

**Directors' Report of Landi Renzo S.p.A. in accordance with Article 125-ter of Legislative Decree 58/1998 and Articles 84-ter and 73 of Consob regulation no. 11971 of 1999, to the ordinary shareholders' meeting, to be held at the registered office of the Company in Corte Tegge, Cavriago (Reggio Emilia), Via Nobel 2/4, on 24 April 2018 at 09:00 a.m. in single call.**

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1. **1.1. FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017, MANAGEMENT REPORT, REPORT OF THE BOARD OF STATUTORY AUDITORS AND REPORT OF THE INDEPENDENT AUDITOR; ANY RELATED AND CONSEQUENTIAL RESOLUTION. 1.2. RESOLUTIONS REGARDING THE END OF YEAR RESULTS; ANY RELATED AND CONSEQUENTIAL RESOLUTION.**

Dear Shareholders,

the draft financial statements for the year ended 31 December 2017, which we are submitting for your approval, report a profit for the year of Euro 1,938,986.13.

We are also submitting the consolidated Landi Renzo financial statements for the year ended as of 31 December 2017 which, although does not need to be approved by the Shareholders' Meeting, sets out additional information provided with the Landi Renzo S.p.A. financial statements for the year.

For more information, please refer to the financial statements for the year ended as of 31 December 2017 and the related Management Report which you are asked to approve. We submit for your approval the following

**proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the Management Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report, and having reviewed the financial statements for the year ended on 31 December 2017,

**resolves**

- to approve the draft financial statements for the year ended on 31 December 2017, which report a profit for the year of Euro 1,938,986.13, as presented by the Board of Directors with regard to the aggregate accounts, the individual items, as well as the Management Report prepared by the Board of Directors;
- to approve the allocation of the profit of the year of Euro 1,938,986.13 to extraordinary reserve, provided that the legal reserve has already reached one fifth of the share capital".

\* \* \*

2. **RESOLUTION ON THE FIRST SECTION OF THE REPORT ON REMUNERATION PURSUANT TO ARTICLE 123-TER, SIXTH PARAGRAPH, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED; ANY RELATED AND CONSEQUENTIAL RESOLUTIONS**

Dear Shareholders,

we submit to your attention the Report on Remuneration, prepared in accordance with Articles 123-ter of Legislative Decree 58/1998, as subsequently amended, (the "**Consolidated Financial Act**") and 84-quater of Consob regulation no. 11971 of 19 May 1999, as subsequently amended (the "**Regulations for Issuers**"). We reiterate that

the Report on Remuneration is set out in two sections, which respectively describe: (i) the company's policy regarding the remuneration of members of the management bodies and managers with strategic duties with regard to the next financial year and the procedures followed to approve and implement this policy; and (ii) each of the items included in the remuneration of members of the management and internal audit bodies, and of the executive director, as well as fees paid to them for whatever reason in the last financial year.

Having stated the above and making reference for more information in this regard to the information set out in the Report on Remuneration, we submit, in accordance with the provisions of Article 123-ter, paragraph 6, of the Consolidated Financial Act, for your approval the following

### **proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A.,

- having acknowledged the Report on Remuneration prepared by the Board of Directors and drawn up in accordance with Article 123-ter of the Consolidated Financial Act and Article 84-quater of the Regulations for Issuers,
- having specifically reviewed the "first section" regarding the policy of the Company on the remuneration of members of the management body and of the managers with strategic duties and the procedures followed to approve and implement this policy,
- having regard to the Listed Companies' Self-Governance Code, which the Company has adopted,

### **resolves**

in favour of the first section of the Report on Remuneration prepared in accordance with Article 123-ter of the Consolidated Financial Act and Article 84-quater of the Consob Regulations for Issuers."

\* \* \*

### **3. AUTHORISATION TO PURCHASE AND DISPOSE OF TREASURY SHARES AFTER REVOCATION OF THE RESOLUTION ADOPTED BY THE SHAREHOLDERS' MEETING OF 28 APRIL 2017, TO THE EXTENT NOT IMPLEMENTED; ANY RELEVANT AND CONSEQUENTIAL RESOLUTION**

**(report in accordance with Article 73 of the Regulations for Issuers)**

Dear Shareholders,

the Shareholders' Meeting of 28 April 2017 authorised the Company to purchase treasury shares during the 18 months following the date of that resolution, as well as to sell any treasury shares without any time limit.

In the 2017 financial year and until now, the Company did not purchase any treasury shares. The Company, therefore, has no treasury shares in its portfolio as of the date hereof.

Because the term of validity of the above authorisation will expire on 28 October 2018, to avoid having to call a specific Shareholders' Meeting before such expiry date and given that this proposal is in line with the practice followed by the majority of listed companies, we believe it would be useful to propose that you provide a new authorisation to purchase and to sell treasury shares in accordance with Articles 2357 and following of the Italian Civil Code, after having revoked the prior authorisation approved by the Shareholders' Meeting to the extent unused.

Below we set out the reasons and terms and conditions for the purchase and sale of treasury shares which we ask you to authorise.

**(A) Reasons for the request to have the Shareholders' Meeting authorise the purchase and sale of treasury shares**

The authorisation is requested, in accordance with the purposes provided under Article 5, paragraph 2, of the Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, to sell treasury shares to be used in the context of future stock option plans for executive directors and/or employees, including managers and other contractors of the Company and its subsidiaries, or to service issues of debt securities convertible into shares of the Company.

The authorisation is also required in order to conduct a stabilising action of the courses related to short-term market situations and however in accordance with the provisions set forth in Article 5, paragraph 4, of the Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 .The purchase of such treasury shares, moreover, can be used to manage the Company's liquidity efficiently.

We ask the Shareholders' Meeting to simultaneously authorise the Board of Directors to sell any shares that might be purchased since we consider this to be an important managerial and strategic instrument.

**(B) Maximum number and nominal value of shares authorised for purchase/sale**

The authorisation is sought for the purchase of a maximum number of ordinary shares of the Company, whose aggregate nominal value, inclusive of the nominal value of any Company shares owned by the Company's subsidiaries, cannot exceed one fifth of the Company's share capital in compliance with the limits set out in Article 2357, paragraph 3, of the Italian Civil Code. To ensure compliance with the above aggregate limit of 20% of the Company's share capital, the Landi Renzo subsidiaries will be instructed to report promptly any purchase of Landi Renzo shares.

The compensation paid or received from the sale and purchase of treasury shares will be recorded in the accounts directly as shareholders' equity in accordance with the accounting principle "IAS 32" and, in any event, in compliance with the accounting rules and regulations applicable from time to time.

**(C) Term of the Authorisation's Validity**

The authorisation to purchase is being requested for 18 months from the date on which the Shareholders' Meeting approves the resolution, while the authorisation to sell is requested without a time limit.

**(D) Consideration for the purchase and sale of shares**

The purchase price of any share shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction, and however at a price not exceeding the highest price between the price of the last independent operation and the price of the highest current independent purchase offer in the trading venue where the purchase is done, even when the shares are traded in different trading venues.

The sale price of any share shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction. These price limitations will not apply for sales or transfers of shares to employees, including managers, executive directors and other contractors of Landi Renzo and its subsidiaries in the context of stock option plans of which they benefit.

**(E) Terms and Conditions for the purchase and sale of shares**

The Company shares will be purchased in compliance with the regulations applicable to listed companies and therefore in compliance with Article 144-*bis* of the Regulations for Issuers and Article 132 of the Consolidated Financial Act, the provisions of the Italian Stock Exchange Rules approved by Borsa Italiana S.p.A. and all other applicable legislation, including the provisions of Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 and related Italian and EU implementing regulations, and therefore as follows:

- (i) public offer of purchase or exchange;
- (ii) on regulated markets or on multilateral trading platforms using operating modalities, in accordance with the operating rules and regulations set forth in the rules governing such markets, which do not allow direct matching of proposals to purchase with predefined proposals to sell;
- (iii) purchase and sale of derivative instruments traded on regulated markets or on multilateral trading platforms that provide for physical delivery of the underlying shares, provided that the market's rules and regulation allow terms and conditions similar to those set forth in Article 144-*bis*, paragraph 1, letter c), of the Regulations for Issuers.
- (iv) assignment to the shareholders, proportionally to the shares held by each, of a put option to be exercised within a pre-defined term as approved by the resolution of the Shareholders' Meeting authorising the purchase programme;
- (v) in the performance of the systematic internalisation activities using non-discriminatory modalities that provide for execution of transactions automatically and non-discretionally on the basis of pre-defined parameters;

- (vi) with the modalities established by permitted market practice pursuant to Art. 13 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014;
- (vii) on the conditions set out in Art. 5 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014.

The treasury shares held can be sold, eventually even before all purchases are completed, where allowed by the applicable EU and national laws and regulations, in one or more transactions, on regulated markets or on non-regulated markets, as well as off the markets, by way of offering to the public or to the Shareholders, institutional placement, placement of rights to purchase (*buoni d'acquisto*) and/or warrants, or as consideration in the context of acquisitions or public offers of exchange.

With effect from the date of the Shareholders' Meeting resolution, the unused portion of the resolution to purchase and sell treasury shares approved by the ordinary Shareholders' Meeting of 28 April 2017 shall be considered accordingly revoked.

Based on the above, we submit for your approval the following

#### **proposed resolution**

"The Shareholders' Meeting of Landi Renzo S.p.A., having acknowledged the proposal of the Board of Directors and having regard to the provisions of Articles 2357 et seq. of the Italian Civil Code,

#### **resolves**

1. to revoke, as from the date of this resolution and to the extent unused, the resolution authorising the purchase and sale of treasury shares approved by the ordinary Shareholders' Meeting on 28 April 2017;
2. to authorise the Board of Directors, pursuant to and for the effects of Article 2357 of the Italian Civil Code, the purchase of treasury shares of the Company, up to the number, at the price and at the terms and conditions set out below:
  - in one or more purchase transactions, within 18 months from the date of the resolutions, subject to the available reserves and profits available for distributions as shown on the most recently approved financial statements, with the purchases being recorded in the accounts in compliance with the law and the applicable accounting principles;
  - the purchase price of any share shall range exclusively from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction and however at a price not exceeding the highest price between the price of the last independent operation and the price of the highest current independent purchase offer in the trading venue where the purchase is done, even when the shares are traded in different trading venues;

- the maximum number of shares purchased shall be such so that their aggregate nominal value, inclusive of the nominal value of any shares owned by the subsidiaries, does not exceed one fifth of the share capital taking into account for this purpose also the shares owned by the subsidiaries;
  - the purchase of treasury shares will be effected in compliance with the regulations applicable to listed companies and therefore in compliance with Article 144-*bis* of the Regulations for the Issuers and Article 132 of the Consolidated Financial Act, the Italian Stock Exchange Rules approved by Borsa Italiana S.p.A. and all other applicable legislation, including the provisions of Regulation (UE) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 and related Italian and EU implementing regulations, and therefore as follows:
    - (i) public offer of purchase or exchange;
    - (ii) on regulated markets or on multilateral trading platforms using operating modalities, in accordance with the operating rules and regulations set forth in the rules governing such markets, which do not allow direct matching of proposals to purchase with predefined proposals to sell;
    - (iii) purchase and sale of derivative instruments traded on regulated markets or on multilateral trading platforms that provide for physical delivery of the underlying shares, provided that the market's rules and regulation allow terms and conditions similar to those set forth in Article 144-*bis*, paragraph 1, letter c), of the Regulations for Issuers;
    - (iv) assignment to the shareholders, proportionally to the shares held by each, of a put option to be exercised within a pre-defined term as approved by the resolution of the Shareholders' Meeting authorising the purchase programme;
    - (v) in the performance of the systematic internalisation activities using non-discriminatory modalities that provide for execution of transactions automatically and non-discretionally on the basis of pre-defined parameters;
    - (vi) with the modalities established by permitted market practice pursuant to Art. 13 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014;
    - (vii) on the conditions set out in Art. 5 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014;
3. to authorise the Board of Directors, pursuant to Article 2357-*ter*, first paragraph, of the Italian Civil Code, to sell all or part, at one or more times without any time limit, the treasury shares held, eventually even before completing all purchases, where allowed by the applicable EU and national law provisions, including on

regulated markets or on non-regulated markets, as well as off the markets, by way of offering to the public or to the Shareholders, institutional placement, placement of rights to purchase (*buoni d'acquisto*) and/or warrants, or as consideration in the context of acquisitions or public offers of exchange, at a price that shall range from 20% less than, and up to 20% more than, the reference price recorded by the shares on the stock exchange on the trading day before each sale transaction. These price limitations will not apply for sales or transfers of shares to employees, including managers, executive directors and other contractors of Landi Renzo and its subsidiaries in the context of stock option plans of which they benefit;

4. to authorise the Board of Directors, pursuant to Article 2357-ter, third paragraph, of the Italian Civil Code, to make any suitable or necessary accounting record or entry in relation to treasury shares transactions, in compliance with the applicable legislation and accounting principles;
5. to grant to the Board of Directors, and for it to the Managing Director, all authority and powers to allow the purchases and sales and to implement all the foregoing resolutions, including through especially appointed attorneys in fact, and complying with all formalities required by the authorities involved."

\* \* \*

Cavriago, 23 March 2018

The Chairman of the Board of Directors

Stefano Landi