

**SARAS S.p.A.**

**ILLUSTRATIVE REPORT BY THE BOARD OF DIRECTORS TO SHAREHOLDERS  
PURSUANT TO ART. 73 OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999  
CONCERNING REGULATIONS IMPLEMENTING ITALIAN LEGISLATIVE  
DECREE NO. 58 OF 24 FEBRUARY 1998**

Dear Shareholders,

The Board of Directors has called you to an ordinary meeting to deliberate, among other matters, the proposed authorization (i) of the purchase of a maximum of 175,210,146 ordinary shares in Saras S.p.A. (the “Company”) to be carried out, potentially not all at once, within 12 (twelve) months following the resolution by the Shareholders’ Meeting authorizing it, simultaneously superseding the previous authorization decided on by the Shareholders’ Meeting on 20 April 2017, and (ii) the disposals, potentially not all at once, of the securities thus purchased, in accordance with and for the effects of, respectively, Art. 2357 of the Italian Civil Code and Art. 132 of Italian Legislative Decree no. 58/1998 (the “Finance Consolidation Act”) and corresponding implementation regulations, and Art. 2357-*ter* of the Italian Civil Code (the “Programme”).

We are submitting this report for your attention, drafted in accordance with and following the structure of Appendix 3A, statement no. 4, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments (the “Issuers’ Regulation”).

In accordance with Art. 73 of the Issuers’ Regulation, this report will be made available to the public, at the Company's registered office and by the methods established by applicable regulations (which set out, among other things, the publication of this report on the Company's website) at least 21 (twenty-one) days before the date of the meeting called to deliberate on the authorization of the purchase and disposal of treasury shares.

**1) Reasons for the proposed authorization of purchase and disposal**

The aim of the purchase and the consequent disposal that we are asking you to authorize is to provide the Company with a strategic flexible instrument.

The objective that the Board of Directors intends to pursue by the transactions for which authorization is proposed is to provide the Company with treasury shares to be used:

- for the purposes (i) of the execution of the free allocation of ordinary shares in the Company to the management of the Saras Group (the “Stock Grant Plan 2016/2018” or the “Plan”), approved by the Shareholders’ Meeting on 22 April 2016, or of any amendments to the Plan or (ii) for any future stock option plans that the Company may decide to adopt, or (iii) for any allocations to employees;
- in the context of transactions related to day-to-day management and industrial projects or other investments consistent with the strategic lines that the Company intends to pursue, including through the exchange, swapping, transfer, assignment or other act of disposal of treasury shares for the acquisition of investments or share packages, for industrial projects or other extraordinary finance transactions entailing the allocation or disposal of treasury shares (for example mergers, demergers, etc.);
- to carry out activities for the promotion of liquidity and management of volatility of the performance on the stock market of the Company's shares and, in particular, to intervene on the progress of securities in relation to contingent market situations, facilitating exchanges of securities at times of poor market liquidity and enabling negotiations to run smoothly, within limits in which, specifically, it does not become necessary to use all treasury shares for the aforementioned purposes and, in any case, within the limits established by the applicable regulatory provisions, as well as, if applicable, in accordance with market practice permitted pursuant to Art. 180, paragraph 1, letter c), of the Finance Consolidation Act relating to activities for supporting market liquidity.

Please note that the authorization for the disposal of treasury shares mentioned in this proposal for deliberation also concerns the use of treasury shares already acquired and held by the Company on the basis of the previous authorization, which may therefore be used for the purposes listed above.

**2) Maximum number, category and nominal value of the shares to which the authorization refers**

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, it is proposed that the Shareholders' Meeting authorize the purchase of treasury shares, on one or more occasions, up to the maximum limit permitted by law, equal to 20% of the subscribed and paid-up share capital, including the treasury shares that will be held by the Company on the date on which the authorization takes effect as set out in point 4 below.

Please note that the treasury shares already held on the date of this report amount to 14,989,854,000, equal to 1.576% of share capital, and that, therefore, if the purchase were to be authorized today it would concern up to a maximum of 175,210,146 of the Company's ordinary shares, equal to around 18.42% of the share capital currently subscribed and paid-up.

The authorisation includes the option to subsequently dispose of the shares in the portfolio, even before exhausting the maximum number of acquirable shares and if applicable buying back the shares insofar as the treasury shares held by the Company do not exceed the legal limit.

**3) Useful information for evaluating compliance with Art. 2357, paragraph 3, of the Italian Civil Code**

The purchase that is the subject of your authorization is compliant with the limit established by Art. 2357, third paragraph, of the Italian Civil Code (as amended by Art. 7, paragraph 3-*sexies* of Italian Legislative Decree no. 5/2009, converted into Italian Law no. 33/2009), given that it concerns a number of shares that, added to the shares already held by the Company, cannot exceed a fifth of share capital.

Please note in this regard that subsidiaries do not hold shares in the Company.

**4) Duration of the authorization**

The authorization for the purchase, which could be carried out not all at once, is requested for a duration of 12 (twelve) months from the date of the Shareholders' Meetings' authorization resolution, simultaneously superseding the previous authorization decided on by the Shareholders' Meeting on 20 April 2017. The disposal of the securities thus acquired, and of

those already held, may be implemented, potentially not all at once, without time limits, with assurance however of compliance with the aims described in paragraph 1 above and the methods indicated in this report.

**5) Minimum and maximum payment**

The share purchases that are the object of this report must be made at a price not more than 15% higher and not more than 15% lower than the reference price indicated on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. (“MTA”) at the session preceding each individual transaction.

If the Company proposes to support the liquidity of its treasury shares in accordance with the criteria established by the market practice set out by Art. 180, paragraph 1, letter c), of the Finance Consolidation Act relating to activities in support of market liquidity, permitted by Consob with resolution no. 16839 dated 19 March 2009, and subsequent amendments, the purchase price will be established in accordance with the aforementioned permitted market practice. At present, this permitted market practice establishes that the purchase price must not be greater than the higher out of the price of the last independent transaction and the current price of the highest independent purchase negotiation proposal present on the MTA.

The dispositions and, in particular, the sale of treasury shares may not be carried out at a price more than 10% lower than the reference price recorded on the MTA at the session preceding each individual transaction.

These parameters are considered appropriate for identifying the range of values within which the acquisition or the dispositions are of interest to the Company, it being understood that value and volume limits set out by compulsory/binding regulations in force cannot be exceeded.

If the treasury shares are the object of exchange, swapping, transfer or any disposal not in cash, the economic terms of the transaction will be determined on the basis of the nature and characteristics of the transaction, taking into account if applicable the progress of the Company's securities, while complying with applicable regulations and taking into account, if relevant, permitted market practices.

If the Company proposes to use the shares for the purposes of carrying out activities to support market liquidity in accordance with the criteria established by the market practice set out by Art. 180, paragraph 1, letter c), of the Finance Consolidation Act permitted by Consob by

resolution no. 16839 dated 19 March 2009, and subsequent amendments, the sales must be made in accordance with the criteria fixed therein. At present, this market practice establishes that the sale price must not be below the lower out of the price of the last independent transaction and the current price of the lowest independent sale negotiation proposal present on the MTA.

**6) Methods whereby the purchase and disposal of treasury shares will be carried out**

The purchase transactions will be carried out in accordance with Art. 132 of the Finance Consolidation Act, Art. 144-*bis* of the Issuers' Regulation and any other applicable regulations, including, if relevant, permitted market practices recognized by Consob.

Please note furthermore that the purchase that we are asking you authorize will be carried out by the Board of Directors or by the parties entrusted by the latter with the task in accordance with the provisions of Art. 2357, first paragraph, of the Italian Civil Code and thus within the limits of duly ascertained distributable profits and available reserves resulting from the latest duly approved financial statements.

Please note in this regard that, on the basis of the draft statutory financial statements approved on 12 March 2018 by the Board, the available reserves amount to € 312,479,150.

In accordance with and for the effects of Art. 132 of the Finance Consolidation Act, the purchase transactions that are the subject of your authorization will in any case be made (potentially not all at once) on the MTA according to operating methods established in the organization and management regulations for markets run by Borsa Italiana S.p.A. (and the corresponding instructions), which do not allow purchase negotiation proposals to be directly combined with predetermined sale negotiation proposals, in accordance with Art. 144-*bis*, paragraph 1, letter b), of the Issuers' Regulation. Acquisitions may occur by methods other than those indicated above where allowed by Art. 132, paragraph 3, of the Finance Consolidation Act or by other provisions applicable from time to time at the moment of the transaction.

The disposal of shares may also be carried out, on one or several occasions, before the quantity of treasury shares that can be purchased has been exhausted. The disposal may occur by the methods considered most in line with the interests of the Company and, in any case, in accordance with applicable regulations and, if relevant, permitted market practices.

Treasury shares in the service of the Plans or for any future similar share plans, or any stock option plans, will be assigned by the methods and with the terms indicated in the corresponding plans.

Please note furthermore that notifications regarding the Programme, any amendments thereto, purchase transactions and disposals, as well as the outcome of the Programme, will be made as appropriate to the market and to Consob by the methods and within the terms established by law.

In accordance with Art. 2357-ter, second paragraph, of the Italian Civil Code, please note that for as long the shares that are the subject of your authorization remain the property of the Company, profit rights and option rights will be allocated in proportion to other shares; moreover, voting rights for treasury shares will remain suspended, but these treasury shares will however be counted as part of capital for the purposes of calculating the quorums required for the shareholders' meeting to sit and deliberate.

Please note, finally, that on 12 March 2018 the Company's Board of Directors – subject to obtaining the required authorization from the Shareholders' Meeting – conferred on the Chief Executive Officer and the Executive Vice-President the broadest powers, which can be exercised individually and with the broadest discretion, for proceeding with the implementation of the Programme and the purchase and disposal contemplated therein, in any case in full compliance with applicable regulations and the limits that are the subject of your authorization, with the option to delegate these powers or to entrust tasks to external specialists.

7) **Reduction of share capital**

The Board of Directors specifies that the purchase of treasury shares that is the subject of this authorization request is not aimed at the reduction of share capital, and therefore the shares acquired will not be annulled.

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In view of the above, the Board of Directors invites you to decide as follows:

*“The shareholders' meeting, having noted the proposal by the Board of Directors,*

*decides*

1. *to authorize, in accordance with Art. 2357 of the Italian Civil Code and Art. 132 of Italian Legislative Decree no. 58/1998, the purchase of treasury shares up to the maximum limit permitted by law, equal to 20% of share capital currently subscribed and paid-up, with regard to the treasury shares already held by the Company, to be carried out, potentially not all at once, within 12 (twelve) months from the date of the Shareholders' Meeting's decision to authorize it, simultaneously superseding the previous authorization to purchase treasury shares decided on by the Shareholders' Meeting on 20 April 2017; please note that (i) the purchases must be made at a price not more than 15% higher and not more than 15% lower than the reference price recorded on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. ("MTA") in the session preceding each individual transaction, (ii) if the Company proposes to support the liquidity of its treasury shares in accordance with the criteria established by the market practice set out by Art. 180, paragraph 1, letter c), of the Finance Consolidation Act relating to activities in support of market liquidity, permitted by Consob with resolution no. 16839 on 19 March 2009, and subsequent amendments, the purchase price will be established in accordance with the aforementioned permitted market practice. At present, this permitted market practice establishes that the purchase price must not be greater than the higher out of the price of the last independent transaction and the current price of the highest independent purchase negotiation proposal present on the MTA, and (iii) the purchase transactions will in any case be made (potentially not all at once) on the MTA according to operating methods established in the organization and management regulations for markets run by Borsa Italiana S.p.A. (and the corresponding instructions), which do not allow purchase negotiation proposals to be directly combined with predetermined sale negotiation proposals (see art. 144-bis, paragraph 1, letter b), of the Issuers' Regulation); everything must be done in accordance with the report appended to this resolution and for the purposes described therein.*

2. *to authorize, in accordance with Art. 2357-ter of the Italian Civil Code, the disposal, potentially not all at once and with no time limits, of ordinary shares in Saras S.p.A. to be purchased on the basis of the resolution mentioned in the previous point; please note that (i) the disposition and, in particular, the sale of treasury shares cannot be carried out at a price more than 10% lower than the reference price recorded on the MTA at the session preceding each individual transaction, (ii) if the Company proposes to use the shares in order to carry out*

*activities to support market liquidity in accordance with the criteria established by market practice set out by Art. 180, paragraph 1, letter c), of the Finance Consolidation Act permitted by Consob with resolution no. 16839 dated 19 March 2009, and subsequent amendments, the sales must be carried out in accordance with the criteria established therein. To date, this market practice establishes that the sale price must not be below the lower out of the price of the last independent transaction and the current price of the lowest independent sale negotiation proposal present on the MTA, (iii) if the treasury shares are the object of exchange, swapping, transfer or any disposal not in cash, the economic terms of the transaction will be determined on the basis of the nature and characteristics of the transaction, taking into account if applicable the progress of the Company's securities, while complying with applicable regulations and taking into account, if relevant, permitted market practices, (iv) treasury shares in the service of shareholder incentivization plans will be allocated by the methods and terms indicated in the corresponding plans; everything must be done in accordance with the report appended to this resolution and for the purposes described therein, including the possibility of using treasury shares already held by the Company for such purposes;*

*3. to confer on the Board of Directors, and/or thus on the Chief Executive Officer and the Executive Vice-President, the broadest powers, including the power to delegate or entrust tasks to external specialists, also to be exercised individually and with the broadest discretion, for proceeding with the implementation of the Programme and the purchase and disposal contemplated therein, in any case in full compliance with applicable regulations and the limits that are the subject of your authorization as decided on above, it being understood that, for as long as the shares remain the property of the Company, profit rights and option rights will be allocated in proportion to other shares; moreover, voting rights for treasury shares will remain suspended, but these treasury shares will however be counted as part of capital for the purposes of calculating the quorums required for the shareholders' meeting to sit and deliberate.”*

Milan, 5 April 2018

For the Board of Directors

The Chief Executive Officer

(Massimo Moratti)