

## SAES GETTERS

## OUTPERFORM

Price (Eu): **17.78**  
 Target Price (Eu): **25.00**

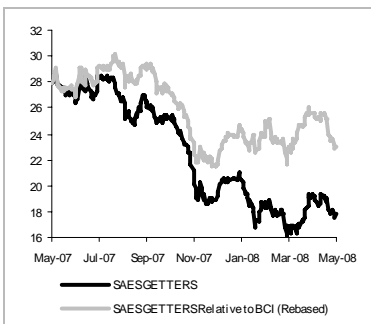
SECTOR: Industrials

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## Currency Effect Burdens Results

- **1Q Results Slightly Lower Than Estimates.** 1Q turnover came in at roughly Eu43mn, around Eu1mn less than expected and with a gross profit of 63.2% vs. 64.8% expected. This was slightly worse than last year's figure, mainly due to the currency effect. There was also a slowdown at operating level (Eu13.1mn vs. Eu14.4mn the previous year) although the difference is partially attributable to extraordinary income recorded in 1Q07. In any case, the main difference to our estimates is in higher G&A costs, probably due to the new acquisitions carried out. In terms of net profit, Saes recorded Eu9.5mn compared to Eu10.5mn expected, more or less in line with the same period of 2007.
- **The divisional breakdown** shows turnover at the information display business unit dropping by 4.5% YoY, mainly due to the currency effect which had a negative impact of around 9%. There was also a slowdown in growth in LCDs, however, as confirmed by the company during the conference call. The cathode ray tubes business continued its steady decline towards negligible values (Eu3mn turnover in the quarter). The improvement in the gross margin in the division is worth noting (75.2% vs. 73.7% in 2007), coming as a result of an improvement in the product mix. Elsewhere, there was good news from the industrial applications business unit. The advanced materials business units, which is still of little importance, grew mainly thanks to the turnover coming from new acquisitions. This growth should increase considerably during the year.
- **EPS largely unchanged:** our 2008 estimates remain largely unchanged, while we are cutting our 2009 estimates by around 6%, mainly because of exchange rates and more conservative estimates on the display division.
- **OUTPERFORM confirmed; target Eu25.** We maintain our positive recommendation on the stock as we believe that at current prices it incorporates a zero-growth scenario. It is clear that the company is looking to differentiate its business, and in our view the new acquisitions will lead to a significant increase in growth in advanced materials in the coming quarters. This growth will offset the potential slowdown in LCDs as a result of a reduction in the number of lamps inserted in screens and pricing pressure..

## SAES GETTERS - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Change in EPS est: **2008E** **2009E**  
 -1.2% -6.1%

## STOCK DATA

Reuters code: SAEI.MI  
 Bloomberg code: SG IM

Performance	1m	3m	12m
Absolute	-7.9%	-5.1%	-36.3%
Relative	-10.2%	-8.1%	-13.4%
12 months H/L:	28.82/16.16		

## SHAREHOLDER DATA

No. of Ord. shares (mn): 15  
 Total No. of shares (mn): 23  
 Mkt Cap Ord (Eu mn): 272  
 Total Mkt Cap (Eu mn): 385  
 Mkt Float - ord (Eu mn): 133  
 Mkt Float (in %): 48.9%  
 Main shareholder:  
 SGG Holding 51.2%

## BALANCE SHEET DATA

**2008**  
 Book value (Eu mn): 172  
 BVPS (Eu): 7.53  
 P/BV: 2.4  
 Net Financial Position (Eu mn): 52  
 Enterprise value (Eu mn): 334

## SAVING

Price: 15.12  
 No. of shares (mn): 8  
 Mkt Cap Sav (Eu mn): 113  
 DVPS: 1.57

Key Figures	2006A	2007A	2008E	2009E	2010E
Sales (Eu mn)	166	167	180	194	208
Ebitda (Eu mn)	66	61	64	71	78
Net profit (Eu mn)	31	35	36	38	42
EPS - New (Eu)	1.54	1.53	1.58	1.67	1.86
EPS - Old (Eu)	1.54	1.53	1.60	1.77	1.96
DPS (Eu)	1.40	1.47	1.54	1.62	1.70
Ratios & Multiples	2006A	2007A	2008E	2009E	2010E
P/E	11.6	11.6	11.3	10.7	9.5
Div. Yield	7.9%	8.3%	8.7%	9.1%	9.6%
EV/Ebitda	4.5	5.2	5.2	4.7	4.3
ROCE	62.7%	63.6%	69.9%	77.1%	77.5%

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Quarters (Eu Mn)	1Q07A	2Q07A	3Q07A	4Q07A	2007A	1Q08A	1Q08E	2Q08E	3Q08E	4Q08E	2008E
<b>Total Sales</b>	40.5	41.2	42.8	42.8	167.2	42.6	43.8	44.0	45.8	47.2	179.6
<i>% growth</i>	-5.2%	0.2%	12.1%	-2.1%	1.0%	5.3%	8.2%	6.8%	7.1%	10.3%	7.4%
<b>Gross Profit</b>	26.2	25.6	27.9	22.8	102.5	26.9	28.4	27.7	28.8	25.5	109.0
<i>margin on sales</i>	64.8%	62.1%	65.2%	53.3%	61.3%	63.2%	64.8%	63.0%	63.0%	54.1%	60.7%
R&D Expenses	(3.9)	(4.4)	(3.9)	(5.5)	(17.8)	(4.5)	(3.9)	(4.2)	(4.1)	(5.1)	(18.0)
<i>% on sales</i>	9.6%	10.7%	9.2%	12.9%	10.6%	10.6%	9.0%	9.5%	9.0%	10.9%	10.0%
Selling Expenses	(3.0)	(3.1)	(2.6)	(4.0)	(12.7)	(3.3)	(3.3)	(3.2)	(3.0)	(3.1)	(12.6)
<i>% on sales</i>	7.4%	9.0%	6.2%	9.3%	7.6%	7.7%	7.5%	9.0%	6.5%	6.6%	7.0%
G&A Expenses	(5.1)	(6.3)	(7.1)	(4.1)	(22.5)	(6.1)	(5.5)	(6.7)	(7.6)	(5.7)	(26.0)
<i>% on sales</i>	12.5%	15.3%	16.5%	9.6%	13.5%	14.3%	12.5%	15.3%	16.5%	12.0%	14.5%
<b>Operating Income</b>	14.4	11.8	14.3	9.1	49.5	13.1	15.7	13.6	14.2	11.6	52.4
<i>margin on sales</i>	35.6%	28.6%	33.4%	21.4%	29.6%	30.7%	35.8%	30.9%	31.0%	24.5%	29.2%
Net Interest	0.5	0.6	0.8	0.7	2.6	0.5	0.5	0.5	0.5	0.5	2.0
Foreign Exchange	0.4	1.9	0.4	2.6	5.3	1.9	1.0	0.7	0.7	0.7	4.0
<b>Income Before taxes</b>	15.4	14.2	15.4	12.4	57.4	15.4	17.2	14.8	15.4	12.8	58.4
Tax	(6.0)	(5.1)	(6.4)	(5.0)	(22.5)	(5.9)	(6.7)	(5.3)	(6.2)	(5.1)	(22.5)
<i>Tax Rate</i>	39.0%	35.9%	41.5%	40.3%	39.2%	38.2%	39.0%	36.0%	40.0%	39.7%	38.5%
<b>Net Profit</b>	9.4	9.1	9.0	7.4	34.9	9.5	10.5	9.5	9.2	7.7	36.0
<i>% on sales</i>	23.2%	22.1%	21.1%	17.3%	20.8%	22.4%	23.9%	21.5%	20.2%	16.3%	20.0%

## SAES GETTERS - KEY FIGURES

		2006A	2007A	2008E	2009E	2010E
	Fiscal year end	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	166	167	180	194	208
	EBITDA	66	61	64	71	78
	EBIT	54	50	52	59	65
	Financial income (charges)	2	3	2	1	2
	Associates & Others	0	0	0	1	2
	Pre-tax profit (Loss)	54	57	58	61	68
	Taxes	(23)	(23)	(22)	(23)	(25)
	Tax rate (%)	42.2%	39.2%	38.4%	37.9%	37.1%
	Minorities & discontinue activities	0	0	0	1	2
	Net profit	31	35	36	38	42
	Total extraordinary items	0	5	4	1	1
	Ebitda excl. extraordinary items	66	61	64	71	78
	Ebit excl. extraordinary items	54	50	52	59	65
Net profit restated	35	35	36	38	42	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	23	23	23	23	23
	EPS stated fd	1.37	1.53	1.58	1.67	1.86
	EPS restated fd	1.54	1.53	1.58	1.67	1.86
	BVPS fd	7.45	7.50	7.53	7.56	7.71
	Dividend per share (ord)	1.40	1.47	1.54	1.62	1.70
	Dividend per share (sav)	1.42	1.50	1.57	1.65	1.74
	Dividend pay out ratio (%)	102.2%	96.8%	98.4%	97.9%	92.0%
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	57	46	48	50	56
	Change in NWC	2	(6)	0	(3)	(3)
	Capital expenditure	(12)	(12)	(13)	(14)	(15)
	Other cash items					
	Free cash flow (FCF)	47	28	35	34	38
	Acquisitions, divestments & others	(11)	(3)	(26)	0	0
	Dividend	(30)	(44)	(34)	(35)	(37)
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	8	(22)	(20)	(2)	1	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	74	73	75	79	83
	Net working capital	36	42	41	45	48
	Long term liabilities	(32)	(38)	(44)	(44)	(44)
	Net capital employed	78	78	72	80	88
	Net financial position	93	71	52	50	51
	Group equity	170	171	172	172	176
	Minorities	0	0	0	1	2
	Net equity	170	171	172	172	176
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	385	385	385	385	385
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	93	71	52	50	51
	Enterprise value	292	314	334	335	335
<b>RATIOS(%)</b>	EBITDA margin*	39.6%	36.2%	35.6%	36.7%	37.7%
	EBIT margin*	32.7%	29.6%	29.2%	30.3%	31.3%
	Gearing - Debt/equity	-54.9%	-41.8%	-30.2%	-28.9%	-28.9%
	Interest cover on EBIT	nm	nm	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	62.7%	63.6%	69.9%	77.1%	77.5%
	ROE*	18.4%	20.5%	21.0%	22.1%	24.4%
	EV/CE	3.4	4.0	4.4	4.4	4.0
	EV/Sales	1.8	1.9	1.9	1.7	1.6
	EV/Ebit	5.4	6.3	6.4	5.7	5.1
Free Cash Flow Yield	12.3%	7.3%	9.2%	8.7%	9.9%	
<b>GROWTH RATES (%)</b>	Sales	19.5%	1.0%	7.5%	8.0%	7.0%
	EBITDA*	35.9%	-7.6%	5.7%	11.3%	9.9%
	EBIT*	54.5%	-8.6%	6.0%	12.1%	10.5%
	Net profit	49.0%	11.2%	3.3%	5.5%	11.7%
	EPS restated	57.0%	-0.5%	3.3%	5.5%	11.7%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

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#### DETAILS ON STOCK RECOMMENDATION

Stock NAME	SAES GETTERS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	25.00	Previous Target (Eu):	25.00
Current Price (Eu):	17.78	Previous Price (Eu):	18.77
Date of report:	09/05/2008	Date of last report:	16/04/08

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