

ASTM S.P.A.



**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE SOLE ITEM ON THE AGENDA OF THE
EXTRAORDINARY SHAREHOLDERS' MEETING OF ASTM S.P.A. CALLED ON 16 OCTOBER 2019 IN A
SINGLE CALL**

(drafted pursuant to Article 2501-*quinquies* of the Italian Civil Code and to Article 70 of the regulation adopted by Consob with resolution 14 May 1999 no. 11971, as subsequently amended)

12 September 2019

Explanatory report available on the website www.astm.it

This is an English courtesy translation of the original document prepared in Italian language. In the event of inconsistencies, the original Italian version of the Explanatory Report shall prevail over this English courtesy translation.

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Approval of the plan for the merger by incorporation of Società Iniziative Autostradali e Servizi S.p.A. into ASTM S.p.A.; consequent share capital increase to service the merger; consequent amendments to the Company Bylaws. Resolutions pertaining to and resulting from the same

Dear Shareholders,

you have been called to the Extraordinary Shareholders' Meeting on 16 October 2019, in a single call, to resolve upon the plan for the merger by incorporation (the "**Merger**") of Società Iniziative Autostradali e Servizi S.p.A. ("**SIAS**" or the "**Merging Company**") into ASTM S.p.A. ("**ASTM**" or the "**Surviving Company**" and, together with SIAS, the "**Companies Taking Part in the Merger**" or the "**Companies**").

This explanatory report (the "**Explanatory Report**") has been drafted pursuant to Article 2501-*quinquies* of the Italian Civil Code, Article 125-*ter* of Italian Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (the "**Consolidated Financial Act**" or "**CFA**"), and Article 70, paragraph 2, of the regulation adopted by Consob with resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuers Regulation**"), and in compliance with scheme No. 1 of Annex 3A to the same Issuers Regulation, for the purpose of explaining and justifying, from a legal and economic point of view, the Merger, describing the elements constituting the merger plan (the "**Merger Plan**") and, in particular, the criteria for determining the exchange ratio between SIAS shares and ASTM shares.

As explained below, the Merger is part of a project to streamline the group headed by Nuova Argo Finanziaria S.p.A. ("**Nuova Argo**"), of which ASTM and SIAS are part (the "**Group**"), in order to simplify the ownership structure.

On 13 June 2019, the Boards of Directors of the Companies approved the Merger Plan, attached hereto under Annex "**A**", prior favourable opinion issued by the respective Control, Risk and Sustainability Committees, which perform the functions of a related parties transactions committee.

On the same date, the Board of Directors of ASTM resolved to promote, pursuant to Article 102 of the CFA, a voluntary partial public tender offer (the "**Offer**" and, jointly with the Merger, the "**Transaction**") on 11,377,108 SIAS shares, equal to 5% of the share capital of the Merging Company.

Also on 13 June 2019, the Companies entered into an agreement, that contains the customary representations and warranties for transactions of this kind and with which the parties agreed to regulate and govern, *inter alia*, the preliminary and preparatory activities for the completion of the Merger and the Offer, the interim management of the Companies as well as the corporate governance of the company resulting from the Merger and the conditions and methods of execution of the Transaction (the "**Framework Agreement**").

On 13 June 2019, Nuova Argo, acting in its capacity as company exercising management and coordination activity over ASTM and SIAS, examined and approved what the Chief Executive Officers of both Companies reported on the terms and conditions of the proposed Transaction, and it consequently resolved to support the Transaction on condition that ASTM, comes to hold, directly and indirectly, a stake in SIAS so that, at the conclusion of the Merger, the stake held by Nuova Argo into ASTM will be, at least, equal to 45% plus one share of its share capital represented by voting shares.

Moreover, it should be noted that, also on 13 June 2019, Mercure Investment S.à r.l., Nuova Argo and Aurelia S.r.l. ("**Aurelia**") – a company that holds No. 347,673 ASTM shares (representing about 0.351% of the share capital) and No. 15,571,998 SIAS shares (representing about 6.844% of the share capital) – signed, with effect from the effective date of the Merger, a shareholders' agreement that regulates the transfer of ASTM

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shares and the exercise of corporate rights (other than patrimonial rights) pertaining to a number of ASTM shares directly held by Aurelia so that, by adding up this number to the ASTM shares owned directly and indirectly by Nuova Argo, it represents 50% plus one share of the share capital with voting shares from time to time (and thus excluding the treasury shares that are held by ASTM from time to time).

In the light of the above, the reasons for the proposed integration of ASTM and SIAS and the terms and procedures by which it could be implemented are illustrated below.

This Explanatory Report is made available to the public in accordance with the procedures set out in the applicable laws and regulations and is available on the ASTM website (www.astm.it).

It should also be noted that – although the Merger is a "*significant*" transaction pursuant to and for the purposes of Article 70, paragraph 6, of the Issuers Regulation – ASTM has exercised the right granted in Article 70, paragraph 8, of the Issuers Regulation to waive the obligation to prepare and publish an information document relating to the Merger pursuant to Article 70, paragraph 6, of the Issuers Regulation.

1. ILLUSTRATION OF THE TRANSACTION

1.1 Reasons for the Transaction

The Merger is part of a project to streamline the group headed by Nuova Argo, in order to simplify its shareholding structure. In particular, the Merger is intended to achieve the following main objectives, in the interest of both companies:

- (i)* establishing a single listed industrial holding company which, acting as a "one company", is able to express specific capabilities in the sectors of motorway concessions, engineering and technological innovation;
- (ii)* shortening the chain of control with respect to the operating companies, according to national and international standard practices and to market expectations, to simplify the Group's corporate structure, with positive effects on the access to cash flows and, consequently, to the capital market;
- (iii)* creating a new industrial group able to grow in an efficient and competitive manner both on domestic and foreign markets, including by resorting to the market through capital strengthening transactions in the light of the new strategic plan to be submitted to the Board of Directors following the Merger;
- (iv)* promoting the creation of a listed issuer that, for its size and liquidity, may become one of the major companies on the Italian stock exchange; and
- (v)* streamlining the corporate structure, and consequently cutting down holding costs and further strengthening industrial synergies and improving operating results.

1.2 Structure of the Transaction

1.2.1 Description of the Transaction

The transaction to be submitted for examination and approval to the Extraordinary Shareholders' Meeting of ASTM is the merger by incorporation of SIAS into ASTM.

On 13 June 2019, the Boards of Directors of ASTM and SIAS, prior favourable opinion issued by their respective Committees responsible for transactions with related parties, approved the Merger Plan, each within their own competence, and also resolved to submit the approval of the Merger Plan to their respective

Extraordinary Shareholders' Meetings. The Boards of Directors of the Companies availed themselves of financial advisors with proven professional expertise for the purposes of determining the economic elements of the Merger and, in particular:

- ASTM availed itself of the advisors J.P. Morgan Securities plc and UniCredit S.p.A.;
- SIAS availed itself of the advisors Mediobanca – Banca di Credito Finanziario S.p.A. and Société Générale – Milan Branch.

In particular, after examining the valuations of their financial advisors, the Boards of Directors of the Companies Taking Part in the Merger determined the exchange ratio as follows: 0.55 ordinary shares of the Surviving Company without indication of par value, having the identical effective date as the outstanding with a dividend date identical to that of the ordinary shares held by ASTM S.p.A., outstanding as at the effective date of the Merger, for each ordinary share of SIAS, with a nominal value of Euro 0.50 each (the "**Exchange Ratio**"). There is no cash adjustment.

On the same date, the Board of Directors of ASTM also resolved to promote the voluntary partial public tender offer pursuant to Article 102 of the CFA, concerning No. 11,377,108 SIAS shares, equal to 5% of the share capital of the Merging Company (for further information on the Offer, see Paragraph 1.2.5 below).

Also on 13 June 2019, the Companies entered into the Framework Agreement that contains the customary representations and warranties for transactions of this kind and which regulates, among other things, the preliminary and preparatory activities for the implementation of the Merger and the Offer, as well as the related timing, the interim management of the Companies, certain corporate governance aspects relating to the company resulting from the Merger and the conditions and methods of execution of the transaction.

The Merger Plan, drafted pursuant to Article 2501-*quater* of the Italian Civil Code, was filed by the Companies for registration with the Turin Companies' Register pursuant to Article 2501-*ter*, third paragraph, of the Italian Civil Code on 17 June 2019 and subsequently registered with the Turin Companies Register on 19 June 2019.

On 19 June 2019, the Court of Turin – on the basis of the joint application submitted by the Companies on 14 June 2019 – appointed KPMG S.p.A. as the joint expert responsible for preparing the report on the fairness of the Exchange Ratio pursuant to and for the purposes of Article 2501-*sexies* of the Italian Civil Code. This report, to be prepared by KPMG S.p.A., will be made available to the public in compliance with the terms and the procedures prescribed by the applicable laws and regulations.

1.2.2 Conditions of the Merger

The completion of the Merger is subject to non-occurrence (or, where applicable, the waiver) of the following conditions subsequent:

- (i) the joint expert appointed pursuant to Article 2501-*sexies* of the Italian Civil Code issues a negative opinion regarding the fairness of the Exchange Ratio; or
- (ii) the Merger Plan is not approved by even just one of the Shareholders' Meetings of ASTM and SIAS by 28 February 2020; or
- (iii) the total outlay which ASTM would be required to make as a result of exercising of the Right of Withdrawal (as defined below) right exceeds Euro 50 million (the "**Maximum Disbursement**"); or
- (iv) ASTM does not come to hold, as a result of the Offer and/or purchases made outside of the Offer in compliance with the applicable law and regulations, a total shareholding of at least 151,755,294 SIAS

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shares, representing 66.693% of the share capital (the "**Shareholding**"), by the day before the date of signing of the Merger deed; or

- (v) one of the Companies Taking Part in the Merger withdraws from the Framework Agreement due to the occurrence of a Major Prejudicial Event (as defined below); or
- (vi) the signing of the merger deed does not take place within 31 May 2020.

It is also envisaged that the signing of the Merger deed is subject to the occurrence (or, where applicable, the waiver), by 31 May 2020, of the following conditions:

- (a) where required under the legislation in force at the time, issuance of an equivalence opinion or similar measure by CONSOB with reference to the information document relating to the Merger referred to in Article 1, paragraph 5, letter f) of Regulation (EU) 2017/1129;
- (b) issuance by Borsa Italiana S.p.A. of the measure allowing ASTM shares issued to service the Merger to be traded on the Italian Electronic Equity Market;
- (c) granting of consent to the Merger by the counterparties of some contracts relating to bank loans agreements and hedging derivatives, to which the Companies Taking Part in the Merger are parties.

It should be noted that (1) the conditions set out in this Paragraph 1.2.2 points (iv), (vi) and (c) may be waived by ASTM and SIAS only by prior written consent of both Companies and (2) the condition set out in this Paragraph 1.2.2 point (iii) may be waived by ASTM. Any proposal to waive the condition set forth in this Paragraph 1.2.2 point (iii) and/or the condition set forth in this Paragraph 1.2.2 point (iv) will be notified in advance to Nuova Argo to ensure that the latter passes resolutions regarding its own support to the Transaction.

For the sake of completeness, it should be noted that, by letter dated 20 June 2019, Aurelia informed ASTM that, for the sole purpose of ensuring the achievement of the Shareholding by ASTM, which the completion of the Merger is subject to, Aurelia reserved the right to evaluate – after the closing of the Offer and therefore without tendering to it – transferring to ASTM of a maximum of 4,277,108 SIAS shares, equal to 1.880% of the share capital of the Merging Company, at a unit price equal to the consideration offered under the Offer.

If also one of the conditions subsequent occurs (or, where applicable, is not waived) or if also one of the conditions precedent does not occur (or, where applicable, is not waived), the Boards of Directors of ASTM and SIAS, as applicable, (i) shall revoke the convening of the respective Shareholders' Meetings with reference to the item on the agenda concerning the approval of the Merger Plan and resolutions related thereto or (ii) shall convene their respective Shareholders' Meetings to resolve on the revocation of the shareholders' meeting resolution to approve the Merger Plan and the resolutions related thereto.

It should be noted that, with reference to the condition subsequent indicated in this Paragraph 1.2.2 point **Errore. L'origine riferimento non è stata trovata.**, as at the date of this Explanatory Report, ASTM – as a result of the Offer and of the purchases made outside the Offer in compliance with the applicable laws – directly holds a stake representing 66.826% of the share capital of SIAS and, therefore, greater than the Shareholding (for further information on the results of the Offer, see Paragraph 1.2.5 below).

1.2.3 Framework Agreement

On 13 June 2019, ASTM and SIAS entered into the Framework Agreement containing the customary representations and warranties for transactions of this kind and which governs, *inter alia*, the preliminary and preparatory activities for the completion of the Merger and the Offer, the interim management of the

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Companies as well as the corporate governance of the company resulting from the Merger and the conditions and modalities of execution of the Transaction.

In particular, pursuant to the Framework Agreement, in the period between the date of signing of the Framework Agreement and the effective date of the Merger, ASTM and SIAS have undertaken, each for its respective competence, to ensure that, respectively, the companies of the group headed by ASTM (other than SIAS and the subsidiaries of SIAS) and the companies of the group headed by SIAS are managed in accordance with the previously adopted practice, in compliance with the applicable legal provisions and the obligations undertaken and according to criteria of fair, prudent and diligent business management. In particular, during the above-mentioned interim period, ASTM and SIAS undertook (a) not to perform – and to ensure that the companies of the respective groups do not perform – acts or transactions which, by their nature, aims or duration, may (i) materially alter the economic, equity or financial structure or the ratio between the Companies' debts and equity or their earnings prospects, or (ii) prejudice the exact and correct fulfilment of the obligations assumed in the Framework Agreement; and (b) in the event of new initiatives and/or participation in tender procedures for the award of new concessions, to assess in good faith how to proceed, possibly also through the joint participation of ASTM and SIAS, in those new initiatives, analogously to what has been done in the past. In derogation from the preceding, SIAS and ASTM may perform: (i) activities serving to complete the Transaction (including the assumption of indebtedness by ASTM to pay the consideration of the Offer and the price of the right of withdrawal) and to fulfil the obligations arising from the Framework Agreement; and (ii) any activities that may be necessary in order to comply with legal obligations or orders issued by the competent regulatory Authorities.

It is also envisaged that, if also one of the conditions subsequent occurs (or, where applicable, is not waived) or if also one of the conditions precedent does not occur (or, where applicable, is not waived) indicated in the Paragraph 1.2.2 above, (a) the Framework Agreement shall be considered automatically ineffective (with limited exceptions) and (b) the Boards of Directors of ASTM and SIAS, as applicable, shall (i) revoke the convening of the respective shareholders' meetings with reference to the item on the agenda concerning the approval of the Merger Plan, and the related resolutions or (ii) shall convene their respective shareholder's meetings to resolve on the revocation of the shareholders' meeting resolution to approve the Merger Plan and the related resolutions.

ASTM and SIAS are also entitled to withdraw from the Framework Agreement if, after the date of signing of the Framework Agreement and before the completion of the last of the registrations of the merger deed provided for in Article 2504 of the Italian Civil Code, any fact, event or circumstance outside the control of both Companies and unforeseeable at the date of signing of the Framework Agreement occurs with reference to ASTM and/or SIAS, which has a significant negative impact on the legal relations, the economic, equity, financial position and/or potential earnings of one of the Companies and which materially alters the valuations underpinning the determination of the Exchange Ratio (the "**Major Prejudicial Event**").

When the effects of the Framework Agreement cease, it is envisaged that the Parties shall meet to assess in good faith whether the conditions for proceeding with the aggregation plan exist.

The Framework Agreement and the rights and obligations deriving from it are governed and interpreted in accordance with the laws of the Italian Republic.

1.2.4 Nature of the Merger's Transaction with Related Parties

In light of the structure of the transaction and the parties involved, the Merger can be qualified as a "relevant related parties transaction" pursuant to Article 3 of the Related Parties Transaction Regulation adopted by

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CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented (the "RPT Regulation") and the related "Annex 3".

Therefore, the activities relating to the determination of the Exchange Ratio and the further legal and economic elements of the Merger were carried out in compliance with the provisions of the RPT Regulation, as well as the procedures for related parties transactions adopted by ASTM and SIAS.

In particular, in implementation of the procedure for related party transactions adopted by the Surviving Company, ASTM's Control, Risk and Sustainability Committee, which performs the functions of a related party transactions committee (the "**Committee**"), which has identified Prof. Alberto Dello Strologo as its independent advisor, was involved in the phase entailing negotiations and the preliminary activities, through a complete and timely flow of information, which enabled the Committee to be continuously updated on the developments of the activities carried out in relation to the Merger.

The Committee was called upon to express, and on 13 June 2019 unanimously expressed a favourable reasoned opinion on ASTM's interest in the completion of the Merger and signing of the Framework Agreement, as well as on the advantage and on the procedural and substantial fairness of the integration transaction. A more detailed and widespread description of the procedure for approving the Merger Plan is contained in the information document drawn up by ASTM pursuant to and for the purposes of Article 5 of the RPT Regulation and made available to the public on 20 June 2019 on the website www.astm.it, as well as with the other applicable legal and regulatory procedures.

With regard to the Merging Company, the SIAS Control, Risks and Sustainability Committee, which performs the functions of a related party transactions committee, issued its reasoned opinion in favour of the transaction, in accordance with the provisions for transactions with related parties of "greater importance". The SIAS Committee was supported by Prof. Enrico Laghi as an independent advisor for the activities for which it is responsible. A more analytical and widespread description of the procedure for approving the Merger Plan is contained in the information document drawn up by SIAS pursuant to and for the purposes of Article 5 of the RPT Regulation and made available to the public on 20 June 2019 on the website www.grupposias.it as well as other applicable laws and regulations.

1.2.5 The Offer

As indicated in the introduction, on 13 June 2019, the Board of Directors of ASTM resolved to promote, pursuant to Article 102 of the CFA, a voluntary partial tender Offer on 11,377,108 SIAS shares, equal to 5% of the share capital of the Merging Company.

The decision to promote the Offer can be attributable to ASTM's willingness to consolidate the shareholding held in SIAS to mitigate the dilution effects deriving from the Merger and to optimise the financial impact of the Merger transaction as a whole.

For each SIAS share tendered to the Offer, ASTM paid a cash consideration equal to Euro 17.50 (the "**Consideration**"). The Consideration, determined using quantitative and empirical methods consistent with those used to determine the Exchange Ratio (discounted cash flow method based on the sum of the parts approach, stock market price method, analysis of SIAS shares target prices), included a premium of 2.715% with respect to the official price of SIAS shares (equal to Euro 17.04) registered on 12 June 2019, the trading day prior to the date of the notice issued by ASTM pursuant to Article 102 of the Consolidated Financial Act, as well as the following premiums compared to the weighted average for volumes of official SIAS share prices in the reference periods examined below:

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Period	Weighted average price (€)	Premium (%)
1 month	15.53	12.651
3 months	15.14	15.562
6 months	13.97	25.299
1 year	13.31	31.452

The completion of the Offer was subject to the occurrence of each of the following conditions:

- (i) the Offeror would directly hold, as a result of the Offer and/or any purchases made outside the Offer in compliance with the applicable laws, the Shareholding (i.e. at least 151,755,294 SIAS shares representing 66.693% of the share capital of the Merging Company);
- (ii) no facts, events or circumstances outside the control of ASTM and SIAS and unforeseeable as at 13 June 2019 (date on which the Offer was communicated to the public pursuant to Article 102, paragraph 1 of the Consolidated Financial Act and Article 37 of the Issuers Regulation), occurred that would have a significant negative impact on the legal relations, the economic, equity and financial conditions set out in the most recent accounting document approved by each Company and/or the future income of one of the aforesaid companies and were likely to materially distort the valuation underpinning the determination of the exchange ratio of the Merger as identified by the management bodies of ASTM and SIAS.

The Offer was launched in the period between 8 July 2019 and 26 July 2019, inclusive.

On 1 August 2019, ASTM announced the final results of the Offer, pursuant to Article 41, paragraph 6, of the Issuers Regulation, in which it was acknowledged that 24,356,361 SIAS shares, equal to approximately 214.082% of the shares subject to the Offer and approximately 10.704% of the share capital of SIAS, were tendered to the Offer. Since the number of SIAS shares tendered to the Offer was higher than No. 11,377,108, i.e. the number of shares subject to the Offer, the "*pro-rata*" method was applied to the tendered SIAS shares, by virtue of which ASTM acquired from all shareholders the same proportion of the shares tendered by them to the Offer.

Therefore, in light of the above, ASTM, as a result of the Offer, purchased No. 11,376,796 SIAS shares (taking into account the rounding down due to the application of the allocation coefficient) on the date of payment of the consideration (i.e. 2 August 2019).

Please note that, as at 13 June 2019, ASTM directly held No. 140,378,186 SIAS shares, equal to 61.693% of the share capital of SIAS and indirectly through its wholly-owned subsidiary SINA – Società Iniziative Nazionali Autostradali S.p.A., No. 3,908,016 SIAS shares, representing 1.717% of the relevant share capital, and purchased outside the Offer, in the period between 13 June 2019 and the date of this Explanatory Report, in accordance with the applicable law, an additional No. 303,000 SIAS shares.

In view of the above, at the date of this Explanatory Report ASTM directly holds No. 152,057,982 SIAS shares, equal to 66.826% of the share capital of the Merging Company, and, taking into account the SIAS shares held by SINA S.p.A., No. 155,965,998 SIAS shares, representing 68.544% of the share capital of SIAS.

2. COMPANIES TAKING PART IN THE MERGER

2.1 *Surviving Company*

2.1.1 Company Data

The Surviving Company is ASTM S.p.A., a company incorporated in 1928, with registered office at Corso Regina Margherita 165, Turin, registration number with the Turin Companies' Register, tax code and VAT number 00488270018. ASTM is subject to the management and coordination activity of Nuova Argo.

As at the date of this Explanatory Report, ASTM's share capital amounts to Euro 49,499,300.00 fully paid in, divided into 98,998,600 ordinary shares with no indication of nominal value.

ASTM shares are traded on the *Mercato Telematico Azionario* (MTA - Italia Stock Exchange), organised and managed by Borsa Italiana S.p.A., and are subject to dematerialisation of stock regime and centralised management system by Monte Titoli S.p.A., pursuant to Articles 83-*bis et seq.* of the Consolidated Financial Act.

2.1.2 Purpose

Pursuant to Article 3 of ASTM's Articles of Association, the Surviving Company's main purpose, "*both in Italy and abroad, directly or through subsidiary or associate companies is:*

a) the construction and operation of motorways sections that may be granted under licence or awarded through procedures permitted by applicable laws, as well as business activities that are similar or instrumental or auxiliary to the motorways service;

b) the activity of computing, data transmission, telecommunications, payment system and mobility services sectors;

c) the construction and execution of public and private works and the commitment and operation of works also in concession;

d) the development, construction or maintenance of plants, terminals and infrastructures for the operation, also in concession, of port and airports;

e) the activity in the logistics and transportation sector;

f) the activity in the dockyard sector, also naval;

g) the shipping and transportation of both goods and passengers;

h) the research, production, transmission, transportation and marketing of electric and thermic electricity, gas and, in general, energy sources and materials;

i) the activity in the real estate sector;

j) the acquisition, management and disposal of interests and investments in other companies or consortia which carry on business activities also in sectors different from the above mentioned ones.

The Company can coordinate and provide financial, technical and administrative services in favour of the controlled, associated or participated companies, included the granting of collateral or personal security also in favour of third parties.

Moreover, the Company may implement all the commercial, industrial, financial, security and real estate transactions that the Board of Directors shall consider necessary or useful to pursuit of the corporate

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purposes as identified above, including the granting of collateral or personal security also in favour and in the interest of third parties.

Financial activities toward the public and financial and securities brokerage activities that are not permitted by the law or that require specific formalities and authorisations shall be strictly excluded.”.

2.1.3 Corporate Bodies

As at the date of the Explanatory Report, the Board of Directors of ASTM, appointed by the Shareholders' Meeting of 16 May 2019 for a period of three financial years, and therefore until the date of approval of the financial statements for the financial year ending on 31 December 2021, is composed of the following members:

Position	Name and Surname	Place and Date of Birth
Chairman (*)	Gian Maria Gros-Pietro	Turin, 4 February 1942
Chief Executive Officer	Alberto Rubegni	Pisa, 15 March 1951
Deputy Chairman	Daniela Gavio	Alessandria, 16 February 1958
Deputy Chairman (**)	Roberto Testore	Turin, 17 October 1952
Director	Juan Angoitia	Basauri (Spain), 29 November 1970
Director (**)	Caterina Bima	Borgo San Dalmazzo (CN), 30 January 1960
Director (**)	Arabella Caporello	Ortona (CH), 20 September 1972
Director (**)	Giulio Gallazzi	Bologna, 8 January 1964
Director (**)	Giuseppe Gatto	Murazzano (CN), 17 October 1941
Director	Beniamino Gavio	Alessandria, 13 October 1965
Director	Marcello Gavio	Alessandria, 8 October 1967
Director (**)	Venanzio Iacozzilli	Rome, 27 July 1957
Director (**)	Fabiola Mascardi	Genoa, 4 December 1962
Director (**)	Barbara Poggiali	Milan, 4 March 1963
Director (**)	Luigi Roth	Milan, 15 September 1940

(*) Director who has declared that he/she meets the independence requirements set forth in Article 148, Paragraph 3, of the Consolidated Financial Act.

(**) Director who has declared that he/she meets the independence requirements set out in Article 148, Paragraph 3, of the Consolidated Financial Act and Article 3 of the Corporate Governance Code.

It should be noted that on the effective date of the Merger, a new articles of association of ASTM will enter into force (for more information on the new Articles of Association, see Paragraph 9.4 below) which will contain, *inter alia*, a transitional clause whereby the Merger will trigger the early expiry of the ASTM Board of Directors in office at the effective date of the Merger. The Directors' termination will take effect at the time when the new Board of Directors is appointed by the Shareholders' Meeting, which shall take its decision according to the slate voting system and in compliance with the principle of the necessary representation of minorities.

[English courtesy translation for convenience only]

As at the date of this Explanatory Report, the Board of Statutory Auditors of ASTM, appointed by the Shareholders' Meeting of 28 April 2017 for a period of three financial years, and therefore until the date of approval of the financial statements for the financial year ending on 31 December 2019, is composed of the following members:

Position	Name and Surname	Place and Date of Birth
Chairman	Marco Fazzini	Florence, 12 October 1974
Effective Statutory Auditor	Piera Braja	Turin, 15 June 1964
Effective Statutory Auditor	Ernesto Ramojno	Turin, 5 July 1949
Alternate Statutory Auditor	Massimo Berni	Florence, 13 September 1949
Alternate Statutory Auditor	Roberto Coda	Turin, 3 September 1959
Alternate Statutory Auditor	Annalisa Donesana	Treviglio (BG), 9 June 1966

2.1.4 Activities of the ASTM Group

ASTM is a holding company operating, both directly and through subsidiaries, in the sectors of management of motorway in concession regime, in the planning and construction of large infrastructure projects and technology applied to the mobility in transports.

Through its subsidiary SIAS (second largest Italian motorway operator with approximately 23% of the national network under management) and its co-owned subsidiary Ecorodovias Infraestrutura e Logistica S.A. (one of the main Brazilian players in the motorway sector), the ASTM group is the third largest operator in the world in the sector of motorway management in concession, with 4,156 km of network managed.

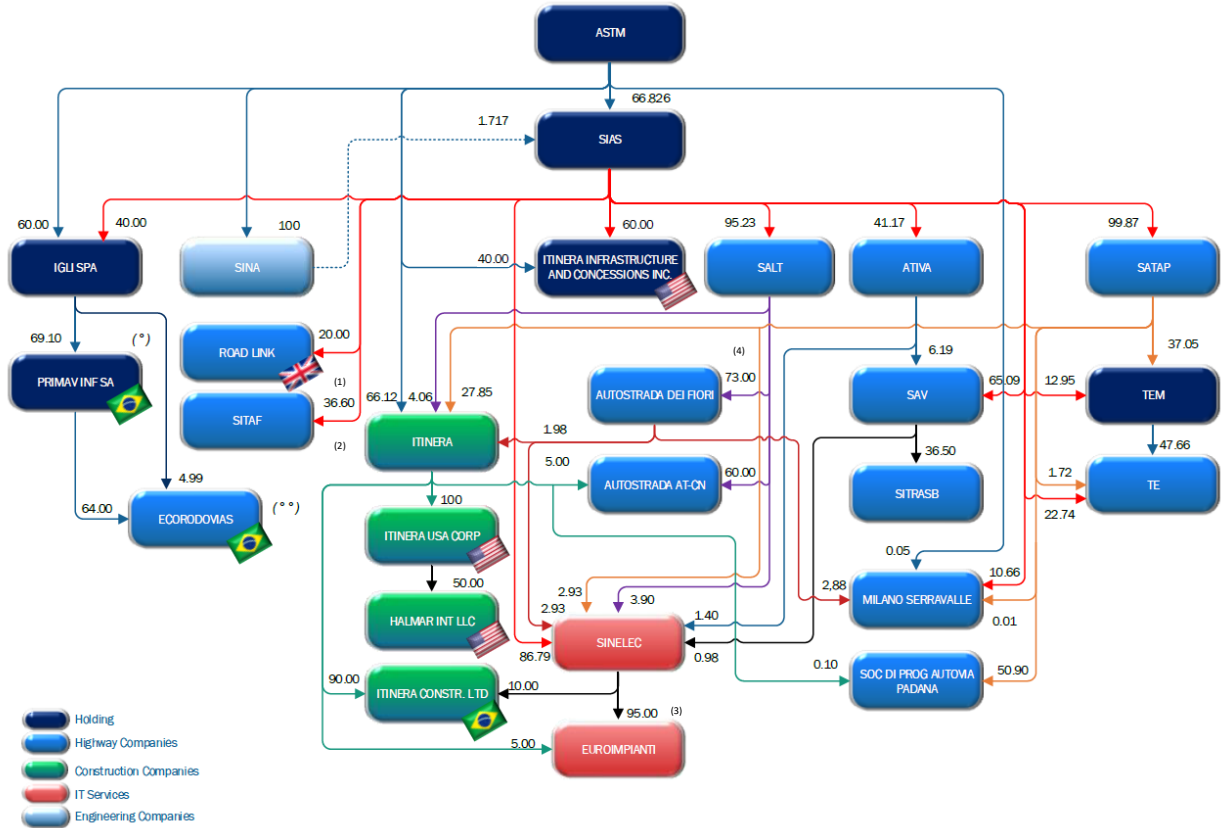
In the sectors of construction of large infrastructure projects and of civil and industrial construction projects, ASTM operates through its subsidiaries Itinera S.p.A. (one of the most important national operators of the sector in terms of size, revenues and portfolio of works) and Halmar International LCC (one of the leading companies in the New York metropolitan area in the construction of transport infrastructures).

In the engineering sector, ASTM operates through its wholly-owned subsidiary SINA S.p.A., which operates both in the designs of transport and mobility works and monitors and correctly maintains the infrastructure life cycle.

In the technology sector, the Surviving Company operates through its subsidiary Sinelec S.p.A., one of the main Italian players in the design and implementation of advanced systems for the management and monitoring of infrastructures in the transport sector.

The following chart shows the structure of the group headed by the Surviving Company.

[English courtesy translation for convenience only]



(1) of which 0.07% by Albenga Garessio Ceva

(2) by ATIVA 1.08%

(3) by SITAF 1.08%

(4) of which 1.86% by Albenga Garessio Ceva

(*) According to the contractual agreements, this percentage of participation corresponds to 50% of the voting rights.

(**) Brazilian Holding (listed on the Novo Mercado BOVESPA, under joint control) of companies operating in the motorway concessions and logistics sector, as detailed below.

2.1.5 Main Economic and Financial Data

The main ASTM figures, taken from the financial statements as at 31 December 2017 and 2018, are shown below.

Summary balance sheet of ASTM S.p.A.

(amounts in thousands of Euro)	31.12.2018	31.12.2017
Activities		
Total intangible assets	5	41
Total tangible assets	6,194	6,412
Total non-current financial assets	1,871,553	1,862,059
Deferred tax assets	3,226	2,757
Total non-current assets	1,880,978	1,871,269
Total current assets	4,392	8,538
Total assets	1,885,370	1,879,807

[English courtesy translation for convenience only]

Shareholders' equity and liabilities		
Total shareholders' equity	1,824,299	1,840,985
Total non-current liabilities	36,569	35,861
Total current liabilities	24,502	2,961
Total shareholders' equity and liabilities	1,885,370	1,879,807

Summary income statement of ASTM S.p.A.

(amounts in thousands of Euro)	2018	2017
Income from equity interests	55,473	48,732
Other financial income	8	3,173
Interest and other financial charges	(232)	(1,290)
Total financial income and charges (A)	55,249	50,615
Total value adjustments of financial assets (B)	-	(897)
Other operating income (C)	3,028	2,553
Other operating costs		
personnel costs	(2,809)	(1,762)
costs for services	(6,545)	(7,288)
costs for raw materials	(3)	(3)
other costs	(975)	(774)
amortisation, depreciation	(268)	(262)
Total other operating costs (D)	(10,600)	(10,089)
Profit (loss) before taxes (A+B+C+D)	47,677	42,182
Taxes	1,027	1,233
Profit for the year	48,704	43,415

ASTM, as the parent company of SIAS, prepares consolidated financial statements which also include the group headed by SIAS.

The main figures of the ASTM Group, taken from the consolidated financial statements as at 31 December 2017 and 2018 and from the consolidated half-yearly financial report as at 30 June 2019, are shown below.

Summary consolidated balance sheet of the ASTM Group

(in thousands of Euro)	30.06.2019	31.12.2018	31.12.2017
Activities			
Total intangible assets	3,170,468	3,183,160	3,006,969
Total tangible assets	177,339	130,019	110,699
Total non-current financial assets	1,598,233	1,630,112	1,607,839
Deferred tax assets	141,378	146,504	151,079
Total non-current assets	5,087,418	5,089,795	4,876,586
Total current assets	2,161,433	2,086,359	1,253,865
Discontinued assets/Non-current assets held for sale	-	-	46,942
Total assets	7,248,851	7,176,154	6,177,393
Shareholders' equity and liabilities			

[English courtesy translation for convenience only]

Shareholders' equity attributed to the shareholders of the parent company	1,986,004	1,925,755	1,859,086
Shareholders' equity attributed to non-controlling interests	1,141,718	1,151,140	1,006,954
Total shareholders' equity	3,127,722	3,076,895	2,866,040
Total non-current liabilities	2,761,988	2,843,029	2,476,884
Total current liabilities	1,359,141	1,256,230	834,469
Liabilities directly associated with Discontinued assets/Non-current assets held for sale	-	-	-
Total shareholders' equity and liabilities	7,248,851	7,176,154	6,177,393

Summary consolidated income statement of the ASTM Group

(amounts in thousands of Euro)	1° half of 2019	2018	2017
Revenues			
Motorway sector – operational activities	597,563	1,218,972	1,123,298
Motorway sector – planning and construction	115,692	148,601	190,032
Construction sector – design and construction	10,453	37,365	37,381
Construction sector	376,783	490,527	286,900
Engineering sector	3,561	6,244	8,093
Technology sector	23,417	36,454	39,449
Other	29,406	54,255	59,708
Total Revenues	1,156,875	1,992,418	1,744,861
Personnel costs	(187,190)	(302,444)	(253,170)
Costs for services	(429,703)	(647,461)	(570,127)
Costs for raw materials	(101,829)	(128,538)	(79,211)
Other costs	(76,156)	(154,453)	(137,230)
Capitalised costs on fixed assets	196	1,379	1,182
Amortisation, depreciation	(164,631)	(319,125)	(336,282)
Adjustment of the provision for restoration/replacement of revertible assets	13,249	(3,218)	9,948
Other provisions for risks and charges	(28)	(675)	(7,594)
Financial income	10,375	43,380	57,499
Financial expenses	(38,513)	(85,817)	(86,222)
Profit (loss) of companies accounted by the equity method	(5,494)	2,159	10,992
Profit before taxes	177,151	397,605	354,646
Taxes	(43,413)	(108,347)	(91,689)
Profit for the year from continued operations	133,738	289,258	262,957
Profit from "assets held for sale" net of taxes (Discontinued Operation)	-	-	516
Profit for the year	133,738	289,258	263,473
· share attributable to minorities (Continued Operation)	58,368	122,714	113,353
· share attributable to the Group (Continued Operation)	75,370	166,544	149,604
· share attributable to minorities (Discontinued Operation)	-	-	192
· share attributable to the Group (Discontinued Operation)	-	-	324

2.2 Merging Company

2.2.1 Company Data

The Merging Company is Società Iniziative Autostradali e Servizi S.p.A., with registered office at via Bonzanigo 22, Turin, registration number with the Turin Companies' Register, tax code and VAT number 08381620015. SIAS is subject to the management and coordination activity of Nuova Argo.

[English courtesy translation for convenience only]

SIAS was incorporated in 2002 following the demerger by ASTM of a compendium consisting of equity interests held by the latter in concessionary companies located mainly along the Tyrrhenian corridor. In 2012, a corporate reorganisation of the ASTM and SIAS groups, which led to the concentration in the SIAS group of all the equity interests held in the motorways companies sector, was completed.

As at the date of this Explanatory Report, the share capital of SIAS amounts to Euro 113,771,078.00, divided into 227,542,156 ordinary shares with a nominal value of Euro 0.50 each.

SIAS shares are traded on the *Mercato Telematico Azionario* (MTA - Italia Stock Exchange), organised and managed by Borsa Italiana S.p.A., and are subject to the dematerialisation of stock regime and centralised management system of Monte Titoli S.p.A., pursuant to Articles 83-*bis et seq.* of the Consolidated Law on Finance.

2.2.2 Purpose

According to Article 3 of the Articles of Association of SIAS, the Surviving Company's purpose "*shall be the following:*

- *Acquisition of equity investments in joint-stock companies;*
- *Financial activity in general, with the exclusion of movable and immovable property leasing, factoring, foreign exchange brokerage, services involving collection, payment and transfer of funds including through the issue of credit cards, provision of consumer credit even to Shareholders;*
- *Own account administration and management of typical and atypical securities;*
- *Provision of administration, accounting and technical services in general and commercial and advertising consulting;*
- *Provision of endorsement, sureties and guarantees, including collateral security, in the interest of investee companies or entities;*
- *Purchase and sale and administration of movable and immovable property.*

It may also carry out commercial, industrial, security, real estate and financial transactions, functionally linked to the aforesaid corporate purpose, excluding only those activities expressly reserved by law for special categories of persons and those activities pertaining to matters regulated by special laws governing:

- *Collection of savings from third parties (Legislative Decree no. 385 of 1 September 1993);*
- *Insurance and re-insurance business (Presidential Decree no. 449 of 13 February 1959);*
- *Activity of trust and auditing companies (Law no. 1966 of 23 November 1939);*
- *Activity concerning mutual investment funds (Article 12 of Law no. 77 of 23 March 1983);*
- *Activities for the exercise of which enrolment in a professional register is required (Law no. 1815 of 23 November 1939);*
- *Activities of stock brokerage companies (Law no. 1 of 2 January 1991).*

The company may not perform financial activities for the benefit of the public."

2.2.3 Corporate Bodies

As at the date of this Explanatory Report, the Board of Directors of SIAS, appointed by the Shareholders' Meeting of 27 April 2017 for a period of three financial years, and therefore until the date of approval of the financial statements for the financial year ending on 31 December 2019, is composed of the following members:

Position	Name and Surname	Place and Date of Birth
Chairman	Paolo Pierantoni	Genoa, 9 December 1956
Chief Executive Officer	Umberto Tosoni ⁽²⁾	Varese, 4 March 1975
Deputy Chairman (*)	Franco Moschetti ⁽²⁾	Tarquinia (VT), 9 October 1951
Deputy Chairman	Stefania Bariatti	Milan, 28 October 1956
Director (*)	Stefano Caselli	Chiavari (GE), 14 June 1969
Director (*)	Sergio De Luca	Zungoli (AV), 3 September 1950
Director (*)	Giuseppe Garofano ⁽³⁾	Nereto (TE), 25 January 1944
Director (*)	Saskia Elisabeth Kunst	Rotterdam (Netherlands), 26 July 1966
Director	Rosario Mazza ⁽¹⁾	Lamezia Terme (CZ), 27 October 1983
Director (*)	Frances Vyvyan Ouseley ⁽²⁾	Milan, 13 May 1964
Director (*)	Andrea Pellegrini	Milan, 10 October 1964
Director (*)	Valentina Mele ⁽³⁾	Bergamo, 11 December 1973
Director (*)	Antonio Segni	Genoa, 11 May 1965
Director (*)	Paolo Simioni	Valdobbiadene (TV), 19 December 1960
Director (*)	Micaela Vescia ⁽²⁾	Rome, 6 December 1973

(1) Eng. Rosario Mazza was co-opted as Director of SIAS by the Board of Directors of the Merging Company on 27 September 2018 pursuant to Article 2386 of the Italian Civil Code and subsequently confirmed by the Shareholders' General Meeting of SIAS on 15 May 2019.

(2) Mr. Franco Moschetti, Mrs. Frances V. Ouseley, Eng. Umberto Tosoni and Mrs. Micaela Vescia were co-opted as Directors of SIAS by the Board of Directors of the Merging Company on 14 November 2018 pursuant to Article 2386 of the Italian Civil Code and subsequently confirmed by the Shareholders' General Meeting of SIAS on 15 May 2019.

(3) Eng. Giuseppe Garofano and Mrs. Valentina Mele were appointed as Directors of SIAS by the Shareholders' General Meeting of the Merging Company on 15 May 2019.

(*) Director who has declared that he/she meets the independence requirements set out in Article 148, paragraph 3, of the CFA and Article 3 of the Corporate Governance Code.

As at the date of this Explanatory Report, the Board of Statutory Auditors of ASTM, appointed by the Shareholders' Meeting of 27 April 2017 for a period of three financial years, and therefore until the date of approval of the financial statements for the financial year ending on 31 December 2019, is composed of the following members:

Position	Name and Surname	Place and Date of Birth
Chairman	Daniela Elvira Bruno	Bollate (MI), 1 October 1969
Effective Statutory Auditor	Pasquale Formica	Avellino, 3 June 1979

[English courtesy translation for convenience only]

Effective Statutory Auditor	Annalisa Donesana	Treviglio (BG), 9 June 1966
Alternate Statutory Auditor	Luisella Bergero	Savona, 5 September 1971
Alternate Statutory Auditor	Riccardo Bolla	Savona, 26 February 1966
Alternate Statutory Auditor	Alessandra Pederzoli	Mirandola (MO), 8 July 1974

2.2.4 Activities of the SIAS Group

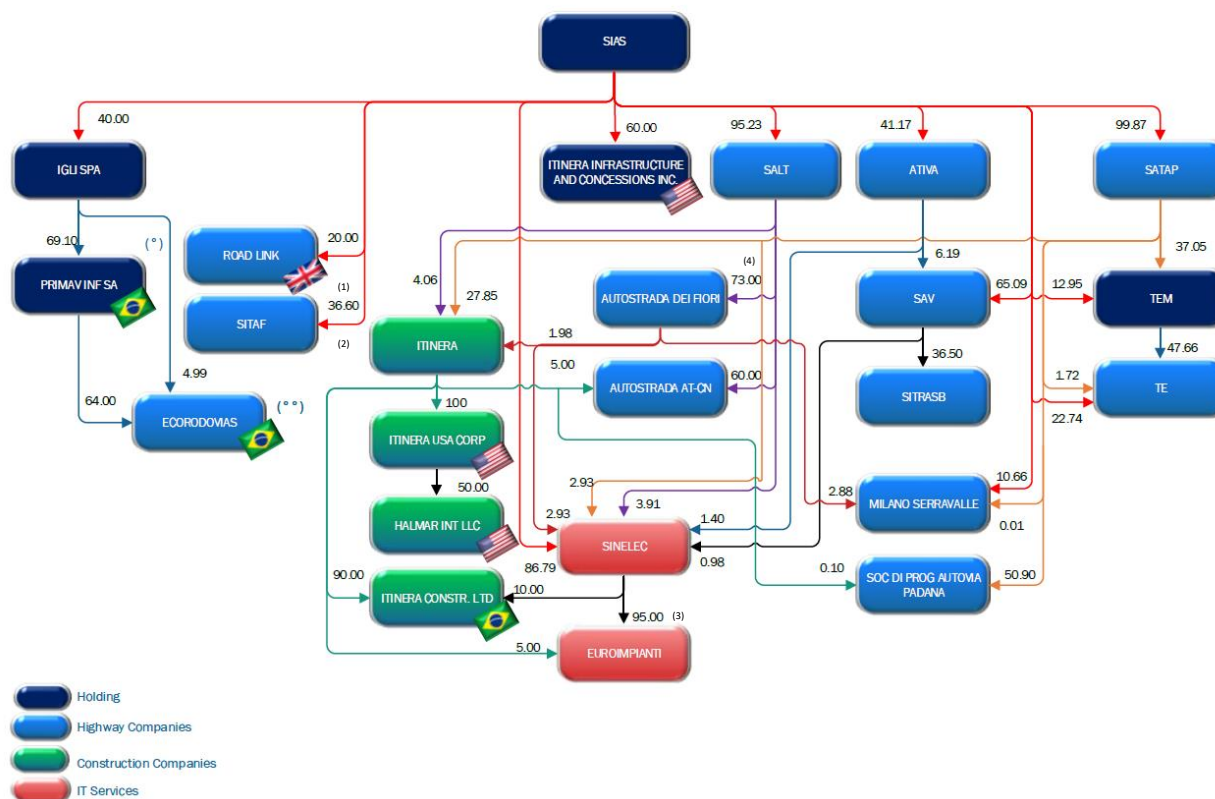
SIAS is a holding company operating in the sectors of management of motorways in concession regime – an activity that constitutes its core business – and in technology applied to the mobility in transports.

The SIAS group is the third largest operator in the world in the management of motorways in concession regime with a network of approximately 4,156 km. In particular, through concessionary companies controlled or jointly controlled and associated, the SIAS group is the second largest Italian motorway operator with approximately 23% of the network under management, located mainly in the North–West of the country along the main European infrastructure corridors and the strategic directions identified by the European Union for the development of passenger and freight traffic. The SIAS group also operates in Brazil through its co-owned subsidiary Ecorodovias Infraestrutura e Logistica S.A., one of the country's main motorway players, with a motorway network managed in seven different Brazilian states along the commercial corridors in the South and South–East of the country.

In the technology sector, the SIAS group operates through its subsidiary Sinelec S.p.A., one of the main Italian players in the design and implementation of advanced systems for the management and monitoring of infrastructures in the transport sector (motorways, railways, logistics), as well as a leader in the study, design, installation and maintenance of advanced systems for the management of data on mobility and transport.

The following chart illustrates the structure of the group headed by the Merging Company.

[English courtesy translation for convenience only]



(1) of which 0.07% by Albenga Garessio Ceva

(2) by ATIVA 1.08%

(3) by SITAF 1.08%

(4) of which 1.86% by Albenga Garessio Ceva

(*) According to the contractual agreements, this percentage of shareholding corresponds to 50% of the voting rights.

(**) Brazilian Holding (listed on the Novo Mercado BOVESPA, under joint control) of companies operating in the motorway concessions and logistics sector, as detailed below.

2.2.5 Main Economic and Financial Data

The main figures of the SIAS group, taken from the consolidated financial statements as at 31 December 2017 and 2018 and from the consolidated half-yearly financial report as at 30 June 2019, are shown below.

Summary consolidated balance sheet of the SIAS Group

(in thousands of Euro)	30.06.2019	31.12.2018	31.12.2017
Activities			
Total intangible assets	3,075,654	3,088,751	2,924,409
Total tangible assets	67,983	56,715	60,260
Total non-current financial assets	1,289,271	1,312,390	1,255,083
Deferred tax assets	125,498	131,075	136,521
Total non-current assets	4,558,406	4,588,931	4,376,273
Total current assets	1,424,532	1,483,956	824,732
Discontinued assets/Non-current assets held for sale	-	-	45,012
Total assets	5,982,938	6,072,887	5,246,017
Shareholders' equity and liabilities			

[English courtesy translation for convenience only]

Shareholders' equity attributed to the shareholders of the parent company	2,276,192	2,264,031	2,072,512
Shareholders' equity attributed to minority interests	307,195	319,316	260,512
Total shareholders' equity	2,583,387	2,583,347	2,333,024
Total non-current liabilities	2,679,541	2,728,095	2,356,308
Total current liabilities	720,010	761,445	556,685
Liabilities directly related to Discontinued assets/Non-current assets held for sale	-	-	-
Total shareholders' equity and liabilities	5,982,938	6,072,887	5,246,017

Summary consolidated income statement of the SIAS Group

(amounts in thousands of Euro)	1° half of 2019	2018	2017
Revenues			
motorway sector – operational activities	597,567	1,218,972	1,123,298
motorway sector – planning and construction	115,692	148,601	190,032
technology sector	36,763	45,641	44,605
Other	22,878	41,362	50,145
Total Revenues	772,900	1,454,576	1,408,080
Personnel costs	(98,989)	(178,518)	(164,084)
Costs for services	(235,395)	(372,565)	(400,364)
Costs for raw materials	(24,790)	(27,530)	(28,217)
Other costs	(66,780)	(137,179)	(123,492)
Capitalised costs on fixed assets	25	598	715
Amortisation, depreciation	(156,155)	(308,616)	(328,144)
Adjustment of the provision for restoration/replacement of revertible assets	13,249	(3,218)	9,948
Other provisions for risks and charges	(10)	(284)	(6,052)
Financial income	7,806	35,743	51,201
Financial charges	(37,060)	(82,891)	(83,125)
Profit (loss) of companies valued by the equity method	1,004	15,489	14,357
Profit before taxes	175,805	395,605	350,823
Taxes	(40,210)	(106,227)	(89,459)
Profit for the year from Continued Operations	135,595	289,378	261,364
Profit from "assets held for sale" after tax (Discontinued Operation)	-	-	516
Profit for the year	135,595	289,378	261,880
· share attributable to minorities (Continued Operation)	10,960	24,876	23,603
· share attributable to the Group (Continued Operation)	124,635	264,502	237,761
· share attributable to minorities (Discontinued Operation)	-	-	5
· share attributable to the Group (Discontinued Operation)	-	-	511

3. ILLUSTRATION OF THE ECONOMIC, EQUITY AND FINANCIAL EFFECTS OF THE MERGER

3.1 Introduction

In order to understand the economic and financial impacts of the Merger, the consolidated balance sheet and income statement of ASTM as at 31 December 2018 and 30 June 2019 have been prepared, as if the Merger had taken place in the period to which the *pro-forma* data presented refer (the "*Pro-forma Consolidated Financial Statements*").

[English courtesy translation for convenience only]

The *Pro-forma* Consolidated Financial Statements of the Surviving Company have therefore been prepared on the basis of ASTM's annual consolidated financial statements as at 31 December 2018 and consolidated half-yearly financial report as at 30 June 2019, respectively, and by applying – on the basis of the information available – the *pro-forma* adjustments relating to the Merger transaction as illustrated below.

The consolidated financial statements of ASTM as at 31 December 2018 were approved by the Board of Directors of the Surviving Company on 27 March 2019 and were audited by PricewaterhouseCoopers S.p.A., which issued its unqualified report on 24 April 2019. The consolidated half-yearly financial report as at 30 June 2019 was approved by the Board of Directors of ASTM on 2 August 2019 and was subject to a limited audit by PricewaterhouseCoopers S.p.A. which, on the same date, issued the related unqualified report.

Since these are representations based on assumptions, the *Pro-forma* Consolidated Financial Statements do not necessarily coincide with those that would have actually been determined if the Merger and the related economic and financial effects had actually taken place at the dates used as reference for their preparation, as described below. Moreover, the *Pro-forma* Consolidated Financial Statements do not reflect prospective data and are not intended to represent a forecast of the future results of the ASTM group, as they have been prepared in such a way as to represent only the effects of the Merger, which can be isolated and objectively measured, applied to historical data.

With reference to the consolidated financial statements of ASTM *post* Merger, given that, as at the date of this Explanatory Report, the Surviving Company controls and consolidates SIAS in its financial statements, the Merger will have substantially neutral impacts on the economic, equity and financial aspects of the group headed by ASTM.

With reference to the separate financial statements, on the other hand, the profile of the entity resulting from the Merger will substantially reflect the aggregation of the data of the two Companies; from an income point of view, there are, however, potential lower operating costs and greater management efficiency thanks, among other things, to the elimination of double listing costs.

In this regard, it should be noted that, as a result of the Merger, the three non-convertible bonds with a duration of ten years issued by SIAS, regulated by English law and traded on the Irish Stock Exchange, will be transferred to ASTM as a new issuer. In particular, the following will be transferred to ASTM: (i) the "SIAS 2010–2020 bond loan", for an amount of Euro 500 million, with a coupon equal to 4.50% gross per annum and with a single repayment expected at the maturity date (i.e. 26 October 2020); (ii) the "SIAS 2014–2024 bond loan", for an amount of Euro 500 million, with a coupon equal to 3.375% gross per annum and with a single repayment expected at the maturity date (i.e. 13 February 2024); and (iii) the "SIAS 2018–2028 bond loan", for an amount of Euro 550 million, with a coupon equal to 1.625% gross per annum and with a single repayment expected at the maturity date (i.e. 8 February 2028).

3.2 *Pro-forma Consolidated Financial Statements as at 31 December 2018*

The tables below show: (i) in the first column the consolidated balance sheet and income statement of SIAS, (ii) in the second column the consolidated balance sheet and income statement of ASTM, (iii) in the third column the *pro-forma* adjustments that make it possible to obtain the *pro-forma* balance sheet and income statement of ASTM, i.e. as if the Merger had taken place respectively on 31 December 2018 for the purpose of the *pro-forma* consolidated balance sheet and on 1 January 2018 for the purpose of the *pro-forma* consolidated income statement.

Consolidated balance sheet of SIAS, ASTM and ASTM *pro-forma* as at 31 December 2018

[English courtesy translation for convenience only]

(in thousands of Euro)	SIAS 31.12.2018	ASTM 31.12.2018	<i>Pro-forma</i> adjustments	ASTM <i>pro-forma</i> 31.12.2018
Assets				
Total intangible assets	3,088,751	3,183,160	–	3,183,160
Total tangible assets	56,715	130,019	–	130,019
Total non-current financial assets	1,312,390	1,630,112	–	1,630,112
Deferred tax assets	131,075	146,504	–	146,504
Total non-current assets	4,588,931	5,089,795	–	5,089,795
Total current assets	1,483,956	2,086,359	(10,060)	2,076,299
Total assets	6,072,887	7,176,154	(10,060)	7,166,094
Shareholders' equity and liabilities				
Shareholders' equity attributed to the shareholders of the parent company	2,264,031	1,925,755	604,771	2,530,526
Shareholders' equity attributed to minorities	319,316	1,151,140	(822,681)	328,459
Total shareholders' equity	2,583,347	3,076,895	(217,910)	2,858,985
Total non-current liabilities	2,728,095	2,843,029	199,094	3,042,123
Total current liabilities	761,445	1,256,230	8,756	1,264,986
Total shareholders' equity and liabilities	6,072,887	7,176,154	(10,060)	7,166,094

The *pro-forma* adjustments made to ASTM's consolidated balance sheet in order to obtain the *pro-forma* financial statements are illustrated below¹:

- purchases of SIAS shares in the context of the Offer through the use of part of the resources deriving from specific financing;
- purchases of SIAS and ASTM shares made on the market in 2019 through the use of available resources;
- reclassification of part of ASTM's third parties shareholders' equity to group shareholders' equity, as the shareholders' equity attributed to current SIAS shareholders other than ASTM shareholders no longer constitutes third parties shareholders' equity to the extent that SIAS shareholders become shareholders of ASTM (third parties shareholders' equity remains solely that attributed to minority shareholders of the subsidiaries);
- adjustments to take account of costs arising from the Transaction (financial and legal advice, appraisals, notary fees, auditing and others), net of the related tax effect.

Consolidated income statement of SIAS, ASTM and ASTM *pro-forma* 2018

(in thousands of Euro)	SIAS 2018	ASTM 2018	<i>Pro-forma</i> adjustments	ASTM <i>pro-forma</i> 2018
Revenues				
Motorway sector – operational activities	1,218,972	1,218,972	–	1,218,972

¹ The *pro-forma* statements do not take into account any effects arising from the exercise of the right of withdrawal by the Shareholders of ASTM (see Paragraph 11 of this Explanatory Report).

[English courtesy translation for convenience only]

Motorway sector – planning and construction	148,601	148,601	–	148,601
Construction sector – design and construction	–	37,365	–	37,365
Construction sector	–	490,527	–	490,527
Engineering sector	–	6,244	–	6,244
Technology sector	45,641	36,454	–	36,454
Other	41,362	54,255	–	54,255
Total Revenues	1,454,576	1,992,418	–	1,992,418
Personnel costs	(178,518)	(302,444)	–	(302,444)
Costs for services	(372,565)	(647,461)	–	(647,461)
Costs for raw materials	(27,530)	(128,538)	–	(128,538)
Other costs	(137,179)	(154,453)	–	(154,453)
Capitalised costs on fixed assets	598	1,379	–	1,379
Amortisation, depreciation	(308,616)	(319,125)	–	(319,125)
Adjustment of the provision for restoration/replacement of revertible assets	(3,218)	(3,218)	–	(3,218)
Other provisions for risks and charges	(284)	(675)	–	(675)
Financial income	35,743	43,380	–	43,380
Financial charges	(82,891)	(85,817)	(1,328)	(87,145)
Profit (loss) of companies valued by the equity method	15,489	2,159	–	2,159
Profit before taxes	395,605	397,605	(1,328)	396,277
Taxes	(106,227)	(108,347)	319	(108,028)
Profit for the year	289,378	289,258	(1,009)	288,249
· share attributable to minorities	24,876	122,714	(96,776)	25,938
· share attributable to the Group	264,502	166,544	95,766	262,310

The *pro-forma* adjustments made to the consolidated income statement of ASTM are illustrated below²:

- adjustment to take into account the financial charges attributable to the financing used in the context of the Offer (net of the related tax effect);
- reclassification of part of the result attributable to non-controlling interests of ASTM to the group result, as the result attributed to the current shareholders of SIAS other than the shareholders of ASTM no longer constitutes the result of non-controlling interests to the extent that the shareholders of SIAS become shareholders of ASTM (the result attributable to non-controlling interests remains solely that attributed to the non-controlling interests of the subsidiaries).

3.3 *Pro-forma Consolidated Financial Statements as at 30 June 2019*

The tables below show: (i) in the first column the consolidated balance sheet and income statement of SIAS, (ii) in the second column the consolidated balance sheet and income statement of ASTM, (iii) in the third column the *pro-forma* adjustments that make it possible to obtain the *pro-forma* balance sheet and income

² The *pro-forma* statements do not take into account any effects arising from the exercise of the right of withdrawal by the Shareholders of ASTM (see Paragraph 11 of this Explanatory Report).

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statement of ASTM, i.e. as if the Merger had taken place respectively on 30 June 2019 for the purpose of the *pro-forma* consolidated balance sheet and on 1 January 2019 for the purpose of the *pro-forma* consolidated income statement.

Consolidated balance sheet of SIAS, ASTM and ASTM *pro-forma* as at 30 June 2019

(in thousands of Euro)	SIAS 30.6.2019	ASTM 30.6.2019	<i>Pro-forma</i> adjustments	ASTM <i>pro-forma</i> 30.6.2019
Activities				
Total intangible assets	3,075,654	3,170,468	-	3,170,468
Total tangible assets	67,983	177,339	-	177,339
Total non-current financial assets	1,289,271	1,598,233	-	1,598,233
Deferred tax assets	125,498	141,378	-	141,378
Total non-current assets	4,558,406	5,087,418	-	5,087,418
Total current assets	1,424,532	2,161,433	(4,523)	2,156,910
Total assets	5,982,938	7,248,851	(4,523)	7,244,328
Shareholders' equity and liabilities				
Shareholders' equity attributed to the shareholders of the parent company	2,276,192	1,986,004	611,797	2,597,801
Shareholders' equity attributed to minorities	307,195	1,141,718	(824,169)	317,549
Total shareholders' equity	2,583,387	3,127,722	(212,373)	2,915,349
Total non-current liabilities	2,679,541	2,761,988	199,094	2,961,082
Total current liabilities	720,010	1,359,141	8,756	1,367,897
Total shareholders' equity and liabilities	5,982,938	7,248,851	(4,523)	7,244,328

The *pro-forma* adjustments made to the half-yearly consolidated balance sheet of ASTM are illustrated below:

- purchase of SIAS shares in the context of the Offer through the use of part of the resources deriving from specific financing;
- purchases of ASTM shares made on the market through the use of available resources;
- reclassification of part of ASTM's non-controlling shareholders' equity to group shareholders' equity, as the shareholders' equity attributed to current SIAS shareholders other than ASTM shareholders no longer constitutes non-controlling shareholders' equity to the extent that SIAS shareholders become shareholders of ASTM (non-controlling shareholders' equity remains solely that attributed to non-controlling shareholders of the subsidiaries);
- adjustments to take account of costs arising from the Transaction (financial and legal advice, appraisals, notary fees, auditing and others), net of the related tax effect.

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Consolidated income statement of SIAS, ASTM and ASTM *pro-forma* first half of 2019

(in thousands of Euro)	SIAS First half of 2019	ASTM First half of 2019	<i>Pro-forma</i> adjustments	ASTM <i>pro-forma</i> First half of 2019
Revenues				
Motorway sector – operational activities	597,567	597,563	–	597,563
Motorway sector – planning and construction	115,692	115,692	–	115,692
Construction sector – design and construction	–	10,453	–	10,453
Construction sector	–	376,783	–	376,783
Engineering sector	–	3,561	–	3,561
Technology sector	36,763	23,417	–	23,417
Other	22,878	29,406	–	29,406
Total Revenues	772,900	1,156,875	–	1,156,875
Personnel costs	(98,989)	(187,190)	–	(187,190)
Costs for services	(235,395)	(429,703)	–	(429,703)
Costs for raw materials	(24,790)	(101,829)	–	(101,829)
Other costs	(66,780)	(76,156)	–	(76,156)
Capitalised costs on fixed assets	25	196	–	196
Amortisation, depreciation	(156,155)	(164,631)	–	(164,631)
Adjustment of the provision for restoration/replacement of revertible assets	13,249	13,249	–	13,249
Other provisions for risks and charges	(10)	(28)	–	(28)
Financial income	7,806	10,375	–	10,375
Financial charges	(37,060)	(38,513)	(655)	(39,168)
Profit (loss) of companies valued by the equity method	1,004	(5,494)	–	(5,494)
Profit before taxes	175,805	177,151	(655)	176,496
Taxes	(40,210)	(43,413)	157	(43,256)
Profit for the year	135,595	133,738	(498)	133,240
· share attributable to minorities	10,960	58,368	(45,439)	12,929
· share attributable to the Group	124,635	75,370	44,942	120,312

The *pro-forma* adjustments made to ASTM's consolidated half-yearly income statement are illustrated below:

- adjustment to take into account the financial charges attributable to the financing used in the context of the Offer (net of the related tax effect);
- reclassification of part of the result attributable to non-controlling interests of ASTM to the group result, as the result attributed to the current shareholders of SIAS other than the shareholders of ASTM no longer constitutes the result of non-controlling interests to the extent that the shareholders of SIAS become shareholders of ASTM (the result attributable to non-controlling interests remains solely that attributed to the minority interests of the subsidiaries).

4. REFERENCE BALANCE SHEET SITUATIONS

The Merger Plan was prepared using as reference balance sheets, pursuant to and for the purpose of Article 2501-*quater*, paragraph 2, of the Italian Civil Code, (i) as regards the Surviving Company: the financial statements as at 31 December 2018, approved by the Shareholders' Meeting of ASTM on 16 May 2019, and (ii) as regards the Merging Company: the financial statements as at 31 December 2018, approved by the Shareholders' Meeting of SIAS on 15 May 2019.

These documents were made available to the public in compliance with the terms and the procedures required by the applicable laws and regulations.

5. EXCHANGE RATIO AND CRITERIA USED TO DETERMINE IT. VALUES ATTRIBUTED TO THE COMPANIES TAKING PART IN THE MERGER FOR THE PURPOSES OF DETERMINING THE EXCHANGE RATIO

5.1 Introduction

The Board of Directors of ASTM availed itself of the advice of J.P. Morgan Securities plc and UniCredit S.p.A. (the “**Advisors**”) concerning the economic, financial and valuation aspects of the Merger. In particular, on 13 June 2019, the Advisors issued special opinions (“fairness opinions”) to the Board of Directors of ASTM concerning the fairness of the Exchange Ratio from a financial point of view determined by the Board of Directors itself.

The fairness opinions issued by the Advisors were independently prepared by them using several different methods, in accordance with market practice, assumptions and parameters and reach mutually consistent conclusions.

In regard to the determination of the Exchange Ratio, the Board of Directors examined the Advisor’s reports and the fairness opinions issued by them, and it considered and referred to the elements indicated in the subsequently described valuation methods and the results deriving from application of them.

The valuation methods described hereunder were identified and adopted exclusively with the aim of deriving a comparative estimate of the values of the economic capital of ASTM and SIAS. They were applied by giving precedence to the uniformity and comparability of each one of the implemented methods. To maintain the uniformity of the valuations, the same valuation methods were applied to both Companies, considering the specific characteristics of each one of them and their status as companies listed on regulated markets.

In light of the purpose of the valuations, the specific characteristics of the valuated entities, and consistently with the best domestic and international valuation practices for transactions of the same nature, a series of analytical and empirical valuation methods were adopted. These methods were applied on the assumption of ASTM and SIAS as going concerns.

5.2 Reference Date and Documentation Used

The valuations performed to determine the Exchange Ratio refer to the date of 13 June 2019, the date on which the Boards of Directors of the Companies met to approve the terms of the Merger. To apply the so-called fundamental valuation method of Discounted Cash Flow (DCF) according to the Sum of the Parts approach, the last economic-financial data available at 31 December 2018 were used, on the assumption that no events, facts or acts occurred involving each of the Companies interested in the Merger such as would significantly alter the assets, liabilities, operating performance and financial position of the analysed Companies during the period between the valuation date and the last available statutory and consolidated

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financial statements, except for the dividend payments made by ASTM and SIAS in May 2019, whose impact was included in the Advisors' valuation scenarios. For application of the Stock Market Price Method, the reference date coincides with 12 June 2019, i.e. the last trading date of ASTM and SIAS shares prior to 13 June 2019.

The documentation used to determine the Exchange Ratio includes the following documents, both for ASTM and for SIAS:

- the consolidated and statutory financial statements of ASTM and SIAS for 2016, 2017 and 2018;
- projections prepared by the management of ASTM and SIAS on the principal economic, financial and operational measures of their respective groups (including the breakdown for the principal subsidiaries);
- projections prepared by the management of ASTM and SIAS on the principal economic, financial and operational measures of SIAS and Ecorodovias concerning the individual motorway concessions;
- estimates of the net indebtedness and other balance sheet items at 31 December 2018 used to estimate the value of the economic capital of the Companies beginning from their enterprise value ("*bridge-to-equity*");
- information on the number of ASTM and SIAS shares;
- Stock Market performance of ASTM, SIAS, and Ecorodovias shares;
- research and financial analysis on ASTM, SIAS, and Ecorodovias published by brokers and investment banks; and
- impairment reports on the companies Ecoporto and VEM, which belong to Ecorodovias.

Recourse was also made to other publicly available information, including:

- research, financial statements and analysis of companies operating in the infrastructure and construction sectors; and
- Stock Market price performance, obtained through specialised databases, concerning the companies referred to at the preceding bullet point.

5.3 Valuation methods adopted to determine the Exchange Ratio

To determine the Exchange Ratio, a series of analytical and empirical valuation methods were identified, in light of the specific characteristics of the Companies, and consistently with the best domestic and international valuation practices for transactions of the same nature. On the other hand, these methods must not be analysed individually, but rather be considered an essential part of a single valuation process. The analysis of the results obtained independently from each method, without considering the overall valuation process, would in fact trigger the loss of significance of the entire valuation process.

The following valuation methods have been identified in light of these considerations:

- Discounted Cash Flow (DCF) according to the Sum of the Parts approach;
- Stock Market Price Method;
- Analysis of the implicit exchange ratio in the target prices of ASTM and SIAS shares published by brokers and leading investment banks.

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These methods and the results obtained for each one of them for the purpose of determining the Exchange Ratio are summarised in the following paragraphs.

Discounted Cash Flow (DCF) according to the Sum of the Parts approach

This valuation method was adopted to reflect the operating cash flows that ASTM and SIAS might generate in future, and to represent their specific details in terms of profitability, growth, risk level, equity structure and expected level of investments.

According to this method, the value of the economic capital of a company is estimated as the algebraic sum of the following elements:

- the discounted value of the unlevered operating cash flows forecast by the period projections;
- the terminal value;
- the net financial debt, inclusive of employee severance benefits (TFR) and other employee benefits and interconnection liabilities (in reduction);
- the value of any incidental and non-operational assets, assets held for sale, and interconnection receivables (in addition)

as expressed by the following formula:

$$W = \sum_{t=1}^N \frac{FC_t}{(1 + WACC)^t} + \frac{VT}{(1 + WACC)^N} - DF_{t0} + AC_{t0}$$

Where:

W = Value of economic capital

FC_t = Annual unlevered operating cash flow expected in period t

VT = Terminal Value (if necessary)

DF = Net financial debt, inclusive of employee severance benefits (TFR) and other employee benefits and interconnection liabilities (in reduction)

AC = Value of any incidental and non-operational assets, assets held for sale, and interconnection receivables (in addition)

N = Number of periods in projection

WACC = Weighted Average Cost of Capital

The unlevered operating flows in the explicit projection period can be determined analytically as follows:

- + Earnings Before Interest and Taxes (EBIT);
- Theoretical taxes on EBIT (net of non-monetary adjustments considered part of the tax base in the tax ledgers);
- + Depreciation / non-monetary provisions;
- Fixed investments;
- +/- Changes in net working capital.

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When it is significant, the Terminal Value represents the residual value of the assets at the end of the period of projections prepared by the management of ASTM and SIAS. This value has been estimated on the basis of data, parameters and assumptions discussed and agreed with the management of ASTM and SIAS.

The Weighted Average Cost of Capital (WACC) used to discount the forecast cash flows and the Terminal Value is calculated as the weighted average of the cost of equity capital and debt with the following formula:

$$WACC = K_d * (1 - t) * \frac{D}{(D + E)} + K_e * \frac{E}{(D + E)}$$

Where:

K_d = Cost of debt capital

K_e = Cost of venture capital

D = Debt capital

E = Venture capital

t = Tax rate

In particular, the cost of debt capital represents the long-term financing rate applicable to companies or economic activities carrying a similar risk net of the tax effect, consistently with the regulatory peculiarities of each sector.

The cost of venture capital instead reflects the return expected by the investor, considering the risk of the investment, calculated on the basis of the Capital Asset Pricing Model theory with the following formula:

$$K_e = R_f + \beta * (R_m - R_f)$$

Where:

K_e = Cost of venture capital

R_f = Expected rate of return on risk-free investments (net of the tax effect)

β = Coefficient that measures the correlation between the expected returns of the considered investment and the expected returns of the reference stock market

R_m = Expected average return on equity investments on the reference stock market

(R_m - R_f) = Risk premium demanded by the reference stock market (R_m) as compared with risk-free investments (R_f)

Generally speaking, the WACC rate used to estimate the value of the economic capital of ASTM and SIAS reflects assumptions consistent with the market benchmarks for the cost of debt capital and the cost of venture capital (expected rate of return on risk-free returns, Beta coefficient, risk premium demanded by the stock market), and with the structure of the capital of the assets being measured.

The “Sum of the Parts” approach was used to measure the value of ASTM and SIAS on the basis of the such method. The value of ASTM and SIAS used in this report is thus determined as the sum of the values of the individual assets that can be identified for each business area / country as identified by the management of the two Companies.

Measurement of the value of the economic such entities also required assessing them through the preparation of specific DCFs for each one of them, by using different scenarios and estimates of WACC and Terminal Value consistent with the profile of the individual assets.

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For ASTM, WACC estimates differentiated according to each business area / country for which a specific DCF was prepared have been used. This differentiation was made in consideration of:

- the specific expected rate of return on risk-free investments (R_f) and the specific expected average return on equity investments on the reference stock market of each country (R_m), consistently with the different risk profile of each country;
- the specific tax rate of each country (t);
- the specific beta coefficient for each business area (β);
- the specific debt ratio for each business area ($D/D+E$)

The weighted average of the WACCs estimated in this way fall between about 6.9% and 7.3%.

Similarly, for SIAS, WACC estimates differentiated according to each business area for which a specific DCF was prepared have been used. This differentiation was made in consideration of the following elements:

- the specific expected rate of return on risk-free investments (R_f) and the specific expected average return on equity investments on the reference stock market of each country (R_m), consistently with the different risk profile of each business;
- the specific tax rate for the reference country (t);
- the specific beta coefficient for each business area (β);
- the specific debt ratio for each business area ($D/D+E$)

The weighted average of the WACCs estimated in this way fall between about 6.4% and 6.7%. Moreover, specifically in regard to the Italian concessions, the WACCs estimated by the Advisors have a value of between about 5.9% and 6.3%.

Given the structure of the Group, the presence of different business areas where both Companies operate was considered. An appropriate valuation method was used for those different areas.

Specific assumptions for each business area / country for which a specific DCF was prepared were used to estimate the Terminal Value too. These estimates of the Terminal Value were elaborated on the basis of the specific characteristics of each business / country and on the basis of data, parameters and assumptions discussed and agreed with the management of ASTM and SIAS. In particular, the following methods were used for the principal business lines / country:

- ASTM: a Terminal Value was not used for the motorway concessions management activities, since the individual activities were evaluated until expiration of the concession itself, unless it was envisaged in the economic-financial plan of such the concession. For the activities in the construction, engineering and technologies sector, the perpetuity method was considered, with long-term growth rates of 1%.
- SIAS: a Terminal Value was not used for the motorway concessions management activities, since the individual activities were evaluated until expiration of the concession itself, unless it was envisaged in the economic-financial plan of such the concession. For the activities in the construction, engineering and technologies sector, the perpetuity method was considered, with long-term growth rates of 1%.

Stock Market Price Method

The Stock Market Price Method determines the value of the measured company as its market capitalisation deriving from the prices of shares traded on regulated equity markets. In particular, the examined method is deemed material in the valuation of listed companies when the shares in question are highly liquid. Moreover, theory and professional practice suggest, in light of potential short-term volatility, considering the results inferable from stock market prices through, *inter alia*, calculation of the averages over different time horizons weighted according to the different trading volumes.

In the examined case, the ratio between stock market prices (as provided by the FactSet database) at which the ASTM and SIAS shares were traded thus makes it possible to derive an implicit Exchange Ratio, according to the different time horizons considered. It has been decided that the stock market prices of ASTM and SIAS are only partially material, given their respective levels of capitalisation and liquidity and the limited coverage of them by broker and leading investment bank research, especially in regard to ASTM.

The measured exchange ratios were observed in different time periods prior to 12 June 2019 (inclusive), since the Board of Directors of ASTM approved the plan for merger by incorporation of SIAS and ASTM on 13 June 2019.

In regard to the observed exchange ratios, the ratios deriving from comparison of the respective weighted averages for the share trading volumes of ASTM and SIAS at 1, 3 and 6 months were considered. Those reference periods were chosen in order to neutralise any short-term price fluctuations of the two stocks, while at the same time adequately illustrating the most recently negotiated prices.

Analysis of the implicit exchange ratio in the target prices of ASTM and SIAS shares published by brokers and leading investment banks.

This method was used to compare the valuations of ASTM and SIAS deriving from the research published by domestic and international brokers and leading investment banks to compare their target prices, and extrapolating an exchange ratio interval from them. The research published after 27 March 2019 for both ASTM and for SIAS was considered, while excluding publications under review at the time of the valuation (source: Bloomberg).

5.4 Determination of the Exchange Ratio

Notwithstanding the observations, assumptions, and limits described in the preceding parts, the following table shows a summary of the results obtained by applying the different valuation methods indicated above to determine the Exchange Ratio, as the number of newly issued ASTM ordinary shares for each SIAS ordinary share:

Method	Exchange Ratio Range
Sum of the Parts DCF Method ⁽¹⁾	0.45 – 0.59
Stock Exchange Listing Method	0.64 – 0.66
Analysis of target prices published by brokers	0.54 – 0.72

⁽¹⁾ *Based on the valuations made by the Advisors.*

On the basis of the foregoing considerations and considering the results obtained from application of the different valuation methods adopted with the Advisor's support, on 12 June 2019 the Board of Directors of ASTM (i) approved an exchange ratio valuation interval of between 0.50 and 0.57 ASTM shares for each SIAS share and (ii) granted a mandate to the Chief Executive Officer to negotiate the exact amount of the

exchange ratio with the Managing Director of SIAS.

Following the negotiations between the respective managing directors, on 13 June 2019, the Boards of Directors of the Companies Participating in the Merger, taking into account the results of the valuation activities described above and the fairness opinions issued by their financial advisors, and subject to the favourable opinion of the respective Committees competent for related party transactions, approved the Exchange Ratio between ASTM ordinary shares without indication of their nominal value and SIAS ordinary shares with a nominal value of Euro 0.50 each.

In particular, the Board of Directors of ASTM approved, in line with the results of the application of the methods considered, the Exchange Ratio to be submitted to the respective Shareholders' Meetings in the amount of:

**0.55 ASTM Shares without par value
for every SIAS share at the par value of Euro 0.50.**

The Exchange Ratio is not subject to adjustments or cash adjustments. For a description of the procedures for allocating ASTM ordinary shares in exchange, see Paragraph 6 below.

The fairness of the Exchange Ratio was assessed by the external auditor KPMG S.p.A., as joint expert appointed by the Court of Turin by decree of 19 June 2019, following the joint application submitted by the Companies Participating in the Merger on 14 June 2019. This report, to be prepared by KPMG S.p.A., will be made available to the public within the terms and according to the procedures provided for by the applicable laws and regulations.

5.5 Difficulties and Limitations Encountered in Assessing the Exchange Ratio

The conclusions of the implemented valuation process must be also be considered in light of certain limits and problems summarised as follows:

- due to the procedures and timelines imposed for exercising the withdrawal right (and the out-of-the-money option for the ASTM shareholders), and since it is not possible to quantify their future impact, any rights that might have to be exercised by the ASTM shareholders that did not vote to approve the Merger have not been considered;
- by their very nature, the forecast data, estimates and economic-financial projections used to prepare the valuations pose uncertainties surrounding the effective foreseeability of the expected future operating and earnings performance, *inter alia* in connection with possible changes in the reference context, including the regulatory framework;
- the currently high volatility of financial markets entails occasionally significant impacts not only on the market prices of the considered Companies, but also on the relevant equity and economic-financial measures themselves;
- the fundamental valuation method of DCF according to the Sum of the Parts approach is necessarily based on economic and financial projections of the two Companies prepared by ASTM and SIAS management and not certified or verifiable by third parties;
- application of the DCF method according to the Sum of the Parts approach required the use of economic, financial and equity information concerning the individual businesses / concessions in which the Companies operate, through a complex allocation of those amounts to the individual

businesses on the basis of management principles or instructions by management itself;

- different analytical or empirical methods were applied, and they required the use of different data, parameters and assumptions. In the application of those methods, the Board of Directors considered the characteristics and limits implicit in each of the methods, on the basis of domestic and international professional evaluation practice;
- in application of the target price method expressed by financial analyst research (source: Bloomberg), reports published after publication of the financial results for fiscal 2018 were considered, and the estimates and expectations expressed in those reports might be different, even significantly, from the financial projections provided by management; moreover, it should be noted that the number of reports and associated target prices for ASTM is limited as compared with SIAS;
- SIAS and ASTM shares do not have high liquidity in terms of daily stock market trading volumes, and the ASTM shares trade on the market at an implicit “holding discount” as compared with the market value of the principal underlying assets;
- the multiples method was not considered significant, given the limited comparability between the companies active in the motorway concessions market, particularly in light of their different regulatory situations and duration of the individual concessions.

5.6 Financial Advisors

To determine the economic terms of the Merger, the Boards of Directors of the Companies Taking Party in the Merger availed themselves of advisors with proven professional expertise:

- (i) for ASTM: J.P. Morgan Securities plc and UniCredit S.p.A.;
- (ii) for SIAS: Mediobanca – Banca di Credito Finanziario S.p.A. and Société Générale – Milan Branch.

In particular, J.P. Morgan and UniCredit have been designated as financial advisors to provide assistance and professional advice to the ASTM Board of Directors in, *inter alia*, the analysis, structuring and execution of the Merger concerning its financial aspects and determination of the Exchange Ratio. The fairness opinions of J.P. Morgan and UniCredit are attached to the information document drawn up by ASTM pursuant to and for the purposes of Article 5 of the RPT Regulation and made available to the public on 20 June 2019 on the website www.astm.it as well as other applicable laws and regulations..

Moreover, for preparation of the opinion, the ASTM Related Parties Committee decided that it was appropriate to avail itself of the support of Prof. Alberto Dello Strologo, who was appointed as an independent financial advisor of the Related Parties Committee for the Merger, in regard to the financial aspects of the transaction. In particular, the mandate given to Prof. Dello Strologo provided for, *inter alia*, the preparation of a fairness opinion on the fairness of the Exchange Ratio from a financial point of view.

The advisors that assisted the Board of Directors and Committee of ASTM were selected on the basis of their requirement of proven capacity, professional expertise and experience in this sort of transaction, suitable for the performance of the mandate and for supporting Surviving Company in assessing the fairness of the Exchange Ratio and the advantages and fairness of the Merger, *inter alia* in light of the complex structure of the transaction.

When they accepted their mandates, J.P. Morgan and UniCredit promised to implement organisational protection measures to guarantee the confidentiality of the information and to identify, monitor and manage potential conflicts of interest.

6. PROCEDURES FOR THE ASSIGNMENT OF SHARES OF THE SURVIVING COMPANY

The Merger will be implemented through: (i) the cancellation without exchange of the SIAS shares that will be owned by ASTM at the effective date of the Merger and (ii) the cancellation of the SIAS shares that will be owned by SIAS shareholders other than ASTM at the effective date of the Merger and the simultaneous assignment to the latter, on the basis of the Exchange Ratio, of ASTM shares in exchange.

On the basis of the Merger Plan, to service the assignment of ASTM shares in exchange, the Surviving Company may increase its own share capital by a maximum of Euro 23,970,091.50, by issuing a maximum of 47,940,183 new ASTM shares, without indication of par value. This maximum amount was determined by assuming that, at the effective date of the Merger, ASTM (i) had not acquired, within and/or outside the context of the Offer, any SIAS share (and, therefore, the condition relating to attainment of the Shareholding by ASTM was waived) and (ii) held in SIAS the same shareholding as on 13 June 2019 (i.e. the date of approval of the Merger Plan by the management bodies of ASTM and SIAS).

Moreover, taking into account that, between the date of approval of the Merger Plan and the date of this Explanatory Report, ASTM purchased No. 11,376,796 SIAS shares, representing 5% of the share capital of SIAS, as a result of the Offer and, outside of the Offer in accordance with the applicable laws, No. 303,000 SIAS shares, representing 0.133% of the share capital of SIAS, assuming that at the effective date of the Merger ASTM holds the same shareholding in SIAS as at the date of this Explanatory Report, the maximum theoretical amount of the capital increase to service the Merger will be equal to Euro 20,758,148.00, through the issue of a maximum of 41,516,296 new ASTM shares, with no indication of their nominal value.

The newly issued shares of the Surviving Company assigned in exchange will be listed on the *Mercato Telematico Azionario* (MTA - Italia Stock Exchange), organised and managed by Borsa Italiana S.p.A., as at the outstanding ASTM shares, and will be subject to the dematerialization of stock regime and centralized management by Monte Titoli S.p.A., pursuant to Articles 83-*bis et seq.* of the CFA.

A service will be made available to the shareholders of the Merging Company in order to round up for rounding to the next lower or higher unit the number of shares due for the purpose of the Exchange Ratio, without any additional expenses, stamp duty or fees. Alternatively, different modes can be activated to ensure the overall successful outcome of the transaction.

The newly issued ASTM ordinary shares serving the Exchange Ratio will be made available to SIAS shareholders other than ASTM, in accordance with the specific forms applicable to the securities centralised at Monte Titoli S.p.A. and dematerialised, starting from the effective date of the Merger, if such date is a trading day, or on the first following trading day.

The exchange transactions will be carried out through authorised intermediaries, without any cost, expense or fee charged to the shareholders of SIAS.

7. DATE ON WHICH THE MERGER TAKES EFFECT AND ON WHICH THE SIAS OPERATIONS ARE ENTERED INTO THE BALANCE SHEET OF ASTM

Subject to the non-occurrence of (or, where applicable, to the wave of) the conditions subsequent and the occurrence of (or, where applicable, to the wave of) the conditions precedent referred to in Paragraph 1.2.2 above, the Merger will be effective under civil law starting from the date of the last of the registrations with the Turin Companies Register pursuant to Article 2504-*bis* of the Italian Civil Code, or from the later date that may be indicated in the Merger deed.

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As from the effective date of the Merger, the Surviving Company will take over with full rights all the equity, assets and liabilities of the Merging Company and all the reasons, actions and rights, and all the obligations, undertakings and duties of any kind pertaining to it, in accordance with the provisions of Article 2504-*bis*, paragraph 1, of the Italian Civil Code.

For accounting purposes, the transactions carried out by the Merging Company will be accounted in the financial statements of the Surviving Company as from 1 January of the financial year in which the Merger takes effects under civil law. The tax effects will also commence from the same date.

8. TAX PROFILES

Direct Taxes

The Merger transaction, pursuant to Article 172, paragraph 1, of Italian Presidential Decree No. 917 of 22 December 1986 (Consolidated Law on Income Tax – "TUIR") is a tax-neutral transaction. In particular, the Merger does not constitute the realisation of capital gains or losses on the Company's assets, including those relating to inventories and goodwill. Moreover, pursuant to Article 172, paragraph 3, of the TUIR, the exchange of the original shareholdings of the shareholders of the Companies Taking Part in the Merger does not constitute the realisation or distribution of capital gains or the attainment of revenues, unless an adjustment is provided for.

ASTM's tax assets (i.e. the tax losses for tax year 2016 reallocated following ASTM's exit from the Aurelia tax consolidation, the tax losses for tax year 2018, the excess of interest expense that can be carried forward and the excess of ACE that can be carried forward recorded in relation to previous years) may be used by it following the Merger provided that the conditions set out in Article 172, paragraph 7 of the TUIR are met.

Any exchange and/or cancellation differences accounted as a result of the Merger will not be recognised for income tax purposes. Pursuant to Article 172, paragraph 5, of the TUIR, any surplus from the merger must be allocated as a priority to the replenishment of the reserves in suspension of tax (if any).

The Merger is also neutral for IRAP purposes.

For income tax purposes, the Merger will take effect on 1 January of the year in which its effects under civil law occur. Such backdating of the tax effects must be expressly provided for in the Merger deed.

From the effective date of the Merger, the Surviving Company will be required to comply with all obligations arising from tax regulations.

Indirect Taxes

The Merger is a transaction that is not relevant for VAT purposes. The Merger is subject to registration, mortgage and cadastral fees at a fixed rate of Euro 200 each.

Effects of the Merger on the SIAS Tax Consolidation

Following the Merger, the group taxation regime currently in force for SIAS may continue for ASTM, as the company resulting from the Merger, provided that the requirements set out in Articles 117 *et seq.* of TUIR, provided for the purposes of access to that regime, continue to be met. On 24 July 2019, ASTM filed a tax clearance application pursuant to Article 11, paragraph 1, let. b) of the Italian Law no. 212 of 27 July 2000 in order to prove the existence of the above requirements.

[English courtesy translation for convenience only]

9. COMPANY RESULTING FROM THE MERGER

9.1 Composition of the relevant shareholding structure of the Surviving Company

As at the date of this Explanatory Report, the shareholders of ASTM who, according to the shareholders' register, supplemented by the communications of the relevant equity interests pursuant to Article 120 of the CFA and by the publicly available information, hold more than 3% of the share capital of ASTM, are indicated in the following table:

Declarant	Direct shareholder	% of share capital	% of share capital (net of treasury shares)
Aurelia S.r.l.	Aurelia S.r.l.	0.351	0.381
	Nuova Argo Finanziaria S.p.A. (*)	56.801	61.669
	Nuova Codelfa S.p.A. (**)	1.967	2.136
	Total Aurelia S.r.l.	59.119	64.187
ASTM S.p.A.	ASTM S.p.A.	7.873 (voting right suspended pursuant to Article 2357-ter of the Italian Civil Code)	-
	ATIVA S.p.A.	0.022 (voting right suspended pursuant to Article 2359-bis of the Italian Civil Code)	-
	Total treasury shares	7.895	-

(*) The share capital of Nuova Argo is held 60% by Aurelia and the remaining 40% by Mercure Investment S.à r.l., a company incorporated under Luxembourg law wholly owned by Mercure Holding SCA, in turn controlled by the investment funds Ardian Infrastructure Fund IV SCA, SICAR, and Ardian Infrastructure Fund IV SCA, SICAR B, both managed by the General Partner Ardian Infrastructure IV S.à r.l., a company incorporated under Luxembourg law, controlled by Ardian S.A.S.

(**) The share capital of Nuova Codelfa S.p.A. is 83.577% owned by Nuova Argo.

Therefore, at the date of this Explanatory Report, Aurelia controls ASTM, pursuant to Article 2359 of the Italian Civil Code and Article 93 of the CFA, through Nuova Argo.

The Surviving Company is also subject to management and coordination activity by Nuova Argo, pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

9.2 Composition of the relevant shareholding structure of the Merging Company

As at the date of this Explanatory Report, the shareholders of SIAS who, according to the shareholders' register, supplemented by the communications of the relevant equity interests pursuant to Article 120 of the CFA and by the publicly available information, hold more than 3% of the share capital of SIAS, are indicated in the following table:

[English courtesy translation for convenience only]

Declarant	Direct shareholder	% of share capital
Aurelia S.r.l.	Aurelia S.r.l.	6.844
	Nuova Argo Finanziaria S.p.A. (*)	0.662
	ASTM S.p.A.	66.826
	S.I.N.A. – Società Iniziative Nazionali Autostradali S.p.A. (**)	1.717
	Total Aurelia S.r.l.	76.049

(*) The share capital of Nuova Argo is held 60% by Aurelia and the remaining 40% by Mercure Investment S.à r.l., a company incorporated under Luxembourg law wholly owned by Mercure Holding SCA, in turn controlled by the investment funds Ardian Infrastructure Fund IV SCA, SICAR, and Ardian Infrastructure Fund IV SCA, SICAR B, both managed by the General Partner Ardian Infrastructure IV S.à r.l., a company incorporated under Luxembourg law, controlled by Ardian S.A.S.

(**) The share capital of SINA – Società Iniziative Nazionali Autostradali S.p.A. is entirely owned by ASTM.

As a result of the Offer, ASTM purchased No. 11,376,796 SIAS shares, equal to 5% of the share capital of the Merging Company. As at 13 June 2019, ASTM held a total of No. 140,378,186 SIAS shares directly, equal to 61.693% of the share capital of the Merging Company, and purchased a further No. 303,000 SIAS shares outside the Offer in the period between 13 June 2019 and the date of this Explanatory Report, in accordance with applicable laws. As at the date of this Explanatory Report, ASTM therefore directly holds No. 152,057,982 SIAS shares, equal to 66.826% of the share capital of the Merging Company.

Therefore, at the date of this Explanatory Report, Aurelia controls SIAS, pursuant to Article 2359 of the Italian Civil Code and Article 93 of the CFA, through Nuova Argo and ASTM.

The Merging Company is also subject to management and coordination activity by Nuova Argo, pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

9.3 Forecasts on the Composition of the relevant ownership structure of the Surviving Company after the Merger

At the date of this Explanatory Report and taking into account the Exchange Ratio, two potential scenarios representing the composition of the share capital of the Surviving Company following the effectiveness of the Merger are illustrated below.

The percentages shown have been calculated assuming that, between the date of the Report and the date of signing of the merger deed, there will be no changes in the current ownership structure of ASTM and SIAS.

In the first scenario, shown below, it is assumed that no ASTM shareholder exercises the Right of Withdrawal or, in the event that the Right of Withdrawal is exercised, no ASTM shares subject to the Right of Withdrawal are acquired by ASTM.

[English courtesy translation for convenience only]

Scenario 1 – No exercising of the Right of Withdrawal or, in the event of exercising of the Right of Withdrawal by one or more shareholders, no ASTM shares subject to the Right of Withdrawal acquired by ASTM		
Shareholder	% of share capital	% of share capital (net of treasury shares)
Nuova Argo Finanziaria S.p.A.	40.608%	43.708%
Nuova Codelfa S.p.A.	1.386%	1.492%
Aurelia S.r.l.	6.343%	6.827%
Total Aurelia S.r.l.	48.337%	52.027%
Treasury shares	7.092%	-
Floating	44.571%	47.973%

(*) The number of treasury shares includes the ASTM shares held by S.I.N.A. S.p.A. and Ativa S.p.A.

In the second scenario, below, it is assumed that, upon the exercising of the Right of Withdrawal by the shareholders of ASTM, the Surviving Company will purchase 2,297,794 ASTM shares, for a total consideration equal to the Maximum Disbursement (i.e. Euro 50 million).

Scenario 2 – Upon the exercising of the Right of Withdrawal, purchase of ASTM shares by ASTM for a disbursement equal to the Maximum Disbursement		
Shareholder	% of share capital	% of share capital (net of treasury shares)
Nuova Argo Finanziaria S.p.A.	40.608%	44.491%
Nuova Codelfa S.p.A.	1.386%	1.519%
Aurelia S.r.l.	6.343%	6.949%
Total Aurelia S.r.l.	48.337%	52.959%
Treasury shares	8.727%	-
Floating	42.936%	47.041%

(*) The number of treasury shares includes the ASTM shares held by S.I.N.A. S.p.A. and Ativa S.p.A.

It should be noted that, pursuant to Article 2359 of the Italian Civil Code and Article 93 of the CFA, in all the above scenarios, on the effective date of the Merger, Aurelia, through Nuova Argo, will retain sole control over the Surviving Company.

9.4 Amendments to the articles of association of the Surviving Company at the time of the Merger

As a result of the Merger, starting from the effective date of the Merger, the articles of association of the Surviving Company will be amended as follows:

- (i) amendment of Article 3 of the articles of association ("*Purpose*"), for the purpose of modifying the corporate purpose of ASTM by including the corporate purpose of the Merging Company;
- (ii) amendment of Article 5 of the articles of association ("*Amount of Capital*") to reflect the capital increase in service the Exchange Ratio;
- (iii) amendment of Article 16 of the articles of association ("*Board of Directors*") in order to: (aa) ensure that at least one third of the Board of Directors is composed of directors of the less represented gender and, thereby, supersede the transitional provisions introduced by Italian Law no. 120 of 12 July 2011 on gender equality, and (bb) provide that when an independent director no longer meets the independence requirements, such director shall not cease from its office if the Board still has the minimum number of independent directors under current law;
- (iv) amendment of Article 19 of the articles of association ("*Board Meetings*") to allow the Board of Directors to be deemed duly constituted, even in the absence of a formal call, if all the Directors in office and all the Effective Statutory Auditors are present at the meeting;
- (v) amendment of Article 27 of the articles of association ("*Appointments*") in order to ensure that at least one third of the Board of Statutory Auditors is composed of members of the less represented gender and, thereby, to supersede the transitional provisions introduced by Italian Law no. 120 of 12 July 2011 on gender equality;
- (vi) addition of a transitional clause pursuant to which the Merger will determine the early termination of the Board of Directors of ASTM in office on the effective date of the Merger, thus allowing the new shareholder structure to determine the composition of the administrative body of the company resulting from the Merger. The termination of the directors will take effect from the moment in which the Board of Directors will be appointed by the Shareholders' Meeting, which will resolve according to the slate voting system and in compliance with the principle of the necessary representation of minorities.

With reference to amendment point (i), it should be noted that, in relation to the Merger submitted for examination and approval to the Extraordinary Shareholders' Meeting of ASTM, with this Explanatory Report the adoption of the corporate purpose of SIAS, more in line with the typical activity of a so-called pure holding company that ASTM expects to carry out following completion of the integration transaction, submits to approval by the Shareholders' Meeting.

Pursuant to schedule no. 3 of Annex No. 3A of the Issuers Regulation, the text of ASTM's articles of association currently in force, compared with that of ASTM following amendments that may be possibly approved by the Surviving Company's extraordinary Shareholders' Meeting, is set out below.

Current text	Modified text
Article 3 (Purpose)	Article 3 (Purpose)
The company has main purpose, both in Italy and abroad, directly or through subsidiary or associate companies is: a) The construction and operation of motorways sections that may be granted under licence or awarded through procedures permitted by applicable laws, as well as business activities that are similar or instrumental or auxiliary to the motorways service;	The company's <i>purpose shall be the following:</i> - <i>acquisition of equity investments in joint-stock companies;</i> - <i>financial activity in general, with the exclusion of movable and immovable property leasing, factoring, foreign exchange brokerage, services involving collection, payment and transfer</i>

<p>b) The activity of computing, data transmission, telecommunications, payment system and mobility services sectors;</p> <p>c) The construction and execution of public and private works and the commitment and operation of works also in concession;</p> <p>d) The development, construction or maintenance of plants, terminals and infrastructures for the operation, also in concession, of ports and airports;</p> <p>e) The activity in the logistics and transportation sector;</p> <p>f) The activity in the dockyard sector, also naval;</p> <p>g) The shipping and transportation of both goods and passengers;</p> <p>h) The research, production, transformation, transmission, transportation and marketing of electric and thermic electricity, gas and, in general, energy sources and materials;</p> <p>i) The activity in the real estate sector;</p> <p>j) The acquisition, management and disposal of interests and investments in other companies or consortia which carry on business activities also in sectors different from the above mentioned ones.</p> <p>The company can coordinate and provide financial, technical and administrative services in favour of the controlled, associated or participated companies, included the granting of collateral or personal security also in favour of third parties.</p> <p>Moreover the Company may implement all the commercial, industrial, financial, security and real estate transactions that the Board of Directors shall consider necessary or useful to pursuit of the corporate purposes as identified above, including the granting of collateral or personal security also in favour and in the interest of third parties.</p> <p>Financial activities toward the public and financial and securities brokerage activities that are not permitted by the law or that require specific formalities and authorisations shall be strictly excluded.</p>	<p><i>of funds including through the issue of credit cards, provision of consumer credit even to Shareholders;</i></p> <ul style="list-style-type: none"> - <i>own account administration and management of typical and atypical securities;</i> - <i>provision of administration, accounting and technical services in general and commercial and advertising consulting;</i> - <i>provision of endorsement, sureties and guarantees, including collateral security, in the interest of investee companies or entities;</i> - <i>purchase and sale and administration of movable and immovable property.</i> <p><i>It may also carry out commercial, industrial, security, real estate and financial transactions, functionally linked to the aforesaid corporate purpose, excluding only those activities expressly reserved by law for special categories of persons and those activities pertaining to matters regulated by special laws governing:</i></p> <ul style="list-style-type: none"> - <i>collection of savings from third parties (Legislative Decree no. 385 of 1 September 1993);</i> - <i>insurance and re-insurance business (Presidential Decree no. 449 of 13 February 1959);</i> - <i>activity of trust and auditing companies (Law no. 1966 of 23 November 1939);</i> - <i>activity concerning mutual investment funds (Article 12 Law no. 77 of 23 March 1983);</i> - <i>activities for the exercise of which enrolment in a professional register is required (Law no. 1815 of 23 November 1939);</i> - <i>Activities of stock brokerage companies (Law no. 1 of 2 January 1991).</i> <p>The company may not perform financial activities for the benefit of the public.</p>
<p style="text-align: center;">Art. 5 (Amount of Capital)</p>	<p style="text-align: center;">Art. 5 (Amount of Capital)</p>
<p>The share capital shall be of Euro 49,499,300.00 (forty-nine million four hundred and ninety-nine thousand three hundred point zero zero) divided into 98,998,600 (ninety-eight million nine hundred and ninety-eight thousand six hundred) shares without nominal value.</p>	<p>The share capital shall be of Euro [●] ([●]) divided into [●] ([●]) shares without nominal value.</p>
<p style="text-align: center;">Art. 16 (Board of Directors)</p>	<p style="text-align: center;">Art. 16 (Board of Directors)</p>
<p>The Company shall be administered by a Board made up of a number of members ranging from seven to fifteen, as decided by the Shareholders' Meeting, and ensuring the presence of a number of independent directors and gender balance as provided by law.</p> <p>The entire Board of Directors shall be appointed on the basis of lists submitted by Shareholders in which the candidates, listed by consecutive number, must meet the requirements of integrity established by applicable legislation.</p> <p>The lists submitted by shareholders must be filed at the corporate office within the terms and according to the procedures established by applicable legislation.</p>	<p>The Company shall be administered by a Board made up of a number of members ranging from seven to fifteen, as decided by the Shareholders' Meeting, and ensuring the presence of a number of independent directors and gender equality as provided by law and these articles of association.</p> <p>The entire Board of Directors shall be appointed on the basis of lists submitted by Shareholders in which the candidates, listed by consecutive number, must meet the requirements of integrity established by applicable legislation.</p> <p>The lists submitted by shareholders must be filed at the corporate office within the terms and according to the procedures established by applicable legislation.</p>

<p>Each shareholder may submit or contribute to the submission of one list only.</p> <p>Each list must contain a number of candidates no higher than the maximum number of Directors stated in the first paragraph of this article and, when filed at the corporate office, must be accompanied by i) an information note concerning the candidates' personal and professional characteristics; ii) written acceptance of the nomination and declaration that they do not appear on other lists and iii) the further documentation prescribed by applicable legislation. Each list must include at least two candidates who meet the independence requirements provided by applicable legislation, indicating them separately and placing one of them at the top of the list. Lists containing a number of candidates equal to or higher than three must also include, as indicated in the notice of call, candidates of different gender, so as to ensure compliance with the rules in force from time to time on gender balance.</p> <p>Lists may only be submitted by shareholders who alone or together with other shareholders hold shares representing the shareholding established by applicable legislation. Ownership of the aforesaid shareholding must be proven according to the terms and procedures established by applicable legislation.</p> <p>Lists that do not comply with the aforesaid provisions shall be considered as not submitted.</p> <p>Each shareholder entitled to vote may vote for one list only.</p> <p>The members of the Board of Directors shall be elected as follows: a) Four fifths of the Directors to be elected, with round-down if the number is a fraction of a single unit, shall be taken, in the progressive order in which they are listed, from the list obtaining the highest number of votes cast by those entitled to vote; b) The remaining Directors shall be taken from the other lists. For this purpose, the votes obtained by said lists shall be subsequently divided by one, two, three, according to the number of Directors to be elected. The quotients obtained in this way shall be progressively assigned to the candidates of each of said lists, in the order in which they appear on the lists. The quotients assigned in this way to the candidates of the various lists shall be placed in a single decreasing ranking and those obtaining the highest quotients shall be elected.</p> <p>If several candidates obtain the same quotient, the candidate from the list which has not yet elected any Directors or which has elected the lowest number of Directors shall be elected. In the event of list votes being equal, and therefore quotients being equal, the Shareholders' Meeting shall vote once again and the candidate obtaining the simple majority of votes shall be elected.</p>	<p>Each shareholder may submit or contribute to the submission of one list only.</p> <p>Each list must contain a number of candidates no higher than the maximum number of Directors stated in the first paragraph of this article and, when filed at the corporate office, must be accompanied by i) an information note concerning the candidates' personal and professional characteristics; ii) written acceptance of the nomination and declaration that they do not appear on other lists and iii) the further documentation prescribed by applicable legislation. Each list must include at least two candidates who meet the independence requirements provided by applicable legislation, indicating them separately and placing one of them at the top of the list. Lists containing a number of candidates equal to or higher than three must also include, as indicated in the notice of call, candidates of different gender, so as to ensure that at least one third of the members of the Board belongs to the less represented gender (or any higher quota established by legislation, where applicable, on gender equality) with rounding up, in case of a fractional number, to the next full unit.</p> <p>Lists may only be submitted by shareholders who alone or together with other shareholders hold shares representing the shareholding established by applicable legislation. Ownership of the aforesaid shareholding must be proven according to the terms and procedures established by applicable legislation.</p> <p>Lists that do not comply with the aforesaid provisions shall be considered as not submitted.</p> <p>Each shareholder entitled to vote may vote for one list only.</p> <p>Considering that lists do not obtain a percentage of votes equal, at least, to half of the percentage required under the articles of association or the law, in force from time to time, for the submission of the lists will not be considered for the purpose of appointment of new directors, the members of the Board of Directors shall be elected as follows: a) four fifths of the Directors to be elected, with round-down if the number is a fraction of a single unit, shall be taken, in the progressive order in which they are listed, from the list obtaining the highest number of votes cast by those entitled to vote; b) the remaining Directors shall be taken from the other lists. For this purpose, the votes obtained by said lists shall be subsequently divided by one, two, three, according to the number of Directors to be elected. The quotients obtained in this way shall be progressively assigned to the candidates of each of said lists, in the order in which they appear on the lists. The quotients assigned in this way to the candidates of the various lists shall be placed in a single decreasing ranking and those obtaining the highest quotients shall be elected.</p> <p>If several candidates obtain the same quotient, the candidate from the list which has not yet elected any Directors or which has elected the lowest number of Directors shall be elected. In the event of list votes being equal, and therefore quotients being equal, the Shareholders' Meeting shall vote once again and the candidate obtaining the simple majority of votes shall be elected.</p>
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<p>If at the end of the procedure referred to in the previous paragraphs the composition of the Board of Directors does not allow compliance with gender balance criteria, the candidates that should be elected in the various lists shall be placed in a single decreasing ranking, formed according to the quotient system indicated in letter b) above. The candidate of the more represented gender with the lowest quotient of the candidates taken from all the lists shall be replaced, without prejudice to observance of the minimum number of independent directors, by the first non-elected candidate belonging to the less represented gender indicated in the same list as the replaced candidate.</p> <p>If candidates from different lists have obtained the same quotient, the candidate of the list from which the highest number of directors has been taken shall be replaced.</p> <p>If replacement of the candidate of the more represented gender with the lowest quotient in the ranking does not however allow achievement of the minimum threshold established by regulations in force governing gender balance, the above replacement operation shall also be carried out with regard to the candidate of the more represented gender with the penultimate quotient and so on, rising from the bottom of the ranking. In all cases in which the aforesaid procedure is not applicable, replacement shall be made by the Shareholders' Meeting with the legal majorities, in compliance with the principle of proportional representation of minorities within the Board of Directors.</p> <p>If no lists are submitted or admitted or if, for any reason, the appointment of one or more Directors cannot occur according to the provisions of this article, the Shareholders' Meeting shall deliberate with the legal majorities, so as to ensure, pursuant to applicable regulations, the presence of the number of Directors meeting the independence requirements and compliance with the rules in force from time to time on gender balance.</p> <p>If during the year one or more Directors can no longer fulfil office the company shall act according to applicable provisions of the law, appointing, in consecutive order, candidates taken from the list to which the Director to be replaced belonged who are still eligible and willing to accept the office and in any case ensuring, pursuant to applicable regulations, the presence of the necessary number of independent directors and gender balance.</p> <p>If, owing to resignations or other causes, the majority of Directors appointed by the Shareholders' Meeting should be unable to fulfil office, the entire Board shall be considered to resign and its termination shall be effective from the time the Board of Directors is re-established following appointment by the Shareholders' Meeting, which must be called as soon as possible.</p>	<p>If at the end of the procedure referred to in the previous paragraphs the composition of the Board of Directors does not allow compliance with gender equality criteria, the candidates that should be elected in the various lists shall be placed in a single decreasing ranking, formed according to the quotient system indicated in letter b) above. The candidate of the more represented gender with the lowest quotient of the candidates taken from all the lists shall be replaced, without prejudice to observance of the minimum number of independent directors, by the first non-elected candidate belonging to the less represented gender indicated in the same list as the replaced candidate.</p> <p>If candidates from different lists have obtained the same quotient, the candidate of the list from which the highest number of directors has been taken shall be replaced.</p> <p>If replacement of the candidate of the more represented gender with the lowest quotient in the ranking does not however allow to have one third of the members of the Board belonging to the less represented gender (or any higher quota established by legislation, where applicable, on gender equality), the above replacement operation shall also be carried out with regard to the candidate of the more represented gender with the penultimate quotient and so on, rising from the bottom of the ranking. In all cases in which the aforesaid procedure is not applicable, replacement shall be made by the Shareholders' Meeting with the legal majorities, in compliance with the principle of proportional representation of minorities within the Board of Directors.</p> <p>If no lists are submitted or admitted or if, for any reason, the appointment of one or more Directors cannot occur according to the provisions of this article, the Shareholders' Meeting shall deliberate with the legal majorities, so as to ensure, pursuant to applicable regulations, the presence of the number of Directors meeting the independence requirements and compliance with the articles of association and/or rules in force from time to time on gender equality.</p> <p>If during the year one or more Directors can no longer fulfil office the company shall act according to applicable provisions of the law, appointing, in consecutive order, candidates taken from the list to which the Director to be replaced belonged who are still eligible and willing to accept the office and in any case ensuring, pursuant to applicable regulations, the presence of the necessary number of independent directors and gender balance in accordance with the provisions of the articles of association and/or the rules in force from time to time.</p> <p>When an independent director no longer meets the independence requirements, the independent director shall not cease from his/her office if a number of members who meet the independence requirement pursuant to current legislation remain in office on the Board of Directors.</p> <p>If, owing to resignations or other causes, the majority of Directors appointed by the Shareholders' Meeting should be unable to fulfil office, the entire Board shall be considered to resign and its termination shall be effective from the time the Board of Directors is re-established following appointment by the Shareholders' Meeting, which must be called as soon as possible.</p>
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<p>Directors shall remain in office for the time established by the Shareholders' Meeting and for no longer than three financial years and may be re-elected. Those appointed during this period shall expire along with those already in office at the time of their appointment.</p> <p>The Shareholders' Meeting shall decide the annual fee due to the members of the Board of Directors. Said fee shall also be valid for the years following the one for which it was decided, until the Shareholders' Meeting decides otherwise.</p> <p>Remuneration of directors entrusted with specific offices shall be determined on a time by time basis by the Board of Directors, after having consulted the Board of Statutory Auditors, pursuant to Article 2389 of the Italian Civil Code.</p> <p>Members of the Board of Directors shall be entitled to refund of the expenses incurred in performance of their office.</p>	<p>Directors shall remain in office for the time established by the Shareholders' Meeting and for no longer than three financial years and may be re-elected. Those appointed during this period shall expire along with those already in office at the time of their appointment.</p> <p>The Shareholders' Meeting shall decide the annual fee due to the members of the Board of Directors. Said fee shall also be valid for the years following the one for which it was decided, until the Shareholders' Meeting decides otherwise.</p> <p>Remuneration of directors entrusted with specific offices shall be determined on a time by time basis by the Board of Directors, after having consulted the Board of Statutory Auditors, pursuant to Article 2389 of the Italian Civil Code.</p> <p>Members of the Board of Directors shall be entitled to refund of the expenses incurred in performance of their office.</p>
<p>Art. 19 (Board Meetings)</p>	<p>Art. 19 (Board Meetings)</p>
<p>The Board of Directors shall meet whenever the Chairman, or his deputy, deems necessary, or upon request from the majority of its members.</p> <p>The meeting shall be called by invitation transmitted to the domicile of each Director and Statutory Auditor at least three days prior to the date set for the meeting, by letter, telegram, fax or email, excepting in urgent circumstances when one day's notice shall suffice.</p> <p>Board meetings may even be held outside the corporate office. It is possible for those participating in the Board meeting to attend at a distance through the use of teleconference or televideo conference systems.</p> <p>In this case:</p> <ul style="list-style-type: none"> - The following must be ensured: 1. The identification of all the participants in each connection point; 2. The possibility for each participant to intervene, to express his opinion orally, to view, receive or transmit all the documentation, as well as the simultaneous nature of examination and decision; <p>- The meeting of the Board of Directors shall be considered to have taken place at the venue at which both the Chairman and Secretary must be present at the same time.</p>	<p>The Board of Directors shall meet whenever the Chairman, or his deputy, deems necessary, or upon request from the majority of its members.</p> <p>The meeting shall be called by invitation transmitted, by any means guaranteeing proof of receipt, to the domicile of each Director and Statutory Auditor at least three days prior to the date set for the meeting, excepting in urgent circumstances when one day's notice shall suffice.</p> <p>Even in absence of formal call of meeting, the Board of Directors of the Company is deemed to be regularly constituted if all Directors in office and all Standing Auditors are present at the meeting. Nevertheless, in this case each Director may object to discussion of the items on the agenda about which he/she does not consider himself/herself sufficiently informed.</p> <p>Board meetings may even be held outside the corporate office. It is possible for those participating in the Board meeting to attend at a distance through the use of teleconference or televideo conference systems.</p> <p>In this case:</p> <ul style="list-style-type: none"> - the following must be ensured: 1. the identification of all the participants in each connection point; 2. the possibility for each participant to intervene, to express his opinion orally, to view, receive or transmit all the documentation, as well as the simultaneous nature of examination and decision; <p>- the meeting of the Board of Directors shall be considered to have taken place at the venue at which both the Chairman and Secretary must be present at the same time.</p>
<p>Art. 23 (Directors)</p>	<p>Art. 23 (General Directors)</p>
<p>In compliance with legal procedures, the Board may appoint one or more Directors, establishing their powers, authorities and possibly their fees.</p>	<p>In compliance with legal procedures, the Board may appoint one or more General Directors, establishing their powers, authorities and possibly their fees.</p>

Art. 27 (Appointments)	Art. 27 (Appointments)
<p>The Statutory Auditors shall be appointed for three financial years and, at the time of their appointment, the Shareholders' Meeting shall determine their fees for said period.</p> <p>In order to ensure that the minority elects one Standing Auditor and one Substitute Auditor, the Board of Statutory Auditors shall be appointed on the basis of lists submitted by shareholders, in which the candidates are listed and distinguished by a consecutive number.</p> <p>Lists shall consist of two sections: one for candidates to the office of Standing Auditor, the other for candidates to the office of Substitute Auditor. In order to comply with applicable legislation on gender balance, the lists which, considering both sections, have a number of candidates equal to or higher than three must include candidates of different gender in the first two places both in the section relating to Standing Auditors and in the section relating to Substitute Auditors.</p> <p>Lists may only be submitted by shareholders who alone or together with other shareholders hold shares representing the shareholding established by applicable legislation. Ownership of the aforesaid shareholding must be proven according to the terms and procedures established by applicable legislation.</p> <p>Each shareholder, and the shareholders belonging to the same group and those adhering to a shareholding agreement regarding Company shares, cannot submit or vote for more than one list, not even through a third party or trust company.</p> <p>Each candidate may only appear on one list, otherwise he shall be ineligible.</p> <p>The lists cannot include candidates who do not meet the requirements of integrity and professionalism established by applicable legislation.</p> <p>At least one of the Standing Auditors and at least one of the Substitute Auditors shall be chosen from among statutory auditors enrolled in the special register who have exercised legal auditing activity for no less than three years.</p> <p>The Statutory Auditors who not do meet the aforesaid requirement shall be chosen from among those who have gained at least three years' experience in: a) Administration or control activities or management duties in joint-stock companies which have a share capital of no less than two million euro; or b) Professional activities or permanent university teaching posts in legal, economic, financial and technical-scientific subjects, in industrial, banking, transport services, logistics, technological and computer sectors; or c) Senior management functions in public entities or public authorities operating in the credit, financial, insurance, industrial, transport services, logistics, technological and computer sectors.</p>	<p>Statutory Auditors shall be appointed for three financial years and, at the time of their appointment, the Shareholders' Meeting shall determine their fees for said period.</p> <p>In order to ensure that the minority elects one Standing Auditor and one Substitute Auditor, the Board of Statutory Auditors shall be appointed on the basis of lists submitted by shareholders, in which the candidates are listed and distinguished by a consecutive number.</p> <p>Lists shall consist of two sections: one for candidates to the office of Standing Auditor, the other for candidates to the office of Substitute Auditor. The lists which, considering both sections, have a number of candidates equal to or higher than three must include candidates of different gender in the first two places both in the section relating to Standing Auditors and in the section relating to Substitute Auditors to ensure that at least one third of the members of the Board belong to the less represented gender (or any higher quota established by legislation, where applicable, on gender equality).</p> <p>Lists may only be submitted by shareholders who alone or together with other shareholders hold shares representing the shareholding established by applicable legislation. Ownership of the aforesaid shareholding must be proven according to the terms and procedures established by applicable legislation.</p> <p>Each shareholder, and the shareholders belonging to the same group and those adhering to a shareholding agreement regarding Company shares, cannot submit or vote for more than one list, not even through a third party or trust company.</p> <p>Each candidate may only appear on one list, otherwise he/she shall be ineligible.</p> <p>The lists cannot include candidates who do not meet the requirements of integrity and professionalism established by applicable legislation.</p> <p>At least one of the Standing Auditors and at least one of the Substitute Auditors shall be chosen from among statutory auditors enrolled in the special register who have exercised legal auditing activity for no less than three years.</p> <p>The Statutory Auditors who not do meet the aforesaid requirement shall be chosen from among those who have gained at least three years' experience in: a) administration or control activities or management duties in joint-stock companies which have a share capital of no less than two million euro; or b) professional activities or permanent university teaching posts in legal, economic, financial and technical-scientific subjects, in industrial, banking, transport services, logistics, technological and computer sectors; or c) senior management functions in public entities or public authorities operating in the credit, financial, insurance, industrial, transport services, logistics, technological and computer sectors.</p> <p>Outgoing Statutory Auditors may be re-elected.</p>

<p>Outgoing Statutory Auditors may be re-elected.</p> <p>The lists submitted must be filed at the Company's head office within the terms and according to the procedures established by applicable legislation, mention of which shall be given in the notice of call.</p> <p>Each list filed shall be accompanied by statements with which each candidate accepts his nomination and certifies, under his own responsibility, that there are no reasons for which he is ineligible or incompatible, that he meets the requisites prescribed by regulations and by the by-laws, and also by any further documentation required by applicable legislation.</p> <p>Lists that do not comply with the aforesaid provisions shall be considered as not submitted.</p> <p>Statutory Auditors shall be elected as follows: 1. Two standing members and two substitute members shall be taken from the list obtaining the highest number of votes in the Shareholders' Meeting, according to the progressive order in which they are listed; 2. The other standing member and the other substitute member shall be taken from the second list obtaining the highest number of votes in the Shareholders' Meeting, according to the progressive order in which they are listed.</p> <p>If two or more lists obtain equal votes, the most senior candidates in age shall be elected Statutory Auditors until the posts to be assigned have been filled.</p> <p>The candidate taken from the second list obtaining the highest number of votes in the Shareholders' Meeting shall be entitled to Chairmanship of the Board of Statutory Auditors.</p> <p>If two or more lists obtain equal votes, the provisions of the above paragraph shall apply.</p> <p>If application of the above procedure does not allow, for the Standing Auditors, compliance of gender balance regulations, the quotient of votes to be assigned to each candidate taken from the Standing Auditors sections of the various lists shall be calculated, by dividing the number of votes obtained by each list by the progressive number of each of said candidates. The candidate of the more represented gender with the lowest quotient of the candidates taken from all the lists shall be replaced by the candidate belonging to the less represented gender that may be indicated, with the next highest progressive number, in the same Standing Auditors section of the list of the replaced candidate or, alternatively, in the Substitute Auditors section of the same list of the replaced candidate (who in this case shall succeed to the position of the replacing substitute auditor). If candidates of different lists have obtained the same quotient, the candidate of the list from which the highest number of statutory auditors have been taken shall be replaced, or alternatively, the candidate from the list that obtained less votes. For the appointment of auditors who, for whatsoever reason, are not appointed according to the procedures established above, the Shareholders' Meeting shall deliberate with the legal majorities and in compliance with the provisions of the rules in force from time to time on gender balance.</p>	<p>The lists submitted must be filed at the Company's head office within the terms and according to the procedures established by applicable legislation, mention of which shall be given in the notice of call.</p> <p>Each list filed shall be accompanied by statements with which each candidate accepts his nomination and certifies, under his own responsibility, that there are no reasons for which he/she is ineligible or incompatible, that he/she meets the requisites prescribed by regulations and by the by-laws, and also by any further documentation required by applicable legislation.</p> <p>Lists that do not comply with the aforesaid provisions shall be considered as not submitted.</p> <p>Statutory Auditors shall be elected as follows: 1. two standing members and two substitute members shall be taken from the list obtaining the highest number of votes in the Shareholders' Meeting, according to the progressive order in which they are listed; 2) the other standing member and the other substitute member shall be taken from the second list obtaining the highest number of votes in the Shareholders' Meeting, according to the progressive order in which they are listed.</p> <p>If two or more lists obtain equal votes, the most senior candidates in age shall be elected Statutory Auditors until the posts to be assigned have been filled.</p> <p>The candidate taken from the second list obtaining the highest number of votes in the Shareholders' Meeting shall be entitled to Chairmanship of the Board of Statutory Auditors.</p> <p>If two or more lists obtain equal votes, the provisions of the above paragraph shall apply.</p> <p>If application of the above procedure does not allow, for the Standing Auditors, compliance with the provisions of the articles of association and/or current legislation on gender equality, the quotient of votes to be assigned to each candidate taken from the Standing Auditors sections of the various lists shall be calculated, by dividing the number of votes obtained by each list by the progressive number of each of said candidates. The candidate of the more represented gender with the lowest quotient of the candidates taken from all the lists shall be replaced by the candidate belonging to the less represented gender that may be indicated, with the next highest progressive number, in the same Standing Auditors section of the list of the replaced candidate or, alternatively, in the Substitute Auditors section of the same list of the replaced candidate (who in this case shall succeed to the position of the replacing substitute auditor). If candidates of different lists have obtained the same quotient, the candidate of the list from which the highest number of statutory auditors have been taken shall be replaced, or alternatively, the candidate from the list that obtained less votes. For the appointment of auditors who, for whatsoever reason, are not appointed according to the procedures established above, the Shareholders' Meeting shall deliberate with the legal majorities and in compliance with the provisions of the articles of association and/or current gender equality legislation.</p>
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<p>If a Statutory Auditor should lose the requirements established by regulations and by the by-laws, he shall fall from office.</p> <p>In the case of replacement of a Statutory Auditor, he shall be succeeded by the substitute auditor belonging to the same list as the terminated auditor, in such a way as to comply with the provisions of the rules in force from time to time on gender balance, with regard to composition of the board. If the aforesaid replacement does not allow compliance with applicable regulations on gender balance, the Shareholders' Meeting must be called as soon as possible to ensure compliance with said regulations.</p> <p>To reintegrate the Board of Statutory Auditors following termination of one of its members for any reason, the Shareholders' Meeting shall deliberate by relative majority, ensuring in any case that the minority is represented in the Board as provided by the second paragraph and compliance with applicable regulations on gender balance.</p>	<p>If a Statutory Auditor should lose the requirements established by regulations and by the by-laws, he/she shall fall from office.</p> <p>In the case of replacement of a Statutory Auditor, he/she shall be succeeded by the substitute auditor belonging to the same list as the terminated auditor, in such a way as to comply with the provisions of the articles of association and/or current gender equality legislation for the composition of the board. If the aforesaid replacement does not allow compliance with the preceding provisions on gender equality, the Shareholders' Meeting must be called as soon as possible to ensure compliance with the articles of association and/or current legislation.</p> <p>To reintegrate the Board of Statutory Auditors, following termination of one of its members for any reason, the Shareholders' Meeting shall deliberate by relative majority, ensuring in any case that the minority is represented in the Board as provided by the second paragraph and compliance with the articles of association and/or current gender equality legislation.</p> <p>The Board may meet via video or teleconference, on condition that all participants can be identified and they can follow and participate in real time in the discussion of the matters being addressed. The meeting shall be considered held at the place where the Chairman and secretary are present.</p>
<p>Art. 36 (Transitional Clause)</p>	<p>Art. 36 (Transitional Clause)</p>
<p>The provisions of Articles 16 and 27 designed to guarantee compliance with applicable regulations on gender balance shall apply to the first three renewals of the Board of Directors and of the Board of Statutory Auditors after the provisions of Article 1 of Italian Law 120 of 12 July 2011, published in the Official Journal no. 174 of 28 July 2011, enter into force and acquire effectiveness (that is, after 12 August 2012). At the time of the first renewal, after said date, of the Board of Directors and of the Board of Statutory Auditors the quota to be reserved to the less represented gender shall be limited to one fifth of the total, with round up if the number is a fraction of a single unit.</p>	<p>When these articles of association come into force, the Directors in office at that time shall cease to their offices and they shall call the Shareholders' Meeting without delay to appoint the new Board of Directors. The termination of the Directors shall be effective from the time the new Board of Directors is appointed by the Shareholders' Meeting in accordance with the procedures set out in these articles of association.</p>

The text of the Articles of Association of the Surviving Company, which will enter into force on the effective date of the Merger, is attached to this Explanatory Report under Attachment "B". It should be noted, however, that the final amount of the share capital included into Article 5 of ASTM's Articles of Association will be specified in its final amount in the Merger Deed.

Until the effective date of the Merger, the ASTM Articles of Association currently in force will be in force and applicable, in the text available on the website of the Surviving Company (www.astm.it).

10. EFFECTS OF THE MERGER ON SHAREHOLDERS' AGREEMENTS, SIGNIFICANT PURSUANT TO ARTICLE 122 OF THE CFA

On 13 June 2019, in order to take into account the effects of the Merger, Aurelia and Mercure Investment S.à r.l. signed an agreement amending the shareholders' agreement originally signed on 27 September 2018 and concerning the equity interests held directly and indirectly by the aforesaid companies in Nuova Argo, ASTM and SIAS. As described in the extract from the shareholders' agreement published on the website of

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the Companies Taking Part in the Merger on 18 June 2019, the amendments made to the said shareholders' agreement will enter into force only subject to and from the effective date of the Merger, with the exception of certain limited provisions that came into force on 13 June 2019.

In addition, subject to and from the effective date of the Merger, the new shareholders' agreement (the "**New Shareholders' Agreement**"), signed on 13 June 2019 by Aurelia, Nuova Argo and Mercure Investment S.à r.l., will come into force, whose contents are described in the extract from the New Shareholders' Agreement published on ASTM's website on 18 June 2019. The New Shareholders' Agreement governs the transfer of ASTM shares and the exercise of corporate rights (other than patrimonial rights) relating to a number of ASTM shares directly held by Aurelia such that, when this number is added to the ASTM shares held directly and indirectly by Nuova Argo, it represents, from time to time, 50% plus one share of the share capital consisting of shares with voting rights (and therefore excluding the treasury shares held by ASTM from time to time).

11. BOARD OF DIRECTORS' ASSESSMENT OF THE RECURRENCE OF THE RIGHT OF WITHDRAWAL

Holders of ASTM ordinary shares who did not vote to approve the Merger Plan and, therefore, the amendment of the corporate purpose of ASTM, will be entitled to withdraw pursuant to Article 2437, paragraph 1, let. a) of the Italian Civil Code, for the change in the clause of the corporate purpose of ASTM (the "**Right of Withdrawal**").

Any approval of the Merger Plan will not give rise to any right of withdrawal in favour of SIAS shareholders, since none of the conditions set out in Article 2437 of the Italian Civil Code or in other legal provisions have been met.

The entitled shareholders may exercise the Right of Withdrawal, for all or part of the shares held, within fifteen days after the registration with the Turin Companies Register of the resolution authorising it, upon payment of the liquidation value of Euro 21.76 per ASTM share, as determined by the ASTM Board of Directors held on 13 June 2019, after favourable opinion of the Board of Statutory Auditors and the external auditor, in compliance with the provisions of Article 2437-*ter* of the Italian Civil Code, i.e. referring exclusively to the arithmetic mean of the stock market closing prices recorded during the six months preceding the publication date of the notice of call of the Extraordinary Shareholders' Meeting of the Surviving Company called to approve the Merger Plan.

The effectiveness of the Right of Withdrawal is subject to the completion of the Merger and to the circumstance, which may be waived by ASTM, that the total disbursement that ASTM would be required to make upon the exercise of the Right of Withdrawal does not exceed the Maximum Disbursement (i.e. Euro 50 million).

Without prejudice to the fact that further details on the terms and procedures for exercising the Right of Withdrawal will be made known to ASTM's shareholders, also pursuant to and for the purposes of Article 84 of the Issuers Regulation, by the date of registration with the Turin Companies Register of the shareholders' meeting resolution that may approve the Merger Plan, the main steps, as governed by Articles 2437-*bis et seq.* of the Italian Civil Code, are set forth below:

- (a) the declaration of withdrawal must be made by the individual shareholder by registered letter sent to ASTM within fifteen days from the registration with the Turin Companies Register of the resolution that shall approve the Merger Plan;

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- (b) following the end of the period for exercising the Right of Withdrawal, the Directors must file with the Turin Companies Register the option offer of the ASTM ordinary shares of the withdrawing shareholders to the other shareholders in proportion to the shares held by each (the "**Option Offer**"). The period for the Option Offer will last at least thirty days from the filing of the offer with the Turin Companies Register. At the same time as exercising the option, shareholders will also have the right to exercise their pre-emptive right to purchase any ASTM ordinary shares that remain not optioned (the "**Pre-emptive Offer**");
- (c) if, as a result of the Option Offer and the Pre-emption Offer, ASTM ordinary shares remain not optioned and for which the pre-emption right has not been exercised by the shareholders, ASTM, on the basis of the outcome of the above, will assess the opportunity of place these shares on the market to third parties (the "**Third Party Offering**");
- (d) in the event that the ASTM shares for which the Right of Withdrawal has been exercised have not been fully placed as a result of the Option Offer and the Pre-emption Offer or any Third Party Offering, the remaining shares will be directly purchased by ASTM using available reserves, until the Maximum Disbursement is reached. Pursuant to Article 2437-*quater*, paragraph 5, of the Italian Civil Code, the purchase by ASTM may also take place in derogation of Article 2357, paragraph 3, of the Italian Civil Code, as it may therefore exceed the limit of one fifth of the share capital.

12. PROPOSAL OF RESOLUTION ON THE FIRST ITEM ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

taking the above into consideration, the Board of Directors invites the Extraordinary Shareholders' Meeting of ASTM to approve the following proposal of resolution:

"The Shareholders' Meeting of ASTM S.p.A. ("ASTM" or the "Company"):

- *considered the plan for merger of Società Iniziative Autostradali e Servizi S.p.A. into ASTM S.p.A., approved by the Boards of Directors of ASTM S.p.A. and SIAS S.p.A. on 13 June 2019, registered in the Turin Companies Register pursuant to Article 2501-ter of the Italian Civil Code on 19 June 2019, as well as filed with the Company's registered office and published on relevant website pursuant to Article 2501-septies of the Italian Civil Code;*
- *examined the explanatory report prepared by the Board of Directors on the above-mentioned merger plan pursuant to Article 2501-quinquies of the Italian Civil Code and Article 70 of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999;*
- *taken into account of the reference balance sheets situations of the Companies Taking Part in the Merger, represented by the financial statements as at 31 December 2018;*
- *acknowledged the report on the fairness of the exchange ratio prepared by KPMG S.p.A., as joint expert appointed pursuant to Article 2501-sexies of the Italian Civil Code by the Court of Turin on 19 June 2019;*
- *taken note that the current share capital of ASTM S.p.A. is equal to Euro 49,499,300.00, divided into 98,998,600 ordinary shares without indication of nominal value, and is fully subscribed and paid in; and*
- *considered that all these documents have been published and made available to the public in accordance with the applicable laws and regulations;*

RESOLVES

- 1) *to approve, on the basis of the reference balance sheets situations as at 31 December 2018, the merger plan for the merger of Società Iniziative Autostradali e Servizi S.p.A. into ASTM S.p.A., already approved by the respective Boards of Directors on 13 June 2019, under the terms and conditions set out therein, and in particular to approve, without any amendments, the said merger plan which entails, inter alia, an exchange ratio set at No. 0.55 ASTM S.p.A. shares, having the identical effective date as the outstanding ordinary shares held by ASTM S.p.A. at the effective date of the merger, for each ordinary share of SIAS S.p.A.;*
- 2) *to approve the share capital increase to service the merger for a maximum amount of Euro 23,970,091.50 by issuing a maximum of 47,940,183 new shares of ASTM S.p.A., without indication of nominal value, as indicated in the merger plan and in application of the above exchange ratio;*
- 3) *to grant a mandate to the Chief Executive Director to define, prior to the signing of the merger deed, the extent of the Company's capital increase and the number of shares into which the related capital will be divided on the effective date of the merger, in accordance with the principles and criteria described in points 3 and 4 of the merger plan;*
- 4) *to approve, with effect from the last of the registrations of the merger deed or from the following date that will be indicated in the deed itself, the articles of association attached to the merger plan and to the directors' explanatory report made available to the public according to the modes and the terms required by law;*
- 5) *to acknowledge that the shareholders of ASTM who did not approve the resolutions on the merger will have the right of withdrawal pursuant to and for the purposes of Article 2437, paragraph 1, letter a) of the Italian Civil Code, provided that the abovementioned withdrawal will in any case take effect subject to completion of the merger;*
- 6) *to acknowledge that the legal effects of the merger, pursuant to Article 2504-bis, paragraph 2, of the Italian Civil Code, will take effect from the last of the registrations of the merger deed or from the later date that may be indicated in the merger deed itself the accounting and fiscal effects will also start from that date;*
- 7) *to acknowledge that, starting from the effective date of the merger, ASTM S.p.A. will take over with full rights to all the equity, assets and liabilities of Società Iniziative Autostradali e Servizi S.p.A. and all of its reasons, actions and rights, and all obligations, undertakings and duties of any kind pertaining to the same, in accordance with the provisions of Article 2504-bis, paragraph 1, of the Italian Civil Code;*
- 8) *finally, to acknowledge that the completion and effectiveness of the merger are subject to the occurrence of the legal requirements and the non-occurrence of each the conditions subsequent provided for in the merger plan; and*
- 9) *to grant the Chairman of the Board of Directors and the Chief Executive Officer, severally and also through holders of special powers appointed for this purpose, within the limits of the law, the widest powers to implement the approved merger, and therefore, inter alia: (i) to fulfil any requested formality in order to register the shareholders' meeting resolution with the Turin Companies Register, with the power – in particular – to make any non-substantial amendments, deletions or additions to the resolution that may be required by the competent authorities or for the purposes of registration, (ii) to enter into and sign, also through holders of special powers appointed for this purpose, in*

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compliance with the laws and regulations, the merger deed, establishing its conditions, methods and clauses, determining in them the effective date within the limits allowed by law and in compliance with the merger plan, allowing any necessary transfers and transcriptions in relation to the assets and liabilities included in the assets of Società Iniziative Autostradali e Servizi S.p.A., to enter into any implementing, reconnaissance, supplemental and/or rectifying acts that may be necessary or appropriate for the purposes of the completion of this merger resolution, establishing clauses, terms and conditions, and carrying out all that is necessary or even only appropriate for the successful completion of the transaction, and (iii) to carry out all the publicity obligations connected with the merger deed and to carry out any other act and/or activity that is necessary or useful for the purposes of the completion of the merger".

* * *

It should be noted that the Boards of Directors of ASTM and SIAS, as the case may be, will (i) revoke the convening of the respective Shareholders' Meetings with reference to the item on the agenda concerning the approval of the Merger Plan and related resolutions or (ii) convene their respective Shareholders' Meetings to resolve on the revocation of the shareholders' meeting resolution to approve the Merger Plan and related resolutions in the event of occurrence (or, where applicable, no waive of even) also one of the condition subsequent or non-occurrence (or, where applicable, no waive of even) also one of the conditions precedent referred to in Paragraph 1.2.2.

* * *

Attachment A Merger Plan

Attachment B Articles of association of ASTM S.p.A. which will enter into force on the effective date of the Merger

* * *

Turin, 12 September 2019

The Chief Executive Officer
of
ASTM S.p.A.
(Alberto Rubegni)