



Carraro Group

Interim report on operations as at 31 March 2015

DISCLAIMER

This document contains forward-looking statements, in particular in the section “Business outlook for the current year”, in relation to future events and the operating, economic and financial results of the Carraro Group. These forecasts have by their very nature a component of risk and uncertainty, as they depend on the occurrence of future events and developments. The actual results may differ, even significantly, from those announced in relation to a multiplicity of factors.

CARRARO S.p.A.

Head Office in Via Olmo no. 37, Campodarsego (Padua) 35011

Share Capital Euros 23,914,696, fully paid-up.

Tax Code, VAT and Registration Number

in the Padua Companies Register 00202040283 – R.E.A. No. 84033

GENERAL INFORMATION

BOARD OF DIRECTORS

In office until approval of the 2017 Financial Statements (Appointed, Shareholders' Meeting 23/03/2015)

ENRICO CARRARO

Chairman

TOMASO CARRARO

Deputy Chairman

ALBERTO NEGRI

Chief Executive Officer

FABIO BUTTIGNON(1) (2)

Director *

ALEXANDER JOSEF BOSSARD
(1) (2)

Director

MARINA MANNA (1) (3)

Director *

MARINA PITTINI (2)

Director *

(1) Members of the Auditing and Risk Committee

(2) Members of the Appointments and Remuneration Committee

(3) Members of the Supervisory Board

* Independent directors

BOARD OF STATUTORY AUDITORS

In office until approval of the 2017 Financial Statements (Appointments, Shareholders' Meeting 23/03/2015)

SAVERIO BOZZOLAN

Chairman

STEFANIA CENTORBI

Regular Auditor

ANDREA CORTELLAZZO

Regular Auditor

BARBARA CANTONI

Alternate Auditor

GIANMARCO MILANATO

Alternate Auditor

INDEPENDENT AUDITORS

from 2007 to 2015

PricewaterhouseCoopers S.p.A.

PARENT COMPANY

Finaid S.p.A.

Under the terms and for the purposes of Consob Communication no. 97001574 of 20 February 1997, we state that:

The Chairman, Mr Enrico Carraro and the Chief Executive Officer, Mr Alberto Negri, have been given severally powers of legal representation and use of the corporate signature in relations with third parties and in court; they carry out their work within the limits of the powers conferred on them by the Board of Directors in the meeting of 23 March 2014, in accordance with applicable legal constraints, in terms of matters which cannot be delegated by the Board of Directors and of responsibilities reserved for the Board itself, as well as the principles and limits provided for in the Company's Code of Conduct.

CONSOLIDATED INCOME STATEMENT AS AT 31/03/2015

(amounts in €/000)	31/03/2015		31/03/2014		Changes	
		%		%	31/03/15	31/03/14
REVENUES FROM SALES	180,721	100.00%	177,350	100.00%	3,371	1.90%
Purchases of goods and materials (net of changes in inventories)	-109,226	-60.44%	-99,164	-55.91%	-10,062	10.15%
Services and Use of third-party goods and services	-27,440	-15.18%	-31,991	-18.04%	4,551	-14.23%
Personnel costs	-33,274	-18.41%	-35,841	-20.21%	2,567	-7.16%
Amortisation, depreciation and impairment of assets	-7,407	-4.10%	-7,534	-4.25%	127	-1.69%
Provisions for risks	-1,729	-0.96%	-1,279	-0.72%	-450	35.18%
Other income and expenses	1,035	0.57%	888	0.50%	147	16.55%
Internal construction	1,329	0.74%	802	0.45%	527	65.71%
OPERATING COSTS	-176,712	-97.78%	-174,119	-98.18%	-2,593	1.49%
OPERATING PROFIT/(LOSS) (EBIT)	4,009	2.22%	3,231	1.82%	778	24.08%
Income from equity investments	-	0.00%	-	0.00%	-	-
Other financial income	1,279	0.71%	684	0.39%	595	86.99%
Financial costs and expenses	-3,990	-2.21%	-4,444	-2.51%	454	-10.22%
Net gains/(losses) on foreign exchange	-1,595	-0.88%	-1,633	-0.92%	38	-2.33%
Value adjustments of financial assets	-	0.00%	-	0.00%	-	-
GAINS/(LOSSES) ON FINANCIAL ASSETS	-4,306	-2.38%	-5,393	-3.04%	1,087	-20.16%
PROFIT/(LOSS) BEFORE TAXES	-297	-0.16%	-2,162	-1.22%	1,865	-86.26%
Current and deferred income taxes	-1,686	-0.93%	-2,624	-1.48%	938	-35.75%
NET PROFIT/(LOSS)	-1,983	-1.10%	-4,786	-2.70%	2,803	-58.57%
Profit/(loss) pertaining to minorities	-46	-0.03%	-174	-0.10%	128	-73.56%
GROUP CONSOLIDATED PROFIT/(LOSS)	-2,029	-1.12%	-4,960	-2.80%	2,931	-59.09%
EBITDA	11,355	6.28%	10,698	6.03%	657	6.14%

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31/03/2015

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Property, plant and equipment	189,981	185,403	178,184
Intangible fixed assets	92,053	91,335	88,101
Real estate investments	709	708	707
Holdings in subsidiaries and associates	-	-	-
Financial assets	1,865	2,064	2,502
Deferred tax assets	44,442	43,524	26,243
Trade receivables and other receivables	4,303	4,120	2,044
NON-CURRENT ASSETS	333,353	327,154	297,781
Closing inventory	158,566	146,745	152,353
Trade receivables and other receivables	152,807	113,877	140,461
Financial assets	9,086	5,040	5,281
Cash and cash equivalents	79,762	62,822	49,958
CURRENT ASSETS	400,221	328,484	348,053
ASSETS HELD FOR SALE	-	-	45,234
TOTAL ASSETS	733,574	655,638	691,068
Share Capital	23,915	23,915	23,915
Reserves	31,296	35,919	44,067
Foreign currency translation reserve	-5,389	-13,562	-21,314
Profit/(Loss) for the period	-2,029	-7,913	-4,960
Minority interests	2,893	2,848	6,162
Shareholders' equity held for sale	-	-	1,055
SHAREHOLDERS' EQUITY	50,686	41,207	48,925
Financial liabilities	132,023	127,039	180,495
Trade payables and other payables	1,423	1,361	1,499
Deferred tax liabilities	7,232	5,353	1,692
Provision for severance indemnity and retirement benefits	19,184	19,387	17,246
Provisions for risks and liabilities	3,769	3,869	4,508
NON-CURRENT LIABILITIES	163,631	157,009	205,440
Financial liabilities	234,728	164,673	155,607
Trade payables and other payables	249,960	271,797	232,597
Current taxes payables	18,602	5,178	11,075
Provisions for risks and liabilities	15,967	15,774	16,057
CURRENT LIABILITIES	519,257	457,422	415,336
LIABILITIES HELD FOR SALE	-	-	21,367
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	733,574	655,638	691,068

CASH FLOW AS AT 31/03/2015

	31/03/2015	31/12/2014	31/03/2014
Opening Net Financial Position	-224,273	-248,150	-248,150
<i>Group profit/(loss)</i>	-2,029	-7,913	-4,960
<i>Profit/(loss) pertaining to minorities</i>	46	72	174
<i>Amortisation, depreciation and impairment of fixed assets</i>	7,346	26,657	7,467
Cash flow before Net Working Capital	5,363	18,816	2,681
Change in Net Working Capital	-52,690	38,569	-15,477
Investments in fixed assets	-5,398	-34,674	-9,687
Disinvestments in fixed assets	-35	4,227	609
Operating Free Cash Flow	- 52,760	26,938	- 21,874
Other operating flows	-8,581	-16,065	-11,474
Other investing flows	-7,211	18,819	3,212
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	-1,800	-5,815	-1,152
Free Cash Flow	-57,090	23,877	- 31,288
Closing Net Financial Position	- 281,363	- 224,273	- 279,438

ANALYSIS OF NET WORKING CAPITAL AS AT 31/03/2015

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Trade Receivables	93,716	75,244	93,823
Inventory	158,566	146,745	152,353
Trade Payables	-210,389	-232,786	- 202,927
Net Working Capital (NWC)	41,893	-10,797	43,249

The Carraro Group

Carraro is an international industrial Group which is world leader in high-efficiency and eco-compatible power transmission systems, with headquarters in Italy, in Campodarsego (Padua).

Today, the Group is increasingly focused on technological solutions for its core areas, i.e. off-highway applications, and operates through three Business Areas:

- Carraro Drive Tech (Transmission systems and components) is specialised in the design, manufacture and sale of transmission systems (axles, transmissions and drives) mainly for agricultural and construction equipment, and also markets a wide range of gears for very diverse sectors, from the automotive industry to material handling, agricultural applications and construction equipment.
- Carraro Divisione Agritalia (Tractors) designs and manufactures special tractors (for vineyards and orchards from 60 to 100 hp) for third-party brands, and namely John Deere, Massey Ferguson and Claas; Agritalia also provides engineering services for the design of innovative tractor ranges.
- Elettronica Santerno (Power electronics) designs, develops, manufactures and markets inverters (electronic power converters) mainly for the photovoltaic industry and industrial automation (HVAC, water treatment, lifting systems and large-scale transport).

Reference markets

Agriculture

The trends already highlighted in the second half of the previous year were confirmed in the first quarter of 2015. The continuing weakness in the price of key raw materials and therefore reduced availability of income for the purchase of new vehicles has negatively affected demand and continues to do so.

In Western Europe and North America, the decrease in sales, especially large tractors and harvesting machines, is confirmed. The tractor market in low-medium power range (in which the Group is mainly present) seems to be less affected by the current unfavourable context. In particular, the special tractor segment (orchards and vineyards), with sales mainly in Europe, is indeed going in the opposite direction, with positive effects on the sales of the Agritalia. Both Europe and North America are exporters of machinery, so they are also negatively affected by the weak demand in other regions such as Eastern Europe and Russia, the Middle East and North Africa. On the whole for 2015, a decline in total volumes is expected compared to 2014.

Turkey has started 2015 with a relatively resilient demand for tractors and this trend is expected to be consolidated during the year.

After the significant decline in 2014, the tractor market in China is showing, in this first part of the year, a good sales performance for machines with power above 80-100 hp. While for lower power machines demand is still weak. The signs indicate a continuation of this trend at least until the end of the first half of this year.

In India, after the decline in the domestic market in 2014, also in this first part of the year demand has slowed down due to lower government subsidies to agriculture and to the adverse weather conditions in many parts of the country, which have affected the harvest and therefore farmers' incomes. It is expected

that, during the year, the decline in volumes in the domestic market will be only partially offset by an increase in exports.

In South America another year of weak demand for agricultural machinery is expected (particularly in Brazil) and the data for the first quarter fully confirm these expectations. The entire sugar cane chain is in crisis, with a negative impact on the sales of high power tractors and harvesting machines.

Construction equipment

2015 has begun with more positive expectations compared to the second part of last year, especially in the segment of compact equipment (in which the Group is mainly present) due to the recovery of infrastructure investments that should drive a greater demand for machinery.

The ongoing crisis in mining machinery is confirmed and global demand for such machinery remains at extremely low levels.

Europe started the year with positive signs of a turnaround compared to the second half of 2014. For the rest of 2015, many operators remain cautiously optimistic, also due to the positive effects of the actions promoted by the European Central Bank, the increased weakness of the Euro and the investment plans submitted by the various European countries.

Turkey remains stable, but below the real potential of the country, and the demand for construction machinery and the prospects for 2015 remain uncertain.

In North America, recovery in the construction industry continues to drive the demand for Utility machines for rental fleets, although with signs of a slowdown in the second half of the year. There are positive signs of a turnaround for medium-sized construction machinery while there is still profound crisis in the mining industry.

After the boom which lasted until 2011, the slowdown in demand for construction machinery in China continues, due to the combined effect of several factors, including: the decline in investments in construction, the excess production compared to real demand that has generated a large stock of unsold vehicles at manufacturing plants and in the distribution network. Also 2015 will therefore be a year of reduction in sales of new vehicles.

In the first quarter of 2015, the expected turnaround in the construction machinery market in India did not happen. Demand remained weak, although the macro economic climate seems to have improved. For the rest of the year, a trend substantially in line with that of 2014 is expected.

Brazil has confirmed the sharp drop in demand for construction machinery compared to the previous year, the result of a general slowdown in its economy.

Industrial Automation

The European industrial automation market, despite the growing optimism of companies linked to the interventions of the ECB, the sharp fall in the Euro exchange rate and the low price of oil, is still giving no concrete signs of recovery, other than in the sectors most strongly geared to export.

Internationally, instability due to geopolitical crises, the economic crises in Brazil and Russia and the slowdown in growth of the Chinese market are prevailing.

Renewable energy

In the first quarter of 2015, the photovoltaic market has been particularly active in the Far East and North America. In Chile, the installations of large systems continue, followed by South Africa. For Turkey, the start up of many new systems is expected, with significant implementations during the year, as well as in Egypt, and other countries of the MENA (Middle East North Africa) area. In the Americas, again during this year, the start up of the Mexican market is expected.

Summary of the quarter

The Group has put in place reorganisation operations both in 2014 and in the first quarter of 2015. For a correct comparison and better understanding of the actual results of the period, adjustments of actual data will be highlighted. In particular, these refer to the effects of the sale of the Italian Mini Gears Padua plant and Mini Gears Suzhou in China which took place in April 2014, of the centralisation in Carraro SpA of the R&D activity of Carraro Drive Tech SpA which took place at the end of 2014 and, finally, of the restructuring activities incurred in the first part of this year.

In a context of weak target markets, as pointed out above, consolidated turnover for the quarter is still growing due to the increase in the number of tractors sold for Agritalia and a positive exchange rate effect for Drive Tech, while for Santerno, as forecast in the budget, revenue is decreasing, postponing the expected growth on an annual basis to June, when deliveries for the two major contracts in South Africa will begin.

Turnover of the Carraro Group as at 31 March 2015 was equal to 180.721 million Euros, up by 1.9% compared to 177.350 million Euros for the first quarter of 2014. With constant perimeter (excluding the contribution of the Mini Gears business unit) growth amounted to 12.1%.

The business areas operating in mechanical engineering (Drive Tech and Agritalia) generated sales growth of 14.0% (net of the Mini Gears business unit) with a particularly strong performance of Agritalia (+74.2%), made possible by a significant increase in demand. Elettronica Santerno, on the other hand, had decreasing sales revenues (-19.8%) compared to 31 March 2014 for the reasons mentioned above.

Profitability is growing, albeit in the presence of a negative exchange rate effect arising from the conversion into Euro of the cost items of foreign companies. This has mainly affected the variable margin, more than offset by the economic improvement of industrial processes, procurement efficiencies and the first concrete evidence of a reduction in fixed costs (approximately 3 million Euros in the quarter), as a result of the Group's reorganisation implemented in the latter part of last year.

Group consolidated EBITDA at 31 March 2015 amounted to 11.355 million Euros (6.3% of turnover), up (6.1%) compared to 10.698 million Euros (6.0% of turnover) in the same period of 2014. Isolating the contribution of the Mini Gears business unit from the 2014 figure, EBITDA for the period was up by 29.1%. Net of non-recurring costs related to restructuring activities, and with constant perimeter, EBITDA would have amounted to 12.236 million Euros (6.8% of turnover), up by 39.1%.

EBITDA of the mechanical business units as at 31 March 2015 amounted to 11.134 million Euros (6.0% of turnover), down by 10.9% compared to 12.495 million Euros (7.7% of turnover) in the first quarter of 2014. Net of non-recurrent costs, EBITDA would have been equal to 12.015 million Euros (6.5% of turnover), a reduction of 3.8% compared to the first quarter of 2014.

As expected, Elettronica Santerno had a negative EBITDA of 1.324 million Euros (-31.2% of turnover), an improvement of 34.7% compared to a negative value of 2.029 million Euros (-38.3% of turnover) at 31 March 2015.

Consolidated EBIT as at 31 March 2015 amounted to 4.009 million Euros (2.2% of turnover), up 24.1% compared to 3.231 million Euros (1.8% of turnover) as at 31 March 2014. With constant perimeter, the improvement in EBIT amounted to 49.3%. Net of non-recurrent costs and with constant perimeter, EBIT would have been equal to 4.890 million Euros (2.7% of turnover), up by 82.1%.

EBIT of the core business (Drive Tech and Agritalia) amounted to 5.098 million Euros (2.8% of turnover) compared to 7.877 million Euros (4.9% of turnover) as at 31 March 2014 (net of the Mini Gears business unit). Net of non-recurring costs and, adjusted EBIT would have been equal to 5.979 million Euros (3.2% of turnover), down by 24.1%.

Santerno EBIT was negative at 2.013 million Euros (-47.4% of turnover) compared to a negative value of 2.749 million Euros (-51.9% of turnover) in the first quarter 2014.

Research and Development costs in the quarter amounted to 3.1 million Euros (1.7% of turnover) and were focussed on the extension and technological development of the product range.

Group earnings before tax as at 31 March 2015 amounted to a slight loss of 297 thousand Euros (-0.2% of turnover); due to taxes for the period equal to 1.686 million Euros (2.624 million Euros as at 31 March 2014), a loss of 2.029 million Euros (-1.1 % of turnover) was recorded, compared to a loss of 4.960 million Euros (-2.8 % of turnover) for the first quarter of 2014.

Investments in the first quarter of 2015 amounted to 5.398 million Euros and were focussed on maintaining plant efficiency, developing R&D projects and, to a lesser extent, introducing the new ERP system in the Indian plant.

The net financial position as at 31 March 2015 was negative, amounting to 281.363 million Euros, in line with the figure of 279.438 million Euros as at 31 March 2014, but improving, as expected, compared to the figure of 224.273 million Euros as at 31 December 2014, due to the expected effects of reabsorption of the activities carried out at the end of 2014 on working capital.

Significant events in the quarter

As part of the company simplification process, on 15 January 2015, Carraro Drive Tech Poggiofiorito SpA was merged into Carraro Drive Tech SpA, with accounting and tax effect from 1 January 2015.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

The order portfolio in the second quarter shows for Drive Tech a slight slowdown in sales in June, while for Agritalia it confirms the positive trend of the first three months.

For Santerno, the expected turnover is confirmed, thanks to notices to proceed received for contracts in South Africa.

Consolidated margins in the second quarter will remain in line with those of the first.

ECONOMIC AND EQUITY DATA

Turnover

The Group's consolidated turnover for the first quarter of 2015 amounted to 180.721 million Euros, up 1.9% compared to turnover for the first quarter of 2014, equal to 177.350 million Euros. With constant perimeter (excluding the contribution of the Mini Gears business unit) growth amounted to 12.1%.

The following table breaks turnover down by business segment:

amounts in €/000	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	31/03/2015	31/03/2014	Diff. %	31/03/2015	31/03/2014	Diff. %	31/03/2015	31/03/2014	Diff. %
CARRARO DRIVE TECH	150,884	158,725	-4.94%	144,247	153,648	-6.12%	6,637	5,077	30.73%
CARRARO DIV. AGRITALIA	33,641	19,315	74.17%	32,191	18,384	75.10%	1,450	931	55.75%
ELETTRONICA SANTERNO	4,248	5,299	-19.83%	4,239	5,299	-20.00%	9	-	
NON-ALLOCATED BUSINESS	3,162	2,980	6.11%	44	19		3,118	2,961	5.30%
TOTAL SEGMENTS	191,935	186,319	3.01%	180,721	177,350	1.90%	11,214	8,969	25.03%
INTRA-GROUP ELIMINATIONS	-11,214	-8,969	25.03%	-	-		-	-	
CONSOLIDATED TOTAL	180,721	177,350	1.90%	180,721	177,350	1.90%	11,214	8,969	25.03%

The following table breaks down turnover by geographical area:

amounts in €/000

Geographical Area	31/03/2015	%	31/03/2014	%	difference % '15-'14
North America	22,828	12.63	23,460	13.23	-2.69
Germany	18,504	10.24	21,446	12.09	-13.72
South America	18,316	10.13	20,191	11.38	-9.29
Switzerland	15,674	8.67	10,614	5.98	47.67
India	14,198	7.86	11,464	6.46	23.85
United Kingdom	13,391	7.41	14,124	7.96	-5.19
Turkey	12,684	7.02	12,681	7.15	0.02
France	9,583	5.30	10,137	5.72	-5.47
China	6,943	3.84	8,770	4.95	-20.83
Poland	3,479	1.93	2,643	1.49	31.63
Belgium	1,527	0.84	3,947	2.23	-61.31
Other non-E.U. areas.	6,342	3.51	3,452	1.95	83.72
Other E.U. areas	10,018	5.54	11,658	6.57	-14.07
Total Abroad	153,487	84.93	154,587	87.16	-0.71
Italy	27,234	15.07	22,763	12.84	19.64
Total	180,721	100.00	177,350	100.00	1.90
of which:					
Total E.U. area	83,736	46.33	86,718	48.90	-3.44
Total non-E.U. countries	96,985	53.67	90,632	51.10	7.01

In analysing turnover by geographic segment, it should be noted that the Group mainly sells to the production sites of OEMs that may reside in different countries from the nations of end users of their products.

Taking into account the figures presented in the previous tables, a significant increase in sales emerges in India (+23.85%) and Poland (+31.63%), mainly for the Drive Tech Business Area, in Switzerland (+47.67%) and Italy (+19.69%), due to the increased volume of tractors sold by Divisione Agritalia. Sales, on the other hand, are decreasing in Germany (-13.72%), South America (-9.29%) and China (-20.83%).

EBITDA and EBIT

Figures as at 31/03/2015 (amounts in €/000)

	31/03/2015	% of turnover	31/03/2014	% of turnover	Diff. %
EBITDA (a)	11,355	6.3	10,698	6.0	6.1
Non-recurrent costs	881		-		
ADJUSTED EBITDA	12,236	6.8	10,698	6.0	14.4
EBIT (b)	4,009	2.2	3,231	1.8	24.1
Non-recurrent costs	881		-		
ADJUSTED EBIT	4,890	2.7	3,231	1.8	51.3

(1) understood as the sum of operating profit/(loss), amortisation, depreciation and impairment of fixed assets

(2) understood as operating profit/(loss) in the income statement

EBITDA in the first quarter 2015 amounted to 11.355 million Euros (6.3% of turnover) compared to 10.698 million Euros (6.0% of turnover) in the same period of 2014. Net of non-recurring costs related to the restructuring activities mentioned in the previous paragraphs, EBITDA would have amounted to 12.236 million Euros (6.8% of turnover), up by 14.4%.

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With constant perimeter (excluding the contribution of the Mini Gears business unit from the results of last year) and net of non-recurring costs, adjusted EBITDA would have increased by 39.1% compared to the first quarter 2014.

EBIT as at 31 March 2015 was equal to 4.009 million Euros (2.2 % of turnover) compared to 3.231 million Euros (1.8% of turnover) as at 31 March 2014. Net of non-recurrent costs, EBIT would have been equal to 4.890 million Euros (2.7% of turnover), up by 51.3%.

With constant perimeter and net of non-recurrent costs, adjusted EBIT would have been equal to 4.890 million Euros, up by 82.1%.

Below is a breakdown of the results, distinguishing between the core business (Business Areas operating in mechanical engineering) and the Santerno Business Area:

(amounts in Euro thousands)

Carraro Drive Tech and Divisione Agritalia	31/03/2015	% of turnover	31/03/2014	% of turnover	Diff. %
EBITDA (a)	11,134	6.0	14,395	8.9	-22.7
Non-recurrent costs	881		-		
ADJUSTED EBITDA	12,015	6.5	14,395	8.9	-16.5
EBIT (b)	5,098	2.8	8,423	5.2	-39.5
Non-recurrent costs	881		-		
ADJUSTED EBIT	5,979	3.2	8,423	5.2	-29.0

EBITDA of the mechanical business units as at 31 March 2015 amounted to 11.134 million Euros (6.0% of turnover), down by 10.9% compared to 14.395 million Euros (8.9% of turnover) in the first quarter of 2014. Net of non-recurrent costs, EBITDA would have been equal to 12.015 million Euros (6.5% of turnover), a reduction of 16.5% compared to the same period in the previous year.

With constant perimeter, adjusted EBITDA would have amounted to 12.015 million Euros (6.5% of turnover), down by 3.8% compared to the first quarter of 2014, when it equalled 12.495 million Euros (7.7% of turnover).

EBIT of the core business (Drive Tech and Agritalia net of the Mini Gears business unit) amounted to 5.098 million Euros (2.8% of turnover) compared to 7.877 million Euros (4.9% of turnover) as at 31 March 2014. Net of non-recurring costs, adjusted EBITDA would have amounted to 5.979 million Euros (3.2% of turnover), down by 24.1% compared to the same period in the previous year in which it stood at 7.877 million Euros (4.9% of turnover).

(amounts in Euro thousands)

Electronics Business Area	31/03/15	% of turnover	31/03/14	% of turnover	Diff. %
EBITDA (a)	-1,324	-31.2	-2,029	-38.3	-34.7
Non-recurrent costs	-		-		
ADJUSTED EBITDA	-1,324	-31.2	-2,029	-38.3	-34.7
EBIT (b)	-2,013	-47.4	-2,749	-51.9	-26.8
Non-recurrent costs	-		-		
ADJUSTED EBIT	-2,013	-47.4	-2,749	-51.9	-26.8

Financial expenses

Figures as at 31/03/2015 (amounts in €/000)

	31/03/2015	% of turnover	31/03/2014	% of turnover	Diff. %
Financial expenses	2,711	1.5	3,760	2.1	-27.9

Financial expenses amounted to 2.711 million Euros (1.5% of turnover) compared to 3.760 million Euros (2.1% of turnover) in the first quarter of 2014. The change was due, for 700 thousand Euros, to the fair value valuation of derivatives and for the remainder to the general improvement in interest rates.

Exchange differences

Figures as at 31/03/2015 (amounts in €/000)

	31/03/2015	% of turnover	31/03/2014	% of turnover	Diff. %
Exchange Differences	-1,595	0.9	-1,633	0.9	-2.3

Exchange differences for the first quarter of 2015 were negative at 1.595 million Euros, in line with the first quarter of 2014 when they were negative at 1.633 million Euros.

Net profit/(loss)

Figures as at 31/03/2015 (amounts in €/000)

	31/03/2015	% of turnover	31/03/2014	% of turnover	Diff. %
Net profit/(loss)	-2,029	-1.1	-4,960	-2.8	-59.1

Group earnings before tax as at 31 March 2015 amounted to a slight loss of 297 thousand Euros (-0.2% of turnover); due to taxes for the period equal to 1.686 million Euros (2.624 million Euros as at 31 March 2014), a loss of 2.029 million Euros (-1.1 % of turnover) was recorded, compared to a loss of 4.960 million Euros (-2.8 % of turnover) for the first quarter of 2014.

Amortisation, depreciation and impairment of assets

Figures as at 31/03/2015 (amounts in €/000)

	31/03/2015	% of turnover	31/03/2014	% of turnover	Diff. %
Amortisation, depreciation and impairment	7,346	4.1	7,467	4.2	-1.6

Investments

Figures as at 31/03/2015 (amounts in €/000)

	31/03/2015	31/03/2014
Investments	5,398	9,687

Investments in the first quarter of 2015 amounted to 5.398 million Euros and were focussed on maintaining plant efficiency, developing R&D projects and, to a lesser extent, introducing the new ERP system in the Indian plant.

Net financial position

Figures as at 31/03/2015 (amounts in €/000)

	31/03/2015	31/12/2014	31/03/2014
Net financial position*	-281,363	-224,273	-279,438

* understood as the sum of amounts payable to banks, short-, medium- and long-term bonds and loans, net of cash and cash equivalents, negotiable securities and financial receivables.

The net financial position as at 31 March 2015 recorded a negative value of 281.363 million Euros compared to 224.273 million Euros as at 31 December 2014, due to the expected effects of reabsorption of the activities carried out at the end of 2014 on working capital.

PERSONNEL

Workforce trend

Figures as at 31/03/2015

	31/03/2015	31/12/2014	31/03/2014
Executives	38	43	49
Clerical staff	919	929	1,062
Factory workers	2,465	2,472	2,957
Temporary workers	491	310	302
Total	3,913	3,754	4,370

Group personnel at 31 March 2015 consisted of 3,913 employees, with a reduction in the categories of senior managers, middle managers and office workers as a result of the personnel reorganisation implemented by the Group during the second half of 2014, while the number of temporary workers increased, predominantly in the Indian plant in relation to the increase in production activity.

As at 31 March 2015, 1,558 people (39.8% of the overall workforce) were employed at Italian Group sites, while 2,355 people (60.2% of the overall workforce) were employed abroad.

Performance and results of the Carraro Group Business Areas

Drive Tech Business Area

Revenues from sales as at 31 March 2015 totalled 150.884 million Euros compared to 158.672 million Euros for the first quarter of 2014, down by 4.9 (-10% net of the positive exchange rate effect). In order to allow a fair comparison between the two periods, it is pointed out that in the first quarter of 2014 the Mini Gears business unit was present, net of which turnover would have recorded an increase of 6.0% over the same period of 2014.

Analysis of turnover from third party customers by geographical segment shows slightly higher revenues from non-European markets (54.7%) compared to European markets (45.3%). Germany (12.51%) is still the leading European country in terms of turnover, although down compared to the same quarter of the previous year (13.47% of turnover), while Italy accounts for 9.91% of the sales to third parties, also down from the 12.36% in the first quarter of 2014. As for non-European countries, the United States with 13.4% (13.7% in the first quarter of 2014), is confirmed as the main target country for the sales of the Drivetech Business Area, followed by India, 9.87%, up compared to the 7.46% for the same period last year, while the percentage of Brazil on third party turnover stood at 9.82%, down compared to the 10.17% of the first quarter of 2014. As at 31 March 2015, total export turnover accounted for 90.1% of the total turnover of the business area, an increase compared to 87.6% as at 31 March 2014.

Sales to third party customers represented 95.7% of total sales (96.8% in the same period last year) while sales to other Group companies amounted to 4.3% of total turnover (3.2% in the first quarter of 2014).

For a correct interpretation of the results in terms of profitability, it is necessary to consider the effects of the sale of the Mini Gears business unit and not consider restructuring costs (881 thousand Euros).

Net of these effects, profitability is declining compared to the same period in the previous year, due to a negative exchange rate effect due to conversion of the cost items of foreign companies and an unfavourable volume mix, only partially offset by improvements in industrial processes and procurement efficiency and by a reduction in fixed costs resulting from the restructuring activities (reduction in personnel costs and other cost items).

EBITDA as at 31 March 2015 amounted to 8.993 million Euros (6% of turnover) down by 40.7% compared to the figure of 15.171 million Euros (9.6% of turnover) as at 31 March 2014. Net of non-recurrent costs, adjusted EBITDA would have been equal to 9.874 million Euros (6.5% of turnover).

With constant perimeter, adjusted EBITDA would have amounted to 9.874 million Euros (6.5% of turnover) down by 25.6% compared to 13.271 million Euros (9.3% of turnover) as at 31 March 2014.

EBIT for the first quarter of 2015 was equal to 3.345 million Euros (2.2% of turnover), down by 64.8% compared to 9.511 million Euros (6% of turnover) in the first quarter of 2014. Net of non-recurring costs, EBIT would have been equal to 4.226 million Euros (2.8% of turnover), down by 55.6% compared to 31 March 2014.

With constant perimeter, adjusted EBIT would have amounted to 4.226 million Euros (2.8% of turnover) down by 52.9% compared to 8.965 million Euros (6.3% of turnover) as at 31 March 2014.

A net loss amounting to 416 thousand Euros (-0.3% of turnover) was recorded, compared to a profit of 2.345 million Euros (1.5% of turnover) as at 31 March 2014.

Interim Report on Operations as at 31 March 2015

The net financial position as at 31 March 2015 recorded a negative value of 105.803 million Euros compared to 59.073 million Euros as at 31 December 2014, due to reabsorption of the activities carried out at the end of the previous year on working capital.

SUBCONSOLIDATED INCOME STATEMENT AS AT 31/03/2015
CARRARO DRIVE TECH BUSINESS AREA

(amounts in €/000)	31/03/2015	%	31/03/2014	%	Changes	
					31/03/15	31/03/14
REVENUES FROM SALES	150,884	100.00%	158,725	100.00%	-7,841	-4.94%
Purchases of goods and materials (net of changes in inventories)	-90,564	-60.02%	-89,096	-56.13%	-1,468	1.65%
Services and Use of third-party goods and services	-27,062	-17.94%	-27,577	-17.37%	515	-1.87%
Personnel costs	-23,764	-15.75%	-27,301	-17.20%	3,537	-12.96%
Amortisation, depreciation and impairment of assets	-5,698	-3.78%	-5,671	-3.57%	-27	0.48%
Provisions for risks	-1,205	-0.80%	-896	-0.56%	-309	34.49%
Other income and expenses	675	0.45%	808	0.51%	-133	-16.46%
Internal construction	79	0.05%	519	0.33%	-440	-84.78%
OPERATING COSTS	-147,539	-97.78%	-149,214	-94.01%	1,675	-1.12%
OPERATING PROFIT/(LOSS) (EBIT)	3,345	2.22%	9,511	5.99%	-6,166	-64.83%
Income from equity investments	-	0.00%	-	0.00%	-	
Other financial income	1,272	0.84%	600	0.38%	672	
Financial costs and expenses	-2,119	-1.40%	-3,402	-2.14%	1,283	-37.71%
Net gains/(losses) on foreign exchange	-1,479	-0.98%	-1,598	-1.01%	119	-7.45%
Value adjustments of financial assets	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-2,326	-1.54%	-4,400	-2.77%	2,074	-47.14%
PROFIT/(LOSS) BEFORE TAXES	1,019	0.68%	5,111	3.22%	-4,092	-80.06%
Current and deferred income taxes	-1,389	-0.92%	-2,720	-1.71%	1,331	-48.93%
NET PROFIT/(LOSS)	-370	-0.25%	2,391	1.51%	-2,761	
Profit/(loss) pertaining to minorities	-46	-0.03%	-46	-0.03%	-	
CONSOLIDATED RESULT OF THE BUSINESS AREA	-416	-0.28%	2,345	1.48%	-2,761	
EBITDA	8,993	5.96%	15,171	9.56%	-6,178	-40.72%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31/03/2015
CARRARO DRIVE TECH BUSINESS AREA**

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Property, plant and equipment	142,962	138,145	129,697
Intangible fixed assets	48,949	48,943	49,045
Real estate investments	169	168	167
Holdings in subsidiaries and associates	-	-	-
Financial assets	9,191	6,778	2,203
Deferred tax assets	18,718	17,724	17,033
Trade receivables and other receivables	3,970	3,776	1,698
NON-CURRENT ASSETS	223,959	215,534	199,843
Closing inventory	123,840	117,478	127,654
Trade receivables and other receivables	130,797	92,900	116,758
Financial assets	9,090	4,707	-105,835
Cash and cash equivalents	67,041	39,228	33,662
CURRENT ASSETS	330,768	254,313	172,239
ASSETS HELD FOR SALE	-	-	45,234
TOTAL ASSETS	554,727	469,847	417,316
Share Capital	30,102	30,102	30,102
Reserves	92,089	81,982	50,954
Foreign currency translation reserve	-4,975	-13,566	-22,604
Profit/(Loss) for the period	-416	6,599	2,345
Minority interests	2,893	2,848	2,784
Shareholders' equity held for sale	-	-	1,055
SHAREHOLDERS' EQUITY	119,693	107,965	64,636
Financial liabilities	33,230	26,127	29,691
Trade payables and other payables	1,312	1,231	1,302
Deferred tax liabilities	7,230	5,352	1,881
Provision for severance indemnity and retirement benefits	15,652	15,838	14,574
Provisions for risks and liabilities	3,359	3,395	3,641
NON-CURRENT LIABILITIES	60,783	51,943	51,089
Financial liabilities	151,795	80,865	73,656
Trade payables and other payables	192,742	212,816	185,533
Current taxes payables	17,332	4,250	10,205
Provisions for risks and liabilities	12,382	12,008	10,830
CURRENT LIABILITIES	374,251	309,939	280,224
LIABILITIES HELD FOR SALE	-	-	21,367
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	554,727	469,847	417,316

CASH FLOW AS AT 31/03/2015
CARRARO DRIVE TECH BUSINESS AREA

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Opening Net Financial Position	-59,073	-157,809	-157,809
<i>Group profit/(loss)</i>	-416	6,599	2,345
<i>Profit/(loss) pertaining to minorities</i>	46	72	46
<i>Amortisation, depreciation and impairment of fixed assets</i>	5,648	20,461	5,660
Cash flow before Net Working Capital	5,278	27,132	8,051
Change in Net Working Capital	-45,350	33,614	-8,366
Investments in fixed assets	-1,941	-34,293	-7,894
Disinvestments in fixed assets	-39	1,172	412
Operating Free Cash Flow	-42,052	27,625	-7,797
Other operating flows	-8,284	3,915	-10,607
Other investing flows	-8,492	29,244	2,872
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	-764	37,952	-1,097
Free Cash Flow	- 46,730	98,736	- 16,629
Closing Net Financial Position	- 105,803	-59,073	- 174,438

ANALYSIS OF NET WORKING CAPITAL AS AT 31/03/2015
CARRARO DRIVE TECH BUSINESS AREA

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Trade Receivables	84,223	65,813	78,421
Inventory	123,840	117,478	127,654
Trade Payables	-165,811	-186,389	-167,193
Net Working Capital (NWC)	42,252	-3,098	38,882

Agritalia Business Area

Turnover for the first quarter of 2015 was equal to 33.641 million Euros (1,225 tractors), a significant increase (+74.2%) compared to the first quarter of 2014 which recorded a figure of 19.315 million Euros (730 tractors).

In analysing this result, it should be pointed out that the first quarter 2014 was characterised by problems related to the launch of the new ERP system which had an impact on the number of tractors sold.

In 2015, the special tractor segment in Europe is moving in the opposite direction compared to the general market trend.

The new products launched in the second half of 2014 have been very successful, enabling third party customers and Agritalia itself to improve their market share and this has resulted in a satisfactory order portfolio for 2015.

Agritalia has exploited the favourable market opportunities, increasing production rates and the service level in the peak season. Moreover, the order portfolio of spare parts has been positively affected by the sell-in to the network during the launch of a new tractor range.

Added to this are the positive effects of the price repositioning, the favourable mix and a significant improvement in production efficiency.

Margins in the quarter therefore showed a significant improvement compared to the same period last year: EBITDA was positive, amounting to 2.141 million Euros (6.4% of turnover) compared to the negative value of 776 thousand Euros (-4.0% of turnover), in the first quarter of 2014. EBIT was positive, amounting to 1.753 million Euros (5.2% of turnover) compared to the negative value of 1.088 thousand Euros (-5.6% of turnover) as at 31 March 2014.

As at 31 March 2015 this resulted in a profit of 1.740 million Euros (5.2 % of turnover) compared to a loss of 1.173 million Euros (-6.1% of turnover) as at 31 March 2014.

The net financial position recorded a positive value of 21.807 million Euros compared to 24.049 as at 31 December 2014.

SUBCONSOLIDATED INCOME STATEMENT AS AT 31/03/2015
CARRARO DIVISIONE AGRITALIA BUSINESS AREA

(amounts in €/000)	31/03/2015	%	31/03/2014	%	Changes 31/03/15 31/03/14	
REVENUES FROM SALES	33,641	100.00%	19,315	100.00%	14,326	74.17%
Purchases of goods and materials (net of changes in inventories)	-24,426	-72.61%	-13,415	-69.45%	-11,011	82.08%
Services and Use of third-party goods and services	-3,335	-9.91%	-2,989	-15.48%	-346	11.58%
Personnel costs	-3,412	-10.14%	-3,432	-17.77%	20	-0.58%
Amortisation, depreciation and impairment of assets	-399	-1.19%	-318	-1.65%	-81	25.47%
Provisions for risks	-402	-1.19%	-241	-1.25%	-161	66.80%
Other income and expenses	-44	-0.13%	-8	-0.04%	-36	
Internal construction	130	0.39%	-	0.00%	130	
OPERATING COSTS	-31,888	-94.79%	-20,403	-105.63%	-11,485	56.29%
OPERATING PROFIT/(LOSS) (EBIT)	1,753	5.21%	-1,088	-5.63%	2,841	
Income from equity investments	-	0.00%	-	0.00%	-	
Other financial income	-	0.00%	-	0.00%	-	
Financial costs and expenses	-	0.00%	-12	-0.06%	12	-100.00%
Net gains/(losses) on foreign exchange	-13	-0.04%	-1	-0.01%	-12	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-13	-0.04%	-13	-0.07%	-	0.00%
PROFIT/(LOSS) BEFORE TAXES	1,740	5.17%	-1,101	-5.70%	2,841	
Current and deferred income taxes	-	-0.00%	-72	-0.37%	72	-100.00%
CONSOLIDATED RESULT OF THE BUSINESS AREA	1,740	5.17%	-1,173	-6.07%	2,913	
EBITDA	2,141	6.36%	-776	-4.02%	2,917	

SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31/03/2015
CARRARO DIVISIONE AGRITALIA BUSINESS AREA

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Property, plant and equipment	11,592	11,881	11,333
Intangible fixed assets	2,268	2,208	222
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	1,797	1,797	1,610
Trade receivables and other receivables	11	11	7
NON-CURRENT ASSETS	15,668	15,897	13,172
Closing inventory	22,373	20,746	14,746
Trade receivables and other receivables	13,342	7,015	8,167
Financial assets	-	2	8
Cash and cash equivalents	2	24,049	4
CURRENT ASSETS	35,717	51,812	22,925
TOTAL ASSETS	51,385	67,709	36,097
Share Capital	-	-	-
Reserves	11,237	11,943	12,059
Foreign currency translation reserve	-	-	-
Profit/(Loss) for the period	1,740	-705	-1,173
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	12,977	11,238	10,886
Financial liabilities	-	-	-
Trade payables and other payables	-	-	-
Deferred tax liabilities	-	-	18
Provision for severance indemnity and retirement benefits	1,234	1,274	1,233
Provisions for risks and liabilities	357	406	615
NON-CURRENT LIABILITIES	1,591	1,680	1,866
Financial liabilities	-21,805	2	-8,351
Trade payables and other payables	56,256	52,738	29,241
Current taxes payables	178	153	77
Provisions for risks and liabilities	2,188	1,898	2,378
CURRENT LIABILITIES	36,817	54,791	23,345
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	51,385	67,709	36,097

CASH FLOW AS AT 31/03/2015
CARRARO DIVISIONE AGRITALIA BUSINESS AREA

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Opening Net Financial Position	24,049	16,878	16,878
<i>Group profit/(loss)</i>	1,740	-705	-1,173
<i>Profit/(loss) pertaining to minorities</i>	-	-	-
<i>Amortisation, depreciation and impairment of fixed assets</i>	388	1,426	312
Cash flow before Net Working Capital	2,128	721	-861
Change in Net Working Capital	-4,089	9,750	-8,269
Investments in fixed assets	-159	-3,733	-1,743
Disinvestments in fixed assets	-	12	27
Operating Free Cash Flow	- 2,120	6,750	- 10,846
Other operating flows	-121	537	688
Other investing flows	-	-	1,643
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	-1	-116	-
Free Cash Flow	- 2,242	7,171	- 8,515
Closing Net Financial Position	21,807	24,049	8,363

ANALYSIS OF NET WORKING CAPITAL AS AT 31/03/2015
CARRARO DIVISIONE AGRITALIA BUSINESS AREA

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Trade Receivables	13,133	6,389	7,747
Inventory	22,373	20,746	14,746
Trade Payables	-53,924	-49,642	-26,981
Net Working Capital (NWC)	-18,418	-22,507	-4,488

Electronica Santerno Business Area

In line with the new business model, launched in May 2014, Santerno has concentrated its efforts in the commercial development of industrial applications, already experiencing positive signs in the first quarter with an order value higher than the same period in 2014. At the same time, work continued on projects in the photovoltaic sector that will see a significant increase in the second half, with the start of projects in South Africa. Commercial activities were also focussed at the development of foreign markets, particularly the Far East (especially Thailand, Korea and China), South America and South Africa.

Industrial applications

Turnover in the first quarter in this sector grew by 15% compared to the same period in 2014, confirming the budget figures. This increase in sales was mainly achieved in foreign markets (in particular Far East). Despite the complete absence of the Russian market, there was significant recovery in China and the Middle East (Iran in particular), also as a result of the aforementioned market penetration activities. Specific actions will also be launched in the coming months in countries where Santerno has operated for some time, such as South Africa and Chile, based on the commercial presence in that area.

Photovoltaics

Turnover in the first quarter of 2015 showed a significant decrease compared to the same period last year, which benefited from the final part of the delivery of the Calexico photovoltaic system in the United States. Nevertheless, current forecasts confirm the expected turnover for the full year, encouraged by the acquisition of an approx. 80 MW system in Chile by the Italian investor EnelGreenPower. This system, which will be built during the second and third quarter, is a further recognition of Santerno as the leading company in terms of installed capacity (just under 250 MW) in Chile and with good prospects in terms of business opportunities related to Operation & Maintenance.

Commercial activity - 100% dedicated to export - is now completely focused on a very small number of players/customers operating mainly in the Far East, South America and Sub-Saharan Africa.

Service

Activities targeted on growth in the After Sales segment continued with important proposals under negotiation. Albeit in the presence of a slight decrease in sales in the quarter compared to the same period of the previous year (which had benefited from the commissioning of the order delivered in 2013 in the USA). The forecasts confirm a growth in turnover compared to the previous year.

The first quarter of 2015 closed with a turnover of 4.248 million Euros, down by 19.8% compared to 5.299 million Euros in the first quarter of 2014. Net of turnover in the United States for the final phase of the Calexico system, revenues in 2014 would have amounted to 4.270 million Euros, in line with that achieved as at 31 March 2015.

As at 31 March 2015, the share of turnover in foreign markets amounted to 61% of the total turnover of the business area, confirming the trend already evident in 2014.

In terms of margins, the result, although negative, as per the budget forecasts, is a considerable improvement over the previous year, thanks to the positive effect of the sales mix and a reduction in fixed

costs. The forecast of a profit in the second half of the year is confirmed with the progressive increase in volumes.

EBITDA as at 31 March 2015 was negative amounting to 1.324 million Euros (-31.2% of turnover) compared to a negative value of 2.029 million Euros (-38.3% of turnover) as at 31 March 2014.

EBIT for the first quarter of 2015 was negative amounting to 2.013 million Euros (-47.4% of turnover), against a negative figure of 2.749 million Euros (-51.9% of turnover) in the first quarter of 2014.

A net loss was recorded amounting to 2.416 million Euros (-56.9 % of turnover) compared to a loss of 2.970 million Euros (-56.1% of turnover) for the first quarter of 2014.

The net financial position as at 31 March 2015 was negative at 20.342 million Euros, a worsening compared to 13.861 million Euros as at 31 March 2014 and 14.667 million Euros as at 31 December 2014, due to an increase in working capital related to the opening of contracts South Africa.

SUBCONSOLIDATED INCOME STATEMENT AS AT 31/03/2015
ELETRONICA SANTERNO BUSINESS AREA

(amounts in €/000)	31/03/2015		31/03/2014		Changes	
		%		%	31/03/15	31/03/14
REVENUES FROM SALES	4,248	100.00%	5,299	100.00%	-1,051	-19.83%
Purchases of goods and materials (net of changes in inventories)	-1,460	-34.37%	-2,575	-48.59%	1,115	-43.30%
Services and Use of third-party goods and services	-2,228	-52.45%	-1,792	-33.82%	-436	24.33%
Personnel costs	-2,151	-50.64%	-2,943	-55.54%	792	-26.91%
Amortisation, depreciation and impairment of assets	-689	-16.22%	-770	-14.53%	81	-10.52%
Provisions for risks	-122	-2.87%	-140	-2.64%	18	-12.86%
Other income and expenses	119	2.80%	-110	-2.08%	229	
Internal construction	270	6.36%	282	5.32%	-12	-4.26%
OPERATING COSTS	-6,261	-147.39%	-8,048	-151.88%	1,787	-22.20%
OPERATING PROFIT/(LOSS) (EBIT)	-2,013	-47.39%	-2,749	-51.88%	736	-26.77%
Income from equity investments	-	0.00%	-	0.00%	-	
Other financial income	41	0.97%	78	1.47%	-37	-47.44%
Financial costs and expenses	-332	-7.82%	-216	-4.08%	-116	53.70%
Net gains/(losses) on foreign exchange	-167	-3.93%	-77	-1.45%	-90	
Value adjustments of financial assets	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-458	-10.78%	-215	-4.06%	-243	
PROFIT/(LOSS) BEFORE TAXES	-2,471	-58.17%	-2,964	-55.94%	493	-16.63%
Current and deferred income taxes	55	1.29%	-6	-0.11%	61	
CONSOLIDATED RESULT OF THE BUSINESS AREA	-2,416	-56.87%	-2,970	-56.05%	554	-18.65%
EBITDA	-1,324	-31.17%	- 2,029	-38.29%	705	-34.75%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31/03/2015
ELETTRONICA SANTERNO BUSINESS AREA**

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Property, plant and equipment	5,152	5,270	5,741
Intangible fixed assets	27,698	27,937	28,678
Real estate investments	-	-	-
Holdings in subsidiaries and associates	-	-	-
Financial assets	-	-	-
Deferred tax assets	3,010	2,957	3,056
Trade receivables and other receivables	195	196	196
NON-CURRENT ASSETS	36,055	36,360	37,671
Closing inventory	14,198	10,418	11,800
Trade receivables and other receivables	12,578	13,085	15,710
Financial assets	146	49	-1,917
Cash and cash equivalents	1,340	1,683	2,758
CURRENT ASSETS	28,262	25,235	28,351
TOTAL ASSETS	64,317	61,595	66,022
Share Capital	2,500	2,500	2,500
Reserves	20,649	29,068	29,138
Foreign currency translation reserve	-604	-183	-63
Profit/(Loss) for the period	-2,416	-8,197	-2,970
Minority interests	-	-	-
SHAREHOLDERS' EQUITY	20,129	23,188	28,605
Financial liabilities	-	-	722
Trade payables and other payables	112	130	197
Deferred tax liabilities	2	2	4
Provision for severance indemnity and retirement benefits	527	537	565
Provisions for risks and liabilities	51	53	51
NON-CURRENT LIABILITIES	692	722	1,539
Financial liabilities	22,247	16,604	14,086
Trade payables and other payables	20,368	20,005	20,081
Current taxes payables	-	-	-
Provisions for risks and liabilities	881	1,076	1,711
CURRENT LIABILITIES	43,496	37,685	35,878
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	64,317	61,595	66,022

CASH FLOW AS AT 31/03/2015
ELETTRONICA SANTERNO BUSINESS AREA

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Opening Net Financial Position	-14,667	-5,110	-5,110
Group profit/(loss)	-2,416	-8,197	-2,970
Profit/(loss) pertaining to minorities	-	-	-
Amortisation, depreciation and impairment of fixed assets	689	2,892	720
Cash flow before Net Working Capital	-1,727	-5,305	-2,250
Change in Net Working Capital	-3,004	1,846	-4,804
Investments in fixed assets	-329	-1,277	-14
Disinvestments in fixed assets	2	30	194
Operating Free Cash Flow	- 5,059	-4,706	- 6,874
Other operating flows	31	-4,704	-1,453
Other investing flows	-5	-14	-481
Change in Share Capital	-	-	-
Dividends paid	-	-	-
Other equity flows	-643	-133	57
Free Cash Flow	- 5,675	-9,557	- 8,751
Closing Net Financial Position	- 20,342	-14,667	- 13,861

ANALYSIS OF NET WORKING CAPITAL AS AT 31/03/2015
ELETTRONICA SANTERNO BUSINESS AREA

(amounts in €/000)	31/03/2015	31/12/2014	31/03/2014
Trade Receivables	7,386	7,831	12,866
Inventory	14,198	10,418	11,800
Trade Payables	-16,234	-15,903	-15,670
Net Working Capital (NWC)	5,350	2,346	8,996

With reference to the provisions of Articles 36 and 39 of Consob Regulation 16191 of 29/10/2007 (the so-called “Market Regulations”) and of Art. 2.6.2 paragraph 15 of the Stock Exchange Regulations we can confirm that the parent company Carraro S.p.A. meets the conditions required by points a), b) and c) of paragraph 1 of the aforementioned Art. 36 on the subject of accounting situations, articles of association, corporate bodies and administrative and accounting control of its subsidiaries incorporated and regulated in countries that do not belong to the European Union.

The Group perimeter includes 23 companies of which 13 are established and regulated in non-European Union countries, specifically in Argentina, Brazil, China, India, Russia, South Africa and the United States; of these, 3, in Argentina, China and India, are significant under the terms of Title VI, Section II of the Issuer Regulations (Consob resolution 11971/1999).

Carraro SpA
The Chairman

Enrico Carraro

Interim Report on Operations as at 31 March 2015

Statement pursuant to Art. 154-bis, Paragraph 2, Italian Legislative Decree 58/1998

Subject: Interim Report on Operations as at 31/03/2015

The undersigned Enrico Gomiero, the Financial Reporting Officer, declares, pursuant to Paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information contained in the document in question is consistent with the accounting records.

Campodarsego, 29 April 2015

Carraro SpA

Director Responsible for producing the
company's accounting documents

Enrico Gomiero