



SHAREHOLDERS' MEETING
APRIL 24, 2018 - 11.30 AM IN SINGLE CALL

**REPORT OF THE BOARD OF DIRECTORS ON THE MATTERS ON THE
AGENDA**

*(in accordance with Article 125-ter, Legislative Decree No. 58/1998 and
Article 84-ter of Consob Regulation No. 11971/1999)*

Dear Shareholders,

this report (the “**Report**”) was prepared by the Board of Directors of Avio S.p.A. (“**Avio**” or the “**company**”) in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented (the “**CFA**”) and Article 84-*ter* of the Regulation adopted with Consob motion No. 11971 of May 14, 1999, as subsequently amended and supplemented (the “**Issuers’ Regulation**”), to outline the matters on the agenda of the Shareholders’ Meeting called for April 24, 2018 in single call.

In particular, you are called to consider the following agenda:

1. Statutory financial statements at December 31, 2017. Presentation of the consolidated financial statements at December 31, 2017. Reports of the Board of Directors, Board of Statutory Auditors and of the Independent Audit Firm. Allocation of the net profit. Resolutions thereon.
2. Remuneration Report of Avio S.p.A. in accordance with Article 123-*ter*, paragraph 6, Legislative Decree No. 58/98

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Proposals on the matters on the agenda

- 1. Statutory financial statements at December 31, 2017. Presentation of the consolidated financial statements at December 31, 2017. Reports of the Board of Directors, Board of Statutory Auditors and of the Independent Audit Firm. Allocation of the net profit. Resolutions thereon.**

The Shareholders’ Meeting will be called to approve the statutory financial statements at December 31, 2017 of the company, accompanied by the Directors’ Report.

All the documentation concerning this matter will be made available to the public, within the terms required by applicable provisions and regulations, at the registered office of the company, on the website www.avio.com, on the website of Borsa Italiana S.p.A. and on the authorised storage mechanism “eMarket STORAGE”, together with the Board of Statutory Auditors’ Report and the Independent Auditors’ Report on the Statutory Financial Statements for the year ended December 31, 2017. The shareholders have the right to obtain a copy.

Considering the Directors’ Report, we invite you to approve the statutory financial statements at December 31, 2017, together with the accompanying reports, which present a net profit of Euro 12,928 thousand.

In inviting you to approve the 2017 Annual Accounts of Avio S.p.A., drawn up as per IFRS and reporting a net profit of Euro 12,928 thousand, we propose the allocation of the result as follows:

- Euro 10,017 thousand as dividend;
- Euro 2,911 thousand to retained earnings.

Simultaneously, we propose the allocation of part of the Share premium reserve of Euro 163,897 thousand, for Euro 18,185 thousand for the reconstitution of the Legal Reserve up to one-fifth of the Share Capital and for Euro 1,456 thousand as coverage of the ex-Space 2 S.p.A. 2015 share capital increase reserve.

2. Remuneration Report of Avio S.p.A. in accordance with Article 123-ter, paragraph 6, Legislative Decree No. 58/1998.

The Shareholders' Meeting will be called to approve, as per Article 123-ter, paragraph 6, of the CFA, the Remuneration Report of the company, prepared pursuant to the above-mentioned article of the CFA and Article 84-*quater* of the Issuers' Regulation, which illustrates the remuneration policy regarding the members of the Board of Directors, the General Managers and the Senior Executives, in addition to the procedures utilised for the adoption and implementation of this policy.

For further information, reference should be made to the text made available to the public at the registered office of the company, on the company website at www.avio.com, on that of Borsa Italiana S.p.A. and on the authorised storage mechanism "eMarket STORAGE", at least 21 days before the date fixed for the Shareholders' Meeting.

It is recalled that the Shareholders, pursuant to Article 123-ter, paragraph 6 of the CFA, will be called to vote on Section I of the Report (in favour or against). The resolution is not binding. The results of the vote will be made available to the public in accordance with Article 125 *quater*, paragraph 2 of the CFA.

Rome, March 23, 2018

For the Board of Directors

The Chairman of the Board of Directors

Mr. Roberto Italia