

**SARAS S.p.A.**

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO  
SHAREHOLDERS PURSUANT TO ARTICLE 73 OF CONSOB REGULATION NO.  
11971 OF 14 MAY 1999 ON THE RULES FOR IMPLEMENTING LEGISLATIVE  
DECREE NO. 58 OF 24 FEBRUARY 1998**

Dear Shareholders,

The Board of Directors convened an ordinary meeting to decide, among other things, on the proposal for authorisation (i) for the purchase of up to a maximum of 175,174,200 ordinary shares in Saras S.p.A. (the "Company") to be carried out, also by division, within the 12 (twelve months following the authorisation decision of the Shareholders' Meeting, with the simultaneous replacement (and revocation, of the part not performed) of the previous authorisation voted on by the Shareholders' Meeting on 22 April 2016, and (ii) the disposal acts, also by division, of securities purchased in this way, pursuant to and for the effects of article 2357 of the Civil Code and article 132 of Legislative Decree 58/1998 (the "TUF") and the implementing rules, and article 2357-ter of the Italian Civil Code (the "Programme") respectively.

We submit this report for your attention, drawn up in accordance with and according to the structure of Annex 3A, table 4 of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments (the "Issuers' Regulations").

In accordance with article 73 of the Issuers' Regulations, this report will be made available to the public at the registered office and according to the procedures provided for by the legislation currently in force (involving, among others, the publication of this report on the Company website) at least twenty-one (21) days prior to the date of the shareholders' meeting called to decide on the authorisation to purchase and sell own shares.

**1) Reasons for the proposal to authorise the purchase and sale**

The purpose of the purchase and subsequent disposal acts that we ask you to authorise is to provide the Company with a strategic flexibility instrument.

The objective that the Board of Directors intends to pursue by means of the operations for which it proposes the authorisation is to provide the Company with own shares to be used:

- for the purposes of (i) implementing the stock grant plan of Company shares to the management of the Saras Group (the "2016/2018 Stock Grant Plan", or the "Plan"), approved by the Shareholders' Meeting on 22 April 2016 or any amendments to the Plan or (ii) for any future stock plans similar to the Plan, i.e. for any stock option plans that the Company decides to adopt, or (iii) for any allocations to employees;
- within the scope of operations relating to the current management and industrial projects or other investments that are consistent with the strategic lines that the Company intends to pursue, even by exchange, trade, conferral, sale or other disposal of own shares to buy shareholdings or equity packages, for industrial projects or other extraordinary finance operations involving the allocation or disposal of own shares (such as, by way of example, mergers, demergers, etc...);
- to perform liquidity promotion activities and management of the volatility of the stock market price of shares in the Company and, in particular, to intervene in the performance of securities in relation to contingent market situations by facilitating share trading at times of poor liquidity on the market and by promoting the regular performance of trading, within the limits in which, in concrete terms, it is not necessary to use all own shares for the purposes above and in any case within the limits provided for by the laws and regulations in force and, possibly, in accordance with market practices permitted pursuant to art. 180, paragraph 1(c), of the TUF inherent in activities to support market liquidity.

It should be noted that the authorisation to dispose of own shares that this decision proposal refers to also relates to the use of own shares already acquired and held by the Company based on the previous authorisation, which can therefore be used for the purposes listed above.

**2) Maximum number, category and nominal value of the shares to which the authorisation relates**

On the date of this report, the Company's share capital is represented by 951,000,000 ordinary, registered, fully paid up shares.

In this regard, the proposal is made to the Shareholders to authorise the purchase of own shares one or more times, up to the maximum legal limit, equivalent to 20% of the share capital subscribed and released, including shares that will be owned by the Company on the date on which the authorisation becomes effective in accordance with paragraph 4.

It should be noted that 14,989,854.000 shares are already owned on the date of this report, equivalent to 1.576% of the share capital, and that, therefore, if the authorisation for the purchase was decided today it would concern up to a maximum of 175,174,200 ordinary shares, equivalent to 18.42% of the share capital currently subscribed and released.

The authorisation shall include the right to subsequently dispose of the shares in the portfolio, even before reaching the maximum number of shares that can be purchased and possibly buy back the shares to such an extent that the own shares held by the Company do not exceed the legally established limit.

**3) Useful information for assessing compliance with art. 2357, paragraph 3, of the Civil Code**

The purchase that is the subject of your authorisation is in accordance with the limit provided for in art. 2357, paragraph 3, of the Civil Code (as amended by article 7, paragraph 3-sexies of Legislative Decree No. 5/2009, converted into Law No. 33/2009), given that it relates to a number of shares that, together with the shares already owned by the Company, may not exceed a fifth of the share capital.

It should be noted in this respect that subsidiaries do not own shares in the Company.

#### **4) Authorisation period**

The authorisation to purchase, which can also be performed on several occasions, is required for a period of 12 (twelve) months from the Shareholders' Meeting authorisation decision date, with the simultaneous replacement (and revocation of the part not performed) of the previous authorisation voted on at the Shareholders' Meeting on 22 April 2016. Disposal acts for purchased securities, and those already owned, could be performed, also by division, without time limits, provided that compliance with the purposes described in paragraph 1 and the procedures indicated in this report is ensured.

#### **5) Minimum and maximum price**

Purchases of shares that are the subject of this report should be made at a price no higher than 15% and no lower than 15% compared to the reference price recorded on the Mercato Telematico Azionario stock market organised and managed by Borsa Italiana S.p.A. ("MTA"), every single operation in the previous session.

If the Company proposes supporting the liquidity of its shares in accordance with criteria established by market practices laid down in art. 180, paragraph 1(c) of the TUF inherent to the activity of supporting market liquidity, permitted by Consob with Resolution No. 16839 dated 19 March 2009, and subsequent amendments, the purchase price will be determined in respect of the afore-mentioned permitted market practices. To date, these permitted market practices require the purchase price not to be higher than the highest price between the price of the last independent operation and the current price of the highest trade proposal in an independent purchase present on the MTA.

Disposal acts and, in particular, the sale of own shares, may not be performed at a price lower than 10% compared to the reference price recorded on the MTA in the session prior to every single operation.

Said parameters are considered adequate to identify the range of values within which the purchase or disposal acts are of interest to the Company, notwithstanding that value and volume limits as laid down in binding/imperative legislation in force may not be exceeded.

If the own shares are the subject of an exchange, trade, conferral or any non-monetary disposal act, the economic terms of the transaction will be determined by the nature and characteristics of the transaction, also considering the performance of the Company's shares, notwithstanding compliance with the rules in force, and considering, where appropriate, accepted market practices.

If the Company proposes using shares for the purpose of performing activities in support of market liquidity in compliance with the criteria laid down by market practices provided for by art. 180, paragraph 1(c), of the TUF permitted by Consob with Resolution No. 16839 dated 19 March 2009, and subsequent amendments, sales must be carried out in compliance with the criteria set out therein. To date, these market practices require the selling price not to be lower than the lowest price between the price of the last independent operation and the current price of the lowest trade proposal in an independent purchase present on the MTA.

**6) Procedures by which purchases and disposal of own shares will be performed**

Purchase operations will be carried out in accordance with the provisions of article 132 of the TUF, in art. 144-bis of the Issuers' Regulation and any other applicable rules, including, where appropriate, accepted market practices recognised by Consob.

It should also be noted that the purchase that we are asking you to authorise will be carried out by the Board of Directors or by persons instructed by it in accordance with Article 2357, paragraph 1, of the Civil Code and that is within the limits of distributable profit regularly established and available reserves from the last approved financial statements.

It should be noted in this respect that, according to the draft financial statements approved on 27 February 2017 by the Board, EUR 243,566,559 should be considered available reserves.

Pursuant to and for the effects of article 132 of the TUF, the purchase operations that are the subject of your authorisation will in any case be carried out (even on several occasions) on the MTA according to the operational procedures laid down in the regulations for the organising and managing markets managed by Borsa Italiana S.p.A. (and in the corresponding instructions), which do not permit the direct combination of purchase trade proposals with predetermined sale trade proposals pursuant to article 144-bis, paragraph 1(b) of the Issuers'

Regulation. Purchases can take place in different ways from those indicated above where permitted by article 132, paragraph 3, of the TUF or by other provisions applicable from time to time at the time of the transaction.

The disposal of shares will be performed one or more times, even before exhausting the quantity of own shares that can be purchased. Disposal can take place in the manner deemed most appropriate in the interest of the Company and, in any case, in compliance with applicable regulations and, possibly, accepted market practices.

Own shares earmarked for Plans or for any similar future equity plans, i.e. any stock option plans, will be allocated according to the methods and terms indicated in the related plans.

Furthermore, it should be pointed out that any news about the Programme, its possible changes, purchase transactions and disposal acts, as well as their outcome, will be appropriately communicated to the market and Consob by the methods and according to the terms established by law.

In accordance with the provisions of article 2357-ter, paragraph 2 of the Civil Code, it should be noted that provided that the shares that are the subject of your authorisation remain owned by the Company, the right to profit and the option right will be allocated proportionally to the other shares; the right to vote for own shares, moreover, will remain suspended, but said own shares will, however, be taken into account in the capital for the purposes of calculating the quorum required for the constitution and resolutions of Shareholders' Meetings.

Finally, on 27 February 2017, the Company's Board of Directors - subject to obtaining the request for authorisation from the Shareholders' Meeting - granted the Chairman and the CEO and the Executive Vice-Chairman the widest powers, to be exercised even separately and with the widest discretion, to proceed with the implementation of the Programme and the purchase and disposal acts referred to therein, in each case in full respect of the law and limits of your authorisation, with the right to sub-delegate or to entrust the task to external specialists.

7) **Share capital reduction**

The Board of Directors makes it clear that the purchase of own shares pertaining to this request for authorisation is not instrumental to reducing the share capital, therefore, the purchased shares will not be cancelled.

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For all of the foregoing, the Board of Directors invites you to vote on the following:

*"The Shareholders' Meeting, having taken note of the Board of Directors' proposal,*

*votes*

*1. to authorise, under articles 2357 of the Civil Code and 132 of Legislative Decree No. 58/1998, purchase acts of own shares up to the maximum legal limit, equivalent to 20% of the share capital currently subscribed and released, with regard to shares already owned by the Company, to be carried out, also by division, within 12 (twelve) months from the voting date of the Shareholders' Meeting's authorisation, with the simultaneous replacement (and revocation, of the part not performed) of the previous authorisation for the purchase of own shares voted for by the Shareholders' Meeting on 22 April 2016; it should be noted that (i) the purchases must be made at a price not exceeding more than 15% and not less than 15% compared to the reference price recorded on The Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("MTA") ) in the session preceding each individual operation, If the Company proposes supporting the liquidity of its shares in accordance with criteria established by market practices laid down in art. 180, paragraph 1(c) of the TUF inherent to the activity of supporting market liquidity, permitted by Consob with Resolution No. 16839 dated 19 March 2009, and subsequent amendments, the purchase price will be determined in respect of the afore-mentioned permitted market practices. To date, these permitted market practices require the purchase price not to be higher than the highest price between the price of the last independent operation and the current price of the trade proposal in the highest independent purchase present on the MTA, and (iii) the purchase operations will in any case be carried out*

*(even on several occasions) on the MTA according to the operational procedures laid down in the regulations for the organisation and management of markets managed by Borsa Italiana S.p.A. (and in the corresponding instructions), which do not permit the direct combination of purchase trade proposals with predetermined sale trade proposals pursuant to article 144-bis, paragraph 1(b) of the Issuers' Regulation; all of which is to be carried out in accordance with the report annexed to this resolution and for the purposes described therein;*

2. *to authorise disposal acts pursuant to art. 2357-ter of the Italian Civil Code, also by division and without time limits, of ordinary shares in Saras S.p.A. to be purchased based on the decision referred to in the point above; it should be noted that (i) disposal acts and, in particular, the sale of own shares, will not be able to be carried out at a price lower than 10% compared to the reference price recorded on the MTA in the session prior to every single operation, (ii) if the Company proposes using shares to perform the activity of supporting market liquidity in compliance with the criteria laid down by the market practices laid down in art. 180, paragraph 1(c), of the TUF permitted by Consob with Resolution No. 16839 dated 19 March 2009, and subsequent amendments, sales must be carried out in compliance with the criteria set out therein. To date, these market practices require the selling price not be lower than the lowest price between the price of the last independent operation and the current price of the trade proposal in the lowest independent sales present on the MTA, (iii) if the shares are to be the subject of an exchange, trade, conferral or any non-monetary disposal act, the economic terms of the transaction will be determined by the nature and characteristics of the transaction, also taking account of the performance of the shares, notwithstanding compliance with the rules in force, and taking into account, where appropriate, accepted market practices, (iv) own shares which are part of share incentive plans will be allocated according to the terms set out in the relevant Plans; all of which is to be carried out in accordance with the report annexed to this resolution and for the purposes described therein, also including the usability of own shares already owned by the Company for such purposes;*

3. *to grant the Board of Directors, and/or for this the Chairman, the CEO and the Executive Vice-Chairman, the widest powers, including the power to sub-delegate or to entrust the task to external specialists, to also be exercised separately and with the widest discretion, to proceed with the implementation of the Programme and the purchase and disposal acts*



*referred to therein, in each case in full compliance with the law and limits of your authorisation as decided above, notwithstanding that, provided that the shares remain owned by the Company, the right to profit and the option right will be allocated proportionally to the other shares; the right to vote for own shares, moreover, will remain suspended, but said own shares will, however, be taken into account in the capital for the purposes of calculating the quorum required for the constitution and resolutions of Shareholders' Meetings."*

Milan, 29 March 2017

For the Board of Directors

The Chairman

(Gian Marco Moratti)