

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.

OVS S.p.A. Board of Directors' explanatory report on the fifth item on the agenda of the Shareholders' Meeting – Ordinary Part -scheduled on May 31, 2019 in single call

Item no. 5 on the agenda – Ordinary Part

PROPOSAL TO AUTHORISE THE PURCHASE AND DISPOSAL OF TREASURY SHARES PURSUANT TO ARTICLES NO. 2357 AND NO. 2357-TER OF THE ITALIAN CIVIL CODE, AND ARTICLE NO. 132 OF LEGISLATIVE DECREE OF 24 FEBRUARY 1998, NO. 58 AS WELL AS ARTICLE NO. 144-BIS OF CONSOB'S REGULATION NO. 11971 OF 14 MAY 1999, SUBJECT TO REVOCATION OF THE PREVIOUS AUTHORIZATION GRANTED BY THE ORDINARY SHAREHOLDERS' MEETING ON 31 MAY 2018, REMAINED PARTIALLY UNEXECUTED. RELATED AND CONSEQUENT RESOLUTIONS.

Dear Shareholders,

the Board of Directors has called you to a 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 and article 114-bis.1 of the CONSOB Regulation adopted with Resolution no. 11971 of May 14, 1999, as subsequently amended ("Issuers' Regulation") to the Regulation (EU) no. 596 of April 16, 2014 relating to market abuse (the "MAR"), to the Delegated Regulation (EU) no. 1052 of March 8, 2016, relating to the conditions applicable to the buyback of treasury shares and stabilisation measures (the "Delegated Regulation"), and in compliance with the market practice applicable from time to time approved pursuant to Art. 13 MAR (the "Admitted Practices").

It is hereby recalled that, through a resolution approved on 31 May, 2018, the Shareholders' meeting authorized the purchase and disposal of the ordinary shares of the Company by the Board of Directors. The authorization to the purchase of shares had a duration of 18 months from the date of the resolution and, therefore, will expire on 30 November, 2019, while the authorization to the disposal of shares was granted without any time limits.

Following the partial execution of the resolution, as of today, the Company owns no. 809.226 treasury shares (equal to 0,356% of the share capital).

Considering the appropriateness to renew the authorization, for the reasons that will be explained in detail in this Report, we propose you to resolve on a new authorization to the Board of Directors for the purchase and disposal of ordinary treasury 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, after revoking the authorization given through the resolution of 31 May 2018, for the part remained unexecuted, starting from the Shareholders' meeting date.

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 Practices for the following purposes:

- (i) realization, directly or through intermediaries, of any investment transactions also to contain anomalous price movements, to regularize the performance of the negotiations and prices and to support the liquidity of the stock on the market, so as to favor the smooth execution of negotiations outside of the normal variations linked to the market trend, without prejudice in any case to compliance with the provisions in force;
- (ii) conservation for subsequent uses (constitution of a so-called "securities stock"), including: consideration in extraordinary transactions, including for the exchange or sale of shareholdings to be carried out by means of exchange, transfer or other disposal and/or use, with other parties, including the use of the loan service bonds convertible into Company shares or bonds with warrants; and
- (iii) use for the compensation and incentive plans based on financial instruments and reserved for directors and employees of the Company and/or companies directly or indirectly controlled by it, either through the free concession of purchase options, or through the use of free allocation of shares (so-called stock option and stock grant plans) pursuant to article 114-bis of TUF, as well as arising from programs for the free allocation of shares to the Shareholders.

The request of authorization provides for the faculty of the Board of Directors to carry out several subsequent sale and purchase transactions (or other deed of transfer) of treasury shares, even on a revolving basis, also only for part of the maximum amount authorized, in a way that at any time, the proposed amount of shares to be purchased and held by the Company would not exceed the limits set forth by the law and the Shareholders' meeting authorization, without prejudice to the carrying out of the transactions must be realized in compliance with the applicable provisions of the Issuers' Regulation, of the MAR, of the Delegated Regulation, as well as of the Admitted Practices existing from time to time.

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 owns no. 809.226 treasury shares (equal to 0,356% of the share capital), while its subsidiaries do not own any shares of OVS S.p.A..

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.

It should be noted that the draft financial statements of the company at January 31, 2019, submitted for approval by the shareholders' meeting of May 31, 2019, closed with a profit of Euro 39,330,881.00 – which is proposed to allocate as follow Euro 1,966,544.00 to the legal reserve and the remainder, equal to Euro 37,364,337.00 to profits carried forward - , and also has available reserves and distributable profits for: share premium reserve for Euro 511,994,502 and retained earnings reserve for Euro 24,510,181 net of the reserve for treasury shares and the amount to be used to supplement the legal reserve up to 20% of the share capital.

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.

The provisions of law and the accounting principles applicable from time to time, shall be complied with for the purposes of the accounting entries to be made in connection with the purchase of treasury shares, their sale, exchange, contribution or depreciation.

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 terms and conditions of the meeting's authorization and applicable provisions and as gradually as it seems appropriate in the interest of the Company.

The authorization to the disposal and/or utilisation 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%.

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.

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, 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 (with the exclusion of letter c paragraph 1) of the Issuers' Regulation and by article 144-bis.1 of the Issuers' Regulation, by the EU and national market abuse provisions applicable from time to time and inter alia by MAR, by Delegated Regulation and by the Admitted Practices.

Purchases will be made on regulated markets, on one or more occasions, on a revolving basis, in accordance with the provisions of art. 132 of the TUF and by art. 144-bis paragraph 1, letter b) of the Issuers Regulation, with the operating methods indicated in the regulations for the organization and management of the markets themselves in order to ensure equal treatment between the Shareholders and not to allow the direct matching of the trading proposals in purchase with predetermined negotiation proposals for sale; in particular, these purchases will be made:

- (i) through a public purchase or exchange offer;
- (ii) on regulated markets, according to the operating methods established in the regulations for the organization and management of the markets themselves, which do not allow the direct matching of purchase trading proposals with predetermined sale negotiation proposals;
- (iii) by attributing to the Shareholders, in proportion to the shares held, a sales option to be exercised within a period corresponding to the duration of the Shareholders' Meeting authorization for the purchase of treasury shares.

In particular purchases related to:

- a) the activity of supporting market liquidity;
- b) the purchase of treasury shares for the constitution of a decree "Stock" securities;

will also be carried out in accordance with the conditions established by the market practices referred to in art. 180, paragraph 1, lett. c) of the TUF and in art. 13 MAR and in compliance with the art. 5 MAR, as well as the applicable provisions of the Delegated Regulation.

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 of free allocation. It is proposed to authorize the Board of Directors to carry out any subsequent or further purchase and transfer activity, within the context of the trading activity, as indicated in the purposes illustrated in paragraph 1 above.

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 by means of the annulment of the treasury shares purchased, it being understood that the Company shall maintain the faculty, in case the Shareholders' meeting will resolve upon a capital reduction, to give execution to such resolution by means of the annulment of the treasury shares held.

* * *

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 acknowledged that, at the date of the present Report, the Company owns no. 809.226 treasury shares (equal to 0,356% of the share capital) in its portfolio, purchased in execution of the previous authorization given by the Shareholders' Meeting of 31 May 2018 and no subsidiary of OVS S.p.A. own any Company's shares;*
- *having read the financial statements as of January 31, 2019, approved by today's Shareholders' Meeting, which closed with a profit of profit of Euro 39,330,881.00*
- *having acknowledged the overall amount of the available reserves resulting from the balance sheet of OVS S.p.A. as of January 31, 2019, approved on the date hereof, amounting: share premium reserve for Euro 511,994,502.00 and retained earnings reserve for Euro 24,510,181 net of the reserve for treasury shares and the amount to be used to supplement the legal reserve up to 20% of the share capital;*
- *having taken into account the proposed resolutions;*

resolves

1. *to revoke, effective from the date of this resolution the resolution of authorization of the purchase and disposal of treasury shares approved by the Shareholders' meeting on 31 May 2018, remained partially unexecuted;*
2. *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:*
 - *to initiate, directly or through intermediaries, any investment transactions also to contain anomalous movements in the quotations, to regularize the progress of the negotiations and the prices and to support the liquidity of the stock on the market, so as to favour the regular execution of the negotiations on outside the normal variations linked to the market trend, without prejudice in any case to compliance with the provisions in force;*
 - *for conservation (so-called "securities stock") for subsequent uses, including: consideration in extraordinary transactions, including for exchange or disposal of shareholdings, with other parties to be carried out by exchange, transfer or other disposal and/ or use, including the use of bond loans convertible into Company shares or bonds with warrants; and*
 - *use for the compensation and incentive plans based on financial instruments and reserved for directors and employees of the Company and/ or companies directly or indirectly controlled by it, either through the free concession of purchase options, or through the use of free allocation of shares (so-called stock option and stock grant plans) 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, Regulation (UE) no. 596 16 April 2014, Delegated Regulation (EU) no. 1052 of March 8, 2016, and the market practices pursuant to article 180, paragraph 1, letter c) of the TUF to art. 13 of EU Regulation no.*

596 of April 16, 2014 and may be carried out pursuant to one or more modalities set forth by article 144-bis, paragraph 1 (with the exclusion of letter c 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;*
 - (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;*
3. *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;*
 4. *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.”*

Venezia-Mestre, April 17, 2019

For the Board of Directors
The Chairman, Nicholas Stathopoulos