

SARAS S.p.A.

**DIRECTORS' REPORT TO SHAREHOLDERS PURSUANT TO ARTICLE 73 OF
CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999 WHICH INCLUDES RULES
FOR THE IMPLEMENTATION OF LEGISLATIVE DECREE NO. 58 OF 24
FEBRUARY 1998**

Dear Shareholders,

the Board of Directors has convened an ordinary general meeting to approve, among others, the resolution relating to the proposal of authorisation for (i) the purchase of a maximum of 175,210,146 ordinary shares of Saras S.p.A. (the “Company”) to be carried out, also in tranches, within 12 (twelve) months following the authorisation resolution of the General Meeting, with the simultaneous replacement and revocation for the part not performed of the previous resolution of the General Meeting of 27 April 2018, and for (ii) acts of disposal of the shares so acquired, also in tranches, pursuant and owing to, respectively, article 2357 of the Italian Civil code as well as article 132 of the Legislative Decree 58/1998 (Consolidated Law on Finance, the “TUF”), and the relative implementing regulations, and article 2357-ter of the Italian Civil Code (the “Programme”).

We submit this report, drawn up in compliance and in accordance with the structure of Annex 3A, Schedule no. 4, of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended (the “Issuers Regulations”), to your attention.

In compliance with article 73 of the Issuers Regulations, this report will be made available to the public, at the Company's registered offices and according to the manner indicated by current legislation (which require, among other things, publication of this report on the Company's website) at least 21 (twenty-one) days before the date of the General Meeting is called to deliberate with regard to the authorisation for the purchase and disposal of shares.

1) Reasons for the proposal of authorisation for the purchase and disposal

The purchase and the subsequent acts of disposal that we are asking you to authorise have the purpose to provide the Company with a flexible strategic instrument.

The objective the Board of Directors intends to pursue through operations for which the authorisation is proposed is to provide the Company with treasury shares to be used as follows:

- for the purposes of (i) the execution of the plan to assign free Company ordinary shares to the management of Saras Group (the “2019/2021 Stock Grant Plan”, or the “Plan”), which will be submitted for the approval of the General Meeting on 16 April 2019 or of any amendments to the Plan or (ii) for possible future share plans similar to the Plan, or for any stock option plans that the Company might decide to adopt, or (iii) for possible allocations to employees;
- in the context of transactions linked to day-to-day management and the management of industrial plans or of other investments consistent with strategic objectives that the Company intends to pursue, also through the swap, exchange, assignment, transfer or other act of disposals of treasury shares for the acquisition of equity investments or shareholdings, for industrial projects or other extraordinary financial transactions that might involve the allocation or disposal of treasury shares (such as, for example, mergers, demergers, etc.);
- to carry out promotional activities for the liquidity and management of the volatility of the Company's share price and, in particular, intervene on the performance of shares in relation to contingent market situations, facilitating the exchange of shares at times of limited market liquidity and facilitating the ordinary progress of transactions, in the limits in which, in practice, it does not become necessary to use all of the treasury shares for the purposes listed above and, in any case, within the limits allowed by the legislative and statutory regulations as well as, possibly, in compliance with the accepted market practice pursuant to article 180, paragraph 1, letter c), of the TUF inherent to activities to support market liquidity.

It is specified that the authorisation to dispose of treasury shares referred to in the proposal for resolution relates also to treasury shares already purchased and held by the Company on the

basis of the previous authorisation, which can therefore be used for the purposes indicated above.

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

At the date of this report, the Company's share capital comprises no. 951,000,000 ordinary registered shares, fully paid up.

At this regard, the General Meeting is asked to authorise the purchase of treasury shares, in one or more tranches, up to the maximum limit allowed by law, equal to 20% of the registered and fully paid up share capital, including treasury shares already held by the Company on the date the authorisation becomes effective in accordance with point 4 below.

It is specified that treasury shares already owned at the date of this report amount to 14,989,854.000 equal to 1.576% of the share capital and that, therefore, if the authorisation to purchase were to be granted today, it would be for a maximum of 175,210,146 Company ordinary shares, equal to around 18.42% of the share capital currently registered and fully paid up.

The authorisation includes the option to subsequently dispose of the portfolio shares, also before the possible maximum number of shares has been purchased and possibly repurchase the same shares as long as the treasury shares held by the Company do not exceed the limit set by the law.

3) Information useful for the assessment in compliance with art. 2357, paragraph 3, del Italian Civil Code

The purchase object of your authorisation complies with the limit set by art. 2357, third paragraph, of the Italian Civil Code (as modified by article 7, paragraph 3-*sexies* of Legislative Decree no. 5/2009, converted into Law no. 33/2009), as it relates to a number of shares that, added to the shares already held by the Company, will not exceed a fifth of the share capital.

It is specified at this regard that the parent companies do not hold Company's shares.

4) Duration of the authorisation

The authorisation to purchase, which can also be carried out in several tranches, is requested for a duration of 12 (twelve) months to be effective from the date of the authorisation resolution of the General Meeting, with simultaneous replacement (and revocation for the part not performed) of the previous authorisation granted by the General Meeting on 27 April 2018. The acts of disposal of the shares so acquired, and of those already held, can take place, also in tranches, without time limitation, as compliance with the objectives described in previous paragraph no. 1 and with the procedures indicated in this report is in any case assured.

5) Minimum and maximum consideration

The purchase of shares object of this report must be carried out at a price not higher than 15% and not lower than 15% than the relevant price recorded by the screen-based stock exchange organised and managed by Borsa Italiana S.p.A. (“MTA”) on the session before each individual operation.

Should the Company intend to support the liquidity of its own shares in compliance with the criteria established by market practice in art. 180, paragraph 1, letter c), of the TUF inherent to activities supporting market liquidity, accepted by Consob with resolution no. 16839 on 19 March 2009, as subsequently amended, the purchase price will be established in compliance with the above-mentioned accepted market practice. Currently this accepted market practice requires that the purchase price must not be higher than the highest price between the price of the last independent transaction and the current highest price negotiated independently on MTA.

Disposal transactions and, in particular, the sale of treasury shares, cannot be made at a price lower than 10% compared to the relevant price recorded by the screen-based stock exchange organised and managed by Borsa Italiana S.p.A. (“MTA”) in the session before each individual transaction.

These parameters are deemed to be adequate to identify the value interval within which the purchase or disposal transactions are in the interest of the Company, notwithstanding that the value and volume limits indicated by the current binding rules are not exceeded.

Should treasury shares be the object of exchange, swap, assignment or any act of disposal not in cash, the economic terms of the transaction will be determined by the nature and characteristics of the transaction, also taking into account the performance of the Company's shares, notwithstanding compliance with current legislation and taking into account, possibly, accepted market practices.

Should the Company intend to support the market liquidity of its shares in compliance with the criteria established by market practice in art. 180, paragraph 1, letter c), of the TUF accepted by Consob with resolution no. 16839 on 19 March 2009, as subsequently amended, the purchase price will be established in compliance with the above-mentioned accepted market practice. Currently this accepted market practice requires this purchase price not to be lower than the lowest price between the price of the last independent transaction and the current lowest price negotiated independently on MTA.

6) Manner in which the purchase and disposal of treasury shares will be carried out

Purchase transactions will be carried out in compliance with the provisions of article 132 of the TUF, art. 144-*bis* of the Issues Regulations and any other applicable regulation, possibly including accepted market practices recognised by Consob.

It is also specified that the purchase we ask you to authorise will be carried out by the Board of Directors or by subjects it appoints in compliance with the provisions of article 2357, first paragraph, of the Italian Civil Code and therefore within the limits of regularly assessed distributable profits and the available reserves arising from the last duly approved financial statements.

With regard to this it is specified that, on the basis of the draft financial statements approved on 4 March 2019 by the Board, available reserves amount to € 428,168,352.

Pursuant and owing to article 132 of the TUF, the purchase operations subject of your authorisation will in any case be carried out (also in several tranches) on the MTA in accordance with the operational procedures established by regulations for the organisation and management of markets managed by Borsa Italiana S.p.A. (and their relative instructions), which do not allow a direct matching of buy orders with predetermined sell orders, pursuant to

article 144-*bis*, paragraph 1, letter b) of the Issuers Regulations. Purchases might take place with procedures other than those indicated above where allowed by article 132, paragraph 3, of the TUF or by other dispositions from time to time applicable at the time of the transaction.

Disposals of shares can take place, in one or more tranches, also before the maximum quantity of treasury shares that can be purchased has been reached. Disposals can take place in the manner deemed most appropriate in the interests of the Company and, in any case, in compliance with applicable regulations and, possibly, accepted market practices.

Treasury shares serving Plans or for possible future similar share plans, or possible stock option plans, will be assigned according with the procedures and terms specified in the relative plans.

Furthermore, it is specified that information relating to the Programme, its possible amendments, purchase and disposal transactions, as well as the outcomes of the same, will be communicated to the market and to Consob in the manner and terms established by the law.

In compliance with the dispositions of article 2357-*ter*, second paragraph, of the Italian Civil Code, it is specified that for as long as the treasury shares object of your authorisation remain in the Company's ownership, the right to profits and the right of option will be proportionally assigned to other shares; furthermore, voting rights on treasury shares will be suspended but treasury shares will included in the share capital for the purposes of calculation of the quorum needed for setting up and for the deliberations of the shareholders' meeting.

Lastly, it is further specified that on 4 March 2019 the Board of directors of the Company – subsequently to obtaining the authorisation of the Shareholders' Meeting – has conferred to the Chairman and the Chief Executive Officer wider powers, to be exercised also individually and with the widest discretion, to implement the Programme and the purchases and disposals therein, in any case in the full respect of current legislation and the limits of your authorisation, with the option to sub-delegate or assign the task to external specialists.

7) Reduction of share capital

The Board of Directors specifies that the purchase of treasury shares object of this request for authorisation is not instrumental to the reduction of the share capital, therefore the shares purchased will not be cancelled.

For all the reasons outlined above, the Board of Directors invites you to approve the following:

“The Shareholders' Meeting, acknowledging the proposal of the Board of Directors,

resolves to

1. authorise, pursuant to articles 2357 of the Italian Civil Code and 132 of Italian Legislative Decree no. 58/1998, purchases of own share up to the maximum legal limit, equal to 20% of the share capital subscribed and paid up, with reference to own shares already owned by the Company, to be carried out, also by tranches, within 12 (twelve) months of the date of the authorisation resolution passed by the aforementioned Shareholders' Meeting, with the simultaneous replacement (and revocation of the part not performed) of the previous authorisation to purchase own shares, resolved by the Shareholders' Meeting on 27 April 2018. It is specified that (i) the purchases must be carried out at a price not higher than 15% and not lower than 15% with respect to the relevant price recorded on the screen-based stock exchange organised and managed by Borsa Italiana S.p.A. (“MTA”) in the session preceding every individual transaction, (ii) should the Company intend to support the liquidity of its own shares in compliance with the criteria established by market practice in art. 180, paragraph 1, letter c), of the TUF inherent to activities supporting market liquidity, accepted by Consob with resolution no. 16839 on 19 March 2009, as subsequently amended, the purchase price will be established in compliance with the above-mentioned accepted market practice. Currently this accepted market practice requires that the purchase price must not be higher than the highest price between the price of the last independent transaction and the current price negotiated independently on MTA, and (iii) the purchase operations will in any case be carried out (also in several tranches) on the MTA in accordance with the operational procedures established by regulations for the organisation and management of markets managed by Borsa Italiana S.p.A. (and their relative instructions), which do not allow a direct matching of buy orders with predetermined sell orders (see article 144-bis, paragraph 1, letter b) of the Issuers

Regulations); all to be carried out in compliance of the report annexed to this resolution and for the objectives described therein;

2. *to authorise, pursuant to article 2357-ter of the Italian Civil Code acts of disposals, also in tranches and without temporal limitations, of own Saras S.p.A ordinary shares to be purchased on the basis of the resolution referred to at the point above; it is specified that (i) disposal transactions and, in particular, the sale of treasury shares cannot be made at a price lower than 10% compared to the relevant price recorded by MAT in the session before each individual operation, (ii) should the Company intend to support the liquidity of its own shares in compliance with the criteria established by market practice in art. 180, paragraph 1, letter c), of the TUF inherent to activities supporting market liquidity, accepted by Consob with resolution no. 16839 on 19 March 2009, as subsequently amended, disposals must be carried out in compliance of the criteria laid down therein. Currently this accepted market practice requires that the purchase price must not be lower than the lowest price between the price of the last independent transaction and the current lowest price negotiated independently on MTA, (iii) should treasury shares be the object of exchange, swap, assignation or any act of disposal not in cash, the economic terms of the transaction will be determined by the nature and characteristics of the transaction, also taking into account the performance of the Company's shares, notwithstanding compliance with current legislation and taking into account, possibly, accepted market practices, (iv) treasury shares serving share incentive plans will be assigned according to the procedures and terms indicated in the relative plans; all to be carried out in compliance with the report annexed to this resolution and for the objectives described therein, also including the usability for such purposes of the treasury shares already held by the Company;*

3. *to confer to the Board of Directors, and/or on its behalf to the Chairman and the Chief Executive Officer the widest powers, including the power to subdelegate or to assign the task to external specialist, to be exercised also individually and with the widest discretion in order to implement the Programme and the purchases and disposals contemplated therein, in any case in full respect of current legislation and the limits of your authorisation as deliberated above, notwithstanding that, for as long as the shares remain in the Company's ownership, the right of profits and the right of option will be proportionally assigned to other shares; furthermore,*

voting rights on treasury shares will be suspended but treasury shares will included in the share capital for the purposes of calculation of the quorum needed for setting up and for the deliberations of the Shareholders' Meeting.

Milan, 25 March 2019

The Board of Directors

The Chairman

Massimo Moratti