

SIF Moldova proposals:

VARIANT I

BASICS FOR THE PROPOSAL

- ✓ Although the Net Profit of the year 2018 increased with 50% in comparison with the year 2017, the distribution percentage decreased from 27% to 21% in 2018.
- ✓ The distribution of 49,5 % from the profit of 2018 would represent only 24% from the AEROSTAR's cash at 31.12.2018.
- ✓ According to the cash-flow planned for 2019, presented in the OGMS from 13.12.2018, while the investment program approved was executed, in amount of 53,5 million lei, at the end of year 2019, the cash left would be in amount of 141,9 million lei.
- ✓ In the conditions of 53,5 million lei investments and the distribution as dividends of 49,5% from the net profit of year 2018 (gross dividend per share of 0,26 lei), the cash left at the end of the year 2019 would be in amount of 117 million lei.

This approach by the management would realize a balance between providing the resources for the investment programs to be continued in 2019 and the expectations of the shareholders, that is the distribution of dividends with appealing returns.

We consider that AEROSTAR has the capacity to develop the business and to distribute appealing dividends on mid term for the shareholders.

The Deloitte report regarding the perspectives of the aerospace and defence industry (A & D) in 2019 forecasts the „on-going trajectory of growth of the industry in 2019 as well, sustained by the growth of the production of commercial aircraft and of important expenses for defence. The demand for latest generation aircraft, effective from the point of view of fuel consumption continues to increase together with the increasing prices of oil.

In regards to the high pending orders, the manufacturers are expected to increase the production, therefore the increase of the sector. In the defence field, the intensification of the global tensions and geopolitical risks, the defence budget increase of the USA and the bigger defence expenses of China, India and Japan are expected to lead to a global increase of the defence sector in 2019 and in the following years.”

DRAFT RESOLUTION VARIANT 1

Proposal of distribution of the profit realised in the year 2018

Net profit of the financial year 2018 - 79.920.849,23 lei, from which:

- a) Distribution to the legal reserve of the reinvested profit 26.034.996,79 lei
- b) Distribution to the statutory reserve 14.293.715,44 lei
- c) Distribution as dividends 39.592.137,00 lei

Setting a gross dividend per share related to the year 2018 is 0,26 lei.

VARIANT II

BASICS FOR THE PROPOSAL

From the evolutions of the capital market in the last year it is observed that the perspectives of the returns offered by a company to the shareholders, from dividends, buying back of shares, together with the perspective of growth through the capacity to add value are essential, influencing the share price on mid term.

The approval of net profit distribution of the financial year 2018, of 79.920.849,23 lei in the variant II would increase the returns of the shareholders through the mix of dividends + buy back of shares:

- Distribution to the legal reserve of the reinvested profit 26.034.996,79 lei
- Distribution to the statutory reserves 37.436.793,44 lei, **from which the amount of 23.143.078 lei shall be used in order to conduct a buy back program for company's own shares with the purpose to reduce the share capital.**
- Distribution as dividends according to the Board of Directors' proposal (gross dividend per share: 0,108 lei) 16.449.059,00 lei (Approval of a gross dividend/share of 0,108 lei.)

The buy back operation for company's own shares with the purpose to reduce the share capital would have the following beneficial effects:

- ✓ increasing the price and the liquidity of the shares on the market, with the effect in increasing the profit per share;
- ✓ increasing the shareholders' returns based on the possible increase of the stock quotation as a result of the program's implementation;
- ✓ increasing the percentage of ownership in the share capital for the existing shareholders;
- ✓ increasing the shareholders' returns.

The approval for a buy back program for company's own shares with the purpose to reduce the share capital, with the following main characteristics:

- a) **The purpose of the program:** The company shall buy back shares in the frame of the Program with a view to reduce the share capital, by their cancellation, in accordance with the legal provisions occurrences applicable.
- b) **The maximum number of shares under buy back:** 3.400.000 shares (2,23% from the share capital)
- c) **The minimum price** per share: the minimum acquisition price shall be the market price from BSE at the time of the acquisition.
- d) **The maximum price** per share: 7 lei.
- e) **The duration of Program:** maximum 12 months from the date of the resolution's publication in the Official Gazette of Romania, part IV;
- f) **The payment of the shares under buy back** shall be made from the distributable profit or from the company's reserves available, registered in the last annual financial

statements approved, except the legal reserves registered in the financial year 2018, according to the provisions art. 103 index 1 from Law no. 31/1990 regarding the companies.

- g) **The acquisition of the shares** in the Program shall be performed through all the market operations permitted by law, which can also include public Purchasing offers initiated by the Company, by respecting the legal provisions.

DRAFT RESOLUTION VARIANT II

II 1. The distribution of the net profit of the financial year 2018, of 79.920.849,23 lei, as following:

- The distribution to the legal reserve of the reinvested profit 26.034.996,79 lei
- The distribution to the statutory reserves of 37.436.793,44 lei, from which the amount of **23.143.078 lei will be used in order to conduct a buy back program for company's own shares in order to reduce the share capital.**
- The distribution as dividends according to the Board of Directors' proposal (gross dividend per share: 0,108 lei) 16.449.059,00 lei

The approval of a gross dividend/share of 0,108 lei.

AND

II 2. Approval of a buy back program for company's own shares with the purpose to reduce the share capital, with the following main characteristics:

- a) **The purpose of the program:** The company shall buy back shares in the Program with a view to reduce the share capital, by their cancellation, in accordance with the legal provisions applicable.
- b) **The maximum number of buy back shares:** 3.400.000 shares (2,23% from the share capital)
- c) **The minimum price** per share: the minimum acquisition price shall be the market price from BSE at the time of the acquisition.
- d) **The maximum price** per share: 7 lei.
- e) **The duration of the Program:** maximum 12 months from the date of the resolution's publication in the Official Gazette of Romania, part IV;
- f) **The payment of the shares under buy back** will be made from the distributable profit or from the company's reserves available, registered in the last annual financial statements approved, except the legal reserves registered in the financial year 2018, according to the provisions art. 103 index 1 from Law no. 31/1990 regarding the companies.

The acquisition of the shares in the Program shall be performed through all the market operations permitted by law, which can also include public purchasing offers initiated by the Company, by respecting the legal provisions.

The convening of the Extraordinary General Meeting of the Shareholders for the Approval of conducting a program to buy back company's own shares with the purpose to reduce the share capital.