

# OVS

**OVS S.p.A.**

Registered office in Venezia, Via Terraglio, no. 17 – share capital Euro 227,000,000.00 fully paid-up.  
Company Register of Venice, taxpayer's code and VAT number 04240010274-REA no. 378007  
*Internet* website: [www.ovscorporate.it](http://www.ovscorporate.it).

**OVS S.p.A. Board of Directors' explanatory report on the fifth item on the agenda - Ordinary Part - of the Ordinary and Extraordinary Shareholders' Meeting scheduled on May 31, 2017 in single call.**

Item no. 5 on the agenda ordinary part

**PROPOSAL OF AUTHORIZATION TO THE PURCHASE AND DISPOSAL OF TREASURY SHARES PURSUANT TO THE ARTICLES 2357 AND 2357-TER OF THE ITALIAN CIVIL CODE, ARTICLE 132 OF THE LEGISLATIVE DECREE OF FEBRUARY 24, 1998, NO. 58 AND ARTICLE 144-BIS OF THE CONSOB REGULATION ADOPTED WITH RESOLUTION NO. 11971 OF MAY 14, 1999. ANY RELEVANT AND CONSEQUENT RESOLUTIONS.**

Dear Shareholders,

the Board of Directors has called you to an ordinary Shareholders' meeting to examine and approve the proposal of authorization to purchase and dispose of the ordinary shares of the Company, pursuant to articles 2357 and 2357-ter of the Italian Civil Code and article 132 of Legislative Decree of February 24, 1998, no. 58, as subsequently amended ("TUF") and article 144-bis of the CONSOB Regulation adopted with Resolution no. 11971 of May 14, 1999, as subsequently amended ("Issuers' Regulation").

For the reasons that will be explained in detail in this Report, we propose you to resolve on an authorization to the purchase and disposal of ordinary shares of the Company under the terms explained in this Report which is prepared pursuant to article 125-ter of the TUF and article 73 of the Issuers' Regulation.

We point out also that the proposal to authorize the purchase of treasury shares is similar to the previous authorization resolved by the Shareholders' Meeting on July 23, 2014 and expired on September 2, 2016.

**1. Reasons for which the authorization to the purchase and disposal of treasury shares has been requested.**

The request of authorization to the purchase and disposal of treasury shares, subject of the present proposal, is aimed at allowing the Company to purchase and dispose of the ordinary shares in full compliance with the applicable EU and national provisions and the admitted market practices acknowledged by the Commissione Nazionale per le Società e la Borsa ("Consob") pursuant to article 13 of the Regulation (EU) no. 596 of April 16, 2014 and article 180, paragraph 1, letter c), of the TUF through resolution no. 16839 of March 19, 2009 (the "Admitted Practices") for the following purposes:

- (i) support of the market liquidity and efficiency and the formation of the so-called "securities stock", including the use of the purchased treasury shares;
- (ii) as compensation in extraordinary transactions, including the exchange of shares, with other subjects, including the allocation to serve the issuance by the Company of convertible bonds or bonds with warrants; and
- (iii) use for the compensation plans based on financial instruments pursuant to article 114-bis of TUF, as well as arising from programs for the free allocation of shares to the Shareholders.

**2. Maximum number, category and par value of the shares covered by the authorization.**

The authorization is requested for the purchase, also in multiple tranches, of OVS ordinary shares with no par value, up to a maximum amount that, taking into account the OVS ordinary shares held from time to time in the portfolio of the Company and its subsidiaries, does not exceed, in the aggregate, 10% of the share capital of the Company, pursuant to article 2357, paragraph 3, of the Italian Civil Code.

As of the date of this Report, the share capital of OVS is equal to Euro 227,000,00.00 and is divided in no. 227,000,000 ordinary shares with no par value.

As of the date of this Report, the Company and its subsidiaries do not own any treasury shares in their portfolio.

**3. Useful information to fully assess the compliance with the provisions of article 2357, paragraph 1, of the Italian Civil Code.**

Pursuant to article 2357, paragraph 1 of the Italian Civil Code, the purchases of the treasury shares shall be carried out within the thresholds of the distributable profits and the available reserves resulting from the last approved financial statements at the moment of the carrying out of each transaction. Only shares fully paid-up may be purchased.

The Board of Directors shall assess the compliance with the thresholds set forth by article 2357 of the Italian Civil Code, prior to the start of each purchase of ordinary shares for the purposes mentioned under paragraph 1 above.

In order to allow the assessments on the subsidiaries, the same will be instructed with specific directives for the prompt notice to the Company of any possible purchase of ordinary shares of the controlling company carried out pursuant to article 2359-bis of the Italian Civil Code.

**4. Term for which the authorization has been requested.**

The authorization for the purchase of treasury shares is requested for the maximum term permitted by the applicable laws, that article 2357, paragraph 2 of the Italian Civil Code sets forth in a period of eighteen months, starting from the date of the possible resolution of approval of this proposal by the Shareholders' meeting.

Therefore, within the term of the authorization possibly granted, the Board of Directors may perform share purchases in one or more tranches and at any time, pursuant to the extent and timing freely determined in compliance with the applicable provisions and as gradually as it seems appropriate in the interest of the Company.

The authorization to the disposal of treasury shares possibly purchased is requested without any time limit, because of the absence of time limits pursuant to the applicable provisions and the appropriateness to allow the Board of Directors to dispose of the shares with the maximum flexibility, also in terms of timing.

**5. Minimum and maximum purchase price for the treasury shares.**

The Board of Directors proposes that the purchase price for each share shall not be lower than the official Stock Exchange price of the OVS share on the day before the one on which the purchase will be carried out, reduced by 15%, and not higher than [the official Stock Exchange price of the OVS share on the day before the one on which the purchase will be carried out, increased by 15%, subject to the further terms and conditions set forth by the Delegated Regulation (EU) no. 1052 of March 8, 2016 and the Admitted Practices, where applicable, and in particular:

- the shares may not be purchased at a price higher than the highest between the price of the last independent transaction and the price of the current highest independent purchase offer on the trading venue of the purchase; and
- with reference to the trading volumes, the daily quantities to be purchased may not exceed 25% of the average daily volume of the trading of OVS shares in the 20 days of trading prior to the dates of purchase.

The Board of Directors proposes to be authorized to sell, dispose of and/or use, pursuant to article 2357-ter of the Italian Civil Code, for any reason and at any time, wholly or partially, in one or more tranches, the treasury shares purchased pursuant to the authorization possibly granted by the Shareholders' meeting, for the purposes mentioned under paragraph 1 above, pursuant to modalities, terms and conditions determined by the Board of Directors from time to time, taking into account the modalities of implementation actually adopted, the price trend of the OVS share and the best interest of the Company, it being understood that the proceeds of any possible act of disposal of the treasury shares might be used for further purchases of shares until the expiration of the requested shareholders' authorization, within the restrictions set forth by the same and the applicable legal provisions.

**6. Modalities through which the purchases and disposals will be carried out.**

The transactions of purchase of treasury shares shall be performed on regulated markets, pursuant to the operating modalities set forth in the regulations of organization and management of the same markets, also through the trading of options or derivatives on the OVS share, in compliance with the applicable provisions and, in particular,

pursuant to article 132 of the TUF, with particular reference to the principle of equal treatment of the Shareholders provided by article 144-bis of the Issuers' Regulation and by the new article 144-bis.1 of the Issuers' Regulation, by the EU and national market abuse provisions and by the Admitted Practices.

With reference to the transactions of disposal of treasury shares, the Board of Directors proposes to perform the same through any means deemed appropriate in the interest of the Company, in compliance with the laws and regulations applicable from time to time and for the purposes of this resolution proposal, including sales on regulated markets, block sales or by exchange or securities lending.

## 7. Information on the instrumentality of the purchase transaction to a share capital reduction.

It is noted that the purchase of treasury shares of this request of authorization is not instrumental to the reduction of the share capital.

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Dear Shareholders,

in light of the above explanation, the Board of Directors proposes to you to approve the following resolutions:

*“The Shareholders’ meeting of OVS S.p.A.:*

- having examined and discussed the explanatory report prepared by the Board of Directors;*
- having read the financial statements as of January 31, 2017, approved by today’s Shareholders’ Meeting;*
- having taken into account the proposed resolutions;*

*resolves*

1. *to authorize pursuant to articles 2357 and seq. of the Italian Civil Code and article 132 of the Legislative Decree of February 24, 1998, no. 58, the purchase of treasury shares of the Company, in one or more tranches, up to a maximum amount that, taking into account the OVS ordinary shares held from time to time in the portfolio of the Company and its subsidiaries, does not exceed, in the aggregate, 10% of the share capital of the Company, for a maximum period of 18 months from the date of this resolution, pursuant to the following terms and conditions:*

*(i) the purchase may be performed:*

- support of the liquidity and efficiency of the market and the formation of the so called “securities stock”;*
- as compensation in extraordinary transactions, including the exchange of shares, with other subjects, including the allocation to serve the issuance by the Company of convertible bonds or bonds with warrants; and*
- use for the compensation plans based on financial instruments pursuant to article 114-bis of TUF, as well as arising from programs for the free allocation of shares to the shareholders;*

*(ii) the purchase may be performed pursuant to the applicable law provisions and, in particular, article 132 of the TUF, article 144-bis of the Consob Regulation no. 11971/1999, and article 144-bis.1 of the Consob Regulation no. 11971/1999, Delegated Regulation (EU) no. 1052 of March 8, 2016, and the market practices pursuant to article 180, paragraph 1, letter c) of the TUF, approved through Consob Regulation no. 16839 of March 19, 2009 and may be carried out pursuant to one or more modalities set forth by article 144-bis, paragraph 1 of the Consob Regulation no. 11971/1999;*

*(iii) the purchase price for each share shall not be lower than the official Stock Exchange price of the OVS share of the day before the one on which the purchase will be carried out, reduced by 15%, and not higher than the official Stock Exchange price of the OVS share of the day before the one on which the purchase will be carried out, increased by 15%, subject to the application of the further terms and conditions set forth by article 3 of the Delegated Regulation no. 1052 of March 8, 2016, and, in particular:*

- the shares may not be purchased at a price higher than the highest between the price of the last independent transaction and the price of the current highest independent purchase offer on the trading venue of the purchase;*

- *with reference to the trading volumes, the daily quantities to be purchased may not exceed 25% of the average daily volume of the trading of OVS shares in the 20 days of trading prior to the dates of purchase;*
- (iv) *the maximum number of the purchased shares shall not have a nominal aggregate value exceeding one tenth of the share capital of the Company, including any possible shares owned by the subsidiaries;*
- 2. *to authorize the Board of Directors, pursuant to article 2357-ter of the Italian Civil Code to dispose, wholly and/or partially, without any time limits, of the purchased treasury shares even before having completed the relevant purchases, determining the price and modalities of disposal and performing any necessary or appropriate accounting record, in compliance with the laws and regulations and the accounting principles applicable from time to time;*
- 3. *to grant the Board of Directors and, through it, the Chairman and the Chief Executive Officer, with all the powers and authority necessary or appropriate to perform the purchases of treasury shares, as well as for the performance of sale, disposal and/or use of all or part of the purchased treasury shares and in any case to implement the above resolutions, also through attorneys-in-fact, also approving each and any action implementing the relevant purchase program and in compliance with any requirement of the competent Authorities.”*

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Venezia-Mestre, April 18, 2017

For the Board of Directors  
The Chairman, Nicholas Stathopoulos