December 31, 2016, nor at the end of the previous year.

²⁷ Article 1, paragraphs 61-64, of the 2016 Italian Stability Law modified the corporate tax rate (IRES) of the Italian companies, providing for its reduction. Namely, paragraph 61 provides for a reduction of the IRES tax rate from the current 27.5% to 24%, effective from January 1, 2017.

The Group's tax rate was equal to 35% significantly improved when compared to 50.5% of the previous year²⁸, as a result of the above mentioned non recurring, as well as lower tax losses realized in 2016 by the Parent Company (3,623 thousand euro on which deferred tax assets were prudentially not recognized).

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

(thousands of euro)

	2016		2015	
Income before taxes		21,663		17,822
Theoretical tax rate and tax charges	27.50%	5,957	27.50%	4,901
Effect of different tax rates	12.63%	2,736	12.14%	2,163
Non deductible costs/non taxable income	-16.01%	(3,468)	-19.14%	(3,412)
Taxes on subsidiaries' accumulated profits	8.34%	1,806	11.68%	2,081
Unrecognition (recognition) of deferred tax assets on fiscal losses	5.00%	1,084	9.85%	1,755
Unrecognition (recognition) of deferred tax assets on temporary differences	0.00%	0	0.70%	124
R&D credits and other tax credits	-4.33%	(939)	-3.11%	(554)
Redetermination of deferred tax assets and liabilities following the tax rate variation	1.13%	244	9.49%	1,692
Other permanent differences	1.66%	360	-1.77%	(316)
IRAP and other local taxes	-0.92%	(199)	3.19%	568
Effective tax rate and tax charges	35.00%	7,581	50.51%	9,002

In 2016 the fiscal losses of the Parent Company and of its subsidiaries were equal to 7,189 thousand euro compared to tax losses equal to 6,425 thousand euro as at December 31, 2015. The increase was mainly attributable to the tax losses of the newly acquired Metalvuoto S.p.A., the only company of the Group that has recognized deferred tax assets on the negative taxable income of the current year.

12. EARNING (LOSS) PER SHARE

As indicated in the Note no. 25, SAES Getters S.p.A. 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 earning 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 relevant time-period.

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

The following table shows the earning (loss) per share in the fiscal year 2016, compared with the corresponding figure in 2015.

²⁸ Excluding the aforementioned effect of the change of IRES tax rate recorded in 2015, the Group tax rate of previous year would have equal to 41%.

Earning (loss) per share	2016			2015		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousands of euro)			14,082			8,820
Theoretical preference dividends (thousands of euro)		1,022	1,022		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	9,288	3,772	13,060	5,787	2,011	7,798
Total profit (loss) attributable to the different categories of shares (thousands of euro)	9,288	4,794	14,082	5,787	3,033	8,820
Average number of outstanding shares	14,671,350	7,378,619	22,049,969	14,671,350	7,378,619	22,049,969
Basic earning (loss) per share (euro)	0.6331	0.6497		0.3944	0.4111	
- from continued operations (euro)	0.6331	0.6497		0.3944	0.4111	
- from discontinued operations (euro)	0.0000	0.0000		0.0000	0.0000	
Diluted earning (loss) per share (euro)	0.6331	0.6497		0.3944	0.4111	
- from continued operations (euro)	0.6331	0.6497		0.3944	0.4111	
- from discontinued operations (euro)	0.0000	0.0000		0.0000	0.0000	

13. SEGMENT INFORMATION

For management purposes, the Group is organized into two Business Units based on the type of products and services provided. As at December 31, 2016 the Group's operations were divided into two primary operating segments:

- **Industrial Applications** – getters and dispensers used in a wide range of industrial applications (lamps, electronic devices, MEMS, vacuum systems, vacuum thermal insulation solutions, semiconductors and other industries that use pure gases in their processes);
- **Shape Memory Alloys** – shape memory alloy raw materials, semi-finished products, components and devices for both medical and industrial applications.

The Top Management monitors the results of the two 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 operating segments.

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

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

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 Applications		Shape Memory Alloys		Non allocato		Total	
	2016	2015 (*)	2016	2015 (*)	2016	2015 (*)	2016	2015 (*)
Total net sales	113,076	102,011	71,603	63,680	4,352	1,223	189,031	166,914
Gross profit	55,346	48,142	29,260	23,994	514	(52)	85,120	72,084
<i>% on net sales</i>	48.9%	47.2%	40.9%	37.7%	11.8%	-4.3%	45.0%	43.2%
Total operating expenses	(24,269)	(20,765)	(12,177)	(10,528)	(21,782)	(19,454)	(58,228)	(50,747)
Other income (expenses), net	114	83	161	95	(1,011)	(1,016)	(736)	(838)
Operating income (loss)	31,191	27,460	17,244	13,561	(22,279)	(20,522)	26,156	20,499
<i>% on net sales</i>	27.6%	26.9%	24.1%	21.3%	n.s.	n.s.	13.8%	12.3%
Interest and other financial income (expenses), net							(1,220)	(1,528)
Share of result of investments accounted for using the equity method							(3,325)	(1,843)
Foreign exchange gains (losses), net							52	694
Income (loss) before taxes							21,663	17,822
Income taxes							(7,581)	(9,002)
Net income (loss) from continued operations							14,082	8,820
Net income (loss) from discontinued operations							0	0
Net income (loss)							14,082	8,820
Minority interests in consolidated subsidiaries							0	0
Group net income (loss)							14,082	8,820

(*) Some amounts shown in the column do not correspond to the 2015 financial statements because they reflect the reclassifications detailed in Note no. 1, paragraph "Reclassifications on December 31, 2015 income statement figures".

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

(thousands of euro)

	Continued operations						Discontinued operations		Total	
	Industrial Applications		Shape Memory Alloys		Not allocated		31 dic. 2016	31 dic. 2015	31 dic. 2016	31 dic. 2015
	31 dic. 2016	31 dic. 2015	31 dic. 2016	31 dic. 2015	31 dic. 2016	31 dic. 2015				
Assets and liabilities										
Non current assets	37,935	36,888	66,184	61,414	38,917	23,785	0	0	143,036	122,087
Current assets	55,194	42,182	22,181	17,908	24,737	31,002	0	0	102,112	91,092
Total assets	93,129	79,070	88,365	79,322	63,654	54,787	0	0	245,148	213,179
Non current liabilities	6,898	6,407	1,258	756	47,413	36,407	0	0	55,569	43,570
Current liabilities	18,509	14,540	7,487	6,749	28,752	21,832	0	0	54,748	43,121
Total liabilities	25,407	20,947	8,745	7,505	76,165	58,239	0	0	110,317	86,691
Other segment information										
Capital expenditure	3,820	1,217	4,124	3,091	921	751	0	0	8,865	5,059
Depreciation & amortization	3,148	3,400	3,489	3,305	1,888	1,806	0	0	8,525	8,511
Other non cash expenses	603	212	102	124	83	29	0	0	788	365

Information on geographical areas

The following table provides the non-current assets by geographical area.

(thousands of euro)

	Italy	Europe	United States	Asia	Total non current assets (*)
2016	40,043	11,124	71,415	132	122,714
2015	34,985	3,050	69,216	172	107,423

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

Please refer to the table shown in the Report on operations for the breakdown 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 entity is located	2016	%	2015	%	Difference
Italy	36,284	19.2%	31,803	19.1%	4,481
Europe	6,964	3.7%	7,032	4.2%	(68)
North America	140,831	74.5%	123,527	74.0%	17,304
South Korea	907	0.5%	926	0.6%	(19)
China	3,974	2.1%	3,611	2.2%	363
Other Asian countries	71	0.0%	15	0.0%	56
Others	0	0.0%	0	0.0%	0
Total net sales	189,031	100%	166,914	100%	22,117

14. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net of accumulated depreciation, amounted to 53,402 thousand euro as at December 31, 2016, with an increase of 3,019 thousand euro compared to December 31, 2015.

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

(thousands of euro)

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

(thousands of euro)

Tangible fixed assets	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2014	3,758	21,418	22,623	2,885	50,684
Additions	0	379	2,464	2,174	5,017
Disposals	(49)	0	(12)	0	(61)
Reclassifications	0	313	2,699	(3,012)	0
Depreciation	0	(1,389)	(5,758)	0	(7,147)
Write-downs	0	0	(102)	(21)	(123)
Revaluations	0	0	0	0	0
Translation differences	360	471	1,087	95	2,013
December 31, 2015	4,069	21,192	23,001	2,121	50,383
December 31, 2014					
Historical cost	3,758	41,474	119,627	3,041	167,900
Accumulated depreciation and write-downs	0	(20,056)	(97,004)	(156)	(117,216)
Net book value	3,758	21,418	22,623	2,885	50,684
December 31, 2015					
Historical cost	4,069	43,318	124,726	2,298	174,411
Accumulated depreciation and write-downs	0	(22,126)	(101,725)	(177)	(124,028)
Net book value	4,069	21,192	23,001	2,121	50,383

As at December 31, 2016 land and buildings were not burdened by mortgages or other guarantees.

In 2016 investments in tangible assets amounted to 8,663 thousand euro and they included the purchases made by the Parent Company for the setting up of a new production line at the plant in Avezzano, as well as the purchases always by SAES Getters S.p.A., of machinery for the improvement of the industrial SMA production lines and of laboratory equipment for the development of products in the purification and in the vacuum systems businesses, at the plant in Lainate.

Please also note the investments in the SMA area made by the subsidiaries Memry Corporation and SAES Smart Materials, Inc., aimed both at increasing the production capacity of the existing lines and at creating new production departments both in the medical segment and in the industrial one.

The disposals (16 thousand euro in 2016) were mainly related to the sale of a work station owned by Parent company.

The item “Change in the scope of consolidation” refers to the tangible assets of Metalvuoto S.p.A. as at October 10, 2016, the date on which the acquisition by SAES Getters S.p.A. was finalized. As reported in the Note no. 3 and in accordance with IFRS 3, the tangible assets associated with Metalvuoto S.p.A. were provisionally recorded in the consolidated financial statements on the basis of the historical values entered in the financial statements of the subsidiary at the date of the acquisition.

The item “Depreciation” for the year 2016 equal to 7,170 thousand euro, was substantially aligned with those of the previous year.

The write-downs, equal to 138 thousand euro, were mainly related to the write-off of the residual value of some equipment and machinery no longer used by the US subsidiary SAES Smart Materials, Inc.

The translation differences (+668 thousand euro) were related to assets of the US companies and linked to the revaluation of the US dollar as at December 31, 2016 compared to the exchange rate of December 31, 2015.

The following table shows the composition of tangible fixed assets based on their related ownership rights.

(thousands of euro)

	December 31, 2016			December 31, 2015		
	Owned assets	Finance leased assets	Total	Owned assets	Finance leased assets	Total
Land and building	25,553	0	25,553	25,261	0	25,261
Plant and machinery	25,578	0	25,578	22,994	7	23,001
Assets under construction and advances	2,271	0	2,271	2,121	0	2,121
Total	53,402	0	53,402	50,376	7	50,383

No financial leasing contract was in place as at December 31, 2016 (for further details please refer to the Note no. 27)

15. INTANGIBLE ASSETS, NET

Intangible assets, net of accumulated amortization, amounted to 58,984 thousand euro as at December 31, 2016, and they recorded an increase of 6,662 thousand euro compared to the previous year.

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

(thousands of euro)

Intangible fixed assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2014	44,414	0	2,834	601	4,472	1	52,322
Additions	0	0	5	108	0	89	202
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Change in consolidation area	6,187	0	63	0	5	0	6,255
Amortization	0	0	(402)	(440)	(513)	0	(1,355)
Write-downs	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Translation differences	1,364	0	74	1	122	(1)	1,560
December 31, 2015	51,965	0	2,574	270	4,086	89	58,984
December 31, 2015							
Historical cost	49,691	183	7,091	10,133	24,653	740	92,491
Accumulated amortization and write-downs	(5,277)	(183)	(4,257)	(9,532)	(20,181)	(739)	(40,169)
Net book value	44,414	0	2,834	601	4,472	1	52,322
December 31, 2016							
Historical cost	57,242	183	7,364	10,390	25,578	828	101,585
Accumulated amortization and write-downs	(5,277)	(183)	(4,790)	(10,120)	(21,492)	(739)	(42,601)
Net book value	51,965	0	2,574	270	4,086	89	58,984

(thousands of euro)

Intangible fixed assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2014	40,124	0	2,895	1,007	4,650	29	48,705
Additions	0	0	0	0	2	40	42
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	23	17	0	(40)	0
Amortization	0	0	(403)	(436)	(525)	0	(1,364)
Write-downs	0	0	0	0	(160)	(28)	(188)
Revaluations	0	0	0	0	0	0	0
Translation differences	4,290	0	319	13	505	0	5,127
December 31, 2015	44,414	0	2,834	601	4,472	1	52,322
December 31, 2014							
Historical cost	45,401	183	6,544	8,437	20,660	740	81,965
Accumulated amortization and write-downs	(5,277)	(183)	(3,649)	(7,430)	(16,010)	(711)	(33,260)
Net book value	40,124	0	2,895	1,007	4,650	29	48,705
December 31, 2015							
Historical cost	49,691	183	7,091	10,133	24,653	740	92,491
Accumulated amortization and write-downs	(5,277)	(183)	(4,257)	(9,532)	(20,181)	(739)	(40,169)
Net book value	44,414	0	2,834	601	4,472	1	52,322

The yearly increase was mainly due to the first consolidation of the intangible assets of the newly acquired Metalvuoto S.p.A. (item “Change in the scope of consolidation”), provisionally recorded at the net value as of the date of the acquisition, pending the completion of the process to determine their current value.

In 2016, investments in intangible assets were equal to 202 thousand euro and they refer to the purchases made by the Parent Company of new software licenses.

The translation differences (positive for 1,560 thousand euro), related to the intangible assets of the US companies of the Group, were partially offset by the amortization of the period (-1,355 thousand euro), aligned with those of the previous year.

With regards to the changes of the item “Goodwill”, please see the section below.

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

Goodwill is not amortized and 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 following table shows the changes in the item “Goodwill” and specifies the Cash Generating Unit to which the goodwill has been allocated.

(thousands of euro)

Business Unit	December 31, 2015	Change in consolidation area	Write-downs	Other movements	Translation differences	December 31, 2016
Industrial Applications	5,811	0	0	0	160	5,971
Shape Memory Alloys	38,603	0	0	0	1,204	39,807
Non allocato	0	6,187	0	0	0	6,187
Total goodwill	44,414	6,187	0	0	1,364	51,965

The increase of the year was due both to the consolidation of the newly acquired Metalvuoto S.p.A. and to the exchange rate effect on the goodwill amounts denominated in currencies other than euro.

Please note that the goodwill deriving from the acquisition of Metalvuoto S.p.A. (6,187 thousand euro) was calculated as the difference between the book value of the net assets of the company at the date of the acquisition (-407 thousand euro) and the total price for the acquisition of that company (5,780 thousand euro), including both the consideration paid in cash for the purchase of the first 70% (5,128 thousand euro) and the financial debt incurred for the commitment to purchase the remaining 30% (equal to 652 thousand euro). This value has to be considered provisional, pending the completion of the process to determine the current value of net assets acquired (for further details on the calculation, please refer to Note no. 3).

The following table shows the gross book values of goodwill and their accumulated write-downs for impairment from January 1, 2004 to December 31, 2016 and to December 31, 2015.

(thousands of euro)

Business Unit	December 31, 2016			December 31, 2015		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial Applications (*)	6,034	(63)	5,971	5,874	(63)	5,811
Shape Memory Alloys (*)	43,207	(3,400)	39,807	42,003	(3,400)	38,603
Not allocated (**)	6,545	(358)	6,187	358	(358)	0
Total goodwill	55,786	(3,821)	51,965	48,235	(3,821)	44,414

(*) The difference between the gross value as at December 31, 2016 and the gross value as at December 31, 2015 is due to the translation differences on goodwill amounts denominated in currencies other than euro.

(**) The difference between the gross value as at December 31, 2016 and the gross value as at December 31, 2015 is due to the consolidation of the newly acquired Metalvuoto S.p.A.

Impairment test

Pursuant to IAS 36, goodwill is not amortized, but is rather assessed for impairment annually or more frequently where specific events or circumstances indicate that it may have become impaired. For the purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGUs) or groups of units, which may be no larger than the segments identified for management reporting purposes pursuant to IFRS 8. In particular, the CGUs identified by the SAES Group for the impairment test coincide with the following operating segments:

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

Compared to what indicated in the Note no. 13 “Segment information”, please note that, following the acquisition²⁹ of the majority of the company Metalvuoto S.p.A., an established player in the

²⁹ The acquisition was finalized on October 10, 2016.

advanced packaging industry, in the three-years 2017-2019 plan an additional Business Unit called "Solutions for Advanced Packaging" will be established next to the "Industrial Applications" and "Shape Memory Alloys" Business Units starting from January 1, 2017. For impairment testing purposes, the goodwill generated by the acquisition of Metalvuoto S.p.A. has been reclassified into this new operating segment.

Impairment testing consists in estimating the recoverable amount of each Cash Generating Unit (CGU) and comparing it with the net carrying amount of the associated assets, including goodwill. The recoverable amount is estimated by determining the value in use, which corresponds to the present value of the future cash flows that are expected from each Cash Generating Unit according to the most recent three-years 2017-2019 plan developed by the top management and approved by the Board of Directors on February 16, 2017.

In making these projections, the management made many assumptions, including an estimate of future sales volumes, price trends, gross margin, operating expenses, changes in working capital and investments. The expected sales growth is based on the management's projections, while the margins and operating expenses of the various businesses were estimated on the basis of historical data, adjusted to account for the expected results and the projected market price trends. The value of investments and working capital was determined taking into account various factors, such as the expected future growth rates and the products development plan.

The discount rate applied in discounting cash flows represents the estimate of the expected rate of return of each Cash Generating Unit in the market. In order to select an appropriate discount rate to be applied to future cash flows, the indicative interest rates that would be applied to the Group in case of a subscription of a new medium-long term loan, the long-term government bond yield curve and the perspective Group's equity/debt structure were taken into consideration.

The weighted average cost of capital (WACC) applied to future cash flows was estimated to be 6.3%, and it is deemed to be representative of all of the Group's CGUs. The WACC used is net of taxes, in accordance with the involved cash flows.

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

	Industrial Applications	Shape Memory Alloys	Solutions for Advanced Packaging
Estimated years after the three years plan	9 (*)	12	12

(*) Calculated as the average of:

- 12 years assumed for Pure Gas Handling Business e Vacuum Systems Business;
- 10 years, assumed for Electronic & Photonic Devices Business and Sensors & Detectors Business;
- 6 years, assumed for Thermal Insulation Business;
- 4 years, assumed for Light Sources Business.

This first grade testing didn't show any potential impairment.

In addition, a sensitivity analysis of up to 1 percentage point of the WACC value employed by the Group didn't show any criticality with reference to the net assets reported in the balance sheet as of December 31, 2016.

A second level of verification was then carried out, including also the costs related to corporate offices in the recoverable amount, as well as those economic values that cannot be allocated univocally or through reliable drivers to the major sectors, among which basic research expenses incurred by the Group to identify innovative technical solutions are of great importance. Also this second grade of testing did not show any potential impairment of the assets.

The estimation of the recoverable amounts of the various Cash Generating Units required the management to use its discretion and to prepare estimates. Accordingly, the Group cannot guarantee that impairment losses will not be incurred in future periods. In fact, several factors, including those associated with the future development of the current market scenario and of the demand, could require asset values to be re-determined in future periods. The Group will constantly monitor the circumstances and events that could require further testing of impairment losses.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at December 31, 2016 this item included the share of the net assets attributable to the Group in the joint ventures Actuator Solutions GmbH³⁰, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.

The following table shows the changes in this item during the current year.

(thousands of euro)

Investments accounted for using the equity method	December 31, 2015	Capital payments	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Disposals	Other	December 31, 2016
Actuator Solutions	2,376	1,000	(3,188)	(188)	0	0	0	0
SAES RIAL Vacuum S.r.l.	1,614	0	(137)	(2)	0	0	0	1,475
Flexterra, Inc.	0	8,146	0	0	0	0	0	8,146
Total	3,990	9,146	(3,325)	(190)	0	0	0	9,621

Actuator Solutions

The item "Capital payments" refers to the capital contributions made on January 15, 2016 by SAES Nitinol S.r.l. in favor of the joint venture Actuator Solutions GmbH. Please note that the 50% joint partner Alfmeier paid the same amount through the company SMA Holding GmbH.

The item "Share of the net result" (negative for 3,188 thousand euro) relates to the adjustment of the value of the investment held by the Group in relation to the results achieved by the joint venture in 2016.

Please note that this amount is less than the actual share pertaining to the Group in the 2016 loss of joint venture (-3,373 thousand euro), since, in accordance with IAS 28, the investment was reduced to zero and the loss exceeding the investment (amounting to -185 thousand euro) was not recognized as a liability since there is no legal or implied obligation of recapitalization by the SAES Group towards Actuator Solutions to date.

The item "Share of other comprehensive income (loss)" (-188 thousand euro) refers to the share of the Group in the currency translation difference reserve arising from the conversion of the financial statements of the subsidiary Actuator Solutions Taiwan Co., Ltd. for consolidation purposes.

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

³⁰ Please note that Actuator Solutions GmbH, consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., the latter established at the end of September and not yet operating as at December 31, 2016.

(thousands of euro)

Actuator Solutions	December 31, 2016	December 31, 2015
Statement of financial position	50%	50%
Non current assets	5,143	4,130
Current assets	1,931	2,448
Total assets	7,074	6,578
Non current liabilities	4,248	740
Current liabilities	3,011	3,462
Total liabilities	7,259	4,202
Capital stock, reserves and retained earnings	3,376	4,270
Net income (loss) for the period	(3,373)	(1,843)
Other comprehensive income (loss) for the period	(188)	(51)
Total equity	(185)	2,376

(thousands of euro)

Actuator Solutions	December 31, 2016	December 31, 2015
Statement of profit or loss and of other comprehensive income	50%	50%
Net sales	9,321	8,638
Cost of sales	(10,159)	(8,864)
Gross profit	(838)	(226)
Total operating expenses	(2,673)	(2,119)
Other income (expenses), net	64	63
Operating income (loss)	(3,447)	(2,282)
Interest and other financial income, net	(155)	(164)
Foreign exchange gains (losses), net	122	32
Income taxes	107	571
Net income (loss)	(3,373)	(1,843)
Exchange differences	(188)	(51)
Total comprehensive income (loss)	(3,561)	(1,894)

Overall Actuator Solutions recorded net revenues equal to 18,642 thousand euro in 2016 to be compared with 17,275 thousand euro in the corresponding period of the previous year; these revenues, almost totally generated by the seat comfort business (valves exploiting the SMA technology and used in lumbar control systems of the seats of cars) increased thanks to the extension of the lumbar control system to an increasing number of cars.

The net result of the period was negative for -6,747 thousand euro, compared to a loss of -3,687 thousand euro in the previous year. The worsening was due both to the decreasing gross margin in the seat comfort sector (in turn, due not only to decreasing unit prices, but also to the still low-yield of the new lines related to the expansion of the production capacity, as well as to the reduction of the production costs that were at full operating speed only since the last quarter of 2016) and to higher research, development and prototyping expenses for autofocus (AF) actuators. In fact, please note that all research expenses of the joint venture are charged directly into the income statement in the period in which they occurred as they do not qualify for capitalization.

Finally, in 2016, it has been prudently decided to cancel the deferred tax assets recognized in previous years on the negative taxable income of Actuator Solutions Taiwan Co., Ltd., following the company's continuing tax loss situation. The related cost was approximately equal to 778 thousand euro.

Despite the value of the investment in Actuator Solutions GmbH as at December 31, 2016 has been reduced to zero, an impairment test was carried out in order to detect possible losses on receivables, in particular the financial ones, held by the Group towards the joint venture (for more details on these financial receivables please refer to Note no. 19). To this end, the value in use was determined with the Free Operating Cash Flow method, on the basis of the most recent plans prepared by the management and approved by the Supervisory Committee of the Company, and by using a WACC of 4.4%, which considers the structure of the capital/debt of the joint venture and the long-term German government bond yields curve. The analysis did not show any potential impairment of the assets existing between the Group and the joint venture.

A sensitivity analysis was also performed by increasing the discount rate to bring it in line with that used by the Group for impairment test purposes (6.3%); also in this case there wasn't any criticality.

The following table provides the number of employees of the joint venture Actuator Solutions as at December 31, 2016 split by category, based on the percentage of ownership held by the Group (equal to 50%).

Actuator Solutions	December 31, 2016	December 31, 2015
	50%	50%
Managers	9	5
Employees and middle management	39	26
Workers	20	9
Total (*)	68	40

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 2 units as at December 31, 2016 and equal to 6 unit at December 31, 2015 (according to the percentage held by the Group).

SAES RIAL Vacuum S.r.l.

SAES RIAL Vacuum S.r.l. was established at the end of 2015 through the transfer by Rodofil s.n.c. of the Rial Vacuum business (assets, trademark and customers list, as well as inventory and employed personnel), specialized in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders, used in the major research laboratories worldwide.

In particular, on December 23, 2015 SAES Getters S.p.A. acquired by Rodofil s.n.c. a first tranche, equal to 10% of SAES RIAL Vacuum S.r.l., while the acquisition of a further 39% was finalized on January 19, 2016.

The aim of the joint venture is to create an Italian technological and manufacturing hub of the highest level, for the design and production of integrated vacuum systems for accelerators, to be used for the research field, as well as for industrial systems and devices combining the highest level the competences of SAES in the field of materials, vacuum applications and innovation, with the experience of Rial and 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. With 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.

As at December 31, 2016 the value of the joint venture (1,475 thousand euro) was the total price for the acquisition of 49% of the share capital of SAES RIAL Vacuum S.r.l. (1,614 thousand euro)

adjusted for the SAES Group's share in the result of 2016 (-137 thousand euro) and in the other components of comprehensive income, net of taxes ³¹ (-2 thousand euro).

Please note that the difference, equal to 1,393 thousand euro, between the total consideration of the acquisition (1,614 thousand euro) and the net value of the assets acquired at the acquisition date (221 thousand euro) represents the goodwill that is included in the carrying value of the investment.

Finally, please note that among the shareholders SAES Getters S.p.A. and Rodofil S.r.l exists a put and call option, 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., again through a one-off operation between May 1, 2020 and May 31, 2020, at a predetermined price related to the performance of the new company at the date of the sale; if Rodofil does not exercise its put option, SAES Getters S.p.A. will 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. Please note that as at December 31, 2016 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.	December 31, 2016	December 31, 2015
Statement of financial position	49%	49%
Non current assets	150	47
Current assets	518	239
Total assets	668	286
Non current liabilities	148	0
Current liabilities	438	65
Total liabilities	586	65
Capital stock, reserves and retained earnings	221	221
Net income (loss) for the period	(137)	0
Other comprehensive income (loss) for the period	(2)	0
Total equity	82	221
Goodwill arising on acquisition	1,393	1,393
SAES Group Investment	1,475	1,614

(thousands of euro)

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

³¹Please note that the Other comprehensive income (loss) item derives from the accounting of the actuarial differences on the employee severance indemnities (TFR) in accordance with the revised IAS 19.

SAES RIAL Vacuum S.r.l. ended the 2016 with sales equal to 1,578 thousand euro and a net loss equal to -280 thousand euro, the latter related to some organization and integration expenses that are typical of any company in its start-up phase.

The value of the investment in SAES RIAL Vacuum S.r.l. was subjected to the impairment test. To this end, the value in use was determined with the Free Operating Cash Flow method, on the basis of the most recent plans prepared by the management using the business forecast approved by the Board of Directors on December 23, 2016, and using a WACC of 3.5%, which considers the cost of debt, the structure of the capital/debt of the joint venture as well as the long-term Italian government bond yield curve.

The analysis did not show any potential impairment of the asset.

A sensitivity analysis was also performed by increasing the discount rate to bring it in line with that used by the Group for impairment test purposes (6.3%); also in this case there wasn't any criticality.

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

SAES RIAL Vacuum S.r.l.	December 31, 2016	December 31, 2015
	49%	49%
Managers	0	0
Employees and middle management	3	0
Workers	2	3
Total (*)	5	3

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 2 units as at December 31, 2016, according to the percentage held by the Group (no unit at December 31, 2015).

Flexterra, Inc.

On December 15, 2016 the SAES Group has started a transaction aiming at the industrialization, production and commercialization of materials and components used in flexible organic transistors, through the establishment of the newco Flexterra, Inc., (near Chicago, Illinois, United States), in partnership with Polyera, a company already active in the field of flexible thin film transistors for new generation displays and partner of SAES in the development of organic electronics applications.

At the end of December 2016, the newco Flexterra, Inc. was capitalized by Polyera and SAES Getters International Luxembourg S.A. In particular, Polyera transferred to Flexterra, Inc. tangible and intangible assets (including IPs and know-how) for an estimated value of 14 million USD and, against this contribution in kind, received Series A shares of Flexterra, privileged, among other things, in the distribution of profits and in case of sale of Flexterra.

SAES Getters International Luxembourg S.A. provided Flexterra with contributions in cash, in different phases within the end of 2016, for a total capital contribution of 8.5 million USD, against which the company received in turn Series A privileged shares of Flexterra.

On the basis of the agreement, Polyera will grant the shareholding rights in Flexterra, Inc. to its investors, among which there are two important Asian venture capital funds. These investors will also contribute in cash, with an amount that will be exactly defined in the first quarter of 2017, and that will be between a guaranteed minimum amount of 4.5 million USD, up to a maximum amount of 6 million USD.

SAES will transfer a further contribution of 4.5 million USD in capital – in addition to tangible and intangible assets (IPs) with an estimated value of around 3 million USD –to be finalized upon the achievement by Flexterra of technical and commercial objectives as set out in the agreement (namely, the signature of a binding agreement for the commercialization of Flexterra products – milestone) no later than March 31, 2018.

The contribution of SAES is equivalent to an equity participation representing around 34,66% of the share capital of Flexterra. Such participation is expected to increase up to around 45% with the contribution to be finalized by March 31, 2018, subsequent to the achievement of the above-mentioned milestone.

The Group's equity investment is accounted for using the equity method since, irrespective of their ownership percentage in the share capital, the operation consists of a joint control agreement and, specifically, a joint venture, based on the Board's composition (five members, two of which appointed by SAES, including the CEO) and the shareholders agreements (that provide that the decisions on some relevant matters are taken with the unanimous consent of all the Board members).

The value of the investment as at December 31, 2016 (8,146 thousand euro, equal to 8,500 thousand USD) is the overall contribution of SAES Getters International Luxembourg S.A. in the share capital Flexterra, Inc. The following table provides a breakdown of the contributions made in December 2016 aimed at the capitalization of the newco Flexterra, Inc.

Description	thousands of USD	thousands of euro
Contribution 1 (through the transfer of a financial receivable to Polyera)	1,000	959
Contribution 2	3,000	2,879
Contribution 3	4,500	4,308
Total	8,500	8,146

Please note that as at December 31, 2016 the company Flexterra, Inc. was not yet operative and the only operation performed by the company, as per the contractual agreements between the shareholders, in the period between its establishment date and December 31, 2016, was the use of 4 million USD in cash for the acquisition of additional intangible assets of Polyera.

Given the above, it was not necessary to adjust the value of the investment for the share of the SAES Group in the 2016 result.

In addition, being the acquisition just completed as at December 31, 2016 and since there were no objective signs of impairment, no impairment test was performed on the investment.

The table below shows the SAES Group interest in Flexterra, Inc.'s assets as at December 31, 2016.

Flexterra, Inc.	December 31, 2016		
	thousands of USD	thousands of USD	thousands of euro
	100%	34.66%	34.66%
Property, plant and equipment, net	870	302	286
Intangible assets, net	16,632	5,765	5,469
Inventory	498	173	164
Cash and cash equivalents	6,525	2,261	2,145
Total assets	24,525	8,500	8,064
Capital stock and other reserves	24,525	8,500	8,064
Net income (loss) of the period	0	0	0
Total equity	24,525	8,500	8,064

The difference between the total consideration of the acquisition (8,146 thousand euro) and the value of the assets attributable to the Group at 31 December 2016 (8,064 thousand euro) is solely due to the effect of the conversion of Flexterra activities, Inc. at the year-end exchange rate.

17. DEFERRED TAX ASSETS AND LIABILITIES

As at December 31, 2016 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to 8,340 thousand euro, with an increase of 802 thousand euro compared to December 31, 2015 (of which 186 thousand euro related to the consolidation of the newly acquired Metalvuoto S.p.A.).

The related details are provided below.

(thousands of euro)

Deferred taxes	December 31, 2016	December 31, 2015	Difference
Deferred tax assets	15,073	14,064	1,009
Deferred tax liabilities	(6,733)	(6,526)	(207)
Total	8,340	7,538	802

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	December 31, 2016	December 31, 2015	Difference
Deferred tax assets	19,787	18,667	1,120
Deferred tax liabilities	(11,447)	(11,129)	(318)
Total	8,340	7,538	802

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities by their nature, compared with the figures of the previous year.

(thousands of euro)

Deferred tax assets	December 31, 2016		December 31, 2015	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	1,627	565	1,625	591
Differences on depreciation/amortization and write-downs	6,103	1,658	6,467	1,758
IAS 19 effect	267	71		
Bad debts	439	169	480	182
Inventory write-down	6,132	2,200	6,043	2,149
Provisions	3,768	1,352	4,051	1,378
Cash deductible expenses	8,956	2,496	6,367	1,823
Deferred taxes on recoverable losses	46,114	11,065	44,818	10,756
Exchange differences and other	290	211	114	30
Total		19,787		18,667

The increase in the deferred tax assets compared to the previous year (+1,120 thousand euro) was mainly due to higher tax deductible costs on a cash basis rather than on an accrual basis³², as well as to deferred tax assets on tax losses carried forward of the newly acquired company Metalvuoto S.p.A., recognized following the reasonable certainty that they are recoverable in future years (311 thousand euro as at December 31, 2016). However, please note that, not having the group yet determined the fair value of the assets and liabilities of Metalvuoto S.p.A. at the acquisition date, deferred tax assets of that company, accounted for in the consolidated financial statements, are recorded at their historical values in the financial statements of the subsidiary at the acquisition date, including the changes occurred from the date of the acquisition to December 31, 2016.

The Group had 123,948 thousand euro in tax losses eligible to be carried forward as at December 31, 2016, attributable to the subsidiary SAES Getters International Luxembourg S.A. and to the Parent Company (tax losses eligible to be carried forward amounted to 117,653 thousand euro as at December 31, 2015).

The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets were equal to 46,114 thousand euro.

Deferred tax assets on past tax losses of the Parent Company were recorded only on the losses incurred by that company itself until December 31, 2013. These assets were recognized in the financial statements based on the recoverability analysis made by Directors that, considering the forecast included in the plans approved by the Board of Directors, have considered as probable the recovery of these assets recognized in the balance sheet over a period slightly longer than that of the plan. These analysis have been updated based on the most recent corporate plans approved by the Board of Directors, confirming, despite the risks associated with this type of activities and reported in the Report on operations, the substantial recovery of the aforementioned deferred tax assets within the analysis horizon considered.

(thousands of euro)

Deferred tax liabilities	December 31, 2016		December 31, 2015	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the sub	(46,342)	(3,354)	(55,928)	(3,044)
Differences on depreciation/amortization and fair value reval	(23,107)	(7,976)	(23,128)	(7,933)
IAS 19 effect	(423)	(101)	(431)	(103)
Other	(65)	(16)	(66)	(49)
Total		(11,447)		(11,129)

The deferred tax liabilities recorded in the consolidated financial statements as at December 31, 2016 included not only the fiscal provision on the temporary differences on the plus-values identified during the purchase price allocation of the US companies acquired in the past years, but also taxes due in the event of distribution of the net income and of the reserves of the subsidiaries for which a distribution is expected in a foreseeable future.

The increase of the latter was the main reason for the increase in the deferred tax liabilities compared to December 31, 2015 (+318 thousand euro).

Please note that, pursuant to article 1, paragraph 61, of the 2016 Italian Stability Law that provides for a reduction of the IRES tax rate of the Italian Companies from the current 27.5% to 24%, effective from January 1, 2017, the Group's Italian companies restated the deferred tax assets and liabilities applying the new IRES tax.

³² In particular, higher accrual for annual variable remunerations and long-term incentives.

18. TAX CONSOLIDATION RECEIVABLES/PAYABLES FROM/TO THE CONTROLLING COMPANY

The item “Tax consolidation receivables from the Controlling Company” (272 thousand euro) refers to the receivable of SAES Advanced Technologies S.p.A. towards 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 collectable after the end of the year has been classified among non-current assets.

Starting from January 1, 2015³³ the Italian companies of the Group³⁴ joined a new tax consolidation program with the Parent Company as consolidator.

Since this new tax consolidation showed a tax loss as at December 31, 2015, SAES Getters S.p.A., SAES Nitinol S.r.l. and E.T.C. S.r.l. recognized as income the taxes on income (IRES) corresponding only to the taxable income generated by SAES Advanced Technologies S.p.A. The related credits were offset against the corresponding debt of SAES Advanced Technologies S.p.A. As at December 31, 2016, following the merger of SAES Advanced Technologies S.p.A. into SAES Getters S.p.A., all the companies in the tax consolidation program had a negative taxable income and, therefore, no credit/debit was entered in the annual balance sheet.

19. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item “Financial receivables from related parties” amounted to 5,814 thousand euro as at December 31, 2016 compared to 1,155 thousand euro as at December 31, 2015 and it mainly included the interest-bearing loans granted by SAES Group to the joint ventures Actuator Solutions GmbH and SAES RIAL Vacuum S.r.l.

The share whose repayment by the joint ventures is expected within one year was included in the current assets (561 thousand euro compared with 555 thousand euro as at December 31, 2015), while the remaining portion was classified as non-current asset (5,249 thousand euro compared with 600 thousand euro as at December 31, 2015).

Actuator Solutions GmbH

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at December 31, 2016 (*) (thousands of euro)	Value as at December 31, 2015 (*) (thousands of euro)
Loan granted in February 2014	EUR	1,500	flexible, with maturity date December 2016	6% annual fixed rate	0	86 (**)
Loan granted in October 2014	EUR	1,200	flexible, with maturity date April 2018 (*)	6% annual fixed rate	648	1,069
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	1,040	0
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	6% annual fixed rate	3,067	0
	EUR	1,000				
Loan granted in November 2016 (first tranche)	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	1,005	0
Totale		7,700			5,760	1,155

(*) Interests included.

(**) Interest accrued during the year 2015.

(*) Extendable on an annual basis.

³³ On May 27, 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 to the tax consolidation program with S.G.G. Holding S.p.A. as consolidating company ended, as envisaged by the combined provisions of articles 117 and 120 of the Income Tax Code (“TUIR”).

³⁴ SAES Getters S.p.A., SAES Advanced Technologies S.p.A. (merged into SAES Getters S.p.A. with accounting effect from January 1, 2016), SAES Nitinol S.r.l. and E.T.C. S.r.l.

The loan granted in February 2014 was fully repaid in December 2015, in advance of the contractual due date. The related interest costs accrued during the 2015 (86 thousand euro), were paid by the joint venture in January 2016, and, therefore, the value of the financial credit as at December 31, 2016 was zero.

The loan granted in October 2014 was still be partially opened as at December 31, 2016. Since the repayment is monthly for fixed principal amounts equal to 33 thousand euro, 400 thousand euro were classified as current assets, together with the interests relating to the current year (equal to 48 thousand euro), while the remaining 200 thousand euro were recorded as non-current.

The following is the detail of the new loans granted from SAES Group to Actuator Solutions GmbH during 2016:

- At the end of April 2016 SAES Nitinol S.r.l. granted a loan of 1 million euro to Actuator Solutions GmbH. A loan of the same amount and conditions was granted by the 50% joint partner Alfmeier, through the company SMA Holding GmbH.
- On July 28, 2016 SAES Nitinol S.r.l. signed a loan contract aimed at financially supporting the operating activities of the subsidiary Actuator Solutions Taiwan Co., Ltd. The first tranche of the financing, equal to 2 million euro, was paid by SAES Nitinol S.r.l. on the day of the signature of the contract, while the second tranche, equal to 1 million euro, was paid on September 28, 2016. 50% of the loan is granted by a letter of patronage jointly signed by Alfmeier S.E. and SMA Holding GmbH, in favor of SAES Nitinol S.r.l.
- On November 28, 2016 SAES Nitinol S.r.l. signed a loan contract which granted a loan to be provided in different tranches, for a maximum total amount of 4.5 million euro. The first tranche of the financing, equal to 1 million euro, was paid by SAES Nitinol S.r.l. on November 30, 2016. The contract provides for the priority reimbursement of such loan, compared to other loans granted to Actuator Solutions by its shareholders.

All loans granted in the current year expire on April 30, 2019 and provide for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. The principal amount (5 million euro) was rated as collectable beyond 12 months and, therefore, has been entirely recorded in the non-current assets. The interests accrued in 2016 (112 thousand euro) have been recorded in the current assets.

SAES RIAL Vacuum S.r.l.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at December 31, 2016 (*) (thousands of euro)	Value as at December 31, 2015 (thousands of euro)
Loan granted in January 2016	EUR	49	flexible	Three-months Euribor, plus 2.50% spread	50	0

(*) Interests included.

On January 12, 2016 SAES Getters S.p.A. granted a 49 thousand euro loan to the joint venture SAES RIAL Vacuum S.r.l., in order to financially support the newly established Company's operations. This loan doesn't have any predefined expiration date, but the contract allows for a flexible reimbursement upon a formal request of SAES Getters S.p.A., earns an interest indexed to the three months Euribor rate, plus a spread of 2.50%, to be paid by the joint venture on an annual basis. The principal amount was rated as collectable beyond 12 months; the related interests accrued in 2016 (1 thousand euro) have been recorded in the current assets.

Finally, the item "Financial receivables from related parties" includes 4 thousand euro claimed by Metalvuoto S.p.A. towards Metalvuoto Lux S.r.l. (a wholly owned subsidiary of Mirante S.r.l., the latter being a minority shareholder of Metalvuoto S.p.A.) and originated from the transfer of the "Holography" business, prior to the acquisition of the SAES Group.

The repayment is expected within the year and therefore the receivable has been recorded in the current assets.

20. OTHER LONG TERM ASSETS

The item “Other long term assets” amounted to 435 thousand euro as at December 31, 2016, compared to 456 thousand euro as at December 31, 2015 and included the caution money given by the companies of the Group for their operating activities.

The effect on the item resulting from the change in the scope of consolidation (that means the consolidation of Metalvuoto S.p.A.) was equal to 4 thousand euro.

21. INVENTORY

Inventory amounted to 38,223 thousand euro as at December 31, 2016, with an increase of 5,699 thousand euro compared to December 31, 2015.

The following table shows the breakdown of inventory as at December 31, 2016 and December 31, 2015.

(thousands of euro)

Inventory	December 31, 2016	December 31, 2015	Difference
Raw materials, auxiliary materials and spare parts	16,281	13,856	2,425
Work in progress and semi-finished goods	15,846	14,682	1,164
Finished products and goods	6,106	3,996	2,110
Total	38,233	32,534	5,699

Excluding the positive exchange rate effect (equal to +1,036 thousand euro) mainly related to the US dollar revaluation and the effect of the inclusion of Metalvuoto S.p.A., in the scope of consolidation (+1,494 thousand euro), the inventory increased by 3,169 thousand euro compared to the previous year: this increase was due to the higher volumes of the raw materials, work in progress and finished goods in the pure gas handling business, that were necessary to meet the increasing orders of products with delivery planned in the first months of 2017, as well as to the increasing volumes of the work in progress and finished goods in the shape memory alloys business, linked to the growing trend of the revenues of this operating segment.

Inventory is stated net of any provision for depreciation, which, during the 2016, recorded the changes shown in the table below.

(thousands of euro)

Inventory provision	
December 31, 2015	4,861
Accrual	1,264
Release into income statement	(89)
Utilization	(1,251)
Translation differences	91
December 31, 2016	4,876

The accrual (+1,264 thousand euro) was mainly related to the write-down of the semi-finished products and finished goods characterized by slow-moving or no longer used in the production process, in particular in the SMA and lamps businesses.

The utilization (-1,251 thousand euro) was a consequence of the scrapping of some items already written-down in the previous years, in particular by the subsidiaries Memry Corporation, SAES Smart Materials, Inc. and Spectra-Mat, Inc.

22. TRADE RECEIVABLES

Trade receivables, net of bad debt provision, were equal to 39,282 thousand euro as at December 31, 2016 and were up by 15,916 thousand euro compared to the previous year.

The increase, excluding the exchange rate effect (+1,021 thousand euro) and the change in the scope of consolidation (+1,923 thousand euro), was closely related to the strong growth recorded by the turnover of the purification business by the US subsidiary SAES Pure Gas, Inc in the last part of the year 2016, compared to the last months of the previous year. In addition, please note the contribution of the Parent Company, mainly in the vacuum systems business.

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

(thousands of euro)

Trade receivables	December 31, 2016	December 31, 2015	Difference
Gross value	39,721	23,695	16,026
Bad debt provision	(439)	(329)	(110)
Net book value	39,282	23,366	15,916

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

The bad debt provision showed the following changes during the year.

(thousands of euro)

Bad debt provision	December 31, 2016	December 31, 2015
Opening balance	329	297
Accrual	737	54
Release into income statement	(87)	0
Utilization	(685)	(51)
Change in consolidation area	146	0
Translation differences	(1)	29
Closing balance	439	329

The increase of the bad debt provision compared to the previous year was mainly due to the inclusion of Metalvuoto S.p.A., in the scope of consolidation (146 thousand euro was the amount of the provision for bad debt of Metalvuoto S.p.A. as at October 10, 2016, the date in which the acquisition was finalized by Parent Company).

The accrual (+737 thousand euro) was related to the write-down of some trade receivables of the subsidiary SAES Pure Gas, Inc. following the application of contractual penalties for some delays in the delivery of the products.

The release into the income statement (-87 thousand euro) was mainly due to a receivable of the subsidiary SAES Pure Gas, Inc., accrued in the previous year, but collected in October 2016.

The following table provides a breakdown of the trade receivables by those not yet due and past due as at December 31, 2016 compared with the previous year.

(thousands of euro)

Ageing	Total	Not yet due	Due not written down					Due written down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
December 31,2016	39,721	23,076	9,040	3,583	2,280	778	525	439
December 31,2015	23,695	18,236	3,325	748	603	366	88	329

Receivables past due more than 30 days and not written down, as deemed to be recoverable, are constantly monitored. The increase of their percentage on the total receivables (from 8% as at December 31, 2015 to 18% as at December 2016) was mainly due to some specific receivables of the subsidiary SAES Pure Gas, Inc., the collection of which was finalized in early 2017.

Please refer to the Note no. 37 for the credit risk on trade receivables, in order to understand how the Group detects and manages the credit quality, in case the related trade receivables are neither past due nor written down.

23. PREPAID EXPENSES, ACCRUED INCOME AND OTHER

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 9,691 thousand euro as at December 31, 2016, compared to 10,593 thousand euro as at December 31, 2015. The effect of the change in the scope of consolidation of this item was equal to 107 thousand euro (in detail, “Income tax and other tax receivables” equal to 15 thousand euro, “VAT receivables” equal to 69 thousand euro and “Prepaid expenses” equal to 23 thousand euro).

A breakdown of this item is provided below.

(thousands of euro)

Prepaid expenses, accrued income and other	December 31, 2016	December 31, 2015	Difference
Income tax and other tax receivables	1,480	1,661	(181)
VAT receivables	5,735	5,816	(81)
Social security receivables	75	398	(323)
Personnel receivables	5	109	(104)
Receivables for public grants	455	714	(259)
Other receivables	183	153	30
Total other receivables	7,933	8,851	(918)
Accrued income	1	24	(23)
Prepaid expenses	1,757	1,718	39
Total prepaid expenses and accrued income	1,758	1,742	16
Total prepaid expenses, accrued income and other	9,691	10,593	(902)

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 decrease compared to the previous year (-196 thousand euro, excluding the effect due to the change in the scope of consolidation) was mainly due to some tax credits claimed by the US subsidiaries and arose from the restatement of the previous year taxes as at December 31, 2015.

The decrease in the “VAT receivables” was due to the refunds received in the year by the Parent Company on credits accrued respectively in 2014 (1,266 thousand euro) and in 2007/2008 (502 thousand euro). In addition, please note that the credit generated by the Parent Company and the subsidiary E.T.C. S.r.l. and due to the excess of passive taxable transactions compared to active ones, was greater than the portion of the credit generated in previous years, and has been used to offset other taxes and contributions.

The decrease in the item “Social security receivables” compared to December 31, 2015 was due to the refunds received in 2016 by the Parent Company of the receivables of the incorporated SAES Advanced Technologies S.p.A. related to the use of the defensive job-security agreements.

The decrease in “Receivables from employees” was due to the collection of the receivables from the Abruzzo region during 2016 for the training funded by the latter and carried out by the merged SAES Advanced Technologies S.p.A. in 2015.

Please note that the item “Receivables for public grants” is mainly composed of credits matured by the Parent Company and by the subsidiary E.T.C. S.r.l. as of December 31, 2016 as a result of contributions for outstanding research projects.

In 2016, income from government grants amounted to 148 thousand euro (300 thousand euro in 2015).

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

24. CASH AND CASH EQUIVALENTS

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

The following table shows a breakdown of this item as at December 31, 2016 and December 31, 2015.

(thousands of euro)

Cash and cash equivalents	December 31, 2016	December 31, 2015	Difference
Bank accounts	14,321	24,021	(9,700)
Petty cash	19	23	(4)
Total	14,340	24,044	(9,704)

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

For the analysis of the changes occurred in cash and cash equivalents during the year please refer to the comments on the Cash flow statement (Note no. 36). Please note that the effect arising from the consolidation of the newly acquired Metalvuoto S.p.A. is substantially null (1 thousand euro).

As of December 31, 2016, the Group has unused credit lines equal to 38.8 million euro, an amount substantially in line with that at December 31, 2015 (40 million euro).

25. SHAREHOLDERS' EQUITY

The Group shareholders' equity amounted to 134,831 thousand euro as at December 31, 2016, with an increase of 8,346 thousand euro compared to December 31, 2015, mainly due to the net income realized in the year (+14,082 thousand euro) and to the exchange rate differences arising from the translation of the financial statements in foreign currencies (+3,246 thousand euro), partially offset by the dividends distribution (-8,502 thousand euro). Among the decreases please note also the one related to the purchase of share of the minority shareholder in the subsidiary E.T.C. S.r.l. (for more details on this, see the paragraph "Relevant events occurred in 2016" of the Report on operations): the difference between the carrying value of the minority interests and the amount paid for their purchase generated a decrease in the Group's net assets equal to -246 thousand euro.

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

Capital stock

As at December 31, 2016 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand euro and consisted of no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares.

The composition of the capital stock was unchanged compared to December 31, 2015.

The implicit book value per share was 0.554196 euro as at December 31, 2016, unchanged from December 31, 2015.

Please refer to the Report on corporate governance and ownership structure 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, 2015.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as at December 31, 2016 and it was unchanged compared to December 31, 2015, since the reserve had reached its legal limit.

Other reserves and retained earnings

This item includes:

- the reserves (totalling 2,615 thousand euro) represented by the positive monetary revaluation balances resulting from the 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 no. 342 of 2000, the revaluation reserve has been stated net of the related lieu tax of 370 thousand euro. Compared to December 31, 2015, the reserves of the subsidiary SAES Advanced Technologies S.p.A. were reconstituted in SAES Getters S.p.A. following the

merger by incorporation of the subsidiary in the Parent Company (for further details please refer to the Separate Financial Statements);

- 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 2015 dividends, approved by the Parent Company's Shareholders' Meeting (-8,502 thousand euro), the carry forward of the 2015 consolidated income (+8,820 thousand euro) and the aforementioned difference (-246 thousand euro) between the carrying value of the minority interests in the subsidiary E.T.C. S.r.l. and the amount paid for their purchase by the Parent Company, as well as the actuarial gains and losses on defined benefit plans arising from the application of the revised version of IAS 19, net of the related fiscal effect (-234 thousand euro), both of the subsidiaries and the companies accounted for using the equity method.

As reported in the Report on corporate governance and ownership enclosed to the 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 income that the Shareholders' Meeting has resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the implied book value higher than that of ordinary shares. In 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 financial statements in foreign currencies. The translation reserve had a positive balance of 22,301 thousand euro as at December 31, 2016, compared to a positive balance of 19,055 thousand euro as at December 31, 2015. The increase of 3,246 thousand euro was due both to the overall impact on the consolidated shareholders' equity of the conversion into euro of the financial statements of foreign subsidiaries expressed in currencies other than the euro and the respective consolidation adjustments (3,434 thousand euro), and to the share of the Group in the currency translation reserve arising from the consolidation of Actuator Solutions Taiwan Co., Ltd. into Actuator Solutions GmbH, both accounted for using the equity method (-188 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 IASs/IFRSs.

The reconciliation between the net income and the shareholders' equity of SAES Getters S.p.A. and the consolidated net income and the consolidated shareholders' equity as at December 31, 2016 and December 31, 2015 is set out below.

(thousands of euro)	December 31, 2016		December 31, 2015	
	Net income	Shareholders' equity	Net income	Shareholders' equity
SAES Getters S.p.A. - Parent Company	6,164	75,494	5,859	69,716
Shareholders' equity and net result of consolidated subsidiaries, net of dividends distribution and write-downs of investments in share capital	11,705	162,933	6,167	167,184
Book value of investments in share capital		(90,078)		(100,857)
Consolidation adjustments:				
Elimination of profit arising from intercompany transactions, net of the related tax effect	(154)	(1,298)	(485)	(1,157)
Accrual of deferred taxes on equity distributable of consolidated subsidiaries	(310)	(3,354)	(872)	(3,044)
Equity evaluation of joint venture	(3,325)	(8,539)	(1,843)	(5,024)
Other adjustments	2	(327)	(6)	(333)
Consolidated financial statements	14,082	134,831	8,820	126,485

26. FINANCIAL DEBTS

As at December 31, 2016, the financial debts amounted to 44,155 thousand euro, with an increase of 10 million euro compared to December 31, 2015.

This increase was due to the new medium-long term financings signed mainly by the Parent Company during the year (for a total amount equal to about 16 million euro), in order to have a correct balance of the financial indebtedness, with a higher percentage of medium-long term loans, compared to short-term bank debt. Please also note the receipt of the second and last tranche, equal to 711 thousand euro, of the soft financing granted by the State of Connecticut to Memry Corporation at the end of 2014. To the subscription of the new loans, it must be added the effect of the change in the scope of consolidation (that means the consolidation of the newly acquired Metalvuoto S.p.A.) that generated an increase in the Group's financial debt equal to 1,316 thousand euro. Finally, the loans denominated in US dollars, held by the subsidiary Memry Corporation, equal to 24.1% of the Group's financial debt, generated a positive exchange rate effect equal to 313 thousand euro, as the equivalent amount in euro has increased following the revaluation of the US dollar as at December 31, 2016 compared with the end of the previous year.

These increases were partially offset by the repayments of the principal amounts made during the year and equal to about 7.4 million euro.

The following table shows the changes in the financial debts during 2016.

(thousands of euro)	
Financial debt	
December 31, 2015	34,155
Proceeds	15,626
Change in consolidation area	1,316
Amortization of fees and interests	1,058
Repayments	(7,394)
Interest payments	(919)
Translation differences on loans in foreign currencies	313
December 31, 2016	44,155

The following table shows the breakdown of the financial debt 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 debt	December 31, 2016	December 31, 2015	Difference
Less than 1 year	8,239	7,136	1,103
Current portion of financial debt	8,239	7,136	1,103
Between 1 and 2 years	10,661	7,151	3,510
Between 2 and 3 years	10,676	7,111	3,565
Between 3 and 4 years	8,239	7,152	1,087
Between 4 and 5 years	3,401	4,793	(1,392)
Over 5 years	2,939	812	2,127
Non current financial debt	35,916	27,019	8,897
Total	44,155	34,155	10,000

The following table shows the details of the loans held by the Parent Company and by the subsidiary Memry Corporation which were already signed as at December 31, 2015.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2016 (thousands of euro)	Value as at December 31, 2015 (thousands of euro)
Memry Corporation <i>Unicredit</i>	USD	11 (millions of USD)	half-yearly with maturity date December 31, 2020	Half-yearly	Six-months USD Libor plus 2.70% spread (*)	3.52%	8,349	10,105
SAES Getters S.p.A. <i>Unicredit</i>	EUR	7 (millions of USD)	quarterly with maturity date December 31, 2019	Half-yearly	Three-months Euribor plus 2.25% spread	2.57%	4,187	5,578
SAES Getters S.p.A. <i>EIB - Tranche A</i>	EUR	5 (millions of USD)	half-yearly with maturity date May 29, 2020	Half-yearly	Six-months Euribor plus 2.997% spread	4.67%	3,414	4,359
<i>EIB - Tranche B (secured by SACE)</i>	EUR	5 (millions of USD)			Six-months Euribor plus 3% running remuneration to SACE	4.75%	3,406	4,347
SAES Getters S.p.A. <i>Intesa Sanpaolo</i>	EUR	8 (millions of USD)	half-yearly with maturity date July 31, 2020	Yearly	Six-months Euribor plus 2.25% spread	2.74%	6,415	8,002

(*) The spread will be reduced to 2.20% in case the ratio between the net financial position and the EBITDA of Memry Corporation is lower than 1.50.

As already reported in the 2015 Consolidated financial statements, at the end of 2014 Memry Corporation had officially signed an agreement with the State of Connecticut to obtain a soft financing in several tranches, for a total amount of 2.8 million USD. The first tranche of the soft financing, equal to 2 million USD, was paid by the State of Connecticut to the US subsidiary on February 20, 2015; the second and last tranche, equal to 0.8 million USD, was paid on June 10, 2016. This loan, which has a duration of ten years and an annual subsidized fixed interest rate of 2%, will be used to purchase new machinery and equipment in order to expand the production plant in Bethel. The agreement provides for a monthly repayment, according to a French amortization schedule with increasing principal amounts.

50% of the financing might be converted into a non-refundable grant provided that, by November 2017, Memry Corporation increases its staff of at least 76 employees in Bethel and has kept the created jobs for at least one year; in addition, the employees in Bethel will have to earn an average annual salary of not less than a specific threshold established by the agreement. If the labour force increased of a number of units between 38 and 76 by the due date, the grant would be halved. Currently there is no basis for the recognition of this income, since the achievement of the above objectives is not certain.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2016 (thousands of euro)	Value as at December 31, 2015 (thousands of euro)
Memry Corporation <i>Soft financing granted by the State of Connecticut</i>	USD	1 st tranche = \$2 millions 2 nd tranche = \$0,8 millions	monthly with maturity date March 1, 2025	n.a.	2%	2%	2,281	1,684

The following table shows the details of the new loans signed by the Parent Company during the year 2016:

Description	Currency	Principal (millions of euro)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2016 (thousands of euro)
SAES Getters S.p.A. <i>Intesa Sanpaolo</i>	EUR	10	half-yearly (with fixed principal amounts) with maturity date December 21, 2022	Yearly	Six-months Euribor plus 1.20% spread	1.18%	9,931
SAES Getters S.p.A. <i>Banco BPM</i>	EUR	5	quarterly (with variable principal amounts) with maturity date December 31, 2021	n.a.	Three-months Euribor plus 1% spread	1.11%	4,985

The following table shows the details of the loans held by the subsidiary Metalvuoto S.p.A.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2016 (thousands of euro)
<i>Banco BPM - MIUR loan</i>	EUR	319	half-yearly with maturity date December 31, 2018	n.a.	0.50%	0.50%	115
<i>Intesa Sanpaolo</i>	EUR	300	quarterly with maturity date June 30, 2020	n.a.	Three-months Euribor plus 2.25% spread	1.95%	263
<i>Banco BPM</i>	EUR	231	half-yearly with maturity date June 30, 2020	n.a.	Three-months Euribor plus 2.799% spread	2.59%	203
<i>Banco BPM - MIUR loan</i>	EUR	231	half-yearly with maturity date June 30, 2020	n.a.	0.50%	0.50%	203
<i>Intesa Sanpaolo</i>	EUR	400	quarterly with maturity date December 31, 2020	n.a.	Three-months Euribor plus 1.50% spread	1.20%	337
<i>Banco BPM</i>	EUR	100	quarterly with maturity date June 30, 2017	n.a.	Three-months Euribor plus 1.75% spread	1.75%	67

Finally, please note that the loan held by the subsidiary Memry GmbH (residual value equal to 80 thousand euro as at December 31, 2015) was fully repaid during 2016.

Covenants

With the exception of the loan signed with Banco BPM on December 22, 2016, all the loans held by the Parent Company are subject to the compliance with covenants calculated on some Group's economic and financial figures and verified every semester (on June 30 and December 31 of each year) or annually (on December 31).

As showed in the table below, as at December 31, 2016, all the covenants were met.

		Covenant	Unicredit loan with nominal value equal to €7 millions (*)	EIB loan with nominal value equal to €10 millions (*)	Intesa Sanpaolo loan with nominal value equal to €8 millions (**)	Intesa Sanpaolo loan with nominal value equal to €10 millions (***)
			Value as at December 31, 2016	Value as at December 31, 2016	Value as at December 31, 2016	Value as at December 31, 2016
Net equity	k euro	≥ 94,000	134,831	134,831	n.a.	n.a.
Net financial position / Net equity	%	≤ 1.0	0.29	0.29	0.25	0.29
Net financial position / EBITDA	%	≤ 2.5	1.06	1.06	0.95	1.10
Total financial debt of the subsidiaries	k euro	≤ 25,000	n.a.	15,029	n.a.	n.a.
EBITDA / Financial expenses	%	> 5.0	n.a.	n.a.	23.68	23.68

(*) Net financial position calculated excluding financial receivables from related parties and receivables (payables) for derivative financial instruments evaluated at fair value; EBITDA adjusted, namely adjusted in order to exclude non-recurring values.

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

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

With regards to the loans held by Memry Corporation, please note that the soft financing granted by the State of Connecticut is not subject to the compliance with any covenant, while the loan

granted by Unicredit S.p.A. provide for the compliance with the warranty provisions calculated on some economic and financial figures of the US company (instead of consolidated ones) and verified every semester (on June 30 and December 31 of each year).

The following table shows that all covenants were met at the reporting date.

		<i>Covenant</i>	<i>loan Unicredit</i>
			Value as at December 31, 2016
<u>Net financial position</u> (°)			
Net equity	%	≤ 1	0.10
<u>Net financial position</u> (°)			
EBITDA	%	≤ 2.25	0.35

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

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

On the basis of the future plans, the Group is expected to be able to comply with the covenants reported above also in the next years.

27. OTHER FINANCIAL DEBTS TOWARDS THIRD PARTIES

As at December 31, 2016, the item “Other financial debts towards third parties” was equal to 2,878 thousand euro, compared to 3,290 thousand euro as at December 31, 2015, and it was split in a long-term portion (1,829 thousand euro, to be compared with 1,355 thousand euro as at December 31, 2015) and a short-term portion (1,049 thousand euro, to be compared with 1,935 thousand euro as at December 31, 2015).

The decrease compared to December 31, 2015 (-412 thousand euro) was mainly due to the expiration in January 2016 of the financial debt, amounting to 1,284 thousand euro, arising from the commitment of the Parent Company to acquire the additional 39% of the share capital of the joint venture SAES RIAL Vacuum S.r.l (for more details on the operation, see the paragraph “Relevant events occurred in 2016” of the Report on operations).

In addition, please note the reduction of the financial debt towards the US company Power & Energy, Inc., related to the amount still to be paid for the acquisition completed in the hydrogen purification business, following the payments made as envisaged by the contract (254 thousand euro³⁵). Please note that, following the revaluation of the dollar as at December 31, 2016 compared to December 31, 2015, the residual debt towards Power & Energy, Inc. has increased by 50 thousand euro; the adjustment made by applying the amortized cost in the calculation of the present value of the payments still to be paid has instead generated an increase of that debt of 10 thousand euro.

Compared to December 31, 2015, also the debts resulting from the acquisition of the subsidiary Memry Corporation (57 thousand euro) finalized in 2008 and from the repayment plan revision of the loan held by the subsidiary Memry Corporation (51 thousand euro) were discharged following the payment of the amounts due respectively to the state of Delaware (USA) and the lending bank.

As the table below shows, as at December 31, 2016 there are no debts related to any financial lease contract.

³⁵ This amount refers to the payment of the earn-out for the period.

(thousands of euro)

	December 31, 2016	December 31, 2015
Less than 1 year	0	8
Between 1 and 5 years	0	0
Over 5 years	0	0
Total	0	8

The above-mentioned reductions were partially offset by the financial liability related to the valuation of the put option held by the minority shareholder on the remaining 30% of Metalvuoto S.p.A.: as a result of this option, the company was 100% consolidated without creation of any minority interest and the financial liability to purchase the remaining 30% stake, estimated at 652 thousand euro (for more information on the option please see Note no. 3). was recorded in the item "Other financial liabilities towards third parties".

Finally, the change in the scope of consolidation, following the acquisition of the control of Metalvuoto S.p.A., led to an increase in the financial debts towards third parties equal to 1,254 thousand euro, related to some short-term loans, intended for the import of goods, signed by the subsidiary with primary financial institutions in order to have more financial resources to facilitate its procurement activities.

As at December 31, 2016, the financial debt for similar operations was equal to 532 thousand euro.

28. 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 table shows a breakdown of this item and the related changes occurred during the period.

(thousands of euro)

Staff leaving indemnities and other employee benefits	Staff leaving indemnities	Other employee benefits	Total
December 31, 2015	4,798	3,058	7,856
Accrual (release)	103	1,281	1,384
Indemnities paid	(108)	(19)	(127)
Change in consolidation area	701	0	701
Other changes	276	30	306
Translation differences	0	53	53
December 31, 2016	5,770	4,403	10,173

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

(thousands of euro)	2016	2015
Financial expenses	98	122
Current service cost	1,286	952
Release into the statement of profit (loss)	0	0
Expected return on plan assets	0	0
Recognized past service costs	0	(37) (*)
Total cost	1,384	1,037

(*) Since January 1, 2015, the tax on staff leaving indemnities revaluation has been increased from 11% to 17%, and this change has generated in 2015 a positive past service cost on the income statement equal to 37 thousand euro.

The split between the obligations under defined-contribution and defined-benefit plans and the related changes occurred during the year 2016 are shown below.

(thousands of euro)	December 31, 2015	Financial expenses	Current service cost	Benefits paid	Actuarial gains (losses)	Change in consolidation area	Exchange differences	December 31, 2016
Present value of defined benefit obligations	6,856	98	1,195	(127)	306	701	18	9,047
Fair value of plan assets	0	0	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0	0	0
Defined benefit obligations	6,856	98	1,195	(127)	306	701	18	9,047
Defined contribution obligations	1,000	0	91	0	0	0	35	1,126
Staff leaving indemnities and similar obligations	7,856	98	1,286	(127)	306	701	53	10,173

The item “Actuarial gains (losses)” refers to the differences on the amounts due for defined benefit plans resulting from the actuarial calculation, which are immediately recognized in the shareholders’ equity among the retained earnings.

The item “Change in the scope of consolidation” refers to the liabilities for staff leaving indemnities transferred to the Group following the acquisition of Metalvuoto S.p.A.

Please note that, when referred to the Group’s Italian companies, the 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, 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 obligations under defined-benefit plans are measured by independent actuarial consultants annually according to the projected unit credit method, applied to each plan separately.

The following table shows the main assumptions employed in the actuarial assessments of the defined-benefit plans as at December 31, 2016 and December 31, 2015, respectively.

Average duration of the employees subject to actuarial evaluation	Italy				
	December 31, 2016		December 31, 2015		
	> 10 years	1-3 years	> 10 years	7-10 years	1-3 years
Discount rate	1.30%	0.00%	2.00%	1.35%	0.24%
Inflation rate	1.50%		1.50%		
Expected annual salary increase rate (*)	3.50% (**)		3.50%		

(*) Factor not considered in the actuarial appraisal of the staff leaving indemnity of the Parent Company, company with more than 50 employees.

(**) The expected annual salary increase rate of Metalvuoto Sp.A. is equal to 2.00%

Please note that, regarding the choice of the discount rate, the reference index used is the one for the Eurozone *Iboxx Corporate AA*, with a term consistent with the average financial duration of the benefit and of the collective being evaluated at the end of 2016.

With reference to the demographic assumptions, the ISTAT 2004³⁶ mortality tables and the INPS disability/invalidity tables were used.

³⁶ For the staff leaving indemnity actuarial evaluation of Metalvuoto S.p.A. the ISTAT 2011 mortality tables were used.

With regards to the probability of employees leaving for reasons other than death, we have used employee turn-over probabilities consistent with previous assessments and identified in the companies being evaluated over a representative period of observation. In particular, an average turnover rate equal to 1.7% was used.

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 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 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 are usually discounted. The discount rates used for the plans signed by strategic employees of the US subsidiaries of the Group, reflecting the rates of return of government bonds, taking into account the different duration of the plans, are shown below.

Year	Discount rate
2017	0.85%
2018	1.20%

Please note that, as at December 31, 2016, the long term cash incentive plans of the Parent Company have not been discounted, as the rates of return of the Italian government bonds were negative.

The following table shows the breakdown of the actuarial differences related to the year 2016.

	Staff leaving indemnities	Other defined benefit obligations Italy	Long term incentive plan	Total
<i>(thousands of euro)</i>				
<i>Actuarial differences:</i>				
Changes in financial assumptions	132	13	0	145
Changes in other assumptions (demographic assumptions, remuneration assumptions, etc.)	0	0	0	0
Other	145	17	0	161
Actuarial gains (losses)	276	30	0	306

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

	Discount rate	
	+0.5%	-0.5%
<i>(thousands of euro)</i>		
Effect on the defined benefit obligation	(328)	348

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

Group's employees	December 31, 2016	December 31, 2015	Average 2016	Average 2015
Managers	84	77	83	78
Employees and middle management	407	370	386	365
Workers	590	515	549	494
Total (*)	1,081	962	1,018	937

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

The workforce amounted to 1,081 units (of which 626 were employed outside of Italy) as at December 31, 2016, and recorded an increase of 119 units compared to December 31, 2015, mainly related to the increase in the workforce engaged in production activities related to the SMA business (in particular, increase in the workforce in Memry Corporation) and to the gas purification business. The acquisition of Metalvuoto S.p.A. brought a staff increase of 29 units.

This figure does not include the personnel employed at the Group companies with contract types other than employment agreements, equal to 32 units (42 units as at December 31, 2015).

29. PROVISIONS

Provisions amounted to 4,288 thousand euro as at December 31, 2016.

The following table shows the composition of and the changes in these provisions compared to the previous year.

(thousands of euro)

Provisions	December 31, 2015	Increase	Utilization	Release into income statement	Reclassifications	Translation differences	December 31, 2016
Warranty provisions on product sold	431	295	(175)	0	0	18	569
Bonus	2,276	3,523	(2,464)	0	(219)	78	3,194
Other provisions	1,637	101	(38)	(500)	(689)	14	525
Total	4,344	3,919	(2,677)	(500)	(908)	110	4,288

The item "Bonus" includes the accrual of bonuses to the Group's employees related to the year 2016 (mainly referring to the Parent Company and the US subsidiaries). The change compared to December 31, 2015 was due to both the accrual of bonuses matured during the period and the payment of the bonuses of the previous year, settled during the first half of 2016. The item "Reclassifications" (219 thousand euro) refers to bonuses paid in January 2017, the amount of which was therefore reclassified under "Other liabilities towards employees", being these debts certain both in terms of amount and timing.

The increase compared to 31 December 2015, equal to 918 thousand euro, is in line with the improvement of the consolidated economic results.

The increase of the item "Other provisions" includes the best estimate, equal to 100 thousand euro, of the expenditure required to settle the obligation existing at the balance sheet date and related to an incident occurred at the plant of the Parent Company in Avezzano.

The fiscal provision, equal to 500 thousand euro, related to the dispute relating to the IRES and the IRAP of the Parent Company for the year 2005, has been released (see the column "Release into income statement" in the item "Other provisions") following the positive outcome of the dispute commenced by SAES Getters S.p.A.

In particular, in 2008 the 2005 income tax return of SAES Getters S.p.A. was assessed by the Italian Revenue Agency, as a result of which notices of assessment for IRAP (on July 16, 2010) and IRES (on November 22, 2010) purposes were notified to the Company. The additional assessed corporate taxes amounted to 41 thousand euro (IRAP) and 290 thousand euro (IRES), plus penalties and interests. The Provincial Tax Commission of Milan, to which the Company had

appealed, at the end of 2014 confirmed almost entirely (regarding IRES) and partially (regarding IRAP) the findings contained in the notice of inspection while both appeals (IRAP and IRES) against the judgments of the CTP of Milan, discussed by the Regional Tax Commission (“RTC”) respectively on October 29, 2015 and on February 22, 2016, were accepted by the RTC with favourable judgements issued on January 20, 2016 (IRAP) and on February 29, 2016 (IRES). Being elapsed at December 31, 2016 the deadline for the submission of an appeal by the Inland Revenue Agency against the decision of the RTC in favour of SAES Getters S.p.A., the tax provision, previously entered for 500 thousand euro, has been released.

The risk provision (689 thousand euro) accrued at the end of the year 2015 following the contribution of the SAES Group (through the subsidiary SAES Getters USA, Inc.) for the compensation for the environmental damages and the water and below sediment purification of the Onondaga Lake (Syracuse, NY-USA) has been reclassified to “Other debts”, following the signature of a settlement agreement for the early definition of the dispute.

For more details on this litigation for environmental damages and its resolution, please refer to the paragraph “Relevant events occurred in 2016” of the Report on operations and to the Note no. 7.

Finally, the item “Other provisions” includes the implicit obligations of Spectra-Mat, Inc. in connection with the expenses to be incurred to monitor the pollution levels at the site in which it operates (419 thousand euro as at December 31, 2016 and 444 thousand euro at the end of the previous year). The value of this liability has been calculated on the basis of the agreements reached with the local authorities.

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

(thousands of euro)

Provisions	Current provisions	Non current provisions	December 31, 2016	Current provisions	Non current provisions	December 31, 2015
Warranty provisions on product sold	76	493	569	65	366	431
Bonus	3,194	0	3,194	2,276	0	2,276
Other provisions	100	425	525	1,189	448	1,637
Total	3,370	918	4,288	3,530	814	4,344

30. TRADE PAYABLES

Trade payables were equal to 20,048 thousand euro as at December 31, 2016, with an increase equal to 6,373 thousand euro compared to December 31, 2015.

This difference is related to the higher investments made in the last part of 2016 by the Parent Company for the setting up of a new production department in the plant of Avezzano and for the increased supplies, especially in the purification business, in order to satisfy the increase in sales, as well as to the effect resulting from the change in the scope of consolidation, which has generated an increase in the Group’s commercial debt equal to 2,088 thousand euro. The appreciation of the US dollar against the euro instead generated an increase of the debt equal to 311 thousand euro.

Trade payables do not bear interests 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 December 31, 2016, compared with the previous year.

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2016	20,048	10,865	7,676	1,075	297	131	4
December 31, 2015	13,675	8,248	2,691	2,046	529	73	88

31. OTHER PAYABLES

The item “Other payables” includes amounts that are not classified as trade payables and amounted to 12,498 thousand euro as at December 31, 2016, compared to 9,203 thousand euro as at December 31, 2015.

The table below shows the detail of the other payables, compared with the previous year.

(thousands of euro)

Other payables	December 31, 2016	December 31, 2015	Difference
Employees payables (vacation, wages, staff leaving indemnity, etc.)	5,855	4,364	1,491
Social security payables	1,754	1,476	278
Tax payables (excluding income taxes)	1,322	1,134	188
Other	3,567	2,229	1,338
Total	12,498	9,203	3,295

The effect of the change in the scope of consolidation of this item was equal to 171 thousand euro (in detail, “Employee payables” equal to 51 thousand euro, “Social security payables” equal to 30 thousand euro and “Tax payables” equal to 30 thousand euro and “Other” equal to 60 thousand euro).

The item “Employees payables” is mainly made up of the provision for holidays accrued but not taken during the year and of the salaries for the month of December 2016. At year-end 2016 this item also included payables to employees related to the future liquidation of the German subsidiary Memry GmbH, to which is mainly attributable the increase compared with December 31, 2015.

Please note that as at December 31, 2015 the item included also the long-term incentive plans’ share paid in the first half of 2016, amounting to 679 thousand euro. As already mentioned, no long-term incentive plans expired at the end of the current year and, therefore it was classified in this item.

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. It also includes payables to the treasury fund operated by the INPS and to the pension funds under the reformed staff leaving indemnity legislation.

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.

Finally, the item “Other” mainly includes payables of the Parent Company for both fixed and variable Directors’ compensations (1,987 thousand euro), for commissions to agents of the purification business (678 thousand euro) and for the down payment on public grants received for research activities (422 thousand euro).

The increase compared to the previous year was mainly due to higher payables towards Executive Directors for the variable component of the remuneration for the year and to the higher commissions to agents mainly related to the purification business, in line with the increase of sales in the Asian market.

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

32. ACCRUED INCOME TAXES

This item consists of payables for taxes associated with the Group's foreign subsidiaries. The Italian companies have elected to participate in the national tax consolidation program with the Parent Company as consolidator but, since the latter shows a tax loss, the net debt towards the Treasury was equal to zero as at December 31, 2016 (please refer to the Note no. 18 for further information).

Accrued income taxes amounted to 1,034 thousand euro as at December 31, 2016 and included the tax obligations accrued in the year, net of advance payments. The value as at December 31, 2016 was substantially aligned with that at the end the previous year, amounting to 1,060 thousand euro.

33 DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

As at 31 December 2016, the item "Derivative instruments evaluated at fair value" recorded an overall negative net balance of 50 thousand euro and represents the fair value of contracts signed by the Group with the aim of fixing the interest rate on long-term bank loans and the fair value of the embedded derivatives included in the same loan agreements.

The positive component of the "Derivative instruments evaluated at fair value" (equal to 1 thousand euro) refers to derivative instruments held by the newly acquired Metalvuoto S.p.A., transferred to the Group following the change in scope of consolidation. The table below shows the contractual details and the related fair value.

	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value December 31, 2016 (thousands of euro)
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	1
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 (**)
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 (**)
Interest Rate Floor on Banco BPM loan (derivative embedded in the loan agreement)	May 25, 2016	EUR	100 (*)	June 30, 2017	If three month Euribor < 0, the financing variable rate is equal to the spread	Quarterly	0 (**)
Total							1

(*) The reference amount is aligned with the amortization plan of the hedged long-term loan.

(**) Fair value lower than 1 thousand euro

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

The negative component of the "Derivative instruments evaluated at fair value" (equal to 51 thousand euro) refers to derivative contracts entered by the Parent Company.

The following table provides a summary of these contracts and their fair value as at December 31, 2016 compared to December 31, 2015.

	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value	
							December 31, 2016 (thousands of euro)	December 31, 2015 (thousands of euro)
Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	September 25, 2015	EUR	3,600	July 31, 2020	Fixed rate paid: 0.285% Variable rate received: six-month Euribor	Half-yearly	(26)	(22)
Interest Rate Swap (IRS) on Unicredit S.p.A. loan	March 29, 2016	EUR	5.250 (*)	December 31, 2019	Fixed rate paid: 0.0% Variable rate received: three month Euribor (both positive, both negative**)	Quarterly	(10)	n.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	(15)	n.a.
Total							(51)	(22)

* The reference amount is aligned with the amortization plan of the hedged long-term loan.

** In case of a negative three months Euribor, the contract provides for a floor equal to -2.25%.

During the 2016 SAES Getters S.p.A. signed an IRS (Interest Rate Swap) contract on the long-term loan obtained by Unicredit S.p.A. at the end of 2014. This contract, whose amortization plan and expiration date are aligned with the hedged long-term loan (for further details please refer to the Note no. 26), provides for the exchange of the three months Euribor (either positive or negative) with a fixed rate of 0.0%. In case of a negative three months Euribor, the contract provides for a floor equal to -2.25% (equal to the spread applied to the loan).

In addition, the loan agreement signed by the Parent Company with Banco BPM at year-end 2016 (for more details please refer to Note no. 26) provides for a minimum limit of the interest rate applicable by the financial institution; in particular, the minimum interest rate will be equal to the measure of the spread even in the case in which the quarterly Euribor records values less than or equal to zero. Since the reference rate was negative at the subscription date, it has been assessed the fair value of the derivative embedded in the loan agreement. Those contracts are in addition to the IRS signed at the end of last year in order to fix the interest rate on the loan granted by Intesa San Paolo S.p.A.

The fair value calculation, carried out by an independent third party, was carried out at market rates, in a risk neutral environment and through the adoption of the rates trend models consistent with the best practice usually adopted.

In determining the fair value, the input information used are:

- the curve of interest rate swap rates divided by maturity;
- the credit rating migration matrices extracted from Moody's;
- the volatility range in interest rates extracted from Bloomberg.

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

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

As at December 31, 2016 the Group did not have any hedging contract against the exposure to the variability of future cash flows arising from commercial and financial transactions denominated in currencies other than the euro.

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

Level 1 – (unadjusted) prices listed on an active market for identical assets or liabilities;

Level 2 – other techniques for which all inputs with a significant effect on the fair value reported may be observed, either directly or indirectly;

Level 3 – techniques that use inputs with a significant effect on the fair value reported that are not based on observable market data.

As at December 31, 2016 the derivative instruments held by the Group belonged to Level 2 of the fair value hierarchy: in fact, the fair value was calculated by an independent third party on the basis of market data, such as interest rate curves and exchange rates curves.

No instruments were transferred from one level to another during the year.

34. BANK OVERDRAFT

As at December 31, 2016 the bank overdraft amounted to 6,847 thousand euro and primarily consisted of short-term debts owed by the Parent Company in the form of “hot money” debt (6,504 thousand euro as at December 31, 2016 compared to 5,009 thousand euro as at December 31, 2015), whose average interest rate, spread included, was around 0.14%.

The difference consisted in the overdrafts on current bank accounts (343 thousand euro as at December 31, 2016, exclusively attributable to the newly acquired Metalvuoto S.p.A., compared to 3 thousand euro at the end of the previous year).

35. ACCRUED LIABILITIES

Accrued expenses and deferred income were equal to 1,612 thousand euro as at December 31, 2016.

This item may be broken down as follows.

(thousands of euro)

	December 31, 2016	December 31, 2015	Difference
Accrued expenses	320	369	(49)
Deferred income	1,292	1,179	113
Total	1,612	1,548	64

The increase compared to December 31, 2015 (+64 thousand euro) is mainly explained by higher commercial sales pertaining to future accounting periods received by customers during the current year compared to the previous year.

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

36. CASH FLOW STATEMENT

The cash flow from operating activities was positive and equal to 18,695 thousand euro (9.9% of consolidated revenues), compared to 22,851 thousand euro in 2015 (13.7% of revenues). Despite a higher self-financing (+20.8%), related to the growth in revenues and operating results, the operating activities were penalized by the strong increase in the net working capital in the gas purification segment at the end of 2016 (increase in both trade receivables, related to the increase in

the sales recorded in the last period of 2016, and the inventory, in anticipation of the sales at the beginning of 2017).

Investing activities used liquidity for 25,618 thousand euro while 10,017 thousand euro was the cash absorption in the 2015.

In the 2016, the disbursements, net of the disposals, for purchases of tangible and intangible assets amounted to 8,860 thousand euro, to be compare with 4,903 thousand euro in the previous year.

Within the investment activities please note also:

- the payment of 1,284 thousand euro for the purchase of the additional 39% of the share capital of the joint venture SAES RIAL Vacuum S.r.l.;
- the purchase of 4% of the share capital of ETC S.r.l., for a consideration of 249 thousand euro;
- the capital contribution of 1,000 thousand euro in favor of the joint venture Actuator Solutions;
- the investment in Flexterra, Inc. for 8,146 thousand euro;
- the payment for the purchase of 70% of Metalvuoto S.p.A. (5,825 thousand euro, inclusive of the negative net cash of the latter at the date of the acquisition of the control by the SAES Group);
- the payment for the earn-out related to the technological upgrading of the purification business carried out during 2013 (254 thousand euro in 2016).

The balance of financing activities was negative and equal to 3,873 thousand euro against a balance, always negative, of 16,780 thousand euro in the previous year.

The financial management of the period was characterized by the financial disbursements for the payment of dividends (equal to 8,502 thousand euro), by the repayments of long-term loans and by the payment of the related interests, as well as the cash-out for the loans granted to the joint ventures (for further details please refer to the Note no. 19).

These cash-out were only partially offset by the cash-in generated by the new loans, both long-term ones and in form of “hot money” debt held by the Parent Company (for further details please refer to the Notes no. 26 and no.34), as well as the receipt of the second tranche of the soft financing granted by the State of Connecticut (please refer to the Note no. 26).

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)

	2016	2015
Cash and cash equivalents	14,340	24,044
Bank overdraft	(6,847)	(5,012)
Cash and cash equivalents, net - statement of financial position	7,493	19,032
Short term debt	6,504	5,009
Cash and cash equivalents, net - cash flow statement	13,997	24,041

37. FINANCIAL RISK MANAGEMENT

The Group's main financial liabilities, other than derivatives, include bank loans, both short and long term ones, and trade payables, as well as financial liabilities towards third parties related to the amount still to be paid for the acquisitions made during the 2013 with the aim of strengthening the hydrogen purification business and the commitment for the acquisition a further 30% of the share capital of Metalvuoto S.p.A (of which SAES Getters S.p.A. already owned 70% as at December 31, 2016; for further details please refer to the Note no. 3). The main objective of the financial liabilities is to finance the operating activities of the Group and to support future growth (both the organic one and that achieved through external acquisitions).

The Group also holds cash and cash equivalents and short-term deposits immediately convertible into cash as well as trade receivables deriving directly from its operating activities and financial receivables deriving from loans granted to related parties.

The derivative instruments used by the Group are primarily forward foreign currency contracts and Interest Rate Swaps (IRS). The purpose of these instruments is to manage the exchange-rate risk and the interest-rate risk arising from the Group's commercial and financing transactions.

The Group does not deal in financial instruments.

The Board of Directors periodically reviews and sets the policies for managing such risks, as summarized below.

Interest-rate risk

The Group's financial debts, both short and long-term 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 variations 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 December 31, 2016 please refer to the Note no. 33.

Please note that 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 loans on which no hedging contract has 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.

Interest-rate sensitivity analysis

The following table provides a sensitivity analysis of the financial assets (cash and cash equivalents, bank deposits and financial receivables towards related parties) related to the impact of changes in interest rates on the income before taxes and the Group's shareholders' equity, assuming that all the other variables remain unchanged.

		(%)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2016	euro	+/- 1	+/- 83	+/- 80
	other currencies	+/- 1	+/- 190	+/- 131
2015	euro	+/- 1	+/- 50	+/- 41
	other currencies	+/- 1	+/- 193	+/- 145

The following table provides a sensitivity analysis of financial liabilities (both short and long term debts) related to the impact of changes in interest rates on the income before taxes and the Group's shareholders' equity, assuming that all the other variables remain unchanged.

		(%)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2016	Euribor	+/- 1	-/+ 351	-/+ 349
	Libor	+/- 1	-/+ 113	-/+ 69
2015	Euribor	+/- 1	-/+ 333	-/+ 278
	Libor	+/- 1	-/+ 131	-/+ 80

With regards to Interest Rate Swaps and Interest Rate Cap, as well as Interest Rate Floor implicitly included in the long-term loan agreements, the table below provides a breakdown of the sensitivity of the income before taxes and the Group's shareholders' equity assuming the stability of all the other

variables, following the shift of one percentage point of the spot rate curve (and, consequently, the variation of the forward rate curve associated with the spot rates).

Description	Notional amount (thousands of euro)	Fair Value (euro)	(euro)	(euro)	(euro)	(euro)
			Estimated FV +1%	Difference in FV +1%	Estimated FV -1%	Difference in FV -1%
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	3,600	(25,437)	32,300	57,737	(84,956)	(59,519)
Saes Getters S.p.A. - Interest Rate Swap (IRS) on Unicredit S.p.A. loan	5,250	(10,373)	56,885	67,257	(54,568)	(44,195)
Saes Getters S.p.A. - Interest Rate Floor on Banco BPM loan (derivative embedded)	5,000	(14,914)	(4,011)	10,903	(148,623)	(133,709)
Metalvuoto S.p.A. - Interest Rate Cap on Intesa Sanpaolo S.p.A. loan	400	816	7,954	7,138	0	(816)
Metalvuoto S.p.A. - Interest Rate Cap on Banco BPM loan	230	50	2,328	2,278	0	(50)
Metalvuoto S.p.A. - Interest Rate Cap on Intesa Sanpaolo S.p.A. loan	300	57	3,823	3,766	0	(57)
Metalvuoto S.p.A. - Interest Rate Floor on Banco BPM loan (derivative embedded)	100	(108)	(446)	(338)	(53)	55
Total effect on result before taxes			148,741		(238,292)	
Total effect on net result and net equity			145,209		(238,053)	

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: in 2016 around 83.9% of the Group's sales and only around 63.8% 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 has in place hedging contracts, whose values are periodically determined by the Board of Directors according to the net currency cash flows expected to be generated by SAES Getters S.p.A. The maturities of the hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

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

In order to hedge against the risk of exchange rate fluctuations on trade receivables denominated in foreign currencies for the year 2016, the Group signed at the beginning of the 2016 :

- forward contracts on the US dollar for a total notional value of 12,500 thousand dollar (average forward exchange rate USD/EUR equal to 1.1198);
- forward contracts on the Japanese yen for a total notional value of 340 million JPY (average forward exchange rate YEN/EUR equal to 126.5850);

These contracts were all expired as at December 31, 2016.

Finally, on January 4, 2016 the Group signed a forward sale contract in euro (for a notional value equal to 550 thousand euro and an average forward exchange rate KRW/EUR equal to 1,304.00) in order to mitigate the exchange rate risk deriving from the fluctuation of the Korean won on the balance of the financial credit in euro that the Korean subsidiary SAES Getters Korea Corporation has with the Parent Company. Also these contracts were expired as at December 31, 2016.

Exchange-rate sensitivity analysis

Exchange-rate risk – Sensitivity analysis – Trade receivables and payables

The following table provides a sensitivity analysis for the trade receivables and payables outstanding at year-end in terms of the impact of changes in the EUR/USD and EUR/JPY exchange

rates on the consolidated income before taxes and Group's shareholders' equity, assuming that all the other variables remain unchanged.

	(%)	(thousands of euro)	(thousands of euro)
US dollar	Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2016	+ 5%	(188)	(186)
	- 5%	208	205
2015	+ 5%	(84)	(53)
	- 5%	93	58

	(%)	(thousands of euro)	(thousands of euro)
Japanese YEN	Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2016	+ 5%	(45)	(45)
	- 5%	49	49
2015	+ 5%	(34)	(24)
	- 5%	37	27

Exchange-rate risk – Sensitivity analysis – Cash, cash equivalents and cash pooling account receivables/payables

The following tables provide a sensitivity analysis of cash and cash equivalents and intercompany financial receivables/payables, including cash-pooling, outstanding at year-end, in terms of the impact of changes in exchange rates between the US dollar and euro and other currencies on the Group's income before taxes and Group's shareholders' equity, assuming that all the other variables remain unchanged. This analysis has been conducted as the subsidiaries have both cash and cash equivalents and receivables/payables from/to the Parent Company in euro, whose conversion may result in exchange rate gains or losses.

	(%)	(thousands of euro)	(thousands of euro)
Euro	Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2016	+ 5%	(54)	(24)
	- 5%	54	24
2015	+ 5%	31	34
	- 5%	(31)	(34)

	(%)	(thousands of euro)	(thousands of euro)
US dollar	Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2016	+ 5%	(30)	(28)
	- 5%	33	31
2015	+ 5%	(49)	(46)
	- 5%	54	51

Given that all forward contracts were expired as at December 31, 2016, a sensitivity analysis is not provided.

With reference to the Net Financial Position (NFP), please note that a depreciation of the US dollar by 5% would have had a positive impact of approximately 155 thousand euro on the net financial position as at December 31, 2016, whereas an appreciation of the same currency, always equal to 5%, would have had a negative impact of approximately 172 thousand euro.

	(%)	(thousands of euro)
	Increase / Decrease USD	Effect on Net Financial Position
December 31, 2016	+5%	155
	- 5%	(172)
December 31, 2015	+5%	(130)
	- 5%	144

Commodity price risk

The Group's exposure to the commodity price risk is usually moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed 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 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 verifies that credit limit conditions are met.

The balance of receivables is constantly monitored in order to minimize the risk of potential losses, particularly given the current difficult macroeconomic situation.

The credit risk associated with other financial assets, including cash and cash equivalents, is not significant due to the nature of the counterparties: the Group places such assets exclusively in bank deposits held with leading Italian and international financial institutions.

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 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 December 31, 2016 and about the maturity date of these debts please refer to the Note no.26.

As at December 31, 2016 the Group was not significantly exposed to a liquidity risk, also considering the unused credit lines to which it has access.

Equity management

The objective pursued by the Group is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximize the value for shareholders.

No changes were made to the equity management objectives or policies during the year 2016.

The Group periodically monitors some performance indicators, such as the debt-to-equity ratio, with the aim of keeping them at low levels in accordance with the agreements undertaken with its lenders.

38. POTENTIAL ASSETS/LIABILITIES AND COMMITMENTS

The guarantees that the Group has granted to third parties are the following ones.

(thousands of euro)

Guarantees	December 31, 2016	December 31, 2015	Difference
Guarantees	19,346	20,119	(773)

The decrease compared to the previous year was mainly explained by the partial expiration of some guarantees provided by the Parent Company to secure the long-term loan undertaken by Memry Corporation, consistent with the repayment of the principal amounts during the year, only partially offset by the new guarantees signed in favour of the joint ventures (for the related amount, please refer to the Note no. 39).

At constant scope of consolidation, the guarantees granted by the Group would have been decreased to 878 thousand euro, as the guarantees underwritten by the newly acquired Metalvuoto S.p.A. were equal to 105 thousand euro.

The maturities of operating lease obligations outstanding as at December 31, 2016 are shown below.

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	1,843	4,680	1,541	8,064

Please note that among the shareholders of SAES RIAL Vacuum S.r.l., SAES Getters S.p.A. and Rodofil S.r.l., there is a put & call option, according to a predefined schedule, that is detailed in the Note no. 16. Since at December 31, 2016 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.

Finally, with regards to Flexterra, Inc., SAES Getters International Luxembourg S.A has a commitment to entrust an additional 4.5 million USD in capital – in addition to tangible and intangible assets (IPs) with an estimated value of around 3 million USD –subject to the achievement by Flexterra of predetermined technical and commercial objectives (namely, the signature of a binding agreement for the commercialization of Flexterra products – milestone) no later than March 31, 2018.

39. RELATED PARTY TRANSACTIONS

Related Parties are identified in accordance with IAS 24 revised.

Related Parties include the following ones:

- **S.G.G. Holding S.p.A.**, the controlling company, 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, 2014³⁷ (see the Note no 18).

³⁷ Please note that on 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. and S.G.G. Holding S.p.A.,

On May 4, 2016, S.G.G. Holding S.p.A. has collected dividends from SAES Getters S.p.A. totaling 2.6 million euro.

- **Actuator Solutions GmbH**, a joint venture, 50% jointly owned by SAES and Alfmeier Präzision Groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.

- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint venture Actuator Solutions GmbH, for the development and commercialization of SMA devices for the image focus and stabilization in tablet and smart-phone cameras.

- **Actuator Solutions (Shenzhen) Co., Ltd.**, company established at the end of September 2016, wholly owned by Actuator Solutions GmbH for the technology development and the sale of actuators for the mobile market. Please note that as December 31, 2016 the new company was not operating.

With regards to Actuator Solutions GmbH and its subsidiary Actuator Solutions Taiwan Co., Ltd., the SAES Group has a commercial relationship (sale of raw materials and semi-finished products) and performs various services (in particular, commercial activities, development services and legal services) that are recharged on the basis of a service contract. Finally, as already mentioned before, please note that, on January 15, 2016, SAES Nitinol S.r.l. made a further capital injection to support the investments of the joint venture Actuator Solutions GmbH equal to 1 million euro (for further details please refer to the Note no 16). Finally, during 2016 SAES Nitinol S.r.l. granted several loans to Actuator Solutions GmbH, totalling 5 million euro, aimed at financially supporting the operating activities of the company. These loans, for the details of which please refer to the Note no. 19, are in addition to those granted in 2014 and still open as at December 31, 2016 for 2.7 million euro.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil s.n.c., established at the end of 2015, with the aim of creating an Italian technological and manufacturing hub of the highest level, for the design and production of integrated vacuum components and systems for accelerators, for the research, as well as for industrial systems and devices, combining at the highest level the competences of SAES in the field of materials, vacuum applications and innovation, with the experience in the design, assembling and fine mechanical productions of Rodofil.

With regards to SAES RIAL Vacuum S.r.l. the SAES Group has a commercial relationship (purchase of components for the creation of vacuum systems) and performs various services, mainly commercial ones. Finally, as already mentioned before, on January 12, 2016 SAES Getters S.p.A. granted a loan to the joint venture of 49 thousand euro, aimed at financially supporting the newly established company's operations (for further details please refer to the Note no. 19).

- **Flexterra, Inc.**, *joint venture* of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the production and the commercialization of materials and devices used in flexible displays. In December 2016 SAES Getters International Luxembourg S.A. capitalized Flexterra, Inc. with contributions in cash, in different phases for a total capital contribution of 8.5 million USD (for further details please refer to the Note no. 16). Please note that as December 31, 2016 the company Flexterra, Inc. was not operating yet.

- **Dr Michele Muccini**, the minority partner of SAES Getters S.p.A. in E.T.C. S.r.l., until February 26, 2016, the date on which SAES Getters S.p.A. acquired the minority interests from Dr Muccini becoming the sole shareholder of E.T.C. S.r.l.; following such purchase, Dr Muccini has ceased to be a related parties of SAES Group.

- **Mirante S.r.l.**, a minority shareholder of SAES Getters S.p.A. in Metalvuoto S.p.A., with a percentage of the share capital of 30%. Between Metalvuoto S.p.A. and Mirante S.r.l. there is a real estate lease for a valuable consideration of the duration of five years.

- **Metalvuoto Lux S.r.l.**, a company wholly owned by Mirante S.r.l.

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.

With regards to Metalvuoto Lux S.r.l., the SAES Group (through its subsidiary Metalvuoto S.p.A.) has a commercial relationship (sale of raw materials and semi-finished products); in addition, Metalvuoto Lux S.r.l. is the lessee of part of the property occupied by Metalvuoto S.p.A.

Finally, as already mentioned above, there is a financial receivable of Metalvuoto S.p.A., the repayment of which is expected within this year, originated from the transfer of the “Holography” business to Metalvuoto Lux S.r.l. prior to the acquisition by the SAES Group.

- **Metalvuoto Polska Sp. Z.o.o.**, a company 60% owned by Mirante S.r.l. with which the SAES Group has a commercial relationship.

- **Managers with Strategic Responsibilities**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Administration, Finance and Control Manager and the Group Legal General Counsel are considered managers with strategic responsibilities³⁸.

Their close relatives are also considered related parties.

The following table shows the total values of the related party transactions undertaken in 2016 and 2015.

(thousands of euro)

	December 31, 2016										
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Trade receivables	Trade payables	Tax consolidation receivables from Controlling	Financial receivables from related parties
S.G.G. Holding S.p.A.										272	
SAES RIAL Vacuum S.r.l.		(51)	(2)	53 (*)	8 (*)		1	73	(8)		50
Actuator Solutions GmbH	1,396		318 (*)	89 (*)	28 (*)	20	160	92			5,760
Actuator Solutions Taiwan Co., Ltd.	93							70			
Mirante S.r.l.					(60)						
Metalvuoto Lux S.r.l.	101				3 (*)		1	80			4
Metalvuoto Polska Sp. z.o.o.								24 (**)			
Total	1,590	(51)	316	142	(21)	21	161	339	(8)	272	5,814

(*) Costs recovery.
(**) Credit for advance on future supplies.

(thousands of euro)

	December 31, 2015										
	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.											
Actuator Solutions GmbH	1,202		152 (*)	172 (*)	28 (*)		155	111			1,155
Actuator Solutions Taiwan Co., Ltd.				(7)							
Total	1,202	0	152	165	28	0	155	111	0	272	1,155

(*) Costs recovery.

The following table shows the guarantees that the Group has granted to third parties (and, therefore, included in the detail reported in the Note no. 38) in favour of the joint ventures.

(thousands of euro)

Guarantees	December 31, 2016	December 31, 2015	Difference
Guarantees in favour of the joint venture Actuator Solutions	3,124	2,984	140
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	312	0	312
Total guarantees in favour of the joint ventures	3,436	2,984	452

The following table shows the remunerations to managers with strategic responsibilities as identified above.

³⁸ Please note that, during the full year 2015 and until January 17, 2016, the role of Group Legal General Counsel was assumed *ad interim* by Dr Giulio Canale, Deputy CEO and Group CFO.

(thousands of euro)

Total remunerations to key management	2016	2015
Short term employee benefits	3,811	3,137
Post employment benefits	0	0
Other long term benefits	743	490
Termination benefits	720	503
Share-based payments	0	0
Total	5,274	4,130

As at December 31, 2016 payables to Managers with Strategic Responsibilities, as defined above, were equal to 4,365 thousand euro, to be compared with payables of 3,120 thousand euro as at December 31, 2015.

The increase, both in the income statement and in payables, was mainly due to the higher remuneration of the Executive Directors (in particular, higher annual incentive and accrual for the three-year long-term incentive, in addition to the increase of the remuneration related to the end of their mandate).

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 2016 all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

40. FEES PAID TO INDEPENDENT AUDITORS AND THEIR RELATED COMPANIES

Pursuant to article 149-*duodecies* of the Issuer Regulations (“Disclosure of Compensation”), which was introduced by the Consob resolution no. 15915 of May 3, 2007, the following table shows the remunerations of the independent auditors and of the entities belonging to the independent auditors’ network for auditing engagements and for other services, broken down by type or category.

(thousands of euro)

Business services	Supplier	Customer	Fees
Audit	Parent Company auditor	SAES Getters S.p.A.	119
Tax and legal advices	Parent Company auditor	SAES Getters S.p.A.	0
Other	Parent Company auditor	SAES Getters S.p.A.	0
Audit	Parent Company auditor	Subsidiaries	155 (*)
Tax and legal advices	Parent Company auditor	Subsidiaries	0
Other	Parent Company auditor	Subsidiaries	0
Audit	Network of Parent Company auditor	Subsidiaries	153
Tax and legal advices	Network of Parent Company auditor	Subsidiaries	0
Other	Network of Parent Company auditor	Subsidiaries	0

(*) Of which 8 thousand euro related to the audit of the opening figures of the balance sheet of Metalvuoto S.p.A.

41. EVENTS OCCURRED AFTER THE END OF 2016

For the events occurred after the end of period please refer to the paragraph “ Subsequent Events” of the Report on operations.

Lainate (MI), March 15, 2017

On behalf of the Board of Directors
Dr Eng. Massimo della Porta
President

Certification of the consolidated financial statements

Certification of the consolidated financial statements
pursuant to article no. 81-ter of CONSOB Regulation no. 11971 of May 14, 1999, as subsequently amended

1. The undersigned, Giulio Canale, in his capacity as Vice President and Managing Director, and Michele Di Marco, in his capacity as Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of the Legislative Decree no. 58 of February 24, 1998:

- the adequacy for the characteristics of the firm and
- the effective application

of the administrative and accounting procedures for the preparation of the consolidated financial statements during the period from January 1 to December 31, 2016.

2. The following remarks apply to this situation:

2.1 The Administrative and Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative and Accounting Control Model, issued on May 14, 2007, the adoption of which is aimed at ensuring that SAES complies with the provisions of Law no. 262 of December 28, 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of the Legislative Decree no. 303/06, and, specifically, the obligations pertaining to the preparation of corporate accounting documents, as well as all documents and communications with a financial nature issued into the market.
- The Control Model, with reference to the organizational structure of SAES Group:
 - sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group and introduces the role of the Officer responsible for the preparation of the corporate financial reports (hereinafter the "Officer Responsible");
 - describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
 - regarding the latter in particular, it calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of matrices of administrative and accounting controls which describe the control activities implemented in each process;
 - establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to the accounting and financial information.

2.2 Implementation of the Administrative and Accounting Control Model within SAES Getters S.p.A. and the results of the internal certification process

For further information on this issue, please refer to paragraphs 2.2, 2.3 and 2.4 of the Certification of the separate financial statements of SAES Getters S.p.A., which are of particular relevance in this regards in relation to the consolidation process.

2.3. Internal administrative and accounting control system of the subsidiaries of the SAES Group

- Following the administrative and accounting risk assessment conducted on the basis of the 2015 consolidated financial statements - the most significant administrative and accounting processes were selected, on the basis of their materiality, for each of the Group companies.
- In order to certify the consolidated financial statements, the Officer Responsible requested to each

of the companies subject to controls and affected by significant processes the dispatch of a representation letter prepared in the format attached to the Administrative and Accounting Model of the SAES Group and signed by the General Managers/Financial Controllers, certifying the application and adequacy of procedures ensuring the accuracy of company accounting and financial information and the correspondence of financial reports with company transactions and accounting records.

2.4. Results of the certification process by the subsidiaries of the SAES Group

As of today, the Officer Responsible, with the support of the Group Reporting and Consolidation Manager, has received all the twelve representation letters requested, signed by the General Managers/Financial Controllers of the subsidiaries affected by the processes deemed relevant after a risk assessment.

The result of the process was positive and no anomalies were reported.

3. Furthermore, we certify that:

3.1. The consolidated financial statements for the year ended December 31, 2016:

- a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002;
- b) correspond to the results of accounting records and books;
- c) are suitable to providing a truthful, accurate representation of the earnings and financial position of the issuer and the companies included in the consolidation perimeter.

3.2. The report on operations includes a reliable analysis of operating performance and results, as well as the situation of the issuer and the companies included in the scope of consolidation, along with a description of the primary risks and uncertainties to which they are exposed.

Lainate (MI), March 15, 2017

Vice President
and Managing Director
Dr Giulio Canale

Officer responsible for the preparation
of the corporate financial reports
Dr Michele Di Marco

**Board of Statutory Auditors' Report to the
Shareholders' Meeting**

To the Shareholders' Meeting of SAES Getters S.p.A.

Dear Shareholders,

the Board of Statutory Auditors has been duly appointed by the Company's Shareholders' Meeting on April 28, 2015, also in compliance with article 22 of the By-laws. During 2016, following the decease of Dr Pier Francesco Sportoletti (Chairman of the Board of Statutory Auditors), appointed on the basis of the list proposed by the minority shareholder Equilybra Capital Partners S.p.A., on October 11, 2016 the Minority Deputy Statutory Auditor, Dr Angelo Rivolta, named within the same list, inherited the responsibility. The latter will remain in office until the next Shareholders' Meeting, according to article no. 2401, paragraph 1, of the Civil Code. Subject to the resolution by the Shareholders' Meeting on the confirmation in office of Dr Angelo Rivolta as Chairman of the Statutory Board, the Board of Statutory Auditors will end its mandate, in its current composition, with the Meeting for the approval of the financial statements as at December 31, 2017.

During the year ended on December 31, 2016, the supervisory of the Board of Statutory Auditors was conducted in accordance with the regulation of the "Consolidated Law on financial intermediation" enacted by the Legislative Decree 58/1998 and with the applicable provisions of the Italian Civil Code, taking into account also the Principles of Conduct recommended by the National Board of Chartered Accountants and Auditors in the version approved with the resolution of April 15, 2015, as well as Consob communications concerning the corporate governance and the activities of the Board of Statutory Auditors and, in particular, the communication no. DEM/1025564 dated April 6, 2001 and its subsequent amendments.

In addition, the Board of Statutory Auditors, in his role pursuant to article 19 of the Legislative Decree no. 39/2010, has carried out, during the year, the verification activities assigned to it by law.

Having acknowledged the foregoing, we report on the supervisory activities required by law and that we have carried out during the year ended on December 31, 2016 and, in particular:

- we ensure that we have verified the compliance with the law and the Company By-laws and the respect of the principles of proper administration, holding no. 5 meetings of the Board of Statutory Auditors during the year without considering other informal meetings;
- in these meetings, in the Board of Directors' meetings and, in any case, at least quarterly, we obtained information from the Directors and from the governing bodies of the Company on the general corporate management and its foreseeable outlook, as well as on the most significant transactions, because of their size or nature, carried out by the Company also in relation to its subsidiaries;
- in the calendar year 2016, the Statutory Auditors took part to no. 2 Shareholders' Meeting and to no. 16 meetings of the Board of Directors, held in accordance with the statutory rules and laws that regulate their operation and for which we can reasonably assure that the actions approved in these meetings were compliant with the law and the By-laws and were always in the corporate interest, including intra-group transactions, that were not manifestly imprudent, hazardous, atypical or unusual, or in potential conflict of interest or as such to compromise the integrity of the company's net assets. At these meetings it was possible to freely express considerations, views and opinions;
- we assessed and verified the adequacy of the organizational, administrative and accounting system and the reliability of said system in correctly representing the operating activities, by obtaining information from the department managers and through the analysis of corporate documents. In this respect, we have no particular remarks to report. Furthermore, having followed the work done by the Internal Audit Department, and by the Audit and Risk Committee, we can confirm that the internal control system adopted by the Company is fully adequate;
- we supervised, pursuant to article 19, paragraph 1, of the Legislative Decree no. 39/2010, the financial reporting process; the effectiveness of the internal control system, of the internal audit

system and of the risk management one; the audit of the annual accounts and consolidated accounts; the independence of the legal independent audit firm, in particular as regards the provision of non-auditing services to the Company;

- we also verified the adequacy of the instructions provided to subsidiaries in accordance with article 114, paragraph 2, of the Legislative Decree 58/1998;
- we read and obtained information on the organizational and procedural activities carried out pursuant to the Legislative Decree 231/2001 and subsequent additions, on the administrative responsibility of the entities for the offences envisaged by this regulation. The report of the Supervisory Body on the activities carried out during 2016 and the meetings of this Committee with the Board of Statutory Auditors did not point out any significant critical situation to be reported herein.

With reference to the provisions set forth in article 36 of the Market Regulation, issued by Consob, concerning relevant controlled companies, established and governed by the law of non-EU Countries, please note that the companies at issue were identified and their related administrative and accounting system is suitable for submitting on a regular basis all the economic and financial data required for the preparation of the consolidated financial statements to the Company and to the independent auditors.

Having acknowledged the foregoing, we would like to draw the attention of the Shareholders' Meeting to the following paragraphs.

Performance of the year

As illustrated by the Directors in the Annual Report, 2016 results, as well as the forecast for 2017, continue to show the strong growth of the Group; the 2016 results shown a significant increase in revenues, with the improvement in the economic indicators. These results were achieved also thanks to the excellent performance in the gas purification and in the shape memory alloys sectors, both areas in which the innovation efforts of the Group have been concentrating in the last few years.

Below the summary of the percentage changes on the main indicators taken from the 2016 consolidated figures compared to the corresponding figures of the previous year.

Consolidated revenues	+13.3%
Total revenues of the Group ¹	+13.4%
Consolidated gross profit	+18.1% ; equal to 45.0% of consolidated revenues, compared to 43.2% in 2015
Consolidated operating income	+27.6% ; equal to 13.8% of consolidated revenues, compared to 12.3% in 2015
Adjusted operating income ²	14.7% of consolidated revenues
Consolidated EBITDA	+20.7% ; equal to 18.8% of consolidated revenues, compared to 17.6% in 2015
Adjusted EBITDA ³	19.7% of consolidated revenues
Consolidated net income	+59.7%

The **consolidated net financial position** was negative for -33.8 million euro, compared to -€7.3 million as at December 31, 2015 in line with the strategic choices made by the Administrative Body. The net financial position was strongly influenced by the important investments in Metalvuoto S.p.A. and Flexterra, Inc., as well as the investment for the residual share in E.T.C. S.r.l. made to support the future growth and – with regards to current assets - by the strong increase in the net working capital.

Most significant transactions undertaken during the year

Between the major transactions pointed out in the Report on operations, we highlight the following:

¹ Total revenues of the Group are achieved by incorporating with the proportional method, instead of the equity method, the 50% joint venture Actuator Solutions, as well as the new joint venture SAES RIAL Vacuum S.r.l., of which SAES currently owns 49% of the share capital.

² Adjusted operating income is the operating income itself, further adjusted by excluding non-recurring amounts, not considered as indicators of the current operating performance by the Management.

³ Adjusted EBITDA is meant to be the EBITDA itself, further adjusted to exclude non-recurring items or anyway considered as not indicating the current operating performance by the Management.

- on January 15, 2016 SAES Nitinol S.r.l. made a further capital injection, equal to 1 million euro, in favor of the joint venture Actuator Solutions GmbH, to support its investments. The same amount was paid by the 50% joint partner Alfmeier, through the company SMA Holding GmbH;
- on January 19, 2016, as envisaged by the contract signed on December 23, 2015 between SAES Getters S.p.A. and Rodofil s.n.c., the Parent Company acquired a further 39% of the joint venture SAES RIAL Vacuum S.r.l., for a pre-determined price equal to 1.3 million euro. The total investment of SAES Getters S.p.A. in the joint venture is currently equal to 49% of its share capital;
- on February 26, 2016 SAES Getters S.p.A. acquired the remaining 4% of the share capital of E.T.C. S.r.l. from the minority shareholder, for a consideration of 0.2 million euro. Following such acquisition, SAES Getters S.p.A. is now the sole shareholder of E.T.C. S.r.l.;
- on March 3, 2016 the Extraordinary Shareholders' Meeting of SAES Getters S.p.A. approved the amendment to article 11 of the Company's By-Laws, with the introduction of the increase of the voting right and the assignment of two votes for each ordinary share of the Company held for a period of at least 24 months on a continuous basis. This increase is not extended to the holders of savings shares, as they do not have any voting right, or the right to attend the shareholders' meetings;
- at the end of April 2016 SAES Nitinol S.r.l. granted an additional 1 million euro loan to Actuator Solutions GmbH, aimed at financially supporting the operating activities of the joint venture. The loan expires on April 30, 2019 and provides for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. A loan of the same amount and conditions was granted by the 50% joint partner Alfmeier, through the company SMA Holding GmbH;
- on July 18, 2016 a settlement agreement was signed to close the environmental dispute related to presumed harmful emissions of mercury in the Onondaga Lake (located in the city of Syracuse, NY-USA) by a company of the Group (King Laboratories, Inc. acquired by SAES Getters USA, Inc. in the Eighties and no longer existing since decades), concerning the compensation for the environmental damages and the purification of the water and of the sediment below the lake. The total cost of the agreement, without the recognition of any liability for the SAES Group, amounted to 1.3 million USD⁴, which were paid by SAES Getters USA, Inc. to the other party on September 13, 2016;
- on July 28, 2016 SAES Nitinol S.r.l. signed a new loan contract in favor of Actuator Solutions GmbH, aimed at financially supporting the operating activities of the subsidiary Actuator Solutions Taiwan Co., Ltd. The first tranche of the financing, equal to 2 million euro, was paid by SAES Nitinol S.r.l. on the day of the signature of the contract (July 28, 2016), while the second tranche, equal to 1 million euro, was paid on September 28, 2016. The loan expires on April 30, 2019 and provides for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. The 50% of the loan is granted by a letter of patronage jointly signed by Alfmeier S.E. and SMA Holding GmbH, in favor of SAES Nitinol S.r.l.;
- at the end of September 2016 it was approved the liquidation of the 100% owned subsidiary Memry GmbH, active in the sector of shape memory alloys, and the transfer of all its production and commercial activities into other Group's companies. This decision is in line with the corporate and organizational streamlining plan in place, aimed at increasing the efficiency of the Group's production activities on an international scale. This transaction resulted in extraordinary restructuring charges equal to 1.3 million euro in the fourth quarter of 2016. The completion of such transaction is expected by the end of the second half of 2017;

⁴ Equal to 1,129 thousand euro, of which 689 thousand euro already accounted for as a provision at the end of 2015, and the remaining 440 thousand euro recorded in the income statement in 2016.

- on October 10, 2016 SAES Getters S.p.A., following the agreement signed on July, 29, 2016, acquired from Mirante S.r.l. a majority interest (70%) in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. SAES Getters S.p.A. acquired 70% of Metalvuoto S.p.A. for a price based on a multiple of the EBITDA, adjusted according to predefined financial parameters (including the net financial position and the value of the finished goods inventory), equal to around 5.1 million euro. A *put* and *call* option between the shareholders have been provided, to be exercised starting from the twelfth month and within eighteen months from the date of the closing, for the acquisition of the remaining 30% of the share capital of Metalvuoto by SAES, for a predetermined price, calculated with a similar method as for the first 70% purchase;
- on November 15, 2016 the corporate merger of the wholly owned subsidiary SAES Advanced Technologies S.p.A. into SAES Getters S.p.A. was implemented, through the completion, signature and filing of the merger agreement in the Italian Business Register, by the two companies participating into the merger. The merger produced *its legal effects* starting from the date set in the agreement, that means from December 31, 2016. For fiscal and accounting purposes only, the merger operation had been backdated at January 1, 2016. The merger produced *no equity, economic or financial effect* into the SAES Group's consolidated financial statements, nor provided any share swap, being the incorporated company already wholly owned by SAES Getters S.p.A.;
- on November 28, 2016 SAES Nitinol S.r.l. signed a further loan contract in favor of Actuator Solutions GmbH, which granted for a loan to be provided in different tranches, for a maximum total amount of 4.5 million euro. The loan, aimed at financially supporting the joint venture's operations, expires on April 30, 2019 and provides for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. The first tranche of the financing, equal to 1 million euro, was paid by SAES Nitinol S.r.l. on November 30, 2016. The contract provides for the priority reimbursement of such loan, compared to other loans granted to Actuator Solutions by its shareholders;
- on December 15, 2016 the SAES Group announced that it has started a transaction aiming at the industrialization, production and commercialization of materials used in flexible organic transistors (OTFTs: Organic Thin Film Transistors) in partnership with Polyera, a company based in the USA and Taiwan, already active in the field of flexible thin film transistors for new generation displays and partner of SAES in the development of organic electronics applications. The new materials related to the transaction will be developed by the newco Flexterra, Inc., based in Skokie (close to Chicago, Illinois, USA), dedicated to the manufacturing of materials and components for the manufacturing of truly flexible displays, with an enormous application potential in different sectors. Flexterra was capitalized by Polyera and SAES Getters International Luxembourg S.A. at the end of December 2016. In particular, Polyera transferred to Flexterra tangible and intangible assets (including IPs and know-how) for an estimated value of 14 million USD and, against this contribution in kind, received Series A shares of Flexterra, privileged, among other things, in the distribution of profits and in case of the sale of Flexterra. SAES Getters International Luxembourg S.A. provided Flexterra with contributions in cash, in different phases within the end of 2016, for a total capital contribution of 8.5 million USD, against which the company received in turn Series A privileged shares of Flexterra. On the basis of the agreement, Polyera will grant the shareholding rights in Flexterra to its investors, among which there are two important Asian venture capital funds. On the basis of the current evaluation, the contribution of SAES is equivalent to an equity participation representing around 35% of the share capital of Flexterra. Such participation is expected to increase up to around 45% with the further contribution (4.5 million USD in capital in addition to the assets and know-how with a value of around 3 million USD) to be finalized by March 31, 2018, subsequent to the achievement of some objectives agreed among the shareholders of the joint venture. The transaction does not include any *put & call option*.

The Board of Statutory Auditors, after being properly and promptly informed by the Directors, assessed the compliance of the foregoing transactions with the law, the Company's By-laws and the principles of proper administration, ensuring that said transactions were not manifestly imprudent, hazardous, or in

conflict with the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the Company's net assets.

Most significant transactions occurred after the end of 2016

- On March 10, 2017, the Board of Directors of Metalvuoto S.p.A. approved to propose to the shareholders SAES Getters S.p.A. and Mirante S.r.l. a payment of 302 thousand euro in favor of Metalvuoto S.p.A., to cover the loss related to the fiscal year 2016⁵, as well as the reconstitution of a share capital equal to 100 thousand euro, fully eroded by such loss. The payment will be made by each shareholder, in proportion of its equity share;
- on March 15, 2017 SAES Getters S.p.A. approved a payment in favor of E.T.C. S.r.l. of 768 thousand euro, equal to the difference between the total loss (-2,218 thousand euro⁶) recorded by E.T.C. S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-1,450 thousand euro) and already covered by the payment made by the Parent Company on March 14, 2016.
At the same time, the Parent Company provided for a further capital contribution equal to 1,450 thousand euro, to cover the expected losses for the year 2017;
- on March 15, 2017 SAES Getters S.p.A. approved the partial waiver of the financial receivables claimed by the same towards SAES Nitinol S.r.l. for an amount of 8,380 thousand euro in favor of SAES Nitinol S.r.l., equal to the difference between the total loss (-8,520 thousand euro) recorded by SAES Nitinol S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-140 thousand euro) and already covered by the payment made by the Parent Company on March 14, 2016.
At the same time, the Parent Company provided for a further capital contribution in cash equal to 140 thousand euro in favor to SAES Nitinol S.r.l., to cover possible future losses.

Atypical and/or unusual transactions, including infra-group and related-party transactions

Related-party transactions generally consist of intra-group transactions with subsidiaries, mainly of a commercial nature. In particular, these include the purchase and sale of raw materials, semi-finished products, finished products, tangible assets and various types of services. Cash-pooling and interest-bearing financing agreements are in force with some companies of the Group. Also some agreements for the provision of commercial, technical, information technology, administrative, legal and financial services and for the development of specific projects are in force with some subsidiaries. All these agreements were entered at arm's length economic and financial conditions.

With reference to the definition of "Related Party" included in the IAS 24 revised, the following related parties have been identified:

- **S.G.G. Holding S.p.A.**, the controlling company, 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, 2014⁷.
- **Actuator Solutions GmbH**, a joint venture, 50% jointly owned by SAES and Alfmeier Präzision Groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint

⁵ The loss related to the full year 2016, resulting from the financial statements written according to National Accounting Principles, is equal to -1,920 thousand euro.

⁶ According to the National Accounting Principles.

⁷ Please note that on 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. 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.

venture Actuator Solutions GmbH, for the development and commercialization of SMA devices for the image focus and stabilization in tablet and smart-phone cameras.

- **Actuator Solutions (Shenzhen) Co., Ltd.**, a company established at the end of September 2016, wholly owned by Actuator Solutions GmbH for the technology development and the sale of actuators for the mobile market. As at December 31, 2016 the new company was not yet operating.

With regards to Actuator Solutions GmbH and its subsidiary Actuator Solutions Taiwan Co., Ltd., the SAES Group has a commercial relationship (sale of raw materials and semi-finished products) and performs various services (in particular, commercial activities, development services and legal services) that are recharged on the basis of a service contract. In addition, please note that, on January 15, 2016, SAES Nitinol S.r.l. made a further capital injection to support the investments of the joint venture Actuator Solutions GmbH equal to 1 million euro. Finally, during 2016 SAES Nitinol S.r.l. granted several loans to Actuator Solutions GmbH, totalling 5 million euro, aimed at financially supporting the operating activities of the company. These loans are in addition to those granted in 2014 and still open as at December 31, 2016 for 2.7 million euro.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil s.n.c., established at the end of 2015, with the aim of creating an Italian technological and manufacturing hub of the highest level, for 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 (purchase of components for the creation of vacuum systems) and performs various services, mainly commercial ones.

- **Flexterra, Inc.**, a *joint venture* of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the production and the commercialization of materials and devices used in flexible displays. Please note that as at December 31, 2016 the company Flexterra, Inc. was not yet operating. For a comprehensive and detailed explanation of the operation please see the press release issued on December 15, 2016.

- **Dr Michele Muccini**, the minority partner of SAES Getters S.p.A. in E.T.C. S.r.l., until February 26, 2016, the date on which SAES Getters S.p.A. acquired the minority interests from Dr Muccini becoming the sole shareholder of E.T.C. S.r.l.; following such purchase, Dr Muccini has ceased to be a related party of SAES Group.

- **Mirante S.r.l.**, a minority shareholder of SAES Getters S.p.A. in Metalvuoto S.p.A., with a percentage of the share capital of 30%. Between Metalvuoto S.p.A. and Mirante S.r.l. there is a real estate lease for a valuable consideration of the duration of five years.

- **Metalvuoto Lux S.r.l.**, a company wholly owned by Mirante S.r.l.

With regards to Metalvuoto Lux S.r.l., the SAES Group (through its subsidiary Metalvuoto S.p.A.) has a commercial relationship (sale of raw materials and semi-finished products); in addition, Metalvuoto Lux S.r.l. is the lessee of part of the property occupied by Metalvuoto S.p.A.

Finally, as already mentioned above, there is a financial receivable of Metalvuoto S.p.A., the repayment of which is expected within this year, originated from the transfer of the "Holography" business to Metalvuoto Lux S.r.l. prior to the acquisition by the SAES Group.

Metalvuoto Polska Sp. Z.o.o., a company 60% owned by Mirante S.r.l. with which the SAES Group has a commercial relationship.

Financial receivables from related parties

The item "Financial receivables from related parties" amounted to 5,814 thousand euro as at December 31, 2016 compared to 1,155 thousand euro as at December 31, 2015 and it mainly included the interest-bearing loans granted by the SAES Group to the joint ventures Actuator Solutions GmbH and SAES RIAL Vacuum S.r.l. The share whose repayment by the joint ventures is expected within one year was included in the current assets (561 thousand euro compared with 555 thousand euro as at December 31, 2015), while the remaining portion was classified as non-current assets (5,249 thousand euro compared with 600 thousand euro as at December 31, 2015).

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at December 31, 2016 (*) (thousands of euro)	Value as at December 31, 2015 (*) (thousands of euro)
Loan granted in February 2014	EUR	1,500	flexible, with maturity date December 2016	6% annual fixed rate	0	36 (**)
Loan granted in October 2014	EUR	1,200	flexible, with maturity date April 2018 (*)	6% annual fixed rate	648	1,069
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	1,040	0
Loans 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	6% annual fixed rate	3,067	0
	EUR	1,000				
Loan granted in November 2016 (first tranche)	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	1,005	0
Totale		7,700			5,760	1,155

(*) Interests included.
(**) Interest accrued during the year 2015.
(*) Extendable on an annual basis.

The loan granted in February 2014 was fully repaid in December 2015, in advance of the contractual due date. The related interest costs accrued during 2015, were paid by the joint venture in January 2016, and, therefore, the value of the financial credit as at December 31, 2016 was zero.

The loan granted in October 2014 was still partially opened as at December 31, 2016. Since the repayment is monthly for fixed principal amounts equal to 33 thousand euro, 400 thousand euro were classified as current assets, together with the interests related to the current year (equal to 48 thousand euro), while the remaining 200 thousand euro were recorded as non-current assets.

At the end of April 2016 SAES Nitinol S.r.l. granted a loan of 1 million euro to Actuator Solutions GmbH. A loan of the same amount and conditions was granted by the 50% joint partner Alfmeier, through the company SMA Holding GmbH.

On July 28, 2016 SAES Nitinol S.r.l. signed a loan contract aimed at financially supporting the operating activities of the subsidiary Actuator Solutions Taiwan Co., Ltd. The first tranche of the financing, equal to 2 million euro, was paid by SAES Nitinol S.r.l. on the day of the signature of the contract, while the second tranche, equal to 1 million euro, was paid on September 28, 2016. 50% of the loan is granted by a letter of patronage jointly signed by Alfmeier S.E. and SMA Holding GmbH, in favor of SAES Nitinol S.r.l.

Finally, on November 28, 2016 SAES Nitinol S.r.l. signed a loan contract which granted a loan to be provided in different tranches, for a maximum total amount of 4.5 million euro. The first tranche of the financing, equal to 1 million euro, was paid by SAES Nitinol S.r.l. on November 30, 2016. The contract provides for the priority reimbursement of such loan, compared to other loans granted to Actuator Solutions by its shareholders.

All loans granted in the current year expire on April 30, 2019 and provide for a flexible repayment schedule within the maturity date and a fixed annual interest rate equal to 6%. The principal amount (5 million euro) was rated as collectable beyond 12 months and, therefore, has been entirely recorded in the non-current assets. The interests accrued in 2016 (112 thousand euro) have been recorded in the current assets.

SAES RIAL Vacuum S.r.l.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at December 31, 2016 (*) (thousands of euro)	Value as at December 31, 2015 (thousands of euro)
Loan granted in January 2016	EUR	49	flexible	Three-months Euribor, plus 2.50% spread	50	0

(*) Interests included.

On January 12, 2016 SAES Getters S.p.A. granted a 49 thousand euro loan to the joint venture SAES RIAL Vacuum S.r.l., in order to financially support the newly established Company's operations. This loan doesn't have any predefined expiration date, but the contract allows for a flexible reimbursement upon a formal request of SAES Getters S.p.A., earns an interest indexed to the three months Euribor rate, plus a spread of 2.50%, to be paid by the joint venture on an annual basis. The principal amount was rated as collectable beyond 12 months; the related interests accrued in 2016 (1 thousand euro) have been recorded in the current assets.

Finally, the item "Financial receivables from related parties" includes 4 thousand euro claimed by Metalvuoto S.p.A. towards Metalvuoto Lux S.r.l. (a wholly owned subsidiary of Mirante S.r.l., the latter being a minority shareholder of Metalvuoto S.p.A.) and originated from the transfer of the "Holography" business, prior to the acquisition of the SAES Group. The repayment is expected within the year and therefore the receivable has been recorded in the current assets.

The following table shows the total values of the related party transactions undertaken in 2016 and 2015.

(thousands of euro)											
December 31, 2016											
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Trade receivables	Trade payables	Tax consolidation receivables from Controlling Company	Financial receivables from related parties
S.G.G.Holding Sp.A.										272	
SAES RIAL VacuumSrl		(51)	(2)	53 (*)	8 (*)		1	73	(8)		30
Actuator Solutions GmbH	1,306		318 (**)	89 (**)	28 (**)	20	160	92			5,760
Actuator Solutions Taiwan Co., Ltd.	93							70			
Mirante S.r.l.					(60)						
Metalvuoto Lux S.r.l.	101				3 (*)	1		80			4
Metalvuoto Pokka Sp. z.o.o.								24 (**)			
Total	1,590	(51)	316	142	(21)	21	161	339	(8)	272	5,814
(*) Costs recovery.											
(**) Credit for advance on future supplies.											
(thousands of euro)											
December 31, 2015											
	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 Sp.A.										272	
SAES RIAL VacuumSrl											
Actuator Solutions GmbH	1,302		152 (**)	172 (**)	28 (**)		155	111			1,155
Actuator Solutions Taiwan Co., Ltd.				(7)							
Total	1,302	0	152	165	28	0	155	111	0	272	1,155
(*) Costs recovery.											

The following table shows the guarantees that the Group has granted to third parties in favour of the joint ventures.

(thousands of euro)			
Guarantees	December 31, 2016	December 31, 2015	Difference
Guarantees in favour of the joint venture Actuator Solutions	3,124	2,984	140
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	312	0	312
Total guarantees in favour of the joint ventures	3,436	2,984	452

The Directors has identified as additional related parties also the Managers with strategic responsibilities, in particular:

- the members of the Board of Directors, including non-executive directors, and their close family members;
- the members of the Board of Statutory Auditors and their close family members;
- the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Legal General Counsel⁸, the Corporate Research Manager and the Group Administration, Finance and Control Manager and their close family members.

The following table shows the remunerations to managers with strategic responsibilities as identified above.

⁸ Please note that, with effect from February 2014 and until January 17, 2016, the role of Group Legal General Counsel was assumed ad interim by the Deputy CEO and Group CFO Dr Giulio Canale.

(thousands of euro)

Total remunerations to key management	2016	2015
Short term employee benefits	3,811	3,137
Post employment benefits	0	0
Other long term benefits	743	490
Termination benefits	720	503
Share-based payments	0	0
Total	5,274	4,130

As at December 31, 2016 payables to Managers with Strategic Responsibilities, as defined above, were equal to 4,365 thousand euro, to be compared with payables of 3,120 thousand euro as at December 31, 2015.

The increase, both in the income statement and in payables, was mainly due to the higher remuneration of the Executive Directors (in particular, higher annual incentive and accrual for the three-year long-term incentive, in addition to the increase of the remuneration related to the end of their mandate).

The above remarks on the transactions with related parties comply with the provisions of article 2391-*bis* of the Civil Code and with the Consob Notices dated February 20, 1997 and February 28, 1998, as well as with the revised IAS 24. In addition, as required by the Consob resolution no. 15519 dated July 27, 2006, the explanatory notes to the financial statements bear information on the amounts of positions or transactions with related parties, highlighting them separately from the related items.

The information disclosed by the Directors in their Report on the financial statements for the year ended on December 31, 2016 and in the related notes is complete and adequate with respect to the transactions undertaken with all the companies of the Group and with its related parties as well.

In this regard, the Board of Statutory Auditors acknowledges that, as appropriately indicated in the corporate governance report, the Company adopted the procedures for related-party transactions, in compliance with article 2391-*bis* of the Civil Code, as implemented by the Consob Regulation no. 17221 dated March 12, 2010, and with the Consob Regulation dated September 24, 2010, as well as article 9.C.I of the Code of Conduct for Listed Companies, aimed at ensuring the transparency and the substantial and procedural correctness of related-parties transactions, identified in accordance with the revised IAS 24.

The same report on the corporate governance, to which reference should be made, illustrates in detail the composition of the corporate officers, directors, members of committees other than the executive ones, Supervisory Board, in addition to the function of the Manager responsible for the preparation of the corporate accounting documents and the manager for the Internal Audit, following the new corporate appointments that took place during the of Shareholders' Meeting of April 28, 2015⁹.

Independent audit firm

Deloitte & Touche S.p.A., the independent audit company, issued the audit reports on March 31, 2017, in which they expressed a judgment containing no remarks on either the consolidated or the Parent Company accounts for 2016.

We held meetings, including informal ones, with the representatives of Deloitte & Touche S.p.A., the audit firm in charge of reviewing the consolidated and SAES Getters S.p.A. financial statements, as well as the audit of the accounts pursuant to article 150, paragraph 3, of Italian Legislative Decree 58/1998. At these meeting there weren't any data or information that should be highlighted in this report.

The Board of Statutory Auditors acknowledges that it has received, pursuant to article 19, paragraph 3, of the Legislative Decree no. 39/2010, the report of the independent audit firm explaining the basic issues emerged during the audit and any significant deficiency recorded in the internal audit system in relation to the financial reporting process, on which no specific deficiencies were identified.

⁹ Following the decease of Dr Pier Francesco Sportoletti (Chairman of the Board of Statutory Auditors), appointed on the basis of the list proposed by the minority shareholder Equilybra Capital Partners S.p.A., on October 11, 2016 the Minority Deputy Statutory Auditor Dr Angelo Rivolta (named within the same list) inherited the responsibility, according to article no. 22 of the Company's By-Laws. The latter will remain in office until the next Shareholders' Meeting, according to article no. 2401, paragraph 1, of the Civil Code.

The Board also acknowledges that it has received from the audit firm, pursuant to article 17, paragraph 9 letter a), of the Legislative Decree no. 39/2010, the confirmation of its independence, the indication of the services other than the audit provided to the Company by any of the entities belonging to its network and, finally, that it has discussed with the legal audit firm the risks related to its independence as well as the measures taken to limit such risks, pursuant to the mentioned article 17, paragraph 9, letter b).

Indication of the assignment of additional mandates to the audit firm and/or parties bearing long-term relationships with the former

With regards to any additional mandates assigned to the audit firm and/or parties bearing long-term relationships with the former, please refer to the information provided by the Company in the Notes to the consolidated financial statements, pursuant to article 149-*duodecies* of the Issuers Regulations regarding the disclosure of compensations.

Indication of the existence of opinions issued in accordance with the law during the year

In 2016, the Board of Statutory Auditors was not asked to provide any opinion in accordance with the law, in addition to those mentioned in this report.

Filing of complaints pursuant to article 2408 of the Civil Code and of petitions

The Board of Statutory Auditors did not receive any complaints pursuant to article 2408 of the Italian Civil Code nor any kind of petition.

Proper administration - Organizational structure

The Company is competently administered in accordance with the law and the Company's By-laws. We attended the Shareholders' Meetings and the meetings of the Board of Directors as well as those meetings of the other Committees in which our presence is required. These meetings were held in accordance with the Company's By-laws and the regulations governing their operation.

The delegations and powers conferred were appropriate to the Company's needs and adequate for the evolution of the corporate management.

The Board of Statutory Auditors believes that the Company's overall organizational structure is appropriate to the Group's size.

Finally, the Statutory Auditors, in the periodic reviews made during the year, were able to observe the accuracy and timeliness of all the fulfillment of obligations and communications to Borsa Italiana and Consob, related to the listing of the Parent Company on the STAR segment of the Italian Stock Exchange.

Internal control and risk management system-Administrative and accounting system

The system of internal control and corporate risk management ("SCIGR"), which is the set of rules, procedures and organizational structures aimed at the identification, measurement, management and monitoring of the main risks in order to ensure the protection of the company's net assets, is managed and monitored by the Board of Directors, by the Director in charge of the internal control and risk management system, by the Audit and Risk Committee, by the Internal Audit Department, by the Supervisory Board and by the Board of Statutory Auditors, each one with specific tasks within the scope of its role and related responsibilities. The SIGCR system adopted by the Company is in line with the components of the "CoSO Framework" model, internationally recognized as a benchmark best practice for the representation and evaluation of the internal control system. In addition, please note that:

- the Chairman of the Board of Statutory Auditors joins the meetings of the Audit and Risk Committee, a non-executive organ that, also in 2016, has promoted and supported, with regards to the decisions taken by the Board of Directors, the adoption of Risk Management instruments and methods aimed at identifying, analyzing and understanding the level of mitigation of the corporate risk within the Company and the Group.

- A Statutory Auditor is a member of the Supervisory Board, the organ that, also for the year 2016, has promoted and supported at the correct implementation of the Organizational Model pursuant to Law 231/2001.

In addition to the aforementioned entities, also the Manager responsible for the preparation of the corporate accounting documents pursuant to the Legislative Decree no. 262/2005, the independent auditors and other internal control corporate functions are involved in this process.

During the year, the Board of Statutory Auditors, as part of its monitoring activity on the effectiveness of the system and the compliance with the law, also as a result of its regular meetings with the above-mentioned individuals, didn't find any particular issues or anomalies that require to be mentioned in this report.

Moreover, please note that the Board of Directors, gathered on March 15, 2017, following the proposal of the Audit and Risk Committee, after consulting the Board of Statutory Auditors, considered appropriate the internal control and risk management system adopted by the Company.

We had the knowledge and supervised the adequacy of both the Company's organizational structure and of its administrative and accounting system, as well as the reliability of the latter to accurately represent operating events, by obtaining the information from the heads of the respective offices, reviewing the corporate documents, through direct controls and exchanging information with the audit firm Deloitte & Touche S.p.A., in accordance with article 150 of the Legislative Decree 58/1998. We do not have any particular remarks to report in this regard.

The Company has adopted appropriate procedures to govern and monitor the disclosure to the market of data and transactions pertaining to the companies of the Group. In this regard, please note that the Company has a complex administrative and accounting control model, approved by the Board of Directors on May 14, 2007, adopted also following the obligations introduced by the Savings Law concerning the drafting of corporate accounting documents and of all the financial documents and communications intended for the market. This model, that puts into a legal form the system of corporate rules and procedures adopted by the Group, in order to identify and manage the principal risks associated with the preparation and dissemination of the financial information and thereby to achieve the Company's objectives of truthfulness and accuracy of such information, was subjected to an update process that led to the issue of a new release approved by the Board of Directors on December 20, 2012.

Subsidiaries

As required by the internal control model adopted by the Company, the Responsible Officer ensures the dissemination and the update of the rules for the control of the subsidiaries, ensuring their alignment with the principles of the Group. On this issue, the Board of Statutory Auditors refers to the details provided in the specific paragraph of the Report on corporate governance and ownership (*ex* article 123 of the Consolidated Finance Act), approved by the Board of Directors on March 15, 2017 and available on the Company's website.

Code of Conduct for listed Companies

The Corporate Governance system of the Company incorporates, in its essentials, the principles and recommendations contained in the "Code of Conduct for the corporate governance of listed companies", to which the Board of Directors has decided to adhere on February 23, 2012. The Board of Directors also approved, on March 15, 2017, the annual Report on corporate governance and ownership structure for the year 2016. The full text of this report, which can be consulted for a detailed information, is available to the public in the ways provided for by the current laws and regulations.

Report on remuneration pursuant to article 123-ter of the Consolidated Finance Act and article 84-quarter of the Issuers Regulation and monetary incentive systems of strategic resources

The Board of Statutory Auditors states that it has previously examined and expressed its favorable opinion, together with the Remuneration and Appointment Committee, also in accordance with the provisions set forth in article 2389, paragraph 3, of the Civil Code, on the policies and general guidelines for the remuneration of the administrative bodies and managers with strategic responsibilities of the Company and, in particular, on the Report on remuneration, drawn up pursuant to article 123-ter

of the Consolidated Finance Act and 89-*quarter* of the Issuers Regulation, as well as with reference to the annual and three-year instruments of monetary incentive targeted to the strategic resources of the Company and of the SAES Group.

Independence

The Board of Statutory Auditors states that it has verified the accuracy of the criteria adopted by the Board of Directors in assessing the independence of its members, based on the requirements of the Code of Conduct and Articles 14-ter, paragraph 4 and 148 , paragraph 3 of the TUF taking note of the statements granted by the Directors and confirming the “independent” status of the directors Gaudiana Giusti (lawyer), Dr. Stefano Proverbio, Prof. Roberto Orecchia, Dr. Luciana Rovelli and, based solely on the requirements of independence referred to in Article 14-ter, paragraph 4, and 148, paragraph 3 of the TUF, the qualification as “Independent” of Prof. Adriano De Maio.

The Board of Statutory Auditors also supervises the conditions of independence and autonomy of its own members, pursuant to the Decree of the Ministry of Justice n. 162 dated March 30, 2000, , and pursuant to Article 148, paragraph 3, of the TUF and of the application criterion 8.C.1 of the Code of Conduct, and notifies the Board of Directors in time for the drafting of the corporate governance report. In particular, with regards to 2016, the Board of Statutory Auditors verified the continuing satisfaction of the independence requirements on February 16, 2017.

Consolidated and SAES Getters S.p.A. financial statements for the year ended on December 31, 2016

As we are not responsible for an analytical review of the contents of the financial statements, we certify that we have verified the general setting adopted for both the Consolidated and SAES Getters S.p.A. financial statements and its general compliance with the law in terms of form and structure. We further certify that the information contained therein corresponds to the facts and information in our possession. As in previous years, we report that both the consolidated financial statements, following the entry into force of the European Regulation no. 1606/2002, and the financial statements of the Parent Company were drafted in accordance with the IAS/IFRS, which have been applied since January 1, 2005. Having acknowledged the foregoing, the financial statements of the Parent Company and the consolidated ones consist of the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the cash flow statement, the statement of changes in the shareholders’ equity and the explanatory notes. The reporting formats adopted are compliant with the provisions of the IAS 1-revised.

The statement of financial position was prepared by distinguishing between current and non-current assets and liabilities, according to whether the assets and liabilities are likely to be realized within or beyond twelve months from the reporting date and stating under two separate items the “Assets held for sale” and the “Liabilities held for sale” as required by the IFRS 5.

In the statement of profit or loss, operating expenses are disclosed on the basis of their destination.

The cash flow statement has been prepared according to the indirect method, as allowed under the IAS 7.

In addition, as required by the Consob resolution no. 15519 dated July 27, 2006, in the statement of profit or loss by destination, revenues and costs derived from non-recurring transactions or events that do not occur frequently in the ordinary course of business have been specifically identified.

Always in accordance with this resolution, the amounts of positions or transactions with related parties have been presented separately from the applicable items in the explanatory notes.

With regards to the Financial statements of the Parent Company SAES Getters S.p.A., please note that on November 15, 2016 the corporate merger of the wholly owned subsidiary SAES Advanced Technologies S.p.A. into SAES Getters S.p.A was implemented, through the completion, signature and filing of the merger agreement in the Italian Business Register, by the two companies participating into the merger. The merger produced its legal effects starting from the date set in the agreement, that means December 31, 2016. For fiscal and accounting purposes only, the merger operation had been backdated at January 1, 2016.

The financial statements have been prepared on an ongoing concern basis because, despite a difficult economic and financial environment, we believe that there aren’t any significant uncertainties surrounding the business continuity. This context can be only partially influenced by the Management

of the Company, being it mainly the result of external variables. Based on the best estimates available to date, the Company has approved a three-years business plan that includes the strategies envisaged by the Company's Management in order to succeed in achieving the defined business goals in this difficult economic environment. These strategies, that include also an increase in the production activities undertaken in Italy, will allow the full recovery of the corporate assets and, in particular, of the deferred tax assets recognized in the balance sheet.

With regards to the financial statements submitted for your review, we point out the following:

(thousands of euro)

<u>Statement of profit or loss</u>	<i>Separate financial statements</i>	<i>Consolidated financial statements</i>
Net revenues	44,509	189,031
Cost of sales	(23,442)	(103,911)
Gross profit	21,066	85,120
Total operating expenses	(30,687)	(58,228)
Other income (expenses), net	4,933	(736)
Operating income (loss)	(4,688)	26,156
Interest and other financial income(expenses)	11,022	(1,220)
Share of result of investments accounted for using the equity method	0	(3,325)
Foreign exchange gains (losses), net	(170)	52
Income (loss) before taxes	6,165	21,663
Income taxes	1 ¹⁰	(7,581)
Net income (loss) from continued operations	6,164	14,082
Net income (loss) from discontinued operations	0	0
Net income (loss) for the period	6,164	14,082
Minority interests in consolidated subsidiaries	0	0
Group net income (loss) for the period	6,164	14,082
 <u>Statement of financial position</u>		
Tangible assets, net	30,727	53,402
Intangible assets, net	344	58,984
Other long term assets	75,311	30,650
Current assets	33,907	102,112
Total assets	140,289	245,148
Total equity	75,494	134,831
Non-current liabilities	34,789	55,569
Current liabilities	30,006	54,748
Total equity and liabilities	140,289	245,148

The Parent Company SAES Getters S.p.A. ended the year 2016 with revenues equal to 44.5 million euro and a net income equal to 6.2 million euro. In 2016 the EBITDA was negative for -462 thousand euro. The dividends, the net financial income, the net foreign exchange gains, and the write downs of intercompany investments were equal to 10,852 thousand euro in 2016. The income taxes recorded a total cost of 367 euro in 2016.

At consolidated level, in 2016 the SAES Group achieved consolidated net revenues equal to 189 million euro. Please note the effect (3.1 million euro) in the scope of consolidation following the acquisition of Metalvuoto S.p.A. Consolidated operating expenses were equal to 58.2 million euro. The net balance of financial income and expenses was negative for 1.2 million euro and it mainly included interest expenses on long term loans. Consolidated income before taxes amounted to 21.7 million euro (11.5%

¹⁰ The taxes for the year 2016 recorded a total balance almost null – a cost of -367 euro - that was also positively influenced by the release of the risk provision of 500 thousand euro accounted for in 2014.

of consolidated revenues), up by 21.6% compared to the previous year. Income taxes amounted to 7.6 million euro in 2016, with a Group *tax rate* equal to 35%. In 2016 the net income per ordinary share and per savings share amounted respectively to €0.6331 (€0.3944 in the previous year) and €0.6497 (€0.4111 in 2015).

Analysis of net financial position of the Parent Company and of the consolidated one as at December 31, 2016

At the Parent Company level, the net financial position as at December 31, 2016 was negative for -30,139 thousand euro, and included cash and cash equivalents equal to 1,189 thousand euro and net financial debts of 31,328 thousand euro, compared with a negative net financial position of 23,431 thousand euro as at 31 December 2015. The balance at December 31, 2016 was affected by the presence of a provision for the write-down of financial receivables from subsidiaries equal to 8,380 thousand euro, recorded following the waiver, occurred in 2017, of the loans owed by the subsidiary SAES Nitinol Srl for the same amount, carried out in order to cover the losses of the subsidiary.

Net of this provision, the net financial position would have been equal to -21,759 thousand euro, and therefore better than that as at December 31, 2015. This improvement was as a result of the positive operating and financial cash flows, that would have enabled to support the equity investments (please refer to the details of the major events occurred in 2016), as well as to offset the outlay for the payment of dividends.

At consolidated level, the consolidated net financial position as at December 31, 2016 was negative for -33,776 thousand euro compared to -17,280 thousand euro as at December 31, 2015. The net financial position was strongly influenced by the investments made to support the future growth, including both the extraordinary operations undertaken during the year (in particular, the acquisition of Metalvuoto S.p.A. and the investment in the newco Flexterra, Inc.), as well as the *capex* for the expansion of the production capacity.

As at December 31, 2016, please note the strong increase in the net working capital. In fact, the self-financing was partially offset by the increase in trade receivables, as well as in the inventory of the gas purification sector. The operating cash flows still supported both the payment of dividends and the above mentioned disbursement for investment activities.

In particular, the payments for the purchase of tangible and intangible assets, net of proceeds deriving from the sale of such assets, amounted to -8,860 thousand euro. Still within the investment activities, it must also be included the purchase of the minority interest in E.T.C. S.r.l. (-249 thousand euro), the capital contribution made during the year in favor of the joint venture Actuator Solutions GmbH (-1,000 thousand euro), the capitalization of the new company Flexterra, Inc. (-8,146 thousand euro) as well as the purchase of Metalvuoto S.p.A. (7,888 thousands euro, inclusive of an acquired net debt of -1,444 thousand euro and of 652 thousand euro related to the debt for the purchase of the remaining 30% by the end of 2018). With regard to the financing activities, the expenses for dividend payments amounted to 8.5 million euro. The exchange rate impact on the net financial position has been slightly negative (-0.2 million euro), mainly due to the negative effect generated by the revaluation of the US dollar on the indebtedness in dollars, only partially offset by the positive effect on the cash in the same currency. In the quarterly trend of the net financial position showed a decline in the fourth quarter of 2016 due to both the increase in net working capital mentioned above and to the extraordinary transactions carried out during the last quarter (in particular, the acquisition of Metalvuoto S.p.A. and the investment in the newco Flexterra, Inc.), despite the strong operating cash generation, related to the increase in both sales and operating results. The cash flow from operating activities was positive and equal to 18,695 thousand euro (9.9% of consolidated revenues), compared to 22,851 thousand euro in 2015 (13.7% of revenues). As already mentioned, despite a higher self-financing, related to the growth in revenues and operating results, the operating activities were penalized by the strong increase in the net working capital in the gas purification segment at the end of 2016 (increase both in the trade receivables, related to the increase in the sales recorded in the last period of 2016, and in the inventory, in anticipation of the sales at the beginning of 2017).

Comments on the main items of the Balance Sheet

The accounting principles applied to the following have been highlighted:

- items related to intangible assets, presented in the balance sheet assets;

- items related to the tangible assets, presented in the balance sheet assets;
- items related to deferred tax assets (net) exposed to balance sheet assets, and subsequent impact on the items related to taxes recorded in the income statement;
- items related to the net equity, presented in the balance sheet liabilities.

Intangible assets recognized in the balance sheet assets

Business combinations and Goodwill

Business combinations are recognized according to the purchase method.

Impairment of assets

At the end of each year, the Company assesses, if there is any indication that the intangible assets and property, plant and equipment have suffered an impairment. Goodwill and intangible assets with indefinite useful lives are subject to an impairment test at least once a year or more frequently, whenever there is an indication that the asset may have become impaired.

Pursuant to IAS 36, goodwill is not amortized, but is rather assessed for impairment annually or more frequently where specific events or circumstances indicate that it may have become impaired.

The analysis of the Company did not show any potential impairment of the assets with indefinite useful life.

The evaluation of the recoverable amounts of the various Cash Generating Units required the management to use its discretion and to prepare estimates. Accordingly, the Group cannot guarantee that impairment losses will not be incurred in future periods. In fact, several factors, including those associated with the future development of the current market scenario and of the demand, could require asset values to be re-determined in future periods. The Group will constantly monitor the circumstances and events that could require further testing of impairment losses.

Development expenses

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

Capitalized development costs consist solely of effectively incurred expenses that may be directly allocated to the development process.

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

Other intangible assets with finite useful life

Other purchased or internally produced intangible assets with finite useful lives are recognized as assets, in accordance with the provisions of IAS 38 – *Intangible assets*, when it is likely that the use of the assets will generate future economic benefits and that the determination of their cost is reliable. Such assets are recognized at the cost of purchasing or producing them and are amortized on a straight-line basis over their estimated useful lives. Intangible assets with finite useful life are also assessed for impairment annually, or whenever there is an indication that the assets may have become impaired.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets.

At the Parent Company level, the intangible assets, net of accumulated amortization, were equal to 344 thousand euro as at December 31, 2016.

At consolidated level instead, they amounted to 58,984 thousand euro.

Tangible assets

Owned property, plant and equipment are recognized at the cost of purchase or production, or, where such assets were carried as of January 1, 2004, at their deemed cost, which, for some assets, is represented by their revalued cost. Costs incurred subsequent to their purchase are capitalized only if they increase the future economic benefits deriving from the asset to which they refer. Depreciation is calculated at constant rates over the estimated useful life of the assets.

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

At Parent Company level, in 2016 the increases in tangible assets were equal to 4,386 thousand euro. No financial charges on tangible assets were capitalized and there have been write downs for about 57 thousand euro, related to obsolete assets and no longer used in the production cycle.

At consolidated level, in 2016 investments in tangible assets amounted to 8,663 thousand euro and they included the purchases made by the Parent Company for the setting up of a new production line at the plant in Avezzano, as well as the purchases of machinery for the improvement of the industrial SMA production lines and of laboratory equipment for the development of products in the purification and in the vacuum systems businesses, at the plant in Lainate. Please also note the investments in the SMA area made by the subsidiaries Memry Corporation and SAES Smart Materials, Inc., aimed both at increasing the production capacity of the existing lines and at creating new production departments both in the medical segment and in the industrial one. The write-downs, equal to 138 thousand euro, were mainly related to the write-off of the residual value of some equipment and machinery no longer used by the US subsidiary SAES Smart Materials, Inc.

Equity investments and other financial assets

At the Parent Company level, at the of the year the equity investments amounted to 62,904 thousand euro. The value of the equity investments, evaluated at cost eventually adjusted in case of impairment, recorded at December 31, 2016 is shown in the following table:

(thousands of euro)

Investments	December 31, 2015	Merger effect	Chiusura 31.12.2015 pro-forma	Additions	Reclassifications to discontinued	Write down	Disposal	December 31, 2016
Directly-controlled subsidiaries:								
SAES Advanced Technologies S.p.A.	10,425	(10,425)	0	0	0	0	0	0
SAES Getters USA, Inc.	6,742	0	6,742	0	0	0	0	6,742
SAES Getters International Luxembourg S.A.	38,664	15	38,679	0	0	0	0	38,679
SAES Getters (Nanjing) Co., Ltd.	6,904	0	6,904	0	0	0	0	6,904
SAES Getters Export Corp.	2	0	2	0	0	0	0	2
Memry GmbH	3,100	0	3,100	0	0	0	0	3,100
Metalvuoto	0	0	0	5,128	0	0	0	5,128
E.T.C. S.r.l.	0	0	0	1,829	0	(1,829)	0	0
SAES Nitinol S.r.l.	381	0	381	170	0	0	0	551
Indirectly-controlled subsidiaries:								
SAES Getters Korea Corporation	184	0	184	0	0	0	0	184
Total subsidiaries	66,402	(10,410)	55,992	7,127	0	(1,829)	0	61,290
Joint venture:								
SAES Rial Vacuum S.r.l.	1,614	0	1,614	0	0	0	0	1,614
Total joint ventures	1,614	0	1,614	0	0	0	0	1,614
Total associates	0	0	0	0	0	0	0	0
Total	68,016	(10,410)	57,606	7,127	0	(1,829)	0	62,904

Deferred tax assets (net) recorded in the balance sheet

At the Parent Company level, this item at 31 December 2016, recorded a net credit of 12,031 thousand euro, compared to 11,803 thousand euro as at December 31, 2015 and it is related to both the net balance of deferred taxes on temporary differences between the value attributed to the assets and liabilities according to statutory criteria and the value attributed to the same for tax purposes, the evaluation of the tax losses recorded in the years 2009-2013, for the part that has not already been recorded in the national tax consolidation program related to each year in which the losses were generated. The following tables shows the composition of active and passive deferred taxes recorded in the balance sheet respectively as at December 31, 2016 and December 31, 2015, according to the nature of the differences that have generated the deferred tax effects:

(thousands of euro)

	2016		2015	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Deferred tax liabilities:				
- net gain on disposal of fixed assets	0	0	0	0
- IAS 19 effect	(485)	(116)	(309)	(74)
- fair value revaluations	(2,374)	(589)	(2,151)	(516)
Deferred tax assets:				
- deferred taxes on recoverable losses	44,667	10,720	44,667	10,720
- write-downs of assets	249	60	613	147
- amortization	259	59	232	56
- inventory write-down	1,236	349	129	31
- IAS 19 effect	1,082	260	660	158
- cash deductible expenses	5,154	1,237	3,085	740
- accruals for risk	100	29	689	165
- other	96	23	86	21
Total deferred tax effect		12,031		11,448

As already shown in the financial statements of the previous year, the recognition of deferred taxes on the tax losses, although supported by current legislation that allow to carry them forward for an unlimited period of time, it was prudently suspended given the time extension of the recovery period provided for in the updated plans defined by the Management of the Company and given the difficult predictability of future results.

These assets were recognized in the financial statements based on the recoverability analysis made by Directors that, considering the forecast included in the plans approved by the Board of Directors, have considered as probable the recovery of these assets recognized in the balance sheet over a period slightly longer than that of the plan. These analysis have been updated based on the most recent corporate plans approved by the Board of Directors, confirming, despite the risks associated with this type of activities and reported in the Report on operations, the substantial recovery of the aforementioned deferred tax assets within the analysis horizon considered.

At consolidated level, as at December 31, 2016 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to 8,340 thousand euro, with an increase of 802 thousand euro compared to December 31, 2015.

The related details are provided below.

(thousands of euro)

Deferred taxes	December 31, 2016	December 31, 2015	Difference
Deferred tax assets	15,073	14,064	1,009
Deferred tax liabilities	(6,733)	(6,526)	(207)
Total	8,340	7,538	802

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	December 31, 2016	December 31, 2015	Difference
Deferred tax assets	19,787	18,667	1,120
Deferred tax liabilities	(11,447)	(11,129)	(318)
Total	8,340	7,538	802

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities by their nature, compared with the figures of the previous year.

(thousands of euro)

Deferred tax assets	December 31, 2016		December 31, 2015	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	1,627	565	1,625	591
Differences on depreciation/amortization and write-downs	6,103	1,658	6,467	1,758
IAS 19 effect	267	71		
Bad debts	439	169	480	182
Inventory write-down	6,132	2,200	6,043	2,149
Provisions	3,768	1,352	4,051	1,378
Cash deductible expenses	8,956	2,496	6,367	1,823
Deferred taxes on recoverable losses	46,114	11,065	44,818	10,756
Exchange differences and other	290	211	114	30
Total		19,787		18,667

The increase in the deferred tax assets compared to the previous year (+1,120 thousand euro) was mainly due to higher tax deductible costs on a cash basis rather than on an accrual basis, as well as to deferred tax assets on tax losses carried forward of the newly acquired company Metalvuoto S.p.A., recognized following the reasonable certainty that they are recoverable in future years (311 thousand euro as at December 31, 2016). However, please note that, not having the group yet determined the fair value of the assets and liabilities of Metalvuoto S.p.A. at the acquisition date, deferred tax assets of that company, accounted for in the consolidated financial statements, are recorded at their historical values in the financial statements of the subsidiary at the acquisition date, including the changes occurred from the date of the acquisition to December 31, 2016.

The Group had 123,948 thousand euro in tax losses eligible to be carried forward as at December 31, 2016, attributable to the subsidiary SAES Getters International Luxembourg S.A. and to the Parent Company (tax losses eligible to be carried forward amounted to 117,653 thousand euro as at December 31, 2015).

The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets were equal to 46,114 thousand euro.

(thousands of euro)

Deferred tax liabilities	December 31, 2016		December 31, 2015	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(46,342)	(3,354)	(55,928)	(3,044)
Differences on depreciation/amortization and fair value revaluations	(23,107)	(7,976)	(23,128)	(7,933)
IAS 19 effect	(423)	(101)	(431)	(103)
Other	(65)	(16)	(66)	(49)
Total		(11,447)		(11,129)

The deferred tax liabilities recorded in the consolidated financial statements as at December 31, 2016 included not only the fiscal provision on the temporary differences on the plus-values identified during the purchase price allocation of the US companies acquired in the past years, but also taxes due in the event of distribution of the net income and of the reserves of the subsidiaries for which a distribution is expected in a foreseeable future. The increase of the latter was the main reason for the increase in the deferred tax liabilities compared to December 31, 2015 (+318 thousand euro).

Income taxes in the profit & loss account

At the parent company level, income taxes for the year 2016 recorded a total balance almost null – a cost of 367 euro - that was also positively influenced by the release of the risk provision of 500 thousand euro recorded in 2014, and that compares with a negative balance of 3,157 thousand euro in 2015, which in turn included a negative adjustment (1,563 thousand euro), related to the recalculation of the advance and deferred tax assets of the Company, applying the new IRES rate of 24% that will come into effect starting from 2017.

At consolidated level, in 2016 income taxes amounted to 7,581 thousand euro, compared to 9,002 thousand euro in the previous year. The Group's tax rate was equal to 35%, significantly improved

when compared to 50.5% of the previous year, as a result of the lower tax losses realized by the Parent Company (on which deferred tax assets were prudentially not recognized) as well as the release of the fiscal provision of 500 thousand euro related to the assessment on the fiscal declaration of the Parent Company for the year 2005, following the positive outcome of the existing dispute commenced by the Company.

Shareholders' equity

At Parent Company level

Capital stock

As at December 31, 2016 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand euro and consisted of no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares.

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. As at December 31, 2016 it amounted to 41,120 thousand euro and it was unchanged compared to December 31, 2015.

Legal reserve

This item refer to the "legal reserve" of the Company equal to 2,444 thousand euro as at December 31, 2016 and it was unchanged compared to December 31, 2015, since the reserve had reached its legal limit.

Other reserves and retained earnings

- merger surplus reserve (principal amount): this item, equal to 11 thousand euro, consists of the share attributable to the capital reserve of the surplus deriving from the merger by incorporation of SAES Advanced Technologies S.p.A. into SAES Getters S.p.A.;
- revaluation reserves (amounting to 2,753 thousand euro, 1,727 thousand euro in the previous year) mainly constituted by the positive monetary revaluation balance resulting from the application of the laws no. 72 of March 19, 1983 (1,039 thousand EURO) and no. 342 of November 21, 2000 (1,576 thousand euro, compared to 688 thousand euro in 2015). The increase in the reserves in tax suspension was due to the priority allocation of the merger surplus to those reserves. Please refer to the table of tangible assets for further details;
- other reserves for a total amount of 10,782 thousand euro.

(thousands of euro)	Amount *
Revaluation reserve - Law no. 72 of March 19, 1983	1.039
Revaluation reserve - Law no. 342 of November 21, 2000	1.576
Other reserves	138
Reserve Law no. 576/75 included in the capital stock	419
Reserve Law no. 72/83 included in the capital stock	976
Total	4.148

* reserves subject to taxation upon distribution

However, it is important for the Board of Statutory Auditors to recall the resolution passed in the Extraordinary Shareholders' Meeting of March 3, 2016, regularly convened in order to deliberate on the following proposal, after taking into consideration the Explanatory Report of February 1, 2016 prepared by the Board of Directors and written pursuant to articles 125 *ter* of the Legislative Decree no. 58 and no. 72 dated February 24, 1998 of the Regulation adopted with the Consob resolution no. 11971 dated May 14, 1999 and subsequent amendments and additions:

"Change of the article no. 11 of the By-laws with the introduction of the increase of the voting right pursuant to article 127 *quinques* of the TUF. Related and consequent resolutions". Following the regular course of the Meeting, in which we participated, the majority of the Shareholders present, as required by article no. 13 of the By-laws, resolved to amend the article no. 11 of the current By-laws as indicated in the Report of Board of Directors, and allowed the President and the Managing Director, each of them separately, to take the necessary actions to implement the adopted resolution.

At consolidated level, the Group shareholders' equity amounted to 134,831 thousand euro as at December 31, 2016, with an increase of 8,346 thousand euro compared to December 31, 2015

Capital stock

As at December 31, 2016 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand euro and consisted of no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares.

The composition of the capital stock was unchanged compared to December 31, 2015.

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, 2015.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as at December 31, 2016 and it was unchanged compared to December 31, 2015, since the reserve had reached its legal limit.

Other reserves and retained earnings

This item includes:

- the reserves (totalling 2,615 thousand euro) represented by the positive monetary revaluation balances resulting from the 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.;
- 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 2015 dividends, approved by the Parent Company's Shareholders' Meeting (8,502 thousand euro), the carry forward of the 2015 consolidated income (8,820 thousand euro) and the aforementioned difference (-246 thousand euro) between the carrying value of the minority interests in the subsidiary E.T.C. S.r.l. and the amount paid for their purchase by the Parent Company, as well as the actuarial gains and losses on defined benefit plans arising from the application of the revised version of IAS 19, net of the related fiscal effect (-234 thousand euro), both of the subsidiaries and the companies accounted for using the equity method.

Other components of the shareholders' equity

This item includes the exchange rate differences arising from the translation of the financial statements in foreign currencies. The translation reserve had a positive balance of 22,301 thousand euro as at December 31, 2016, compared to a positive balance of 19,055 thousand euro as at December 31, 2015. The increase of 3,246 thousand euro was due both to the overall impact on the consolidated shareholders' equity of the conversion into euro of the financial statements of foreign subsidiaries expressed in currencies other than the euro and the respective consolidation adjustments (3,434 thousand euro), and to the share of the Group in the currency translation reserve arising from the consolidation of Actuator Solutions Taiwan Co., Ltd. into Actuator Solutions GmbH, both accounted for using the equity method (-188 thousand euro).

Observations on the Reports submitted to the Shareholders

As envisaged by the law, the Board of Directors submitted to the Shareholders' Meeting of SAES Getters S.p.A.:

- the first section of the Report on remuneration prepared pursuant to Article 123-ter, subsection 6 of Italian Legislative Decree no. 58/1998 and Article 84-quater and the related Appendix 3A, Scheme 7-bis of Consob resolution no. 11971 dated 05/14/1999 concerning the issuers regulation;
- the request of the authorization for the purchase and sale of treasury shares, pursuant to articles no. 2357 and following of the Civil Code, and article no. 132 of the D.Lgs. no. 58/1998, after the withdrawal of the authorization previously granted by the Shareholders' Meeting on April 28, 2016 that has not been used;
- to approve the integration of the Board of the Statutory Auditors following the decease of Dr Pier Francesco Sportoletti (Chairman of the Board of Statutory Auditors), appointed on the basis of the list proposed by the minority shareholder Equilybra Capital Partners S.p.A.; on October 11, 2016 the

Minority Deputy Statutory Auditor, Dr Angelo Rivolta, named within the same list, inherited the responsibility, according to article no. 22 of the Company's By-Laws. The latter will remain in office until the next Shareholders' Meeting, according to article no. 2401, paragraph 1, of the Civil Code.

It is therefore necessary that the Shareholders' Meeting approves the confirmation of Dr Angelo Rivolta in his office, as effective Statutory Auditor, as well as Chairman of the Board of Statutory Auditors. In addition, given the absence of indication for any further name of Deputy Statutory Auditors within the same proposed minority list, the Shareholders' Meeting will have to appoint a new Deputy Statutory Auditor, necessary to integrate the Board of Statutory Auditors. The newly appointed Statutory Auditors will be in charge together with the ones appointed by the Shareholders' Meeting of April 28, 2015 and currently in office until the approval of the financial statements of the fiscal year ending December 31, 2017;

- the modification of the Directors' Termination Indemnity (*TFM*), by proposing to increase - from 18% to 20% - the provision, calculated on both fixed and variable compensation paid to the entitled Directors, as resolved by the Board of Directors pursuant to article 2389 of the Civil Code. In consideration of the economic situation of the Company, of the activities of the beneficiary Directors and of the growing responsibilities related to their role, such provision of compensation aims at better guaranteeing, at the end of the mandate, a pension coverage in line with the Italian and international standards, today conventionally indicated in the measure of 50% of the last total remuneration received;

- to decide upon the appointment of the Common Representative of the Savings Shareholders for the three-year period 2017-2019, as well as on the determination of his annual remuneration, given the expiry of the mandate of the current representative, the lawyer Massimiliano Perletti, in office for the period 2014-2016.

Given the accompanying explanatory notes to the requests mentioned above, the Board of statutory auditors has no particular observations to propose, confirming that the system of Corporate Governance adopted by the Company is in line with the recommendations of the Corporate Governance Code of Conduct for listed companies approved by the Italian Stock Exchange S.p.A.

Opinion on the proposed dividend to the Shareholders' Meeting

The Board of Statutory Auditors takes note of the following:

- that the year 2016 recorded a net income from unrealized exchange rate differences equal to 12 thousand euro: this amount, pursuant to Article 2426, paragraph 8-bis of the Civil Code, has been accounted in a special reserve not distributable until it is realized.
- of the proposal of the Board of Directors:
 - o to approve the financial statements of SAES Getters S.p.A. as at December 31, 2016, with a net income equal to 6,164,222.40 euro;
 - o to entirely distribute the net income of the year, net of unrealized exchange rate gains pursuant to article 2426, paragraph 8-bis, of the Italian Civil Code, for a total amount of 6,152,000.39 euro, subject to rounding, and therefore attributing to the satisfaction of the rights of the savings shares and of the ordinary shares, as envisaged by article 26 of the By-laws: (i) a dividend of 0.290065 euro per savings share, including the preferred dividend of 0.138549 euro for the year 2016, as well as (ii) a dividend of 0.273439 euro per ordinary share, giving notice that in this way the rule of the minimum increase of 3% of the implied book value to which savings shares are entitled to compared to ordinary shares has been respected;
 - o to distribute a portion of the available reserve "Retained earnings" equal to 6,098,161.48 euro, in equal measure to the ordinary shares and savings shares, giving a dividend of 0.276561 euro per savings share and per ordinary share.

In summary, the proposal of dividend distribution is as follows:

0.566626 euro per no. 7,378,619 savings shares	4,180,917.37 euro
0.550000 euro per no. 14,671,350 ordinary shares	8,069,242.50 euro
TOTAL	12,250,159.87 euro

On the basis of the foregoing, and in consideration of the results of our activity, we propose that the Shareholders' Meeting approve the consolidated financial statements and the financial statements of the Parent Company for the year ended on December 31, 2016, as prepared by the Directors.

March 31, 2017

Angelo RIVOLTA

Vincenzo DONNAMARIA

Sara Anita SPERANZA

**Independent Auditors' report
on the consolidated financial statements**

**INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF
LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
Saes Getters S.p.A.**

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Saes Getters Group, which comprise the statement of financial position as of December 31, 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Saes Getters Group as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Saes Getters S.p.A., with the consolidated financial statements of the Saes Getters Group as at December 31, 2016. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the Saes Getters Group as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
March 31, 2017

This report has been translated into the English language solely for the convenience of international readers.

Report on operations of SAES Getters S.p.A.

FINANCIAL HIGHLIGHTS OF SAES GETTERS S.p.A.

(thousands of euro)

Income statement data	2016	2015 (8)	2015 Pro-forma (*)(8)	Difference	Difference %
NET SALES					
- Industrial Applications	38.722	4.624	37.323	1.399	3,7%
- Shape Memory Alloys	4.645	4.162	4.162	483	11,6%
- Business Development	1.142	605	1.119	23	2,1%
Total	44.509	9.391	42.604	1.905	4,5%
GROSS PROFIT (1)					
- Industrial Applications	20.252	2.131	18.772	1.480	7,9%
- Shape Memory Alloys	682	973	954	(272)	-28,6%
- Business Development & Corporate Costs (2)	132	(665)	(169)	301	178,4%
Total	21.066	2.439	19.557	1.509	7,7%
<i>% on sales</i>	47,3%	26,0%	45,9%		
EBITDA (3)	(462)	(14.512)	(2.410)	1.948	80,8%
<i>% on sales</i>	-1,0%	-154,5%	-5,7%		
EBITDA adjusted (4)	(1.151)	(13.823)	(1.721)	570	33,1%
<i>% on sales</i>	-2,6%	-147,2%	-4,0%		
OPERATING LOSS	(4.688)	(17.043)	(7.012)	2.324	33,1%
<i>% on sales</i>	-10,5%	-181,5%	-16,5%		
OPERATING LOSS adjusted (5)	(5.377)	(16.354)	(6.323)	946	15,0%
<i>% on sales</i>	-12,1%	-174,2%	-14,8%		
NET INCOME	6.164	5.859	6.610	(445)	-6,7%
<i>% on sales</i>	13,8%	62,4%	15,5%		
Balance Sheet and Financial data	2016	2015	2015 Pro-forma (*)(8)	Difference	Difference %
Property, plant and equipment, net	30.727	14.343	30.146	581	1,9%
Shareholders'equity	75.494	69.716	78.061	(2.567)	-3,3%
Net financial position	(30.139)	(26.324)	(23.431)	(6.707)	-28,6%
Other information	2016	2015 (8)	2015 Pro-forma (*)(8)	Difference	Difference %
Cash flow from operating activities	1.007	(11.224)	(31)	1.038	3348,1%
Research & development expenses	8.047	7.292	7.875	172	2,2%
Number of employees as at 31 December (6)	442	213	438	4	0,9%
Personnel cost (7)	25.996	15.703	24.166	1.829	7,6%
Purchase of property, plant and equipment	4.386	1.334	1.686	2.700	160,2%

(*) Due to the merger in SAES Getters S.p.A. of the 100% subsidiary SAES Advanced Technologies SpA, carried out on November 15, 2016, backdated at accounting and tax purposes only on January 1, 2016, the figures for 2015 have been revised, including also those of the merged company, and shown in the "Pro-forma" column (see the detailed tables in the section "management Report"). In the annual management report, the processed data, which have not been audited, are reported as a comparative base for 2015. Therefore, unless otherwise indicated, the analysis of variations with respect to information on 31 December 2015 are calculated with reference to the "Pro-forma" data.

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

(thousands of euro)

	2016	2015 (8)	2015 Pro-forma (*)(8)
Net Sales	44.509	9.391	42.604
Raw materials	(6.589)	(1.704)	(6.389)
Direct labour	(5.718)	(1.137)	(5.294)
Manufacturing overhead	(11.614)	(4.277)	(11.301)
Semi finished and finished products Delta stock	478	166	(62)
Cost of goods sold	(23.443)	(6.952)	(23.047)
Gross Profit	21.066	2.439	19.558
% on sales	47,3%	26,0%	45,9%

(2) 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.

(3) EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRS); however, we believe that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, depreciation and amortization". In the below table, EBITDA is shown, calculated starting from the operating loss

(thousands of euro)

	2016	2015 (8)	2015 Pro-forma (*)(8)
Operating loss	(4.688)	(17.043)	(7.012)
Depreciation	4.150	2.479	4.391
write-down of fixed assets	57	52	211
Bad debt provision accrual (release)	19	0	0
EBITDA	(462)	(14.512)	(2.410)
% on sales	-1,0%	-154,5%	-5,7%

(4) Adjusted EBITDA is meant to be the EBITDA itself, further adjusted to exclude non recurring items or anyway considered as not indicating the current operating performance by the Management.

As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

(thousands of euro)

	2016	2015 (8)	2015 Pro-forma (*)(8)
EBITDA	(462)	(14.512)	(2.410)
% on sales	-1,0%	-154,5%	-5,7%
Provision for legal disputes (Onondaga Lake)	0	689	689
Release of provision for legal disputes (Onondaga Lake)	(689)	0	0
EBITDA adjusted	(1.151)	(13.823)	(1.721)
% on sales	-2,6%	-147,2%	-4,0%

(5) Adjusted OPERATING INCOME is the operating income itself, further adjusted by excluding non-recurring amounts or any way considered as not indicating the of the current operating performance by the Management.
As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

(thousands of euro)

	2016	2015 (8)	2015 Pro-forma (*)(8)
Operating loss	(4.688)	(17.043)	(7.012)
<i>% on sales</i>	<i>-10,5%</i>	<i>-181,5%</i>	<i>-16,5%</i>
Provision for legal disputes (Onondaga Lake)	0	689	689
Release of provision for legal disputes (Onondaga Lake)	(689)	0	0
Adjusted operating loss	(5.377)	(16.354)	(6.323)
<i>% on sales</i>	<i>-12,1%</i>	<i>-174,2%</i>	<i>-14,8%</i>

(6) As at December 31, 2016 this item includes:

- employees for 430 units (426 units as at December 31, 2015, 208 as for SAES Getters S.p.A. standalone);
- personnel employed with contract types other than employment agreements, equal to 12 units (12 units as at December 31, 2015, 5 as for SAES Getters S.p.A. standalone).

(7) As at December 31, 2016 the severance costs included in the personnel costs are equal to 100 thousand euro (no severance costs in 2015), while the use of the social security provisions led to a reduction in the personnel costs equal to 1,604 thousand euro (2,173 thousand euro, all in the merged company SAES Advanced Technologies S.p.A.).

(8) Please note that some revenues and costs of the year 2015 have been reclassified to enable a homogeneous comparison with 2016; in particular:

- the royalties on the licensing of the thin-film getter technology for MEMS of new generation (902 thousand euro) have been reclassified within the consolidated revenues;
- the engineering and industrialization costs of new products (805 thousand euro) have been reclassified and moved from the operating expenses (in particular, research and development expenses) to the cost of sales.

For more details please refer to the Note no. 1 and the paragraph "Reclassification on December. 31, 2015 income statement figures" in the notes to the Group financial statements.

Report on operations

On November 15, 2016 the corporate merger of the wholly owned subsidiary SAES Advanced Technologies S.p.A. into SAES Getters S.p.A was implemented, through the completion, signature and filing of the merger agreement in the Italian Business Register, by the two companies participating into the merger.

The merger produced its legal effects starting from December 31, 2016. For fiscal and accounting purposes only, the merger operation had been backdated at January 1, 2016.

The merger produced no equity, economic or financial effect into the SAES Group's consolidated financial statements, nor provided any share swap, being the incorporated company already wholly owned by SAES Getters S.p.A.

The transaction aims at optimizing the Group's industrial policy, as part of an aggregating process aimed at improving and integrating the Group's Italian manufacturing factories, simplifying their industrial processes and R&D activities. At the same time, the merger aims at the optimization of the financial flows and at the improvement of the equity structure, thanks to the streamlining of the corporate structure, as well as to the strengthening of the market presence and of the competitiveness of the Parent Company.

According to IFRS accounting principles, to the instructions given in the Guidelines Preliminary Assirevi on IFRS (OPI 2 - revised), and in order to obtain a homogeneous basis for comparison with the first post-merger financial statements, the figures for 2015 shown in this report have been reworked, including even those of the merged company, and displayed in the "Pro-forma" column. The data so elaborated, that have not been audited, were used in this annual management report as a comparative basis for 2015. Therefore, unless otherwise indicated, the analysis of variations with respect to information on 31 December 2015 are calculated with reference to "Pro-forma" data.

The following tables show the calculation of the "Pro-forma" data for the year 2015:

Statement of Profit and Loss - “Pro-forma”

(amounts in euro)	SAES Getters S.p.A. 2015	SAES Advanced Technologies S.p.A. 2015	Eliminations / Adjustments	Fiscal Year 2015 Pro-forma
Third party net sales	7.807.984	24.132.135	(50.782)	31.889.337
Intercompany net sales	1.582.585	9.543.698	(411.907)	10.714.376
Total net sales	9.390.569	33.675.833	(462.689)	42.603.713
Third party cost of sales	(5.538.489)	(16.469.636)	551.950	(21.456.175)
Intercompany cost of sales	(1.413.344)	(489.365)	312.358	(1.590.351)
	(6.951.833)	(16.959.001)	864.308	(23.046.526)
Gross Profit	2.438.736	16.716.832	401.619	19.557.187
Research & development expenses	(7.291.924)	(600.114)	16.735	(7.875.303)
Selling expenses	(4.658.574)	(710.289)	(2.083)	(5.370.946)
General & administrative expenses	(12.757.643)	(2.480.072)	(2.322)	(15.240.037)
Total operating expenses	(24.708.141)	(3.790.475)	12.330	(28.486.286)
Royalties third party	0	0	0	0
Royalties Intercompany	1.565.193	0	(1.303.708)	261.485
Other third party income (expenses), net	(885.822)	54.002	0	(831.820)
Other intercompany income (expenses), net	4.547.183	(3.366.759)	1.307.279	2.487.703
Total other income (expenses), net	5.226.553	(3.312.757)	3.571	1.917.368
Operating income (loss)	(17.042.852)	9.613.600	417.520	(7.011.731)
Dividends	24.295.297	0	(5.500.000)	18.795.297
Third party financial income	33.529	517	(460)	33.586
Intercompany financial income	299.446	0	(49.073)	250.373
Total financial income	332.975	517	(49.533)	283.959
Third party financial expenses	(1.124.219)	(22.288)	(328)	(1.146.835)
Intercompany financial expenses	(222.787)	(49.273)	49.503	(222.557)
Total financial expenses	(1.347.006)	(71.561)	49.175	(1.369.392)
Foreign exchange gains (losses), net	1.173.001	(519.952)	1.043	654.092
Write down of intercompany investments and financial receivable from subsidiaries	(1.585.233)	0	(767)	(1.586.000)
Income before taxes	5.826.182	9.022.604	(5.082.562)	9.766.225
Income taxes	33.312	(3.061.739)	(128.173)	(3.156.600)
Current taxes	1.274.936	(3.107.000)	64	(1.832.000)
Deferred taxes	(1.241.624)	45.261	(128.237)	(1.324.600)
Net income (loss) from continuing operations	5.859.494	5.960.865	(5.210.735)	6.609.625
Net income (loss) from discontinuing operations	0	0	0	0
Net income (loss)	5.859.494	5.960.865	(5.210.735)	6.609.625

Statement of financial position - "Pro-forma"

(euro)	SAES Getters S.p.A. 2015	SAES Advanced Technologies S.p.A. 2015	Eliminations / Adjustments	Fiscal Year 2015 Pro-forma
ASSETS				
Non Current Assets				
Property, plant and equipment, net	14.342.745	15.803.392	188	30.146.325
Intangible assets, net	555.012	90	0	555.102
Investments and other financial activities	68.015.584	14.570	(10.424.450)	57.605.704
Intercompany financial receivables	0	0	0	0
Non current tax consolidation receivables	0	283.259	(11.123)	272.136
Deferred tax assets	11.448.464	355.611	2.925	11.807.000
Other long term assets	49.247	6.477	0	55.724
Total Non Current Assets	94.411.052	16.463.399	(10.432.460)	100.441.991
Current Assets				
Inventory	1.006.761	3.725.160	(15.776)	4.716.145
Third party trade receivables	1.378.519	3.268.601	0	4.647.120
Intercompany trade receivables	4.863.054	1.622.970	(1.869.731)	4.616.293
Trade receivables	6.241.573	4.891.571	(1.869.731)	9.263.413
Derivative instruments evaluated at fair value	0	0	0	0
Intercompany financial receivable	8.770.851	2.890.267	(2.890.118)	8.771.000
Tax consolidation receivables	2.585.056	0	(2.585.056)	0
Prepaid expenses, accrued income and other	6.063.398	755.128	17.779	6.836.305
Cash and cash equivalents	3.399.569	6.027	0	3.405.596
Total Current Assets	28.067.208	12.268.153	(7.342.902)	32.992.459
Total Assets	122.478.260	28.731.552	(17.775.362)	133.434.450
SHAREHOLDERS' EQUITY AND LIABILITIES				
Capital stock	12.220.000	2.600.000	(2.600.000)	12.220.000
Share issue premium	41.119.940	7.177.408	(7.177.408)	41.119.940
Tresury shares	0	0	0	0
Legal reserve	2.444.000	520.000	(520.000)	2.444.000
Sundry reserves and retained earnings	8.072.920	2.525.282	5.068.856	15.667.058
Net income (loss) for the period	5.859.494	5.960.864	(5.210.735)	6.609.623
Shareholders' Equity	69.716.354	18.783.554	(10.439.287)	78.060.621
Non Current Liabilities				
Non current financial liabilities	17.341.343	0	0	17.341.343
Staff leaving indemnity and other employee benefits	4.597.422	2.124.630	0	6.722.052
Provisions	0	5.023	0	5.023
Total Non Current Liabilities	21.938.765	2.129.653	0	24.068.418
Current Liabilities				
Third party trade payables	2.912.540	2.028.290	2.512	4.943.342
Intercompany trade payables	338.238	1.834.763	(1.867.135)	305.866
Trade payables	3.250.778	3.863.053	(1.864.623)	5.249.208
Derivative instruments evaluated at fair value	21.767	0	0	21.767
Intercompany financial payables	9.886.462	0	(2.890.462)	6.996.000
Other payables	4.058.138	1.368.202	(3.188)	5.423.152
Payables for income taxes	418.724	0	5.838	424.562
Tax consolidation payables	0	2.585.091	(2.585.091)	0
Current provision	1.941.546	0	349	1.941.895
Bank overdraft	5.008.897	1.999	1.102	5.011.998
Current financial payables	4.944.312	0	0	4.944.312
Other financial Debts	1.292.517	0	0	1.292.517
Total Current Liabilities	30.823.141	7.818.345	(7.336.075)	31.305.411
Total Liabilities and Shareholders' Equity	122.478.260	28.731.552	(17.775.362)	133.434.450

The Company's business structure currently identifies two Business Units: Industrial Applications and Shape Memory Alloys. The corporate costs, that means those expenses that cannot be directly attributed or allocated in a reasonable way to the business units, but which refer to the Company as a whole, and the costs related to the basic research projects or undertaken to achieve the diversification into innovative businesses (Business Development Unit) are shown separately from the two Business Units.

The following table illustrates the Group's Business organizational structure.

Industrial Applications Business Unit	
Electronic & Photonic Devices	Getters and metal dispensers for electronic vacuum devices
Sensors & Detectors	Getters for microelectronic and micromechanical systems (MEMS)
Light Sources	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Vacuum Systems	Pumps for vacuum systems
Thermal Insulation	Products for thermal insulation
Pure Gas Handling	Gas purifier systems for semiconductor industry and other industries
Shape Memory Alloys (SMA) Business Unit	
SMA Medical applications	Nitinol shape memory alloys for the biomedical sector
SMA Industrial applications	SMA actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Business Development Unit	
Functional Polymer Composites	Innovative technologies that integrate getter materials in polymer matrices

This structure is unchanged compared to the previous year.

Please note that, following the acquisition¹ of the majority of the company Metalvuoto S.p.A., an established player in the advanced packaging industry, to ensure information transparency, starting from January 1, 2017, a third Business Unit called "Solutions for Advanced Packaging" will be established next to the "Industrial Applications" and "Shape Memory Alloys" Business Units.

Please note that some revenues and costs of the year 2015 have been reclassified to enable a homogeneous comparison with 2016; in particular:

- the royalties on the licensing of the thin-film getter technology for MEMS of new generation (902 thousand euro) have been reclassified within the consolidated revenues;
- the engineering and industrialization costs of new products (805 thousand euro) have been reclassified and moved from the operating expenses (in particular, research and development expenses) to the cost of sales.

For more details please refer to the Note no. 1 and the paragraph "Reclassification on December. 31, 2015 income statement figures" in the notes to the Group financial statements.

Net sales for the year 2016 amounted to 44,509 thousand euro, increased if compared to 2015 (+ 4.5%, net of the positive effect of exchange rates + 3.3%), thanks to higher sales volumes in some sectors of the Industrial Applications, in particular that of the Sensors & Detectors, as well as the growth of Business Unit Shape Memory Alloys (SMA) in the sector for industrial applications.

The improved product mix within the Industrial Applications Business Unit is the main reason of the increase in gross profit (equal to 21,066 thousand euro in 2016 compared with 19,557 thousand euro in the previous year), as shown also by the positive trend of the total gross margin (increased during the year from 45.9% to 47.3% for the Company, from 50.3% to 52.3% specifically for the Industrial Applications).

¹ The acquisition was finalized on October 10, 2016.

The gross profit improvement also led to an increase in operating profit for the year, despite the increase of certain items of operating expenses, which was more than offset by the positive performance of the "other net income" (higher recharges of costs to the subsidiaries, due to a review of service fees agreements), also influenced by the release of provisions for legal disputes accrued in 2015 (further details can be found at the Note no. 26).

The year 2016 recorded an **operating loss** of -4,688 thousand euro (compared to -7,012 thousand euro last year).

EBITDA for the year was negative at -462 thousand euro compared to a negative amount of -2,410 thousand euro in 2015.

Excluding the above mentioned release of the provision for legal disputes, the **adjusted EBITDA** for 2016 would have amounted to -1,151 thousand euro, anyway improving if compared to the adjusted figure of the previous year.

Dividends, net financial income, net exchange rate gains and write-downs of investment in subsidiaries amounted to 10,852 thousand euro in 2016, in decrease compared to 16,778 thousand euro of the previous year: despite having received higher dividends from subsidiaries (22,507 thousand euro in 2016 compared with 18,795 thousand euro in 2015), the Company has made higher write-downs of investments and financial receivables from subsidiaries for approximately 9.3 million euro, mainly with regard to the subsidiary SAES Nitinol Srl (Please refer for more details to the Notes n. 10 and n. 14).

The year 2016 closes with a **pre-tax profit** of 6,165 thousand euro, compared to 9,766 thousand euro last year.

Taxes for the year 2016 show a total balance near to zero - cost for -367 euros - which was also positively influenced by the release of the provision for tax risks of 500 thousand euro accrued in 2014 (see Note no. 26), and that is compared with a 2015 negative balance of -3,157 thousand euro, which in turn included a negative adjustment (1,563 thousand euro), related to the recalculation of deferred tax assets of the Company, applying the new IRES 24% rate, which will come into force starting from fiscal year 2017. Please refer to Note no. 11 for details.

Net income for 2016 was 6,164 thousand euro, compared with a profit of 6,610 thousand euro in 2015.

The Net Financial Position at 31 December 2016 shows a negative balance of -30,139 thousand euro, in decrease compared to a negative balance of -23,431 thousand euro at 31 December 2015. The balance at December 31, 2016 includes a provision for bad financial credit of 8,380 thousand euro from the subsidiary SAES Nitinol Srl, to allow for the waiver of such credit approved by the Company with the aim of covering losses of the subsidiary.

Net of this provision, the net financial position would have amounted to -21,759 thousand euro, therefore improved compared to December 31, 2015, as the net movements of the operational and financial management would have allowed the funding of equity investments (refer to details with respect to relevant events of 2016) and the cash out for the dividend payment.

Relevant events occurred in 2016

On January 12, 2016 SAES Getters S.p.A. granted a loan to the joint venture SAES RIAL Vacuum srl for 49 thousand euro, with the aim of supporting from a financial perspective the newly created company. The loan does not have a default expiration date, but, according to the agreement in place, provides for a flexible repayment, to be carried out after a formal request of SAES Getters SpA, and it is bearing interest indexed to the Euribor three-month rate, plus a 2.50% spread, which will be paid by the joint venture on an annual basis.

On January 19, 2016, as envisaged by the contract signed on December 23, 2015 between SAES Getters S.p.A. and Rodofil s.n.c., the Parent Company acquired a further 39% of the joint venture SAES RIAL Vacuum S.r.l., for a pre-determined price equal to 1.3 million euro. The total investment of SAES Getters S.p.A. in the joint venture is currently equal to 49%² of its share capital

On February 26, 2016 SAES Getters S.p.A. acquired the remaining 4% of the share capital of E.T.C. S.r.l. from the minority shareholder, for a consideration of 0,2 million euro. Following such acquisition, SAES Getters S.p.A. is now the sole shareholder of E.T.C. S.r.l.

On March 3, 2016 the Extraordinary Shareholders' Meeting of SAES Getters S.p.A. approved the amendment to article 11 of the Company's By-Laws, with the introduction of the increase of the voting right and the assignment of two votes for each ordinary share of the Company held for a period of at least 24 months on a continuous basis. This increase is not extended to the holders of savings shares, as they do not have any voting right, or the right to attend the shareholders' meetings.

The introduction of the increase of the voting right will help to support the Company's growth by encouraging the medium-long term investment in the share capital of the Company and thus the stability of the shareholding structure, which has always been a strength and it is in line with the mid-long term interests of the Company.

On March 29, 2016 SAES Getters S.p.A. entered into an IRS (interest rate swaps) agreement on long-term loan obtained from Unicredit S.p.A. at the end of 2014.

This agreement, whose amortization schedule and maturing date are aligned with those of the hedged loan, includes the three-months Euribor exchange (either positive or negative) with a fixed rate of 0.0%. For the three-months negative Euribor, a floor equal to -2.25% is provided by the contract (coinciding with the spread of the loan).

On July 18, 2016 a settlement agreement was signed to close the environmental dispute related to presumed harmful emissions of mercury in the Onondaga Lake (located in the city of Syracuse, NY-USA) by a company of the Group (King Laboratories, Inc. acquired by SAES Getters USA, Inc. in the Eighties and no longer existing since decades), concerning the compensation for the environmental damages and the purification of the water and of the sediment below the lake. The total cost of the agreement, without the recognition of any liability for the SAES Group, amounted to 1,3 million USD, which were paid by SAES Getters USA, Inc. to the other party on September 13, 2016.

Following up this agreement, the Company released the provision for legal disputes, accrued in 2015 and amounting to 689 thousand euro (750 thousand dollars at the exchange rate of 2015 financial statement).

Following the decease of Dr Pier Francesco Sportoletti, occurred in October 2016, Dr Angelo Rivolta (formerly Minority Deputy Statutory Auditor) is the new Chairman of the Board of Statutory Auditors, according to the Company's By-Laws.

On October 10, 2016 SAES Getters S.p.A., following the agreement signed on July, 29, 2016, acquired from Mirante S.r.l. a 70% majority interest in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. Thanks to this acquisition, SAES, that already cooperated with

² Please note that this percentage had already been used for consolidation purposes as at December 31, 2015, representing the substantial interpretation of the purchase agreement signed on December 23, 2015, which provided for the mutual commitment of the parties to increase the investment of SAES Getters S.p.A. in SAESRIAL Vacuum S.r.l. of an additional 39% by the end of January 2016, without any change in the corporate governance.

Metalvuoto S.p.A. in testing the application of SAES' functional polymer composites on the plastic films for food preservation made by Metalvuoto S.p.A., aims at competing in the "smart" food packaging sector, entering the market with a complete and innovative range of products, through the development of high performance active plastics, characterized by transparency, biocompatibility and a reduced environmental impact.

SAES Getters S.p.A. acquired 70% of Metalvuoto S.p.A. for a price based on a multiple of the EBITDA, adjusted according to predefined financial parameters (including the net financial position and the value of the finished goods inventory), equal to around 5.1 million euro.

A *put* and *call* option between the shareholders have been provided, to be exercised starting from the twelfth month and within eighteen months from the date of the closing, for the acquisition of the remaining 30% of the share capital of Metalvuoto by SAES, for a predetermined price, calculated with a similar method as for the 70% first purchase. In case the option is not exercised within the agreed terms, SAES is committed to acquire the remaining 30% of the share capital of the company within twenty-four months.

As set out in the shareholders' agreements that govern the relationship between the parties of the company in its new shareholding structure, the new Board of Directors of Metalvuoto S.p.A is composed by three members, two of which nominated by the controlling company SAES, including the Managing Director; the minority shareholder, Mirante S.r.l., is represented by the third member, the Chairman of the Board itself, namely the founder Eng. Giovanni Ronchi.

On November 15, 2016 the corporate merger of the wholly owned subsidiary SAES Advanced Technologies S.p.A. into SAES Getters S.p.A was implemented, through the completion, signature and filing of the merger agreement in the Italian Business Register, by the two companies participating into the merger.

The merger produced its legal effects starting from December 31, 2016. For fiscal and accounting purposes only, the merger operation had been backdated at January 1, 2016.

According to OPI 2 Revised, the merger, which has nature of restructuring and not of acquisition, has been carried out according to the principle of continuity of values, giving relevance to the earlier control relationship between SAES Getters S.p.A. and SAES Advanced Technologies S.p.A. Therefore, entry into SAES Getters S.p.A financial statement. of assets and liabilities arising from SAES Advanced Technologies S.p.A. did not result in higher current values of such assets compared to those in the financial statements of the subsidiary nor in any goodwill. Following up this transaction a merger surplus reserve (share gains) amounted to 8.965 thousand euro was recognized in equity, consisting of the share of surplus emerging from the merger by incorporation of SAES Advanced Technologies S.p.A. into SAES Getters S.p.A. not allocated to other reserves. In addition, although their effect was not significant, the elimination of the higher values resulting from the supply of goods carried out before the merger was performed.

The transaction aims at optimizing the Group's industrial policy, as part of an aggregating process aimed at improving and integrating the Group's Italian manufacturing factories, simplifying their industrial processes and R&D activities. At the same time, the merger aims at the optimization of the financial flows and at the improvement of the equity structure, thanks to the streamlining of the corporate structure, as well as to the strengthening of the market presence and of the competitiveness of the Parent Company.

On December 21, 2016, SAES Getters S.p.A. signed a new loan agreement with Intesa Sanpaolo S.p.A., for a total amount of 10 million euro, with a duration of 6 years (expiring on December 21, 2022). The contract provides for an initial 12-month grace period, during which only the interest on the loan will be paid. The contract provides for the repayment of fixed principal amounts on a six-month basis and interests indexed to the six-month Euribor, plus a spread equal to 1.2%.

The loan provides for the activation of financial covenants that are standard for this type of transactions, calculated annually on consolidated economic and financial figures.

On December 22, 2016, SAES Getters S.p.A. signed a new loan agreement with Banco BPM, for a total amount of 5 million euro, with a duration of 5 years (expiring on December 31, 2021). The contract provides for an initial grace period lasting around 9 months, during which only the interest on the loan will be paid. The reimbursement is agreed through variable quarterly principal amounts and interests indexed to the three-month Euribor, plus a spread equal to 1%. The loan does not include any financial covenant.

Research, Development and Innovation activities

Research and development expenses amounted to 8,047 thousand euro in 2016, slightly increasing (+2.2%) as compared to prior year.

2016 saw the organic materials laboratory strongly committed in the activity of identification of new application areas for the technology of functional polymers, namely polymers in which micro or nano structured powders of active materials are dispersed in a controlled way, mainly composed of zeolites, suitably treated with functionalization technologies developed over the years and protected by patents.

This technology was developed for its application in new generation OLED displays, with the function of protecting the delicate organic layers that constitute the screen from the water that penetrates through the joints, in the case of displays that are encapsulated through two glass sheets glued each other at the edges. The OLED technology has not yet fully established itself in the television market, because of its high costs; despite this, its development proceeds in a very intense way, with the aim of producing flexible OLED screens, or even that can be rolled up, which would open new application fields, such as that of the wearable display or the development of electronic devices, very compact but with large displays, that can be rolled up or folded. This objective can be achieved by using plastic materials instead of the glass currently used and implementing fully flexible electrical circuits; however, both solutions are very complex and require considerable research efforts, but they represent excellent opportunities for SAES. In fact, the plastic is full of defects, namely micro channels that allow the passage, although in very small quantities, of atmospheric gases (among which oxygen and water) that are extremely harmful to the organic material layers that constitute the screen. The problem can be solved in two ways: either by producing plastic without defects, that means “plugging” the holes of the plastic, or by inserting inside the screen one layer of organic material, fully compatible with those that constitute the screen itself, with the function of absorbing the gaseous substances that permeate it.

The products developed by SAES in the last few years carry out exactly this function and will be used with the development of the flexible OLEDs, given that the solution to make plastics little permeable is very expensive.

The delay in the market development of OLEDs has prompted us to seek other application fields, as we always do when we have a new technology and product platform. The study, which already started in 2015, was completed in 2016 and allowed to verify the potential of the technology of functional polymers in the advanced packaging industry. In particular, we have identified the innovative film coating technique, that means the deposition of lacquers on the surface of the plastic film, as a very promising one for our products. The deposition of lacquers on the surface of plastic films allows to modify the characteristics of the plastic to improve its performance in terms of gas barrier properties or to make it active in respect of the latter. The packaging market is moving along two directions: more and more ecological materials (compostable and recyclable ones), for example by removing the multi-layer materials, and advanced packaging solutions able to control the gases present in the package, in order to preserve its content longer (active packaging). Our products have been conveniently adjusted to better meet the cost needs of the end application and some new features, in addition to the gas absorption, have been added to meet the market needs. This work was done in collaboration with a company very active in this area since several years, Metalvuoto S.p.A., a leading company in the metallization of plastic films, through a vacuum deposition of thin layers of aluminum, films used in the production of multiple layers to obtain waterproof plastics. In the last few years, Metalvuoto S.p.A. has been investing in the technology of lacquers deposition on plastic films, the coating film technology, and has developed significant expertise and cutting-edge equipment, as well as some lacquers developed in collaboration with the Politecnico of Milan. As part of this collaboration we have been able to verify the applicability and economic compatibility of our functional polymers, in the form of lacquers, for the production of functionalized films. The collaboration has immediately highlighted the great benefits of combining the expertise developed by the two companies and was then transformed into an increasingly close partnership, that led to the acquisition of a majority stake in Metalvuoto S.p.A. by SAES. This acquisition will enable the Company to better exploit the competitive advantages of the functional polymers technology

and to quickly offer highly innovative products in the market, leveraging on the technological expertise and on the commercial network of Metalvuoto S.p.A.

A second big opportunity in the organic materials sector has matured during 2016. For some years the Group had a structured collaboration with a very innovative startup, Polyera, Inc., based in Chicago, a spin-off of the Northwestern University specialized in the development of active organic materials for the production of displays. Also in this case the synergies between the two companies were very clear and this has led to the creation of a new corporate vehicle, Flexterra, Inc., in which the skills and the portfolio of patents of the two companies were brought together. The new company will be focused in the next few months to develop, in the context of an important cooperation with an end user, organic materials for the production of OTFTs (Organic Thin Film Transistors), namely flexible devices that will be used to operate the future flexible electrophoretic displays.

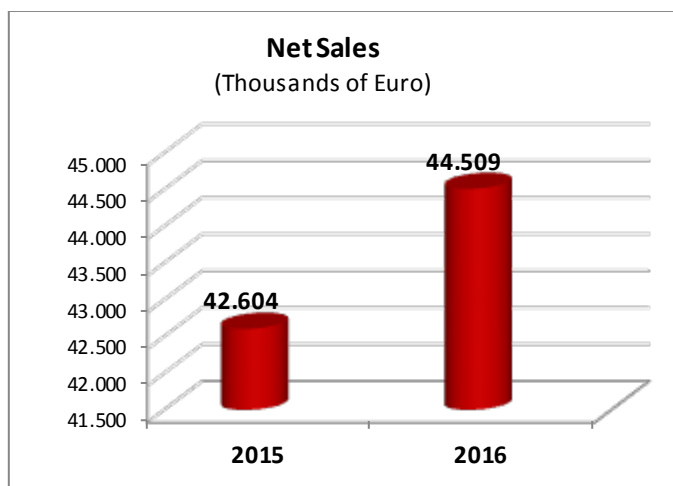
The Company laboratory has successfully continued its basic research activities in the field of Shape Memory Alloys regarding new alloys formulations and the improvement of the existing production processes, to support applications in both the medical segment and in the industrial one. The research activities were focused on the development of new formulations that will allow to raise the transformation temperature of the alloys up to about 200°C. A material able to operate at temperatures significantly higher than the current ones (the limit is about 100°C) would open the way to important new applications in the automotive field. Another important business is the one that sees the laboratory engaged in developing new production processes of shape memory alloys, with the aim of getting processes “targeted” to the final applications, that means large volumes for the medical sector and small volumes for the industrial one.

Research and innovation activities in other areas of the Company continued along the direction already shown in the 2016 half-year report.

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

Sales and results for the year 2016

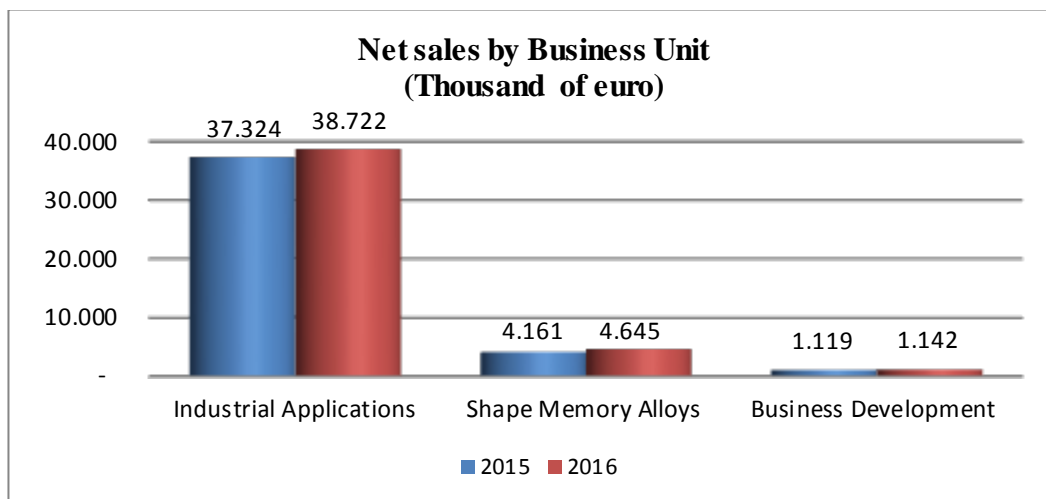
Net sales for the year 2016 amounted to 44,509 thousand euro, with an increase (+ 4.5%) compared to 42,604 thousand euro in the previous year. Excluding the exchange rate effect, positive + 1.2%, organic growth amounted to + 3.3%, thanks to the results of some of the Industrial Applications segments, in particular the one of the Sensors & Detectors, and to the improvement of sales in the Shape Memory Alloys (SMA) Business Unit in the industrial applications sector.



The following table shows the 2016 turnover and the one of the previous year. With reference to 2015, the table includes both approved data and Pro-forma data, for which reference should be made to what previously stated. The data are displayed for each business sector and the related difference, calculated both in absolute value and percentage always compared to Pro-forma data, has been divided into the component attributable to the exchange rate effect and in that due to the volume effect:

(thousands of euro)

Business Unit	2016	2015	2015 Pro-forma	Total Difference	Total difference %	Exchange rate effect %	Price/quantity effect %
Electronic & Photonic devices	5.287	48	4.902	385	7,9%	1,8%	6,1%
Sensors & Detectors	11.295	3.845	7.936	3.359	42,3%	0,4%	41,9%
Light Sources	7.300	0	8.735	(1.435)	-16,4%	1,5%	-17,9%
Vacuum Systems	7.911	375	7.685	226	2,9%	1,1%	1,9%
Thermal Insulation	5.136	83	5.815	(679)	-11,7%	2,9%	-14,6%
Pure gas Handling	1.793	273	2.251	(458)	-20,3%	0,3%	-20,6%
Subtotale Industrial Applications	38.722	4.624	37.324	1.398	3,7%	1,4%	2,3%
SMA Medical Applications	1	6	6	(5)	-77,8%		-77,8%
SMA Industrial Applications	4.644	4.155	4.155	489	11,8%	0,1%	11,7%
Subtotale Shape Memory Alloys	4.645	4.161	4.161	484	11,6%	0,1%	11,5%
Business Development	1.142	605	1.119	23	2,1%	0,9%	1,2%
Total Net Sales	44.509	9.390	42.604	1.905	4,5%	1,2%	3,3%

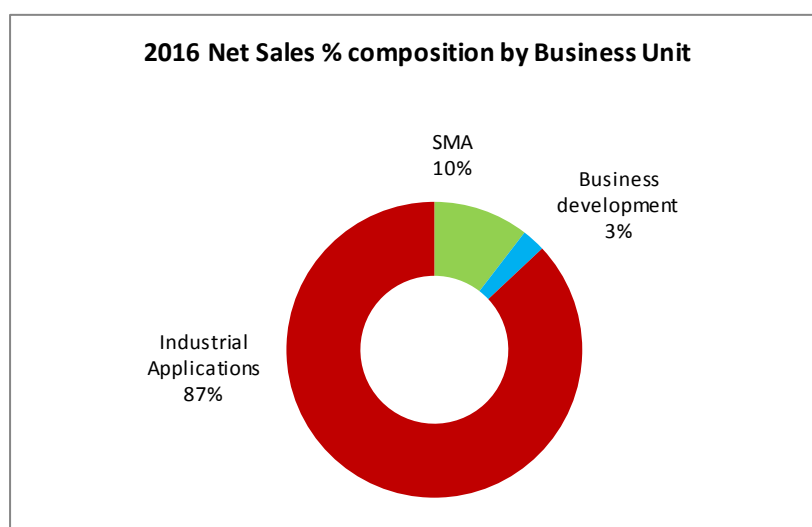


The turnover of the **Industrial Applications Business Unit** amounted to 38,722 thousand euro, with an increase of + 3.7% (+ 2.3% at constant exchange rates) compared to 2015. The increase in sales of porous getters, besides the confirmation of the positive trend regarding the volumes of the thin film getter that can be deposited directly on silicon wafers used for the manufacture of sensors for the MEMS market (PageWafer® technology), has led to a significant growth of Sensors & Detectors Business (+41.9 % at constant exchange rates), which was accompanied by a positive trend in the Electronic & Photonic Devices Sector, influenced by the recovery of investments in security and defense: reductions recorded in other businesses were thus more than offset, in particular in Light Sources, (organic decrease of -17.9%), penalized by the technological competition of LEDs on the fluorescent lamps.

The turnover of the **Business Unit Shape Memory Alloys (SMA)** was equal to 4,645 thousand euro, registering an increase (+ 11.6%, including a substantially neutral exchange rate effect, equal to + 0.1%) compared to the previous year. The increase is due both to the higher revenue from the resale of raw materials and semi-finished goods towards the joint venture Actuator Solutions GmbH, and to the increase in sales volumes of the products of the factory in Lainate.

The turnover of the **Business Unit Business Development** amounted to 1,142 thousand euro, stable compared to 1,119 thousand euro in 2015. The sales are mainly concentrated in the business of OLED screens, where the increase in sales of moisture absorbers functional polymers has offset lower sales of dispensers of alkali metals.

The following picture shows the percentage of sales by Business Unit:



The following table shows the breakdown of revenues by geographic area of destination registered in 2016 and 2015, with reference to the approved values and the Pro-forma ones, with indication of changes in this period with respect to these latest data:

(thousands of euro)

Geographical Area	2016	%	2015	%	2015 Pro-forma	%	Total difference	Total difference %
Italy	1.120	2,5%	262	2,8%	1.180	2,8%	(60)	-5,1%
Other EU and Europe	18.854	42,4%	5.740	61,1%	18.699	43,9%	155	0,8%
North America	8.028	18,0%	1.786	19,0%	8.113	19,0%	(85)	-1,1%
Japan	3.460	7,8%	87	0,9%	3.285	7,7%	175	5,3%
P. R. of China	6.639	14,9%	72	0,8%	5.422	12,7%	1.217	22,4%
South Korea	796	1,8%	131	1,4%	710	1,7%	86	12,2%
Taiwan	1.445	3,2%	1.053	11,2%	964	2,3%	481	49,9%
Other Asian	4.022	9,0%	255	2,7%	3.986	9,4%	36	0,9%
Other	145	0,3%	4	0,0%	245	0,6%	(100)	-40,8%
Total Net Sales	44.509	100,0%	9.390	100,0%	42.604	100,0%	1.905	4,5%

The following table shows the breakdown by Business Units of the gross profit, with indication of the incidence on revenues, for the years 2016 and 2015, with reference to the approved values and the Pro-forma ones, with changes occurred in the period for some data:

(thousands of euro)

Business Unit	2016	2015	2015 Pro-forma	Difference	Difference %
Industrial Applications	20.252	2.131	18.772	1.480	7,9%
<i>% on Business Unit sales</i>	52,3%	46,1%	50,3%		
Shape Memory Alloys	682	973	954	(272)	-28,6%
<i>% on Business Unit sales</i>	14,7%	23,4%	22,9%		
Business Development & Corporate Costs	132	(665)	(169)	301	178,4%
<i>% on Business Unit sales</i>	11,6%	-109,9%	-15,1%		
Gross Profit	21.066	2.439	19.557	1.509	7,7%
<i>% on sales</i>	47,3%	26,0%	45,9%		

The **gross operating profit** was positive and amounted to 21,066 thousand euro in 2016 compared to 19,557 thousand euro in the previous year, due to sales growth and to the improvement of the overall product mix. It should be noted that the total gross margin has grown during the year from 45.9% to 47.3%.

In the **Industrial Applications Business Unit**, the greater relative weight of the Sensors & Detectors segment, characterized by products with higher profitability compared to other sectors of the Business Unit, has led to an increase in the average margins (52.3% compared to 50.3%).

The **Shape Memory Alloys Business Unit**, despite revenue growth, recorded a decline in gross profit and gross margin, mainly because of the competitive dynamics of the main market (automotive) of finished goods using SMA Technology, a market characterized by strong competitive pressures, which end up to penalize the suppliers of raw materials and components.

The result of the **Business Development & Corporate Costs Business Unit** is greatly improved, registering a gross operating profit of 132 thousand euro (against a loss of EUR -169 thousand in 2015): this figure still remains in line with the activity of the sector, characterized by development projects and productions on pilot lines, with frequent interaction with the research.

The following table shows the operating loss registered in 2016 and 2015 with reference to approved values and to Pro-forma ones, with changes occurred in the period for some data:

(thousands of euro)

Business Unit	2016	2015	2015 Pro-forma	Difference	Difference %
Industrial Applications	10.826	(2.702)	10.369	457	4,4%
Shape Memory Alloys	(490)	(438)	(438)	(52)	11,8%
Business Development & Corporate Costs	(15.024)	(13.902)	(16.943)	1.919	11,3%
Operating Loss	(4.688)	(17.043)	(7.012)	2.324	33,1%
<i>% on sales</i>	<i>-10,5%</i>	<i>-181,5%</i>	<i>-16,5%</i>		
Provision for legal disputes (Onondaga Lake)	0	(689)	(689)	689	
Release of provision for legal disputes (Onondaga Lake)	689	0	0	689	
Operating loss adjusted	(5.377)	(16.354)	(6.323)	946	15,0%
<i>% on sales</i>	<i>-12,1%</i>	<i>-174,2%</i>	<i>-14,8%</i>		

The year 2016 recorded an **operating loss** of -4,688 thousand euro, with an improvement compared to the loss of -7,012 thousand euro last year. The change is in line with the gross profit growth, despite the increase of certain items of the operating expenses, which was more than offset by the positive performance of the "other net income" (more costs recharged to subsidiaries, after a review of service contracts).

As already mentioned, the result is also positively influenced by the release of litigation provisions made in 2015 (we refer for further details to the Note no. 26): a comparison on the basis of adjusted data remains positive anyway.

The **research and development expenses** amounted to 8,047 thousand euro, substantially in line with the previous year (+ 2.2%): the increase in personnel costs due to the need to strengthen some laboratories, was in fact partially offset by a decrease in consulting expenses, as well as by lower costs for the management of intellectual property.

Both **selling expenses**, and even more, **general and administrative expenses** increased, particularly in staff costs – mainly due to wage increases aimed at the recovery of inflation and to the cost of the management bodies. For these items are particularly significant higher accruals for the variable components of salaries and fees, estimated growing, in line with the trend of economic performance. Important Corporate projects managed during the fiscal year have also determined a significant increase in consulting and legal fees.

Dividends, net financial income, net exchange gains and write-downs of investments in subsidiaries were totaling 10,852 thousand euro in 2016, showing a decrease compared to 16,778 thousand euro in the previous year: despite having received higher dividends from subsidiaries (22,507 thousand euro in 2016 compared with 18,795 thousand euro in 2015), the Company actually has performed higher write-downs of equity investments and financial receivables from subsidiaries for approximately 9.3 million euro, mainly with regard to the subsidiary SAES Nitinol Srl (Please refer for more details to the Notes n. 10 and n. 14).

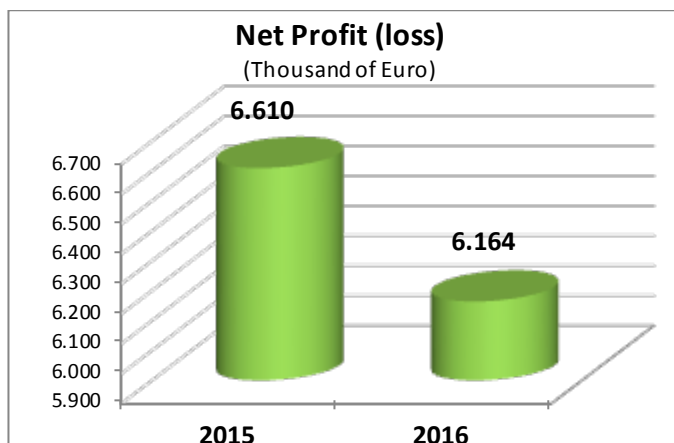
The year 2016 closes, therefore, with a **pre-tax profit** of 6,165 thousand euro, compared to 9,766 thousand euro last year.

Taxes for the year 2016 show a total balance near to zero - cost for -367 euros - which was also positively influenced by the release of the provision for tax risks of 500 thousand euro accrued in 2014 (see Note no. 26), and that is compared with a 2015 negative balance of -3,157 thousand euro, which in turn included a negative adjustment (1,563 thousand euro), related to the recalculation of deferred tax assets of the Company, applying the new IRES 24% rate, which will come into force starting from fiscal year 2017. Please refer to Note no. 11 for details.

Lastly, the Company, in light of the Group's organizational structure, has prudently decided, as well as other members of the Italian national tax consolidation subsidiaries, to suspend the recognition of deferred tax

assets on tax losses recorded in 2016, in line with what has already happened in previous years. Please refer for further details to the Note no. 11.

The following table shows the net profit (loss):



Net income for 2016 was 6,164 thousand euro compared with a profit of 6,610 thousand euro in 2015.

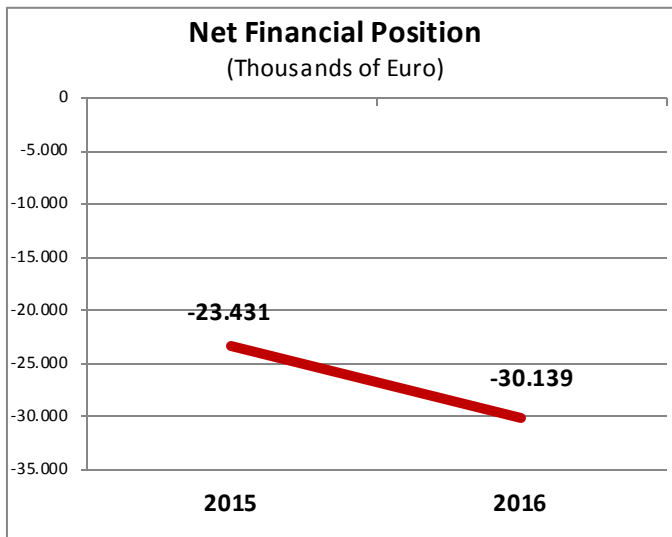
The increase in operating profit and higher dividends received from subsidiaries compared to the previous year were in fact more than offset by write-downs of equity investments and financial receivable.

Net Financial Position – Investments – Other Information

Here below the table that shows the composition of the Net financial position:

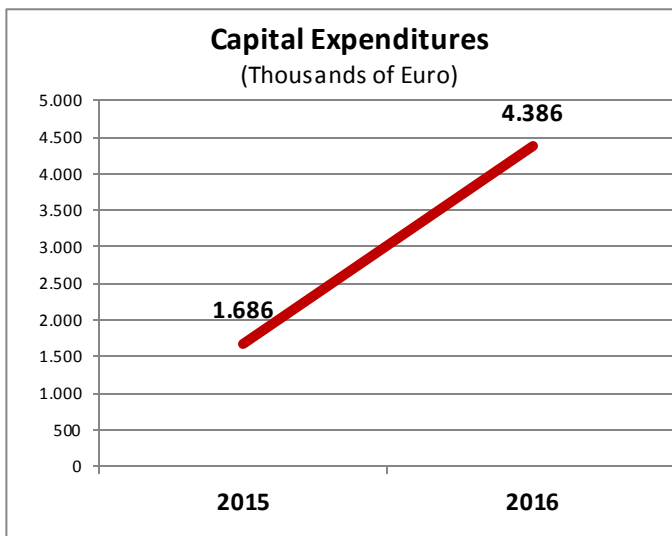
(thousands of euro)

	December 31 2016	December 31 2015	December 31 2015 Pro-forma	Difference
Cash on hand	11	8	14	(3)
Cash equivalents	1.178	3.392	3.392	(2.214)
Total cash and cash equivalents	1.189	3.400	3.406	(2.217)
Current financial assets*	8.460	8.771	8.771	(311)
Bank overdraft	(6.504)	(5.009)	(5.012)	(1.492)
Current portion of long term debt	(5.483)	(4.944)	(4.944)	(539)
Other current financial liabilities*	(937)	(9.908)	(7.018)	6.081
Other financial debt	(8)	(1.293)	(1.293)	1.285
Total current liabilities	(12.932)	(21.154)	(18.267)	5.335
Current net financial positions	(3.283)	(8.983)	(6.090)	2.807
Long term debt, net of current portion	(26.856)	(17.341)	(17.341)	(9.515)
Total non current liabilities	(26.856)	(17.341)	(17.341)	(9.515)
Net financial position	(30.139)	(26.324)	(23.431)	(6.708)



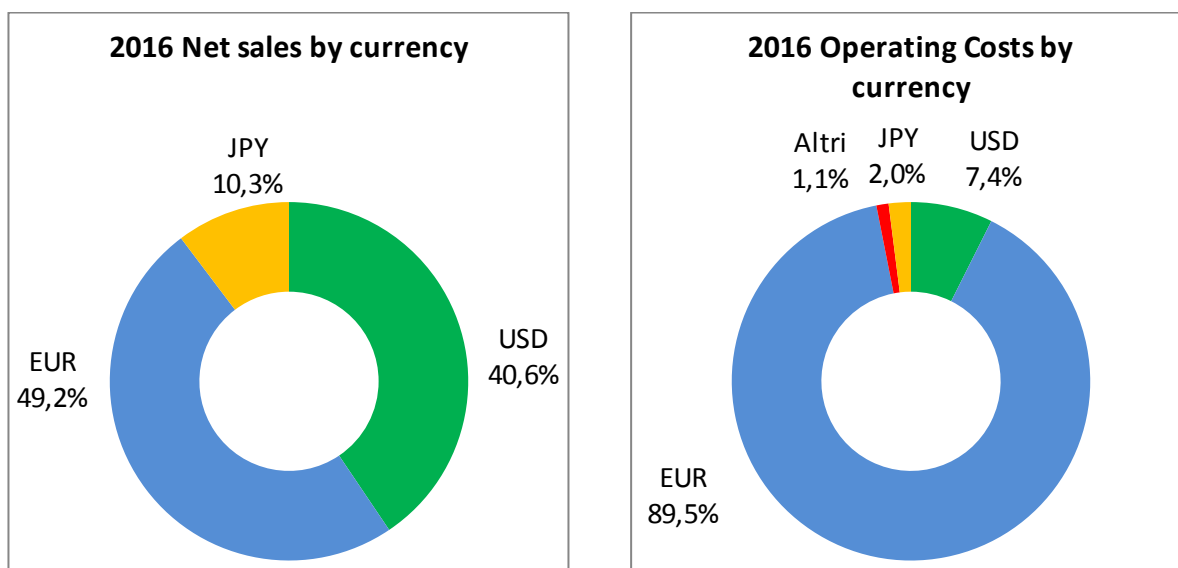
The **Net Financial Position** at 31 December 2016 is negative for -30 139 thousand euro, and includes cash and cash equivalents for an amount of 1,189 thousand euros and net financial debt of 31,328 thousand euro, compared with a negative net financial position of -23,431 thousand euro at 31 December 2015. The balance at December 31, 2016 is affected by a financial bad debt provision amounted to 8,380 thousand euro, booked against the waiver of financial receivable, which took place in 2017 for the same amount, due from the subsidiary SAES Nitinol Srl and carried out in order to cover losses of the subsidiary.

Excluding this provision, the net financial position was of -21,759 thousand euro, and therefore better than the one on December 31, 2015. This improvement is the result of positive operating cash flow, which could allow the sustenance of equity investments (refer to the details regarding the relevant events of 2016), as well as compensate for the outlay due to dividend payments.



In 2016 fiscal year the increases in tangible fixed assets amounted to 4,386 thousand euro, significantly increasing compared to 1,686 thousand euro in 2015: most expenses incurred are due to the installation of a new production line at Avezzano factory and to the purchase of machinery for the expansion of SMA industrial production lines and laboratory instruments for the development of products both in the business of purification, and of vacuum systems at Lainate Plant.

The table below shows the composition of the turnover and costs (cost of goods sold and operating costs) by currency:



Transactions with Group Companies

Transactions with Group companies are identified on the basis of IAS 24 *revised* and article 2359 of the Italian Civil Code. Transactions with subsidiaries continued in 2016. Transactions were undertaken with such counterparties as part of the Company's ordinary operations. They were predominantly commercial in nature and involved the purchase and sale of raw materials, semi-finished goods, finished goods, machinery, tangible assets and services of various kind: interest-bearing cash pooling agreements and loan agreements are in force with several Group companies.

The main transactions with the subsidiaries, associates or joint ventures of the SAES Group were the following:

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

Getter sales; purchases of finished products; charge-back of centrally managed insurance costs; charge-back of centrally managed audit costs; revenue for charge-back of centralized group services and revenue for the use of SAES "brand" and royalties for the licensing of the *PageLid*[®] and *PageWafer*[®] technology. In addition, an interest-bearing cash-pooling agreement is existing.

SAES PURE GAS, Inc., San Luis Obispo, CA (USA)

Revenues on licensing rights for purifier sales; charge-back of centrally managed insurance costs; charge-back of centrally managed audit costs; revenue for charge-back of centralized group services, including the patents management, and the commercial activities support; revenues for the use of "SAES" brand.

SAES SMART MATERIALS, Inc., New Hartford, NY (USA)

Revenues deriving from charge-back of centrally managed insurance costs; revenues on charge-back of centralized group services, including patent management; revenues for the use of "SAES" brand.

SPECTRA-MAT. INC., Watsonville, CA (USA)

Revenues deriving from charge-back of centrally managed insurance costs; charge-back of centrally managed audit costs; revenues on charge-back of centralized group services, including patent management; revenues for the use of "SAES" brand.

MEMRY CORPORATION, Bethel, CT (USA)

Purchase of raw materials; revenues on charge-back of centralized group services; charge-back of centrally managed insurance costs; revenues for the use of "SAES" brand.

SAES GETTERS KOREA Corporation, Seoul (Corea del Sud)

Revenues arising from the charge-back of centrally managed insurance costs; revenues on charge-back of centralized group services; commission expenses related to commercial transactions. In addition, an interest-bearing financing through borrowing is in place.

SAES GETTERS (NANJING) CO., LTD. – Nanjing (Repubblica Popolare Cinese)

Revenues on charge-back of centralized group services; charge-back of centrally managed insurance costs.

MEMRY GmbH, Weil am Rhein (Germania) (ex Dr.-Ing Mertmann Memory-Metalle GmbH)

Purchases of raw materials; charge-back of centralized group services. In addition, an interest-bearing financing through borrowing is in place.

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

An interest-bearing loan agreement is existing. The Company also received a mandate conferred for the management of derivative transactions for hedging on the Korean Won currency.

E.T.C. S.r.l., Lainate (Italia)

Revenues on charge-back of general and administrative services, including management of patents. In addition, an interest-bearing cash-pooling agreement is in place. The Company has leased to the subsidiary some specific equipment for research and development projects. We highlight that on September 30, 2015, the option to join a new tax consolidation program between SAES Getters S.p.A., SAES Advanced Technologies S.p.A., E.T.C. S.r.l. and SAES Nitinol S.r.l., with the Parent Company as consolidator, was exercised. This new tax consolidation has been valid starting from January 1, 2015.

SAES Nitinol S.r.l. – Lainate (Italia)

An interest-bearing cash-pooling agreement is existing with the Company.

We highlight that on September 30, 2015, the option to join a new tax consolidation program between SAES Getters S.p.A., SAES Advanced Technologies S.p.A., E.T.C. S.r.l. and SAES Nitinol S.r.l., with the Parent Company as consolidator, was exercised. This new tax consolidation has been valid starting from January 1, 2015.

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

Revenues on charge-back of general and administrative services.

SAES GETTERS EXPORT CORP. – Wilmington, DE (USA)

No transactions.

To clarify what above, it should be noted that the Company has entered into agreements for the provision of commercial, technical, information technology, legal, and financial services and the study of specific projects with the following subsidiaries: E.T.C. S.r.l., MEMRY GmbH, SAES Getters USA, Inc., SAES Pure Gas, Inc., SAES Getters Korea Corporation, SAES Getters (Nanjing) Co., Ltd., Spectra-Mat, Inc., SAES Smart Materials, Inc., Memry Corporation.

The Company manages and coordinates E.T.C. S.r.l., Metalvuoto S.p.A. and SAES Nitinol S.r.l., pursuant to Article 2497 et seq. of the Italian Civil Code.

The Company provides bank guarantees to its subsidiaries, as described in the note concerning contingent liabilities and commitments.

Comments on the most significant transactions carried out during 2016 are given in the Explanatory Notes, as part of the analysis on the composition of the individual items of the Financial Statements.

Financial transactions with the subsidiaries, associates or joint ventures of the SAES Getters Group are summarized below:

(thousands of euro)

Legal Entity	Receivables	Payables	Revenues	Expenses	Memorandum accounts
	2016	2016	2016	2016	2016 *
S.G.G. Holding SpA	272				
SAES Getters USA, Inc.	2.976	0	6.441	863	4.000
SAES Pure Gas, Inc.	2.295	63	4.290	156	0
Spectra-Mat, Inc.	60	0	106	0	0
SAES Getters Export, Corp	0	0	0	0	0
SAES Smart Materials, Inc.	65	158	148	868	0
Memry Corporation	129	65	410	172	8.348
SAES Getters Korea Corporation	168	572	726	25	0
SAES Getters (Nanjing) Co.Ltd.	731	34	3.226	154	0
Memry GmbH	675	5	188	113	0
SAES Getters International S.A.	380	138	1	138	0
E.T.C. S.r.l.	1.693	297	1.388	1	7
SAES Nitinol S.r.l.	5.793	0	273	0	0
Metalvuoto S.p.A.	3	0	3	0	0
SAES RIAL Vacuum S.r.l.	123	(8)	61	(53)	312
Actuator Solutions GmbH	272	0	1.908	0	3.124
Actuator Solutions Taiwan Co., Ltd	70	0	93	0	0
Total	15.705	1.324	19.262	2.437	15.791

*includes guarantees issued by SAES Getters S.p.A.

With reference to IAS 24 *revised*, the following Related Parties other than subsidiaries, associates or joint ventures are identified:

- **S.G.G. Holding S.p.A.**, the controlling company. It is the Company's majority shareholder. As of the reporting date, it holds 6,638,023 ordinary shares, representing 45.244% of ordinary capital with voting rights.

As regards the majority interest held by S.G.G. Holding S.p.A., we highlight that said company does not manage or coordinate SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code. On the basis of the assessments conducted by the Board of Directors, it was determined that S.G.G. Holding S.p.A. does not play any role in defining the annual budget, long-term strategic plans or investment choices, does not approve specific significant transactions undertaken by the Company and its subsidiaries (acquisitions, disposals, investments, etc.) and does not coordinate business initiatives and actions in the sectors in which the Company and its subsidiaries act. Furthermore, SAES Getters S.p.A. is entirely independent in its organization and decision-making and acts in an independent negotiating capacity in its dealings with customers and suppliers.

It should further be noted that, pursuant to article 2428, paragraphs 3 and 4, of the Italian Civil Code, the Company does not own shares of the controlling company, either directly or through trusts or intermediaries. During 2016, no transactions were undertaken involving the purchase or sale of shares of the controlling company.

Please note that on 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. 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.

The Company recorded a net credit towards S.G.G. Holding S.p.A. related to the request of refund of the excess Ires (Income Tax) paid by the merged company SAES Advanced Technologies S.p.A. in previous

years: the request was filed by S.G.G. Holding S.p.A. as consolidator for the abovementioned national tax consolidation in place until December 31, 2014.

- **Actuator Solutions GmbH**, a joint venture, 50% jointly owned by SAES and Alfmeier Präzision Groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint venture Actuator Solutions GmbH, for the development and commercialization of SMA devices for the image focus and stabilization in tablet and smart-phone cameras.
- **Actuator Solutions (Shenzhen) Co., Ltd.**, company established at the end of September 2016, wholly owned by Actuator Solutions GmbH for the technology development and the sale of actuators for the mobile market. Please note that as December 31, 2016 the new company was not operating.

The economics and financial transactions with Actuator Solutions GmbH and its subsidiary Actuator Solutions Taiwan Co., Ltd include income from the sale of semi-finished goods; an agreement for charge-back of commercial services, research, development and administrative costs is in place.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil s.n.c., established at the end of 2015, with the aim of creating an Italian technological and manufacturing hub of the highest level, for the design and production of integrated vacuum components and systems for accelerators, for the research, as well as for industrial systems and devices, combining at the highest level the competences of SAES in the field of materials, vacuum applications and innovation, with the experience in the design, assembling and fine mechanical productions of Rodofil.

With regards to SAES RIAL Vacuum S.r.l. the Company has a commercial relationship (purchase of components for the creation of vacuum systems) and performs various services, mainly commercial ones. Finally, as already mentioned before, on January 12, 2016 the Company granted a loan to the joint venture of 49 thousand euro, aimed at financially supporting the newly established company's operations (for further details please refer to the Note no. 19).

- **Flexterra, Inc.**, *joint venture* of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the production and the commercialization of materials and devices used in flexible displays. Please note that as December 31, 2016 the company Flexterra, Inc. was not operating yet.

- **Dr Michele Muccini**, the minority partner of SAES Getters S.p.A. in E.T.C. S.r.l., until February 26, 2016, the date on which SAES Getters S.p.A. acquired the minority interests from Dr Muccini becoming the sole shareholder of E.T.C. S.r.l.; following such purchase, Dr Muccini has ceased to be a related parties of SAES Group.

- **Mirante S.r.l.**, a minority shareholder of SAES Getters S.p.A. in Metalvuoto S.p.A., with a percentage of the share capital of 30%. As for December 31, 2016, the company has no relationship with the related party.

- **Metalvuoto Lux S.r.l.**, a company wholly owned by Mirante S.r.l.
As for December 31, 2016, the company has no relationship with the related party.

- **Metalvuoto Polska Sp. Z.o.o.**, a company 60% owned by Mirante S.r.l.
As for December 31, 2016, the company has no relationship with the related party.

- **Managers with Strategic Responsibilities**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Administration, Finance and Control Manager and the Group Legal General Counsel are considered managers with strategic responsibilities³.

Their close relatives are also considered related parties.

³ Please note that, during the full year 2015 and until January 17, 2016, the role of Group Legal General Counsel was assumed *ad interim* by Dr Giulio Canale, Deputy CEO and Group CFO.

The following table shows the total values of the related party transactions undertaken in 2016 and 2015:

(thousands of euro)														
December, 31 2016	Expense recharge											Financial receivable Intercompany		
	Net sales	Cost of goods sold	Research and development expenses	General and administrative expenses	Spese di ricerca e sviluppo	Selling expenses	General and administrative expenses	Other income (expenses)	Financial Income (expenses)	Trade receivables	Trade payable		Tax consolidation receivables from Parent Company	Tax consolidation payables from Parent Company
S.G.G. Holding S.p.A.												272		
SAES RIAL Vacuum S.r.l.	0	51	2			53	8	0	1	73	8	0	0	50
Actuator Solutions GmbH	1.454	0			318	89	28	20	0	272	0	0	0	0
Actuator Solutions Taiwan Co., Ltd	93	0			0	0	0	0	0	70	0	0	0	0
Totale	1.547	51	2	0	318	141	35	20	1	415	8	272	0	50

(thousands of euro)														
December 2015 Pro-forma	Expense recharge											Financial receivable Intercompany		
	Net sales	Cost of goods sold	Research and development expenses	General and administrative expenses	Spese di ricerca e sviluppo	Selling expenses	General and administrative expenses	Other income (expenses)	Financial Income (expenses)	Trade receivables	Trade payable		Tax consolidation receivables from Parent Company	Tax consolidation payables from Parent Company
S.G.G. Holding S.p.A.												272		
Actuator Solutions GmbH	1.275	0			153	172	28	0	0	233	0	0	0	0
Actuator Solutions Taiwan Co., Ltd.	0	0		7	0	0	0	0	0	0	3	0	0	0
Totale	1.275	0	0	7	153	172	28	0	0	233	3	272	0	0

The following table shows the remunerations to managers with strategic responsibilities as identified above:

(thousands of euro)	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2015 pro-forma
Short term employee benefits	3.812	3.102	3.102
Post employment benefits	0	0	0
Other long term benefits	743	490	490
Termination benefits	720	503	503
Payments in shares	0	0	0
Other benefits	0	0	0
Total remuneration provided to managers with strategic responsibilities	5.275	4.095	4.095

As at December 31, 2016 payables to Managers with Strategic Responsibilities, as defined above, were equal to 4,364 thousand euro, to be compared with payables of 3,085 thousand euro as at December 31, 2015.

According to Consob notices of February 20, 1997 and February 28, 1998 and IAS 24 revised, we highlight that also in 2016 all related party transactions were performed within the Company's ordinary operations and at arm's-length conditions

Other Information related to the Company

For information related to the performance of subsidiaries, reference is made to the Consolidated Financial Statement and to the "Summary of main data of subsidiaries' Financial Statements".

The Company has two branch offices, one in Taoyuan City (Taiwan) and one in Tokyo (Japan).

The disclosures concerning ownership structure required under paragraph 1 of article 123-bis of Italian Legislative Decree No. 58/98 (Consolidated Finance Act) are provided in the Company's Corporate Governance Report, which is included in the financial statement package and has been published in the Corporate Documentation area of the Investor Relations section of the Company's website, www.saesgroup.com.

Going concern

The financial statements have been prepared on an ongoing concern basis because, despite a difficult economic and financial environment, we believe that there aren't any significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) surrounding the business continuity. This context, as previously highlighted in the paragraphs related to the risks to which the Company is subject, can

be only partially influenced by the Management of the Company, being it mainly the result of external variables.

Based on the best estimates available to date, the Company has approved a three-years business plan that includes the strategies envisaged by the Company's Management in order to succeed in achieving the defined business goals in this difficult economic environment. These strategies, that include also an increase in the production activities undertaken in Italy, will allow the full recovery of the corporate activities and, in particular, of the deferred tax assets recognized in the balance sheet.

Subsequent events

On March 10, 2017, the Board of Directors of Metalvuoto S.p.A. approved to propose to the shareholders SAES Getters S.p.A. and Mirante S.r.l. a payment of 302 thousand euro in favor of Metalvuoto S.p.A., to cover the loss related to the fiscal year 2016⁴, as well as the reconstitution of a share capital equal to 100 thousand euro, fully eroded by such loss. The payment will be made by each shareholder, in proportion of its equity share.

On March 15, 2017 SAES Getters S.p.A. approved a payment in favor of E.T.C. S.r.l. of 768 thousand euro, equal to the difference between the total loss (-2,218 thousand euro⁵) recorded by E.T.C. S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-1,450 thousand euro) and already covered by the payment made by the Company on March 14, 2016.

At the same time, the Company provided for a further capital contribution equal to 1,450 thousand euro, to cover the expected losses for the year 2017.

On March 15, 2017 SAES Getters S.p.A. approved the partial waiver of the financial receivable claimed by the same towards SAES Nitinol S.r.l. for an amount of 8,380 thousand euro in favor of SAES Nitinol S.r.l., equal to the difference between the total loss (-8,520 thousand euro) recorded by SAES Nitinol S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-140 thousand euro) and already covered by the payment made by the Company on March 14, 2016.

At the same time, the Company provided for a further capital contribution in cash equal to 140 thousand euro in favor to SAES Nitinol S.r.l., to cover possible future losses.

⁴ The loss related to the full year 2016, resulting from the financial statements written according to National Accounting Principles, is equal to -1,920 thousand euro.

⁵ According to the National Accounting Principles.

Proposal of approval of the Financial Statements and of dividend distribution

Dear Shareholders,

We hereby submit the following proposed resolution for your approval:

“The Ordinary Shareholders' Meeting,

- having examined the figures of the Financial Statements of SAES Getters S.p.A. at December 31 2016, together with the Management Report of the Board of Directors, the Report of the Board of Statutory Auditors, the Report of the Auditing Firm as well as the other documents required by law;

- having noticed that the legal reserve has reached 20% of the share capital;

- having taken note of the results of the year ended on December 31, 2016, given the high capital base of the Company;

Resolves the following:

- to approve the Financial Statements of SAES Getters S.p.A. at December 31, 2016, which report a net income of 6,164,222.40 euro;

to entirely distribute the net income of the year, net of unrealized exchange rate gains pursuant to art. 2426 c. 8-bis of the Italian Civil Code, for a total amount of 6,152,000.39 euro, subject to rounding, and therefore attributing to the satisfaction of the rights of the savings shares and of the ordinary shares, pursuant to Article 26 of the By-laws: (i) a dividend of 0.290065 euro per savings share, including recognition of the full preferred dividend for the year 2016, equal to 0.138549 euro, and (ii) a dividend of 0.273439 euro per ordinary share, giving notice that in this way the rule of the minimum increase of 3% of the implied book value to which savings shares are entitled to compared to ordinary shares has been respected;

- to distribute a portion of the available reserve “Retained earnings” equal to 6,098,161.48 euro, in equal measure to the ordinary shares and savings shares, giving a dividend of 0.276561 euro per savings share and per ordinary share;

	euro
Net income for the period	6,164,222.40
(Net exchange gains - unrealised and undistributable)	(12,222.01)
Utile netto di esercizio distribuibile	6,152,000.39
From distributable Net income:	
To savings shares only, pursuant to art. 26 of the By-laws	
- euro 0.290065 (including the increase of euro 0.016626 and of euro 0.138549 as full recognition of preferred dividend for the year 2016) for each	
n. 7,378,619 savings shares	2,140,279.12
To ordinary shares only pursuant to art. 26 of the By-laws	
- euro 0.260173 for each	
n. 14,671,350 ordinary shares	4,011,719.27
- euro roundings	2.00
	6,152,000.39
From Retained earnings:	
in equal measure to ordinary shares and savings shares	
- euro 0.276561 for each	
n. 7,378,619 savings shares	2,040,638.25
- euro 0.276561 for each	
n. 14,671,350 ordinary shares	4,057,523.23
	6,098,161.48
For a total dividend of:	
- euro 0.566626 for each	
n. 7,378,619 savings shares	4,180,917.37
- euro 0.550000 for each	
n. 14,671,350 ordinary shares	8,069,242.50
For a total maximum distribution of euro:	12,250,159.87

- to pay such amounts in favor of the entitled ordinary shares and savings shares that will be outstanding at the date of May 3, 2017 (Record date) with effect from May 4, 2017, with the detachment of the coupon no. 33; the share will trade ex-dividend starting from May 2, 2017;

- to allocate any rounding in the payment to the Retained earnings reserve;

- to grant the Chairman, the Vice Chairman and the Chief Executive Officer separately, all the powers necessary for the implementation of this resolution”.

Lainate (MI), March 15, 2017

per the Board of Directors

Dr Eng. Massimo della Porta
Chairman

**Separate financial statements of the SAES Getters S.p.A.
for the year ended December 31, 2016**

Statement of Profit and Loss

(euro)	Notes	2016	2015
Third party net sales		33.272.305	7.807.984
Intercompany net sales		11.236.396	1.582.585
Total net sales	4	44.508.701	9.390.569
Third party cost of sales		(21.537.898)	(5.538.489)
Intercompany cost of sales		(1.904.365)	(1.413.344)
Total cost of sales	5	(23.442.263)	(6.951.833)
Gross profit		21.066.438	2.438.736
Research & development expenses	6	(8.047.270)	(7.291.924)
Selling expenses	6	(5.583.098)	(4.658.574)
General & administrative expenses	6	(17.056.804)	(12.757.643)
Total operating expenses		(30.687.172)	(24.708.141)
Royalties Intercompany		1.120.105	1.565.193
Other third party income (expenses), net		186.519	(885.822)
Other intercompany income (expenses), net		3.626.227	4.547.183
Total other income (expenses), net	7	4.932.851	5.226.553
Operating income (loss)		(4.687.883)	(17.042.852)
Dividends	8	22.506.846	24.295.297
Third party financial income		52.325	33.529
Intercompany financial income		310.995	299.446
Total financial income	8	363.320	332.975
Third party financial expenses		(873.603)	(1.124.219)
Intercompany financial expenses		(130.361)	(222.787)
Total financial expenses	8	(1.003.964)	(1.347.006)
Foreign exchange gains (losses), net	9	(169.694)	1.173.001
Write down of intercompany investments	10	(10.844.036)	(1.585.233)
Income before taxes		6.164.589	5.826.182
Income taxes	11	(367)	33.312
Current taxes		(149.779)	1.274.936
Deferred taxes		149.412	(1.241.624)
Net income (loss) from continuing operations		6.164.222	5.859.494
Net income (loss) from discontinuing operations		0	0
Net income (loss)		6.164.222	5.859.494

Statement of comprehensive income

(euro)	Notes	2016	2015
Net income (loss) for the period		6.164.222	5.859.494
Income (loss) from transactions with Group Companies	23		(419.933)
Actuarial gain (loss) on defined benefit plans	25	(302.278)	(31.425)
Income tax		72.547	(14.450)
Actuarial gain (loss) on defined benefit plans, net of taxes		(229.731)	(45.875)
Total components that will not be reclassified to the profit (loss) in subsequent periods		(229.731)	(465.808)
Other comprehensive income (loss), net of taxes		(229.731)	(465.808)
Total comprehensive income (loss), net of taxes		5.934.491	5.393.686

Statement of Financial position

(Amounts in euro)	Note	31 dicembre 2016	31 dicembre 2015
ASSETS			
Non Current Assets			
Property, plant and equipment, net	12	30.726.671	14.342.745
Intangible assets, net	13	343.905	555.012
Investments and other financial activities	14	62.903.637	68.015.584
Intercompany financial receivables	19	49.000	0
Non current tax consolidation receivables	20	272.136	0
Deferred tax assets	15	12.031.467	11.448.464
Other long term assets	16	55.239	49.247
Total Non Current Assets		106.382.055	94.411.052
Current Assets			
Inventory	17	5.099.450	1.006.761
Third party trade receivables		6.496.464	1.378.519
Intercompany trade receivables		6.539.536	4.863.054
Trade receivables	18	13.036.000	6.241.573
Derivative instruments evaluated at fair value	31	0	0
Intercompany financial receivables	19	8.410.605	8.770.851
Tax consolidation receivables	20	0	2.585.056
Prepaid expenses, accrued income and other	21	6.172.098	6.063.398
Cash and cash equivalents	22	1.189.197	3.399.569
Total Current Assets		33.907.350	28.067.208
Total Assets		140.289.405	122.478.260
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital stock		12.220.000	12.220.000
Share issue premium		41.119.940	41.119.940
Treasury shares		0	0
Legal reserve		2.444.000	2.444.000
Sundry reserves and retained earnings		13.545.967	8.072.920
Net income (loss) for the period		6.164.222	5.859.494
Shareholders' Equity	23	75.494.129	69.716.354
Non Current Liabilities			
Non current financial liabilities	24	26.856.201	17.341.343
Staff leaving indemnity and other employee benefits	25	7.927.128	4.597.422
Provisions	26	6.195	
Total Non Current Liabilities		34.789.524	21.938.765
Current Liabilities			
Third party trade payables		8.326.113	2.912.540
Intercompany trade payables		543.713	338.238
Trade payables	27	8.869.826	3.250.778
Derivative instruments evaluated at fair value	31	50.724	21.767
Intercompany financial payables	28	886.000	9.886.462
Other payables	30	6.483.945	4.058.138
Payables for income taxes	32	0	418.724
Current provisions	26	1.720.659	1.941.546
Bank overdraft	33	6.503.919	5.008.897
Current portion of long term debt	24	5.482.530	4.944.312
Other Financial Debts	29	8.149	1.292.517
Total Current Liabilities		30.005.752	30.823.141
Total Liabilities and Shareholders' Equity		140.289.405	122.478.260

Cash flow Statement

(Amounts in euro)	2016	2015
Cash flows provided from operating activities		
Net income from continuing operations	6.164.222	5.859.494
Net income from discontinuing operations	0	0
Current income taxes	149.779	(1.274.936)
Change in deferred income taxes	(149.412)	1.241.624
Depreciation of property, plant and equipment	3.737.319	2.064.915
Amortization of intangible assets	413.112	414.168
Capital gains (losses) on sales of intangible assets	9.962	(34.691)
Write down of assets	56.623	52.226
Income (Cost) from investments	(11.662.810)	(22.710.064)
Financial revenues (expenses), net	640.644	(158.970)
Accrual for termination indemnities	1.024.289	693.726
Accrual (utilization) for risk and contingencies, net	(355.037)	941.471
	28.691	(12.911.037)
Change in operating assets and liabilities		
Cash increase (decrease) in :		
Account receivables and other receivables	(3.010.723)	220.961
Inventory	(383.305)	(311.303)
Trade account payables	3.620.617	637.070
Other current payables	1.640.333	954.161
	1.866.922	1.500.889
Payments of termination indemnities and similar obligations	(121.488)	(30.748)
Payments of debit interest and other financial expenses	(117.760)	(825.700)
Interest and other financial receipts	325	47
Income taxes received (paid)	(649.779)	1.042.955
Cash flows from operating activities	1.006.910	(11.223.594)
Cash flows used by investing activities		
Purchase of property, plant and equipment	(4.386.570)	(1.334.000)
Proceeds from sales of property, plant and equipment	2.320	37.399
Dividends received net of withholding tax	21.403.743	23.400.532
Purchase of intangible assets	(201.915)	(459.473)
Capital contributions to subsidiaries	(8.410.838)	6.033.871
Decrease (increase) of current financial assets	28.957	23.657
Cash flows from investing activities	8.435.696	27.701.986
Cash flows used by financing activities		
Proceeds from/ (repayments of) short term financial debts	1.492.095	(23.715.673)
Proceeds from long term financial debts	15.053.077	17.513.472
Proceeds from short term financial debts	(5.000.000)	(2.400.000)
Proceeds from/ (repayments of) Intercompany financial debts	(14.179.000)	(988.214)
Interest paid on loans	(523.382)	(311.000)
Dividends paid	(8.501.665)	(3.476.674)
Purchase of treasury shares	0	0
Repayments of financial debts	(131)	(20.396)
Cash flow from financing activities	(11.659.006)	(13.398.485)
Exchange gains (losses) from balances conversion into foreign currencies	0	0
Increase (decrease) in cash equivalents, net	(2.216.399)	3.079.907
Cash and equivalents at the beginning of the period	3.399.569	319.662
Cash and cash equivalent, net - Sub total	1.183.169	3.399.569
Variance of the final net cash on hand and banks - Merger effect	6.027	
Cash and cash equivalent, net, at the end of the period	1.189.197	

Statement of Changes in the shareholders' equity as at December 31, 2016

(Amounts in euro)

	Capital stock	Share issue premium	Treasury shares	Legal reserve	Sundry reserves and retained earnings					Net income (loss) for the period	Total shareholders' equity
					Reserve for treasury shares	Cash flow hedge reserve	Revaluation reserve	Other	Total		
Balance at December 31, 2015	12.220	41.120	0	2.444	0	0	1.727	6.346	8.073	5.859	69.716
Merger effect								8.346	8.346		8.346
Allocation Fiscal year 2015 net profit								5.859	5.859	(5.859)	0
Dividends paid								(8.502)	(8.502)		(8.502)
Revocation of treasury shares									0		0
Income (loss) from transactions with Group companies									0		0
Net income for the period									0	6.164	6.164
Other comprehensive income (loss)								(230)	(230)		(230)
Balance at December 31, 2016	12.220	41.120	0	2.444	0	0	1.727	11.819	13.546	6.164	75.494

Statement of Changes in the shareholders' equity as at December 31, 2015

(Amounts in euro)

	Capital stock	Share issue premium	Treasury shares	Legal reserve	Sundry reserves and retained earnings					Net income (loss) for the period	Total shareholders' equity
					Reserve for treasury shares	Cash flow hedge reserve	Revaluation reserve	Other	Total		
Balance at December 31, 2014	12.220	41.120	0	2.444	0	0	1.727	8.811	10.538	1.477	67.799
Allocation Fiscal year 2014 net profit								1.477	1.477	(1.477)	0
Dividends paid								(3.476)	(3.476)		(3.476)
Revocation of treasury shares									0		0
Income (loss) from transactions with Group companies								(420)	(420)		(420)
Net income for the period									0	5.859	5.859
Other comprehensive income (loss)								(46)	(46)		(46)
Balance at December 31, 2015	12.220	41.120	0	2.444	0	0	1.727	6.346	8.073	5.859	69.716

**Summary of main data of subsidiaries’
Financial Statements as of December 31,2016**

2016 Balance Sheet

	SAES Getters USA, Inc.	SAES Getters Korea Corporation	SAES Getters International Luxembourg S.A.	SAES Getters (Nanjing) Co., Ltd.
	(U.S Dollars)	(Thousands of Won)	(Thousands of Euro)	(Chinese Renminbi)
Property, plant and equipment, net	1.184.247	1.192	0	128.373
Intangible assets, net	9.738	0	0	0
Other non current assets	66.783.579	143.629	39.970	31.823.003
Current assets	4.588.814	1.977.878	60	34.205.445
Total Assets	72.566.379	2.122.699	40.030	66.156.821
Shareholders' equity	21.698.853	1.849.030	39.745	58.487.250
Non current liabilities	1.747.130	0	0	0
Current liabilities	49.120.264	273.669	285	7.669.571
Total Liabilities and Shareholders' Equity	72.566.247	2.122.699	40.030	66.156.821

2016 Income Statement

	SAES Getters USA, Inc.	SAES Getters Korea Corporation	SAES Getters International Luxembourg S.A.	SAES Getters (Nanjing) Co., Ltd.
	(U.S Dollars)	(Thousands of Won)	(Thousands of Euro)	(Chinese Renminbi)
Total net sales	15.204.634	1.179.740	0	37.982.599
Cost of sales	(9.323.874)	(880.749)	0	(23.403.441)
Gross profit	5.880.760	298.991	0	14.579.158
Research & development expenses	(93.049)	0	0	0
Selling expenses	(2.008.692)	(181.877)	0	(7.134.977)
General & administrative expenses	(600.828)	(534.611)	(96)	(3.116.172)
Total operating expenses	(2.702.569)	(716.488)	(96)	(10.251.149)
Other income (expenses), net	(1.560.639)	(40.042)	0	(548.883)
Operating Income (loss)	1.617.552	(457.539)	(96)	3.779.126
Interest and other financial income (expenses), net	5.966.418	32.607	3.114	646.911
Foreign exchange gain (loss), net	(77.408)	(17.410)	158	62.947
Income before taxes	7.506.562	(442.342)	3.176	4.488.984
Income taxes	(2.914.830)	0	(194)	(928)
Net income (loss) from continuing operations	4.591.732	(442.342)	2.982	4.488.056
Net income (loss) from discontinuing operations	0	0	0	0
Net income (loss)	4.591.732	(442.342)	2.982	4.488.056

2016 Balance Sheet

SAES Getters Export, Corp.	Memry GmbH	Metalvuoto S.p.A.	E.T.C. S.r.l.	SAES Nitinol S.r.l.
(U.S. Dollars)	(Thousands of Euro)	(Thousands of Euro)	(Thousands of Euro)	(Thousands of Euro)
0	994	923	0	0
0	5	54	0	0
0	66	384	8	5.239
34.323.950	3.406	3.509	1.564	568
34.323.950	4.471	4.870	1.571	5.807
11.961.490	2.142	(382)	(696)	(8.370)
0	33	1.477	73	0
22.362.458	2.296	3.775	2.195	14.177
34.323.948	4.471	4.870	1.571	5.807

2016 Income Statement

SAES Getters Export, Corp.	Memry GmbH	Metalvuoto S.p.A.	E.T.C. S.r.l.	SAES Nitinol S.r.l.
(Thousands of Euro)	(Thousands of Euro)	(Thousands of Euro)	(Thousands of Euro)	(Thousands of Euro)
0	7.519	3.141	0	0
0	(4.027)	(2.831)	0	0
0	3.492	310	0	0
0	(243)	(36)	(891)	0
9.200.899	(570)	(323)	(0)	0
0	(2.341)	(177)	(34)	(7)
9.200.899	(3.154)	(536)	(924)	(7)
3.037.715	278	88	(1.281)	(0)
12.238.614	616	(138)	(2.206)	(7)
(10.470)	(23)	(48)	(1)	(8.513)
0	2	(1)	0	0
12.228.144	595	(187)	(2.207)	(8.520)
0	(177)	200	5	(0)
12.228.144	418	13	(2.202)	(8.520)
0	0	0	0	0
12.228.144	418	13	(2.202)	(8.520)

Certification of the Financial Statements of the Parent Company

CERTIFICATION OF THE FINANCIAL STATEMENTS OF SAES GETTERS S.p.A.
pursuant to article no. 81-ter of CONSOB Regulation no. 11971 of May 14, 1999, as amended

1. The undersigned, Giulio Canale, in his capacity as Vice President and Managing Director, and Michele Di Marco, in his capacity as Officer Responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998:

- the adequacy for the characteristics of the enterprise and
- the effective application

of the administrative and accounting procedures for the formation of the Company Financial Statements during the period from January 1 to December 31, 2016.

2. The following remarks apply to this situation:

2.1 The Administrative and Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative and Accounting Control Model, issued on May 14, 2007, the adoption of which is aimed at ensuring that SAES Getters complies with the provisions of Law no. 262 of December 28, 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of Legislative Decree no. 303/06, and, specifically, obligations pertaining to the preparation of corporate accounting documents and all documents and communications of a financial nature disseminated to the market.
- The Control Model, which refers to the organizational structure of the SAES Group:
 - sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group and introduces the role of manager in charge of the preparation of corporate accounting documents (hereinafter the "Officer Responsible");
 - describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
 - regarding this latter aspect in particular, calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of administrative and accounting procedures and the related control matrices, which describes the controlling activities implemented in each process;
 - establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to accounting and financial information.

2.2. Matrices of administrative and accounting controls of SAES Getters S.p.A.

- On December 20, 2012, 9 Matrices of administrative and accounting controls were issued, related to the most significant processes of SAES Getters S.p.A., selected after the risk assessment conducted on the basis of the 2011 financial statements.
- The controls described in these matrices were shared with the process owners - according to the current organization chart - of the audited processes, and a process of continuous monitoring and alignment of these matrices to the effective operations has been established, requiring each owner to verify the implementation of the controls and to confirm their adequacy and effectiveness, and to report non-operating controls, or inadequate ones, or controls made obsolete by the evolution of the internal organization. This process was implemented in 2016, with reference to the results of the monitoring activities related to the 2015 financial statements and to the 2015 consolidated financial

statements, and led to the review of the controls whose description was not consistent with the operating activities.

2.3. Results of the internal certification process of SAES Getters S.p.A.

- The process owners have signed and submitted to Officer Responsible its own “internal certification letters” in which they confirmed that they had verified the activities /processes forming the object of the controls for which they were responsible and deemed them suitable and operationally effective to ensuring the reliability of the corresponding information flows and the processing of the associated data in accordance with the administrative and accounting procedures adopted by SAES Getters S.p.A.
- As of today, the Officer Responsible, with the support of SAES Getters S.p.A. Administration Department manager, has received all the 13 letters of internal declaration required to the process owners of SAES Getters S.p.A.;
- The results of the process were positive and no anomalies were reported.

2.4. Results of the review by the Internal Audit Department of SAES Getters S.p.A.

- The Officer Responsible requested the support of the Internal Audit Department for verification of part of the controls included in administrative and accounting procedures by a department independent from the offices responsible for the controls.
- With regards to this review, the Internal Audit Department, through its own assessment of critical situations, selected n. 3 administrative and accounting processes and it verified with its related managers the proper operation of controls within the processes themselves, collecting the supporting documentation where necessary.
The results of the reviews were positive according to the report prepared by the Head of Internal Audit Department.

3. Furthermore, we certify that:

3.1. the Financial Statements of the Parent Company for the year ended December 31, 2016:

- a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1602/2002 of the European Parliament and the Council;
- b) correspond to the results of accounting records and books;
- c) are suitable to providing a truthful, accurate representation of the issuer’s earnings and financial position.

3.2. the Report on Operations includes a reliable analysis of operating performance and income, as well as the issuer’s situation, along with a description of the primary risks and uncertainties to which it is exposed.

Lainate, (MI), March 15, 2017

Vice President
and Managing Director
Dr Giulio Canale

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

The present is the English translation of the Italian official report approved by the Board of Directors on March 15, 2017. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to Article 123-ter of the Consolidated Finance Law and Article 84-quater of CONSOB resolution no. 11971 of 14/05/1999, on item 2 of the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 27 April 2017 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

Remuneration Report pursuant to Article 123-ter, paragraph 6 of Italian Legislative Decree no. 58/1998 and Article 84-quater of CONSOB resolution no. 11971 of 14/05/1999 concerning the regulations for issuers.

Dear Shareholders,

This Remuneration Report, drawn up pursuant to Article 123-ter of Italian Legislative Decree no. 58/1998 (“Consolidated Finance Law”) and Article 84-quater and related Annex 3A, Schedule 7-bis of CONSOB resolution no. 11971 of 14/5/1999 concerning the regulations for issuers, aims to provide shareholders, investors and the market with a clear and complete illustration of the remuneration policy of the members of the Board of Directors, the Board of Statutory Auditors and the Executives with Strategic Responsibilities of the Company.

The Report was prepared in compliance with the abovementioned legal and regulatory provisions issued by CONSOB, as well as in compliance with the recommendations stated in the amended principles and application criteria of the Corporate Governance Code of listed companies, issued by the Corporate Governance Committee of Borsa Italian S.p.A. in July 2015.

We wish to inform you that the 2017 Remuneration Policy (which is represented by Section I hereunder) was approved by the Board of Directors on 16 February 2017.

On 16 February 2017, on the proposal of the Remuneration and Appointment Committee (which had discussed the policy in its meeting of 29 November 2016) the Board of Directors, having consulted the Board of Statutory Auditors, approved the Remuneration Report, which is divided into the following sections:

- Section I, which illustrates the Company’s policy in relation to the remuneration of the members of its Board of Directors, the General Managers and the Executives with Strategic Responsibilities for the subsequent financial year (2017) and the procedures used for the adoption and implementation of this policy;
- Section II, which provides an adequate representation of each of the items that make up the remuneration – according to the standard established by CONSOB – with an indication of the individual names for the remuneration paid to the Directors and Auditors, but in aggregate form for the remuneration paid to Executives with Strategic Responsibilities; it analytically illustrates the remuneration paid during the financial year of reference for any reason and in any form by the Company and

The present is the English translation of the Italian official report approved by the Board of Directors on March 15, 2017. For any difference between the two texts, the Italian text shall prevail.

by its subsidiary or associated companies, identifying any components of the aforesaid remuneration that concern activities carried out in years prior to the financial year of reference and also highlighting the remuneration to be paid in one or several subsequent financial years for the activities carried out during the financial year in question, with a possible indication of an estimated value for the components that are not objectively quantifiable in the financial year of reference.

Furthermore, Section II contains information on the shares held in the Company and in its subsidiaries by the members of the administration and control bodies, by Executives with Strategic Responsibilities, by spouses who are not legally separated and by minor children, in compliance with the provisions of Article 84-*quater*, paragraph 4, of the Regulations for Issuers.

The Report has been made available to the public at the registered office of the Company in Lainate, Viale Italia 77, as well as on the Company website, <https://www.saesgetters.com/investor-relations/area-investors/shareholders-meeting>.

Finally, we wish to remind you that, pursuant to Article 123-*ter* of the Consolidated Finance Law, the Board of Directors has summoned you, and the Meeting of Shareholders is called upon to pass resolution on the first section of the Remuneration Report, by casting a non-binding affirmative or negative vote.

Now, therefore, we submit the following resolution proposal for your approval:

“The Ordinary Meeting of the Shareholders of SAES Getters S.p.A.:

- having acknowledged the information received;

resolves

*1. to approve the first section of the Remuneration Report drawn up pursuant to Article 123-ter, paragraph 6 of Italian Legislative Decree no.58/1998 and Article 84-*quater* and related Annex 3A, Schedule 7-bis of CONSOB resolution no.11971 of 14/05/1999 concerning the regulations for issuers.*

2. to authorise the Chairman and the Vice-Chairman and Managing Director, jointly and severally, to complete the formalities required by the laws in force, as well as to take all the necessary action to fully implement the resolution stated above, granting them all the powers necessary and appropriate for this purpose, none excluded, as well as the powers to delegate tasks to third parties”.

Lainate, 15 March 2017

for the Board of Directors

Mr. Massimo della Porta

Chairman

making innovation happen, together





SAES Getters S.p.A.

FIRST SECTION OF THE REMUNERATION REPORT

Drawn up pursuant to Article 123-*ter*, paragraph 3, of Italian Legislative Decree no. 58/1998 and Article 84-*quater* and related Annex 3A, Schedule 7-*bis* - section I of CONSOB resolution no. 11971/1999 on Regulations for Issuers.

SAES GETTERS S.P.A. Remuneration Policy for Strategic Resources 2017

Foreword

The remuneration of directors and other executives with strategic responsibilities within SAES Getters S.p.A. (hereinafter "**SAES**" or the "**Company**") is determined to be in amount sufficient to attract, motivate and retain qualified professionals with the (managerial and technical) skills required to successfully manage the Company.

The Company defines the general policy on remuneration annually (the "**Policy**"), which summarises the principles and procedures that the SAES Group (as defined hereafter) abides by, in order to:

- **allow for the correct application** of remuneration practices as defined hereafter;
- guarantee an adequate level of **transparency** with regard to remuneration policies and the amounts paid out;
- encourage the **proper involvement** of competent company bodies in the assessment and approval of the Remuneration Policy.

The Policy is drafted in light of the recommendations contained in Article 6 of the Corporate Governance Code of Borsa Italiana S.p.A., as amended in July 2015, adopted by SAES, taking into account the provisions of Article 124-ter of Italian Legislative Decree no.58 of 24 February 1998, as subsequently amended (the "**Consolidated Finance Law**"), Article 84-*quater* of the CONSOB Regulation approved with resolution no. 11971 of 14 May 1999, as subsequently amended (the "Regulations for Issuers") and Annex 3A to the Regulations for Issuers, Schedule 7-*bis*. The Policy is also drafted in compliance with the provisions contained in the procedure for transactions with related parties, approved by the Board of Directors of the Company on 11 November 2010, pursuant to the regulations adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.

The Policy is applied to Directors and Executives with Strategic Responsibilities, as described in more detail hereafter.

Several terms used frequently are defined in the following Glossary:

Code/ Corporate Governance Code: the Corporate Governance Code of listed companies as amended in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. and its subsequent amendments.

Remuneration and Appointment Committee: the Committee for Remuneration and Appointments set up by the Company in implementing Article 6 of the Code.

Executive Directors or Directors performing special duties: the Directors of SAES Getters S.p.A. holding the offices of Chairman or Managing Director of SAES Getters S.p.A.

Non-executive Directors and/or independent Directors and/or directors without special duties: all the Directors of SAES Getters S.p.A. appointed by the Meeting of Shareholders of SAES Getters S.p.A. and the Directors in other Companies of the SAES Group that are also Executives of the Group.

Executives with Strategic Responsibilities: those that hold organisational offices that have the direct or indirect power and responsibility to plan, direct and control the activities of the Company, including the Directors (be they executive or otherwise) of the Company and also including statutory members of the Board of Statutory Auditors, as defined by the regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented, on transactions with related parties.

Group or SAES Group: the group of companies controlled by or connected to SAES pursuant to Article 2359 of the Italian Civil Code.

GAE: the fixed gross annual earnings component for employees.

MBO (Management by Objectives): indicates the annual variable component of remuneration paid to executives based on the achievement of predefined company objectives (for directors with executive responsibilities).

PFS (Partnership for Success): means the annual variable component of remuneration (on target bonus of 40% of the base salary), based on the achievement of pre-defined business objectives for executives with strategic responsibilities.

LTI Plan: indicates the “Long Term Incentive” Plan as illustrated in paragraph 7 of this Policy, with regard to executive directors, and in paragraph 9, with regard to executives with strategic responsibilities (excluding members of the Board of Statutory Auditors). The payment of this long-term component of variable remuneration is deferred by three years.

Variable remuneration: remuneration connected with the attainment of annual and long-term objectives, a relevant part of which (LTI Plan) is paid in a deferred way, as required by the provisions on company governance in the Code. The MBO/PFS and the LTI Plan constitute the total Variable Remuneration.

Yearly Total Direct Compensation Target: indicates the sum (i) of the fixed gross annual earnings component; (ii) the variable gross annual earnings component that the executive would receive in case of achievement of objectives; (iii) the annualisation of the medium/long term gross variable component (so-called LTI Plan) that the executive has a right to receive in case of the achievement of medium/long term objectives.

1. Principles and objectives

The Company defines and applies a Policy on remuneration every year.

The main objective of the aforesaid Policy is to attract, motivate, and retain the resources with the professional characteristics required to achieve the objectives set by the Group,

which is operating in increasingly more complex, diverse, and highly-competitive technological markets, while also taking into account the dynamics of the labour market.

In recent years the "business model" of the SAES Group has undergone considerable changes. This has required and still requires a continuous alignment of its remuneration policies. More specifically, the Company operates through its Business Units in multiple international markets, in different technological environments and, although its Headquarters are located in Italy, the Group management involves a specific multi-business approach with different speeds depending on the business/market, requiring complex skills and a strong cultural and managerial flexibility.

The Policy has been defined in order to align the interests of the top management with those of the shareholders, and is designed to pursue the prime objective of creating sustainable assets in the medium/long-term. A fundamental aspect of said objective is represented by the consistent and compliant observance, over time, of the core principles of this Policy.

Therefore, the most relevant aspect in determining remuneration is the creation of mechanisms that allow executives to identify with the Company, that are adequate for the global market of reference and that guarantee organisational stability.

2. Remuneration and Appointment Committee

The Board of Directors set up the "Remuneration Committee" as part of the Board on 17 December 1999, now known as the Remuneration and Appointment Committee, and it is responsible for consulting and proposition-oriented tasks. In particular, in compliance with Article 6 of the Corporate Governance Code entitled "Remuneration of Directors", the Remuneration and Appointment Committee, as far as the management of remuneration issues is concerned:

- 1) draws up and defines a Remuneration Policy and submits it to the Board of Directors for approval;
- 2) periodically evaluates the adequacy, the overall coherence and the practical application of the Policy on the remuneration of directors and executives with strategic responsibilities and provides the Board of Directors with proposals and opinions with regard to the policies adopted by the Company with regard to remuneration, based on the information provided by the executive officers, and suggesting improvements, where needed;
- 3) examines the proposals on the remuneration of executive officers and executives with strategic responsibilities;
- 4) expresses opinions or submits proposals to the Board of Directors on the remuneration of executives vested with special appointments, based on the Policy;
- 5) verifies the accuracy and correct application of remuneration criteria for the Company's executives with strategic responsibilities and their consistency over time;

- 6) proposes and collaborates in establishing objectives (targets) with regard to the variable remuneration plans for executive directors;
- 7) verifies the achievement of the variable remuneration target defined for executive officers;
- 8) verifies the application of the resolutions taken by the Board of Directors with regard to remuneration.

At present, the Remuneration and Appointment Committee, as regulated by Article 6.P.3 the Corporate Governance Code, is made up of independent directors and non-executive directors, namely the following members: Gaudiana Giusti (independent director), Luciana Rovelli (independent director) and Adriano De Maio (non-executive director¹). All members of the Remuneration and Appointment Committee possess extensive experience in economics/finance and remuneration, which is assessed by the Board of Directors at their time of appointment.

3. Procedure for the definition, approval, and implementation of the Policy

The Policy was defined following a transparent process in which the Remuneration and Appointment Committee and the Board of Directors played a leading role.

The Board of Directors, as proposed by the Remuneration and Appointment Committee, defines and approves the Policy.

The Remuneration and Appointment Committee, in carrying out its tasks, ensures that there are suitable functional and operational connections with the competent Company structures. In particular, the Company's Human Resource Department, with the assistance, where needed, of specialised consulting firms, provides the Remuneration and Appointment Committee with all the information and analyses it requires.

The Chairman of the Board of Statutory Auditors or other auditor appointed by the Chairman participates in the meetings of the Remuneration and Appointment Committee. Such meetings can be attended also by the other Statutory Auditors.

Once defined, the proposed Policy drafted by the Remuneration and Appointment Committee is submitted for the approval of the Board of Directors, who may make the amendments or alterations it may deem necessary.

The Board of Directors, having consulted the Statutory Auditors and keeping in mind the observations and proposals of the Remuneration and Appointment Committee, reaches a final resolution on the Policy and approves the Remuneration Report detailed in the paragraph below.

The Remuneration and Appointment Committee approved the proposed Policy for the year 2017 on 29 November 2016. During this meeting the Committee evaluated the adequacy,

¹ Independent Director pursuant to the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law.

the overall coherence and the practical application of the 2016 Policy compared to the measures implemented by the Company.

The Board of Directors approved the Policy for the year 2017 on 16 February 2017.

Based on the Policy, the following are approved:

- by the Board of Directors: the remuneration and contract proposals for Executive Directors upon conferral of their appointment, according to company practice, as well as any amendment or adjustment, if needed;
- by the Company's Human Resources Department, with the approval of Executive Directors: the remuneration adjustment proposals for the executives with strategic responsibilities (excluding regular members of the Board of Statutory Auditors);
- by the Shareholders: the remuneration of the Board of Statutory Auditors (please see paragraph 11 below in this regard).

4. Transparency

The Policy is part of the Remuneration Report to be submitted annually to the Meeting of Shareholders pursuant to Article 123-ter of the Consolidated Finance Law, which must be drafted in compliance with the provisions of Article 84-quater of the Regulations for Issuers and with Schedule 7-bis and 7-ter, contained in Annex 3A to the Regulations for Issuers (the "**Remuneration Report**"). The Remuneration Report, in Section II, also includes (i) an indication of the remuneration of the members of the control and management bodies, managing directors, if any, and, collectively, the executives with strategic responsibilities, and (ii) reports the shares owned by the members of the managing or control bodies, by managing directors and Executives with Strategic Responsibilities in the Company and in the Group.

The Remuneration Report is made available to the public at the Company's registered offices, on the Company website, and on the authorised storage mechanism (INFO STORAGE) at least 21 days before the annual Meeting of Shareholders, generally coinciding with the meeting for the approval of the financial statements, so as to allow the Shareholders to express their non-binding vote to approve or disapprove the Policy. The results of the vote of the Shareholders on the Policy must be made available to the public on the Company website no later than 5 days after the meeting has taken place.

The Remuneration Report remains at the disposal of the public on the Company website in compliance with current regulations.

5. The Remuneration of Directors - general guidelines

In the Board of Directors it is possible to distinguish between:

- (i) executive directors;
- (ii) non executive and/or independent directors.

The Board may also have executives with special appointments (members of the Remuneration and Appointment Committee or the Audit and Risk Committee, the director forming part of the Supervisory Body, the Lead Independent Director, and the members of the Committee for Transactions with Related Parties).

On the date of approval of this Policy, the directors are:

- executive directors: Chairman of the Board of Directors, Massimo della Porta (who also holds the office of *Chief Technology and Innovation Officer* as well as *Group CEO*) and the Managing Director, Giulio Canale (who also holds the office of *Chief Financial Officer* as well as *Deputy CEO*);
- non-executive directors: all the remaining directors, and namely, Stefano Proverbio, Luciana Rovelli, Adriano De Maio, Alessandra della Porta, Luigi Lorenzo della Porta, Andrea Dogliotti, Pietro Mazzola, Roberto Orecchia (*Lead Independent Director*) and Gaudiana Giusti.

The Meeting of Shareholders of SAES of 28 April 2015, on occasion of the appointment of the Board of Directors, defined the total compensation to be paid out pursuant to Article 2389, paragraph 1, of the Italian Civil Code, as wages and remuneration for its directors, appointing the Board of Directors with the task of dividing said total amount among its members.

In particular, the overall gross annual earnings was established by the Shareholders at EUR 120,000.00, and was subdivided by the Board of Directors in the meeting following their appointment, as follows:

- EUR 10,000 per director; and
- EUR 20,000 for the Chairman of the Board of Directors.

The Shareholders also resolved to pay the following remuneration to the committees forming part of the Board of Directors:

- EUR 9,000 per member of the Audit Committee and EUR 16,000 for its Chairman;
- EUR 4,000 per member of the Remuneration and Appointment Committee and EUR 7,000 for its Chairman.
- no additional remuneration was to be paid to the members of the Committee for Transactions with Related Parties.

The additional remuneration for directors performing special duties was determined by the Board of Directors.

The Board determined the following yearly remuneration:

- EUR 16,000 to the independent director forming part of the Supervisory Body;

- EUR 20,000 to the Lead Independent Director.

Directors are also entitled to the refund of all expenses incurred in the performance of their duties.

In line with best practices, an insurance policy, the so-called D&O (Directors and Officers) Liability is entered into, covering for third-party liability of corporate bodies acting in their capacity as directors or officers. This insurance policy is aimed at holding the Group harmless from the losses deriving from any damages connected and attributable to the events foreseen in the applicable National Collective Labour Agreement and as defined in the relevant provisions of the appointment contract, excluding any wilful misconduct or gross negligence.

Furthermore, in line with best practices, non-executive directors are not entitled to a variable remuneration adjustment, nor are they entitled to any stock-based remuneration plan.

6. Remuneration of Executive Directors (Chairman and Managing Director)

The Remuneration and Appointment Committee submits proposals and/or opinions to the Board of Directors on the remuneration to be attributed to executive directors.

The remuneration of executive directors is comprised of the following elements:

- a fixed component of gross annual earnings;
- a variable component divided into two parts:
 - ✓ one payable annually (called MBO), to which directors are entitled upon the achievement of pre-defined company objectives;
 - ✓ a medium/long-term component with deferred payment (so-called LTI Plan).

The Company believes that remuneration should be connected to company performance. Nevertheless, the competitive aspect of remuneration should not be based on an excessive emphasis on short-term results alone, but rather on a balanced middle-ground between fixed and variable remuneration, avoiding unbalanced highs or lows that would hardly be justified in a business where the success of the Company is not always directly linked to short-term performance.

The fixed component is determined proportionally to the range of the tasks to which each executive is appointed and the responsibilities undertaken, and it must also reflect the experience and competence of each executive director, so as to justly compensate the position, efforts, and performance even in case the Company's objectives are not achieved due to causes beyond the control of the executive directors (i.e. adverse market conditions). Equally important is the consistency with which the Policy is applied through time, to ensure the necessary organisational stability.

In determining the remuneration and its single components, the Board of Directors takes into account the scope of the appointments conferred upon the executive directors and the

related seniority in holding the office. In particular, remuneration is determined based on the following criteria:

- a) the fixed component weighs upon the Yearly Total Direct Compensation Target in a generally adequate and sufficient measure, in order to avoid excessive fluctuations which could not be justified in light of the labour market structure indicated above and the specific nature of the technological business in which SAES Group operates;
- b) the (yearly) MBO target incentive, assigned to executive directors upon achieving company objectives, may represent a significant component of remuneration, but it may not exceed the total amount of the fixed gross annual earnings component/GAE;
- c) all payments are payable only after the approval by the Shareholders of the relevant financial statements.

The executive directors who hold positions on the board of directors of the subsidiaries do not receive any remuneration in addition to the remuneration described in this Policy. Please refer to section 7 below for a more detailed description of the MBO and LTI Plan.

For executive directors not under top-management labour agreements, the Board of Directors generally provides for the following, with the purpose of ensuring comparable work conditions as those provided by the Law and/or by the National Collective Labour Agreement to the Italian executive officers of the Group and the most correct market benchmarks:

- Directors' Termination Indemnity ("TFM") pursuant to Article 17, paragraph 1, letter c) of the Consolidated Text of the Laws on Income Tax ("T.U.I.R.") no. 917/1986, having similar characteristics to those typical of regular Termination Severance ("TFR") pursuant to Article 2120 of the Italian Civil Code, due, pursuant to the Law, to the Italian executive officers of the Group, inclusive of all contributions borne by the employer, normally payable to social security Institutes or Funds for manager-level employment contracts. The Directors' Termination Indemnity was regularly instituted by the Shareholders of SAES Getters S.p.A. on 27 April 2006, and by the subsequent meetings for their appointment (21 April 2009, 24 April 2012 and 28 April 2015). The Chairman and the Managing Director are entitled to such Termination Indemnity, as well as additional directors with operative/executive appointments, as indicated by the Board of Directors, after having examined the remuneration and social contribution status of each director.

The institution of Directors' Termination Indemnity is aimed at obtaining, upon retirement, a sufficient retirement fund – in line with Italian and international standards, which is conventionally fixed at 50% of the last salary received.

The resolutions relating to the Directors' Termination Indemnity were implemented by the stipulation/purchasing of a Directors' Termination Indemnity insurance policy, with a leading insurance company, in the name of the Company, in compliance with the requirements of Law, funded by an annual premium of an amount equal to the accrual for severance indemnity, in order to reach company objectives. Said provision is at

20% of the fixed and variable remuneration paid to directors, as resolved by the Board of Directors pursuant to Article 2389 of the Italian Civil Code.

- an insurance policy covering work and non-work related injuries, with premiums paid by the Company;
- indemnity for permanent invalidity or death caused by illness;
- health insurance;
- additional benefits typically awarded to top managers.

As of the date of validity of this Policy, the Company has no incentive plans based on financial instruments.

The Board of Directors, upon the request of the Remuneration and Appointment Committee, may award discretionary bonuses to executives for specific exceptional operations, in terms of strategic relevance and consequence that have an impact on the Group's results.

An analysis of the positioning, composition, and, more generally, of the competitiveness of the remuneration of executive directors is carried out by the Remuneration and Appointment Committee and by the Board of Directors, with the assistance, where needed, of external consultants with proven and specific expertise in the field, and ascertained independence.

7. MBO and LTI Plan

The annual variable component of remuneration (“**MBO**”) requires an evaluation of the executive's performance on a yearly basis. The MBO objectives for executive directors are established by the Board of Directors, in line with the Policy, upon a proposal by the Remuneration and Appointment Committee, and are connected with the performance, on an annual basis, of the Company and the Group.

Accrual of the annual variable component is subject to the achievement of the “EBITDA” parameter.

In particular, the amount of MBO awarded to executive directors may never amount to more than 100% the fixed component of gross annual earnings/GAE. In order to contribute to the attainment of medium/long-term interests, in 2009 the Group adopted a medium/long-term incentive system connected with the achievement of the objectives contained in the three-year strategic plan, i.e. the LTI Plan.

If the objectives of said three-year strategic plan are achieved, the executive directors participating in such objectives accrues an LTI incentive determined as a percentage of the fixed component of gross annual earnings/GAE awarded at the time in which his/her participation in the LTI Plan was established. This medium/long-term variable component based on a target can in no case be in excess of 100% of the fixed component of gross annual earnings/GAE upon reaching the target. Should results not only reach but go beyond

the target, the incentive shall increase up to a maximum cap of 200% of the fixed component of gross annual earnings/GAE.

Payment of this incentive is deferred to the last year of the three-year period. Payment is subject to the Shareholders' approval of the financial statements for the relevant year.

With regard to the variable components of the remuneration of executive directors, please note that the Remuneration and Appointment Committee draws up and presents the MBO objectives to the Board of Directors, on an annual basis, and, during the following year, assesses the performance of each director in order to verify the attainment of the MBO objectives of the previous year.

The Remuneration and Appointment Committee is also in charge of proposing the target goal of the LTI Plan to the Board of Directors, upon presentation and approval of the three-year plan, and on its expiry shall carry out a verification of the performance of the executive order to define the achievement of the LTI Plan.

In the event that the entitlement threshold of the objectives is not reached, the director in question receives no incentive, or even a pro-rata share, of the LTI Plan.

The LTI Plan is also aimed at promoting retention: in case of termination of the appointment, for any reason, before the end of the three-year period, directors cannot claim any right over the LTI Plan, and consequently the three-year incentive, and even a pro-rata share thereof, will not be paid out.

8. Indemnity in case of resignation, dismissal, or termination

With regard to executive directors, the Company does not pay out any extraordinary indemnity linked to end of term of office.

No indemnity is due in case of revocation of appointment for cause.

A specific indemnity may be awarded in case of revocation by the Meeting of Shareholders or revocation, by the Board of Directors, of the powers granted to a director, without cause, or termination of the employment agreement upon the initiative of the director for just cause, due, for example, to a substantial modification to the role or powers of such director, and/or in case of a hostile take-over or more generally dismissal for cause due to reasons other than those mentioned above by way of example.

In such cases, the allowance is equal to 2.5 years of the annual gross earnings, meaning the sum of the total remuneration (fixed remuneration to which the average of the variable perceived in the previous two years must be added).

Said amount is defined with the aim of guaranteeing uniform treatment among executive directors and Executives with Strategic Responsibilities, and is in line with the prevailing market practices of listed companies.

In case of revocation of the powers by the Board of Directors, motivated by a significantly substandard company performance (i.e. not under 40%) in relation to the results of

comparable companies – in terms of size and market of reference – or of a relevant harm to the company’s value, unrelated to market fluctuations, said indemnity may be reduced, or, in extreme circumstances, be completely revoked.

In case of non-renewal, remuneration equal to 2.0 years of the annual gross earnings is envisaged, meaning the sum of the total remuneration (gross annual earnings defined as the total of the fixed annual earnings increased by the average of the variable remuneration perceived in the previous two years).

In case of resignation, executive directors are not entitled to any indemnity. Executive directors may resign with a six-month notice.

In case of illness or injury, which may prevent a director performing special duties from carrying out his/her duties, said director shall be entitled to receive, for a period not exceeding twelve (12) consecutive months, an indemnity equal to one year’s basic salary. Once the said period has expired, the Company may choose to terminate the employment agreement with said director, with a three-month prior notice, paying an indemnity of EUR 1,500,000.00 gross.

9. Remuneration of Executives with Strategic Responsibilities (excluding regular members of the Board of Statutory Auditors)

In order to motivate and retain executives with strategic responsibilities (i.e. first-level managers and members of the so-called Corporate Management Committee, a company committee outside of the corporate structure that includes first-level officers of the Company with reporting functions, where executive directors provide and share guidelines and objectives, thus excluding all regular members of the Board of Statutory Auditors), remuneration guidelines are as follows:

- a fixed component of gross annual earnings/GAE;
- a variable component paid annually (called PfS or “Partnership for Success”), which is awarded upon reaching pre-defined company/personal objectives with a on target bonus of 40% of the basic annual salary;
- a medium/long-term variable component (LTI Plan) connected to specific objectives, with deferred payment and a maximum cap of one year’s salary, calculated on the basic salary at the time of assignment of the incentive.

Basic salaries/GAE are verified, and, if necessary, adjusted on an annual basis by the Human Resources Department, and approved by the executive directors, taking a number of factors into consideration, including, by way of example, but not limited to: a) labour market fluctuations; b) work performance; c) level of responsibility/capacity; d) balance/equality of internal retribution levels; e) benchmark of similar positions in comparable companies; and f) experience, competence, potential and career opportunities.

Variable components are aimed at motivating executives with strategic responsibilities to reaching annual objectives (MBO/PfS), as well as long-term strategic objectives.

The LTI Plan for Executives with Strategic Responsibilities is aimed at promoting the loyalty and motivation of key resources, based on a retribution structure with several modified components, allowing the accrual of long-term capital. The LTI Plan is aimed at guaranteeing the Company greater organisational stability as a result of key-positions being held by the same people, and thus obtaining managerial continuity and alignment with strategic company objectives also in the medium-term.

Executives with Strategic Responsibilities, being hired under executive contracts, enjoy non-monetary benefits that include health insurance, injury policies (both work and non-work related), life insurance policies and social security benefits. During 2013, the Company established an ad hoc programme of non-monetary benefits called "Flexible Benefits" for executives with strategic responsibilities and other executives of the Company, the amount of which varies depending on the seniority of service of the executive (seniority calculated with exclusive reference to SAES). For 2017 the amounts shall be as follows: EUR 3000 for managers with seniority working in SAES for over 6 years, EUR 2000 for the other managers.

Finally, executives with strategic responsibilities enjoy indemnities in case of termination of the employment relationship without just cause by the Company, pursuant to the National Collective Labour Agreement (CCNL Dirigenti Industria), which provides for quantitative limits and application procedures.

Executives with Strategic Responsibilities who hold positions on the Boards of Directors of subsidiaries or other corporate bodies (e.g. the Supervisory Body) do not receive any remuneration in addition to the remuneration they receive as employees (the aforesaid paragraph is also applicable to all other executives of the Group that do not have strategic responsibilities).

10. Non-competition agreements and of change of controls

The Company may enter into non-competition agreements with executive directors and Executives with Strategic Responsibilities, which may provide for the payment of a sum related to remuneration with regard to the duration and scope of the obligations deriving from said agreement.

Non-competition obligations shall refer to the market sector in which the Group operates, and may extend to all the Countries in which the Group operates.

For the Executives with Strategic Responsibilities, meaning the first line managers that are part of the Corporate Management Committee at the time of the event (i.e. change of control), a bonus equal to 2.5 years of gross annual earnings is paid out in the event of termination of employment due to a change of control.

A "change of control" is defined as any event that directly or indirectly alters the ownership structure, the control chain of the Company and the Company's parent that may be exercised

by the Company or by the executive as a better condition than the National Collective Labour Agreement for Industrial Managers (“CCNL Dirigenti Industria”) in force.

The aforesaid requirement fully replaces the provisions set forth in the National Collective Labour Agreement for the case in question (Article 13 CCNL Dirigenti Industria).

11. Remuneration of the Board of Statutory Auditors

The remuneration to be awarded to the Board of Statutory Auditors is decided by the Shareholders upon the appointment of said board on the basis of professional fees (as long as they are applicable) and/or normal market practice.

Depending on their participation in other control bodies (for example, the Supervisory Body), and within the limits provided for by the applicable laws, Statutory Auditors may be entitled to additional remuneration.

SAES Getters S.p.A.

SECOND SECTION OF THE REMUNERATION REPORT

Pursuant to article 123-*ter*, paragraph 4, of Legislative Decree no. 58/1998 and article 84-*quater* and related Annex 3A, Schedule 7-*bis* – section II – Table 1, Table 3B and Schedule 7-*ter* – Table 1 and 2 of Consob resolution no. 11971/1999 relating to issuer regulations.

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	Carica (B)	Periodo per cui è stata ricoperta la carica (C)	Scadenza della carica (D)	(1) Compensi fissi	(2) Compensi per la partecipazione a comitati	(3) Compensi variabili non equity		(4) Benefici non monetari	(5) Altri compensi	(6) Totale	(7) Fair Value dei compensi equity	(8) Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
DIRIGENTI STRATEGICI	Corporate Human Resources Manager Corporate Operations Manager Group Legal General Counsel Corporate Research Manager * Group Administration, Finance and Control		(1)	€ 659.870 (2)	€ - (3)	€ 433.995 (4)	€ -	€ 19.600,05 (5)	€ -	€ 1.113.464,44		€ -
(I)	Compensi nella società che redige il bilancio			€ 659.869,83	€ -	€ 433.994,56	€ -	€ 19.600,05	€ -	€ 1.113.464,44	€ -	€ -
(II)	Compensi da controllate e collegate			€ - (6)						€ -		
(III)	Totale			€ 659.869,83	€ -	€ 433.994,56	€ -	€ 19.600,05	€ -	€ 1.113.464,44	€ -	€ -

(*) Si segnala che con decorrenza 10 giugno 2013, il ruolo di Corporate Research Manager è stato soppresso e le responsabilità di quest'ultimo sono confluite al Chief Technology Innovation Officer, nella persona dell'Ing Massimo della Porta.

(1) Contratto a tempo indeterminato

(2) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(3) Compensi per partecipazione come membro dell'Organismo di Vigilanza

(4) Compensi relativi a: - **A**) *una tantum* dirigenti strategici, che tiene conto, oltre che di quanto accantonato durante l'esercizio 2016 in via previsionale, anche dell'aggiustamento positivo sui bonus 2015, monetizzato nell'Aprile 2016 (Euro 101.294,00) - **B**) "L.T.I.P" *Incentive* corrisposto nel 2016 a favore di due direttori strategici (Euro 247.350,00)

(5) Compensi per uso autovettura, polizza sanitaria, check up e assicurazione infortuni e extraprofessionali

(6) Compensi per partecipazione come membri dell'Organismo di Vigilanza o Consiglieri di Amministrazione in società controllate e collegate

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
CANALE GIULIO	Amministratore Delegato SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)		€ 769.167,00		€ 8.953,98 (6)		€ 788.120,98		€ -
				€ - (2)		€ -						
				(3)		€ -						
				€ 650.000,00 (4)		€ 650.000,00						
				€ - (5)		€ -						
(I)	Compensi nella società che redige il bilancio	€ 660.000,00	€ -	€ 769.167,00	€ -	€ 8.953,98	€ -	€ 1.438.120,98	€ -	€ -		
(II)	Compensi da controllate e collegate	€ -						€ -				
(III)	Totale	€ 660.000,00	€ -	€ 769.167,00	€ -	€ 8.953,98	€ -	€ 1.438.120,98	€ -	€ -		

(1) Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn-31Dic 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per uso autovettura, assistenza sanitaria, check up e assicurazione infortuni e extraprofessionali

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
						Bonus e altri incentivi	Partecipazione agli utili					
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
DELLA PORTA MASSIMO	Presidente SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 20.000,00 (1) € - (2) € - (3) € 750.000,00 (4) € - (5)		€ 887.500,00		€ 9.302,93 (6)		€ 916.802,93 € - € - € 750.000,00 € -		€ -
(I)	Compensi nella società che redige il bilancio			€ 770.000,00	€ -	€ 887.500,00	€ -	€ 9.302,93	€ -	€ 1.666.802,93	€ -	€ -
(II)	Compensi da controllate e collegate			€ -						€ -		
(III)	Totale			€ 770.000,00	€ -	€ 887.500,00	€ -	€ 9.302,93	€ -	€ 1.666.802,93	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 1 genn-31dic 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per uso autovettura, assistenza sanitaria, check up e assicurazione infortuni e extraprofessionali

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
DE MAIO ADRIANO	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)	€ 4.000,00 (6)					€ 14.000,00		
				€ - (2)					€ -			
				€ - (3)					€ -			
				€ - (4)					€ -			
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ 4.000,00	€ -	€ -	€ -	€ -	€ 14.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ 4.000,00	€ -	€ -	€ -	€ -	€ 14.000,00	€ -	€ -

(1) Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio-31 Dicembre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per partecipazione come membro del Compensation Committee (Comitato per la Remunerazione) relativi al periodo di competenza Gen-Dic 2016

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
DELLA PORTA LUIGI LORENZO	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)						€ 10.000,00		
				€ - (2)					€ -			
				€ - (3)					€ -			
				€ - (4)					€ -			
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gen-31Dic 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
DELLA PORTA ALESSANDRA	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)						€ 10.000,00		
				€ - (2)					€ -			
				€ - (3)					€ -			
				€ - (4)					€ -			
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn-31Dic 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
						Compensi fissi	Compensi per la partecipazione a comitati					
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica			Bonus e altri incentivi	Partecipazione agli utili		Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
DOGLIOTTI ANDREA	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)	(6)				(7)	€ 10.000,00		
				€ - (2)						€ -		
				€ - (3)						€ -		
				€ - (4)						€ -		
				€ - (5)						€ -		
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -

(1) Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
MAZZOLA PIETRO	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)						€ 10.000,00		
				€ - (2)					€ -			
				€ - (3)					€ -			
				€ - (4)					€ -			
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ -	€ -	€ -	€ -	€ -	€ 10.000,00	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio-31 Dicembre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
ORECCHIA ROBERTO	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)	€ 36.000,00 (6)					€ 46.000,00		
				€ - (2)						€ -		
				€ - (3)						€ -		
				€ - (4)						€ -		
				€ - (5)						€ -		
(I) Compensi nella società che redige il bilancio	€ 10.000,00	€ 36.000,00	€ -	€ -	€ -	€ -	€ 46.000,00	€ -	€ -			
(II) Compensi da controllate e collegate							€ -					
(III) Totale	€ 10.000,00	€ 36.000,00	€ -	€ -	€ -	€ -	€ 46.000,00	€ -	€ -			

(1) Emolumento: deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio-31 Dicembre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per partecipazione come:

- Presidente dell'Audit Committee (Comitato Controllo e Rischi) per 16.000 euro relativi al periodo di competenza Gen-Dic 2016

- Lead Independent Director per 20.000,00 euro relativi al periodo 01 Gennaio -31 Dicembre 2016

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
						Bonus e altri incentivi	Partecipazione agli utili					
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
DONNAMARIA VINCENZO	Sindaco effettivo SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 29.000,00 (1)	€ 16.000,00 (6)					€ 45.000,00		
				€ - (2)					€ -			
				€ 3.346,86 (3)					€ 3.346,86			
				(4)				€ -				
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 32.346,86	€ 16.000,00	€ -	€ -	€ -	€ -	€ 48.346,86	€ -	€ -
(II)	Compensi da controllate e collegate			€ 21.000,00						€ 21.000,00		
(III)	Totale			€ 53.346,86	€ 16.000,00	€ -	€ -	€ -	€ -	€ 69.346,86	€ -	€ -

(1) Emolumento: deliberati dall'assemblea del 28 Aprile 2015 e relativi al periodo di competenza 01 Gennaio 2016-31 Dicembre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compenso per partecipazione all'Organismo di Vigilanza per 16.000 euro relativi al periodo di competenza Gen-Dic 2016

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			(1)	(2)	(3)		COMPENSI		(6)	(7)	(8)	
	(B)	(C)	(D)			Benefici non monetari	Altri compensi	(4)	(5)				
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro	
						Bonus e altri incentivi	Partecipazione agli utili						
SPORTOLETTI PIER FRANCESCO	Presidente	Dal 28 aprile 2015	Carica terminata	€ 30.710,38 (1)						€ 30.710,38			
	Collegio Sindacale		in data	€ - (2)						€ -			
			07 ottobre 2016	€ - (3)							€ -		
	SAES			(4)							€ -		
	Getters S.p.A.			(5)	€ - (5)						€ -		
(I)	Compensi nella società che redige il bilancio			€ 30.710,38	€ -	€ -	€ -	€ -	€ -	€ 30.710,38	€ -	€ -	
(II)	Compensi da controllate e collegate									€ -			
(III)	Totale			€ 30.710,38	€ -	€ -	€ -	€ -	€ -	€ 30.710,38	€ -	€ -	

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio- 07 Ottobre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

SCHEMA 7 bis – TABELLA 1

Esercizio 2016

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			(1)	(2)	(3)		COMPENSI			(7)	(8)
	(B)	(C)	(D)			Benefici non monetari	Altri compensi	(6)	(4)	(5)		
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
RIVOLTA ANGELO	Presidente Collegio Sindacale SAES Getters S.p.A.		Approvazione bilancio al 31.12.2017	€ 8.961,75 (1)						€ 8.961,75		
				€ - (2)					€ -			
				€ 115,40 (3)					€ 115,40			
				(4)				€ -				
				€ - (5)				€ -				
(I)	Compensi nella società che redige il bilancio			€ 9.077,15	€ -	€ -	€ -	€ -	€ -	€ 9.077,15	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 9.077,15	€ -	€ -	€ -	€ -	€ -	€ 9.077,15	€ -	€ -

(1) Emolumento: Compensi relativi al periodo di competenza 11 Ottobre - 31 Dicembre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			(1)	(2)	(3)		COMPENSI		(6)	(7)	(8)
	(B)	(C)	(D)			Benefici non monetari	Altri compensi	(4)	(5)			
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
SPERANZA SARA ANITA	Sindaco effettivo SAES Getters S.p.A.	Dal 28 Aprile 2015	Approvazione bilancio al 31.12.2017	€ 29.000,00 (1)						€ 29.000,00		
				€ - (2)					€ -			
				€ - (3)					€ -			
				€ - (4)					€ -			
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 29.000,00	€ -	€ -	€ -	€ -	€ -	€ 29.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 29.000,00	€ -	€ -	€ -	€ -	€ -	€ 29.000,00	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Genn- 31 Dic 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			COMPENSI								
	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
						Bonus e altri incentivi	Partecipazione agli utili					
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
ROVELLI LUCIANA	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)	€ 20.000,00 (6)					€ 30.000,00		
				€ - (2)						€ -		
				€ - (3)						€ -		
				€ - (4)						€ -		
				€ - (5)						€ -		
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ 20.000,00	€ -	€ -	€ -	€ -	€ 30.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ 20.000,00	€ -	€ -	€ -	€ -	€ 30.000,00	€ -	€ -

- (1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio-31 Dicembre 2016
- (2) Gettone di presenza
- (3) Rimborsi spese
- (4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.
- (5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR
- (6) Compensi per partecipazione come:
 - Presidente dell'Organismo di Vigilanza per 16.000,00 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016
 - Membro del Compensation Committee (Comitato per la Remunerazione) per 4.000,00 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			(1)	(2)	(3)		COMPENSI		(6)	(7)	(8)
	(B)	(C)	(D)			Benefici non monetari	Altri compensi	(4)	(5)			
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
GIUSTI GAUDIANA	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)	€ 32.000,00 (6)					€ 42.000,00		
				€ - (2)					€ -			
				€ - (3)					€ -			
				€ - (4)					€ -			
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ 32.000,00	€ -	€ -	€ -	€ -	€ 42.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ 32.000,00	€ -	€ -	€ -	€ -	€ 42.000,00	€ -	€ -

(1) Emolumento: di cui 6.794,52 euro deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 28 Aprile- 31 Dicembre 2015

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per partecipazione come:

- Membro dell'Audit Committee (Comitato Controllo e Rischi) per 9.000,00 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016

- Presidente del Compensation Committee (Comitato per la Remunerazione) per 7.000,00 euro relativi al periodo di competenza 01 Gennaio- 31 Dicembre 2016

- Membro dell'Organismo di Vigilanza per 16.000, euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016

COMPENSI CORRISPOSTI AI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, AI DIRETTORI GENERALI E AI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

SOGGETTO (A)	DESCRIZIONE CARICA			(1)	(2)	(3)		COMPENSI			(7)	(8)
	(B)	(C)	(D)			(4)	(5)	(6)				
Cognome Nome	Carica	Periodo per cui è stata ricoperta la carica	Scadenza della carica	Compensi fissi	Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
PROVERBIO STEFANO	Amministratore SAES Getters S.p.A.	Dal 28 aprile 2015	Approvazione bilancio al 31.12.2017	€ 10.000,00 (1)	€ 25.000,00 (6)					€ 35.000,00		
				€ - (2)					€ -			
				€ - (3)					€ -			
				€ - (4)					€ -			
				€ - (5)					€ -			
(I)	Compensi nella società che redige il bilancio			€ 10.000,00	€ 25.000,00	€ -	€ -	€ -	€ -	€ 35.000,00	€ -	€ -
(II)	Compensi da controllate e collegate									€ -		
(III)	Totale			€ 10.000,00	€ 25.000,00	€ -	€ -	€ -	€ -	€ 35.000,00	€ -	€ -

(1) Emolumento: Deliberati dall'assemblea del 28 aprile 2015 e relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016

(2) Gettone di presenza

(3) Rimborsi spese

(4) Compensi per svolgimento di particolari cariche ex art.2389, comma 3 c.c.

(5) Retribuzioni fisse da lavoro dipendente al lordo di oneri previdenziali e fiscali a carico del dipendente esclusi oneri previdenziali obbligatori collettivi a carico della società e accantonamento TFR

(6) Compensi per partecipazione come:

- Membro dell'Audit Committee (Comitato Controllo e Rischi) per 9.000 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016

- Membro dell'Organismo di Vigilanza per 16.000 euro relativi al periodo di competenza 01 Gennaio - 31 Dicembre 2016

PIANI DI INCENTIVAZIONE MONETARI A FAVORE DEI COMPONENTI DELL' ORGANO DI AMMINISTRAZIONE, DEI DIRETTORI GENERALI E DEGLI ALTRI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

A	B	(1)	(2)			(3)			(4)
Cognome Nome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
DELLA PORTA MASSIMO	Presidente SAES Getters S.p.A.		(A)	(B)	(C)	(A)	(B)	(C)	
			Erogabile/Erogato	Differito	Periodo di differimento	Non più erogabili	Erogabile/Erogati	Ancora differiti	
(I) Compensi nella società che redige il bilancio	Piano A (data relativa delibera)	€ 637.500	€ 250.000				€ -		
	Piano B (data relativa delibera)								
	Piano C (data relativa delibera)								
(II) Compensi da controllate e collegate	Piano A (data relativa delibera)								
	Piano B (data relativa delibera)								
	Piano C (data relativa delibera)								
(III) Totale		€ 637.500	€ 250.000	€ -	€ -	€ -	€ -	€ -	

PIANI DI INCENTIVAZIONE MONETARI A FAVORE DEI COMPONENTI DELL' ORGANO DI AMMINISTRAZIONE, DEI DIRETTORI GENERALI E DEGLI ALTRI DIRIGENTI CON RESPONSABILITA' STRATEGICHE

A	B	(1)	(2)			(3)			(4)
Cognome Nome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
CANALE GIULIO	Amministratore Delegato		(A)	(B)	(C)	(A)	(B)	(C)	
	SAES Getters S.p.A.		Erogabile/Erogato	Differito	Periodo di differimento	Non più erogabili	Erogabile/Erogati	Ancora differiti	
(I) Compensi nella società che redige il bilancio	Piano A (data relativa delibera)	€ 552.500	€ 216.667				€ -		
	Piano B (data relativa delibera)								
	Piano C (data relativa delibera)								
(II) Compensi da controllate e collegate	Piano A (data relativa delibera)								
	Piano B (data relativa delibera)								
	Piano C (data relativa delibera)								
(III) Totale		€ 552.500	€ 216.667	€ -	€ -	€ -	€ -	€ -	

PIANI DI INCENTIVAZIONE MONETARI A FAVORE DEI COMPONENTI DELL'ORGANO DI AMMINISTRAZIONE, DEI DIRETTORI GENERALI E DEGLI ALTRI DIRIGENTI CON RESPONSABILITÀ STRATEGICHE

A	B	(1)	(2)			(3)			(4)
Cognome Nome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri Bonus
DIRIGENTI STRATEGICI *	VARIE (1)		(A)	(B)	(C)	(A)	(B)	(C)	
			Erogabile/Erogato	Differito	Periodo di differimento	Non più erogabili	Erogabile/Erogati	Ancora differiti	
(I) Compensi nella società che redige il bilancio	Piano A (data relativa delibera)	€ 149.006 (2)	€ 276.666 (3)		€ -	€ 284.990 (4)	€ 373.332 (5)		
	Piano B (data relativa delibera)								
	Piano C (data relativa delibera)								
(II) Compensi da controllate e collegate	Piano A (data relativa delibera)								
	Piano B (data relativa delibera)								
	Piano C (data relativa delibera)								
(III) Totale		€ 149.006	€ 276.666	€ -	€ -	€ 284.990	€ 373.332	€ -	

(*) Si segnala che con decorrenza 10 giugno 2013, il ruolo di Corporate Research Manager è stato soppresso e le responsabilità di quest'ultimo sono confluite al Chief Technology Innovation Officer, nella persona dell'ing. Massir

(1) Cariche con Responsabilità Strategiche: Corporate Human Resources Manager, Corporate Operations Manager, Corporate Research Manager, Group Administration Finance and Control Manager, Group Legal General Counsel

(2) Compensi relativi a Una Tantum dirigenti strategici che tiene conto del valore accantonato durante l'esercizio 2016 in via previsionale

(3) Importo di competenza annuale per l'esercizio 2016 relativo ai piani di incentivazione a lungo termine ("L.T.I.P" *Incentive*)

(4) Valore composto da quota parte del compenso relativo a Una Tantum dirigenti strategici di competenza del 2015, monetizzato nell'Aprile 2016 (Euro 37.640,00) e da "L.T.I.P" *Incentive* corrisposto nel 2016 a favore di due direttori strategici (Euro 247.350,00)

(5) "L.T.I.P" *Incentive* accantonati fino al 31 dicembre 2016, erogabili in anni successivi al 2016

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Canale Giulio	Amministratore	SAES Getters S.p.A.	0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
De Maio Adriano	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
della Porta Alessandra	Amministratore	SAES Getters S.p.A.	54.856 SGR	-	-	54.856 SGR

* Azioni cointestate con la sorella Carola Rita della Porta

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
della Porta Luigi Lorenzo	Amministratore	SAES Getters S.p.A.	9.619 SG	-	-	9.619 SG
		SAES Getters S.p.A.	13.685 SGR	-	-	13.685 SGR

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
della Porta Massimo	Presidente	SAES Getters S.p.A.	9.620 SG	-	-	9.620 SG
		SAES Getters S.p.A.	25.319 SGR	-	-	25.319 SGR

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Dogliotti Andrea	Amministratore	SAES Getters S.p.A.	99.141 SG	9.532 SG(*)	-	108.673 SG
		SAES Getters S.p.A.	2.000 SGR	-	-	2.000 SGR

(*) Rimborso prestito obbligazionario SGGH

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Mazzola Pietro	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Orecchia Roberto	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Stefano Proverbio	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Luciana Rovelli	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Gaudiana Giusti	Amministratore		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2014)	NUMERO AZIONI ACQUISTATE NEL 2015	NUMERO AZIONI VENDUTE NEL 2015	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2015)
Pier Francesco Sportoletti (*)	Presidente Collegio Sindacale		0	-	-	0

(*) Il Dott. Sportoletti è deceduto nell'ottobre 2016, la situazione specificata in tabella è l'ultima a noi conosciuta e comunicata stante l'impossibilità di richiedere aggiornamenti.

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Sara Speranza	Sindaco effettivo		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Rivolta Angelo	Presidente Collegio Sindacale		0	-	-	0

SCHEMA 7 ter - TABELLA 1

PARTECIPAZIONI DEI COMPONENTI DEGLI ORGANI DI AMMINISTRAZIONE E DI CONTROLLO, E DEI DIRETTORI GENERALI

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Donnamaria Vincenzo	Sindaco effettivo		0	-	-	0

SCHEMA 7 ter - TABELLA 2

PARTECIPAZIONI DEGLI ALTRI DIRIGENTI CON RESPONSABILITA' STRATEGICA (in forma cumulativa)

COGNOME E NOME	CARICA	SOCIETA' PARTECIPATA	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO PRECEDENTE (31/12/2015)	NUMERO AZIONI ACQUISTATE NEL 2016	NUMERO AZIONI VENDUTE NEL 2016	NUMERO AZIONI POSSEDUTE ALLA FINE DELL'ESERCIZIO DI RIFERIMENTO (31/12/2016)
Dirigenti con responsabilità strategica	N/A	N/A	0	-	-	0

The present is the English translation of the Italian official report approved by the Board of Directors on March 15, 2017. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to Article 73 of the Issuers Regulations, approved by Consob resolution No. 11971 of May 14, 1999, paragraph 1, TUF on item 3 of the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A., to be held at the registered office in Viale Italia, 77, Lainate, in single call on April 27, 2017 at 10.30 am.

Proposal to authorize the Board of Directors, pursuant to and by the effects of Articles 2357 *et seq.* of the Civil Code, and 132 of Italian Legislative Decree No. 58/1998, to purchase and dispose of a maximum of 2,000,000 treasury shares; related and consequent resolutions.

Shareholders,

you have been called by the Board of Directors, in ordinary session, to resolve also this year with regard to the proposal to approve and regulate shares buy back.

1. Reasons why approval is required for share buy backs operations.

We would first like to remind you that the Shareholders, on their Meeting of April 28, 2016, had authorized shares buy back up to a maximum 2,000,000 shares for a period of 18 months starting on the day of approval.

During the course of the year 2016 the Board has not made use of the authorization granted by the Shareholders on April 28, 2016, nor has it used, in the months prior said Meeting, the authorization previously granted by the Shareholders on their Meeting of April 28, 2015. However, it is not to be excluded that circumstances may arise in the future which would call for an intervention by the Company, and thus we think it appropriate for the Board, after the revocation of the previous authorization granted by the Shareholders on April 28, 2016, to continue to exercise the faculty granted by the Shareholders for the purchase and disposal of shares in the Company's portfolio. It is the opinion of the Board that the purchase and sale of treasury shares constitutes a flexible instrument in terms of company management and strategy. From such perspective, the request for authorization is thus linked to the opportunity to be able to intervene on Company securities in relation to activities relating to investment and the efficient utilization of company liquidity and for purposes of stock titles in accordance with the terms and purposes defined by law and in particular EC Regulation 2273/2003 and market practices referred to in Article 180, paragraph 1, lett. c) of the Italian Legislative Decree no. 58/1998 ("Consolidated Financial Law"), approved by Consob resolution no. 16839 of March 19, 2009, to which it can be made reference.

Said authorization is also requested for additional purposes, such as the opportunity to use treasury shares as payment in extraordinary operations or acquisition operations, or to obtain the required

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financing for the realization of projects and/or the attainment of company goals, or, lastly, as part of share-incentive plans or stock options in favor of directors and/or employees and/or other collaborators of the Company.

2) Maximum number, category and value of the buy back shares.

We propose to pass a resolution, pursuant to Article 2357, second paragraph, of the Civil Code, on the authorization to purchase, either in one or several lots, up to a maximum number of 2,000,000 ordinary and/or saving shares of the Company, with no nominal value, keeping into account the shares already in the portfolio of the Company, and in any case within the limitations of Law.

3) Compliance with the provisions of the third paragraph of Article 2357 of the Civil Code.

After implementing, on May 26, 2010, the resolutions of the Extraordinary Meeting of the Shareholders held on April 27, 2010, ordering the annulment of 600,000 ordinary shares and 82,000 saving shares in the Company's portfolio, as of today the Company has no treasury shares.

As of today no subsidiary company owns any SAES Getters S.p.A. shares. In any case all the subsidiary companies shall be given specific dispositions to promptly inform us of any shares owned by them.

In no case whatsoever, in compliance with the provisions of Articles 2346, third paragraph, and 2357, third paragraph, of the Civil Code, may the number of treasury shares purchased – keeping into account also the shares owned by subsidiary companies – exceed the tenth part of the overall number of shares issued.

Share buy backs shall be kept within the limitations of distributable profits and available reserves as per the last duly approved Financial Statement. Where, and in the measure in which, the prospected buy backs shall be completed, the purchase of treasury shares will bring to a reduction of the same amount in the shareholders' equity, through the recognition in the liability side of the balance sheet of a specific item with negative sign; similarly, at the time of transfer of treasury shares, being ordinary or saving shares, the shareholders equity will be increased by a matching reduction of the liability side of the balance sheet.

4) Duration of the authorization.

The authorization to purchase shares is requested for a period of 18 months, starting on the date in which the Shareholders shall resolve accordingly. The authorization to dispose the treasury shares purchased is requested with no limitations of time.

5) Minimum and maximum prices, and market valuations used to determine said prices.

5.1. Minimum and maximum purchase price.

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The price of purchase, including accessory costs, shall not go above or below the quota of 5% of the reference stock price on the day before any such operation: said parameters are deemed adequate to identify the range of values where the purchase of shares is beneficial to the Company.

5.2. Sale price.

Treasury shares purchase operations may be effected at a minimum price equal to the weighted average of the registered price of the shares in the same category registered in the 20 trading days prior to such purchase.

Said limitation shall not be applied in case of any exchanges or transfer of treasury shares effected as part of acquisition of stock, or in case of extraordinary finance operation entailing the use of unassigned treasury shares. In the latter case price shall be applied using reference average prices in line with international best practice procedures.

Sales operations subject to stock option plans shall be effected at the conditions provided in the stock option plan to be approved by the Shareholders pursuant to Article 114-*bis* of Italian Consolidated Financial Law and to any applicable regulation.

6) Procedures for the purchase and sale of shares.

Purchase operations shall be effected on the stock exchange, in one or more operations, with the procedures agreed with the stock exchange operator, so as to assure full equality of treatment among Shareholders pursuant to Article 132 of Italian Consolidated Financial Law, and in any case in keeping with any procedure that may be allowed under any relevant and applicable Law applicable.

Furthermore, following the admission of the Company in the STAR Segment (High Performance Equities Segment), in keeping with the terms of the agreement entered into with the Market Specialist, the purchase and sale of ordinary treasury shares must be previously communicated to the Market Specialist, who may not unreasonably deny its consent to said operations.

Buy backs may be effected pursuant to Article 144-*bis* letters a) and b) of the Issuers Regulations:

- a) by means of public offer of purchase or exchange;
- b) on the stock exchange, regulated according to operational procedures established in the organization and administration of said market, not allowing any direct match of purchase proposals with predetermined sale proposals.

Among the procedures allowed under the Issuers Regulations, we consider preferable the purchase on the stock exchange, regulated for the purposes above indicated, particularly for the purposes of supporting the course of the stock, which purposes we consider most effectively reached through a simple, elastic and flexible mechanism such as the direct purchase on the stock exchange, as soon as an intervention is deemed appropriate. We don't exclude the possibility to use the public offer

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procedure for exchange or purchase, which shall have to be resolved upon by the Board of Directors with adequate motivation.

The Shareholders and the stock exchange market shall promptly be informed pursuant to the third, fourth, and fifth paragraph of Article 144-*bis* of the Issuers Regulations.

The treasury shares purchased may be utilized at any moment, in whole or in part, in one or several operations, even before having completed all purchases, in the manners deemed most propitious in the interest of the Company: i) by selling the ownership of said shares, or by transferring any of the real and/or personal rights of said shares (including, but not limited to, the lending of stock); ii) by selling on the stock exchange and/or outside of the stock exchange, on the block market, through institutional placement, or exchange, even through public offer, iii) by sale or assignment to directors and/or employees and/or collaborators of the Company as part of share incentive plans or stock options, iv) as payment for the purchase of company stock and/or companies and/or assets and/or businesses, v) in case of extraordinary finance operations entailing the availability of unassigned treasury stock (including, but not limited to, mergers, spinoffs, issue of convertible bonds or warrant, etc., vi) given, within the limitations of Law, as security in order to obtain, for the Company and/or the companies of the Group, any loan which may be necessary for the realization of projects or the pursuit of company objectives, and vii) under any form of utilization allowed by the applicable laws and regulations.

Sale/assignment operations aimed at share incentive plans shall be effected in keeping with the terms and conditions of the relative plans approved by the Shareholders pursuant to Article 114-*bis* of the Italian Consolidated Financial Law and the applicable Laws and regulations.

With regard to the above written report, we submit to your approval the following proposal of resolution

“The Shareholders,

- having acknowledged the Directors’ Report;*
- having also acknowledged the provisions of Articles 2357 and 2357-ter of the Civil Code, as well as Article 132 of Legislative Decree 58/1998;*

resolves

- 1) to revoke, starting on this day, the resolution of approval for the purchase of treasury shares and utilization of the same, adopted by the Shareholders on April 28, 2016;*
- 2) to authorize, pursuant to and by the effects of Article 2357 of the Civil Code, the purchase, in one or several operations and over a period of eighteen (18) months starting on the day of this*

resolution, on the stock market and with the procedures agreed with the stock exchange operator pursuant to Article 132 of Legislative Decree no. 58/1998, up to a maximum of 2,000,000 ordinary and/or saving shares of the Company, and in any case within any limitation of law, for a price, inclusive of any accessory costs, not above nor under 5% of the official price registered by the stock on the day prior to every single operation, targeted to deliver any market intervention to support the liquidity of the stock and for any purpose of stock titles in the terms, the terms and purposes defined by law and in particular EC Regulation 2273/2003 and market practices referred to Article 180, paragraph 1, lett. c) of the Legislative Decree no. 58/1998, approved by Consob resolution no. 16839 of March 19, 2009, to which reference may usefully be given to possible or investment needs and the efficient use of corporate liquidity, as well as for any other purposes, such as the opportunity to use treasury shares as payment in extraordinary operations or acquisitions, or to obtain necessary funding to implement projects and / or the achievement of corporate objectives and, ultimately, for any stock option plans or stock options to directors and / or employees and / or collaborators of Company;

- 3) to authorize the Board of Directors, and in representation thereof the Chairman, Deputy Chairman and Managing Director, each in their separate function, to purchase the shares subject to the conditions above defined, and in keeping with the terms of Article 144-bis letter a) and b) of Consob Regulations No. 11971 of May 14, 1999, and in the degree deemed opportune in the interest of the Company, without prejudice to the terms of the agreement entered into with the Market Specialist as concerns ordinary shares;*
- 4) to authorize the Board of Directors, and in representation thereof the Chairman, Deputy Chairman and Managing Director, each in their separate function, pursuant to and by the effects of Article 2357-ter of the Civil Code, so as they may dispose – at every moment, in whole or in part, on one or several operations, even before having completed purchasing, of the treasury shares purchased base on this resolution, in the manner deemed most favorable to the interests of the Company, provided that said disposal may include: i) the sale of the ownership of such shares, or the transfer of the real and/or personal rights attached to such shares (including, but not limited to, the lending of stock), ii) the sale on the stock exchange and/or outside the stock exchange market, on the block market, through institutional placement, or exchange, including through public offer, iii) the sale or assignment to directors and/or employees and/or collaborators of the Company as part of share incentive plans or stock options, iv) or as payment for the purchase of company stock and/or companies and/or assets and/or businesses, v) in case of extraordinary finance operations entailing the availability of unassigned treasury stock (including, but not limited to, mergers, spinoffs, issue of convertible bonds or warrant, etc., vi)*

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given such shares, within the limitations of Law, as security in order to obtain, for the Company and/or the companies of the Group, any loan which may be necessary for the realization of projects or the pursuit of company objectives, and vii) any form of utilization allowed by the applicable laws and regulations, attributing to the same the faculty to establish, from time to time and in compliance with the provisions of Law and other regulations, the terms, manner, and conditions that they may deem most appropriate, provided that the sale of shares may only be effected against a minimum payment equal to the weighted average of the official prices of shares in the same category in the 20 trading days preceding such sale. The latter term shall not apply in case of any exchange or transfer of treasury shares effected as part of acquisitions of company stock and/or companies and/or assets and/or businesses, or in case of extraordinary finance operations;

- 5) to dispose that purchases be effected within the limits of the distributable profit and available reserves as per the last duly approved Financial Statement, and that where, and in the measure in which, the prospected buy backs shall be completed, that the purchase of treasury shares will bring to a reduction of the same amount in the shareholders' equity, through the recognition in the liability side of the balance sheet of a specific item with negative sign; to dispose that, similarly, at the time of transfer of treasury shares, being ordinary or saving shares, the shareholders equity will be increased by a matching reduction of the liability side of the balance sheet;*
- 6) to grant the Chairman, Deputy Chairman and Managing Director, each in their separate functions, any power needed to execute this resolution, making any suitable entry in the balance sheet and records in the accounts, with the faculty also to purchase and dispose of treasury shares, within the limitations provided above, also through specialized intermediaries including by entering into liquidity agreements according to the provisions of the competent market authority.”*

Lainate, March 15, 2017

For the Board of Directors

Mr. Massimo della Porta

Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 15, 2017. For any difference between the two texts, the Italian text shall prevail.

Directors' Report drawn up pursuant to Article 125-ter of the Consolidated Finance Law on item 4 of the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on single call for 27 April 2017 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

Appointment of the Chairman of the Board of Statutory Auditors and reconstitution of the Board of Statutory Auditors (appointment of alternate auditor) pursuant to and in accordance with Article 2401 of the Italian Civil Code.

Dear Shareholders,

The Board of Directors has summoned you to meet in ordinary session to discuss and pass resolution on the reconstitution of the Board of Statutory Auditors. In this regard we wish to remind you that the Meeting of Shareholders of 28 April 2015 had appointed the following persons as members of the Board of Statutory Auditors:

- Mr. Pier Francesco Sportoletti (Chairman of the Board of Statutory Auditors, only statutory auditor elected from the minority list);
- Mr. Vincenzo Donnataria (Statutory Auditor elected from the majority list);
- Ms. Sara Anita Speranza (Statutory Auditor elected from the majority list);
- Ms. Anna Fossati (Alternate Auditor elected from the majority list);
- Mr. Angelo Rivolta (Alternate Auditor, only alternate auditor elected from the minority list).

Following the death of Mr. Pier Francesco Sportoletti - Statutory Auditor and Chairman of the Board of Statutory Auditors - appointed from the list submitted by the minority shareholder Equilybra Capital Partners S.p.A., on 11 October 2016, the Alternate Auditor, Mr. Angelo Rivolta, elected from the same list, took over the above office, pursuant to Article 22 of the By-laws, and he shall remain in office until the next Meeting of Shareholders, pursuant to Article 2401, paragraph 1, of the Italian Civil Code.

The Meeting of Shareholders is required to pass resolution on the confirmation of Mr. Angelo Rivolta as Statutory Auditor, as well as Chairman of the Board of Statutory Auditors, to replace the late Mr. Pier Francesco Sportolotti and, furthermore, due to the absence of the indication of any other alternate auditor on the only minority list submitted at the time, to appoint an Alternate Auditor in order to complete the Board of Statutory Auditors.

The Auditors appointed in this way shall remain in office for the same length of time as those currently in office, who were appointed by the Meeting of Shareholders of 28 April 2015, and therefore until the approval of the financial statements as at 31 December 2017.

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In relation to the above, it is to be noted that Article 22 of the Company By-laws states, *inter alia*, that:

- the Board of Statutory Auditors shall consist of three effective members and two alternate members, who will remain in office for three business years and whose office will expire upon the Shareholders Meeting called to approve the financial statements of the last year of their mandate.
- the Auditors must satisfy the eligibility, independence, professionalism and integrity requirements set forth by law or other applicable rules.
- the composition of the Board must respect gender balance in accordance with Italian Law no. 120 of 12 July 2011 and subsequent amendments, as well as the applicable regulations in force;
- limits, as laid down by CONSOB regulations on the holding of positions of administration and control, shall be imposed on the members of the Board of Statutory Auditors.
- in the cases where, for any reason, the Minority Auditor was to leave office, the latter is to be replaced by the Minority Alternate Auditor, in compliance, in any case, with the laws on gender balance in the bodies of listed companies as laid down in Italian Law no. 120/2011, as is the case of the replacement of Mr. Sportoletti by Mr. Rivolta.
- the Meeting of Shareholders, as set forth in Article 2401, paragraph 1, of the Italian Civil Code, is to appoint or replace the Auditors in compliance with the principle of the necessary representation of minorities, as well as in compliance with the laws on gender balance in the bodies of listed companies as laid down in Italian Law no. 120/2011.

As stated above, since there were no other candidates on the only list submitted at the time by the minority shareholder, in order to comply with the "principle of the necessary representation of minorities" pursuant to Article 22 of the Company By-laws, the minority shareholders are requested to submit a proposal for the appointment of the Alternate Auditor to complete the Board of Statutory Auditors.

Since the provisions of law and the Company By-laws for the renewal of the entire Board of Statutory Auditors, through the so-called slate voting system, are not applicable to this case, the voting on any received proposal(s) shall take place with a relative majority vote (in particular without the use of lists), without taking into account the vote of the majority shareholder and the parties associated with the latter, as it is believed that such conduct is imposed by the Company By-laws – Article 22 - and the legal framework, resulting from Article 144-*sexies* of the Regulations for Issuers, in compliance with the representation of minorities.

The shareholders entitled to vote that intend to submit candidatures prior to the date scheduled for the meeting of shareholders must file the appropriate documentation containing: a) an exhaustive report on the personal and professional characteristics of the candidates accompanied by the list of the management and con-

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trol positions held in other companies; b) a declaration of the candidates certifying that non-existence of causes for ineligibility and incompatibility, as well as the possession of the requirements provided for by *pro tempore* laws and regulations in force, and their acceptance of the candidature; c) any other further or different declaration, information and/or document provided for by law and applicable regulations.

In order to submit a proposal, a special certificate, or notification establishing the right to speak and to vote in the Meeting of Shareholders, issued by an authorised intermediary, must be sent to the Company, and it is to be noted that the share capital held must in any case be proven on the record date indicated in the notice to attend the Meeting of Shareholders. This certificate or notification must reach the Company by the start of the Meeting at the latest.

In consideration of the above, although the laws in force and Company By-laws have not laid down any pre-arranged time limits for the submission of proposals, the entitled parties that intend to submit an appointment proposal to the Meeting of Shareholders can also send the aforesaid proposal prior to the date fixed for the Meeting of Shareholders, by filing it, together with the related accompanying documents stated above (and in any case sending the special certificate proving the share capital held on the record date indicated in the notice to attend the Meeting of Shareholders, or the notification of the establishing the right to speak and to vote in the Meeting of Shareholders, issued by an authorised intermediary) to the registered office of the Company (Viale Italia, 77, Lainate (Milan) - for the attention of the Legal Department), or via certified electronic email to the address saes-ul@pec.it. (in this regard it is to be specified that information enabling the party submitting the proposal to be identified and a contact telephone number must be sent together with the aforesaid documentation). In this case timely information on the submission of the proposal shall be provided on the Company website, in the section dedicated to the Meeting of Shareholders.

Failing any proposal for reconstitution of the Board of Statutory Auditors (and therefore for the appointment of the Alternate Auditor by the shareholders other than the majority shareholder and the parties associated to the latter, the Meeting of Shareholders will appoint the missing Alternate Auditor, in compliance with the rules on gender, on the proposal of any shareholder so that all the shareholders participate in the vote.

It is to be noted, finally, that the current composition of the Board of Statutory Auditors, having two members (one Statutory Auditor and one Alternate Auditor) belonging to the less-represented gender, ensures already compliance with the balance of genders set forth in the applicable legal and regulatory provisions and in the Company By-laws.

Now, therefore, we submit the following resolution proposal for your approval:

“The Ordinary Meeting of the Shareholders of SAES Getters S.p.A.:
- having acknowledged the information received;

The present is the English translation of the Italian official report approved by the Board of Directors on March 15, 2017. For any difference between the two texts, the Italian text shall prevail.

resolves

- 1. to confirm Mr. Angelo Rivolta as Statutory Auditor and Chairman of the Board of Statutory Auditors;*
- 2. to appoint an Alternate Auditor in the person of [];*
- 3. to authorise the Chairman and the Vice-Chairman and Managing Director, jointly and severally, to complete the formalities required by the laws in force, as well as to take all the necessary action to fully implement the resolution stated above, granting them all the powers necessary and appropriate for this purpose, none excluded, as well as the powers to delegate tasks to third parties”.*

Lainate, 15 March 2017

for the Board of Directors

Mr. Massimo della Porta
Chairman

The present is the English translation of the Italian official report approved by the Board of Directors on March 15, 2017. For any difference between the two texts, the Italian text shall prevail.

Directors' Report on item 5 of the agenda of the Ordinary Meeting of the Shareholders of SAES Getters S.p.A. convened on first call for 27 April 2017 at 10.30 at the registered office of the Company in Lainate, Viale Italia 77.

Amendment to Directors' Termination Indemnity

Dear Shareholders,

The Board of Directors has summoned you to meet in ordinary session to discuss the proposal to amend Directors' Termination Indemnity, instituted by the meeting of shareholders of 27 April 2006.

The Chairman and the Managing Directors are entitled to such Termination Indemnity ("TFM" in Italian), as well as the other directors with operative/executive appointments, as indicated by the Board of Directors, after having examined the remuneration and social contribution status of each Director.

It is proposed to the meeting that the accrual of the fixed and variable remuneration paid to the entitled Directors, as resolved by the Board of Directors pursuant to Article 2389 of the Italian Civil Code, is increased from 18% to 20%. Taking into account the financial position of the Company, the activities carried out by the entitled Directors and the increasing responsibilities associated with this role into consideration, this adequate and reasonable accrual aims to better guarantee a sufficient end-of-career retirement fund - in line with Italian and international standards, which is conventionally fixed at 50% of the last salary received.

The Termination Indemnity will continue to be implemented through the stipulation and purchasing of a Directors' Termination Indemnity insurance policy in compliance with the requirements of law, funded by an annual premium of an amount equal to the accrual for severance indemnity, in order to reach company objectives.

Now, therefore, we submit the following resolution proposal for your approval:

"The Ordinary Meeting of the Shareholders of SAES Getters S.p.A.:

- having acknowledged the information received;

resolves

1. With reference to the termination indemnity to which the Chairman and the Managing Directors, as well as other directors with operative/executive appointments as indicated by the Board of Directors, are entitled, to increase, starting from the current mandate, the accrual of fixed and variable remuneration paid to the entitled Directors, as resolved by the Board of Directors pursuant to Article 2389

The present is the English translation of the Italian official report approved by the Board of Directors on March 15, 2017. For any difference between the two texts, the Italian text shall prevail.

of the Italian Civil Code, from 18% to 20%, henceforth approving the action taken up to now by the Board of Directors in anticipation of this resolution;

2. to authorise the Chairman and the Vice-Chairman and Managing Director, jointly and severally, to take all the necessary action to fully implement the resolution stated above, granting them all the powers necessary and appropriate for this purpose, none excluded, as well as the powers to delegate tasks to third parties”.

Lainate, 15 March 2017

for the Board of Directors

Mr. Massimo della Porta
Chairman

Report of the Board of Directors drafted pursuant to Art. 125-ter, first paragraph, of the Italian Consolidated Finance Law, on the single item on the agenda of the Special Meeting of Holders of Savings Shares of SAES Getters S.p.A., convened at the registered offices in Viale Italia, 77, Lainate, in single call on April 27, 2017 at 12.00 am (and in any case at the end of the Ordinary Shareholders' Meeting called, in single call, on the same date)

Shareholders,

The Board of Directors has summoned you to meet in the Special Meeting of Holders of Savings Shares to discuss the appointment of the common representative for holders of savings shares for the period 2017-2018-2019 and establishing his/her compensation.

The mandate of the current common representative, Dr. Massimiliano Perletti, born in Milan the 20th of July 1964, Lawyer and charter member of the legal firm Roedl&Partner, appointed by the Special Meeting of the holders of SAES Getters S.p.A. saving shares on April 29, 2014, will expire upon the approval of the SAES Getters S.p.A. financial statements for the year ended at December 31, 2016.

You are therefore invited to appoint the new common representative pursuant to Article 146 of Legislative Decree no. 58 dated February 24, 1998 for the three fiscal years 2017, 2018 and 2019 and to resolve upon on the related annual remuneration which is currently established in the amount of EUR 1,100.00 (one thousand and one hundred).

Dr. Perletti has informed the Company about its intention to attend this office for the three year period 2017-2019.

With reference to the report above indicated the following resolutions are proposed to the Shareholders:

“The Special Meeting of the Holders of SAES Getters S.p.A. savings shares,

- taking into account the Directors' Report

resolved

- to confirm common representative, Dr. Massimiliano Perletti, born in Milan the 20th of July 1964, Lawyer and charter member of the legal firm Roedl&Partner for the three year period 2017-2019;

- to resolve on an annual remuneration of EUR 3,500.00

Lainate, March 15, 2017

For the Board of Directors

Dr Ing. Massimo della Porta
Chairman

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

Drawn up pursuant to articles 123-*bis* Italian Consolidated Finance Law
and 89-*bis* of CONSOB Regulations for Issuers

(Traditional administration and control model)

Issuer: SAES[®]Getters S.p.A. – Viale Italia 77 – 20020 Lainate (MI)
Website: www.saesgetters.com

Financial year to which the Report refers: 2016
Date of approval of the Report: 15 March 2017

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GLOSSARY

Code/ Corporate Governance Code: the Corporate Governance Code of listed companies as amended in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civil Code : Italian Civil Code

Board: the Board of Directors of the Company.

Company: SAES Getters S.p.A.

Financial Year: 2016 financial year (01.01.2016-31.12.2016).

Regulations for Issuers: the Regulations issued by CONSOB with resolution no. 11971 of 14 May 1999 (and subsequent amendments and additions) on issuers.

Market Regulations: the Regulations issued by CONSOB with resolution no. 16191 of 29 October 2007 (and subsequent amendments and additions) on markets.

Regulations of Related Parties: The Regulation issued by CONSOB with resolution no. 17221 of 12 March 2010 (and subsequent amendments and additions) in matters of transactions with related parties.

Report: The report on corporate governance and ownership structures that companies are obliged to draw up pursuant to articles 123-*bis* of Italian Consolidated Finance Law and 89-*bis* CONSOB Regulations for Issuers.

Consolidated Finance Law: Italian Legislative Decree 24 February 1998, no. 58.

Independent Director: member of the Board of Directors of the Company satisfying the independence requirements provided for in the Corporate Governance Code and articles 147-*ter*, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law.

Savings Law: Italian Law on protection of savings of 28 December 2005, no. 262.

Model 231: The organisational, management and control model pursuant to Italian Legislative Decree no. 231 of 8 June 2001 approved by the Board of Directors of SAES Getters S.p.A. on 22 December 2004 and subsequent amendments.

Accounting Control Model: Administrative and Accounting Model adopted by the Board of Directors of SAES Getters S.p.A. on 14 May 2007 and subsequently updated on 20 December 2012 also in light of the provisions introduced by the Savings Law.

By-laws: the current version of the Company by-laws (amended by the Meeting of Shareholders of 3 March 2016).

1. PROFILE OF THE ISSUER

A pioneer in the development of getter technology, SAES Getters S.p.A., together with its subsidiaries (hereinafter, the “SAES[®] Group”) is the world leader in a variety of scientific and industrial applications requiring stringent vacuum or ultra-pure gases. For more than 70 years, the getter solutions of the Group have been supporting technological innovation in the information display and lamp industries, ultra-high vacuum systems and vacuum thermal insulated devices, and in technologies that range from large vacuum power tubes to silicon-based miniaturised microelectronic and micromechanical devices. The Group also holds a leading position in ultra-pure gas refinement for the semiconductor industry and other high-tech industries.

Since 2004, by taking advantage of the expertise it acquired in the special metallurgy and material science field, the SAES Group expanded its business into the advanced material market, and the market of shape memory alloys in particular, a family of advanced materials characterised by super-elasticity and their ability to assume predefined forms when heated. These special alloys, which today are used mainly in the biomedical sector, are also perfectly suited to the production of actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and the automotive sector).

More recently, SAES has expanded its business by developing a technology platform that integrates getter material in polymer matrixes. These products, originally developed for OLED displays, are now used for new application fields, including implantable medical devices and solid state imaging system. Among these new applications, the advanced food packaging is particularly strategic: SAES intends to compete by offering new solutions for active packaging..

A total production capacity distributed in thirteen manufacturing plants, a worldwide commercial and technical assistance network and approximately 1100 employees allow the Group to combine multicultural skills with experience to form a company that is truly global.

The headquarters of the SAES Group are located in Lainate, in the Milan area.

SAES has been listed on the Telematic Stock Exchange (“MTA”) of Borsa Italiana S.p.A., STAR segment, since 1986.

In compliance with its By-laws, the administration and control **model** adopted by the Company is the so-called **traditional** model based on the combination of a Board of Directors and Board of Statutory Auditors. More specifically, in this model the Governance of the Company is characterised by the existence of:

- a Board of Directors in charge of the management of the Company, which operates in compliance with principle 1.P.1. of the Code;

- a Board of Statutory Auditors/Internal Control and Audit Committee called upon to supervise compliance with the law and the By-laws, among the other matters prescribed by the current laws in force, as well as the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of the annual accounts and consolidated accounts, and the independence of the external audit firm, with a particular focus on the provision of non-auditing services to the Company;
- the Meeting of Shareholders, responsible for passing resolutions in accordance with the provisions of law and the By-laws, in ordinary and extraordinary session.

The statutory audit of the annual accounts and consolidated accounts is entrusted to an audit firm (Deloitte & Touche S.p.A.) registered in the register of statutory auditors and audit firms, set up pursuant to article 2, paragraph 1, of Italian Legislative Decree no. 39/2010.

2. INFORMATION ON OWNERSHIP STRUCTURES (pursuant to article 123-bis, paragraph 1, of Consolidated Finance Law)

The information reported below, unless otherwise indicated, refers to the date of approval of this Report, i.e. 15 March 2017.

2.1. Share capital structure (pursuant to article 123-bis, paragraph 1, letter a), of Consolidated Finance Law)

The share capital of SAES Getters S.p.A. is EUR 12,220,000.00, fully paid-up, and is divided into 22,049,969 shares, broken down as follows:

	No. of shares	% of share capital	Listed/unlisted	Rights and obligations
Ordinary shares	14,671,350	66.54	MTA STAR segment – Borsa Italiana S.p.A.	Art. 5, 6, 11, 26, 29, 30 By-laws
Shares with multiple voting rights	0	0	-	-
Shares with limited voting rights	0	0	-	-
Savings shares (without holding rights)	7,378,619	33.46	MTA STAR segment – Borsa Italiana S.p.A.	Art. 5, 6, 11, 26, 29, 30 By-laws

All shares are without par value and currently have an implied book value (understood as the ratio between the total amount of the share capital and the total number of issued shares) of EUR 0.554196.

Each ordinary share awards the right to vote without any restrictions. All administrative and economic rights and the obligations provided for by law and the By-laws are connected to ordinary shares. Savings shares are without voting rights in ordinary and extraordinary meetings.

The rights related to the different classes of shares are indicated in the By-laws, and in particular in articles 5, 6, 11, 26, 29 and 30. The By-laws are available on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Company By-laws section).

The ordinary shares are registered shares, whereas the savings shares are either bearer shares or registered shares according to the choice of the Shareholder or the provisions of law. All shares are issued in dematerialised form.

Each share awards the right to a portion of the profits allocated for distribution and the shareholders' equity resulting from liquidation, without prejudice to the rights established in favour of savings shares, as set forth in articles 26 and 30 of the By-laws.

More precisely, the net profits of each financial year are distributed as follows:

- 5% to the legal reserve, until the latter has reached one fifth of the share capital;
- the remaining amount is distributed as follows:
 - savings shares are entitled to a preferred dividend of 25% of the implied book value. When savings shares are assigned a dividend of less than 25% of the implied book value in a particular financial year, the difference will be made up on the preferred dividend in the next two financial years;
 - the residual profits that the Meeting of Shareholders decides to distribute will be divided among all the shares in such a way to ensure that the savings shares will be entitled to a total dividend that will be higher than ordinary shares by 3% of the implied book value (understood as the ratio between the total amount of the share capital and the total number of issued shares).

In the event of the distribution of reserves, shares have the same rights irrespective of the category to which they belong.

In the event of the winding-up of the Company, savings shares have priority in the reimbursement of capital for their implied book value.

To the present date, the Company does not hold any treasury shares.

The share capital may also be increased by issuing shares with different rights from those of the shares already issued. In the event of an increase in share capital, the owners of shares in each category have the proportional right to receive, in option, newly-issued shares of the same category and, if these are not available or to make up the difference, the shares of another category (or other categories).

The resolutions to issue new shares with the same characteristics of those in circulation do not require the further approval of special Meeting of Shareholders.

If ordinary or savings shares are excluded from trading, the savings shares shall be awarded the same rights as those previously due to them.

There are no other financial instruments (such as bonds, warrants) that award the right to subscribe newly-issued shares.

With regard to increased voting rights, please see paragraph 2.4 for more information.

2.2. Restrictions on the transfer of shares (pursuant to article 123-bis, paragraph 1, letter b), of Consolidated Finance Law)

There are no restrictions on the transfer of shares.

Nevertheless, attention is drawn to the indications of subsequent article 2.8 and several restrictions applicable to Significant Persons for limited periods of time (so-called blackout periods) as identified in the Internal Dealing Code published in the Company website www.saesgetters.com.

2.3. Significant investments in capital (pursuant to article 123-bis, paragraph 1, letter c), of Consolidated Finance Law)

S.G.G. Holding S.p.A. is the majority shareholder of the Company currently holding 6,638,023 SAES Getters S.p.A. ordinary shares, representative of 45.244% of the ordinary capital, according to the understanding of the Company on the basis of the communications received pursuant to article 120 of the Consolidated Finance Law and articles 152-*sexies* and 152-*octies* of the Regulations for Issuers.

The parties that hold voting rights exceeding 5% of the subscribed capital, represented by shares with voting rights, according to the results of the shareholders' register updated on 31/01/2017 and supplemented by the communications received by the Company up to the present date and by other information, are:

Shares with special rights (pursuant to article 123-bis, paragraph 1, letter d), of Consolidated Finance Law)

Declarer	Direct shareholder	% of ordinary capital (14,671,350 ordinary shares)	% of voting capital (14,671,350 ordinary shares)
S.G.G.Holding S.p.A.	S.G.G.Holding S.p.A.	45.244	45.244
Giovanni Cagnoli	Carisma S.p.A.	5.80	5.80

2.4. Shares with special rights (pursuant to article 123-bis, paragraph 1, letter d), of Consolidated Finance Law)

Shares that grant special controlling rights have not been issued, nor are there any parties that hold special powers pursuant to the provisions of law and the By-laws in force.

It is to be noted that the Company introduced increased voting rights, which was approved by the Meetings of Shareholders on 3 March 2016.

This system is permitted and provided for in article 127-*quinquies* of the Consolidated Finance Law as amended by Italian Law no.116 of 11 August 2014. With the introduction of this new system, Italian legislature abolished the traditional “one share – one vote” principle and, with the intention of encouraging medium-long term shareholder investments and to reward “loyal” shareholders, permitted the by-laws of issuers to attribute increased voting rights, up to a maximum of two votes, for each share belonging to the same subject for an uninterrupted period of no less than twenty-four months.

New article 11 of the company By-Laws sets forth that the holder of ordinary shares, registered in the special list drawn up by the Company (the “List”), will have two votes for each ordinary share held without interruption for at least twenty-four months (“Period”), starting from the time of their registration in the List. The increase in voting rights takes effect from the fifth trading day of the calendar month following the conclusion of the Period, under the condition that the notification of the intermediary reaches the Company by the third trading day of the calendar day following the conclusion of the Period. If the notification of the intermediary does not reach the Company by the aforesaid deadline, the vote increase will take effect from the fifth trading day of the calendar month subsequent to the month in which the notification has reached the Company.

Furthermore, in the event that a meeting of shareholders is called subsequent to the receipt of the notification of the intermediary but prior to the effectiveness of the increased voting rights (i.e. the fifth trading day of the calendar month following the conclusion of the Period), in order to participate in this meeting, the effectiveness of the increased voting rights will be brought forward to the record date.

Please refer to the By-laws for the rules on how the new system works.

On the date of this Report, there were 6 (six) Shareholders that requested to be registered on the List (drawn up under article 127-*quinquies* of the Consolidated Finance Law), 2 (two) of whom with significant investments in capital (exceeding 3%).

2.5. Shareholdings of employees: system for exercising voting rights (pursuant to article 123-bis, paragraph 1, letter e), of Consolidated Finance Law)

The Company does not have share-based incentive plans (*stock options, stock grants, etc.*).

2.6. Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter f), of Consolidated Finance Law)

There are no restrictions on voting rights.

2.7. Shareholder Agreements (pursuant to article 123-bis, paragraph 1, letter g), of Consolidated Finance Law)

The Company is unaware of any agreements stipulated by Shareholders pursuant to article 122 of the Consolidated Finance Law.

2.8. Change of control clauses (pursuant to article 123-bis, paragraph 1, letter h), of Consolidated Finance Law) and provisions laid down by the By-laws on Takeover Bids (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1 of Consolidated Finance Law)

The companies of the Group, in the normal course of business, are party to supply agreements or collaboration agreements with customers, suppliers and industrial or financial partners, which, as customary in international agreements, at times include clauses that assign the counterparty or each party the power to cancel these agreements in the event of any changes in control on the part of the parent company SAES Getters S.p.A. or, more generally, on the part of one of the parties. None of these agreements are significant.

Several companies of the Group are also party to bank financing agreements, as well as credit lines: these agreements with the credit institutions, as customary in these types of agreement, set forth the right of the institutions to request or claim the early reimbursement of the loans and the obligation on the part of the financed company to redeem all the sums it has used in advance, if there is a change in the control of the financed company and/or the parent company (SAES Getters S.p.A.). The debt exposure for which the application of the change of control clause may be applied as at 31.12.2016 stands at approximately EUR 35.1 million.

With reference to the provisions in force on takeover bids, it is to be noted that the By-laws do not provide for any derogation of the provisions on the passivity rule set forth in article 104, paragraphs 1 and 2, of the Consolidated Finance Law, nor do they expressly provide for the application of the neutralisation rules set forth in article 104-bis, paragraphs 2 and 3, of the Consolidated Finance Law.

It is to be specified that the information on the existence of change of control clauses in relation to executives with strategic responsibilities is found in the Remuneration Report published in accordance with article 123-ter of the Consolidated Finance Law.

2.9. Authorisation to increase share capital and authorisations to purchase treasury shares (pursuant to article 123-bis, paragraph 1, letter m), of Consolidated Finance Law)

The extraordinary Meeting of Shareholders of 23 April 2013 granted the Board the power, pursuant to article 2443 of the Civil Code, to increase the share capital, with or without consideration, in one or several occasions within a period of five years from the resolution up to an amount of EUR 15,600,000,

- by means of one or more increases without consideration, without the issue of new shares (with a consequent increase in the implied book value of all shares already in issue), or by assigning ordinary and savings shares, in proportion to the ordinary and savings shares already held, in observance of the provisions of article 2442 of the Civil Code; the increase may be effected - within the limit of the amount authorised - by drawing from the available reserves posted in the financial statements for the year ended 31 December

2012, without prejudice to the obligation for the Board of Directors to check that such reserves exist and are usable at the time of the capital increase;

and/or

- by means of one or more increases with consideration, with the issue of ordinary and/or savings shares, having the same characteristics as the corresponding shares already in issue, to be offered pre-emptively to the one entitled, with the right for the administrative body to determine the issue price, including any premium; it is stipulated that the conversion shares in such increase(s) cannot be issued with an implied book value less than that of the shares in issue at the time of the Board resolution(s) to issue shares.

The Meeting of Shareholders of 28 April 2016 authorised the purchase of treasury shares of the Company up to a maximum of 2,000,000 ordinary and/or savings shares for a period of 18 months from the authorisation date, taking the shares already held in the portfolio by the Company itself into account, and any case within the limits permitted by law, for a consideration, inclusive of all additional purchase charges, but no more than 5% and no less than 5% of the official stock-exchange price registered by the share at the close of the trading session prior to each individual transaction.

During the Financial Year at the Board did not set up any treasury share purchase programme, and therefore did not make use of the authorisation granted by the Meeting of Shareholders of 28 April 2016 (nor did it use, in the months prior to the Meeting of Shareholders, the authorisation previously granted by the Meeting of Shareholders of 28 April 2015).

As stated in paragraph 2.1 of this Report, to the present date, the Company does not hold any treasury shares.

The withdrawal of the resolution for the purchase of treasury shares and the use of the latter, adopted by the Meeting of Shareholders of 28 April 2016, and the proposal to adopt a similar resolution is entered in the agenda of the next Meeting of Shareholders, in ordinary session, planned for 27 April 2017.

Reference is to be made to the special explanatory report for the Meeting of Shareholders prepared by the Board of Directors on this subject, pursuant to article 73 of the Regulations for Issuers, which shall be filed, within the time limits provided for by the laws in force (i.e. at least 21 days prior to the date of the Meeting of Shareholders) at the registered office of the Company, as well as made available on the Company website www.saesgetters.com/investor-relations/area-investors/shareholders-meeting.

2.10. Management and Coordination (pursuant to article 2497 et seq. of the Italian Civil Code)

The Company is not subject to management or coordination, pursuant to article 2497 et seq. of the Civil Code.

For the purposes of article 37, paragraph 2, of the Market Regulations, it is to be specified that, following the assessment of the Board, confirmed with the approval of this Report this date considering the presumption set forth in article 2497 of the Civil Code to be overcome, S.G.G. Holding S.p.A. does not manage or coordinate SAES Getters S.p.A. by virtue of the majority interest held by it]. This is in consideration of the fact that S.G.G. Holding S.p.A., from a managerial, operational and industrial point of view does not play any role in the definition of the long-term strategic plans, the annual budget and the choice of investments, nor does it approve specific significant transactions of the Company and its subsidiaries (acquisitions, transfers, investments, etc.). Furthermore, it does not coordinate business initiatives and business actions in the sectors in which the Company and its subsidiaries operate, and it does not give instructions or provide technical, administrative and financial services or coordination in favour of the Company or its subsidiaries.

The Company is fully independent from an organisational and decision-making point of view, and has independent negotiating capacity in dealings with customers and suppliers.

Consequently, the Company considers itself to operate and to have always operated with full corporate and business autonomy from its majority shareholder. Relations with the latter are, in fact, limited exclusively:

- to the normal exercising on the part of S.G.G. Holding S.p.A. of its administrative and property rights due to its status as holder of voting rights (voting in the meeting of shareholders, collection of dividends, etc.);
- to the receipt, on the part of S.G.G. Holding S.p.A. of the information provided by the Company in compliance with the provisions of article 2381, paragraph 5, Civil Code.

It is to be specified that the information required by article 123-bis, paragraph 1, letter i) of the Consolidated Finance Law (*“the agreements between the Company and the Directors (...) that provide for compensation in the event of resignation or dismissal without just cause or if employment is terminated following a takeover bid”*) is contained in the remuneration report published pursuant to article 123-ter of the Consolidated Finance Law.

Furthermore, the information required by article 123-bis, first paragraph, letter l) of the Consolidated Finance Law (*“the laws applicable to the appointment and replacement of the directors (...) as well as the amendment of the company by-laws, if different from the laws and regulations additionally applicable”*) is included in the paragraph of the Report dedicated to the Board of Directors (paragraph 4).

3. COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter a), of Consolidated Finance Law)

The Corporate Governance system of SAES Getters S.p.A. is essentially based on the transposing of the principles and recommendations contained in the Corporate Governance Code (latest edition, 2015), which can be found on the website of Borsa Italiana S.p.A. www.borsaitaliana.it, in the belief that the principles and provisions expressed therein, being the optimal standards to shape the organizational model of the Company, contribute significantly to the achievement of the proper and entrepreneurial management of the Company as well as to the creation of value for Shareholders, increasing the level of trust and interest of investors, foreign or otherwise.

The Company did not adopt nor comply with corporate governance codes other than the one promoted by Borsa Italiana.

The following Report provides information on the corporate governance of SAES Getters S.p.A. and on the level of compliance of the Company with the Corporate Governance Code.

When drafting the Report, the Company mainly used the format circulated by Borsa Italiana S.p.A. in January 2017 (VI edition), applying the “*comply or explain*” principle and therefore stating the reasons for the failure to comply with one or several provisions, as well as indicating the corporate governance practices actually applied by the Company beyond the obligations prescribed by laws and regulations, pursuant to article 123-*bis* of Consolidated Finance Law and article 89-*bis* of the Regulations for Issuers.

Neither the Company nor its strategic subsidiaries are subject to non-Italian legal provisions that influence the structure of the Corporate Governance of SAES Getters S.p.A.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors (pursuant to article 123-bis, paragraph 1, letter l), of Consolidated Finance Law)

The Board is appointed by the Meeting of Shareholders, on the basis of lists presented by the Shareholders, according to the procedure set forth in article 14 of the Company By-laws, and in any case without prejudice to the application of different and further provisions under mandatory laws or regulations or depending on the compliance with or subjecting of the Company to codes of conduct drafted by the management companies of regulated markets or trade associations.

On the occasion of the Meeting of Shareholders called to renew the Board of Directors of the Company on 28 April 2015, the Company applied the provisions of the Code regarding the composition of the Board of Directors and its Committees and, in particular, the provisions of principles 5.P.1., 6.P.3. and 7.P.4., as well as application criteria 2.C.3. and 2.C.5.

The Board believes that the Directors should be appointed by following a transparent procedure, as described below.

Only those Shareholders that, taking into consideration the shares registered in favour of the shareholder on the day of deposit of the list at the Company offices, individually or

together with other Shareholders, own voting shares representing at least the percentage in the voting capital equal to the one indicated in article 144-*quater* of the Regulations for Issuers, are entitled to present lists for the appointment of the Directors. On the date of this Report the requested amount is 4.5% of the share capital with voting rights (as established by CONSOB with resolution no.19856 of 25.01.2017).

The lists, signed by the submitting shareholders, complete with the information and documents requested by law, are filed by the Shareholders at the Company headquarters within the twenty-fifth day prior to the date of the Meeting of Shareholders convened to appoint the members of the Board of Directors. The Company makes these lists available to the public at its headquarters, as well as at the management company of the markets and on its website, within the terms and using the methods provided for by the applicable laws in force.

Each list contains a number of candidates that is no higher than fifteen, each with a progressive number. Each list must contain and expressly identify at least one Independent Director¹, with a progressive number no higher than seven. If the list has more than seven candidates, it must contain and expressly identify a second Independent Director.

A Shareholder may not submit nor vote for more than one list, even through intermediaries or trust companies. The candidate may appear on one list only, under penalty of ineligibility.

At the end of the voting, the candidates on the two lists that have received the highest number of votes are elected, according to following criteria: (i) from the list that received the highest number of votes, (hereinafter also “Majority List”), all the members of the Board are selected, in the number previously established by the Meeting of Shareholders, minus one; within these number limits, the candidates are elected in the order they appear on the list; (ii) from the list with the second-highest number of votes and that is not connected, even indirectly, with the Shareholders that have submitted or voted for the Majority List pursuant to applicable regulations (hereinafter also “Minority List”), one Director is selected, and more precisely the candidate indicated with the first number on the list; however, if not even one Independent Director is elected from the Majority List in the event that the Board is made up of no more than seven members, or if only one Independent Administrator is elected in the event that the Board is made up of more than seven members, the first Independent Administrator stated in the Minority List will be elected, rather than the first name on the Minority List.

However, lists are not taken into consideration unless they obtain a percentage of votes equal at least to half the percentage required for submitting them.

If one or more lists receive the same number of votes, the one presented by Shareholders owning the highest shareholding when the list is submitted shall prevail or, subordinately, the one submitted by the highest number of Shareholders.

¹Meaning a Director that satisfies the requirements of independence prescribed by article 147-*ter*, paragraph 4 of the Consolidated Finance Law, as well as the further requirements of independence provided for in the Corporate Governance Code.

If only one list is submitted, the Meeting of Shareholders votes on this list and if it obtains the majority of the voters, without taking abstentions into account, the candidates listed in progressive order will be elected Directors up to the number established by the Meeting of Shareholders, without prejudice to the fact that if the Board is made up by more than seven members, a second Independent Director is elected, in addition to the Independent Director that must be listed among the first seven candidates.

If no list is submitted, or if the number of Directors elected on the basis of the lists is lower than the number established by the Meeting of Shareholders, the members of the Board of Directors are appointed by the Meeting of Shareholders with the majority requested by law, without prejudice to the obligation of the Meeting of Shareholders to appoint the minimum number of Independent Administrators required.

The Company is not subject to special regulations of the sector regarding the composition of the Board of Directors.

The Meeting of Shareholders of 28 April 2015 resolved to fix 11 (eleven) members of the Board of Directors and appointed the following persons as directors: Mr. Giulio Canale, Mr. Adriano De Maio, Ms. Alessandra della Porta, Mr. Luigi Lorenzo della Porta, Mr. Massimo della Porta, Mr. Andrea Dogliotti, Ms. Gaudiana Giusti, Mr. Pietro Alberico Mazzola, Mr. Roberto Orecchia, Mr. Stefano Proverbio and Ms. Luciana Rovelli.

The Board in office was elected using the voting list system (introduced in the Extraordinary Meeting of Shareholders of 29 June 2007 in order to incorporate the amendments and additions to the election methods introduced in the meantime by the laws in force), and more specifically on the basis of a single list, filed and published by the Majority Shareholder S.G.G. Holding S.p.A., in compliance with the methods and time limits provided for by regulatory and statutory provisions. The list and accompanying documentation was also duly published on the Company website.

4.1.1. Succession Plans

Succession plans are temporary business continuity plans for managing situations in which the CEO/Managing Director were to suddenly leave the Company, while awaiting and pending the implementation of standard regulatory mechanisms to replace the directors (already described above).

In its meeting of 19 February 2013, the Board of Directors, having consulted the Remuneration and Appointment Committee that met to discuss this subject on 15 February 2013, assessed how the current structure of the body of shareholders was characterised by the presence of a stable majority shareholder, as well as the existence of powers of representation of ordinary and extraordinary administration equally granted to both the Executive Directors (thus one is the successor/back-up of the other), and hence considered it unnecessary to setup ad hoc succession plans or to make special arrangements in the event of their replacement prior to the normal expiry of their term of office.

The Remuneration and Appointment Committee essentially drew this conclusion in its meeting of 25 February 2016, which was incorporated and confirmed by the Board of Directors during the approval of the 2015 Report.

The Committee however considered it necessary to define the ideal and necessary characteristics of the profile to be submitted to the Meeting of Shareholders in the event of the need to replace one of the Executive Directors and recommended the regular and continuous identification and monitoring of internal or external resources, with a view to identifying the profile of an ideal manager in advance together with the Executive Directors who would be in a position to suddenly take over a top management position, also recommending the continuation of the promotion of the growth of internal talents that could be drawn on, if necessary.

In 2016, with the support of an external consultant (Adelaide Consulting), the Committee performed an analysis of the skills currently required of Executive Directors, identifying and drawing up a theoretically suitable profile that could, if the need ever arose, facilitate the identification and the search for an Executive Director for SAES Getters S.p.A., in the event of the need to suddenly replace both the current Executive Directors in a short period of time and to co-opt an external individual, as well as to support the Meeting of Shareholders at the time of appointment or approval.

The analysis took the diversification of the business and the different markets in which the Company operates into account, as well as the type of technology on which the Company has based its business and finally, the international vocation of the Company. The external consultant that supported the analysis did not provide any other services to the Company during the Financial Year.

The Committee will use the profile drawn up as a result of this assessment, as well as the results of the Board Review referred to in paragraph 4.3 to support the Board, in the following months, on the occasion of the expiry of its mandate and its renewal, in providing shareholders with guidance on professional and managerial figures whose presence is considered appropriate. The Board did not deal with the subject during the Financial Year, considering it to be premature to the expiry of the mandate (approval of the 2017 financial statements).

4.2. Composition (pursuant to article 123-bis, paragraph 2, letter d, of Consolidated Finance Law)

The current Board of Directors of the Company was appointed by the ordinary Meeting of Shareholders on 28 April 2015 using the slate system pursuant to article 14 of the Company By-laws. It is to be noted that only one list was submitted by the majority shareholder S.G.G. Holding S.p.A., which obtained 95.50% of the voting capital. The Board of Directors elected through this system shall remain in office until the approval of the financial statements as at 31 December 2017.

The current By-laws set forth that the Meeting of Shareholders may select a minimum of three (3) and a maximum of fifteen (15) Directors. The higher, maximum number of Directors reflects the need to structure the Board in a way that is more suited to the needs of the Company, also in relation to the number of its subsidiaries and the various business areas and markets in which the Group operates. Furthermore, it allows the Company to procure a range of professionals from different areas and to integrate different skills and experience in order to respond better to current and future demands, maximising value for Shareholders. The complex and broad range of interests of the

Company and the Group make it increasingly necessary to have different professions, experience and expertise within the administrative body. When the Board has a higher number of members it is in a position to guarantee better internal communication and to carry out its responsibilities more efficiently, with the necessary skill and authority, responding promptly to the increasingly complex subjects that the Company has to confront.

In compliance with articles 147-ter, paragraph 1-ter, and 148, paragraph 1-bis, of the Consolidated Finance Law, as amended by Italian Law 12 July 2011 no. 120 on the subject of equality of access to the administration and control bodies of companies listed in regulated markets, the Board amended articles 14 and 22 of its By-laws to ensure the presence of both genders in the administration and control bodies of the Company.

On 31/12/2016 the Board of Directors was composed of eleven Directors, as indicated in Table 1 annexed to this Report.

The personal and professional information of each Director is provided below:

GIULIO CANALE - born in Genoa on 16 March 1961

Mr. Giulio Canale has been a member of the Board of Directors of SAES Getter S.p.A. since 29 April 1994. He was awarded a degree in Economics and Business from the Università degli Studi of Genoa.

He embarked upon his career at the Milan branch of a leading advertising company, IGAP S.p.A. (1984-1989).

He joined the SAES Getters Group in 1990. For his first six years of service he lived in Asia, holding various general management roles in the subsidiaries in South Korea and Japan.

When he returned to Italy, he was appointed Managing Director in 1997 and Group CFO in 2006.

He currently holds the position of Managing Director, Group Chief Financial Officer and Deputy Chief Executive Officer.

Finally, he is a member of the Board of Directors of various companies of the SAES Getters Group and a member of the Board of Directors of S.G.G. Holding S.p.A.

ALESSANDRA DELLA PORTA – born in Milan on 27 July 1963

Ms. Alessandra della Porta has been a member of the Board of Directors of SAES Getters S.p.A. since 9 May 2013.

After graduating with a Law degree in March 1989 from the Università degli Studi of Milan, she became a member of the professional Association “Janni Fauda & Associates”.

Registered in the Register of Lawyers since 9 July 1992 and in the Register of Supreme Court Lawyers since 21 November 2007, she was a member of the professional Association “NCTM” from July 2009 to June 2010.

Currently Ms. Della Porta is a partner in the professional association “Studio DPC”, specialising in civil law in general, with a particular focus on family law. She recovers debt for a bank, is involved in civil and judicial activities and provides out-of-court assistance and advice on corporate matters.

She is a member of the Board of Directors of S.G.G. Holding S.p.A.

LUIGI LORENZO DELLA PORTA – born in Milan on 5 March 1954

Mr. Luigi Lorenzo della Porta has been a member of the Board of Directors of SAES Getters S.p.A. since 24 April 2012.

He embarked upon his career in Rome in 1975 by founding the first private radio station of the capital with other partners, which he managed until 1979 when he opened the RAM production center that produces and distributes news and current affairs programmes to private radio stations in Italy.

From 1979 he managed the Soram company, the owner of large recording studios studies, which he sold in 1983, the year in which he founded the Delven company, which he is still manages today and which markets historical military finds from 1500 to 1945.

In 1997 he took over a business together with a partner in the center of Rome offering various collectible items - an activity that has made the shop famous all over the world.

He is a member of the Board of Directors of S.G.G. Holding S.p.A.

MASSIMO DELLA PORTA - born in Pontremoli (MS) on 8 September 1960

Mr. Massimo della Porta has been a member of the Board of Directors since 29 April 1994.

He graduated with a degree in Mechanical Engineering from the Polytechnic of Rome in 1989. He wrote his dissertation in two years on “The Production and Control of amorphous powder with a Fe Nd B base” prepared at the ENEA (Rome).

In April 1989, he began working at one of the companies of the SAES Getters Group, the SAES Metallurgia of Avezzano (AQ), as a researcher and with the specific task of creating an applied research laboratory at the SAES Metallurgia di Avezzano subsidiary.

In 1991, after having worked for approximately one year in a project to improve production processes, he was in charge of the management of production of SAES Metallurgia S.p.A.

In 1992 he took on the role of Technical Manager of the subsidiaries of Avezzano and started to coordinate projects on a Group level: the design and construction of the SAES Advanced Technologies factory; the expansion of the Korean factory in Chinchon and the expansion of the SAES Pure Gas factory in California; Manager of the transfer of

several production lines from Lainate to Avezzano, and Project Leader of various Innovation projects.

In 1996 he moved to Milan in order to take on the role of Group Innovation Manager at SAES Getters S.p.A., while simultaneously maintaining his previous responsibilities at the production sites in Avezzano.

In 1997 he took up the position of Vice Chairman and Managing Director of SAES Getters S.p.A. In the same year he was appointed Chief Technology and Innovation Officer of the Group and was in charge of IT Systems at Group level.

He has been Chairman, Group Chief Executive Officer and Group Chief Technology & Innovation Officer since 2009.

He is member of the Board of Directors of various companies within the SAES Getters Group.

He has been an independent director of Alto Partners SGR S.p.A. since December 2004 and a manager of MGM S.r.l., a real estate company.

He is a member of the Board of Directors of S.G.G. Holding S.p.A.

Furthermore, Mr. Della Porta e is the inventor and/or co-inventor of alloys and products for which patents have been obtained.

ADRIANO DE MAIO – born in Biella, on 29 March 1941

Mr. Adriano De Maio has been a member of the Board of Directors of SAES Getters S.p.A. since 4 May 2001.

He graduated with a degree in Electrical Engineering from the Milan Polytechnic in 1964.

He was a Full Professor of Corporate Management, Innovation Management and Management of Complex Projects at the Polytechnic of Milan from 1969 until 2012, and was Rector from 1994 to 2002. He was a Full Professor of Economics and corporate innovation management at the Università Luiss Guido Carli, of which he was Rector from 2002 until 2005 and Chairman of the IReR (Research Institute of Lombardy) from 1996 to 2010. In 2003-2004 he was the Extraordinary Commissioner of the National Research Center (CNR).

He is the former Chairman of various institutions: the European Center of Nanomedicine Foundation (CEN); the Green and High-Tech District of Monza and Brianza; the Investment Committee of the Venture Capital Next Fund; the Pupils Association of the Ghislieri College of Pavia; and the Consortium for Scientific and Technological Research of Trieste (“AREA”).

Mr. De Maio is a former director of Telecom Italia Media S.p.A., TXT e-solutions S.p.A., EEMS S.p.A. and member of the Scientific Committees of the Italian Space Agency, the Fondazione Politecnico and the Fondazione Snaidero.

He is the author of numerous publications on corporate management and the governance of research and innovation.

Since 2014 he has been the Rector of the Università Link Campus of Rome.

ANDREA DOGLIOTTI - born in Genoa on 23 January 1950

Mr. Andrea Dogliotti has been a member of the Board of Directors of SAES Getters S.p.A. since 27 April 2006.

He was also a member of the Audit Committee from 2009 to 2015.

He studied classics at high school and was awarded an honours degree cum laude in Mechanical Engineering/Methods for Conducting Business in Genoa, February 1974, with top marks.

From 1974 to 1995 he worked at Italmobiliare and became manager in 1981, where he was involved in the setting up and assessment of projects and investment plans in Italy and abroad. He managed major industrial logistics projects in Italy. He also dealt with industry strategies and the organisational approach of the company and the IRI Group and was the member of the Board of Directors of various operating companies.

From 1995 to 2005 he was the “Logistics Development Manager” of Luigi Serra – formerly SM Logistics – a leading Italian international shipping and logistics company. He managed and developed logistics planning, project management, IT systems and quality systems.

From 2005 to 2010 he was the Chairman of Fos Progetti S.r.l., a consultancy company based in Genoa. He followed organisation, IT, innovative technologies and internationalisation projects.

He has been working as a freelance consultant in “Technology, Processes and Strategies” since 2010. In the field of “Technology” he is involved in the design, patenting and development of innovative products with shape memory alloys and for individual mobility.

He has been a mediator-conciliator since June 2011.

GAUDIANA GIUSTI – born in Livorno on 14 July 1962

Ms. Gaudiana Giusti has been a member of the Board of Directors of SAES Getters S.p.A. since 28 April 2015. She is an independent director and Chairwoman of the Remuneration and Appointment Committee.

She graduated with a law degree from the University of Pisa in 1987 and a *Licence speciale en droit européen* from the Université Libre de Bruxelles, Brussels, Belgium in 1989.

She has been practicing law in Italy since 1988.

Ms. Giusti specialises in corporate law, capital markets, and investment and banking services.

She has also gained considerable experience in corporate governance, compliance, rules of business conduct, control and remuneration systems and the extraordinary financial transactions of listed and/or regulated companies.

In 2016 she held the position of General Counsel of Veneto Banca.

Between 2012 and 2016 she held the position of counsel in the Gianni, Origoni, Grippo, Capelli & Partners Firm, a firm that she worked as a partner for previously for 12 years until 2007.

Between 2007 and 2012 she worked at Credit Suisse (Italy) as Head of General Counsel Country Coverage. In this position, she acted as senior representative of the General Counsel division for Italy, responsible for the coordination of Legal and Compliance issues. She was a member of the Italian Management Committee, in charge of the strategic management of Italian business for the three divisions (Investment Banking, Private Banking and Asset Management). She also sat on the Diversity and Philanthropy Council for Italy.

She is an independent director of Domus Italia S.p.A. and a member of the Supervisory Body, pursuant to Decree 231, of several bodies of the Credit Suisse group and SAES Getters S.p.A. She was also an independent director and chairwoman of the Risk Committee of Banca Farmafactoring and an independent director of Trevi Finanziaria S.p.A.

Ms. Giusti has participated in many conferences and has worked and still works as a lecturer for degree and specialisation courses at the Università Commerciale “Luigi Bocconi” and the Università LUISS “Guido Carli”, as well as in seminars.

PIETRO MAZZOLA – born in Milan on 13 June 1960

Mr. Pietro Mazzola has been a member of the Board of Directors of SAES Getters S.p.A. since 13 February 2008.

He is Full Professor of “Business strategy and policy” at the Università IULM of Milan and Adjunct Professional Professor of “Financial Statements” at the Università L. Bocconi of Milan.

He is registered in the Register of Chartered Accountants, the Register of Auditors and member of the European Accounting Association and is also a senior lecturer of Strategy in the Management School of the Università L. Bocconi of Milan.

He has held various visiting positions and led seminars at: Jonköping University 2014; Sauders Business School, University of British Columbia, Vancouver, 2010; Helsinki School of Economics, 2009, and; Cox Family Enterprise Center, Kennesaw State University, Atlanta, Georgia, 2006.

Mr. Mazzola is the co-author of the listing guide for the industrial plan prepared by Borsa Italiana S.p.A.

He has been an expert consultant in several civil and criminal proceedings pending before the public judicial authorities or arbitration boards, in determining the damage or value of companies and company branches, and also a management consultant for several medium-sized Italian companies.

He is a co-founder of the company Partners – Consulenti e Professionisti Associati S.p.A.

He is the author and co-author of various national and international publications.

ROBERTO ORECCHIA – born in Turin on 19 September 1952

Mr. Roberto Orecchia has been a member of the Board of Directors of SAES Getters S.p.A. since 21 April 2009.

He graduated with a degree in Medicine and Surgery from the University of Turin in 1980.

He specialised in three areas: Radiotherapy, Medical Oncology and Medical Imaging.

From 1980 to 1994 he conducted his medical and scientific activities as a Doctor and as University Researcher at the Radiotherapy Division of the Radiology Institute of the University of Turin. In 1994 he became Full Professor of Radiotherapy at the Università degli Studi in Milan and Director of the Radiotherapy Division of the European Oncology Institute (IEO) of Milan. In recent years has held various scientific positions (Chairman of the Italian Therapeutic Radiation Association (AIRO), Director of the School of Specialisation in Radiotherapy and Chairman of the Degree Course in Radiological Techniques etc.). He currently holds the position of Scientific Director of the European Oncology Institute (IEO) of Milan, Director of the Medical Imaging and Radiation Sciences department of the IEO, Scientific Director of the National Center of Oncological Hadrontherapy of Pavia (CNAO) and Director of the Radiotherapy Department of the European Oncology Institute (IEO) of Milan.

He has performed and continues to perform intensive clinical work, from both an educational and scientific perspective, with more than 400 publications in national and international journals (more than 380 in Pub Med), chapters and books, and other educational material on different topics: integration between radiotherapy and drugs, hyperthermia, brachytherapy, high-precision radiotherapy techniques (3D-conformational radiotherapy, stereotaxis, interoperative techniques, IMRT and hadrontherapy). The field which interests Mr. Orecchia most is breast, prostate and head and neck cancer.

He has coordinated and participated in many research collaborations with other universities, financed by various institutes such as the CNR (the National Research center), MIUR (the ministry of education, universities and research), the Ministry of Health, the Italian Cancer Association, the American-Italian Cancer Foundation (AICF) and the European Commission.

Mr. Orecchia is currently the coordinator of a European project involving 20 European member states (ULICE project) and is collaborating in two further European projects (PARTNER and ALLEGRO).

STEFANO PROVERBIO – born on 2 October 1956 in Standerton (ZA)

Mr. Stefano Proverbio has been a member of the Board of Directors of SAES Getters S.p.A. since 29 April 2015.

He graduated with a degree in Nuclear Engineering from the Polytechnic of Milan.

He joined McKinsey in 1987, where he remained until 2013 (Principal from 1992 and Director from 1998). During his career with McKinsey, Mr. Proverbio concentrated his efforts on the industry, focusing on the energy, engineering, steel, telecommunications and high-tech sectors. In this context he has worked for Italian and international clients in the field of strategy and operations.

He has also led the McKinsey Supply Chain Practice from 1995 to 2000 and the Growth Practice from 2000 to 2012. From 2008 to 2012 he was also a member of the European Group advising the Managing Director of McKinsey and from 2000 to 2013 he was a member of the Partner evaluation and election committee.

Mr. Proverbio currently holds the office of Director Emeritus in the Italian office of McKinsey and provides advisory services for the top management of medium-sized firms in Italy and abroad, as well as for investment funds.

Prior to joining McKinsey, he worked at Accenture (at that time Arthur Andersen Consulting) for five years, leading projects linked to operations. Before this he was with the Zanussi Group (Zeltron and Ducati) for two years and prior to this a researcher at the Polytechnic of Milan, where he worked on a project in collaboration with EURATOM.

2014 – to the present date: McKinsey Director Emeritus

2013 - to the present date: Board Member of Borusan, a Turkish conglomerate operating in steel, energy, automotive and logistics

2014 - to the present date: Chicco Artsana - Senior Advisor

2008 – to the present date: Ambienta - Advisory Board

2016 – present date: INNOVA S.p.A.- Board Member

2016 – present date: IG Partners - Advisor

LUCIANA SARA ROVELLI – born in Legnano on 22 January 1973

Ms. Luciana Sara Rovelli has been a member of the Board of Directors of SAES Getters S.p.A. since 28 April 2015.

After graduating with a degree in Business Economics from the Università Luigi Bocconi in 1997, Ms. Rovelli gained 13 years' experience as the coordinator of various projects for leading Italian companies and international groups (Protiviti, Deloitte and Arthur Andersen), achieving the role of senior manager.

During her professional career she gained expertise in Risk Management, Corporate Governance, Internal Auditing, the evaluation of internal control systems, and the design and implementation of organisation, management and control models pursuant to

Italian Legislative Decree no. 231/2001.

In recent years, first as an executive manager for the “231 Division” in Protiviti and then as an Independent Consultant, she completed numerous projects for major Italian and international clients aimed at the development of organisation models, codes of conduct, training plans and auditing in collaboration with control bodies, as a project coordinator.

She is the co-founder and Managing Partner of RC Advisory S.r.l., a consultancy firm founded in 2010 by a team of experts with experience in Strategy and Risk Analysis Consultancy.

Ms. Rovelli is a member of the Supervisory Body of various companies. She is also a member of the Italian Association of Supervisory Bodies and the Italian Association of Internal Auditors.

4.2.1. Maximum number of positions held in other companies

In compliance with principle 1.P.2. of the Code, the Directors of the Company act and pass resolution in full cognition of the facts and independently, pursuing the objective of creating value for the Shareholders. In compliance with application standard 1.C.2. of the Code, the Directors accept the office when they believe they can dedicate the time necessary to diligently perform their duties, also taking into consideration the number of positions as director or auditor held in other companies listed in regulated markets, even abroad, in financial, banking, insurance companies or large companies.

Every year the Board reveals and reports the positions of director or auditor held by the Directors in listed companies and in the other companies listed above in this Corporate Governance Report. The offices of director or auditor held by each Director in other companies listed in regulated markets, even abroad, in financial, banking, insurance companies or large companies as at 31 December 2016, as disclosed in the Board meeting of 16 February 2017, are stated in Annex 1 of this Report.

The Board believes that the accumulation of an excessive number of positions in boards of directors or boards of auditors in companies, whether listed or not, may compromise or jeopardize the efficient performance of the position of Director in the Company.

In compliance with application standard 1.C.3 of the Code, the Board defined several general principles regarding the maximum number of administration and control positions in other companies that may be considered compatible with the efficient performance of the role of Director of the Company, taking into account the participation of the directors in the committees set-up within the Board itself.

In particular, since 2006 the Board has considered it appropriate to assign a score to each position, different from the one assigned to the office of member of the Board of the Company. The score differs based on the commitment related to the type of office (executive/non-executive director), as well as in relation to the type and size of the companies in which the position is held. The Board also decided to set a maximum score, beyond which it is reasonable to assume that the office of Director of the

Company cannot be carried out efficiently. Exceeding the maximum threshold constitutes a just cause to remove the Director from his/her office.

The Board believes that 100 points constitutes the maximum threshold beyond which the office of Director of the Company cannot be performed with the due efficiency.

The offices and equivalent scores are summarised in the following table:

OFFICE	SCORE
Executive Director in listed issuer, banking, financial or insurance company, whether listed or not.	50
Chairman (without operational proxies) in listed issuer, banking, financial or insurance companies, whether listed or not.	15
Participation in each committee of the listed issuer (Appointment Committee, Control and Risk Committee, Remuneration Committee)	5
Non-executive director in listed issuer, banking, financial or insurance companies, whether listed or not.	12
Executive Director in a company subject to the controls prescribed by the Consolidated Finance Law other than the subsidiaries of the Company	25
Non-executive director in a company subject to the controls prescribed by the Consolidated Finance Law other than the subsidiaries of the Company	10
Executive Director in subsidiaries of the Company	5
Non-executive director in subsidiaries of the Company	3
Executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Law and not controlled by the Company with net shareholder's equity exceeding €100 million	20
Non-Executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Law and not controlled by the Company with net shareholder's equity exceeding €100 million	7
Executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Law and not controlled by the Company with net shareholder's equity less than €100 million	18
Non-executive Director in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Law and not controlled by the Company with net shareholder's equity less than €100 million	5
Member of the Board of Statutory Auditors in listed companies, banking, financial and insurance companies, whether listed or not	17
Member of the Board of Statutory Auditors in unlisted companies, which are not controlled by the Company, but are subject to the controls prescribed by the Consolidated Finance Law	13
Member of the Board of Statutory Auditors in subsidiaries of the Company	10
Member of the Board of Statutory Auditors in unlisted companies, which are not subject to the controls prescribed by the Consolidated Finance Law and are not controlled by the Company	10
Member of a Supervisory Body (231/01)	5
Owner (or co-owner) of the management department in a trust	7

The Board of the Company reserves the right to amend and supplement the general principles stated above, taking into account changes in regulations, experience and the best practice gained in this field.

The current Board complies with the above general principles.

Moreover, in the case of an independent director, despite exceeding the maximum threshold, it is considered that the number of offices (all as member of the Supervisory Body of almost all unlisted companies) is in fact not an impediment to the efficient performance of the role of director, considering the substantial contribution brought to the Board and the Committees of the Company that he/she belongs to. Attendance at 15 of the 16 Board meetings and attendance at all the meetings of the Supervisory Body as well as those of the Remuneration and Appointment Committee, together with other considerations, was also taken into consideration by the Board as an indicator of the absence of impediments and the compatibility of external offices with the efficient performance of the role of Director of the Company.

In compliance with application standard 2.C.2. of the Code, the Directors are obliged to be aware of the duties and responsibilities concerning their office. The Chairman of the Board ensures that, subsequent to the appointment and during their mandate, the Directors and Auditors are able to participate in initiatives aimed at providing them with an adequate knowledge of the business sector in which the Issuer operates, as well as company trends and development, the principles of proper risk management and the legal framework of reference. Within the context of these activities, in order to encourage a more precise knowledge of the activities and dynamics of the Group, an induction meeting on the subject of the protection of intellectual property was organised with the support of a leading legal firm and the intellectual property office of SAES on 10 November 2016.

4.3. Role of the Board of Directors (pursuant to article 123-bis, paragraph 2, letter d, of Consolidated Finance Law)

The Board of Directors convenes on a regular basis to examine management trends and business results, as well as all significant transactions. The By-laws provide that the Board is to meet at least every three months.

During the Financial Year the Board met 16 times, with an average attendance rate of 92.73% of the Directors (an increase compared to 2015, which was 85.71%). The attendance of the Executive Directors was 100% (as in the 2015 financial year), the attendance of non-executive Directors was on average 90.97% (compared to 82.54% in the 2015 financial year) and the attendance of the Independent Directors was on average 89.06% (an increase compared to the 2015 financial year, which was 83.93%).

Of these 16 meetings, three were held completely via teleconference (“extraordinary” sessions, due to matters of urgency and/or the calendar period). The average attendance of directors in meetings via teleconference was slightly less than 20% (in contrast with personal attendance at the registered office, which is slightly above 80%). This drops slightly to 4.3% if the three meetings above are not taken into consideration, meetings for which attendance from outside the registered office was actually recommended. Normally for “ordinary” meetings pre-scheduled long in advance, the Directors prefer to

physically attend, at the registered office: there have never been more than two directors connected via telephone at each meeting.

The average attendance is in line with the average percentage recorded in the 2016 Annual Report of the Corporate Governance Committee of 1 December 2016 (Fourth Report on the Application of the Corporate Governance Code) and is equal to 92%.

Only one director attended less than 75% of the meetings during the Financial Year (threshold frequently used internationally for the voting decisions of investors for the reconfirmation of Directors).

The Board meetings lasted an average of approximately 2 hours. However, five “Extraordinary” meetings with a single item on the agenda contribute to this average: without considering them, the average meeting length was approximately 3 hours.

This data is to be compared with a duration of two hours and a quarter (134 minutes), which is indicated as the average length of the board meetings of listed companies following the guidelines of the Code as provided in the 2016 Annual Report of the Corporate Governance Committee of 1 December 2016 (Fourth Report on the Application of the Corporate Governance Code).

For the 2017 financial year the Board expects to meet at least eleven times, four of which to approve the periodic results. The latter dates were already communicated to Borsa Italiana S.p.A. in December 2016 during the publication of the calendar of company events, made available on the Company website. In 2017, on the date of this Report, the Board had already met three times, on 25 January, 16 February and on the date of approval of this Report (15 March).

On the occasion of the Board meetings the Chairman does his utmost to ensure that the documents and information necessary for enabling the Board to express an informed opinion on the topics under its consideration are made available with reasonable notice, where possible together with the notice to attend (generally sent at least ten days prior to the Board meeting). With regard to the financial reports, these are made available at least two working days’ notice, depending on the technical time required to prepare the documents. The documents are published in a Virtual Data Room (VDR) regulated by access controls. As an exception, in light of the nature of the resolutions to be passed and due to higher confidentiality requirements, such as, for example, with regard to strategy plans, with the consent of the Directors, the material may not be anticipated to them, but instead published in the VDR after the Board meeting.

The minutes of the meetings are usually approved in the subsequent meeting. The draft of the minutes, published in the VDR in good time prior to the meeting summoned to approve them, enables Directors and Auditors to propose possible amendments that they consider appropriate to better describe the discussions held within the Board.

Each Director is entitled to propose topics for discussion in the subsequent meetings of the Board. No Director made use of this power during the Financial Year.

The Chairman, with the agreement of those present, may invite persons that are not members of the Board to attend the meetings, as speakers or to provide support. The Officer in Charge of the preparation of the Company’s accounting documents pursuant to article 154-*bis* of the Consolidated Finance Law is invited to participate in all the meetings of the Board of Directors regarding the approval of the interim management

report, the half-year financial report, the financial statements and the consolidated financial statements, and whenever the agenda of the Board of Directors includes the approval of resolutions that require the issuing of a certificate by the Officer in Charge, and each time that it is considered appropriate by the Chairman, also on the proposal of the Managing Director, when there are items on the agenda of the Board of Directors that may have an impact on the accounting information of the Company or the Group. The Officer in Charge attended all the Board meetings during the Financial Year.

The Group General Counsel, who usually acts as Secretary of the Board, also attends Board meetings. During the Financial Year, commercial, operations, and research and development managers from within the Company were invited to attend three Board meetings in order to describe possible mergers (in particular, Metalvuoto and Flexterra, communicated separately to the market pursuant to article 114 of the Consolidated Finance Law) and to provide information on the technology, as well as the explanations required by the Directors in order to make a more in-depth assessment of the acquisition proposals. On 18 February 2016, on the occasion of the Board resolution on the subject of ERM (Enterprise Risk Management), Protiviti S.r.l., a leading consultancy firm attended the meeting to present the results of the project it was following.

During the meetings, and in all cases at least once every quarter, pursuant to article 19 of the By-laws, the Board of Directors and the Board of Statutory Auditors are informed by the Chairman and the Managing Director, also in relation to subsidiaries, of the activities undertaken, the general business trends, their foreseeable development and the most significant economic, financial and equity-related transactions in terms of size or characteristics, including, where relevant transactions in which Board members have a direct or third party interest. During the Financial Year, an update for the Board prepared by the Managing Directors with information on the business and management trends, as well as the Company's main transactions, was added to the agenda of each "ordinary" meeting.

The Directors examine the information received from the Executive Directors, and are responsible for requesting the latter for any clarifications, explanations or additional information considered necessary or appropriate for a complete and correct assessment of the facts brought to the attention of the Board.

The Board plays a central role in the Corporate Governance system of the Company, being vested with the most extensive powers for the ordinary and extraordinary administration of the Company, with the power to carry out all acts considered necessary for the implementation and the achievement of corporate purposes, with the exclusion of powers that are reserved by law and without exception for the Meeting of Shareholders.

Without prejudice to the exclusive jurisdiction in the subjects set forth in article 2381 of the Civil Code and the provisions of the By-laws, the Board, exclusively and in compliance with application standard 1.C.1 of the Code:

- a) defines, applies and updates the corporate governance rules, in conscious accordance with the regulations in force; defines the guidelines of the corporate governance of the Company and the Group it controls;

- b) examines and approves the strategic, industrial and financial plans of the Company and the Group it controls;
- c) defines the nature and level of risk that is compatible with the strategic objectives of the Company, including all the possible risks in its assessments that may be significant from the perspective of the medium to long-term sustainability of the business activities of the Company;
- d) assesses and approves the annual budget and the investment plan of the Company and the Group it controls;
- e) assesses and approves the regular reporting documents provided for by the regulations in force;
- f) assesses and approves the regular reporting documents provided for by the awards and revokes powers within the Board (and within the Executive Committee, if appointed) defining the limits, methods of exercise and frequency, usually at least every three months, with which such bodies must report to the Board on the activities carried out in the exercising of the powers granted to them; please refer to paragraph 4.4.1 for more information;
- g) once the proposals of the Remuneration and Appointment Committee have been examined and the Board of Statutory Auditors has been consulted, determines the remuneration of Executive Directors and the other Directors that hold special offices, as well as the division of the total remuneration due to the individual members of the Board, if the Meeting of Shareholders has not already taken care of this matter;
- h) monitors and evaluates general management trends, including any conflicts of interest, taking the information received from the Executive Directors, the Remuneration and Appointment Committee and the Audit and Risk Committee into consideration, in particular, as well as regularly comparing the results achieved with planned results;
- i) examines and approves significant transactions and transactions with related parties; please refer to paragraph 12 more information;
- j) evaluates the adequacy of the organisational, administrative and general accounting structure, as well as the structure of the Company and the subsidiary companies with strategic significance², with particular reference to the Internal Control and Risk Management System; please refer to paragraph 11 for more information;

²Intended as a “significant” company in accounting terms (with assets exceeding 2% of the assets in the consolidated financial statements or revenues exceeding 5% of the consolidated revenues) or more generally in terms of the market and the business (therefore a newly incorporated company may also be considered “significant”). On the basis of the updated evaluations at the end of 2016, in compliance with the parameters stated above as well as together with business considerations, the following companies are considered to be significant: SAES Getters USA, Inc., SAES Getters (Nanjing) Co. Ltd., SAES Smart Materials, Inc., Memry Corporation, SAES Pure Gas, Inc, Spectra-Mat, Inc. SAES Nitinol S.r.l., Metalvuoto S.p.A.. On the contrary, while still complying with the parameters stated above, as a result of business considerations, the following companies are not considered to have “strategic significance”: SAES Getters International Luxembourg S.A., SAES Advanced Technologies S.p.A. (moreover merged

- k) evaluates the size, composition and functioning of the Board itself and its Committees at least once a year, expressing opinions on any professional and managerial figures whose presence on the Board it might deem advisable;
- l) reports to the Shareholders during the Meeting of Shareholders; provides information in the corporate governance report and, in particular, on the number of meetings of the Board held during the financial year and the related attendance rate of each Director;
- m) at the end of each financial year prepares a calendar of the company events for the subsequent financial year; the 2017 calendar of company events was communicated to the market on 12 December 2016;
- n) is ultimately responsible for the operation and efficiency of the organisational, management and control model ex Italian Legislative Decree no. 231/2001.

With reference to letter b) above, during the Financial Year, the Board evaluated the strategic plans/industrial plans in the meetings of 21 January and 18 February. For 2017, the Board approved the fundamental components of the strategic plan, updating, for example, the business forecasts stated therein in the meetings held on 25 January and 16 February. The Board will be called upon formally to examine and approve the strategic plan in one of the next Board meetings.

With reference to letter c) above, the Board defined the nature and level of risk that is compatible with the strategic objectives of the Company, as specified in more detail in paragraph 11. The Board passed resolution on the Enterprise Risk Management project during the Financial Year on 18 February and 25 October 2016 on the proposal of the Audit and Risk Committee. Moreover, it acknowledged and endorsed the assessment conducted in the field of ERM on 15 March 2017, defining the acceptable risk threshold.

With reference to letter d) above, during the Financial Year, the Board approved the budget of the Company and the Group in the meeting of 17 December 2015 and 21 January 2016; for 2017, on 20 December 2016 and 25 January 2017.

With reference to letter e) above, in the Financial Year, the Board met for this purpose on 14 March, 12 May, 14 September and 10 November; in 2017, on 15 March.

With reference to letter f) above, the Board did not consider it necessary to fix any limit of power, considering it is adequate to reserve the significant transactions to the Board. Moreover it is to be noted that, in the past, as well as during the Financial Year, the Directors with proxies used the powers assigned to them wisely, only for the normal management of the business, and on which the Board was regularly and promptly kept updated. Furthermore, except in the event of an emergency, the resolutions that would fall under the competence of the Executive Directors are also shared beforehand with the Board.

with SAES Getters S.p.A. on 31.12.2016), SAES Getters Export, Corp. and SAES Getters Korea Corporation.

The Executive Directors are in any event obliged to report regularly to the Board of Directors and the Board of Statutory Auditors on the exercising of the delegated powers, providing adequate information on the actions carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in its subsequent meeting on the activities carried out while exercising the powers granted to them. Please see paragraph 4.4.1 for further information.

With regard to letter g) above, on the topic of the targets assigned to the Executive Directors and variable remuneration, during the Financial Year the Board passed resolution on this matter on 20 December, on the proposal of the Remuneration and Appointment Committee, which met on 29 November for this reason. It is to be noted that the Board passes resolution on the remuneration of the Managing Directors in their absence (the Executive Directors are asked to leave the meeting at the time of discussion of the item on the agenda).

With reference to letter j) above, the Board of Directors met for this purpose on 23 June 2016 to pass resolution on the merger of the fully-owned company SAES Advanced Technologies S.p.A. with the parent company SAES Getters S.p.A. This transaction had been discussed and approved in advance by the Committee for Transactions with Related Parties in the meeting of 7 June 2016. The Board also examined, constantly monitored during the negotiation phase and finally approved the acquisition on the part of SAES Getters International Luxembourg S.A. of a shareholding in Flexterra Inc., discussing the matter in 8 meetings during the course of the Financial Year. The Board, on the other hand, discussed the acquisition of 70% of Metalvuoto S.p.A. in 11 meetings held throughout the Financial Year, following all the phases thereof, from the time the opportunity arose to the integration of the newly acquired company into the Group.

With reference to letter j) above, the Board of Directors met for this purpose on 15 March and, on the proposal of the Audit and Risk Committee, having consulted and obtained the approval of the Board of Statutory Auditors (which met together with the Audit Firm, the Director in charge of the Internal Control and Risk Management System, the Officer in Charge of the preparation of the Company's accounting documents and the Group General Counsel), considered the organisational, administrative and general accounting structure to be adequate, as well as the structure of the Company and the subsidiary companies with strategic significance, with particular reference to the Internal Control and Risk Management System.

With reference to the letter k) above, in line with international best practices, the Board carried out a self-assessment on the composition and activities of the Board of Directors and the Board Committees for the fourth consecutive year. In January 2017 responses to a questionnaire sent by the Company Secretary's office in November 2016 aimed at the formalisation of the self-assessment by the Board were collected. The Board, on the proposal of the Remuneration and Appointment Committee, appointed a leading consultancy firm of Governance Advisors³ to first review and finely tune the

³ The external consultant that supported the analysis did not provide any other services to the Company during the Financial Year.

questionnaire used by the Board for its evaluation, and then to process and aggregate the responses received in statistical form.

The objective of the Board Review was to check overall operations and the functions of the Board and the Committees in order to highlight their strengths, weaknesses and possible areas of improvement.

The questionnaire distributed to the Directors included 4 areas (Structure, Role, Functioning and Processes) divided into 18 sections with a total of 133 statements.

The topics discussed in the Board Review were examined with the assistance of the aforesaid questionnaire prepared by the Company itself and concerned mainly:

- the organisation of the Board, including the number of meetings and the length of the latter; the completeness and promptness of the information provided by the BoD in preparation for Board meetings; the operations of the Committees and the effectiveness of their support to the Board; the adequacy of the time dedicated by the Board to the discussion of all the subjects concerning the Company, including risk management, evaluation of the budget and investments, and long-term strategy;
- the composition and the structure of the Board also in terms of skills and number of Directors;
- the training of the Directors; their knowledge of the tasks and responsibilities related to their roles; their knowledge of the situation and dynamics of the Company and the Group;
- the decision-making process and the quality of the information made available to the Directors in preparation for Board meetings, including the promptness in the receipt of the information itself; the degree of in-depth knowledge provided by the Committees in the report on the activities they carry out;
- the interaction between the Directors within the Board itself, including how the atmosphere inside the Board encourages comparison and debate; the role of the Chairman and the Managing Director in stimulating dialogue and debate within the Board;
- the relationships with top management and the Directors' awareness of the latter.

Each Director was able to answer each question on the questionnaire by agreeing or disagreeing. Following the processing of the responses, the Board successfully carried out this assessment in the meeting of 16 February 2017.

The results of the responses to the questions on the questionnaire paint an overall positive picture of the Boards and Committees of the Company. The results of the aforesaid analysis were particularly satisfying given that the average reached in the total of questions on a 5-point scale is 4.5. The area most appreciated is the functioning of the Board of Directors, with a score of 4.7.

The key topics on which the majority of the Directors demonstrated a high level of agreement were:

- the current composition of the Board in terms of the diversification of skills, the use of the competences of each of the Directors and the correct ratio of executive to non-executive directors;
- the positive environment within the Board and the quality of debates within it;
- the quality of the preparation and planning of the Board meetings, including their length and frequency;

- the completeness, promptness and qualitative level of the information made available to Board on the general performance of the Company and the most important transactions;
- the participation of the individual Directors in the decision-making process;
- the level of involvement of the Directors in the definition of strategic plans and the budget and in the evaluation of investments;
- the ease of access to the Managing Directors by the Directors outside Board meetings;
- the commitment and activities of the Chairman and the Managing Director in the performance of their roles; the level of information provided by the Committees on the activities carried out and the degree of depth provided in the reports to the Board by these Committees;
- the quality of the recording of the meetings and the ease of access to the minutes by the Directors.

No particular improvements to be made emerged from the self-assessment of the Board, with the exception of continuing to consolidate activities started, such as to invite managers to the Board meetings in which they can make a contribution in terms of providing their knowledge and assessments, continuing to arrange for induction/training events. The Board reserved the right to assess the possibility of formulating the next self-assessment questionnaire and the next Board Review differently in 2017, which coincides with the last year in office of the Board, in order to extrapolate and highlight possible recommendations/conclusions in conjunction with the expiry of the mandate that could be useful for the renewal of the Board.

The By-Laws award the Board, without prejudice to the limits imposed by law, the powers to pass resolution on the proposals regarding:

1. merger resolutions in cases pursuant to articles 2505 and 2505-*bis* of the Civil Code, also as referred to for demergers pursuant to article 2506-*ter*, final paragraph of the Civil Code, where the said regulations are applicable;
2. the establishment or closure of secondary offices and branches;
3. the awarding of powers of representation to Directors;
4. any reduction in capital in the event of withdrawal of a shareholder;
5. the amendment of the By-laws in order to comply with legal provisions;
6. the transfer of registered offices within Italy.

The Board made use of the power granted in point 1 above to approve the merger of the subsidiary SAES Advanced Technologies S.p.A. with the Company as described above.

The Meeting of Shareholders did not grant any general or prior authorisation for any derogations of the prohibition on competition provided for by article 2390 of the Civil Code.

The Board of Directors of 13 November 2012 decided to comply with the opt-out system set forth in articles 70, paragraph 8, and 71, paragraph 1-*bis*, of the CONSOB

Regulations on Issuers, by making use of the right to derogate from the obligation to publish information required on the occasion of significant mergers, demergers, capital-increase by non-cash contributions, acquisitions and transfers.

4.4. Delegated Bodies

4.4.1. Managing Directors

In compliance with application standard 2.C.1. of the Code, the following persons are considered Executive Directors of the Company:

- the Managing Directors of the Company or the strategically significant⁴ subsidiary, therein including the related Chairpersons when they are vested with individual management powers when they have a specific role in the formation of Company strategies;
- the Directors that cover managerial offices in the Company or in a subsidiary company that is strategically significant, or in the parent company when the office also concerns the Company;

The granting of vicarious powers or powers only in the event of an emergency to Directors that are not vested with operational authorisation does not make them Executive Directors, per se, unless these powers are, in fact, used with considerable frequency.

Two of the Directors in office are Executive Directors. The Board appointed by the Meeting of Shareholders of 28 April 2015 met at the end of this meeting to allocate the Company positions, to grant the various powers, and to appoint the Committees. As in the past, the Board adopted a proxy model that provides for the granting of extensive operating powers to the Chairman and the Managing Director. Consequently, the Chairman and Chief Executive Officer (namely, Mr. Massimo della Porta) and the Managing Director and Group Chief Financial Officer (Mr. Giulio Canale) were granted the powers of ordinary and extraordinary administration, acting severally, with the exclusion of the powers reserved exclusively for the Board or those reserved by law for the Meeting of Shareholders.

The powers granted to the Chairman and the Managing Director are identical and do not differ in value and competence.

In particular, Mr. Massimo della Porta and Mr. Giulio Canale, acting severally and with individual signature rights, were vested with the following powers (by way of example, but not limited to):

- a) appointing and revoking proxies for individual acts or categories of acts, establishing their powers and remuneration;
- b) representing the Company in any dealings with third parties, public administrations and public bodies, as well as with other companies of the Group, by signing the related deeds and agreements and undertaking commitments of any kind and nature;

⁴See Note no.2.

- c) purchasing, exchanging and transferring assets when running the Company business; stipulating, with all the appropriate clauses, amending and cancelling any kind of contract, agreement and convention without limitation as to the cause or matter; authorising purchases of raw materials, semi-finished goods, finished products and consumables; authorising offers also outside the current business conditions;
- d) demanding the fulfilment of third-party obligations or obligations from third parties to the Company;
- e) opening bank and/or post office accounts, making payments, via bank transfer and by cheque, making withdrawals from bank and post office accounts, carrying out debit and credit transactions on the current account of the Company at banks and post offices, uncovered or otherwise, always in interest of the Company, as well as issuing and requesting the issue of bank cheques and bank drafts;
- f) negotiating and stipulating all the documents required to obtain bank credit and loans of any kind in favour of the Company and negotiating the terms and conditions related or connected to the granting of credit facilities or loans; stipulating factoring agreements for the assignment of credits of the Company;
- g) carrying out transactions with the railway and customs Administrations, regarding the shipment, clearance and collection of all kinds of goods;
- h) issuing relevant certificates and declarations for tax purposes, extracts from the payrolls regarding the personnel for Social Security, Insurance and National Health Insurance Bodies, and for other Bodies and individuals, signing all declarations prescribed by tax legislation;
- i) hiring and dismissing employees and personnel, of all categories and levels, including managers, signing the related agreements and fixing the employment conditions and subsequent wages increases;
- j) representing the Company before all the Authorities of the Italian Republic and foreign countries; representing the Company as either plaintiff or defendant in any civil, criminal or administrative proceedings and at any instance and level of jurisdiction; appointing and revoking, if necessary, lawyers, attorneys *ad litem* and expert consultants, granting them the most extensive powers;
- k) representing the Company before the Banca d'Italia, CONSOB and management company of the market, negotiating and defining all practices regarding these parties;
- l) reaching compromises and settling disputes of the Company with third parties, appointing arbitrators also for amicable settlements, and signing the corresponding settlement deeds;
- m) representing the Company in insolvency procedures against third parties with all the necessary powers.

The Board did not consider it necessary to fix any limit of power, considering it is adequate to reserve the significant transactions to the Board and pointing out that in the past, as well as during the Financial Year, the Directors with proxies used the powers

assigned to them wisely, only for the normal management of the business, and on which the Board was regularly and promptly updated.

The Executive Directors are in fact obliged to report regularly to the Board of Directors and the Board of Statutory Auditors on the exercising of the delegated powers, providing adequate information on the deeds carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in the subsequent meeting on the activities carried out while exercising the powers granted to them.

4.4.2. Chairman of the Board of Directors

The Chairman, Mr. Massimo della Porta, coordinates and organises the activities of the Board. He is responsible for ensuring that it runs smoothly, serves as a link between the Executive and Non-Executive Directors, defines the agenda, and leads the related meetings.

The Chairman does his utmost to ensure that the Directors are provided with the documents and information necessary for enabling the Board to express an informed opinion on the topics submitted for its examination and approval with reasonable notice, where possible together with the notice to attend (generally sent at least ten days prior to the Board meeting), except in the event of necessity or emergency. The documents are made available to the Directors in a virtual data room, which is equipped and dedicated specially for this purpose. With regard to the financial reports, these are sent with at least two working days' notice, depending on the technical time required to prepare the documents. As an exception, in light of the nature of the resolutions to be passed and due to higher confidentiality requirements, such as, for example, with regard to strategy plans, with the consent of the Directors, the material may not be anticipated to them.

The Chairman of the Board is also the Chief Executive Officer, but shares the responsibility for the management of the Company with the Managing Director, Mr. Giulio Canale. Both are on a list of Directors submitted to the Majority Shareholder of the Company (S.G.G. Holding S.p.A.).

In accordance with principle 2.P.5 of the Code, it is to be noted that the Board considered it appropriate to grant proxies to the Chairman equal to those granted to the Managing Director, in such a way that Mr. Massimo della Porta could continue to act efficiently and to provide the strategic impulse he always provided as Managing Director in previous Board mandates (as from April 1997). The granting of proxies and the concentration of offices held by Mr. Massimo della Porta is considered to be consistent with the organisational structure of the Company.

In compliance with application standard 2.C.3. of the Code, the Board assessed the possibility of appointing an Independent Director as Lead Independent Director in order to strengthen the impartiality and equilibrium that are required of the Chairman of the Board, as the latter is the main person responsible for the management of the Company and has operational authorisations. Therefore, the Board of 28 April 2015 considered it appropriate to appoint Mr. Roberto Orecchia as Lead Independent Director and informed the market, on the same date, in accordance with the provisions of the Regulations for Issuers.

The Chairman and the Managing Director do their utmost to ensure that the Board is kept informed on the main new laws and regulations that concern the Company and the company bodies.

Should the Directors require explanations and information from the management of the Company, they send a request to the Chairman, who takes care of the matter, by gathering the necessary information or by putting the Directors in contact with the management concerned. The Directors may request the Chairman and/or the Managing Director for business representatives of the Company and the Group to attend Board meetings so that they may provide the appropriate insight into the topics on the agenda. No Director made use of this power during the Financial Year.

4.4.3. Reporting to the Board

The delegated bodies are obliged to report regularly to the Board of Directors and to the Board of Statutory Auditors on the exercising of the delegated powers, providing adequate information on the actions carried out and, in particular, on any abnormal, atypical or unusual transactions carried out in the exercising of the aforesaid powers. During the Financial Year, the delegated bodies reported regularly to the Board in the subsequent meeting on the activities carried out while exercising the powers granted to them.

4.5. Other Executive Directors

At present, there are no other executive directors apart from the Chairman and the Managing Director.

4.6. Independent Directors

The Board in office, elected by the Meeting of Shareholders of 28 April 2015, is made up of 11 (eleven) members, including two (2) Executive Directors and nine (9) non-Executive Directors, four (4) of which qualify as Independent Directors and one (1) qualify as Independent Director under the provisions of articles 147-ter, paragraph 4, and 148, paragraph 3, of the Consolidated Finance Law (but not under the Corporate Governance Code), who do not have, nor have recently had, direct or indirect relations with the Company or subjects related to the latter that currently influence their independence of judgment.

If the Meeting of Shareholders resolves to amend the number of members of the Board, it is advisable that the following proportions are respected:

- Board composed of up to eight (8) members: at least two (2) Independent Directors;
- Board composed of nine (9) to fourteen (14) members: at least three (3) Independent Directors;
- Board composed of fifteen (15) members: at least four (4) Independent Directors.

The new Board was appointed in April 2015 with the same number of directors as before (11).

With reference to principle 3.P.1. and application standard 3.C.3. of the Code, the Company believes that three (3) non-Executive Directors should be appointed for a Board of nine (9) to fourteen (14) directors. However, the new Board, in office since 2015, has four Independent Directors pursuant to the Consolidated Finance Law (one more than the number of Independent Directors in the outgoing Board).

In particular, it is believed that with this composition, the number, expertise, availability of time and authoritativeness of the non-Executive Directors contribute to the enrichment of the Board discussions and guarantee that their opinion carries considerable weight in the making of well thought-out, informed Board decisions.

Non-Executive Directors contribute their specific expertise to Board discussions, contributing to the making of sound decisions, in compliance with the interests of the Company, aimed at creating value for shareholders in the medium to long-term and paying special attention to areas where conflicts of interest may arise.

In compliance with application standard 3.C.1. of the Code, the Board takes the independence of its non-executive members into account, placing more emphasis on substance than form. Moreover, in principle, within this assessment, the Board tends to consider a Director as non-Independent, as a rule, in the following non-mandatory situations:

a) if the Director is the holder of a quantity of shares, either directly or indirectly, also through subsidiary companies, trust companies or third parties, that enable the Director to exercise control or to have considerable influence over the Company, or is party to a shareholder agreement through which one or more parties may exercise control or have considerable influence over the Company;

b) if the Director is, or has been in the previous three financial years, a significant figure⁵ in the Company, of one of its strategically-significant subsidiaries or a company under common control with the Company, or a company or body that, together with others controls the Company or is in a position to exercise a considerable influence over the Company through a shareholder agreement;

c) if the Director directly or indirectly (for example through subsidiary companies or companies in which he/she is a significant figure, or as partner of a professional company or consultancy firm) has, or has had in the previous financial year, a significant commercial, financial or professional relationship:

– with the Company, one of its subsidiaries, the parent company or with any of the related significant figures;

– with a party that, also together with others through a shareholders agreement, or with the related significant figures, controls the Company;

or is, or has been an employee of one of the aforesaid parties in the previous three financial years;

d) if the Director receives, or has received in the previous three financial years, significant additional remuneration to the “fixed” remuneration of the non-Executive

⁵In compliance with application standard 3.C.2 of the Code, the Chairman of the Board of Directors, the Executive Directors and Managers with Strategic Responsibilities are considered to be “significant figures” of the Company;

Director of the Company and the remuneration for the participation on the committees, also in the form of participation in incentive plans linked to Company performance, based on shares or otherwise, from the Company or one of its subsidiaries or the parent company;

e) if the Director has been a Director of the Company for more than nine years in the last twelve years;

f) if the Director holds the office of Executive Director in another company in which an Executive Director of the Company holds the office of Director;

g) if the Director is a shareholder or Director of a company or body belonging to the network of the company entrusted with the statutory audit of the Company;

h) if the Director is a close relative of a person in one of the situations described in the previous points and in particular if the Director is the spouse that is not legally separated, common law spouse, relative or relative by marriage up to fourth degree of kinship of a Director of the Company or the companies controlled by the latter or the parent company/companies or those subjected to common control or parties in the situations described in the previous points.

The possibilities listed above are not mandatory. During its evaluation the Board takes all the circumstances into consideration that may appear to compromise the independence of judgement and conduct of the Director.

Evaluation: The Independent Directors are obliged to promptly inform the Board if an event considered likely to change the “independent” status of a Director occurs.

The independence of the Directors and the relationships that may be or appear to compromise the independent opinion of a Director are evaluated annually by the Board, taking into account the information supplied by the individuals concerned or in any case available to the Company. The outcome of the evaluations of the Board is duly communicated to the market at the time of the appointment of the Independent Directors, as well as within the context of the corporate governance report.

If the Board is entirely certain that the requirement of independence is satisfied even in the presence of situations that are abstractly referable to non-independent cases, the Board will provide adequate information to the market on the outcome of the evaluation, without prejudice to the verification of the adequacy of the related reason on the part of the Board of Statutory Auditors.

More restrictive legal provisions or provisions established by the By-laws that set forth the expiry of the office of the Director in the event that he/she loses any of the independence requirements shall prevail.

In compliance with principle 3.P.2 and application standard 3.C.4. of the Code, in the meeting of 16 February 2017, as every year, the Board reported the degree of independence of its Directors pursuant to the laws in force (article 147-ter of the Consolidated Finance Law), confirming, on the basis of the requirements set forth in the Corporate Governance Code and articles 147-ter, paragraph 4, and 140 paragraph 3, of the Consolidated Finance Law, that the Directors Ms. Gaudiana Giusti, Mr. Stefano Proverbio, Mr. Roberto Orecchia and Ms. Luciana Rovelli qualified as “Independent”, and on the basis of the individual independence requirements set forth in articles 147-ter, paragraph 4, and 140, paragraph 3, of the Consolidated Finance Law, that Mr.

Adriano De Maio qualified as “Independent”. The Board did not make use of additional or different criteria, as there were no situations that were even abstractly referable to the cases identified by the Code as indicative of lacking independence. The four Directors filed suitable declarations before the Meeting of Shareholders stating that they satisfied the requirements of Independent Directors (as explained above). The Board informed the market of continued positive assessment of the independence of its Independent Directors on the present date.

Also for the purposes of application standard 3.C.5 of the Code, in its meeting of 14 March 2017 the Board of Statutory Auditors checked that criteria adopted by the Board to evaluate the independence of its members had been applied correctly, acknowledging the declarations issued by the individuals.

Meetings. With reference to application standard 3.C.6 of the Code, the Independent Directors usually meet once a year in the absence of the other Directors (also in the light of the number of persons attending the meetings of the Board and the various Committees). The meeting may also be held informally via audio or video conferencing.

During the Financial Year the Independent Directors did not consider it necessary however to meet again in the absence of the other Directors, considering the high quality of the information received from the delegated bodies, their active participation in the Board and their presence on the Committees, which enabled them to analyse the issues of interest to them in adequate depth in the meetings already planned, despite the presence of other attendees.

4.7. Lead Independent Director

As illustrated in paragraph 4.4.2 above, as the Chairman of the Board has also operational powers, holding the office of Chief Executive Officer, although he is not the sole person responsible for the management of the Company, in compliance with application standard 2.C.3. of the Code, the Board of 28 April 2015 considered it appropriate to appoint the Independent Director Mr. Roberto Orecchia as Lead Independent Director. The non-executive Directors (and in particular the Independent Directors) refer to the latter for a better contribution to the activities and operation of the Board. The Lead Independent Director collaborates (as he has collaborated during the Financial Year) with the Chairman in order to guarantee that the Directors are the recipients of complete and timely information flows. The Lead Independent Director is also granted the power, *inter alia*, to call special meetings with Independent Directors in order to discuss the issues considered to be of interest to the operations of the Board of Directors or the management of the Company, either independently or on the request of the other Directors. During the Financial Year the Lead Independent Director made no requests or reports to the Chairman of the Board.

Mr. Roberto Orecchia is the Chairman of one of the two Committees set up within the Board, namely the Audit and Risk Committee.

5. PROCESSING OF COMPANY INFORMATION

On 24 March 2006, the Board adapted itself to the new provisions of the Consolidated Finance Law, the Regulations for Issuers, as supplemented by CONSOB resolution no. 15232 of 29 November 2005, as well as the Market Regulations organised and managed by Borsa Italiana S.p.A and related Instructions, as amended following the Italian Savings Law, in transposing the EC directive on market abuse, introducing ad hoc internal procedures or amending and updating those already existing on this matter.

More precisely, the Board adopted:

- the *Procedure for Managing Inside Information*: also for the purposes of the application standard 1.C.1., letter j) of the Code, which defines the conduct of Directors, Auditors, managers and employees in relation to the internal management and disclosure to the market of inside information, i.e. precise information that has not been made public, concerning, directly or indirectly, one or more issuers of financial instruments or one or more financial instruments, which, if made public, could have a considerable influence on the prices of these financial instruments.

The procedure stated above, available on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Policies and Procedures/Inside Information section) has been drawn up for the purpose of ensuring that information regarding the Company that is disclosed externally is in full compliance with the principles of correctness, clarity, transparency, timeliness, and broad and equal disclosure in order to guarantee equal treatment, completeness, comprehensibility and continuity of information, in a complete and adequate manner and, in any case, through the institutional channels and according to the terms established by the Company, as well as to ensure that internal management of information in particular is in compliance with the obligations of confidentiality and lawfulness;

- the Insiders Register: set-up effectively from 1 April 2006, identified the persons that, due to their working or profession or the tasks carried out, have access to the information indicated in article 114, paragraph 1 of the Consolidated Finance Law, pursuant to and in accordance with article 115-*bis* of the Consolidated Finance Law and articles 152-*bis*, 152-*ter*, 152-*quater* and 152-*quinqies* of the Regulations for Issuers.

The Board also approved the Code of Conduct for Internal Dealing (hereinafter also “Internal Dealing Code”), which regulates the information disclosure requirements that the Significant Persons and/or in the Persons Closely Associated to the Significant Persons, as identified in the Code itself, are obliged to observe in relation to the transactions they carry out on financial instruments of the Company or other financial instruments related to them. The Internal Dealing Code also regulates the obligations that the Company is obliged to observe towards the market in relation to the transactions on financial instruments carried out by Significant Persons and by Closely Associated Persons. The Internal Dealing Code provides for black-out periods, i.e. predetermined periods (the 30 calendar days preceding the Board meetings to approve the accounting data for the period and the 24 hours subsequent to the issuance of the related press release) during which the persons subject to the provisions of the Code may not carry out transactions on SAES Getters financial instruments or on financial instruments related to them. The Internal Dealing Code was amended by the Board of 29 July 2016 to also formally implement (EU) Regulation no.596/2014 of the European

Parliament and the Board of 16 April 2014 on market abuse (MAR or “Market Abuse Regulation”) and which repeals directive 2003/6/EC of the European Parliament and the Board, as well as directives 2003/124/EC, 2003/125/EC e 2004/72/EC.

The Chairman and the Managing Director may prohibit, or restrict, the performance of transactions by Significant Persons and Closely Associated Persons in other periods of the year when particular events are taking place.

In this case the Manager In Charge (as defined in the Internal Dealing Code) will be responsible for informing the Significant Persons (who have not already been informed on account of their position) of the start and finish dates of the period during which the Transactions are prohibited.

During the Financial Year transactions carried out by Significant Persons were reported to the market and to the competent authorities. The related filing models as well as the Code of Conduct for Internal Dealing can be consulted on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Policies and Procedures/Internal Dealing section).

The Directors and Auditors are obliged to keep the documents and information acquired throughout the performance of their duties confidential and to comply with the procedures adopted for the internal management and external disclosure of these documents and information.

The information disclosed outside the Company must be uniform and transparent. The Company must be accurate and consistent in communicating with mass media. Relations with the mass media are reserved exclusively to the Chairman and the Managing Director, or to the in-house departments in charge of these matters.

6. COMMITTEES WITHIN THE BOARD (pursuant to article 123-bis, paragraph 2, letter d), of the Consolidated Finance Law)

In order to perform its duties more efficiently, the Board set up the Audit and Risk Committee and the Remuneration and Appointment Committee within the Board, whose functions are described in the following paragraphs.

The meetings of each committee are recorded and the minutes are made accessible to the Board of Statutory Auditors.

In relation to application standard 4.C.1. letter d) of the Code, it is to be specified that it was not considered necessary for the Chairperson of each committee to give information on the work carried out to the next Board meeting to be held thereafter: the Chairman of the Control and Risk Committee reports at least every six months to the Board on the work of this Committee and if he considers it appropriate he asks for specific issues to be tackled by adding them to the agenda of the Board. The Chairwoman of the Remuneration and Appointment Committee reports on the items to be added to the agenda of the Board whenever she considers it necessary and reports once a year on the work carried out by the Committee during the previous financial year.

Both the Committees are composed exclusively of non-Executive Directors, who are predominantly Independent.

The Board does its utmost to ensure an adequate rotation within the Committees, unless for any reason and cause it is considered appropriate to confirm one or more Directors beyond the established terms and conditions.

The Board has the power to setup one or more further Committees within it with to act in an advisory or consultative capacity, which shall be defined in practical terms in the Board resolution concerning the formation of the aforesaid Committees.

In relation to application standard 4.C.1., letter e) of the Code, it is specified that the existing Committees (Remuneration and Appointment Committee and the Audit and Risk Committee) are provided with annual predetermined expenses budgets that are considered adequate for the performance of their activities.

6.1. Audit and Risk Committee

For all information regarding the Audit and Risk Committee please refer to paragraph 10 of this Report.

6.2. Appointment Committee

On the basis of the recommendations of the Code, application standard 4.C.1., letter c), in 2012 the Board assessed the possibility of grouping the functions provided for the Appointment Committee (application standard 5.C.1., letters a) and b)) into a single Committee in consideration of the close correlation and mutual relevance of the subjects dealt with. Hence the Remuneration and Appointment Committee was set up.

6.3. Executive Committee

The Board did not consider appropriate to setup an Executive Committee within the Board, as already explained in paragraph 4.5.

6.4. Remuneration and Appointment Committee

For all information on the Remuneration and Appointment Committee please refer to paragraph 8 and to the Remuneration Report published by the Company, pursuant to article 123-ter of the Consolidated Finance Law.

6.5. Committee for transactions with related parties

The Committee is composed of unrelated directors that satisfy the requirements of independence and is chaired by the Lead Independent Director. The Committee meets whenever any resolution on the transactions with related parties is to be passed pursuant to the Procedure on transactions with related parties published on the Company website www.saesgetters.com (Investor Relations/Corporate Governance/Policy and Procedures/Related Parties section).

During the Financial Year, the Committee met on 7 June to make a preliminary assessment of the plan of merger between the fully-owned company SAES Advanced Technologies S.p.A. and the parent company SAES Getters S.p.A., being a transaction with a related party pursuant to the procedure on Transactions with Related Parties, approved by the Board of Directors on 11 November 2010 and updated on 28 April 2015.

7. APPOINTMENT COMMITTEE

On the basis of the recommendations of the Code, application standard 4.C.1., letter c), in 2012 the Board assessed the possibility of grouping the functions provided for the Appointment Committee (application standard 5.C.1., letters a) and b)) into a single Committee in consideration of the close correlation and mutual relevance of the subjects dealt with. Hence the Remuneration and Appointment Committee was set up.

8. REMUNERATION AND APPOINTMENT COMMITTEE

The Board of Directors set up the Compensation Committee - now the Remuneration and Appointment Committee - within the Board on 17 December 1999 with consulting and proposal functions. The Committee has its own Regulations, approved by the Board of Directors on 20 December 2012, which regulates its composition and appointment, the tasks and operating procedures of the Committee itself, in compliance with the principles and application criteria contained in the Corporate Governance Code of listed companies.

The Remuneration and Appointment Committee is composed of three non-executive directors, of which two are independent; and at least one member should have considerable knowledge and experience in accounting and finance matters. Its current members are: Ms. Gaudiana Giusti (Independent Director) – Chairwoman of the Committee, Mr. Adriano De Maio (non-executive Director and Independent Director pursuant to the combined provisions of articles 147-ter, paragraph 4, and 148, paragraph 3, of Consolidated Finance Law) and Ms. Luciana Rovelli (Independent Director). All member of the Committee have adequate experience in accounting and finance matters.

During the Financial Year the Committee met seven times with an average attendance of 85.71% of its members and the meetings lasted an average of one and a half hours. On the invitation of the Chairwoman, the Group Legal Counsel and the Group HR Director attended the meetings, who ensure direct access to the Company information necessary for the Committee to perform its duties. At least six meetings are planned for 2017, one of which has already been held on 7 February 2017 and one has been held on the present date. Minutes of the meetings of the Committee are duly recorded.

Executive Directors do not usually attend the meetings of the Remuneration and Appointment Committee, nor do they attend meetings in which their remuneration is decided upon. The Chairman of the Board of Statutory Auditors is always invited to the meetings, and he attended 6 out of the 7 meetings held during the Financial Year. The Committee has the right to access the information and the Company departments

required for the performance of its duties and, if it is considered appropriate, may make use of external consultants, to be selected autonomously. This power was exercised during the Financial Year in relation to the Board Review as indicated in paragraph 4.3., with the assistance of Governance Advisors, and in relation to the drafting of the ideal candidate for the office of Executive Director as indicated in paragraph 4.1.1., with the assistance of Adelaide Consulting.

In compliance with application standard 4.C.1. letter e) of the Code, it is to be specified that the Remuneration and Appointment Committee has an annual predetermined expenses budget that is considered adequate for the performance of its activities.

For all information on the Remuneration and Appointment Committee please refer to the Policy on Remuneration published by the Company pursuant to article 123-ter of the Consolidated Finance Law.

On 15 March 2017 the Chairwoman of the Committee reported to the Board on the activities carried out during the financial year. These activities concerned, among others, the approval of the Remuneration Policy, the proposal on the targets of Executive Directors and their progression during the year, calculation method, update on achievement of yearly targets (MBO/PfS) in compliance with corporate policies and 2016 Remuneration Policy, evaluation of opportunity for succession plans.

For the latter activity the Committee was assisted by an external professional (Adelaide Consulting, as indicated in paragraph 4.1.1.).

The Committee supervised the Board Review process for the Financial Year, with the support of a leading consultancy firm (Governance Advisors) as described in more detail in paragraph 4.3, who met to discuss the matter on 7 February 2017.

The Committee took benefit from a specific training session focusing on executive compensation provided by an external professional (Taxis).

9. REMUNERATION OF THE DIRECTORS

For all information on the remuneration of the directors please refer to the Policy on remuneration published by the Company pursuant to article 123-ter of the Consolidated Finance Law.

10. AUDIT AND RISK COMMITTEE (pursuant to article 123-bis, paragraph 2, letter d), of Consolidated Finance Law)

10.1. Composition and operation of the Audit and Risk Committee

Composition and Operation. By virtue of principle 7.P.4. of the Code, the Board set up an Audit and Risk Committee (Committee replacing the Internal Control Committee), composed of three (3) non-Executive Directors, the majority of whom are independent. On 28 April 2015 the Board appointed the following Directors as members of the Audit and Risk Committee: Mr. Roberto Orecchia (Independent Director) – Chairman of the

Committee, Ms. Gaudiana Giusti (Independent Director) and Mr. Stefano Proverbio (Independent Director).

At least one member of Committee has adequate experience in accounting and financial matters. In this case, this member is Mr. Stefano Proverbio.

The Committee has its own Regulations, which regulates its composition and appointment, the tasks and operating procedures of the Committee itself, in compliance with the principles and application criteria contained in the Corporate Governance Code of listed companies.

The Audit and Risk Committee is chaired and meets on the initiative of the Chairman. The minutes of the Committee meetings are duly recorded. Executive Directors do not normally attend the Committee meetings. The Chairman of the Board of Statutory Auditors or other Auditor appointed by the Chairman of the Board of Statutory Auditors attends the Committee meetings and in this regard, during the Financial Year, the Chairman of the Board of Statutory Auditors attended all the meetings of the Committee. The Committee may invite non-members to attend its meetings on the invitation of the Committee itself, with reference to each item on the agenda. On the invitation of the Committee, the Internal Audit Manager, as well as the Group General Counsel (or his/her representative) attend the meetings, who ensure that the Committee has constant access to any Company information the Committee may require in order to perform their duties.

The Committee carries out its duties, listed under paragraph 10.2, in collaboration with the Board of Statutory Auditors, the Internal Audit Manager and the Managing Director entrusted with the supervision of the operations of the Internal Control and Risk Management System.

In the performance of its tasks, the Audit and Risk Committee has the right to access the information and Company departments required for the performance of its duties, and may make use of external consultants, at the expense of the Company. During the Financial Year the Audit and Risk Committee accessed the information and made contact with the Company departments made available by the Company, and in particular with the audit firm, the Chairman of the Board of Statutory Auditors, the Officer in Charge of the preparation of the Company's accounting documents, the Internal Audit Manager and the Group Legal Counsel.

The Audit and Risk Committee consulted the advisers who are supporting the Company in the implementation project of an Enterprise Risk Management process several times, as more widely described in paragraph 11 of this Report, providing methodological guidelines and discussion cues throughout the project.

The Chairman of the Audit and Risk Committee reports regularly the Board on the activities of the Committee. During the Financial Year the Committee reported to the Board on 29 July 2016 and 25 January 2017 on the activities carried out in the first and second semesters of 2016, as described in more detail below.

10.2. Tasks assigned to the Audit and Risk Committee

In the meeting of 23 February 2012, the Board of Directors decided to adjust the tasks of the Audit and Risk Committee to the recommendations contained in article 7 of the Code. Therefore, the Audit and Risk Committee is responsible for:

- a) expressing opinions to the Board of Directors with regard to:
 - i. the definition of the guidelines of the internal control and risk management system;
 - ii. the adequacy of the internal control and risk management system compared to the characteristics of the Company and its risk profile, as well as on its effectiveness, at least every year;
 - iii. the formulation of the work plan prepared by the Internal Audit Manager, approved annually by the Board of Directors;
 - iv. the description, in the corporate governance report, of the main characteristics of the internal control and risk management system and the coordination methods between the parties involved in the latter and whose overall adequacy is evaluated by the Board;
 - v. the results reported by the statutory auditor in the suggestion letter, if any, and in the report on the fundamental issues emerging during the statutory audit;
 - vi. the appointment, dismissal of the Internal Audit Manager and definition of the his/her remuneration.
- b) evaluating the correct use of the accounting principles and their consistency for the purpose of the drafting of Consolidated Financial statements together with the Officer in Charge of the preparation of the Company's accounting documents and after having consulted the statutory auditor and the Board of Statutory Auditors;
- c) expressing opinions on specific aspects related to the identification of the main business risks;
- d) examining the regular reports on the assessment of the internal control and risk management system, and those of particular relevance prepared by the Internal Audit Manager;
- e) monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit Department;
- f) requesting the Internal Audit Department to audit specific operational areas;
- g) the task of reporting to the Board of Directors regarding the activities carried out and on the adequacy of the internal control and risk management system;
- h) supporting, with adequate preparatory work, the evaluations and decisions of the Board of Directors on the management of risks originating from any detrimental circumstances brought to the attention of the Board.

Following the entry into force of Italian Legislative Decree no. 39/2010, the Audit and Risk Committee is even more focused on its main task of preparing the relevant issues to be submitted to the Board of Directors in order to enable the latter to make adequate choices and decisions on the internal control and risk management system issues.

The role of the Audit and Risk Committee, as an investigation body and analysis and study center of proposals in preparation for the resolutions of the Board of Directors and aimed at putting the necessary conditions in place for enabling the administrative body to make adequate choices and decisions on internal control and risk management system issues, is in perfect harmony with the new provisions on statutory auditing introduced in the system by the provisions of Italian Legislative Decree no. 39/2010.

During the 2016 Financial Year the Committee met six times (on 21 January, 12 February, 11 May, 20 July, 21 September and 5 December).

The average length of each meeting was approximately one hour. The average participation of members in the Committee meetings was 83%.

During the Financial Year the Audit and Risk Committee:

- assisted the Board in determining the guidelines of the internal control and risk management system, in the regular assessment of its adequacy and its actual operation;
- monitored the progress of the audit plan implemented by the Internal Audit Department pursuant to Italian Law no.262/05 and Italian legislative Decree no. 231/2001, as well as the implementation of the recommendations issued from time to time;
- evaluated the correct use of the accounting principles and their consistency for the purpose of the drafting of Consolidated Financial statements together with the Officer in Charge (plenary meeting of 14 March);
- presented the results of the Enterprise Risk Management project to the Board on 18 February 2016;
- reported to the Board (on 29 July 2016 and on 25 January 2017) on the activities carried out in the first and second semesters of 2016 and on adequacy of the Internal Control and Risk Management System.
- participated in the plenary meeting of the control bodies of 14 March 2016: the plenary meeting involved the Company parties/bodies having a role in making sure that the internal control and risk management system is operating properly (aimed, *inter alia*, at the approval of the assessment of the organisational structure and the internal control and risk management system).

In the 2017 financial year the Control and Risk Committee has met on 25 January and 18 February. On 14 March 2017 a plenary meeting of the control bodies was held, attended by the Committee itself, the Supervisory Body, the Audit Firm, the Board of Statutory Auditors, the Internal Audit Manager, the Director in charge of the Internal Control and Risk Management System, the Director in charge of drawing up the Company's accounting documents pursuant to Italian Legislative Decree no.262/05 and the Legal Department.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In compliance with principle 7.P.1. of the Code, the Internal Control and Risk Management System is defined as the set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of the main risks. An efficient Internal Control and Risk Management System helps to ensure the protection of company assets, the efficiency and effectiveness of corporate transactions, the reliability of financial information and compliance with laws and regulations.

The Internal Control and Risk Management System is operated and monitored by the following parties within the Company, which are involved in various capacities and with different responsibilities in the Internal Control and Risk Management System. Each one has specific duties, as described below:

- Board of Directors;
- Director in charge of the Internal Control and Risk Management System;
- Board of Statutory Auditors;
- Supervisory Body;
- Audit and Risk Committee;
- Internal Audit Department.

In addition to the parties mentioned above, other parties are involved, in various capacities and with different levels of responsibility in the management of the Internal Control and Risk Management System:

- Officer in Charge of the preparation of the Company's accounting documents pursuant to Italian Legislative Decree no. 262/05;
- Audit firm;
- other internal control departments (Quality, Safety, Compliance, etc.);
- other bodies prescribed by different regulations (ISO certification bodies).

The Board of Directors believes that the current division of the parties involved in the Internal Control and Risk Management System and the interrelationship between the control bodies and departments guarantee an adequate level of reliability on the capacity of the system itself to achieve its goals.

The evaluation, insofar as it refers to the Internal Control and Risk Management System in its entirety, reflects the limitations inherent in such a system. Even if it is well-conceived and functional, this System, in fact, can only guarantee with reasonable probability that Company objectives are achieved.

The Board of Directors met on 15 March 2017, and, on the proposal of the Audit and Risk Committee, having consulted and obtained the approval of the Board of Statutory Auditors (which met together the previous day with the Audit Firm, the Director in charge of the internal control and risk management system, the Officer in Charge of the

preparation of the Company's accounting documents and the Group General Counsel) considered the internal control and risk management system to be adequate.

In order to be able to define the risk profile of the Group in 2016, the Company continued with the Enterprise Risk Assessment process that was initiated in 2012, awarding this mandate to the company PricewaterhouseCoopers S.p.A..

A "risk catalogue", based on the information collected from previous risk assessments and new potentially significant events, was defined within the context of this process. The risks were classified and categorised in accordance with the requirements suggested by the international COSO Framework⁶.

Methods for assessing risk were also defined within the context of this process, which led to the definition of a potential/inherent risk rating, as well as the identification of additional mitigation actions and the assessment of residual risk for the Group as a level of risk that is compatible with the strategic objectives of the Group. The interviews held with Company representatives, for each macro risk, led to the identification of the specific events that could potentially compromise the achievement of corporate objectives, the identification of risk response and, where necessary, the definition of possible improvements.

The structuring of the Enterprise Risk Management process in this way envisages a follow-up activity on the risks to the Company on a six-monthly basis through the involvement of the different Company representatives and the continuous discussion with the Audit and Risk Committee, which oversaw the process and confirmed its results.

In 2016, the Company created the Compliance function within the Legal Department, providing the former with its own responsibilities and resources, with the aim of constantly monitoring Risk Management methods and the risk catalogue of the Group, which is to be analysed regularly and maintained, reporting the results of the analysis to the Management and to the Board of Directors itself, always under the supervision of the Audit and Risk Committee.

The Company's objective is to ensure that the Enterprise Risk Management project increasingly becomes an integral part of business processes, as well as a tool to be used in the decision-making process, based on the enterprise risk profile.

The information on the main characteristics of the Internal Control System for the purposes of financial reporting and the risk management system in place in relation to the financial reporting process, including the consolidated reporting process, is given below.

⁶ Report of the Treadway Commission of the Committee of Sponsoring Organisations (CoSO) of 1992, considered to be the best practice of reference for the architecture of Internal Control Systems and the Enterprise Risk Management Framework, published in September 2004 and updated on several occasions.

THE INTERNAL CONTROL SYSTEM FOR THE PURPOSES OF THE FINANCIAL REPORTING PROCESS AND RISK MANAGEMENT.

Introduction

The changes in regulations in recent years have regulated different aspects of the internal control and risk management system, and as a consequence there has been a proliferation of control models and different bodies called upon in various capacities to provide a level of reliability on these models. Within this context the Administrative and Accounting Control Model (hereinafter also referred to as the “Accounting Control Model”) is defined as a document describing the internal control system with reference to the financial reporting process.

The Internal Control System related to the financial reporting process is an integral part of the internal control and risk management system of the SAES Group, and contributes to the ensuring of the achievement of the objectives stated above.

More specifically, for the purposes of the financial reporting process, this System is aimed at ensuring:

- the reliability of the reporting, its correctness and compliance with accounting standards and legal requirements;
- the accuracy of the reporting, its neutrality and precision;
- the reliability of the reporting, which must be clear and complete so that investors, the market and also the corporate bodies can make informed decisions;
- the promptness of the reporting, with particular reference to the observance of the deadlines prescribed for its publication according to applicable laws and regulations.

The task of monitoring the implementation of the above Accounting Control Model was assigned, by the Board of Directors, to the Officer in Charge of the preparation of the Company’s accounting documents (hereinafter also “Officer in Charge”), and the Managing Director.

The guidelines taken as a reference in the planning, implementation, monitoring and updating of the Accounting Control Model, even if not explicitly indicated, are the guidelines set forth in the CoSO Report.

Reference is to be made to the subsequent paragraphs for in the specific details on the Accounting Control Model and the tasks assigned to the Officer in Charge.

Furthermore, in order to ensure the integration of the internal control System for the purposes of the financial reporting process with the more general internal control and risk management system of business risks, the Officer in Charge closely collaborates with the Internal Audit Department and orders regular independent checks aimed at analysing compliance with administrative and accounting procedures.

These checks, by selecting specific processes among those consider important following the risk assessment process described below, are always included in the more general

inspection of the actions of the Internal Control Department at the subsidiary companies of the SAES Group.

ADMINISTRATIVE AND ACCOUNTING CONTROL MODEL

On 14 May 2007 the Board of Directors of the Company approved the Accounting Control Model, adopted also in light of the provisions introduced by the Savings Law, with a special reference to the obligations on the drafting of corporate accounting documents and all documents and communications of a financial nature intended for the market.

This Accounting Control Model, which represents the set of Company rules and procedures aimed at achieving the Company's objectives of truthfulness and correctness in its reporting through the identification and management of the main risks associated with the preparation and the disclosure of financial information, was subjected to a revision process that led to the new release of the Model approved by the Board of Directors on 20 December 2012.

Components of the Accounting Control Model

The Accounting Control Model is made up of the following elements:

- general control environment;
- administrative and accounting risk assessment;
- counterfoils of administrative and accounting controls (hereinafter also "counterfoils");
- regular evaluation of the adequacy and effective application of the controls described in the counterfoils;
- internal certification process, functional to the external certifications required by law.

The *control environment* is the basis of an effective internal control and risk management system. The main documents formalising its essential characteristics are: the Code of Ethics and Business Conduct, the set of governance rules contained in the Report on corporate governance and ownership structures, the organisation chart and the organisational provisions, and the system of proxies.

The administrative and accounting *risk assessment* is the process of identifying and assessing the risks related to accounting and financial reporting. The risk assessment is conducted on an entity level as well as on a single process level. The criteria set forth in Italian Legislative Decree no. 61/2001 are followed when determining the materiality threshold.

This process is repeated and updated every year by the Officer in Charge with the support of the Internal Audit Department and subsequently shared with the Managing Director, and requires:

- the identification, using quantitative criteria (size) and qualitative (significance) criteria, of the balance sheet items/financial information that are highly volatile or

that imply the risk of error, with reference to the financial statements of the Company, the consolidated financial statements and the financial statements of the subsidiaries;

- the identification of the related input account processes/flows and the related controls to protect the identified risks for each significant balance sheet item/piece of financial information;
- the communication to the departments involved in the intervention areas with regard to which it is necessary to monitor the efficiency and operation of the controls.

If the checks carried out on the risk areas selected as result of the regular risk assessment are not properly documented or formalised, the person in charge of the process or the accounting flow, with the support of the Officer in Charge and, if necessary, the Internal Audit Department, will be responsible for preparing appropriate documentary evidence in order to allow the checks existing in the analysed area to be assessed.

The *counterfoils of administrative and accounting* of SAES Getters are documents that describe the control standards in place for each administrative and accounting flow or process selected following the regular risk assessment, with an indication of the control objectives regarding the preparation of the financial statements and the related controls existing in addition to the responsibilities and the frequency of the implementation of the control itself.

These counterfoils are used as a tool to identify the specific controls in place for each relevant process, with the identification of the controls to be tested in order to evaluate the adequacy of the Administrative and Accounting Control System. The counterfoils are subject to constant revision by the related department managers, with the support of the Internal Audit Department of the Group.

With regard to the *regular evaluation of the adequacy and effective application of the controls described in the counterfoils*, the department managers and the subsidiary companies involved in the training and management process of accounting and financial reporting are responsible for the correct operation and updating of the Internal Administrative and Accounting Control System with reference to all the related accounting processes/flows, and must continually assess the correct application of the administrative and accounting control procedures, their adequacy to the existing processes and updating of the related counterfoils of the controls, providing a declaration, on a regular basis, of the proper functioning of the internal administrative and accounting control system (as specified in more detail below).

Furthermore, the Internal Administrative and Accounting Control System is subject to an *independent assessment* by the Internal Audit Department, aimed at assessing the adequacy of the project and the actual effectiveness of the existing controls. The assessment is integrated in the general annual audit plan prepared by the Manager of the Internal Audit Department, confirmed by the Audit and Risk Committee and approved by the Board of Directors.

The Officer in Charge regularly monitors the adequacy and effectiveness of the internal administrative and accounting control system on the basis of the reports received from the department managers and the subsidiary companies and the reports on the activities of the Internal Audit Department.

All the documents on the control activities carried out and their results are made available to the firm entrusted with the audit in order that it may carry out the necessary verifications for the purposes of certification.

Finally, with regard to the *internal certification process, functional to the external certifications required by law*, this process consists of a series of subsequent certifications aimed at ensuring that announcements made externally are consistent with the definitions of article 154-*bis* of the Consolidated Finance Law.

Depending on the type of financial announcement to the market, different certifications are identified:

- Annual Financial Statements and Half-year Report produced with reference to the separate Financial Statements of SAES Getters S.p.A., the Consolidated Financial Statements and to the half-year condensed Consolidated Financial Statements of the SAES Getters Group;
- Certifications to interim Management Reports and other final accounting reports or produced with reference to other documents such as, for example, price sensitive press releases containing economic and financial information on final data, interim or otherwise; final accounting data included in the presentations delivered regularly to shareholders and financial community or published presentations.

THE INTERNAL ADMINISTRATIVE AND ACCOUNTING CONTROL SYSTEM OF THE SUBSIDIARY COMPANIES OF SAES GETTERS S.P.A.

The Persons in charge of the management and preparation of accounting and financial reporting for the subsidiary companies, namely the local Administrative Directors and/or Controllers, together with their General Managers, are responsible for:

- ensuring that the activities and the controls in place in the input process of the accounting reporting are consistent with the principles and objectives defined at Group level;
- continuously monitoring the relevant identified controls, in order to ensure their operating and effectiveness;
- promptly and regularly informing the Managing Director or the Officer in Charge of the following:
 - significant changes to the Internal Administrative and Accounting Control System in order to identify the specific controls to be implemented;
 - any anomalies or findings that may generate significant errors in the accounting report.

Considering that the control structures in the majority of the subsidiaries are small, the Company decided not to issue specific procedures on the processes that influence the input of the accounting reporting of these companies, and detailed control counterfoils were prepared for the processes selected as a result of the risk assessment, which are verified by the Administrative Directors/Controllers of the individual subsidiaries.

11.1. Executive Director in charge of the Internal Control and Risk Management System

On 28 April 2015 the Managing Director Mr. Giulio Canale was appointed by the Board as the Director responsible for the internal control and risk management system (hereinafter “Appointed Director”) who in particular, in compliance with application standard 7.C.4. of the Code:

- a) is responsible for identifying the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and subjects them on a regular basis to the Board;
- b) implements the guidelines defined by the Board of Directors, by designing, implementing and managing the internal control and risk management system and constantly checking its adequacy and effectiveness;
- c) is responsible for adapting this System to the trend of operating conditions and the legal and regulatory framework;
- d) may request the Internal Audit Department to carry out inspections on specific operational areas and on compliance with internal rules and procedures in the performance of business transactions, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and the Chairman of the Board of Statutory Auditors;
- e) duly reports to the Audit and Risk Committee (or the Board of Directors) on the problems and critical aspects emerging during the operations of the system or that comes to his knowledge, so that the Committee (or the Board) may take the appropriate action.

The Appointed Director, with the support of the Internal Audit Department (which meets every month) continuously verifies the effectiveness of the operations of the implemented Internal Control and Risk Management System. It is also acknowledged that, in relation to application standard 7.C.4. of the Code, the Officer in Charge constantly verified the overall adequacy, efficiency and effectiveness of the internal control and risk management system and the Board, during the approval phase of this Report, took note thereof.

A description of the business risks is included in the Management Report, which is among the documents contained in the financial statements for the Financial Year.

11.2. Internal Audit Manager

With reference to the Internal Audit Manager, the Company, again in its meeting of 23 February 2012, resolved to adopt application standard 7.C.1. of the Code.

The Internal Audit Manager is appointed and removed by the Board, on the proposal of the Appointed Director and after having consulted the Audit and Risk Committee. In the same meeting, the Board, on the proposal of Mr. Giulio Canale and with the approval of the Audit and Risk Committee, in consideration of the aforesaid application standard, appointed Ms. Laura Marsigli as Internal Audit Manager.

With reference to application standard 7.C.1. of the Code, the Board of Directors defined the remuneration received by the Internal Audit Manager to be consistent with the company policies normally applied and provided her with an adequate budget for the performance of her responsibilities.

As defined by the Board and in compliance with principle 7.P.3. of the Code, the Internal Audit Manager is responsible for ensuring the operation and adequacy of the Internal Control and Risk Management System and its basic compliance with application standard 7.C.5. of the Code, and in particular:

- a) verifies the effectiveness and adequacy of the Internal Control and Risk Management System on the basis of an annual plan: the audit plan for the 2016 Financial Year was submitted to the Board on 20 October 2015 for approval in compliance with application standard 7.C.1; the plan for the 2017 financial year was approved on 20 December 2016;
- b) is not in charge of any operational area and hierarchically depends on the Board;
- c) has direct access to all the information useful for the performance of her activities;
- d) prepares regular reports containing adequate information on her activities, the procedures according to which risk management is performed, as well as on compliance with the plans defined to minimise risk. The regular reports contain an opinion on the suitability of the Control and Risk Management system based on the results of the actions taken;
- e) prepares timely reports on particularly significant events;
- f) sends the regular reports to the chairpersons of the Board of Statutory Auditors, the Audit and Risk Committee and the Board of Directors, as well as to the Officer in Charge;
- g) assesses the reliability of the IT systems within the audit plan, including the accounting systems.

In compliance with application standard 7.C.6. of the Code, the Internal Audit Department, as a whole or by operational segments, may be entrusted to subjects outside the Company, provided that they possess the requirements of professional standing and independence.

For the year 2016, making use of this power, Internal Audit activities were outsourced ad interim for the January – September period to Protiviti (in particular the role of Internal Audit Manager was entrusted to Ms. Emma Marcandalli, Managing Director of Protiviti Srl), which meets all the requirements specified in terms in professionalism and independence.

Ms. Marsigli returned to her regular service as Internal Audit Manager in October 2016.

During the Financial Year, the Internal Audit Manager took care of the activities set forth in the Audit plan, and more specifically:

- operational, compliance and financial audit activities, several requested by the Officer in Charge and the Supervisory Body;
- the systematic updating of the Audit and Risk Committee and the Board of Directors every six months on the status of the Audit Plan;
- the formulation of a 2017-2019 Audit Plan proposal for the Audit and Risk Committee and the Board of Directors;

- the performance of the Risk Assessment provided for in Accounting Model 262;
- the performance of follow-up activities on the actions emerging from concluded audits.

Furthermore, the Audit Manager supported the ERM project as described in paragraph 11.1.

11.3. Organisational Model pursuant to Italian Legislative Decree no. 231/2001

Italian Legislative Decree no. 231 of 8 June 2001, which lays down the “*Rules on the administrative liability of legal entities, companies and associations, also deprived of legal status*”, introduced an administrative liability system of companies for offences committed in the interest or to the advantage of the companies themselves, by a directors, managers or employees, into the Italian legal system.

The Board, with resolution of 22 December 2004, approved and adopted its own “Organisational, Management and Control Model” pursuant to and in accordance with Italian Legislative Decree no. 231/2001 (“Model 231”) and simultaneously the “Code of Ethics and Business Conduct” that forms an integral part of the Model, in order to clearly define the set of values that the SAES Getters Group recognises, accepts and shares, as well as the set of rules of conduct and the principles of legality, transparency and correctness to be applied in the performance of its business and in its various dealings with third parties.

The General Part of the Model and the Code of Ethics can be found on the Company website www.saesgetters.com (Investor Relations/corporate-governance/model-231).

With its resolution of 13 February 2007, the Board approved the revision of Model 231 in light of the entry into force of the regulations implementing the EC regulations on the prevention of market abuse, as well as within the regular verification pursuant to article 7, paragraph 4, letter a) of Italian Legislative Decree no. 231/2001.

With its resolutions of 18 March 2008 and 23 April 2008, the Board then approved the revision of Model 231 in order to adapt it to the legal amendments that were made in 2007 aimed at extending the range of offences protected ex Italian Legislative Decree no. 231/2001. In particular, the following offences were introduced:

- the offences of receiving, laundering or using money, goods or benefits of illegal origin (article 25-*octies* of Italian Legislative Decree no. 231/2001) introduced by Italian Legislative Decree of 16 November 2007 in implementation of the third anti-money laundering 2005/60/EC Directive.
- article 9 of Italian Law no. 123 of 3 August 2007 introduced article 25-*septies* in Italian Legislative Decree no. 231/2001, related to the offences connected to the violation of safety and accident-prevention regulations. Reference is made to the possible offence of manslaughter or gross/very gross negligent injury committed in violation of accident-prevention regulations and the protection of occupational health and safety.

On 8 May 2008 the Board updated the Code of Ethics and Business Conduct of the Company.

In the last quarter of the 2009 financial year the Company set up the revision and adjustment plan of the Model to Italian Legislative Decree no. 231/2001, following the inclusion of the following significant offences on the list:

- (article 24-ter) organised crime offences - Italian Law 15 July 2009, no. 94,
- (article 25-bis) crimes against the industry and commerce - Italian Law 23 July 2009, no. 99,
- (article 25-novies) crimes related to the violation of copyright - Italian Law 23 July 2009, no. 99,

in addition to the offence of incitement to withhold statements from or issue false statements to the judicial authority - Italian Law of 3 August 2009, no. 116.

In this regard the activities carried out by each company department were mapped in order to check in particular the existence of any significant business activities for the purposes of Italian Legislative Decree no. 231/2001, as amended from time to time, as well as the adequacy of the supervision controls implemented for the prevention of crime.

The updated Model was submitted to and approved by the Board of Directors during the meeting of 27 April 2010.

During this verification it was considered appropriate to arrange a new procedure on patents, the *“Procedure for the management of new corporate IP assets”*.

The objective of this Procedure is to explain the operating methods that SAES must follow when managing relations with patents firms, patent offices, the Judicial Authority, third parties and the Supervisory Authorities in relation to the obligations prescribed for the protection of industrial property rights, in compliance with the laws of reference and the principles of maximum transparency, timeliness and collaboration, as well as asset traceability.

The procedure was drawn up in compliance with the principles set forth in the Model and with those specifically identified in Special Part A – “Offences against the public administration” and in Special Part F – “Offences against the public faith, industry and commerce, and relating to infringement of copyright”.

On 17 February 2011 the Procedure was submitted to and approved by the Board of Directors of the Company and subsequently distributed to all company staff, also through training courses organised internally by the company departments with the support of consultants specialising in these matters.

The Model was updated by the Board of Directors on 20 December 2011 in order to transpose the introduction of the environmental crimes among the cases of predicate offence set forth in Italian Legislative Decree no. 231/2001. The update included the introduction of a new Special Part G – “environmental offences”.

On 20 December 2012 the Board of Directors updated the Model by introducing a new Special Part H – “Offences relating to the employment of foreign workers” containing protocols of conduct for the prevention of the potential commission of the criminal conduct referable to the cases of predicate offence set forth in article 22, paragraph 12-bis of Italian Legislative Decree no. 109/2012, which penalises the employer in the event of the employment of third-country nationals with unlawful residence permits.

On 19 December 2013 the Board of Directors updated the Model following the entry into force of Italian Law no. 190/2012, which introduced new offences, such as private bribery and extortion by persuasion, into the Italian legal system.

Finally, on 13 May 2015 the Board of Directors updated the Model and added Special Part I – “The crimes of receiving, laundering and using money, goods or benefits of illegal origin, self-laundering and transnational crime”.

The 231 Model was adopted by the Board in the firm belief that the establishment of an “organisational, management and control model”, in addition to being a valid tool for raising the awareness of all those that operate on behalf of the Company so that they behave correctly in the performance of their activities, is also an indispensable for preventing the risk of the commission of the offences set forth in Italian Legislative Decree no. 231/2001. With the adoption and the effective implementation of the Model, the Company aspires to take advantage of the so-called justification in the unlikely event of its involvement for the relevant types of offences.

The document describing the Model is divided into a “*General Part*”, which, after a brief explanation of the essential contents of Italian Legislative Decree no. 231/2001, describes the activities carried out for defining the 231 Model of the Company and its illustrates its components, and the “*Special Parts*” prepared for the different types of offence set forth in Italian Legislative Decree no. 231/2001 (if relevant for the Company) that form an integral and essential part of the Model.

The Model is in the process of being updated following the merger of the subsidiary company SAES Advanced Technologies S.p.A. with SAES Getters S.p.A., as well as changes in regulations occurred in the meantime.

11.4. Supervisory Body

The Company has a supervisory body whose tasks are identified in Italian Legislative Decree no. 231/2001, as specified in Model 231 formalised by the Company, such as supervising the operation, effectiveness, compliance and revision of the Model, as well as preparing the operating procedures to ensure its correct functioning.

On 28 April 2015, subsequent to the Meeting for the appointment of the Board in office, the latter appointed the following persons as members of the Supervisory Body:

- Mr. Vincenzo Donnamaria (as member of the Board of Statutory Auditors);
- Ms. Gaudiana Giusti (as Independent Director);
- Mr. Stefano Proverbio (as Independent Director);
- Ms. Luciana Rovelli (as Independent Director);
- Mr. Alessandro Altei (as Group Legal Counsel).

The Body has its own Regulations and also elected its Chairperson internally, namely Ms. Luciana Rovelli.

The Body shall remain in office until the approval of the financial statements for the 2017 financial year.

The Body met seven times during the Financial Year (with the average attendance rate of 82.86% of its members at all the meetings). The minutes of the meetings of the body were duly recorded.

The Supervisory Body, with the support of the Internal Audit Department, prepared an audit plan for sensitive activities and supervises the updating of the 231 Model, envisaged for the first half of 2017.

Among the activities carried out during the Financial Year, the Supervisory Body:

- analysed the information flows received from Department managers, without finding any critical issues;
- reported to the Board in a half-year report;
- met company staff to study subjects related to sensitive areas in more depth;
- met with the Chairman of the Supervisory Body of SAES Advanced Technologies S.p.A. in consideration of its merger, for the handover of the activities carried out;
- oversaw the updating of the Organisational Model;
- monitored the development of the regulatory framework.

The Board of Directors, taking also account of the activities of the Supervisory Board, assigns the latter an annual expense budget for the performance of its activities, in full economic and managerial autonomy. The aforesaid budget is updated from time to time in accordance with the specific requirements that will be determined by the Supervisory Body. If any budget overrun due to specific requirements shall be communicated by the Supervisory Body to the Board of Directors.

11.5. Audit Firm

The statutory audit is carried out by an appointed audit firm that operates in accordance with the provisions of law. On 23 April 2013, the Meeting of Shareholders resolved to entrust Deloitte & Touche S.p.A. with the auditing task pursuant to the Italian Legislative Decree no. 39/2010 on the basis of the proposal of the Board of Statutory Auditors:

- for the auditing of the financial statements of the Company and the consolidated financial statements of the SAES Getters Group;
- for the verification of the regular bookkeeping and the correct registration of the management facts in the accounting records;
- for the limited audit of the half-year report of the Company on a consolidated basis, for the 2013-2021 financial years.

11.6. Officer in Charge of the preparation of the Company's accounting documents and other corporate roles and functions

On 28 April 2015 the Board appointed Mr. Michele Di Marco as *Group Administration, Finance & Control Manager* and *Deputy Chief Financial Officer*, confirming him, to be the Officer in Charge of the preparation of the Company's accounting documents, after having consulted the Board of Statutory Auditors, pursuant to and in accordance with

new article 154-*bis* of the Consolidated Finance Law, introduced by the Italian Savings Law.

Pursuant to article 24 of the Company By-laws, introduced with the resolution of the extraordinary Meeting of Shareholders of 29 June 2007, the Officer in Charge of the preparation of the Company's accounting documents must satisfy the professional requirements characterised by qualified experience of at least three years in the performance of administration, accounting and/or control activities, or as a manager or consultant on finance, administration, accounting and/or control activities, within listed companies and/or associated groups, or within companies, entities and enterprises of significant size and relevance, even with reference to the drafting and control of corporate accounting documents.

The office of Officer in Charge expires at the end of the mandate of the Board that appointed him (approval of the financial statements for the 2017 financial year). He can be re-elected. Mr. Di Marco has been the Officer in Charge since 29 June 2007. The Officer in Charge has autonomous spending and signature rights. The Board ensures that Mr. Di Marco is provided with adequate powers and means to perform the duties assigned to him pursuant to article 154-*bis* of the Consolidated Finance Law, those assigned to him by the Board upon his appointment, and supervises the effective compliance with administrative and accounting procedures.

On 14 May 2007, the Board approved the first version of the document describing the Accounting Control Model, as described in paragraph 11, and an update on 20 December 2012, in order to ensure a higher level of reliability of the financial reporting disclosed to the market and the effectiveness of the Officer in Charge. In particular, the document:

- describes the components of the Accounting Control Model;
- indicates the responsibilities, means and powers of the Officer in Charge;
- regulates the rules of conduct, the roles and responsibilities of the Company organisational structures involved in various capacities;
- defines the (formal and internal) certification process on financial reporting.

11.7. Coordination of the subjects involved in the check of the Internal Control and Risk Management System

In observance of principle 7.P.3. of the Code and considering the regulatory and procedural provisions introduced by Legislative Decree no. 39 of 27 January 2010, in order to facilitate a steady information flow among the several business bodies and functions that enables the Internal Control and Audit Committee (the Board of Statutory Auditors) to carry out suitable supervision as required by the law, periodical meetings are planned, among the other activities carried out by the Committee in the fulfillment of its functions, of the Committee/Board of Statutory Auditors, the Audit and Risk Committee, the Auditing Company, the Internal Audit Function Manager, the Officer in Charge with drawing up corporate accounting documents according to Legislative Decree no. 262/05 and the Group General Counsel. Such meetings focus on the analysis and discussion of the financial information process and the application of accounting principles, as well as the relevant controls, the effectiveness of the internal control

system, internal audit and risk management, the legal auditing of yearly accounts and consolidated accounts, the independence of the audit firm, particularly in connection with the performance of non-auditing services to the entity subject to audit.

These meetings also offer the possibility to discuss specific projects related to the activities of the involved bodies, like, such as, by way of example, in this Financial Year, the above-mentioned Enterprise Risk Management process implementation project.

During 2016, the meeting was held on 14 March. For the current Financial Year the meeting is planned for 14 March.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 21 December 2010 the Board of Directors, having consulted and obtained the approval of the Independent Directors Committee, adopted the Procedures for transactions with related parties (the “Procedures”) in compliance with the provisions of CONSOB Regulation no. 17221 of 12 March 2010 (hereinafter “Regulations”) and CONSOB Communication of 24 September 2010 (hereinafter “Communication”), aimed at ensuring the transparency and the substantial and procedural correctness of the transactions with related parties, identified pursuant to the revised international accounting standard IAS 24.

The Procedures define the transactions of “major significance” that must be approved in advance by the Board, with the explained and binding opinion of the Committee for Transactions with Related Parties.

The other transactions, unless they fall within the residual category of transactions of minor value - transactions of less than €250,000 - are defined as “of minor significance” and may be carried out subject to the reasoned and non-binding opinion of the aforesaid Committee. Furthermore, the Procedures identify cases of exemption to their application, including, in particular, the ordinary transactions concluded under conditions equivalent to those of the market or standard, transactions with or between subsidiaries and those with associated companies, provided that the other related parties of the Company have no significant interest in them, and transactions of minor value.

During the Financial Year, the Committee for Transactions with Related Parties met on 7 June 2016 to assess the merger of the fully-owned subsidiary company SAES Advanced Technologies S.p.A. with the parent company SAES Getters S.p.A. and to offer its opinion to the Board of Directors.

The Procedures came into force on 1 January 2011 and are published in the Company website www.saesgetters.com. (Investor Relations / Corporate Governance)

13. APPOINTMENT OF AUDITORS

The appointment of the Board of Statutory Auditors is expressly regulated by the By-laws, which set forth an appointment procedure using a slate system, without prejudice to the application of different and further mandatory legal or regulatory provisions.

The Board believes that the Auditors, in the same way as the Directors, ought also to be appointed according to a transparent procedure, as described below.

Article 22 of the current By-laws, which already provided for the election of the Board of Statutory Auditors by presenting lists, was amended by the resolution of the extraordinary Meeting of Shareholders of 27 June 2007 in order to incorporate the amendments and additions to the election procedures introduced in the meantime to the regulations in force.

In particular, the amendments were introduced in compliance with the provisions of article 148, paragraph 2 and 2-*bis*, as well as article 148-*bis* of the Consolidated Finance Law, as amended by Italian Legislative Decree 29 December 2006 no. 303, and article 144-*sexies* of the Regulations for Issuers as modified by CONSOB resolution no. 15915 of 3 May 2007, which establishes that an active member of the Board of Statutory Auditors must be elected by the minority Shareholders that are not directly or indirectly related to the Shareholders that have submitted or voted that obtained the most votes, with reference to the definition of relations between current Shareholders and minority Shareholders contained in the Regulations for Issuers; that the Chairman of the Board of Statutory Auditors is appointed by the Meeting of Shareholders from among the Auditors appointed by the minority shareholders; that the By-laws may require the Shareholder or Shareholders that submit the list are owners, at the time of submission of the list, of a shareholding that does not exceed the one stated in article 147-*ter*, paragraph 1, of the Consolidated Finance Law; that each list must be lodged at the company headquarters, accompanied with a series of documents specified by the regulations, at least 25 days prior to the date fixed for the Meeting of Shareholders convened to pass resolution on the appointment of Auditors; that the lists must be made available to the public at the Company headquarters, the management company of the market and on the website of the issuing companies within the time limits and using the methods provided for by law; that the By-laws can establish the criteria to identify the candidate to be elected if the lists are equal.

Current article 22 of the By-laws sets forth that the minority - that are not party of a relevant connection, even indirectly, as per article 148, paragraph 2 of Italian Law no. 58/98 and related regulatory rules - are entitled to the appointment of one statutory Auditor, who is the Chairman of the Board, and of one Alternate Auditor.

The election of the Auditors by the minority Shareholders takes place at the same time as the election of the other members of the control body (with the exception of cases of replacement).

Only those shareholders who, with reference to the shares registered in their account on the day of deposit of the lists at the Company offices, alone or together with other shareholders, own voting shares representing at least the percentage in the voting capital equal to the one determined by CONSOB, pursuant to article 148 paragraph 2 of the Consolidated Finance Law and in compliance with the Regulations for Issuers, are

entitled to present lists for the appointment of Auditors. On the date of this Report, the requested share is 4.5% of the share capital with voting rights (as established by CONSOB with Resolution no.19856 of 25.01.2017).

A Shareholder cannot submit or vote for more than one list, even through third parties or through trust companies.

Shareholders that are part of the same group and shareholders who entered a shareholder agreement concerning the shares of the Company cannot submit nor vote for more than one list, even through intermediaries or trust companies. Each candidate may enrol in only one list, under penalty of ineligibility.

The lists, to be signed by all those that submitted them, must be lodged at the head offices of the Company within twenty-five days prior to the Meeting convened to resolve upon the appointment of the Board of Statutory Auditors. The Company makes the lists available to the public on its website www.saesgetters.com, at the Company offices (Viale Italia, 77, Lainate (Milan) and on the IInfo system at www.1info.it, within the time limits and using the methods established by applicable laws.

The lists must contain the names of one or more candidates for the position of Statutory Auditor and of one or more candidates for the position of Alternate Auditor. The names of the candidates are marked in each section (Statutory Auditors section, Alternate Auditors section) by a progressive number and in numbers not exceeding the members to be elected.

The lists also contain, as an annex:

- a) information on the identity of the Shareholders that have submitted the lists, with the information on the total percentage of the overall shareholding owned: this indication must be approved by a special certificate issued by the intermediary to be submitted also subsequent to the deposit of the list, but in any case within the time limits provided for the publication of the lists by the issuer;
- b) a declaration of the Shareholders other than those that hold, even jointly, a controlling or majority shareholding, certifying the absence of the relationships provided for by article 144-*quinquies* of the Regulations for Issuers with the latter;
- c) an exhaustive report on the personal and professional characteristics of the candidates accompanied by the list of the management and control positions held in other companies;
- d) a declaration of the candidates certifying that non-existence of causes for ineligibility and incompatibility, as well as the possession of the requirements provided for by *pro tempore* laws and regulations in force, and their acceptance of the candidature;
- e) any other further or different declaration, information and/or document provided for by law and applicable regulations.

If upon the expiry of the deadline to submit the lists, only one list has been lodged, or only lists by inter-related Shareholders pursuant to the applicable regulations, lists may be submitted up to the fifth day subsequent to this date. In this case the minimum threshold above required for submitting the lists are reduced by half. The failure to

submit minority lists, the extension of the deadline for the submission of the latter and the reduction of the thresholds are disclosed within the time limits and using the methods provided for by applicable laws.

Members of the Board of Statutory Auditors are elected as follows: (i) 2 statutory Auditors and 1 Alternate Auditor are selected from the list that has obtained the highest number of votes (“Majority List”), in the order of priority they appear on the list; (ii) 1 statutory Auditor, who will be the Chairman of the Board of Statutory Auditors (“Minority Auditor), and 1 Alternate Auditor (“Minority Alternate Auditor”) are selected from the second list that has obtained the highest number of votes and that is not connected directly or indirectly with the Shareholders that have submitted or voted for the Majority List pursuant to the applicable provisions (“Minority List”), in the order of priority they appear on the list.

In the event that the lists obtain an equal number of votes, the list submitted by Shareholders owning the larger shareholding at the time of submission of the list prevails, or, subordinately, the one submitted by the higher number of Shareholders.

If only one list is presented, the Meeting of Shareholders will vote on this list and if it obtains the majority of voters, without taking abstentions into account, the candidates listed for these positions will be elected statutory and alternate Auditors. In this case, the Chairman of the Board of Statutory Auditors will be the first candidate voted as statutory Auditor.

If no lists are submitted, the Board of Statutory Auditors and the Chairman are appointed by the Meeting of Shareholders with the ordinary majorities required by law.

If, for any reason, the Majority Auditor is no longer available, he/she is replaced by the Alternate Auditor selected from the Majority List.

If, for any reason, the Minority Auditor is no longer available, he/she is replaced by the Minority Alternate Auditor.

As set forth in article 2401, paragraph 1, of the Civil Code, the Meeting of Shareholders appoints or replaces the Auditors in compliance with the principle of the necessary representation of minorities.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-bis, paragraph 2, letter d), of the Consolidated Finance Law)

The Board of Statutory Auditors currently in charge was appointed by the Meeting of Shareholders on 28 April 2015 and will remain in office until the approval of the 2017 financial statements. More specifically, the Board of Statutory Auditors consists up of Mr. Pier Francesco Sportoletti, Chairman of the Board of Statutory Auditors (elected on the basis of a Minority List), Mr. Vincenzo Donnamaria and Ms. Sara Anita Speranza, Statutory Auditors; Ms. Anna Fossati (Alternate Auditor from Majority List) and Mr. Angelo Rivolta (Alternate Auditor from Minority List) The Board of Statutory Auditors holding office was appointed on the basis of two lists submitted to the Company by the Majority Shareholder S.G.G. Holding S.p.A. and by the Minority Shareholder Equilybra

Capital Partners, in compliance with the methods and within the time limits prescribed by regulations and the By-laws.

The lists and the accompanying documents were also promptly published on the Company website.

During the Financial Year, Mr. Angelo Rivolta (Alternate Auditor elected from the Minority List) took over as Statutory Auditor and the new Chairman of the Board of Statutory Auditors pursuant to the Company By-laws, on 11 October 2016, following the death of Mr. Pier Francesco Sportoletti. The next Meeting of Shareholders will be called upon to confirm this appointment and to complete the Board of Statutory Auditors pursuant to the applicable laws in force, in compliance with the principle of the equitable representation of minorities and in accordance with the rules on gender equality in the corporate bodies of listed companies, as referred to in Italian Law no.120/2011.

The Board of Directors carries out an annual inspection on the continuance of the professionalism and integrity requirements that the Auditors must satisfy pursuant to the Decree of the Ministry of Justice of 30 March 2000, no. 162, as well as that of independence pursuant to article 148 of the Consolidated Finance Law and application standard 8.C.1. of the Code. During the Financial Year, with reference to the 2015 financial year, this inspection was carried out on 18 February 2016. With reference to the 2016 financial year, this inspection was carried out on 16 February 2017.

In addition to the requirements prescribed by the applicable regulations, the Auditors of the Company must also have proven skills and expertise in tax, legal, organisational and accounting matters, in such a way as to guarantee the Company maximum efficiency in the controls and the diligent execution of their duties.

In derogation from application standard 8.C.1. of the Code, the Board of Directors did not consider it necessary to specifically provide that the Auditors should be chosen from among persons that qualify as independent on the basis of the criteria indicated for the Directors, as they considered legal provisions to be sufficient. The Shareholders submitting the lists for the appointment of the Board of Statutory Auditors are required to indicate the possible suitability of the candidates to qualify as independent, leaving the evaluation of the importance of this qualification to the Meeting of Shareholders during the appointment phase of the Board of Statutory Auditors.

In compliance with application standard 8.C.2. of the Code, the Auditors accept the office when they believe they can devote the necessary time to the diligent performance of their duties.

During the Financial Year each member of the Board of Statutory Auditors informed CONSOB of the management and control positions held at the companies set forth in Book V, Chapters V, and VI, VII of the Civil Code, pursuant to and in accordance with article 144-*quaterdecies* of the Regulations for Issuers.

Also in compliance with the principle 8.P.1. of the Code, the Auditors operate autonomously and independently also from the Shareholders that elected them.

The Auditor that, personally or on account of third parties, has an interest in a particular transaction of the Company immediately informs the other Auditors and the Chairman

of the Board providing exhaustive details on the nature, terms, origins and extent of the interest, also pursuant to application standard 8.C.3. of the Code.

The remuneration of the Board of Statutory Auditors is decided by the meeting of shareholders upon its appointment and is proportionate to the commitment required, the significance of the position held and the size and sector of the company. The auditors may receive additional remuneration for their participation in other control bodies (for example, the Supervisory Body), within the limits permitted by the laws in force.

The Board of Statutory Auditors, within the context of the tasks assigned to it by law, supervises the methods of implementing corporate governance rules and ensures (as it did during the Financial Year) that the criteria and procedures to ascertain the independence of its members adopted by the Board of Directors has been correctly applied. The result of these checks is announced to the market within the context of this Report or the Auditors' Report to the Meeting of Shareholders.

The Board of Statutory Auditors also oversees (as it did during the Financial Year) the conditions for the independence and the autonomy of its members, informing the Board of Directors thereof in a timely manner with respect to the drafting of this Report. The Board of Statutory Auditors verified the continuing satisfaction of the requirements of independence of its members in the first meeting after its appointment (on 28 April 2015) and during the Financial Year. In carrying out the inspections stated above the Board did not apply any further criteria for the independence of the Directors, but only laws and regulations.

The Board of Statutory Auditors is responsible for evaluating the proposals formulated by the audit firms in order to be entrusted with the related task, as well as the plan prepared for the audit and the results shown in the report and in the suggestion letter. The Board of Statutory Auditors also supervises the effectiveness of the auditing process and the independence of the audit firm, also checking its compliance with legal provisions, as well as the nature and size of the services other than the auditing services provided to the Company and its subsidiaries by the aforesaid audit firm and the entities belonging to its network.

During the Financial Year, the Board of Statutory Auditors supervised the independence of the audit firm, checking its compliance with legal provisions in these matters, as well as the nature and size of the services other than the auditing services provided to the Company and its subsidiaries.

Furthermore, by virtue of the provisions contained in Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors also acts as Internal Control and Audit Committee called upon to supervise the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, the statutory audit of annual accounts and the consolidated accounts and the independence of the audit firm.

The Board of Statutory Auditors may ask the Internal Audit Department to carry out specific inspections on operational areas or corporate transactions in the performance of its tasks, as indicated in application standard 8.C.4. of the Code.

In accordance with application standard 8.C.5. of the Code, the Board of Statutory Auditors and the Audit and Risk Committee duly exchanged important information for the performance of their respective tasks, for example on the occasions of the meetings of the Board of Directors or Audit and Risk Committee (which, it is to be remembered,

are attended by the Chairman of the Board of Statutory Auditors or other Auditor appointed by the latter).

The Board of Statutory Auditors has access to the minutes of the meetings of the Committees and the Supervisory Body through the virtual data room.

During the Financial Year the Board of Statutory Auditors met five times with constant participation of all members. The meetings of the Board of Statutory Auditors last an average of 3 hours. Five meetings are planned for the 2017 financial year: 2 meetings have already been held on 16 February and 14 March.

In relation to principle 8.P.2. of the Code, the Company believes it has adopted adequate measures to guarantee the effective performance of the tasks of the Board of Statutory Auditors.

The personal and professional information of each effective Auditor is provided below:

Angelo RIVOLTA – Born in Desio (MI) on 24 May 1976

Mr. Rivolta graduated with a degree in Economics and Business from the Università Cattolica del Sacro Cuore of Milan in 1999.

He qualified to practice as a Chartered Accountant and Statutory Auditor in 2004.

He registered in the Register of Chartered Accountants and Accounting Experts of Monza and Brianza under no.1315/A (previously registered under no.902 in the Register of Chartered Accountants of Monza and Brianza) in 2005.

He is also registered in the Register of Auditors, under number 138641 with provision 02/11/2005 published in the Official Journal of the Italian Republic, no.88 – IV Special Series – of 08/11/2005.

He practices his profession in his own firm.

Mr. Rivolta has been Chairman of the Board of Statutory Auditors of SAES Getters S.p.A. since October 2016.

Vincenzo DONNAMARIA - born in Rome on 4 October 1955

Mr. Donnamaria graduated with a Law degree from the Università degli Studi of Rome in 1978.

He is a lawyer enrolled in the Bar of Rome (1984).

He has been registered in the Register of Auditors since its formation (Italian Ministerial Decree 12 April 1995).

He is also a Court of Cassation lawyer, registered in the Special Register of Cassation Lawyers since 2003.

Mr. Vincenzo Donnamaria is a founding member and national manager of the Studio Associato di Consulenza Legale e Tributaria KStudio Associato law firm. The Firm, which has more than 300 professionals, lawyers, chartered accountants and auditors, is a partner in the international KPMG network.

From November 1978 to April 1985 he advanced his career in Arthur Andersen, reaching the office of ordinary member of the Tax and Corporate Consultancy Firm.

From May 1985 to September 1988 he was the founding member of the Studio Consulenti Associati Di Paco, Donnamaria, Guidi, (KPMG) and was responsible for the Rome office.

He participated as a lecturer of teaching courses in the field of direct and indirect taxation and as a speaker at conferences on topics related to tax.

In 1985 he published the book “Disciplina fiscale degli ammortamenti” (Tax regulations on amortisation), together with Mr. Francesco Rossi Ragazzi for the IPSOA publishing house.

He is a member of ANTI (Associazione Nazionale Tributaristi Italiani, National Association of Italian Tax Advisors).

During 1988 he was appointed Consultant of the Authority for Communication Guarantees within the preparation of the Regulations concerning the organisation and the operation of this Authority.

In 1998 he was also appointed member of the Commission of Inquiry set up by the Ministry of Defence, with Italian Ministerial Decree of 29 September 1998, in relation to the criminal proceedings initiated by the Judicial Authority against the former General Management personnel of the Construction of naval weapons and arms.

He was a Statutory Auditor of SAES Getters S.p.A. from 1997 until 2006. From 2006 until 2015 he held the position of Chairman of the Board of Statutory Auditors and in 2015 he was appointed Statutory Auditor.

Sara Anita SPERANZA - born in Luino (VA) on 12 January 1972

Ms. Speranza graduated with a degree in Economics from the Università Cattolica del Sacro Cuore of Milan in 1995.

She qualified to practice as a Chartered Accountant in 1999 and has also been registered in the Register of Chartered Accountants of Milan since 1999.

She is registered in the Register of Auditors – Decree of the general manager of civil affairs and the professions 19/004/2001, O.G. supplement no.36 – IV special series of 08.05.2001.

Ms. Speranza is a partner in the firm Cornelli Gabelli e Associati and over a period of almost twenty years she has acquired a wealth of experience and skills in the assistance and consultancy of leading companies and industrial, real estate and commercial groups, both in Italy and abroad, on the subject of direct and indirect taxation within the context of ordinary company activities, as well as in extraordinary transactions. She has also acquired significant experience in corporate law consultancy: planning, programming and management control; and the reorganisation, restructuring and winding-up of companies. She is a member of the board of statutory auditors and board of directors of a large number of leading national and international companies, including those listed on regulated markets, such as Mylan S.p.A., BGP Products S.r.l., companies of the Klepierre group and companies of the Philips Saeco group.

She has been a Statutory Auditor of SAES Getters S.p.A. since 2015.

15. INVESTOR RELATIONS

The Chairman and Managing Director, in compliance with procedure for the management of inside information, do their utmost to establish constant dialogue with the Shareholders, the institutional investors and the market in order to guarantee the systematic distribution of a complete and timely report on its activities. Disclosure to investors, the market and the press is guaranteed by press releases, regular meetings with institutional investors and with the financial community.

Also in compliance with application standard 9.C.1. of the Code, the dialogue with the institutional investors, the Shareholders as a whole and the analysts is entrusted to a specific dedicated department, called Investor Relations, in order to ensure continuous and professional relations, as well as the correct, constant and complete exchange of information.

The management of relations with the Shareholders is entrusted to Ms. Emanuela Foglia, Investor Relations Manager, under the supervision of the Group Chief Financial Officer and the Managing Director, Mr. Giulio Canale.

During the Financial Year meetings and conference calls on the regular economic and financial reporting were organised. During the Financial Year, the Company also participated in the STAR Conference organised by Borsa Italiana S.p.A. in Milan on 15 and 16 March 2016 and in London on 7 October 2016 respectively. For the current financial year the STAR Conference in Milan is planned for 21 and 22 March 2017, whereas the conference in London is planned for 9 October 2017.

On 20 May 2016 the Company attended the event “Le eccellenze del Made in Italy”, organised by Intermonte S.p.A. in Florence.

The presentations used during the meetings planned with the financial community were made public through publication on the Company website at the address www.saesgetters.com/it/investor-relations/presentation, in addition to being sent in advance via e-mail to CONSOB and Borsa Italiana S.p.A.

The e-mail address for collecting requests for information and providing explanations and clarifications to the Shareholders on the transactions carried out by the Company is: investor_relations@saes-group.com.

Furthermore, the Company, in order to facilitate the attendance of the Shareholders in the Meeting of Shareholders, allows the Shareholders to ask questions on the items on the agenda, also before the Meeting, by sending a registered letter with acknowledgement of receipt to the Company headquarters via certified electronic mail to the address saes-ul@pec.it. The questions received before the Meeting of Shareholders are answered on the website of the Company or, at the latest, during the Meeting of Shareholders, with the right of the Company to provide a unified response to questions with the same content.

Special attention is to be paid to the Company website (www.saesgetters.com), where financial and economic information (such as financial statements, half-yearly and quarterly reports), as well as data and documents of interest to the Shareholders as a whole (press releases, presentations to the financial community, calendar of corporate events) can be found in Italian and English.

Also in compliance with application standard 9.C.2. of the Code, the Company provides the necessary or appropriate information in the dedicated Investor Relations section of the Company website so that the Shareholders can make informed decisions while exercising their rights, with particular reference to the methods provided for the participation and exercising of voting rights in the Meeting, as well as to the documents related to the topics on the agenda, therein including the list of candidates for the positions of Director and Auditor and their personal and professional information.

The admission and the permanence of the Company in the STAR (“Segmento Titoli con Alti Requisiti” - segment of securities with high requirements) of Borsa Italiana S.p.A. also represent an indicator of the ability of the Company to satisfy the high information disclosure standards that constitute one of its essential requirements.

16. MEETING OF SHAREHOLDERS (pursuant to article 123-bis, paragraph 2, letter c), of the Consolidated Finance Law)

The Meetings, duly constituted, represent all the Shareholders, and its resolutions, passed in compliance with the law, are binding upon Shareholders even if they are absent or dissenting. The meeting is held in ordinary and/or extraordinary session, according to law, at the Company headquarters or another location, even abroad, provided that it is within the countries of the European Union.

The Meeting of Shareholders is regulated by articles 8, 9, 10, 11, 12 and 13 of the By-laws, which can be found on the Company website at the address www.saesgetters.com/investor-relations/corporate-governance/company-laws.

In sharing principles 9.P.1. and 9.P.2., as well as application standard 9.C.2. and 9.C.3. of the Code, the Chairman and Managing Director do their utmost to encourage the widest possible attendance at the Shareholders in the Meetings, as an actual moment of communication and connection between the Company and its investors. As a rule, all the Directors attend the Meetings. The Board of Directors does its utmost to reduce the constraints and obligations that render it difficult and burdensome for the Shareholders to attend Meetings and exercise their voting rights. Moreover, no complaints to this effect were received from the Shareholders.

The Meetings are also an occasion for providing the Shareholders with information on the Company, in compliance with the regulations on inside information.

In particular, in the Meetings the Board of Directors reports on the activities carried out and those that are planned and does its utmost to ensure that the Shareholders are provided with adequate information on the necessary topics so that they may make the decisions reserved for the Meeting of Shareholders in full cognition of the facts.

During the Financial Year, the Meeting of Shareholders was held on 3 March 2016 to pass resolution on the following agenda:

1. Amendment of article 11 of the By-laws with the introduction of increased voting rights pursuant to article 127-*quinquies* of the Consolidated Finance Law. Related and consequent resolutions.

The ordinary Meeting was held on 28 April 2016 with the following agenda:

1. Report of the Board of Directors for the financial year ended 31 December 2015; financial statements as at 31 December 2015; related resolutions; presentation of Consolidated Financial statements as at 31 December 2015; distribution of the dividend;
2. Report on remuneration pursuant to article 123-*ter*, paragraph 6, of Italian Legislative Decree no. 58/1998 and article 84-*quater* of CONSOB resolution no. 11971 of 14/5/1999 concerning the Regulations for Issuers;
3. Proposal for the authorisation of the Board of Directors pursuant to and in accordance with articles 2357 *et. seq.* of the Civil Code and 132 of Italian Legislative Decree no. 58/1998, to purchase and dispose of up to a maximum of 2,000,000 treasury shares; related and consequent resolutions.

In order to attend the Meeting of Shareholders, the Company requires the notification establishing the right to speak and to vote in the Meeting of Shareholders to be sent by the intermediary on the basis of records at the end of the accounting day of the seventh day of open market before the date scheduled for the Meeting of Shareholders on first and only call.

In this regard, article 10 of the By-laws states:

“Attendance and representation at the Meeting of Shareholders are governed by the Law.

Voting rights holders will have the right to attend the Meetings providing that their capacity to attend the meeting is certified according to the methods and within the terms provided by the regulations and laws in force.

The electronic notice of the delegation to attend the Meetings may be pursued by means of related link on the Company website, according to the methods set forth by the notice of calling, or, alternatively, by means of certified email sent to the email address indicated in the notice of calling.

The Chairman of the Meeting, also through appointees, shall be responsible for verifying the validity of the meeting’s establishment, the identity and legitimacy of those present, and for regulating the meeting’s progress, establishing the methods of discussion and voting (which shall in all cases be transparent), and announcing the results of votes.”

16.1. Regulations for Meeting of Shareholders

In compliance of application standard 9.C.3. of the Code, on 13 March 2012 the Board proposed the adoption of specific regulations for Meeting of Shareholders, indicating the procedure to be followed in order to enable the orderly and functional performance of the meetings, guaranteeing, at the same time, the right of each shareholder to take the floor on the points under discussion. These regulations were approved and adopted by the Meeting of Shareholders of 24 April 2012 and updated, with the amendment of article 4, paragraph 7, by the Meeting of Shareholders of 23 April 2013.

The Regulations for meetings of shareholders can be found on the Company website at the address: www.saesgetters.com/investor-relations/corporate-governance/policies-procedures.

16.2. Special Meeting of holders of Saving Shares

The special meeting of holders of savings shares convenes in accordance with the law, at the Company headquarters or another location, even abroad, provided that it is within the countries of the European Union

The last meeting of holders of savings shares was held on 29 April 2014 in order to appoint the Common Representative, since his mandate had expired. The special meeting confirmed Mr. Massimiliano Perletti as Common Representative of the holders of savings shares for in the 2014-2016 financial years (e-mail address: massimiliano.perletti@roedl.it), fixing his remuneration (at €1,100 per year).

The upcoming meeting of holders of savings shares will be called upon to appoint the new Common Representative, since the mandate of the latter has expired, fixing the remuneration thereof.

16.3. Significant changes in the market capitalisation of shares

The ordinary shares listed on the Italian Electronic Stock Market (STAR segment) decreased by 7.9% in 2016, whereas savings shares registered a decrease of 3.3%, compared to a decrease of 8.3% registered by the FTSE MIB index and an increase of 5.8% registered by the FTSE Italia STAR index.

16.4. Significant changes in the company structure

As per the announcements made, the majority shareholder S.G.G. Holding S.p.A. used no. 305,024 ordinary SAES Getters S.p.A. shares in 31 December 2016 to pay back the S.G.G. Holding S.p.A. 2014-2016 bond convertible into ordinary SAES Getters S.p.A. shares.

As a result of this transaction, the S.G.G. Holding S.p.A. shareholding reduced from 47.32% to 45.24%.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

No corporate governance practices exist that have been implemented by the Company in addition to those already indicated in the paragraphs above.

18. CHANGES AFTER THE REPORTING PERIOD

There were no changes in the Corporate Governance structure subsequent to the closing date of the Financial Year.

Lainate, 15 March 2017

for the Board of Directors

Mr. Massimo della Porta
Chairman

ANNEXES

TABLE 1 – STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS														
Position	Members	Year of Birth	Year of First Appointment *	In office since	In office until	List (M/m) **	Exec.	Non exec.	Independence based on Code	Independence based on Consolidated Finance Law	Number of other offices ***	Attendance at BoD meetings (*)	Audit and Risk Committee (**)	Remuneration and Appointment Committee (**)
Chairman	Massimo della Porta	1960	1997	28.04.15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	X				3	16/16		
Vice-Chairman, Managing Director and Chief Financial Officer	Giulio Canale	1961	1997	28.04.15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	X				1	16/16		
Director	Adriano De Maio	1941	2001	28.04.15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X		X	-	14/16		5/7 M
Director	Alessandra della Porta	1963	2013	28.04.15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X			1	16/16		
Director	Luigi Lorenzo della Porta	1954	2012	28.04.15	Meeting of Shareholders for the	M		X			2	15/16		

BOARD OF DIRECTORS														
Position	Members	Year of Birth	Year of First Appointment *	In office since	In office until	List (M/m) **	Exec.	Non exec.	Independence based on Code	Independence based on Consolidated Finance Law	Number of other offices ***	Attendance at BoD meetings (*)	Audit and Risk Committee (**)	Remuneration and Appointment Committee (**)
					approval of the 2017 Financial Statements									
Director	Andrea Dogliotti	1950	2006	28.04.15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X			-	16/16		
Director	Gaudiana Giusti	1962	2015	28.04.15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X	X	X	1	16/16	6/6 M	7/7 C
Consigliere	Pietro Mazzola	1960	2008	28.04.15	Assemblea approvazione Bilancio esercizio 2017	M		X			2	10/16		
Director	Stefano Proverbio	1956	2015	28.04.15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X	X	X	2	16/16	6/6 M	
Director ^o	Roberto Orecchia	1952	2009	28.04.15	Meeting of Shareholders for the approval of the 2017	M		X	X	X	-	13/16	6/6 C	

BOARD OF DIRECTORS														
Position	Members	Year of Birth	Year of First Appointment *	In office since	In office until	List (M/m) **	Exec.	Non exec.	Independence based on Code	Independence based on Consolidated Finance Law	Number of other offices ***	Attendance at BoD meetings (*)	Audit and Risk Committee (**)	Remuneration and Appointment Committee (**)
					Financial Statements									
Director	Luciana Rovelli	1973	2015	28.04.2015	Meeting of Shareholders for the approval of the 2017 Financial Statements	M		X	X	X	-	15/16		7/7 M
Directors leaving office during the Financial Year														
Number of meetings held during the Financial Year							Board of Directors	Audit and Risk Committee	Remuneration and Appointment Committee	Appointment Committee				
							16	6	7	N/A				
Quorum required for the submission of the lists by minorities for the election of one or more members (pursuant to article 148 of the Consolidated Finance Law): 2.5%														

NOTES

The symbols below must be entered in the column "Position"

• This symbol indicates the director in charge of the internal control and risk management system.

◊ This symbol indicates the main person in charge of the management of the issuer (Chief Executive Officer or CEO).

○ This symbol indicates the Lead Independent Director (LID).

* The date of the first appointment of each director means the date on which the director was appointed for the first time (ever) to the Board of Directors of the issuer.

** The list from which each director was selected is indicated in this column ("M": majority list; "m": minority list; "BoD": list submitted by the BoD).

*** This column indicates the number of positions as director or statutory auditor held by the person in question in other companies listed in regulated markets, even abroad, in financial, banking, insurance or large companies. These positions are explained in detail in the Report on Corporate Governance.

(*). This column indicates the attendance of the directors at the meetings of the BoD and committees respectively (indication of the number of meetings that he/she has attended compared to the total number of meetings that he/she could have attended (e.g. 6/8; 8/8, etc.).

(**). This column indicates the office held by the director within the Committee: "C": chairperson; "M" member.

TABLE 2 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Position	Members	Year of Birth	Year of First Appointment	In office since	In office until	List M/m	Independence based on Code	Attendance at BoD meetings	Other positions
Angelo Rivolta	Chairman	1976	28/04/2015	11/10/2016	Meeting of Shareholders for the approval of the 2017 Financial Statements	m	n.a.	1/1	2
	Alternate Auditor			28/04/2015	Meeting of Shareholders for the approval of the 2017 Financial Statements			n.a.	
Vincenzo Donnamaria	Statutory Auditor	1955	1997	28/04/15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	n.a.	5/5	29
Sara Anita Speranza	Statutory Auditor	1972	2015	28/04/15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	n.a.	5/5	22
Anna Fossati	Alternate Auditor	1971	2015	28/04/15	Meeting of Shareholders for the approval of the 2017 Financial Statements	M	n.a.	n.a.	n.a.
AUDITORS LEAVING OFFICE DURING THE FINANCIAL YEAR									
Pier Francesco Sportoletti	Chairman	1956	2015	28/04/15	Until 11/10/2016	m	No	4/5	n.a.
Quorum required for the submission of the lists by minorities for the election of one or more members (pursuant to article 148 of the Consolidated Finance Law):								2.5 %	
Number of meetings during the Financial Year								5	

ANNEX 1 - POSITIONS AS DIRECTOR OR AUDITOR HELD IN OTHER COMPANIES LISTED IN REGULATED MARKETS, EVEN ABROAD, IN FINANCIAL, BANKING, INSURANCE OR LARGE COMPANIES

NAME	POSITIONS	
	<i>Company</i>	<i>Company</i>
Giulio Canale	S.G.G. Holding S.p.A.	Executive Director
Adriano De Maio	-	-
Alessandra della Porta	SAIAV Srl	Non-executive Director
Luigi Lorenzo della Porta	S.G.G.Holding S.p.A.	Non-executive Director
	DELVEN S.n.c.	Executive Director
Massimo della Porta	S.G.G. Holding S.p.A.	Executive Director
	Alto Partners SGR S.p.A.	Independent Director
	MGM S.r.l.	Executive Director
Andrea Dogliotti	-	-
Gaudiana Giusti	Domus Italia S.p.A.	Non-executive Director
Pietro Mazzola	Fratelli Testori S.p.A.	Chairman of Board of Statutory Auditors
	Buccellati Holding Italia S.p.A.	Director
Roberto Orecchia	-	-
Stefano Proverbio	Borusan Group – Turkey	Non-executive Director
	INNOVA Italy 1 S.p.A.	Non-executive Director
Luciana Rovelli	-	-

It is to be noted that, among the companies stated above, only S.G.G. Holding S.p.A belongs to the SAES Getters Group, as the ultimate parent company of the latter.

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