

## **Directors' Report on point 3 of the agenda of the Shareholders' Meeting:**

### **Proposal for the distribution of available reserves, through the assignment of treasury shares: related resolutions**

Dear Shareholders,

You have been called to the Shareholders' Meeting to examine and approve the proposal to distribute available reserves through the assignment of treasury shares, as an extraordinary dividend.

The Board of Directors first of all highlights that:

- The proposed transaction does not affect the Company's financial equilibrium since the Company already holds in its portfolio the shares covered by the distribution proposal;
- The transaction represents a form of remuneration for the investment of the shareholders in the Company and does not compromise the Company's financial and economic balance sheet, as it is also likely to produce positive effects on the Mittel stock, contributing - in the event of subsequent disposals by the Company's shareholders - to an increase in the float;
- The Company has entered relevant and available reserves, sufficient to cover the payment of the extraordinary dividend.

In particular, as of December 31, 2017, the amount of capitals and reserves of Mittel S.p.A. consists in the following:

- The Capital subscribed and paid on the said date amounts to EUR 87,907,017
- The Legal reserve amounts to EUR 16,760,462
- The Treasury stock reserve amounts to EUR (20,576,471)
- The Other reserves amount to EUR 87,822,479
- The loss for the year amounts to EUR (4,592,489)
- The Shareholders' equity amounts to EUR 167,320,998

The dividend will be taken from the reserve called "Hopa Merger" ("Fusione Hopa") included among the Other reserves which, as of December 31, 2017, amounted to EUR 37,826,065; it should be noted that the amount of said reserve, that will be distributed through the assignment of treasury shares, is equal to EUR 9,676,818, and that said amount is available for this purpose.

The Board of Directors proposes to distribute the dividend through the free allocation of a portion of the ordinary treasury shares which, as of today's date, are equal to no. 12,357,402, corresponding to 14.057% of the shared capital. It is noted that, during the Shareholders' Meeting held on January 27, 2017, you resolved to grant the Board of Directors the right to dispose of these shares, pursuant to and for the purposes of art. 2357 ter of the Italian Civil Code, in whole or in part, one or multiple times and without time

limits, the last no. 2,348,696 treasury shares which, as of that date, still lacked such authorization. In regards to the further no. 10.008.076 treasury shares held to date by the Company, during the Shareholders' Meeting held on May 15, 2013, you approved the same authorization in favor of the Board of Directors.

Taking into account these premises, the Board of Directors proposes you to proceed with the free assignment of a total maximum no. 5,811,508 ordinary treasury shares in portfolio, corresponding to 6.61% of the shared capital. The remaining no. 6,545,894 treasury shares remain at the disposal of the Board of Directors to pursue the purposes assigned with the previous shareholders' resolutions: the sale of these during an exchange or off-exchange, also in the context of any acquisitions and / or for the development of industrial projects consistent with the Group's strategic guidelines.

With regard to the tax profiles, it should be noted that based on the orientation expressed by the Italian fiscal authority Agenzia delle Entrate (resolution on March, 7, 2011, #26 / E and resolution on February 7, 2012, #12 / E), the allocation of treasury shares will not generate income effects on the part of the shareholders assigned, considering that, on the date of this Report, the Company's shared capital is fiscally capacious.

Therefore, the Board of Directors proposes the allocation, as an extraordinary dividend, of a total maximum no. 5,811,508 ordinary treasury shares according to the ratio of 1 ordinary share for every 13 shares held by each shareholder (other than the Company), with coupon detachment date on May 7, 2018, the entitlement to payment date on May 8, 2018 (**record date**) and the payment date on May 9, 2018.

Fractional allocation rights will be monetized by the Company on the basis of the official price resulting from the transactions carried out on the last day before the detachment date.

We therefore submit for your approval the following resolution proposal:

"The shareholders' meeting of Mittel S.p.A. convened in ordinary session, having examined and approved the explanatory report of the Board of Directors, considering the existence of available reserves to an appropriate extent, decided the following:

- The free assignment to shareholders, by way of extraordinary dividend, through the use of a corresponding part of the reserve called "Hopa Merger" ("Fusione Hopa"), of maximum no. 5,811,508 ordinary treasury shares, in the amount of 1 ordinary share for every 13 ordinary shares held, with the exclusion of treasury shares held the day before the dividend detachment date; the fractional allocation rights will be monetized by the Company on the basis of the official price resulting from the transactions carried out on the last day before the detachment date;
- To establish that the payment of the dividend and the assignment, taking into account the calendar approved by Borsa Italia S.p.A., will take place on May 9, 2018, with the detachment date on May 7, 2018;

- To confer to the Chairman and Chief Executive Officer Ing. Rosario Bifulco (Engineer), with the right to sub-delegate, the widest powers for the completion of all the inherent activities, consequent or otherwise connected to the foregoing.

Milan, March 21, 2018

p. The Board of Directors

The President

(Ing. Rosario Bifulco)