



## DISCLOSURE DOCUMENT ON A SIGNIFICANT RELATED PARTY TRANSACTION

*Drawn up pursuant to Article 5 of the Regulations containing provisions on related party transactions (adopted by CONSOB with Resolution No. 17721 of 12 March 2010, as subsequently amended and supplemented)*

*This disclosure document has been made available to the public at the administrative office of Tesmec S.p.A. at Via Zanica, 17/O, Grassobbio (BG), on the Tesmec S.p.A. website [www.tesmec.com](http://www.tesmec.com), on the eMarket-Storage authorised storage mechanism at the address [www.emarketstorage.com](http://www.emarketstorage.com), and at Borsa Italiana S.p.A. (Piazza degli Affari 6, Milan)*

**Milan, 21 April 2020**

## DEFINITIONS

A list of the main terms used in this Disclosure Document is provided below.

<b>Purchaser</b>	Means Tesmec.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office at Piazza degli Affari, 6, Milan.
<b>RPT Committee or Committee</b>	Means Tesmec's Control, Risk and Sustainability Committee acting as Committee for Transactions with Related Parties made up of the independent directors Emanuela Teresa Basso Petrino, Simone Andrea Crolla and Guido Traversa.
<b>Preliminary Purchase and Sale Agreement or Agreement</b>	Means the preliminary agreement for the purchase and sale of share signed on 14 April 2020 between Tesmec and MTS, pursuant to which MTS, as Seller, has undertaken to sell to Tesmec the full and exclusive ownership of the Share it owns, free of any encumbrances, and Tesmec, as Purchaser, has undertaken to purchase it against payment of the Consideration.
<b>Consideration</b>	The consideration equal to EUR 9,400,000.00 which the Purchaser has undertaken to pay to the Seller at the Closing Date and which the Seller has undertaken to convert into a payment for a future increase in the Purchaser's capital.
<b>Date of the Disclosure Document</b>	Means the date this Disclosure Document is published.
<b>Closing Date</b>	Means the closing date of the purchase and sale of the Share, scheduled for 30 April 2020.
<b>Disclosure Document</b>	This disclosure document on a significant related party transaction.
<b>Expert or Partners</b>	Partners S.p.A., appointed as independent expert to assist the RPT Committee in issuing its reasoned opinion on the Transaction and on the advantageousness and substantive fairness of its terms and conditions.
<b>Fi. Ind.</b>	Fi. Ind. S.p.A., with registered office at Piazza Sant'Ambrogio, 16, Milan.
<b>Tesmec Group or Group</b>	The Issuer and its subsidiary companies pursuant to Article 2359 of the Italian Civil Code.

<b>MTS</b>	MTS – Officine Meccaniche di Precisione S.p.A., with registered office at Via Provinciale, 26/28, Sirone (LC).
<b>Transaction</b>	Means Tesmec's purchase, at the Closing Date, of the entire share capital of 4 Service against payment of the Consideration.
<b>Parties</b>	Means the Purchaser and the Seller jointly.
<b>Related Parties</b>	The parties included in the definition provided in the RPT Regulations and the RPT Procedure.
<b>RPT Procedure <i>or</i> Procedure for Transactions with Related Parties</b>	The Procedure governing related party transactions approved by the Issuer's Board of Directors.
<b>Share</b>	The entire share capital of 4 Service owned by the Seller who is the sole shareholder.
<b>CONSOB Issuers' Regulation</b>	The regulation on issuers adopted by CONSOB with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented.
<b>RPT Regulation <i>or</i> Regulation on Transactions with Related Parties</b>	The Regulation containing provisions on related party transactions adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.
<b>Tesmec <i>or</i> the Company <i>or</i> the Issuer</b>	Tesmec S.p.A., with registered office at Piazza Sant'Ambrogio, 16, Milan and secondary establishment at Via Zanica, 17/O, Grassobbio (BG).
<b>Consolidated Law <i>or</i> TUF</b>	Italian Legislative Decree no. 58 of 24 February 1998, (Consolidated Law on Financial Intermediation), as subsequently amended and supplemented.
<b>TTC</b>	TTC S.r.l., with registered office at Via Fara Gustavo, 35, Milan.
<b>Seller</b>	Means MTS.
<b>4 Service</b>	4 Service S.r.l., a company incorporated under Italian law with registered office at Piazza Sant'Ambrogio 16, Milan, fully subscribed and paid-in share capital equal to EUR 1,000,000, tax code, VAT No. and registration number in the Milan Companies Register 11189150961.

## INTRODUCTION

This Disclosure Document has been drawn up by the Company pursuant to Article 5 of the RPT Regulation and in compliance with Annex 4 to said Regulation, as well as pursuant to Article 5 of the Company's RPT Procedure. The aim is to highlight the transparency and the substantive and procedural fairness of the transaction involving Tesmec's acquisition of the 100% interest held by MTS in 4 Service against payment of the Consideration to be converted by MTS into a payment for a future increase in Tesmec's capital. The Transaction shall be concluded on the Closing Date.

The Transaction is part of the Group's wider strategy to concentrate all the rental management operations, currently performed by 4 Service as well as by Tesmec USA Inc., under a single organisation.

The Transaction constitutes a related party transaction, as specified in greater detail in paragraph 2.2 below, as MTS qualifies as a related party of Tesmec pursuant to paragraph , letters (a) and (i) of Annex 1 to the RPT Regulation, given that Tesmec and MTS are both companies subject to the control of TTC. TTC (i) exercises control over Tesmec, as it holds a total investment equal to 44.609% of its share capital, of which 30.301% is held directly and 14.308% is held indirectly through Fi. Ind.; and (ii) exercises control over MTS, as it holds an investment equal to approximately 57.09% of the share capital of Fi. Ind., which in turn holds an investment equal to 100% of the share capital of MTS. TTC's share capital is held as follows: (i) Ambrogio Caccia Dominioni, holding an amount equal to 28.62%; (ii) Ellida Pittaluga, holding an amount equal to 8.62%; (iii) Carlo Caccia Dominioni, holding an amount equal to 18.62%; (iv) Caterina Caccia Dominioni, holding an amount equal to 18.62%; (v) Lucia Caccia Dominioni, holding an amount equal to 18.62% and (vi) Unione Fiduciaria S.p.A., holding an amount equal to 6.90%. Furthermore, it should be noted that: (i) Tesmec's Chairman and Chief Executive Officer Ambrogio Caccia Dominioni holds the office of non-executive director in MTS; and (ii) Tesmec's Vice Chairman Gianluca Bolelli holds the office of director in TTC.

The Transaction constitutes a significant related party transaction in accordance with the indicator of value set forth in paragraph 1.1., letter a) of Annex 3 to the RPT Regulation, as the Consideration exceeds the significance threshold currently applicable, which is equal to Euro 2,307,585, i.e. 5% of the Tesmec Group's shareholders' equity reported in the most recent consolidated balance sheet published by the Company that, as of today's date, is contained in the Annual Financial Report as at 31 December 2019.

With regard to application of the Procedure, as the Issuer is a "small company", it makes use of the possibility of applying to the Transaction the procedure established for transactions with related parties of lesser importance, as provided for by Article 10 of the Related Party Regulation.

The Transaction was approved by Tesmec's Board of Directors on 14 April 2020, after it had obtained a favourable reasoned opinion, issued on the same date, by the Committee, whose decisions were endorsed by the Expert.

On 14 April 2020 the Preliminary Purchase and Sale Agreement of Share was signed between MTS, acting as Seller, on one side and Tesmec, acting as Purchaser, on the other.

Tesmec's Board of Directors believes that the Transaction is in the Group's interest, that does not undermine the protection of corporate assets and that all the necessary measures have been taken to guarantee the substantive and procedural fairness of the Transaction and of its terms and conditions, in view of the relationship between the contracting parties.

This is because:

- in business terms, the Transaction presents the advantages described in Paragraph 2.3 of this Disclosure Document;
- in economic terms, the Transaction presents the advantageousness illustrated in greater detail in Paragraphs 2.4 and 2.5 of this Disclosure Document;
- in procedural terms, all the necessary measures have been taken to essentially neutralise the effect of the relationship between the contracting Parties. More specifically:
  - (i) the Company applied the rules on related party transactions laid down by the RPT Procedure and the RPT Regulation to the Transaction;
  - (ii) the members of the RPT Committee were involved in the negotiations and due diligence activities concerning the Transaction;
  - (iii) Tesmec's Board of Directors conducted a preliminary examination of the Transaction on 20 December 2019, then on 17 February 2020, on 13 March 2020 and on 8 April 2020, acknowledging its significance, in terms of its structure, in the process underway in the Tesmec Group to concentrate the machine rental business owned by MTS through 4 Service;
  - (iv) the Committee was already involved in the negotiation phase and examined and held a preliminary discussion on the contents of the Transaction during the meetings held on 20 December 2019, 17 February 2020, 27 February 2020, 12 March 2020 and 8 April 2020. On 27 February 2020 the RPT Committee appointed the Expert to assist it in the assessments on the Transaction;
  - (v) on 8 April 2020 the Committee gave a preliminary favourable opinion on the Transaction with regard to a consideration ranging between Euro 8,800,000 and Euro 10,500,000 as initially established by the Parties;
  - (vi) then, on 14 April 2020, after a complex evaluation process based on full and appropriate information on the Transaction in terms of the nature of the relationship, the main terms and conditions of the Transaction, the timeframe, the reasons underlying the Transaction as well as any risks for the Company and its subsidiaries, pursuant to the RPT Regulation and the RPT Procedure, the Committee gave a favourable reasoned opinion on the Transaction, which was issued with the assistance of the independent expert Partners; and
  - (vii) Tesmec's Board of Directors therefore approved the Transaction and this Disclosure Document during the meeting held on 14 April 2020 (see Paragraph 2.8 below).

This Disclosure Document was sent to CONSOB and to Borsa Italiana and filed at the Company's administrative office within the terms provided by law and according to the procedures stated in Part III, Title II, Chapter I, of the Issuers' Regulation. A copy of the Disclosure Document can also be found in the Investor Relations/Governance/Related Party Transactions section of the Tesmec website [www.tesmec.com](http://www.tesmec.com).

## 1 IMPORTANT NOTICE

The Transaction is classified as a related party transaction pursuant to the RPT Regulation and the RPT Procedure, as MTS qualifies as a related party of Tesmec pursuant to paragraph 1, letters (a) and (i) of Annex 1 to the RPT Regulation, given that Tesmec and MTS are both companies subject to the control of TTC. TTC (i) exercises control over Tesmec, as it holds a total investment equal to 44.609% of its share capital, of which 30.301% is held directly and 14.308% is held indirectly through Fi. Ind.; and (ii) exercises control over MTS, as it holds an investment equal to approximately 57.09% of the share capital of Fi. Ind., which in turn holds an investment equal to 100% of the share capital of MTS. TTC's share capital is held as follows: (i) Ambrogio Caccia Dominioni, holding an amount equal to 28.62%; (ii) Ellida Pittaluga, holding an amount equal to 8.62%; (iii) Carlo Caccia Dominioni, holding an amount equal to 18.62%; (iv) Caterina Caccia Dominioni, holding an amount equal to 18.62%; (v) Lucia Caccia Dominioni, holding an amount equal to 18.62% and (vi) Unione Fiduciaria S.p.A., holding an amount equal to 6.90%. Furthermore, it should be noted that: (i) Tesmec's Chairman and Chief Executive Officer Ambrogio Caccia Dominioni holds the office of non-executive director in MTS; and (ii) Tesmec's Vice Chairman Gianluca Bolelli holds the office of director in TTC.

In this regard it should be noted that on 14 April 2020, when the Board of Directors was passing the resolution on the Transaction, the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni abstained pursuant to Article 2391 of the Italian Civil Code – also in view of the position of non-executive director held in MTS – while the directors Lucia Caccia Dominioni, Caterina Caccia Dominioni and Gianluca Bolelli declared that they had an interest in the implementation of the Transaction.

In relation to the Transaction, as at the Date of the Disclosure Document, there have been no reports of additional situations where there is a potential conflict of interest other than those that are typical of related party transactions, or risks other than those typically affecting transactions of a similar kind.

The Committee, required to give an opinion pursuant to Article 5 of the RPT Procedure, was involved in the Transaction as it was provided with adequate information and supporting documentation and, after conducting extensive due diligence on the Transaction, on 14 April 2020 it issued a favourable reasoned opinion on the interest of the Company and of the Group in implementing the Transaction, and on the advantageousness and substantive fairness of its terms and conditions, which is attached hereto under **Annex 1**. In accordance with the RPT Procedure and with the provisions of the RPT Regulation, on 27 February 2020 the RPT Committee appointed the Expert to assist it in assessing the Transaction. On 14 April 2020, the Expert issued its own opinion, the key elements of which are stated in **Annex 2**.

## **2 INFORMATION ON THE TRANSACTION**

### **2.1 Description of the characteristics, procedures, terms and conditions of the Transaction**

The rental business development strategy was launched in 2017 when agreements were concluded with MTS regarding (i) the purchase by the newly incorporated 4 Service (formerly MTS) of trenchers for subsequent rental, and (ii) the supply by the Group, under sub-contracting arrangements, of all the ancillary services required for using the trenchers (i.e., transport, storage, maintenance and repair actions). These agreements were specifically subject to the rules governing related party transactions (see the disclosure document published on 2 November 2017).

During the negotiations between the Seller and the Purchaser, from December 2019 MTS assigned the rental business branch (including the 100% interest held in the share capital of the US company MTS 4 Service LLC) to the wholly owned subsidiary 4 Service.

In signing the Preliminary Purchase and Sale Agreement on 14 April 2020, MTS undertook to assign and sell to Tesmec the full and exclusive ownership of 100% of the share capital of 4 Service and Tesmec undertook to purchase that interest against payment of the Consideration equal to Euro 9,400,000.00 at the Closing Date. At the same time, MTS undertook to convert the Consideration into a payment for a future increase in Tesmec's share capital. In this regard, the Parties expressly acknowledged that the Consideration is fixed and unchangeable and therefore definitively waived any mechanism for deferment, review or positive or negative adjustment of the Consideration pursuant to law or to the agreement, including purely by way of example, the remedies set forth in Articles 1447 and 1467 of the Italian Civil Code.

The purchase and sale of the Share, in accordance with the Parties' obligations, is scheduled to be completed at the Closing Date and take place by 30 April 2020. At the Closing Date the Purchaser shall purchase the Share with all the related rights to 4 Service's retained earnings.

A clause was included on the interim management of 4 Service, under which, without prejudice to activities authorised in writing by the Purchaser or to activities of which the mandatory fulfilment is strictly required by law, the Seller undertook to ensure that, from the date the Agreement was signed and up to the Closing Date, the activities of 4 Service would be managed according to principles of ordinary and diligent administration, in compliance with past practices, in observance of the obligations assumed, without concluding agreements or implementing other actions, which by their nature or duration, exceed the limits of ordinary business activity, or cause or could cause the Seller's warranties to be breached or inaccurate. If during this period 4 Service intends to undertake actions, which by their nature or duration, exceed the limits of ordinary business activity, the Seller shall be required to request in writing the Purchaser's written consent. The Purchaser's consent shall be considered denied if the Purchaser does not expressly notify its consent in writing within 5 (five) working days of the date it receives the Seller's written request.

Pursuant to the Agreement, MTS provided representations and warranties on the following matters: (i) capacity to enter into the Agreement; (ii) ownership of the Share; (iii) contracts; (iv) employees; (v) pro forma financial statements and absence of liabilities; (vi) taxes and duties, administrative authorisations and permits; (vii) insurance and guarantees; (viii) data protection; (ix) litigation. The Purchaser instead provided the standard representations and warranties for similar transactions to the one covered by the Agreement.

The representations and warranties provided by the Seller in points (i), (ii), (iv), (vi) and (viii) above shall be valid and effective until the twentieth working day after expiry of the period of limitation applicable to the underlying claim; all the other representations and warranties provided above shall be valid and effective until the eighteenth month after the Closing Date.

In addition to the applicable remedies provided by law, provision has been made for the Purchaser to be indemnified and held harmless by the Seller against any loss within the following limits: (i) the Seller shall be liable for indemnification in the event that the cumulative amount of losses, which can effectively be indemnified by the Seller to the Purchaser under the Agreement, exceeds the amount of Euro 25,000; and; (ii) the cumulative aggregate amount due from the Seller to the Purchaser by way of indemnity for losses cannot exceed the amount of Euro 4,000,000.

The Agreement also imposes non-competition obligations on MTS, under which it undertook, with regard to a geographical area limited to certain regions (USA, Europe, Oceania and Middle East), not to engage in competitive activities and not to participate in any enterprise and/or activity competing with those carried out by 4 Service at the Closing Date up to the 5<sup>th</sup> (fifth) anniversary of the Closing Date, with the assumption of specific behaviour obligations in this respect.

## **2.2 Specification of the related parties with which the Transaction was implemented, of the nature of the relationship and of the nature and extent of their interests in the Transaction**

The Transaction is classified as a related party transaction pursuant to the RPT Regulation and the RPT Procedure, as MTS qualifies as a related party of Tesmec pursuant to paragraph 1, letters (a) and (i) of Annex 1 to the RPT Regulation, given that Tesmec and MTS are both companies subject to the control of TTC. TTC (i) exercises control over Tesmec, as it holds a total investment equal to 44.609% of its share capital, of which 30.301% is held directly and 14.308% is held indirectly through Fi. Ind.; and (ii) exercises control over MTS, as it holds an investment equal to approximately 57.09% of the share capital of Fi. Ind., which in turn holds an investment equal to 100% of the share capital of MTS. TTC's share capital is held as follows: (i) Ambrogio Caccia Dominioni, holding an amount equal to 28.62%; (ii) Ellida Pittaluga, holding an amount equal to 8.62%; (iii) Carlo Caccia Dominioni, holding an amount equal to 18.62%; (iv) Caterina Caccia Dominioni, holding an amount equal to 18.62%; (v) Lucia Caccia Dominioni, holding an amount equal to 18.62% and (vi) Unione Fiduciaria S.p.A., holding an amount equal to 6.90%. Furthermore, it should be noted that: (i) Tesmec's Chairman and Chief Executive Officer Ambrogio Caccia Dominioni holds the office of non-executive director in MTS; and (ii) Tesmec's Vice Chairman Gianluca Bolelli holds the office of director in TTC.

In this regard it should be noted that on 14 April 2020, when the Board of Directors was passing the resolution on the Transaction, the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni abstained pursuant to Article 2391 of the Italian Civil Code – also in view of the position of non-executive director held in MTS – while the directors Lucia Caccia Dominioni, Caterina Caccia Dominioni and Gianluca Bolelli declared that they had an interest in the implementation of the Transaction.

In relation to the Transaction, as at the Date of the Disclosure Document, there have been no reports of additional situations where there is a potential conflict of interest other than those that are typical of related party transactions, or risks other than those typically affecting transactions of a similar kind.

The Transaction constitutes a significant related party transaction in accordance with the indicator of value set forth in paragraph 1.1., letter a) of Annex 3 to the RPT Regulation, as the Consideration



exceeds the significance threshold currently applicable, which is equal to Euro 2,307,585, i.e. 5% of the Tesmec Group's shareholders' equity reported in the most recent consolidated balance sheet published by the Company that, as of today's date, is contained in the Annual Financial Report as at 31 December 2019.

### **2.3 Specification of the economic reasons and benefits of the Transaction for the Company**

The economic reasons and benefits of the Transaction for the Tesmec Group lie in the fact that it is part of a wider Group strategy to concentrate all the rental management operations, currently performed by 4 Service as well as by Tesmec USA Inc., under a single organisation.

The possibility of renting trenchers allows the Group's customers to maximise operational benefits by having the most suitable machinery for the work to be done at their disposal, when and where required, generating significant savings in terms of execution times – and costs – and postponing the possible purchase to a later date.

By concentrating all the rental activity under a single organisation, the Group will be able to respond to the customers' requests to have the option of purchasing or renting the machines. In the second case, the machines may often be purchased by the customers at a later date.

It is reminded that the rental business development strategy was launched in 2017, when agreements were concluded with MTS (now 4 Service) regarding (i) the purchase by the newly incorporated 4 Service (formerly MTS) of trenchers for subsequent rental, and (ii) the supply by the Group, under sub-contracting arrangements, of all the ancillary services required for using the trenchers (i.e., transport, storage, maintenance and repair actions).

In view of the positive results achieved in the three-year period and as the fleet has reached its ideal size, the Group has taken the opportunity to internalise and concentrate all the "dry rental" activities in a single organisation and has been able to implement the Transaction thanks to MTS's willingness to convert the receivable arising from payment of the Consideration into a payment for a future increase in Tesmec's capital.

Further details on the economic and financial effects of the Transaction can be found in Paragraph 2.5 below.

### **2.4 Procedures for determining the consideration for the Transaction and assessment of its consistency with the market values of similar transactions**

The Consideration was established in negotiations between the Parties as Euro 9,400,000 and shall be converted, at the Closing Date, into a payment for a future increase in the Purchaser's capital.

The Consideration was also established in light of the results of the assessment drawn up by the independent expert EY Advisory ("EY") to assist Tesmec's Board of Directors and reflects the valuation inferred from application of the comparable listed companies market multiples method and the comparable transactions multiples method using the EBITDA 2019 as reference.

### Valuation methods adopted by EY

In its assessment EY used valuation methods in line with national and international practices, applying those considered most appropriate, taking into account the purpose of the analysis, the specific characteristics and fundamentals of 4 Service reflected in the information received, as well as the nature of the transaction and the purpose of the valuation.

More specifically, the main methods used were the stock market multiples and the transaction multiples methods, while the simple equity method was used as control method, comparing the results obtained with the various methods applied. EY conducted its assessment of 4 Service from a stand-alone perspective, that is, in the expectation of independent management, disregarding any synergy effects.

### Stock market multiples method

The stock market multiples method consists in giving the company a value equal to the one assigned to it by the stock market in which its shares are traded.

It is included in the category of “direct” valuation methods, which are those that refer to the effective market prices in transactions involving shares of the capital of the company being evaluated.

The values arising from the stock market prices represent the summary of the expectations (and consequent value judgments) of the total investors with regard to the company being evaluated.

The method is based on the determination of multiples calculated as ratio between the stock market values and the economic and financial parameters of a sample of comparable companies, which are then applied, with appropriate additions and adjustments to the corresponding parameters of the company being evaluated, in order to estimate a range of values.

The main phases involved in this method are described below:

- i. **Selection of the comparable companies:** identification of a sample of companies sufficiently similar to the company being evaluated on the basis of their respective sectors, size, level of profitability, leverage, taxation, expected growth, geographical area of operation, customers, etc. The selection of the sample of comparable companies requires an understanding of the business – that is, the activity in the broad sense – of the company being evaluated, in terms of analysis of its strategic positioning (i.e. of the general macroeconomic frame of reference, the industry and market where the company operates) as well as with regard to analysis and understanding of the financial statements in order to comprehend the substance of the company’s economic/financial dynamics. Once the business of the company being evaluated has been grasped, the panel is defined by selecting the most comparable companies in terms of the parameters described above. In this specific case, companies engaging in the rental of machinery for the construction and infrastructure industry were taken into consideration. Specifically, the companies selected are the following respectively in the geographies indicated: Finland (Cramo Oyj); United States of America (Herc Holdings Inc., United Rentals, Inc., H&E Equipment Services, Inc.); Canada (Finning International Inc., Toromont Industries Ltd., Wajax Corporation); United Kingdom (Ashtead Group plc, HSS Hire Group plc, Vp plc, Speedy Hire Plc); Japan (Nishio Rent All Co., Ltd., Kanamoto Co., Ltd.); France (Haulotte Group SA); India (Sanghvi Movers Limited).
- ii. **Choice of multipliers:** calculation of the fundamental ratios/multiples considered significant or the identification of suitable ratios between market values (Equity value, Enterprise value) and fundamental parameters of the companies in the sample (shareholders’ equity, cash flows, turnover, EBITDA, EBIT, net profit, etc.). It is also taken into account their significance, as well as their internal consistency (i.e. the need for the numerator and the denominator to be of the

same unit of measure) and external comparability (i.e. the need to ensure that the market values and the fundamental parameters of the companies in the sample are mutually comparable, such as they all use the same accounting standards). The company is therefore evaluated on the basis of an appropriate range of multiples calculated on the basis of projections where possible, or at least on the most recent historical results (mostly recently disclosed to the market). In this specific case, also taking the reference sector into account, EY considered the Enterprise Value/EBITDA 2019 multiple, where the Enterprise Value was calculated as the average value of this parameter at market close for the three months up to 3 April 2020 and the reference EBITDA for the companies making up the panel is the value of the most recently closed tax year, i.e. the 2019 tax year.

- iii. **Application of the discount:** a 30% discount was applied to the reference panel, so as to allow for the fact that the Company is smaller than the comparable listed companies included in the panel and its business is less diversified and for other differences that meant that the panel of companies and 4 Service were not perfectly homogeneous. More specifically, the fact that 4 Service is not listed suggests the need to apply a liquidity discount to the average EV/EBITDA value inferred from the panel. This discount, identified as 30%, is in line with the discount range suggested for these cases by the *Organismo Italiano di Valutazione* (Italian Valuation Standard Setter) (the acceptable discount range is declared to be between 13% and 45%).
- iv. **Application of the selected multiples** to the current income values of 4 Service, so as to achieve a range of values for the company.

The Enterprise Value range identified using this method stands at between Euro 19.3 million and Euro 23.4 million.

#### **Comparable transaction multiples method**

The comparable transaction multiples method allows a company to be valued on the basis of the enterprise values observed in market transactions concerning entities considered comparable to the company under analysis.

The method for selecting the reference panel follows the same principles as the market multiples method, with specific regard to the selection of comparable companies and the choice of reference multipliers to be used.

This method is based on the analysis of implicit multipliers – considered significant – recognised in the aforesaid transactions. In this specific case, also taking the reference sector into account, EY took the EV/EBITDA multiple into consideration.

In order to evaluate 4 Service, the first step was to identify a sample of transactions considered comparable, in view of the specific sector in which the company operates.

With regard to the comparable transaction multiples, a 30% discount was again applied, so as to allow for the fact that 4 Service is smaller than the other companies included in the panel.

The Enterprise Value range identified using this method stands at between Euro 18.2 million and Euro 21.9 million.

By overlapping the stock market multiples method and the comparable transactions multiples method, the following value range was identified (where “EV” stands for “Enterprise Value” and “Equity” stands for “Equity Value”):

EV/EBITDA	3,8x	3,9x	4,0x	4,1x	4,2x	4,3x
EBITDA19	5,2	5,2	5,2	5,2	5,2	5,2
EV	19,7	20,5	20,8	21,3	21,9	22,2
NFP Feb20	11,7	11,7	11,7	11,7	11,7	11,7
Equity	8,0	8,8	9,1	9,6	10,2	10,5

### **Simple Equity Method**

In view of the fact that 4 Service is a company with a strong invested capital component, mainly represented by fixed assets, the equity method was considered the best control method.

The simple equity method considers the economic value of the company's capital equal to the appropriately adjusted book value of shareholders' equity.

The adjusted shareholders' equity is the result of a valuation, at current market value, on a going concern basis, of all the assets duly reduced by all the liabilities.

The valuation usually involves the following phases:

- i. identification of the book value of shareholders' equity;
- ii. assessment of any differences between the current value and the book value of the assets and liabilities;
- iii. calculation of the adjusted shareholders' equity.

The equity method is therefore based on the market value valuation of the fixed assets (trenchers) owned by 4 Service, according to the estimate made by the company and also compared with the book value of the fixed assets.

According to the estimate made by the company, the value of the 40 trenchers owned by 4 Service is equal to Euro 22 million.

<i>Simple Equity Method</i>				
	€m Dec-19	€m Feb-20	€m Mar-20	# trenchers
4Service S.r.l. – Market Price	7.8	6.9	6.9	19
Leasing 4Service S.r.l. – Market Price	5.8	5.8	5.8	8
MTS4Service LLC – Market Price	10.4	9.3	9.3	13
<b>Total fleet market price</b>	<b>23.9</b>	<b>22.0</b>	<b>22.0</b>	<b>40</b>
NFP	12.8	11.7	11.7	
NWC	0.0	1.0	1.3	
<b>Equity Value – capital method valuation</b>	<b>11.1</b>	<b>11.3</b>	<b>11.6</b>	<b>40</b>

The Consideration, established in negotiations between the Parties as Euro 9,400,000, corresponding to an Enterprise Value of Euro 21.1 million (based on the NFP of Euro 11.7 million as of 31 March 2020)

stands within the overlap of the range of values identified by applying the three methods described above, including the simple equity method used as control method.

In accordance with the RPT Procedure and the provisions of the RPT Regulation, on 27 February 2020 the RPT Committee appointed the Expert to assist it in the assessments on the Transaction.

More specifically, the RPT Committee appointed the Expert to examine the Transaction from the Tesmec Group's perspective, in order to provide the Committee with useful information on (i) the economic reasons underlying the Transaction and (ii) its advantageousness and substantive fairness.

The Expert was chosen on account of its proven track record of reliability and professionalism in corporate accounting and finance. In the pre-appointment selection phase, it was considered that the Expert had no economic, equity or financial relations with the Issuer or with parent or subsidiary companies or companies subject to joint control with Tesmec or with their directors, and did not provide them with any form of ongoing collaboration or consultation.

On 14 April 2020 the Expert issued its opinion, the key elements of which are stated in [Annex 2](#). This information was reproduced in accordance with the content of the Expert's opinion and, as far as the Issuer is aware, there are no omissions that could cause the reproduced information to be inaccurate or misleading.

A summary is provided below of the assessments made by the Expert upon completion of its analysis:

- in qualitative terms, on the basis of the considerations put forward by the Company's management, the main aim of the Transaction is to create within the Tesmec Group a business unit entirely dedicated to the trencher rental activity, Tesmec Rental, which coordinates and develops the rental activities carried out by 4 Service, 4 Service USA, and Tesmec USA (rental division), leveraging the availability of a sizeable fleet, a large customer base and a developed operating structure (provided by the Tesmec Group);
- in quantitative terms, from a stand-alone perspective, the Expert checked the analyses conducted by EY and independently tallied the values produced on the basis of the EV/EBITDA multipliers, obtaining an equity value for 4 Service equal to approximately Euro 10.5 million (i.e. equity value equal Euro 10.5 million + PFN as of 31 March 2020 equal to Euro 11.7 million = enterprise value equal to Euro 22.2 million);
- in quantitative terms, from the specific perspective of the Tesmec Group, on the basis of a simplified method based on 2019 figures, it is possible to estimate an increase in the Tesmec Group's economic value following the acquisition of 4 Service ranging between Euro 10.1 million and approximately Euro 13.9 million, using the Tesmec multiple as of 15 February 2020 (pre-Covid-19 effect) "with" and "without" application of a 15% discount by way of execution risk; and
- on the basis of the qualitative and quantitative assessments set forth above, the Transaction appears to be advantageous and substantively fairness, especially if the purchase price stands below the range of significant values in the specific perspective of the Tesmec Group referred to in the previous point (and therefore below Euro 10.1 million), considering this perspective to be the most important for the Transaction.

## 2.5 Illustration of the economic and financial effects of the Transaction

This Paragraph includes a summary of the effects of the Transaction on the main economic and financial indicators of the Tesmec Group (the “**Post Transaction Data**”).

The Post Transaction Data were drawn up by the Company to simulate the effects of the Transaction on the Tesmec Group’s statement of financial position, as if it had taken place virtually on 31 December 2019 and, with regard to the economic performance, on 1 January 2019. However it should be noted that the information contained in the Post Transaction Data represents, as stated above, a simulation for illustrative purposes only of the possible effects that could arise from the planned acquisition. More specifically, as the information is constructed to provide a retroactive view of the effects of subsequent transactions, despite the compliance with commonly accepted rules and the use of reasonable assumptions, there are limits associated with the very nature of information prepared in this way. Hence, it should be noted that if the Transaction had actually taken place on the hypothetical dates, the Post Transaction Data would not necessary have been obtained.

Lastly, it should be noted that the Post Transaction Data provided below do not in any way intend to represent a forecast of the future results of the Tesmec Group and therefore must not be construed as such.

The table below provides an illustration of the synthetic aggregate income statement and the statement of financial position of 4 Service and Tesmec Group (net of mutual relations) relating to the year 2019, intended to represent the effects of the Transaction on the economic performance and financial position of the Tesmec Group:

Synthetic Income Statement (in Euro/million)	Tesmec Group 2019	Tesmec Group Post Transaction 2019
Operating revenues	200.7	198.6
Cost of goods sold	(148.2)	(142.0)
Other operating costs/operating revenues (net)	(25.0)	(25.2)
<b>EBITDA</b>	<b>27.4</b>	<b>31.4</b>
Amortisation/depreciation	(19.1)	(21.5)
<b>Operating income</b>	<b>8.4</b>	<b>10.0</b>
Income and charges other than the above	(4.2)	(4.2)
<b>Income before tax</b>	<b>4.2</b>	<b>5.7</b>
Tax	(1.2)	(1.3)
<b>Net profit</b>	<b>3.0</b>	<b>4.5</b>

Asset and financial Structure (Euro/million)	Tesmec Group 31.12. 2019	Tesmec Group Post Transaction 31.12.2019
Net working capital	73.0	72.7
Fixed assets	86.9	105.1
Other long-term assets and liabilities	4.2	4.6
<b>Net invested capital</b>	<b>164.2</b>	<b>182.4</b>
Net financial indebtedness	(118.0)	(120.4)
Due to shareholders	-	(10.5)
Shareholders' equity	(46.2)	(51.5)
<b>Total sources of funding</b>	<b>(164.2)</b>	<b>(182.4)</b>

The Post Transaction Data were drawn up on the basis of the Tesmec Group's Consolidated Financial Statements as at 31 December 2019 and the Financial Statements of 4 Service (formerly MTS) and of the subsidiary MTS 4 Service LLC as at 31 December 2019, duly adjusted to align their financial data to the IAS/IFRS standards and to take into account the mutual eliminations arising from the effects of completion of the Transaction. The Post Transaction Data were not subject to audit.

The main impacts of the Transaction in economic and financial terms are listed below:

- i. with regard to revenues, the combination of the two businesses would have led to a slight reduction, from Euro 200.7 million to Euro 198.6 million, as the result of the elimination of mutual relations. In 2019, the revenues generated by 4 Service (formerly MTS), equal to Euro 12.2 million, would have been offset by intragroup eliminations by Euro 14,3 million, relating to the effects of the transactions implemented in 2019 between the Tesmec Group and MTS (now 4 Service) as part of the agreements entered into in 2017. Specifically: i) Euro 9.6 million in lower revenues generated by Tesmec in respect of MTS (now 4 Service) for the sale of trencher machines; ii) Euro 1.4 million in lower revenues generated by Tesmec in respect of MTS (now 4 Service) for ancillary services required for using the trenchers; and iii) Euro 3.2 million in lower revenues generated by MTS (now 4 Service) in respect of Tesmec for the rental of trenchers.
- ii. with regard to EBITDA, the combination of the two businesses brings clear benefits for Tesmec in terms of improving the indicator, which in 2019 would have risen from Euro 27.4 million to Euro 31.4 million, as a result of: i) the contribution of the EBITDA of 4 Service (formerly MTS), equal to Euro 5.4 million; ii) net of the effects of the aforementioned intragroup eliminations, of Euro 1.4 million.
- iii. with regard to the NFP, the combination of the two businesses would led to an increase of Euro 2.4 million, due to the contribution of higher cash and cash equivalents of Euro 2.1 million and higher liabilities from rights of use, relating to the lease contracts in place with 4 Service, of Euro 4,4 million.

While highlighting an increase in the NFP, the combination of the two businesses in itself leads to an improvement in the PFN/EBITDA ratio, which would rise from 4.3x to 3.8x.

## **2.6 Impact on the fees of members of the Board of Directors of the Company and/or of companies controlled by it as a result of the Transaction**

The Transaction has no impact on the fees of the directors of Tesmec and/or of the companies controlled by it.

## **2.7 Interests of any members of the administrative and control bodies, general managers and executives of the Companies involved in the Transaction**

The Transaction is classified as a related party transaction pursuant to the RPT Regulation and the RPT Procedure, as MTS qualifies as a related party of Tesmec pursuant to paragraph 1, letters (a) and (i) of Annex 1 to the RPT Regulation, given that Tesmec and MTS are both companies subject to the control of TTC. TTC (i) exercises control over Tesmec, as it holds a total investment equal to 44.609% of its share capital, of which 30.301% is held directly and 14.308% is held indirectly through Fi. Ind.; and (ii) exercises control over MTS, as it holds an investment equal to approximately 57.09% of the share capital of Fi. Ind., which in turn holds an investment equal to 100% of the share capital of MTS. TTC's share capital is held as follows: (i) Ambrogio Caccia Dominioni, holding an amount equal to 28.62%; (ii) Ellida Pittaluga, holding an amount equal to 8.62%; (iii) Carlo Caccia Dominioni, holding an amount equal to 18.62%; (iv) Caterina Caccia Dominioni, holding an amount equal to 18.62%; (v) Lucia Caccia Dominioni, holding an amount equal to 18.62% and (vi) Unione Fiduciaria S.p.A., holding an amount equal to 6.90%. Furthermore, it should be noted that: (i) Tesmec's Chairman and Chief Executive Officer Ambrogio Caccia Dominioni holds the office of non-executive director in MTS; and (ii) Tesmec's Vice Chairman Gianluca Bolelli holds the office of director in TTC.

In this regard it should be noted that on 14 April 2020, when the Board of Directors was passing the resolution on the Transaction, the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni abstained pursuant to Article 2391 of the Italian Civil Code – also in view of the position of non-executive director held in MTS – while the directors Lucia Caccia Dominioni, Caterina Caccia Dominioni and Gianluca Bolelli declared that they had an interest in the implementation of the Transaction.

In relation to the Transaction, as at the Date of the Disclosure Document, there have been no reports of additional situations where there is a potential conflict of interest other than those that are typical of related party transactions, or risks other than those typically affecting transactions of a similar kind.

## **2.8 Specification of the bodies or directors who conducted or participated in negotiations**

Tesmec's Board of Directors conducted a preliminary examination of the Transaction on 20 December 2019, then on 17 February 2020, on 13 March 2020 and on 8 April 2020, acknowledging its significance, in terms of its structure, in the process underway in the Tesmec Group to concentrate the machine rental business owned by MTS through 4 Service.

The negotiations relating to conclusion of the Agreement were conducted, on one side, by the Chairman of MTS's Board of Directors, Alfredo Gianetti, and on the other, by Tesmec's General Manager, Paolo Mosconi, with the involvement of the independent director Emanuela Teresa Basso Petrino.

On 30 March 2020, the Parties reached a non-binding agreement on the main terms and conditions of the Transaction.



As known, significant related party transactions are approved by the Board of Directors after obtaining the reasoned opinion of the RPT Committee, made up of the Company's independent directors.

In compliance with the provisions of the RPT Procedure, the Company guaranteed that, for the purposes of assessing the Transaction, the Committee would be provided with full and appropriate information and supporting documentation. More specifically, the Company's management not only gave the Committee the draft agreements exchanged between the Parties, but also the clarifications and explanations requested in a prompt and timely manner.

The Committee was already involved in the negotiation phase and examined and held a preliminary discussion on the contents of the Transaction during the meetings held on 20 December 2019, 17 February 2020, 27 February 2020, 12 March 2020 and 8 April 2020. On 27 February 2020, the RPT Committee appointed the Expert to assist it in the assessments on the Transaction.

On 8 April 2020, the Committee gave a preliminary favourable opinion on the Transaction with regard to a consideration ranging between Euro 8,800,000 and Euro 10,500,000 as initially established by the Parties.

Then, on 14 April 2020, after a complex evaluation process based on full and appropriate information on the Transaction in terms of the nature of the relationship, the main terms and conditions of the Transaction, the timeframe, the reasons underlying the Transaction as well as any risks for the Company and its subsidiaries, pursuant to the RPT Regulation and the RPT Procedure, the Committee gave a favourable reasoned opinion on the Transaction, which was issued with the assistance of the independent expert Partners. A copy of the RPT Committee's favourable opinion on the interest of the Company and of the Group in implementing the Transaction, and on the advantageousness and substantive fairness of its terms and conditions is attached hereto under **Annex 1**.

Tesmec's Board of Directors therefore approved the Transaction during the meeting held on 14 April 2020 and this Disclosure Document during the meeting held on 20 April 2020.

Pursuant to Article 5 of the RPT Regulation, the opinion of the RPT Committee, set forth in **Annex 1**, and this Disclosure Document can be found on the Company's website [www.tesmec.com](http://www.tesmec.com).

\* \* \* \* \*

Milan, 21 April 2020

The Board of Directors

**ANNEX 1**

**OPINION OF THE COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES**

To the kind attention of the Board of Directors of Tesmec S.p.A.

and c.c. to the kind attention of the Board of Statutory Auditors of Tesmec S.p.A.

**OPINION PURSUANT TO ARTICLE 8, PARAGRAPH 1, OF CONSOB REGULATION NO. 17221/2010 ON RELATED PARTY TRANSACTIONS AND ARTICLE 5 OF THE RELATED PARTY TRANSACTION PROCEDURE OF THE TESMEC GROUP**

Dears Sirs,

the Control, Risk and Sustainability Committee, acting as Committee for Transactions with Related Parties, (hereinafter also the “**Committee**”) of Tesmec S.p.A. (hereinafter also “**Tesmec**”, the “**Company**”, the “**Issuer**” or the “**Purchaser**”), has drawn up this opinion pursuant to Article 8, paragraph 1, of CONSOB Regulation no. 17221 of 12 March 2010 and subsequent amendments and supplements (hereinafter also “**RPT Regulation**”), as well as to Article 5 of the Related Party Transaction Procedure adopted by the Company (hereinafter also the “**RPT Procedure**”), in compliance with the provisions set forth – at primary legislation level – by Article 2391-*bis* of the Italian Civil Code.

**WHEREAS**

- MTS – Officine Meccaniche di Precisione S.p.A. (“**MTS**” or the “**Seller**”, and together with Tesmec, the “**Parties**”) qualifies as a related party of Tesmec pursuant to paragraph 1, letters (a) and (i) of Annex 1 to the RPT Regulation, given that Tesmec and MTS are both companies subject to the control of TTC S.r.l. (“**TTC**”). TTC (i) exercises control over Tesmec, as it holds a total investment equal to 44.609% of its share capital, of which 30.301% is held directly and 14.308% is held indirectly through Fi. Ind. S.p.A. (“**Fi. Ind.**”); and (ii) exercises control over MTS, as it holds an investment equal to approximately 57.09% of the share capital of Fi. Ind., which in turn holds an investment equal to 100% of the share capital of MTS. TTC’s share capital is held as follows: (i) Ambrogio Caccia Dominioni, holding an amount equal to 28.62%; (ii) Ellida Pittaluga, holding an amount equal to 8.62%; (iii) Carlo Caccia Dominioni, holding an amount equal to 18.62%; (iv) Caterina Caccia Dominioni, holding an amount equal to 18.62%; (v) Lucia Caccia Dominioni, holding an amount equal to 18.62% and (vi) Unione Fiduciaria S.p.A., holding an amount equal to 6.90%. Furthermore, it should be noted that: (i) Tesmec’s Chairman and Chief Executive Officer Ambrogio Caccia Dominioni holds the office of non-executive director in MTS; and (ii) Tesmec’s Vice Chairman Gianluca Bolelli holds the office of director in TTC;
- in view of the experience gained in the context of cooperation in the machine rental business initiated in 2017, the Parties are in favour of arranging a transaction to concentrate the rental business of the group headed by Tesmec;
- on 13 February 2020, MTS incorporated 4 Service S.r.l. (“**4 Service**”), a company incorporated under Italian law with registered office at Piazza Sant’Ambrogio 16, Milan, fully subscribed and paid-in share capital equal to Euro 1,000,000, tax code, VAT No. and registration number in the Milan Companies Register 11189150961, of which the entire share capital is owned by the Seller, who is the sole shareholder. On 4 March 2020, 4 Service resolved to increase the share capital against payment following contribution of the rental business by the sole shareholder MTS, all

of which in accordance with the results of the sworn appraisal report drawn up by an expert appointed by MTS pursuant to Article 2465, paragraph 1, of the Italian Civil Code;

- on 30 March 2020 the Parties reached a non-binding agreement on the main terms and conditions of a transaction involving Tesmec's purchase of the 100% interest held by MTS in 4 Service (the "**Share**") against the payment of a consideration to be converted by MTS into a payment for a future increase in Tesmec's capital (the "**Transaction**");
- the Transaction constitutes a significant related party transaction in accordance with the indicator of value set forth in paragraph 1.1., letter a) of Annex 3 to the RPT Regulation, as the Consideration exceeds the significance threshold currently applicable, which is equal to Euro 2,307,585, i.e. 5% of the Tesmec Group's shareholders' equity reported in the most recent consolidated balance sheet published by the Company which, as of today's date, is contained in the Annual Financial Report as at 31 December 2019;
- with regard to application of the Procedure, as the Issuer is a "small company" it makes use of the possibility of applying to the Transaction the procedure established for transactions with related parties of lesser importance, as provided for by Article 10 of the RPT Regulation;
- in compliance with the provisions of the RPT Procedure, the Company guaranteed that, for the purpose of assessing the Transaction, the Committee would be provided with full and appropriate information and supporting documentation. More specifically, the Company's management not only gave the Committee the draft agreements exchanged between the Parties, but also the clarifications and explanations requested in a prompt and timely manner;
- the Committee was already involved in the negotiation phase, also through the involvement of the independent director Emanuela Teresa Basso Petrino, and examined and held a preliminary discussion on the contents of the Transaction during the meetings held on 20 December 2019, 17 February 2020, 27 February 2020, 12 March 2020 and 8 April 2020;
- on 27 February 2020 the RPT Committee appointed the Expert Partners to assist it in the assessments on the Transaction;
- the Committee carried out a complex evaluation process based on full and appropriate information on the Transaction in terms of the nature of the relationship, the main terms and conditions of the Transaction, the timeframe, the reasons underlying the Transaction as well as any risks for the Company and its subsidiaries;

#### **CONSIDERING THAT**

- in accordance with the RPT Procedure and current legislation, the Committee and the Board of Directors were therefore provided with full and appropriate information on the Transaction, allowing them to carry out a thorough, documented examination, in the due diligence and decision-making phase, of the reasons underlying the Transaction as well as of the advantageousness and substantive fairness of its terms and conditions;

#### **HAVING ASSESSED**

- the following characteristics of the Transaction:
  - (i) the Transaction involves the signing of a preliminary agreement for the purchase and sale of share (the "**Preliminary Purchase and Sale Agreement**" or the "**Agreement**") between

Tesmec and MTS pursuant to which MTS, as Seller, shall undertake to assign and sell to Tesmec the full and exclusive ownership of the Share it owns, free of any encumbrances, and Tesmec, as Purchaser, shall undertake to purchase it against payment of a consideration equal to Euro 9,400,000.00 (the “**Consideration**”) at the closing date of the purchase and sale of the Share, scheduled for 30 April 2020 (the “**Closing Date**”);

- (ii) the Consideration was established in negotiations between the Parties, also in light of the results of the assessment drawn up by the independent expert EY Advisory to assist Tesmec’s Board of Directors and lies within the valuation range fixed on the basis of application of the comparable listed companies market multiples method and the comparable transactions multiples method using the EBITDA 2019 as reference;
- (iii) at the Closing Date, as the Seller’s receivable from the Purchaser for payment of the Consideration arises, the Seller shall undertake to convert it into a payment for a future increase in the Purchaser’s capital. The Consideration is fixed and unchangeable and the Parties shall definitively waive any mechanism for deferment, review or positive or negative adjustment of the Consideration pursuant to law or to the agreement, including purely by way of example, the remedies set forth in Articles 1447 and 1467 of the Italian Civil Code;
- (iv) pursuant to the Agreement, MTS shall provide representations and warranties on the following matters: (i) capacity to enter into the Agreement; (ii) ownership of the Share; (iii) contracts; (iv) employees; (v) pro forma financial statements and absence of liabilities; (vi) taxes and duties, administrative authorisations and permits; (vii) insurance and guarantees; (viii) data protection; (ix) litigations. The representations and warranties provided by the Seller in points (i), (ii), (iv), (vi) and (viii) above shall be valid and effective until the twentieth working day after expiry of the period of limitation applicable to the underlying claim; all the other representations and warranties provided above shall be valid and effective until the eighteenth month after the Closing Date. Without prejudice to the above, the Seller shall be liable towards the Purchaser and 4 Service for any loss arising or resulting from termination or early withdrawal – including as the result of a resolution by the Purchaser – after the Closing Date of any agreements concluded by 4 Service before the Closing Date;
- (v) in addition to the applicable remedies provided by law, provision shall also be made for the Purchaser to be indemnified and held harmless by the Seller against any loss within the following limits: (i) the Seller shall be liable for indemnification in the event that the cumulative amount of losses that can effectively be indemnified by the Seller to the Purchaser under the Agreement exceeds the amount of Euro 25,000; and (ii) the cumulative aggregate amount due from the Seller to the Purchaser by way of indemnity for losses cannot exceed the amount of Euro 4,000,000;
- (vi) non-competition obligations shall also be imposed on MTS, under which it shall undertake, with regard to a geographical area limited to certain regions (USA, Europe, Oceania and Middle East), not to engage in competitive activities and not to participate in any enterprise and/or activity competing with those carried out by 4 Service at the Closing Date up to the 5<sup>th</sup> (fifth) anniversary of the Closing Date, with the assumption of specific behaviour obligations in this respect;

**AND HAVING THEREFORE CONSIDERED THAT**

- In view of the foregoing:
  - (i) the economic reasons and benefits of the Transaction for the Tesmec Group lie in the fact that it is part of a wider Group strategy to concentrate all the rental management operations, currently performed by 4 Service as well as by Tesmec USA Inc., in a single organisation. The possibility of renting trenchers allows the Group's customers to maximise operational benefits by having the most suitable machinery for the work to be done at their disposal, when and where required, generating significant savings in terms of execution times – and costs – and postponing the possible purchase to a later date.
  - (ii) the terms and conditions of the Agreement are equivalent to the market, or standard, terms and conditions usually applied to unrelated parties in transactions of a similar nature and size and entailing similar risks;

**Now therefore, having considered and assessed the foregoing, Tesmec's Control, Risk and Sustainability Committee acting as Committee for Transactions with Related Parties, in the meeting held on 14 April 2020,**

- *Having noted the draft Preliminary Purchase and Sale Agreement, and the additional documentation and information made available by the Company and the Group;*
- *Having noted the strategic assessments of the Company and the Group;*
- *Having examined the Expert's valuations;*
- *Having considered it to be in the interest of the Group and of the Company to implement the Transaction in view of the economic reasons and benefits for the Company and the Group arising from the Transaction as illustrated above;*
- *Having favourably evaluated the advantageousness and substantive fairness of the terms and conditions of the Transaction, to be considered equivalent to the market, or standard, terms and conditions usually applied to unrelated parties in transactions of a similar nature and size and entailing similar risks;*

**DEEMED**

- that it is in the interest of the Company and the Group to implement the Transaction and, in particular, to enter into the Preliminary Purchase and Sale Agreement, as the Agreement is part of a wider group strategy to concentrate all the rental management operations, currently performed by 4 Service as well as by Tesmec USA Inc., in a single organisation, through which the Group's customers will be to maximise operational benefits by having the most suitable machinery for the work to be done at their disposal, when and where required, generating significant savings in terms of execution times – and costs – and postponing the possible purchase to a later date;
- that the requirement that the terms and conditions of the Transaction must be advantageous and substantively fair has been met, as the Purchase and Sale Agreement contains the usual clauses to protect the purchaser and the Consideration has been established within the range

of valuations specified by EY, the Board's advisor, and by Partners, the Related Party Committee's advisor

and therefore,

**UNANIMOUSLY EXPRESSES A FAVOURABLE OPINION**

on the interest of the Company and the Group in implementing the Transaction, and on the advantageousness and substantive fairness of the terms and conditions of the Transaction, as set out in the Preliminary Purchase and Sale Agreement.

Milan, 14 April 2020

**For the Control, Risk and Sustainability  
Committee acting as Committee for Transactions  
with Related Parties**

The Chairman

Emanuela Teresa Basso Petrino

**ANNEX 2**  
**OPINION OF THE INDEPENDENT EXPERT**





*TECHNICAL REPORT ON THE ACQUISITION OF THE 100% SHAREHOLDING IN  
4SERVICE S.R.L. BY TESMEC S.P.A.*

14 April 2020

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# Reference context and assignment

## Reference context

- Tesmec S.p.A. (“Tescmec” or the “Company”) is currently studying a transaction (“Transaction”) which entails the acquisition of a 100% shareholding in the company 4Service S.r.l. (“4Service”), currently 100% owned by MTS S.p.A. (“MTS”)
- Based on the preliminary agreements, consideration for the Transaction will fall between € 8.8 million and € 10.5 million (see the letter concerning the “*Expression of interest for the acquisition of the rental business by Tesmec Group*” of 30 March 2020 sent by Tesmec to MTS)
- Given that Tesmec and MTS are related parties - as the reference shareholder for both is TTC S.r.l. - the Transaction must be subject to the “Procedure for Related Party Transactions” (“RPT Procedure”) adopted by Tesmec pursuant to Art. 4 of Consob Regulation no. 17221 of 12 March 2010
- This RPT Procedure envisages that the Related Party Transactions Committee (“RPT Committee”) of Tesmec issues a reasoned (though non-binding) opinion “*on the interests of the Company in carrying out the Transaction as well as on the benefits and substantial correctness of the relevant conditions*” for the administrative body that will be called to resolve on the Transaction<sup>1</sup>

## Assignment granted to Partners S.p.A.

- In the context outlined above, the Tesmec RPT Committee, without prejudice to its assessment autonomy, assigned Partners to review the Transaction from the perspective of Tesmec Group in order to provide useful elements to the Committee regarding (i) the economic justifications for the Transaction and (ii) its benefits and substantial correctness

<sup>1</sup> See § 5.2 of the RPT Procedure.

# Performance of the assignment and documentation reviewed

For purposes of carrying out its assignment, Partners reviewed the documents relevant to the Transaction provided by the Company

## Information reviewed

In particular, the documents reviewed by Partners are summarised below:

- letter of 30 March 2020 concerning the “*Expression of interest for the acquisition of the rental business by Tesmec Group*” sent by Tesmec to MTS (“Expression of Interest”)
- draft of the “*Proposed preliminary contract for the purchase of shares*” sent by Tesmec to MTS (“Draft Proposed Preliminary Contract”)
- deed of transfer of the business unit from MTS to 4Service (repository no. 37,678, file no. 17220, registered in Milan Provincial Directorate II on 5 March 2020 under no. 20257) and related annexes
- professional valuation pursuant to Art. 2465 of the Italian Civil Code, first paragraph, drafted by Massimo Chiarella on 28 February 2020 and related annexes (“Chiarella Valuation”)
- document prepared by EY Advisory S.p.A. (“EY” or “Advisor”) containing the analyses and assessments relating to the Transaction, carried out for the Tesmec Board of Directors (“EY Presentation”). This document, together with the information provided by the Company, represents an important source of information for purposes of Partners’ deliverable to the RPT Committee. In this regard, note that Partners did not perform any independent audits on the information contained in the EY Presentation
- pro-forma plan for 4Service, Tesmec USA (rental division) and Tesmec Rental division developed by the Company and reported in the EY Presentation
- net financial position of 4Service, updated at 31 March 2020
- 2019 pro-forma consolidated data for Tesmec Group
- information communicated to Partners by the Company’s management

# Scope of the deliverable

The validity of the considerations presented in this deliverable is subject to the assumptions and limits set out below.

- Partners relied on the veracity, accuracy and completeness of all information elements that were provided by the company commissioning the work, listed above. No independent validation was made with regard to these information elements and, in particular, to the income statement and balance sheet estimates that resulted from these elements. For this reason, Partners cannot be held responsible if the information and estimates to which it had access for purposes of drafting this deliverable were not, even in part, true, accurate, complete and drawn up in good faith.
- With regard to the issue of “completeness”, Partners asked the Company and its consultants to provide all information useful for carrying out this assignment. This project was based solely on the information in question, relying on the fact that all information elements useful for carrying out the assignment were provided
- Consistent with the above, the assignment did not envisage that independent review procedures would be conducted on the information provided
- The forecast data developed by the Company and contained in the EY Presentation are necessarily based on assumptions characterised by elements of uncertainty, as they refer to future events that cannot be controlled. Thus, even assuming that these are the best currently available estimates, there may be discrepancies between the actual data that will be recorded. This is due to the uncertainty connected to the effective realisation of a future event, in regards to whether it occurs and its amount, as well as its timing
- The assessments contained in this deliverable are based on the regulatory framework (statutory and fiscal) in place on its reference date. Any changes in this framework may change the opinions set out in this document
- No part of this deliverable can be considered in isolation from the overall context in which it is framed. In particular, the conclusions presented are based on overall assessments contained therein and, therefore, cannot be considered separately from this deliverable as a whole, nor can they be interpreted as indications of acceptable values in contexts other than that which is examined here
- Partners is exempt from any liability and obligation related to the use of this opinion for purposes other than that for which it was designed, structured and developed and is also exempt from any liability and consequent obligation or in any case connected to the unauthorised use of this deliverable by third parties other than the client
- Lastly, recall that the decisions relating to the Transaction in question are the responsibility of the competent bodies of Tesmec and that therefore the conclusions contained in this document do not in any case constitute a recommendation or a suggestion regarding the commitment of the Companies in the initiative.

## Summary of the conditions for carrying out the Transaction (1/3)

### Subject of the Transaction

- The Transaction entails the acquisition by Tesmec of the entire share capital of 4Service, a company established on 13 February 2020 and which, following a transfer completed on 4 March 2020, was the beneficiary of the MTS business unit (“MTS rental business”) dedicated to trencher rental activities
- As a result of the Transaction, Tesmec Group will set up an operating division specifically dedicated to the rental business (“Tesmec Rental”), which will combine a fleet of a total of 56 trenchers (16 from Tesmec USA Inc. and 40 from the acquisition of 4Service)<sup>1</sup>

### Balance sheet of MTS rental business as at 31/12/2019 resulting from the transfer valuation

- As emerges from the Chiarella Valuation, book values were maintained for the transfer<sup>2</sup>
- The balance sheet at 31 December 2019 of the MTS rental business merged with 4Service includes in particular<sup>3</sup>:
  - 21 owned trenchers, recorded under property, plant and equipment for € 7.1 million
  - 100% shareholding in an American company in the same sector, operating in the US market with 14 trenchers (called MTS4Service LLC, hereinafter “4Service USA”), entered among financial fixed assets at a value close to zero
  - prepaid expenses of € 1.3 million, related to lease payments for 8 leased trenchers
  - financial receivables from the subsidiary 4Service USA for € 10.2 million
  - financial payables to shareholders Fi.Ind. S.p.A. and RX S.r.l. for € 10.5 million

<sup>1</sup> Ref. information provided by the Company and EY Presentation, p. 15. Furthermore, note that the division in question will manage 2 additional trenchers already managed by 4Service (but owned by Tesmec) under two specific contracts. <sup>2</sup> Book values were maintained for the transfer and the expert assigned to draft the sworn valuation pursuant to Art. 2465, paragraph 1 of the Italian Civil Code (Massimo Chiarella) certified that the economic value of the MTS Rental Business is “at least equal to the value attributed to it for purposes of determining the share capital and any share premium of the transferee 4Service S.r.l.” (Ref. Chiarella Valuation, p. 18). <sup>3</sup> Chiarella Valuation, pp. 13-18 and information provided by the Company, contained in the EY Presentation on pp. 9 and 11

## Summary of the conditions for carrying out the Transaction (2/3)

### Pro-forma consolidated balance sheet and income statement of 4Service

- The pro-forma consolidated balance sheet and income statement of the MTS Rental Business that merged into 4Service, drafted based on IAS-IFRS accounting standards adopted by Tesmec for the preparation of its financial statements, was characterised at 31 December 2019 by the following elements<sup>1</sup>:
  - a fleet consisting of 43 trenchers (including 8 in leasing and 14 of the subsidiary 4Service USA) which, during the initial months of 2020, reduced to 40 (due to the sale of 2 trenchers by 4Service and 1 trencher by 4Service USA)
  - Revenues, considering only rental activities and not the sale - that is, the sale of trenchers that the business also carried out - equal to € 6.9 million
  - EBITDA of rental activities (excluding the sale, similar to revenues) of € 5.2 million
  - net financial position of € 12.8 million (calculated as the sum of: (i) the financial payable to shareholders of € 10.5 million; (ii) cash belonging to 4Service USA equal to € 2.1 million; (iii) payable to the leasing company from the accounting for the leased trenchers under the financial method, equal to € 4.4 million)

€/mln	dic-19	mar-20
Ricavi	6,9	
EBITDA	5,2	
<i>margin %</i>	75,2%	
PFN	12,8	11,7
PN	8,7	
PFN/EBITDA	2,4x	
Flusso di cassa operativo	1,8	

- Note that:
  - Based on the information provided by the Company and as reported in the EY Presentation, the net financial position decreased to € 11.7 million at 31 March 2020<sup>2</sup>
  - total 2019 EBITDA, including sale activities, is € 5.4 million<sup>3</sup>

<sup>1</sup> Information provided by the Company and contained in EY Presentation, p. 11.

<sup>2</sup> Information provided by the Company

<sup>3</sup> Information provided by the Company

## Summary of the conditions for carrying out the Transaction(3/3)

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# Tesmec Group's interests in carrying out the transaction: economic justifications

## Economic justifications for the Transaction

- Summarising the considerations represented by the Company's management, the primary purpose of the Transaction is to create a business unit, Tesmec Rental, within Tesmec Group, entirely dedicated to trencher rental activities, which coordinates and develops rental activities carried out by 4Service, 4Service USA, and Tesmec USA (rental division), leveraging the availability of a large fleet, a broad customer base and an comprehensive operating structure (made available by Tesmec Group)
  - In particular, the size of the fleet represents an essential factor in the success of the business, allowing it to respond more quickly to customers' needs (who are often located in various parts of the world), with solutions that are as adapted as much as possible to their needs.
  - Secondly, the merger will expand the customer base as well as the range of services offered to the individual customer (cross-selling), sharing the experience gained by 4Service in the rental sector on one hand, and the technical-production and sales strengths of Tesmec Group on the other.
  - In addition, the new Tesmec Rental division will operate with a comprehensive operating structure - managed by a team that has obtained significant experience in the sector in recent years - and will be able to rely on the support of Tesmec Group's international organisation
  - Lastly, this type of organisation will facilitate the possibility of selling the trenchers to the lessee, since the rental period will act as a "trial period" for the machines which, given the size of the fleet, can be offered to customers based on their specific needs
- It is also noted that, in this case, the Transaction will not entail a cash outflow for Tesmec with a drain on liquidity, as the seller is willing to convert its receivable into a payment for a future share capital increase of Tesmec<sup>1</sup>

<sup>1</sup> Source: Expression of Interest and Draft Proposed Preliminary Contract

## Benefits of the Transaction from a stand-alone perspective (1/3)

**Fairness of the agreed consideration compared to the economic value of 4Service from a stand-alone perspective: results contained in the EY Presentation**

- In order to assess the Transaction's benefits as well as the substantial correctness of the related conditions from the Tesmec perspective, it is, first of all, appropriate to compare the agreed consideration and the economic value of the acquired shareholding in 4Service, estimated from a stand-alone perspective
- In this regard, Partners has used as a critical reference the assessment of 4Service carried out by EY with reference date of 3 April 2020, which it considers methodologically acceptable based on the information available for these purposes
- In detail, EY estimated the economic value through the following methods:
  - the market multiples method expressed by comparable listed companies: the Advisor used a sample of 15 listed companies specialising in the rental of machinery and other equipment
  - the comparable transactions multiples method: transactions carried out in the last 5 years at a global level have been used as a reference, in relation to companies active in the rental of machinery and other equipment for the construction market
- As pointed out by EY in its document, note the lack of "full" comparability of the samples identified with respect to 4Service, due to differences in terms of size and degree of diversification of the activities performed
- On the value of the EV/EBITDA multiples developed based on the above, EY considered a 30% reduction for this specific case
- Applying the above methods, EY determined a range for the 2019 EV/EBITDA multiple between 3.8x and 4.3x
- On the basis of the EY Presentation, the Tesmec 2019 EV/EBITDA multiple is 5.3x on 3 April 2020 and 6.2x on 15 February 2020, prior to the effects of Covid-19

## Benefits of the Transaction from a stand-alone perspective (2/3)

Fairness of the agreed consideration compared to the economic value of 4Service from a stand-alone perspective: results contained in the EY Presentation

- The application of these multiples to the final 2019 EBITDA value achieved by 4Service solely with regard to rental activities (equal to € 5.2 million) leads to an Enterprise Value between € 19.7 and € 22.2 million
- Subtracting from this value the amount of the net financial position at the most recent date available (equal to € 11.7 million at 31 March 2020), identifies a range of values for 4Service's economic capital between € 8.0 and € 10.5 million<sup>1</sup>

€/mln	EV/EBITDA 2019	
	3,8x	4,3x
EBITDA 2019 (ramo rental)	5,2	5,2
Enterprise Value	19,7	22,2
Posizione finanziaria netta (31.03.2020)	11,7	11,7
<b>Equity Value</b>	<b>8,0</b>	<b>10,5</b>

- It is therefore noted that the agreed consideration, between € 8.8 million and € 10.5 million, falls within the range of market values identified by EY based on the methodology as described in the previous slide
- In addition, for purposes of validation and consistent with valuation doctrine and practice, EY conducted an asset matrix assessment based on the market value of the transferred assets (trenchers). The value of the economic capital of 4Service based on this assessment was equal, at 31 March 2020, to € 11.6 million by virtue of the gross capital gains on the assets transferred<sup>2</sup> (note that latent tax effects on the capital gain were not considered, which however appear to be insignificant)

<sup>1</sup> EY Presentation, p. 13.

<sup>2</sup> EY Presentation, p. 14.

## Benefits of the Transaction from a stand-alone perspective (3/3)

**Fairness of the agreed consideration compared to the economic value of 4Service from a stand-alone perspective: an additional validation**

- In order to further test the ranges of economic value contained in the EY Presentation from a stand-alone perspective, an independent validation was made of the economic value of 4Service based on the following assumptions:
  - i. Tesmec's EV/EBITDA multiple as of 15 February 2020 (3-month average) was used as a reference and discounted by 30% to represent the small-stock premium and illiquidity discount. It is believed that this multiple, which is independent of Covid-19 effects, is representative of the economic value of 4Service, due to the fact that the effects of Covid-19 will presumably be reabsorbed in the medium term by virtue of the type of product/service that this company offers
  - ii. the same process was applied to multiples of comparable listed companies<sup>1</sup>, which were calculated on 15 February 2020 (3-month average) and discounted by 30% for the same reasons as above
  - iii. with regard to comparable transactions<sup>2</sup>, given that the multiples calculated based on these transactions already exclude the Covid-19 effect, a discount of 20% for the small-stock premium was applied (in relation to the smaller size of 4Service compared to the average of the targets for comparable transactions), while no illiquidity discount was applied
- The EV/EBITDA multiple obtained by averaging the multiples referred to in the previous three points is 4.3x
- Applying this multiple (4.3x) to the final 2019 EBITDA value achieved by 4Service solely with regard to rental activities (equal to € 5.2 million) results in an Enterprise Value of € 22.2 million
- Subtracting from this value the amount of the net financial position at the most recent date available (equal to € 11.7 million at 31 March 2020), identifies a value for 4Service's economic capital of € 10.5 million

<sup>1</sup> Partners calculated the EV/EBITDA multiple using the same sample identified by EY, based on data extracted from the Factset database. <sup>2</sup> Partners calculated the EV/EBITDA multiple using the same sample identified by EY, based on data extracted from the MergerMarket database.

## Benefits of the Transaction from the Tesmec Group perspective (1/3)

### Benefits of the Transaction from the Tesmec Group perspective

- In the specific perspective of Tesmec Group, an additional validation regarding the Transaction's benefits can be made by comparing, on one hand, the incremental benefits that it could produce for Tesmec Group and, on the other hand, the cost incurred by the Group to obtain these benefits
- While the Transaction's cost is a defined value, which corresponds to the price that Tesmec Group will pay to MTS (and which, based on the Expression of Interest, will be between € 8.8 million and € 10.5 million), the incremental benefits that the Transaction will contribute to the Group are, by their very nature, uncertain, becoming evident in the future, and need to be identified and understood through a structured process characterised by a certain amount of discretion
- Theoretically, the preferable solution to assess this Transaction's benefits would be to conduct a prospective differential analysis of the economic value of Tesmec Group "with" and "without" the 4Service acquisition, and thus compare the differential between economic value and the purchase price. In particular, this analysis would enable the assessment of the value that would be created from the merger of the two companies (Tesmec Group and 4Service), including due to the effect of creating specific synergies
- Moreover, the current economic context of the Transaction, affected by the global economic crisis following the Covid-19 pandemic, appears to be very uncertain and dynamic, rendering it difficult to make forecasts. Partners were informed that, due to the aforementioned uncertainties, an updated economic-financial plan of Tesmec Group is not available
- Hence, in this case we conducted a simplified validation based on the pro-forma consolidated data of Tesmec Group provided by the Company, which take into consideration, on one hand, the reversals for intra-group transactions and, on the other, the results generated by 4Service including for sales of trenchers (and not only through rental activities, which were the only activities valued from a stand-alone perspective)

## Benefits of the Transaction from the Tesmec Group perspective (2/3)

### Benefits of the Transaction from the Tesmec Group perspective

- This table shows the simulation, based on data provided by the Company, of the impact of the Transaction on the 2019 final results of Tesmec Group in terms of EBITDA

€/mln	Simulazione su dati consuntivi 2019						Delta EBITDA
	4Service (Sale + Rental)	Tesmec Group	Aggregato	Elisioni	Aggregato Pro-forma		
	a.	b.	c.=a.+b.	d.	e.=c+d	f.=e.-b.	
EBITDA 2019	5,4	27,4	32,9	(1,4)	31,4	4,0	

- Note that:
  - the EBITDA of 4Service as a whole, i.e. inclusive of the results for the sale of machinery, amounts to € 5.4 million in 2019
  - the sale of machinery between the two entities would, overall, generate a negative adjustment to EBITDA € 1.4 million, as represented by the Company's management and contained in the EY Presentation. This adjustment corresponds to the sum of the adjustments relating to (i) the margins achieved by Tesmec on sales of trenchers to 4Service (€ -2.6 million) and (ii) the lower margin earned by 4Service on sales of trenchers to the market, which instead would have been greater if it had been part of the Tesmec Group (€ +1.2 million). This difference is essentially generated by the greater number of machines sold by Tesmec to 4Service than those sold by 4Service to customers
  - for the above, it can be inferred that the 2019 pro-forma EBITDA differential of Tesmec Group following the Transaction amounts to € 4.0 million

## Benefits of the Transaction from the Tesmec Group perspective (3/3)

### Benefits of the Transaction from the Tesmec Group perspective

- Then the previously determined EBITDA differential (€ 4.0 million) was multiplied by:
  - i. the Tesmec EV/EBITDA market multiple on 15 February 2020, prior to the effects of Covid-19, equal to 6.4x
  - ii. the EV/EBITDA multiple referred to in the previous point with a 15% discount for execution risk (discount due to potential integration difficulties of 4Service within Tesmec Group), equal to approximately 5.4x
- Using the net financial position of 4Service at 31 March 2020 (€ 11.7 million), there is an increase in value for Tesmec's shareholders between € 10.1 and € 13.9 million

€/mln	EV/EBITDA 2019	
	5,44x	6,40x
Differenziale di EBITDA 2019	4,0	4,0
Enterprise Value differenziale	21,8	25,6
Posizione finanziaria netta (31.03.2020)	11,7	11,7
<b>Equity Value differenziale</b>	<b>10,1</b>	<b>13,9</b>

- Note that:
  - this validation of benefits is based exclusively on actual data while, as previously noted, the analysis would be even more meaningful if it were conducted prospectively, in order to consider more precisely the benefits deriving from the acquisition
  - based on that which was represented to Partners, it is worth noting that the sales activities should not reasonably result in the reversals that reduced EBITDA at consolidated level that were seen in 2019

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# Conclusions

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As a result of the analyses conducted, it is possible to reach the following summary considerations:

- From a qualitative point of view, based on the considerations represented to Partners by the Company's management, the primary purpose of the Transaction is to create a business unit, Tesmec Rental, within Tesmec Group, entirely dedicated to trencher rental activities, which coordinates and develops rental activities carried out by 4Service, 4Service USA, and Tesmec USA (rental division), leveraging the availability of a large fleet, a broad customer base and an comprehensive operating structure (made available by Tesmec Group)
- From a quantitative point of view, in a stand-alone perspective:
  - i. EY, based on the EV/EBITDA multiples, identified a range of values for 4Service's economic capital between € 8.0 and € 10.5 million
  - ii. EY then proceeded to validate this range of values based on an assessment of the 4Service asset matrix, reaching an economic capital value of € 11.6 million
  - iii. Subsequently, Partners independently validated these values based on the EV/EBITDA multiples, reaching an economic capital value for 4Service of € 10.5 million
- From a quantitative point of view, from the specific perspective of Tesmec Group, based on a simplified methodology and 2019 data, it is possible to estimate an increase in the economic value of Tesmec Group related to the acquisition of 4Service between € 10.1 million and € 13.9 million, using the Tesmec multiple on 15 February 2020 (prior to Covid-19 effect) "with" and "without" application of a 15% discount for execution risk
- The qualitative and quantitative assessments above appear to validate the benefits and substantial correctness of the Transaction, especially where the purchase price falls below the range of significant values in the specific perspective of Tesmec Group referred to in the previous point (thus, below € 10.1 million), considering this perspective of greater importance for the Transaction in question