



Carraro Group

Interim report on operations as at 30 September 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 (Appointments, 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 2015, 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 30/09/2015 - QUARTER ANALYSIS

<i>(amounts in Euro thousands)</i>	3rd Quarter 2015	%	3rd Quarter 2014	%	Changes 3Q15 3Q14
REVENUES FROM SALES	151,078	100.00%	184,746	100.00%	-18.22%
Purchases of goods and materials (net of changes in inventories)	-88,527	-58.60%	-114,160	-61.79%	-22.45%
Services and Use of third-party goods and services	-27,300	-18.07%	-30,647	-16.59%	-10.92%
Personnel costs	-27,807	-18.41%	-29,864	-16.16%	-6.89%
Amortisation, depreciation and impairment of assets	-6,656	-4.41%	-6,370	-3.45%	4.49%
Provisions for risks	-1,596	-1.06%	-2,313	-1.25%	-31.00%
Other income and expenses	562	0.37%	1,411	0.76%	-60.17%
Internal construction	832	0.55%	870	0.47%	-4.37%
OPERATING COSTS	-150,492	-99.61%	-181,073	-98.01%	-16.89%
OPERATING PROFIT/(LOSS) (EBIT)	586	0.39%	3,673	1.99%	-84.05%
Income from equity investments	-160	-0.11%	105	0.06%	
Other financial income	633	0.42%	1,089	0.59%	-41.87%
Financial costs and expenses	-4,629	-3.06%	-4,567	-2.47%	1.36%
Net gains/(losses) on foreign exchange	-605	-0.40%	-114	-0.06%	
Net adjustments of financial assets	-	0.00%	-	0.00%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-4,761	-3.15%	-3,487	-1.89%	36.54%
PROFIT/(LOSS) BEFORE TAXES	-4,175	-2.76%	186	0.10%	
Current and deferred income taxes	-462	-0.31%	-2,224	-1.20%	-79.23%
NET PROFIT/(LOSS)	-4,637	-3.07%	-2,038	-1.10%	
Profit/(loss) pertaining to minorities	-45	-0.03%	403	0.22%	
GROUP CONSOLIDATED PROFIT/(LOSS)	-4,682	-3.10%	-1,635	-0.88%	
EBITDA	7,223	4.78%	9,992	5.41%	-27.71%

CONSOLIDATED INCOME STATEMENT AS AT 30/09/2015

<i>(amounts in Euro thousands)</i>	30/09/15	%	31/12/14	%	30/09/14	%	Changes 30/09/15 30/09/14	
REVENUES FROM SALES	521,048	100.00%	727,757	100.00%	556,165	100.00%	-35,117	-6.31%
Purchases of goods and materials (net of changes in inventories)	-309,768	-59.45%	-433,193	-59.52%	-328,088	-58.99%	18,320	-5.58%
Services and Use of third-party goods and services	-86,894	-16.68%	-118,739	-16.32%	-94,483	-16.99%	7,589	-8.03%
Personnel costs	-94,683	-18.17%	-133,181	-18.30%	-101,019	-18.16%	6,336	-6.27%
Amortisation, depreciation and impairment of assets	-21,394	-4.11%	-28,130	-3.87%	-21,083	-3.79%	-311	1.48%
Provisions for risks	-7,274	-1.40%	-11,128	-1.53%	-9,526	-1.71%	2,252	-23.64%
Other income and expenses	4,574	0.88%	4,161	0.57%	4,295	0.77%	279	6.50%
Internal construction	3,517	0.67%	4,559	0.63%	2,524	0.45%	993	39.34%
OPERATING COSTS	-511,922	-98.25%	-715,651	-98.34%	-547,380	-98.42%	35,458	-6.48%
OPERATING PROFIT/(LOSS) (EBIT)	9,126	1.75%	12,106	1.66%	8,785	1.58%	341	4%
Income from equity investments	-160	-0.03%	475	0.07%	647	0.12%	-807	
Other financial income	2,793	0.54%	3,906	0.54%	2,502	0.45%	291	11.63%
Financial costs and expenses	-13,081	-2.51%	-18,552	-2.55%	-13,688	-2.46%	607	-4.43%
Net gains/(losses) on foreign exchange	-3,020	-0.58%	-2,905	-0.40%	-2,019	-0.36%	-1,001	49.58%
Value adjustments of financial assets	-	0.00%	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-13,468	-2.58%	-17,076	-2.35%	-12,558	-2.26%	-910	7.25%
PROFIT/(LOSS) BEFORE TAXES	-4,342	-0.83%	-4,970	-0.68%	-3,773	-0.68%	-569	15.08%
Current and deferred income taxes	-6,142	-1.18%	-2,871	-0.39%	-7,894	-1.42%	1,752	-22.19%
NET PROFIT/(LOSS)	-10,484	-2.01%	-7,841	-1.08%	-11,667	-2.10%	1,183	-10.14%
Profit/(loss) pertaining to minorities	27	0.01%	-72	-0.01%	-52	-0.01%	79	
CONSOLIDATED RESULT OF THE GROUP	-10,457	-2.01%	-7,913	-1.09%	-11,719	-2.11%	1,262	-10.77%
EBITDA	29,697	5.70%	38,763	5.33%	29,231	5.26%	466	1.59%

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30/09/2015

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Property, plant and equipment	183,234	185,403	187,848
Intangible fixed assets	91,707	91,335	88,894
Real estate investments	752	708	707
Holdings in subsidiaries and associates	-	-	-
Financial assets	1,471	2,064	6,710
Deferred tax assets	42,997	43,524	27,179
Trade receivables and other receivables	3,399	4,120	5,101
NON-CURRENT ASSETS	323,560	327,154	316,439
Closing inventory	146,764	146,745	149,825
Trade receivables and other receivables	116,128	113,877	149,440
Financial assets	3,320	5,040	8,003
Cash and cash equivalents	56,171	62,822	36,140
CURRENT ASSETS	322,383	328,484	343,408
TOTAL ASSETS	645,943	655,638	659,847
Share Capital	23,915	23,915	23,915
Reserves	28,511	35,919	41,183
Foreign currency translation reserve	-10,998	-13,562	-18,367
Profit/(Loss) for the period	-10,457	-7,913	-11,719
Minority interests	2,820	2,848	2,836
SHAREHOLDERS' EQUITY	33,791	41,207	37,848
Financial liabilities	132,022	127,039	159,200
Trade payables and other payables	1,207	1,361	1,405
Deferred tax liabilities	3,640	5,353	873
Provision for severance indemnity and retirement benefits	18,227	19,387	18,549
Provisions for risks and liabilities	3,629	3,869	4,259
NON-CURRENT LIABILITIES	158,725	157,009	184,286
Financial liabilities	183,694	164,673	170,215
Trade payables and other payables	244,814	271,797	234,771
Current taxes payables	6,361	5,178	16,788
Provisions for risks and liabilities	18,558	15,774	15,939
CURRENT LIABILITIES	453,427	457,422	437,713
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	645,943	655,638	659,847

CASH FLOW AS AT 30/09/2015

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Opening Net Financial Position	-224,273	-248,150	-248,150
<i>Group profit/(loss)</i>	<i>-10,457</i>	<i>-7,913</i>	<i>-11,719</i>
<i>Profit/(loss) pertaining to minorities</i>	<i>-27</i>	<i>72</i>	<i>52</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>20,571</i>	<i>26,657</i>	<i>20,446</i>
Cash flow before Net Working Capital	10,087	18,816	8,779
Change in Net Working Capital	-25,578	38,569	-16,022
Investments in fixed assets	-17,460	-34,674	-26,228
Disinvestments in fixed assets	1,150	4,227	1,057
Operating Free Cash Flow	-31,801	26,938	-32,414
Other operating flows	-647	-16,065	-15,766
Other investing flows	-2,508	18,819	19,750
Other equity flows	3,068	-5,815	-5,348
Free Cash Flow	-31,888	23,877	-33,778
Closing Net Financial Position	-256,161	- 224,273	-281,928

ANALYSIS OF NET WORKING CAPITAL AS AT 30/09/2015

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Trade Receivables	78,826	75,244	94,924
Inventory	146,764	146,745	149,825
Trade Payables	-210,809	-232,786	- 200,955
Net Working Capital (NWC)	14,781	-10,797	43,794

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:

- Drivelines & Components - Drivetech (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.

- Vehicles - 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 third quarter of 2015 confirmed the macro trends of the first half of the year, and in particular the low prices of agricultural commodities continued to generate a lower capacity to invest in new machinery and vehicles.

In **Western Europe**, the slowdown in demand for new vehicles declined further compared to 2014, which in itself was not a positive year. High power machines were the most affected, while the decrease for tractors in the low-medium power range recorded was more moderate, with volumes for specialist tractors (vineyards and orchards) holding up. Besides the decline on the domestic market, a very low demand from traditional export markets such as the CIS (embargo in Russia), the Middle East and North Africa also contributed to the slowdown. Present figures point to a double-digit year-end fall in volumes, which will remain at this level for all of 2016.

Up until the summer, demand in **Turkey** was higher than expected, but then fell sharply when political elections were announced, which accentuated the climate of uncertainty in the country and had a negative impact on expectations for the last quarter and performance for next year.

After a few weak signs of a reverse trend, demand in **North America** for high power machines (tractors and harvesting machines) fell considerably, while for tractors in the medium-small power range it basically held up and this trend is expected to continue until the end of the year.

Thanks to government incentives, in **China** demand for tractors in the medium-small power range was buoyant, while for smaller machines it continued to decline. This trend is expected to consolidate at the end of the year and for most of next year.

In **India**, the slowdown on the domestic market for tractors and current conditions are not encouraging for a boost in domestic demand. Lower government subsidies (minimum guaranteed price) and a disappointing Monsoon season have both had an impact on the income of many farmers. Once again, the fall on the domestic market was only partially offset by exports. Signs from the Indian market point to this trend continuing until halfway through next year.

In **South America**, the agricultural machinery market in the third quarter declined further, accentuating the overall decrease compared to the first nine months of the previous year. The decrease in demand for new vehicles is still due to low agricultural commodity prices (in particular of sugar cane), and more generally to the unfavourable local economic situation. At present, the Financing and Incentive Plans (SAFRA & PRONAF)

adopted by the Government have not produced their intended effects. The year will end with a considerably high negative sales balance compared to the previous year. This trend is not expected to change next year.

Construction equipment

The third quarter of 2015 confirmed the slowdown in demand for new vehicles already reported during the first half of the year. The situation is more positive for compact machines, while the most considerable downturn affected larger machines. Lower growth rates in all regions, combined with highly critical factors of emerging economies, all slowed down investments in infrastructure.

Global demand for mining equipment is still extremely low, due to prices of main commodities at record lows for some years now, with no signs of this trend reversing in the next few months.

After the first half of the year, the signs of a slowdown in demand in **Europe** were more evident and general, leading all operators to adopt a more cautious approach, also as regards prospects in the mid-term. Expectations for the last part of the year point to a fall in demand for construction equipment, even with a lower stock of vehicles on the distribution network, and prospects for next year are still uncertain.

In **Turkey**, geopolitical instability continued to negatively affect demand for construction equipment. Prospects for the remainder of the year are still negative due to the climate of uncertainty caused by the recent decision to hold political elections. The market trend for next year will depend to a considerable extent on the outcome of these elections and on the ability of the new government to encourage investments.

In the third quarter, **North America** confirmed the positive trend of demand for utility machines driven by a renewed growth on the construction market, despite modest signs of a slowdown due to a weaker demand for new vehicles from Rental Fleets. The year is expected to end with signs of a slowdown, which should however attenuate in the first part of 2016. All OEMs are adopting careful policies to manage vehicle stocks on the distribution network, with prompt corrective action to keep unsold items at low levels. The profound crisis in the mining sector continued, with prospects of a turnaround only after 2016. After a fluctuating demand at the start of the year, growth in the sector of medium-sized construction equipment has come to a standstill in the last few months and prospects for next year are still uncertain.

In **China**, the downturn on the construction and mining equipment market continued in the third quarter. The “New Normal” situation (a market not yet impacted by the bubble effect) points to sales volumes in the near future that are in line with a large, mature economy rather than with an emerging nation. The risks of a further fall in demand for new machinery are still possible, as the driving factors are still present: a considerable decline in investments in construction and mining, excess production compared to actual demand for equipment, considerable stocks of unsold vehicles at factories and on the distribution network, and a high number of used vehicles with a low number of operating hours, available on the market.

The problem of an over-production capacity will lead to the number of OEMs being consolidated, with the disappearance of businesses that are more compromised in financial terms. Thus the situation is still highly critical. However, some positive effects are expected from the long-term investment plan in infrastructure, called “One Belt, One Road”, which should help relaunch the sector in the mid-term.

The weak performance of the construction equipment market in **India** was also confirmed in the third quarter. The improved macro-economic climate did not produce any positive effects on demand, which was still weak and without prospects for this trend to reverse by the end of the year. Better prospects are expected from the second half of the year onwards.

In **Brazil**, the slowdown in the economy is causing investments to fall off considerably, exacerbated by fewer government incentives. This trend will continue for the remainder of the year and presumably into next year as well.

Renewable energy

The global photovoltaic market in 2015 has confirmed forecasts for approximately 50GW of new plants, but is characterised by a considerable amount of uncertainty. Incentive policies are still the key factors on the few major markets, but low and quickly falling prices are causing difficulties for various component manufacturers and are also leading to grid parity on various markets throughout the world. It is estimated that in 2015, over 40 nations will have at least 100 MW installed, making it increasingly hard for operators to work on such a segmented market.

Industrial Automation

The third quarter was affected by the recession on some important international markets for Santerno, such as Brazil and Iran, the slowdown in growth in China, and general deterioration in the exchange rate against currencies compared to the previous six-month period. In this context, Santerno managed to retain its market share and sales volumes in Brazil. It was also awarded a major contract in the oil and gas industry, for offshore platforms in the North Sea.

Period summary

Since 2014, the Group has adopted numerous actions to reorganise its own business model with an increasing focus on off-highway components. For a correct comparison and better understanding of actual results, final data for the period with some adjustments will be indicated. In particular, the adjustments refer to the effects of the sale of the two MiniGears sites, in Padua - Italy, and in Suzhou - China, in April 2014, and the centralisation of R&D activities in Carraro SpA at the end of 2014, and lastly restructuring activities implemented during 2015.

As a consequence of the trend of reference markets, fully explained in the introduction, Group turnover has fallen considerably since June, and in particular in September, with a greater impact on the Drivetech Business Area. The only exception concerned Divisione Agritalia, and the special tractor segment (for vineyards and orchards), in particular for the European market, which grew compared to the previous year.

In this framework, it is essential to point out that the Group has maintained and is maintaining its own market shares, and thanks to new projects and product launches, it is establishing agreements with new customers and renewing existing agreements, that will have major developments in future years.

Activities to streamline production layouts, partnerships with suppliers and cost cutting policies continued, making it possible, in the third quarter of 2015 as well, to realise a variable Group margin, in terms of the percentage accounting for turnover, which was up on the figure for the same period of 2014. The fall in sales however meant that overheads could not be adequately absorbed so a loss was posted for the third quarter.

Turnover for the quarter slowed down considerably, amounting to 151.078 million Euros, down by 18.2% compared to the third quarter of 2014, when it amounted to 184.746 million Euros.

Cumulative turnover as at 30 September 2015 reached 521.048 million Euros, down by 6.3% compared to 556.165 million Euros for the same period of 2014. Turnover for the period was impacted by a negative exchange equal to 17.8 million Euros, as well as the sale of Mini Gears assets for approximately 22 million Euros, net of which the decrease would have been 2.5%.

Separate analysis of the three Business Areas indicates the following. Turnover for the third quarter of the Drivetech Business Area amounted to 122.470 million Euros, down by 15.9%, compared to the same period of 2014. Divisione Agritalia realised a turnover that was slightly down (-1.9%) compared to the third quarter of 2014, and amounted to 25.957 million Euros. Sales revenues of Santerno were instead far lower (-57.7%), equal to 7.364 million Euros compared to 17.425 million Euros for the same period of the previous year.

Cumulative turnover as at 30 September 2015 of the Drivetech Business Area was equal to 423.086 million Euros, down by 10.4% compared to 472.407 million Euros as at 30 September 2014. With the same area of consolidation (excluding the contribution from the Mini Gears business unit for 2014 figures), the decrease would have been 6.1%. Divisione Agritalia instead recorded a considerable increase in cumulative sales (30.8%), from 71.624 million Euros in the first nine months of 2014 to 93.657 million Euros for the same period of 2015. As at 30 September 2015, Santerno had realised a turnover of 23.407 million Euros, down by 16.9% compared to the figure of 28.168 million Euros as at 30 September 2014, affected by the delay in South African contracts being carried out, which caused and will cause delays in schedules, in the next few months.

Consolidated EBITDA for the third quarter was equal to 7.223 million Euros (4.8% of turnover), down by 27.7% compared to 9.992 million Euros (5.4% of turnover) for the third quarter of 2014. Consolidated EBIT for the quarter was equal to 586 thousand Euros (0.4% of turnover), down by 84.0% compared to the same period of 2013 which recorded a figure of 3.673 million Euros (2.0% of turnover). Excluding non-recurrent costs (relative to the company restructuring process, already mentioned), EBITDA would have been equal to 7.698 million Euros (5.1% of turnover) and EBIT to 1.061 million Euros (0.7% of turnover).

Cumulative EBITDA of the Carraro Group as at 30 September 2015 amounted to 29.697 million Euros (5.7% of turnover) up by 1.6% compared to 29.231 million Euros (5.3% of turnover) for 2014. Cumulative EBIT as at 30 September 2015 amounted to 9.126 million Euros (1.8% of turnover), going up by 3.9% compared to the

cumulative figure as at 30 September 2014 of 8.785 million Euros (1.6% of turnover). Excluding the contribution of the Mini Gears business unit from 2014 figures, EBITDA for the period would have increased by 12.1% and EBIT by 16.5%. Excluding non-recurrent costs and with the same area of consolidation, EBITDA would have been equal to 33.644 million Euros (6.5% of turnover), up by 16.6% and EBIT to 13.073 million Euros (2.5% of turnover), up by 28.4%.

An analysis of profitability for the first nine months of 2015 relative to the three Business Areas shows a considerable improvement in the performance of Agritalia compared to the previous year, a decline in the performance of Drivetech due to lower volumes and continuing negative margins of Santerno.

EBITDA of Drivetech for the third quarter was equal to 6.615 million Euros (5.4% of turnover), down by 34.6% compared to 10.108 million Euros (6.9% of turnover) for the third quarter of 2014. Excluding non-recurrent costs, EBITDA would have been equal to 7.090 million Euros (5.8% of turnover), down by 29.9%. EBIT was equal to 1.785 million Euros (1.5% of turnover), down by 67.6% compared to 5.502 million Euros (3.8% of turnover) for the same period of the previous year. Excluding non-recurrent costs, EBIT would have been equal to 2.260 million Euros (1.8% of turnover), down by 58.9%.

The cumulative figure as at 30 September 2015 for the Drivetech Business Area showed an EBITDA equal to 23.047 million Euros (5.4% of turnover), down by 43.7% compared to 40.939 million Euros (8.7% of turnover) as at 30 September 2014. With the same area of consolidation and excluding non-recurrent costs, EBITDA would have been equal to 37.694 million Euros (8.9% of turnover), down by 13.0%. EBIT as at 30 September 2015 amounted to 7.694 million Euros (1.8% of turnover), down by 70% compared to 25.662 million Euros (5.4% of turnover) as at 30 September 2014. With the same area of consolidation and excluding non-recurrent costs, EBIT would have been equal to 22.341 million Euros (5.3% of turnover), down by 26.5%.

As regards Agritalia, profitability for the third quarter improved considerably compared to the same period of the previous year despite turnover being basically in line, thanks to an improvement in inefficiencies which had affected all of 2014. EBITDA for the third quarter was equal to 1.494 million Euros (5.8% of turnover) compared to 656 thousand Euros (2.5% of turnover) for the third quarter of 2014. EBIT was equal to 1.087 million Euros (4.2% of turnover) compared to 320 thousand Euros (1.2% of turnover) for the same period of the previous year.

Cumulative EBITDA as at 30 September 2015 amounted to 6.102 million Euros (6.5% of turnover) compared to a negative figure of 735 thousand Euros (-1.0% of turnover) as at 30 September 2014. EBIT for the first nine months of 2015 was equal to 4.908 million Euros (5.2% of turnover), compared to a negative figure of 1.731 million Euros (-2.4% of turnover) for the same period of the previous year.

As regards Santerno, invoicing delays with South African contracts had a negative effect on profitability. EBITDA for the third quarter was negative, amounting to 405 thousand Euros (-5.5% of turnover) compared to a positive figure of 449 thousand Euros (2.6% of turnover) for the third quarter of 2014. EBIT was negative, amounting to 1.171 million Euros (-15.9% of turnover), against a negative figure of 277 thousand Euros (-1.6% of turnover). Cumulative EBITDA as at 30 September 2015 was negative at 1.221 million Euros (-5.2% of turnover), compared to a negative figure of 6.614 million Euros (-23.5 % of turnover) as at 30 September 2014. Excluding non-recurrent costs, EBITDA for the first nine months of 2014 was negative at 4.262 million Euros (-15.1% of turnover). EBIT as at 30 September 2015 was negative at 3.368 million Euros (-14.4% of turnover), compared to a negative figure of 8.783 million Euros (-31.2 % of turnover) as at 30 September 2014. Excluding non-recurrent costs, EBIT for the first nine months of 2014 was negative at 6.431 million Euros (-22.8% of turnover).

The Group ended the third quarter with a loss of 4.682 million Euros (-3.1% of turnover), down on the loss of 1.635 million Euros (-0.9% of turnover) recorded for the third quarter of 2014. In cumulative terms, the loss of the Carraro Group was equal to 10.457 million Euros (-2.0 % of turnover) compared to a loss of 11.719 million Euros (-2.1% of turnover) as at 30 September 2014. Excluding non-recurrent costs, a net loss of 6.510 million Euros (-1.2 % of turnover) would have been recorded, compared to a loss of -9.915 million Euros (-1.8% of turnover) as at 30

September 2014.

The net financial position recorded debts of 256.161 million Euros, while it amounted to 247.034 million Euros as at 30 June 2015, 224.273 million Euros as at 31 December 2014 and 281.928 million Euros as at 30 September 2014.

Compared to 30 June 2015, a slight deterioration was recorded due to the trend of net working capital, impacted by the negative effect on stocks of unexpected falls in volumes.

ECONOMIC AND EQUITY DATA**Turnover**

The Group's consolidated turnover for the third quarter of 2015 amounted to 151.078 million Euros, an increase of 18.2% compared to turnover for the third quarter of 2014, equal to 184.746 million Euros. In cumulative terms, turnover as at 30 September 2015 amounted to 521.048 million Euros, a decrease of 6.3% compared to 556.165 Euros as at 30 September 2014.

The following table breaks turnover down by market segment:

Figures for the third quarter of 2015 (amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	3rd Quarter 2015	3rd Quarter 2014	Diff. %	3rd Quarter 2015	3rd Quarter 2014	Diff. %	3rd Quarter 2015	3rd Quarter 2014	Diff. %
CARRARO DRIVE TECH	122,470	145,597	-15.9	118,777	141,652	-16.1	3,693	3,945	-6.4
CARRARO DIV. AGRITALIA	25,957	26,460	-1.9	24,953	25,593	-2.5	1,004	867	15.8
ELETTRONICA SANTERNO	7,364	17,425	-57.7	7,363	17,425	-57.7	1	-	
NON-ALLOCATED BUSINESS	1,643	3,222	-49.0	-15	76		1,658	3,146	-47.3
TOTAL SEGMENTS	157,434	192,704	-18.3	151,078	184,746	-18.2	6,356	7,958	-20.1
INTRA-GROUP ELIMINATIONS	-6,356	-7,958	-20.1	-	-		-	-	
CONSOLIDATED TOTAL	151,078	184,746	-18.2	151,078	184,746	-18.2	6,356	7,958	-20.1

Cumulative figures as at 30 September 2015 (amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	30/09/2015	30/09/2014	Diff. %	30/09/2015	30/09/2014	Diff. %	30/09/2015	30/09/2014	Diff. %
CARRARO DRIVE TECH	423,086	472,407	-10.4	407,270	459,239	-11.3	15,816	13,168	20.1
CARRARO DIV. AGRITALIA	93,657	71,624	30.8	90,308	68,615	31.6	3,349	3,009	11.3
ELETTRONICA SANTERNO	23,407	28,168	-16.9	23,396	28,152	-16.9	11	16	-31.3
NON-ALLOCATED BUSINESS	8,050	9,812	-18.0	74	159	-53.5	7,976	9,653	-17.4
TOTAL SEGMENTS	548,200	582,011	-5.8	521,048	556,165	-6.3	27,152	25,846	5.1
INTRA-GROUP ELIMINATIONS	-27,152	-25,846	5.1	-	-		-	-	
CONSOLIDATED TOTAL	521,048	556,165	-6.3	521,048	556,165	-6.3	27,152	25,846	5.1

The following table breaks down turnover by geographical area:

Figures for the third quarter of 2015 (amounts in Euro thousands)

<i>Geographical Area</i>	<i>3rd Quarter 2015</i>	<i>%</i>	<i>3rd Quarter 2014</i>	<i>%</i>	<i>Difference %</i>
North America	16,961	11.2	20,402	11.0	-16.9
South America	16,347	10.8	31,289	16.9	-47.8
Germany	15,968	10.6	18,279	9.9	-12.6
India	13,943	9.2	16,334	8.8	-14.6
Turkey	11,318	7.5	12,055	6.5	-6.1
Switzerland	10,428	6.9	12,117	6.6	-13.9
United Kingdom	9,402	6.2	14,986	8.1	-37.3
France	8,221	5.4	9,056	4.9	-9.2
China	5,324	3.5	6,347	3.4	-16.1
Poland	2,945	1.9	3,606	2.0	-18.3
Spain	2,702	1.8	2,817	1.5	-4.1
Czech Republic	2,572	1.7	3,099	1.7	-17.0
Holland	1,945	1.3	336	0.2	n.r.
Other E.U. areas	3,854	2.6	5,114	2.7	-24.6
Other non-E.U. areas	7,887	5.2	6,977	3.8	13.1
Total Abroad	129,817	85.9	162,814	88.1	-20.3
Italy	21,261	14.1	21,932	11.9	-3.1
Total	151,078	100.0	184,746	100.0	-18.2
of which:					
Total E.U. area	68,870	45.6	79,225	42.8	-13.1
Total non-E.U. area	82,208	54.4	105,521	57.2	-22.1

Cumulative figures as at 30 September 2015 (amounts in Euro thousands)

<i>Geographical Area</i>	<i>30/09/2015</i>	<i>%</i>	<i>30/09/2014</i>	<i>%</i>	<i>Difference %</i>
North America	64,540	12.4	65,993	11.9	-2.2
South America	59,691	11.5	74,238	13.3	-19.6
Germany	54,642	10.5	63,049	11.3	-13.3
India	41,983	8.1	42,891	7.7	-2.1
Switzerland	40,575	7.8	37,539	6.7	8.1
Turkey	38,046	7.3	39,991	7.2	-4.9
United Kingdom	35,905	6.9	46,358	8.3	-22.5
France	27,553	5.3	29,746	5.3	-7.4
China	17,517	3.4	23,184	4.2	-24.4
Poland	10,103	1.9	9,815	1.8	2.9
Spain	6,502	1.2	7,394	1.3	-12.1
Czech Republic	6,618	1.3	8,806	1.6	-24.9
Holland	6,327	1.2	1,179	0.2	n.r.
Other E.U. areas	13,644	2.6	23,010	4.1	-40.7
Other non-E.U. areas	19,416	3.7	13,377	2.4	45.1
Total Abroad	443,062	85.0	486,570	87.5	-8.9
Italy	77,986	15.0	69,595	12.5	12.1
Total	521,048	100.0	556,165	100.0	-6.3
of which:					
Total E.U. area	239,280	45.9	259,259	46.6	-7.7
Total non-E.U. area	281,768	54.1	296,906	53.4	-5.1

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. Considering the figures in previous tables, sales fell in the first nine months in South America (-19.6%), Germany (-13.3%), Great Britain (-22.5%) and China (-24.4%), and in India (-2.1%) mainly in the Drivetech Business Area. Instead, turnover went up in Switzerland (+8.1%) from sales of Divisione Agritalia tractors and in Poland (+2.9%).

EBITDA and EBIT

Figures for the third quarter of 2015 (amounts in Euro thousands)

	3rd Quarter 2015	% of turnover	3rd Quarter 2014	% of turnover	Diff. %
EBITDA (a)	7,223	4.8	9,992	5.4	-27.7
Non-recurrent costs	475		13		
ADJUSTED EBITDA	7,698	5.1	10,005	2.0	-23.1
EBIT (b)	586	0.4	3,673	2.0	-84.0
Non-recurrent costs	475		13		
ADJUSTED EBIT	1,061	0.7	3,686	2.0	-71.2

Figures as at 30/09/2015 (amounts in Euro thousands)

	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
EBITDA (a)	29,697	5.7	29,231	5.3	1.6
Non-recurrent costs	3,947		2,352		
ADJUSTED EBITDA	33,644	6.5	31,583	5.7	6.5
EBIT (b)	9,126	1.8	8,785	1.6	3.9
Non-recurrent costs	3,947		2,352		
ADJUSTED EBIT	13,073	2.5	11,137	2.0	17.4

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

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

Margins, in the third quarter in particular, were affected considerably by the fall in sales which made it necessary for the Group to launch a new restructuring plan and to cut overheads to bring them in line with forecasts for a turnover below expectations.

Consolidated EBITDA for the third quarter was equal to 7.223 million Euros (4.8% of turnover), down by 27.7% compared to 9.992 million Euros (5.4% of turnover) for the third quarter of 2014. Excluding non-recurrent costs, EBITDA would have been equal to 7.698 million Euros, down by 23.1. Cumulative EBITDA of the Carraro Group as at 30 September 2015 amounted to 29.697 million Euros (5.7% of turnover) up by 1.6% compared to 29.231 million Euros (5.3% of turnover) for 2014. Excluding the contribution of the Mini Gears business unit from 2014 figures, EBITDA for the period would have increased by 12.1%. Excluding non-recurrent costs and with the same area of consolidation, EBITDA would have been equal to 33.644 million Euros (6.5% of turnover), up by 16.6%.

EBIT for the quarter was equal to 586 thousand Euros (0.4% of turnover), down by 84.0% compared to the same period of 2014, which recorded a figure of 3.673 million Euros (2.0% of turnover). Excluding non-recurrent costs, EBIT would have been equal to 1.061 million Euros, down by 71.2%. Cumulative EBIT as at 30 September 2015 amounted to 9.126 million Euros (1.8% of turnover), going up by 3.9% compared to the cumulative figure as at 30 September 2014 of 8.785 million Euros (1.6% of turnover). Excluding the contribution of the Mini Gears business unit from 2014 figures, EBIT would have been equal to 16.5%. Net of non-recurrent costs and with the same area of consolidation, EBIT would have been equal to 13.073 million Euros (2.5% of turnover), up by 28.4%.

Details of the two ratios are set out below with separate information for the three business areas:

EBITDA	3rd Quarter 2015	% of turnover	3rd Quarter 2014	% of turnover	Diff. %
Carraro Drive Tech	6,615	5.4	10,108	6.9	-34.6
Agritalia Div.	1,494	5.8	656	2.5	n.r.
Elettronica Santerno	-405	-5.5	449	2.6	n.r.

EBIT	3rd Quarter 2015	% of turnover	3rd Quarter 2014	% of turnover	Diff. %
Carraro Drive Tech	1,785	1.5	5,502	3.8	-67.6
Agritalia Div.	1,087	4.2	320	1.2	n.r.
Elettronica Santerno	-1,171	-15.9	-277	-1.6	n.r.

EBITDA	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Carraro Drive Tech	23,047	5.4	40,939	8.7	-43.7
Agritalia Div.	6,102	6.5	-735	1.0	n.r.
Elettronica Santerno	-1,221	-5.2	-6,614	23.5	-81.5

EBIT	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Carraro Drive Tech	7,694	1.8	25,662	5.4	-70.0
Agritalia Div.	4,908	5.2	-1,731	-2.4	n.r.
Elettronica Santerno	-3,368	-14.4	-8,783	-31.2	-61.7

Financial expenses

Figures for the third quarter of 2015 (amounts in Euro thousands)

	3rd Quarter 2015	% of turnover	3rd Quarter 2014	% of turnover	Diff. %
Financial expenses	3,996	2.6	3,478	1.9	14.9

Figures as at 30/09/2015 (amounts in Euro thousands)

	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Financial expenses	10,288	2.0	11,186	2.0	-8.0

(amounts in Euro thousands)	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Financial expenses from financing activities	12,030	2.3	12,553	2.3	-4.2
Financial income from hedging	-2,462	-0.5	-1,974	-0.4	24.7
Net financial expenses	10,288	2.0	11,186	2.0	-8.0

Financial expenses for the third quarter of 2015 amounted to 3.996 million Euros (2.6% of turnover) compared to 3.478 million Euros (1.9% of turnover) for the third quarter of 2014.

Financial expenses as at 30 September 2015 amounted to 10.288 million Euros (2.0% of turnover) compared to 11.186 million Euros (2.0% of turnover) as at 30 September 2014. Financial expenses from financing activities basically did not change compared to the same period of the previous year.

Exchange differences

Figures for the third quarter of 2015 (amounts in Euro thousands)

	3rd Quarter 2015	% of turnover	3rd Quarter 2014	% of turnover	Diff. %
Exchange differences	-605	-0.4	-114	-0.1	n.r.

Figures as at 30/09/2015 (amounts in Euro thousands)

	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Exchange differences	-3,020	-0.6	-2,019	-0.4	49.6

(amounts in Euro thousands)	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Exchange differences from hedging	4,297	0.8	1,063	0.2	
Commercial and financial exchange differences	-1,333	-0.3	300	0.1	
Reclassifications to financial expenses/turnover	-5,984	-1.1	-3,382	-0.6	
Exchange differences	-3,020	-0.6	-2,019	-0.4	49.6

Exchange differences for the third quarter of 2015 were negative, amounting to 605 thousand Euros, and were negative, amounting to 114 million Euros, for the third quarter of 2014.

In cumulative terms, as at 30 September 2015 exchange differences were negative amounting to 3.020 million Euros and were negative amounting to 2.019 million Euros as at 30 September 2014. Excluding reclassifications, exchange differences for the first nine months of 2015 would have been equal to 2.964 million Euros (0.6% of turnover), compared to a positive figure of 1.363 million Euros (0.3% of turnover) for the same period of the previous year.

Net profit/(loss)

Figures for the third quarter of 2015 (amounts in Euro thousands)

	3rd Quarter 2015	% of turnover	3rd Quarter 2014	% of turnover	Diff. %
Net profit/(loss)	-4,682	-3.1	-1,635	-0.9	n.r.

Figures as at 30/09/2015 (amounts in Euro thousands)

	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Net profit/(loss)	-10,457	-2.0	-11,719	-2.1	-10.8

(amounts in Euro thousands)	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Earnings before tax	-4,342	-0.8	-3,773	-0.7	15.1
Current and deferred income taxes	-6,142	-1.2	-7,894	-1.4	-22.2
Profit/(loss) pertaining to minorities	27	-0.0	-52	-0.0	n.r.
Net profit/(loss)	-10,457	-2.0	-11,719	-2.1	-10.8

A net loss was recorded for the quarter amounting to 4.682 million Euros (-3.1 % of turnover) compared to a loss of 1.635 million Euros (-0.9% of turnover) for the first quarter of 2014. In cumulative terms, the loss of the Carraro Group was equal to 10.457 million Euros (-2.0 % of turnover) compared to a loss of 11.719 million Euros (-2.1% of turnover) as at 30 September 2014. The Santerno Group was affected, with a loss of 6.054 million Euros.

Net profit for the Group was affected by taxes for 6.142 million Euros (1.2% of turnover) down by 22.2%, compared to 7.894 million Euros (1.4% of turnover) for the same period of the previous year. Taxes as at 30 June 2015 included 2.199 million Euros for costs relative to tax litigation.

Amortisation, depreciation and impairment of assets

Figures for the third quarter of 2015 (amounts in Euro thousands)

	3rd Quarter 2015	% of turnover	3rd Quarter 2014	% of turnover	Diff. %
Amortisation, depreciation and impairment	6,637	4.4	6,319	3.4	5.0

Figures as at 30/09/2015 (amounts in Euro thousands)

	30/09/2015	% of turnover	30/09/2014	% of turnover	Diff. %
Amortisation, depreciation and impairment	20,571	3.9	20,446	3.7	0.6

Investments

Figures for the third quarter of 2015 (amounts in Euro thousands)

	3rd Quarter 2015	3rd Quarter 2014
Investments	5,869	7,822

Figures as at 30/09/2015 (amounts in Euro thousands)

	30/09/2015	30/09/2014
Investments	17,460	26,228

As at 30 September 2015, investments totalled 17.460 million Euros, compared to 26.228 million Euros for the same period of the previous year, and were allocated to the project for the re-insourcing of previously outsourced activities, and to the maintenance and upgrading of plants.

Research and Development

Research and Development expenditure as at 30 September 2015 was equal to 10.160 million Euros (2.0% of turnover) in line, as a percentage, with the figure of 11.210 million Euros (2.0% of turnover) as at 30 September 2014, confirming the Group's steadfast commitment to technological innovation.

Net financial position

Figures as at 30/09/2015 (amounts in Euro thousands)

	30/09/2015	31/12/2014	30/09/2014
Net financial position*	-256,161	-224,273	-281,928

* 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 recorded debts of 256.161 million Euros, while it amounted to 247.034 million Euros as at 30 June 2015, 224.273 million Euros as at 31 December 2014 and 281.928 million Euros as at 30 September 2014.

This negative performance, compared to 30 June 2015, is due to the trend of net working capital impacted by the negative effect on stocks of unexpected falls in volumes.

PERSONNEL

Workforce trend

Figures as at 30/09/2015

	30/09/2015	31/12/2014	30/09/2014
Executives	33	43	44
Clerical staff	890	929	962
Factory workers	2,385	2,472	2,525
Temporary workers	293	310	346
Total	3,601	3,754	3,877

Group personnel as at 30 September 2015 amounted to 3,601 resources (including temporary workers, trainees and interim workers, where present), compared to 3,754 as at 31 December 2014 and 3,877 as at 30 September 2014. The reduction compared to the same period of the previous year is due to the effects of the personnel restructuring plan which the Group has implemented since the second half of 2014.

As at 30 September 2015, 1,525 employees (42% of the total) worked in the Italian production sites of the Group and 2,076 employees (58% of the total) worked in sites abroad.

Performance and results of the Carraro Group Business Areas

Drivelines & Components - Drive Tech Business Area

For a correct comparison with the previous year and for a better understanding of data for the first nine months of the year for the Drivetech Business Area, the final figures and comments below include some adjustments which refer to the effects of the sale of the two MiniGears sites, in Padua - Italy and in Suzhou - China, which took place in April 2014, the centralisation of R&D activities in Carraro SpA at the end of 2014 and, finally, the restructuring activities implemented in the last quarter of the previous year, but which have had a significant impact on the current year.

Demand in the first nine months of 2015 reflects the negative economic scenario at an international level, and is characterised by a general decline in all sectors in which the Business Area operates. After a first quarter in which turnover, according to expectations, improved compared to the same period of the previous year, the second and third quarter recorded a considerable drop in orders. In particular, the third quarter of 2015 recorded a 15.6% decrease compared to the same period of the previous year and forecasts for the next few months do not point to signs of a recovery.

The negative trend of Drive Tech turnover was confirmed by analysis of main reference markets, with some exceptions.

The US market, which was the main export market of the Business Area as at 30 September, recorded a decrease of 4.09% compared to the previous year, while the German market moved to second place, down by 10.56%; negative trends were also recorded in Brazil (-34.42%), China (-24.2%), Great Britain (-24.35%), Italy (-21.84%) Turkey (-8.77%) and India (-5.79%), while this trend was bucked in France (+ 27.74%) and Poland (+3.59%).

Turnover as at 30 September 2015 in European Union countries accounted for 45.7% (compared to 47.3% in 2014), while the remaining 54.3% (52.7% in 2014) was generated in countries outside the EU; the Italian market in the first nine months of the year represented 10.09% of sales, compared to 11.5% for the same period of 2014.

It is pointed out that turnover in Europe concerns the local production sites of clients who in turn generate sales mainly on non-European markets.

In the same reference framework, the Business Area reported a total turnover of 122.470 million Euros in the third quarter of 2015, compared to 145.597 million Euros (down by 15.9%), for the same period in 2014. Cumulative turnover as at 30 September 2015 amounted to 423.086 million Euros, down 10.4% compared to turnover for the first nine months of 2014 (equal to 472.407 million Euros).

As mentioned in the introduction, the sale of the Mini Gears business unit was effective as from 1 May 2014, with an impact on comparisons with turnover from third party customers as at 30 September 2014, for a value of 22.321 million Euros; therefore, total turnover as at 30 September 2014 net of this operation would have been 449.566 million Euros, against 423.086 million Euros of turnover for the current year, with a 5.9% reduction in turnover compared to the previous year.

Sales of spare parts in the first nine months of 2015 were equal to 39.124 million Euros compared to 37.977 million (+3%) for the same period of 2014.

The variable margin for the third quarter of 2015, as a percentage accounting for turnover, increased compared to the same quarter of the previous year, confirming the efficiency of actions to improve industrial processes and partnerships with suppliers. In absolute terms, this figure was entirely countered by the considerable drop in volumes, which meant that overheads could not be met in full.

EBITDA for the third quarter of 2015, which as mentioned was considerably affected by the negative impact on volumes, amounted to 6.615 million Euros (5.4% of turnover) compared to 10.108 million Euros (6.9% of turnover) for the same quarter of the previous year. EBIT for the same period was equal to 1.785 million Euros (1.5% of

turnover) compared to 5.502 million Euros (3.8% of turnover) for the third quarter of 2014. During the period in question, restructuring costs for 475 thousand Euros were registered.

In terms of cumulative results, profitability as at 30 September 2015 was down compared to the previous year, due solely to the decrease in volumes referred to in previous points.

For a correct understanding of results in terms of profitability, all extraordinary items referred to previously should be considered, minus figures for restructuring costs for the period (3.947 million Euros).

Cumulative EBITDA as at 30 September 2015 amounted to 23.047 million Euros (5.4% of turnover), compared to 40.939 million Euros (8.7% of turnover) for the previous year, recording a decrease of 43.7%. Cumulative EBIT as at 30 September 2015 amounted to 7.694 million Euros (1.8% of turnover), compared to 25.662 million Euros (5.4% of turnover) for the previous year, down by 70%.

With the same area of consolidation and excluding restructuring costs, EBITDA as at 30 September 2015 would have been equal to 26.994 million Euros (6.4% of turnover) down by 29.3% compared to 38.206 million Euros (8.5% of turnover) for the same period of the previous year. EBIT would have been equal to 11.641 million Euros (2.8% of turnover) compared to 24.709 million Euros (5.5% of turnover) as at 30 September 2014.

Both EBITDA and EBIT were also affected by the centralisation of R&D activities which had an impact of approximately 5 million Euros as at 30 September 2015.

A net loss was recorded for the quarter of 606 thousand Euros (-0.5% of turnover), compared to a profit of 1.197 million Euros (0.8% of turnover) for the third quarter of 2014. A cumulative net loss of 871 thousand Euros was recorded (-0.2% of turnover), compared to a figure of 7.931 million Euros (1.7% of turnover) for the previous year.

The net financial position as at 30 September 2015, negative by 87.917 million Euros, improved compared to the same period of 2014 when this figure was negative by 156.890 million Euros, but was worse than the figure of 82.158 million Euros as at 30 June 2015, due to the trend of net working capital affected by the fall in volumes in the third quarter.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30/09/2015 - QUARTER ANALYSIS
DRIVELINES & COMPONENTS BUSINESS AREA – DRIVE TECH**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2015	%	3rd Quarter 2014	%	Changes 3Q15 3Q14
REVENUES FROM SALES	122,470	100.00%	145,597	100.00%	-15.88%
Purchases of goods and materials (net of changes in inventories)	-69,788	-56.98%	-87,916	-60.38%	-20.62%
Services and Use of third-party goods and services	-24,664	-20.14%	-24,975	-17.15%	-1.25%
Personnel costs	-20,663	-16.87%	-22,788	-15.65%	-9.33%
Amortisation, depreciation and impairment of assets	-4,840	-3.95%	-4,526	-3.11%	6.94%
Provisions for risks	-1,108	-0.90%	-1,717	-1.18%	-35.47%
Other income and expenses	308	0.25%	1,044	0.72%	-70.50%
Internal construction	70	0.06%	783	0.54%	-91.06%
OPERATING COSTS	-120,685	-98.54%	-140,095	-96.22%	-13.85%
OPERATING PROFIT/(LOSS) (EBIT)	1,785	1.46%	5,502	3.78%	-67.56%
Income from equity investments	-	0.00%	105	0.07%	-100.00%
Other financial income	663	0.54%	1,093	0.75%	-39.34%
Financial costs and expenses	-2,636	-2.15%	-3,422	-2.35%	-22.97%
Net gains/(losses) on foreign exchange	-344	-0.28%	-18	-0.01%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-2,317	-1.89%	-2,242	-1.54%	3.35%
PROFIT/(LOSS) BEFORE TAXES	-532	-0.43%	3,260	2.24%	
Current and deferred income taxes	-29	-0.02%	-2,098	-1.44%	-98.62%
NET PROFIT/(LOSS)	-561	-0.46%	1,162	0.80%	
Profit/(loss) pertaining to minorities	-45	-0.04%	35	0.02%	
CONSOLIDATED RESULT OF THE BUSINESS AREA	-606	-0.49%	1,197	0.82%	
EBITDA	6,615	5.40%	10,108	6.94%	-34.56%

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30/09/2015
DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30/09/15	%	31/12/14	%	30/09/14	%	Changes 30/09/15 30/09/14	
REVENUES FROM SALES	423,086	100.00%	610,453	100.00%	472,407	100.00%	-49,321	-10.44%
Purchases of goods and materials (net of changes in inventories)	-247,035	-58.39%	-358,346	-58.70%	-274,403	-58.09%	27,368	-9.97%
Services and Use of third-party goods and services	-81,228	-19.20%	-102,541	-16.80%	-80,850	-17.11%	-378	0.47%
Personnel costs	-68,847	-16.27%	-99,188	-16.25%	-76,666	-16.23%	7,819	-10.20%
Depreciation and amortisation and impairment of assets	-16,160	-3.82%	-21,442	-3.51%	-15,479	-3.28%	-681	4.40%
Provisions for risks	-5,681	-1.34%	-7,648	-1.25%	-4,837	-1.02%	-844	17.45%
Other income and expenses	3,264	0.77%	4,238	0.69%	3,463	0.73%	-199	-5.75%
Internal construction	295	0.07%	3,240	0.53%	2,027	0.43%	-1,732	-85.45%
OPERATING COSTS	-415,392	-98.18%	-581,687	-95.29%	-446,745	-94.57%	31,353	-7.02%
OPERATING PROFIT/(LOSS) (EBIT)	7,694	1.82%	28,766	4.71%	25,662	5.43%	-17,968	-70.02%
Income from equity investments	-	0.00%	475	0.08%	647	0.14%	-647	-100.00%
Other financial income	2,857	0.68%	3,795	0.62%	2,407	0.51%	450	18.70%
Financial costs and expenses	-6,921	-1.64%	-14,197	-2.33%	-10,498	-2.22%	3,577	-34.07%
Net gains/(losses) on foreign exchange	-2,378	-0.56%	-2,568	-0.42%	-1,803	-0.38%	-575	31.89%
GAINS/(LOSSES) ON FINANCIAL ASSETS	-6,442	-1.52%	-12,495	-2.05%	-9,247	-1.96%	2,805	-30.33%
PROFIT/(LOSS) BEFORE TAXES	1,252	0.30%	16,271	2.67%	16,415	3.47%	-15,163	-92.37%
Current and deferred income taxes	-2,150	-0.51%	-9,600	-1.57%	-8,432	-1.78%	6,282	-74.50%
NET PROFIT/(LOSS)	-898	-0.21%	6,671	1.09%	7,983	1.69%	-8,881	
Profit/(loss) pertaining to minorities	27	0.01%	-72	-0.01%	-52	-0.01%	79	
CONSOLIDATED RESULT OF THE BUSINESS AREA	-871	-0.21%	6,599	1.08%	7,931	1.68%	-8,802	
EBITDA	23,047	5.45%	49,227	8.06%	40,939	8.67%	-17,892	-43.70%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30/09/2015 DRIVELINES & COMPONENTS BUSINESS AREA – DRIVE TECH**

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Property, plant and equipment	135,341	138,145	138,684
Intangible fixed assets	48,310	48,943	50,196
Real estate investments	213	168	167
Holdings in subsidiaries and associates	-	-	-
Financial assets	9,534	6,778	9,997
Deferred tax assets	18,339	17,724	17,354
Trade receivables and other receivables	3,065	3,776	4,755
NON-CURRENT ASSETS	214,802	215,534	221,153
Closing inventory	114,090	117,478	125,894
Trade receivables and other receivables	92,924	92,900	121,578
Financial assets	205	4,707	7,632
Cash and cash equivalents	28,150	39,228	25,502
CURRENT ASSETS	235,369	254,313	280,606
TOTAL ASSETS	450,171	469,847	501,759
Share Capital	30,102	30,102	30,102
Reserves	85,376	81,982	52,276
Foreign currency translation reserve	-10,643	-13,566	-18,305
Profit/(Loss) for the period	-871	6,599	7,931
Minority interests	2,820	2,848	2,836
SHAREHOLDERS' EQUITY	106,784	107,965	74,840
Financial liabilities	35,825	26,127	28,689
Trade payables and other payables	1,137	1,231	1,247
Deferred tax liabilities	3,632	5,352	1,115
Provision for severance indemnity and retirement benefits	14,873	15,838	15,897
Provisions for risks and liabilities	3,297	3,395	2,940
NON-CURRENT LIABILITIES	58,764	51,943	49,888
Financial liabilities	88,727	80,865	167,396
Trade payables and other payables	178,328	212,816	183,080
Current taxes payables	3,367	4,250	15,820
Provisions for risks and liabilities	14,201	12,008	10,735
CURRENT LIABILITIES	284,623	309,939	377,031
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	450,171	469,847	501,759

CASH FLOW AS AT 30/09/2015
DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Opening Net Financial Position	-59,073	-157,809	-157,809
<i>Group profit/(loss)</i>	-871	6,599	7,931
<i>Profit/(loss) pertaining to minorities</i>	-27	72	52
<i>Amortisation, depreciation and impairment of fixed assets</i>	15,353	20,461	15,277
Cash flow before Net Working Capital	14,455	27,132	23,260
Change in Net Working Capital	-27,049	33,614	-9,043
Investments in fixed assets	-10,582	-34,293	-21,570
Disinvestments in fixed assets	1,117	1,172	847
Operating Free Cash Flow	-22,059	27,625	-6,506
Other operating flows	-4,006	3,915	-16,329
Other investing flows	-2,496	29,244	20,239
Other equity flows	-283	37,952	3,515
Free Cash Flow	-28,844	98,736	919
Closing Net Financial Position	-87,917	-59,073	-156,890

ANALYSIS OF NET WORKING CAPITAL AS AT 30/09/2015
DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Trade Receivables	64,280	65,813	75,199
Inventory	114,090	117,478	125,894
Trade Payables	-154,419	-186,389	-161,534
Net Working Capital (NWC)	23,951	-3,098	39,559

Business Area Vehicles – Agritalia

Agritalia's positive performance continued, thanks to reference markets remaining buoyant and the work carried out in the last few years in terms of product development and an improved product quality, which helped consolidate customer relations. In fact, important business agreements were reached with leading customers in the third quarter, to renew supplies for the 2017-19 period.

Agritalia turnover in the third quarter of 2015 was equal to 25.957 million Euros (888 tractors sold), slightly down on the figure of 26.460 million Euros for the same period of 2014 (984 tractors sold).

Cumulative turnover as at 30 September 2015 was equal to 93.657 million Euros, which corresponds to sales of 3,366 tractors, up on the previous figure of 2,640 tractors, accounting for 71.624 million Euros, for the same period of the previous year, despite market conditions that were basically stable. The growth in market share, thanks to new product ranges, was therefore confirmed also in the period immediately following seasonal peak sales. Turnover from Engineering and Spare Parts was in line with figures for the previous year.

Margins for the third quarter were basically stable compared to the previous two quarters, also despite the considerable seasonal nature of the third quarter (from approximately 1,200 tractors for the first two quarters compared to 888 in the third quarter). Margins as at 30 September 2015 were up considerably compared to 2014, thanks to the increase in volumes and an improved efficiency and management flexibility.

Cuts in overheads and the elimination of operating inefficiencies that marked the previous year led to an improvement in operating margins. In fact, EBIT for the first nine months was equal to 4.908 million Euros (5.2% of turnover), compared to a loss of -1.731 million Euros (-2.4% of turnover), realised in the same period of the previous year. EBIT for the quarter was equal to 1.087 thousand Euros (4.2% of turnover) compared to 320 thousand Euros (1.2% of turnover) for the third quarter of 2014.

Cumulative EBITDA at the end of the third quarter was equal to 6.102 thousand Euros (6.5% of turnover), compared to the loss of 735 thousand Euros, recorded in the same period of 2014. EBITDA for the third quarter was equal to 1.494 million Euros (5.8% of turnover) compared to 656 thousand Euros (2.5% of turnover) for the third quarter of 2014.

The quarter closed with a profit of 886 thousand Euros (3.4% of turnover) compared to 161 thousand Euros (0.6% of turnover) for the third quarter of 2014.

A net profit was recorded as at 30 September 2014 amounting to 4.481 million Euros (4.8% of turnover) compared to a loss of 1,606 million Euros (-2.2% of turnover) as at 30 September 2014.

The net financial position as at 30 September 2015 was positive, amounting to 23.234 million Euros, improving on the figures of 24.049 million Euros as at 31 December 2014 and 30.199 million Euros as at 30 June 2015, due to the effect of profitability for the period and the positive change in net working capital.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30/09/2015 - QUARTER
ANALYSIS
CARRARO DIVISIONE AGRITALIA BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2015	%	3rd Quarter 2014	%	Changes 3Q15 3Q14
REVENUES FROM SALES	25,957	100.00%	26,460	100.00%	-1.90%
Purchases of goods and materials (net of changes in inventories)	-19,182	-73.90%	-19,868	-75.09%	-3.45%
Services and Use of third-party goods and services	-2,707	-10.43%	-2,388	-9.02%	13.36%
Personnel costs	-2,400	-9.25%	-3,182	-12.03%	-24.58%
Amortisation, depreciation and impairment of assets	-416	-1.60%	-344	-1.30%	20.93%
Provisions for risks	-304	-1.17%	-317	-1.20%	-4.10%
Other income and expenses	-17	-0.07%	-41	-0.15%	-58.54%
Internal construction	156	0.60%			
OPERATING COSTS	-24,870	-95.81%	-26,140	-98.79%	-4.86%
OPERATING PROFIT/(LOSS) (EBIT)	1,087	4.19%	320	1.21%	
Other financial income	2	0.01%	-		
Financial costs and expenses	-4	-0.02%	-13	-0.05%	-69.23%
Net gains/(losses) on foreign exchange	1	0.00%	-9	-0.03%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-1	0.00%	-22	-0.08%	-95.45%
PROFIT/(LOSS) BEFORE TAXES	1,086	4.18%	298	1.13%	
Current and deferred income taxes	-200	-0.77%	-137	-0.52%	45.99%
CONSOLIDATED RESULT OF THE BUSINESS AREA	886	3.41%	161	0.61%	
EBITDA	1,494	5.76%	656	2.48%	

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30/09/2015 CARRARO
DIVISIONE AGRITALIA**

<i>(amounts in Euro thousands)</i>	30/09/15	%	31/12/14	%	30/09/14	%	Changes	
							30/09/15	30/09/14
REVENUES FROM SALES	93,657	100.00%	102,837	100.00%	71,624	100.00%	22,033	30.76%
Purchases of goods and materials (net of changes in inventories)	-68,327	-72.95%	-76,064	-73.97%	-53,086	-74.12%	-15,241	28.71%
Services and Use of third-party goods and services	-9,530	-10.18%	-9,625	-9.36%	-7,318	-10.22%	-2,212	30.23%
Personnel costs	-9,110	-9.73%	-14,262	-13.87%	-10,403	-14.52%	1,293	-12.43%
Amortisation, depreciation and impairment of assets	-1,225	-1.31%	-1,454	-1.41%	-1,016	-1.42%	-209	20.57%
Provisions for risks	-1,112	-1.19%	-2,188	-2.13%	-1,619	-2.26%	507	-31.32%
Other income and expenses	-67	-0.07%	91	0.09%	87	0.12%	-154	
Internal construction	622	0.66%	293	0.28%	-	0.00%	622	
OPERATING COSTS	-88,749	-94.76%	-103,209	-100.36%	-73,355	-102.42%	-15,394	20.99%
OPERATING PROFIT/(LOSS) (EBIT)	4,908	5.24%	-372	-0.36%	-1,731	-2.42%	6,639	
Other financial income	2	0.00%			-	0.00%	2	
Financial costs and expenses	-18	-0.02%	-82	-0.08%	-59	-0.08%	41	-69.49%
Net gains/(losses) on foreign exchange	-11	-0.01%	-16	-0.02%	-11	-0.02%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-27	-0.03%	-98	-0.10%	-70	-0.10%	43	-61.43%
PROFIT/(LOSS) BEFORE TAXES	4,881	5.21%	-470	-0.46%	-1,801	-2.51%	6,682	
Current and deferred income taxes	-400	-0.43%	-235	-0.23%	195	0.27%	-595	
CONSOLIDATED RESULT BUSINESS AREA	4,481	4.78%	-705	-0.69%	-1,606	-2.24%	6,087	
EBITDA	6,102	6.52%	1,054	1.02%	-735	-1.03%	6,837	

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT
30/09/2015
CARRARO DIVISIONE AGRITALIA BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Property, plant and equipment	11,060	11,881	11,939
Intangible fixed assets	2,614	2,208	174
Deferred tax assets	1,797	1,797	2,107
Trade receivables and other receivables	8	11	11
NON-CURRENT ASSETS	15,479	15,897	14,231
Closing inventory	15,854	20,746	15,795
Trade receivables and other receivables	12,456	7,015	12,030
Financial assets	-	2	1
Cash and cash equivalents	23,234	24,049	5,003
CURRENT ASSETS	51,544	51,812	32,829
TOTAL ASSETS	67,023	67,709	47,060
Share Capital	-	-	-
Reserves	11,231	11,943	11,982
Profit/(Loss) for the period	4,481	-705	-1,606
SHAREHOLDERS' EQUITY	15,712	11,238	10,376
Trade payables and other payables	-	-	-1
Deferred tax liabilities	-3	-	-11
Provision for severance indemnity and retirement benefits	1,176	1,274	1,251
Provisions for risks and liabilities	278	406	1,050
NON-CURRENT LIABILITIES	1,451	1,680	2,289
Financial liabilities	-	2	
Trade payables and other payables	47,211	52,738	32,015
Current taxes payables	25	153	25
Provisions for risks and liabilities	2,624	1,898	2,354
CURRENT LIABILITIES	49,860	54,791	34,395
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	67,023	67,709	47,060

CASH FLOW AS AT 30/09/2015 CARRARO DIVISIONE AGRITALIA BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Opening Net Financial Position	24,049	16,878	16,878
<i>Group profit/(loss)</i>	<i>4,481</i>	<i>-705</i>	<i>-1,606</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>1,194</i>	<i>1,426</i>	<i>996</i>
Cash flow before Net Working Capital	5,675	721	-610
Change in Net Working Capital	-4,673	9,750	-10,613
Investments in fixed assets	-779	-3,733	-1,315
Disinvestments in fixed assets	-	12	-
Operating Free Cash Flow	223	6,750	-12,538
Other operating flows	-1,031	537	740
Other investing flows	-	-	-
Other equity flows	-7	-116	-77
Free Cash Flow	-815	7,171	-11,875
Closing Net Financial Position	23,234	24,049	5,003

**ANALYSIS OF NET WORKING CAPITAL AS AT 30/09/2015
CARRARO DIVISIONE AGRITALIA**

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Trade Receivables	11,314	6,389	11,570
Inventory	15,854	20,746	15,795
Trade Payables	-45,002	-49,642	-29,509
Net Working Capital (NWC)	-17,834	-22,507	-2,144

Business Area Electronics – Elettronica Santerno

As discussed in the introductory section on Santerno, activities for business development in industrial and service sectors continued, in line with forecasts, while performance in the photovoltaic sector was affected by the situation of South African contracts which are causing and will cause in future months delays in turnover compared to original schedules, with a negative effect on Business Area margins.

Industrial applications

Turnover in the first nine months from this sector fell slightly compared to the same period of the previous year (-5.2%). This result was impacted by a lack of growth on the Brazilian market and on the South American market in general, due to the economic crisis and to a delay in obtaining orders, following various sales strategies adopted since the start of 2015. Sales actions launched by Santerno in various geographic areas are encouraging and are producing good results, even though effects on turnover for the period are not yet visible. The first order for offshore platforms (Norwegian market) is significant, thanks also to the assistance and supply of an integrated system from O&K, that will be delivered between the end of 2015 and start of 2016. On the North American market, business relations with some major customers have resumed, laying the foundations for considerable development next year.

Service

Activities targeting growth in the After Sales sector continued, with an increase in sales activities. Compared to 2014, growth for the first nine months was up by 14.5%.

Photovoltaics

Turnover for the first nine months of 2015 was not in line with expectations, due nearly entirely to a slowdown in South African contracts, resulting from delays in opening work sites and difficulties in sourcing materials in loco. As at 30 September, South African projects had generated revenues for 3.2 million Euros against an estimated figure of 16 million Euros. This change will be partially recovered in the fourth quarter, and the contracts will be delayed considerably, to 2016.

As regards other ongoing projects and offers being negotiated, performance was affected by a failure to obtain orders for approximately 5 million Euros.

Santerno is reacting to the fall in prices, mentioned in the introduction, developing solutions that are increasingly competitive in terms of cost per kW and is one of the leading suppliers of inverters on the two most promising emerging markets, Chile and South Africa, that will both have an annual installed capacity of more than 1GW.

Sales revenues of the quarter were far lower (-57.7%), equal to 7.364 million Euros compared to 17.425 million Euros for the same period in the previous year. The first nine months of 2015 closed with a turnover equal to 23.407 million Euros, registering a decrease of 4.7 million Euros, equal to -16.9%, compared to the same period of 2014. As at 30 September 2015, the share of turnover on foreign markets amounted to 76.6% of the total turnover of the Business Area, confirming the trend already evident in 2014.

Variable margins for the quarter and cumulative margins as at 30 September improved over the previous year both in absolute terms and as percentages accounting for turnover, but the absence of a considerable part of turnover meant that overheads could not be met, resulting in a negative impact on EBIT and EBITDA.

EBITDA for the third quarter was negative, and equal to 405 thousand Euros (-5.5% of turnover) compared to a positive figure of 449 thousand Euros (2.6% of turnover) for the third quarter of 2014. EBIT for the third quarter was negative amounting to 1.171 million Euros (-15.9% of turnover) compared to a negative figure of 277 thousand Euros (-1.6% of turnover) for the third quarter of 2014.

EBITDA as at 30 September 2015 was negative amounting to 1.221 million Euros (-5.2% of turnover), compared to the negative figure of 6.614 million Euros (-23.5 % of turnover) as at 30 September 2014. EBIT for the first nine months of 2015 was negative amounting to 3.368 million Euros (-14.4% of turnover), compared to the negative figure of 8.783 million Euros (-31.2 % of turnover) for the first nine months of 2014.

A net loss was recorded for the quarter amounting to 2.124 million Euros (-28.8% of turnover) compared to a loss of 564 thousand Euros (-3.2% of turnover) for the third quarter of 2014. A net loss was recorded as at 30 September 2015 amounting to 6.054 million Euros (-25.9% of turnover) compared to a loss of 8.971 million Euros (-31.8% of turnover) for the first nine months of 2014.

The net financial position as at 30 September 2015 was negative amounting to 17.796 million Euros, with a performance down on the figure of 11.551 million Euros as at 30 September 2014 and 14.667 million Euros as at 31 December 2014, due to an increase in working capital related to the start of contracts in South Africa which will be recovered on finalisation of these contracts.

**SUBCONSOLIDATED INCOME STATEMENT AS AT 30/09/2015 - QUARTER ANALYSIS
ELETTRONICA SANTERNO BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	3rd Quarter 2015	%	3rd Quarter 2014	%	Changes 3Q15 3Q14
REVENUES FROM SALES	7,364	100.00%	17,425	100.00%	-57.74%
Purchases of goods and materials (net of changes in inventories)	-3,063	-41.59%	-10,830	-62.15%	-71.72%
Services and Use of third-party goods and services	-2,672	-36.28%	-3,881	-22.27%	-31.15%
Personnel costs	-1,918	-26.05%	-2,044	-11.73%	-6.16%
Amortisation, depreciation and impairment of assets	-766	-10.40%	-848	-4.87%	-9.67%
Provisions for risks	-184	-2.50%	-264	-1.52%	-30.30%
Other income and expenses	-78	-1.06%	77	0.44%	
Internal construction	146	1.98%	88	0.51%	65.91%
OPERATING COSTS	-8,535	-115.90%	-17,702	-101.59%	-51.79%
OPERATING PROFIT/(LOSS) (EBIT)	-1,171	-15.90%	-277	-1.59%	
Income from equity investments	-160	-2.17%			
Other financial income	23	0.31%	10	0.06%	
Financial costs and expenses	-497	-6.75%	-310	-1.78%	60.32%
Net gains/(losses) on foreign exchange	-256	-3.48%	-99	-0.57%	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-890	-12.09%	-399	-2.29%	
PROFIT/(LOSS) BEFORE TAXES	-2,061	-27.99%	-676	-3.88%	
Current and deferred income taxes	-63	-0.86%	112	0.64%	
CONSOLIDATED RESULT OF THE BUSINESS AREA	-2,124	-28.84%	-564	-3.24%	
EBITDA	-405	-5.50%	449	2.58%	

SUBCONSOLIDATED INCOME STATEMENT AS AT 30/09/2015
ELETTRONICA SANTERNO BUSINESS AREA

<i>(amounts in Euro thousands)</i>	30/09/15	%	31/12/14	%	30/09/14	%	Changes	
							30/09/15	30/09/14
REVENUES FROM SALES	23,407	100.00%	36,633	100.00%	28,168	100.00%	-4,761	-16.90%
Purchases of goods and materials (net of changes in inventories)	-10,453	-44.66%	-20,519	-56.01%	-15,866	-56.33%	5,413	-34.12%
Services and Use of third-party goods and services	-8,431	-36.02%	-11,120	-30.36%	-8,328	-29.57%	-103	1.24%
Personnel costs	-6,202	-26.50%	-11,858	-32.37%	-7,789	-27.65%	1,587	-20.37%
Amortisation, depreciation and impairment of assets	-2,147	-9.17%	-3,181	-8.68%	-2,418	-8.58%	271	-11.21%
Provisions for risks	-481	-2.05%	-1,076	-2.94%	-3,050	-10.83%	2,569	-84.23%
Other income and expenses	345	1.47%	216	0.59%	3	0.01%	342	
Internal construction	594	2.54%	1,008	2.75%	497	1.76%	97	19.52%
OPERATING COSTS	-26,775	-114.39%	-46,530	-127.02%	-36,951	-131.18%	10,176	-27.54%
OPERATING PROFIT/(LOSS) (EBIT)	-3,368	-14.39%	-9,897	-27.02%	-8,783	-31.18%	5,415	-61.65%
Income from equity investments	-160	-0.68%					-160	
Other financial income	69	0.29%	162	0.44%	104	0.37%	-35	-33.65%
Financial costs and expenses	-1,188	-5.08%	-1,136	-3.10%	-759	-2.69%	-429	56.52%
Net gains/(losses) on foreign exchange	-689	-2.94%	-364	-0.99%	-259	-0.92%	-430	
PROFIT/(LOSS) ON FINANCIAL ASSETS	-1,968	-8.41%	-1,338	-3.65%	-914	-3.24%	1,054	
PROFIT/(LOSS) BEFORE TAXES	-5,336	-22.80%	-11,235	-30.67%	-9,697	-34.43%	4,361	-44.97%
Current and deferred income taxes	-718	-3.07%	3,038	8.29%	726	2.58%	-1,444	
CONSOLIDATED RESULT OF THE BUSINESS AREA	-6,054	-25.86%	-8,197	-22.38%	-8,971	-31.85%	2,917	-32.52%
EBITDA	-1,221	-5.22%	-7,005	-19.12%	-6,614	-23.48%	5,393	-81.54%

**SUBCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30/09/2015
ELETTRONICA SANTERNO BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Property, plant and equipment	4,855	5,270	5,425
Intangible fixed assets	26,927	27,937	27,878
Deferred tax assets	2,316	2,957	3,626
Trade receivables and other receivables	191	196	196
NON-CURRENT ASSETS	34,289	36,360	37,125
Closing inventory	18,622	10,418	10,749
Trade receivables and other receivables	12,133	13,085	13,203
Financial assets	195	49	100
Cash and cash equivalents	1,385	1,683	1,510
CURRENT ASSETS	32,335	25,235	25,562
TOTAL ASSETS	66,624	61,595	62,687
Share Capital	2,500	2,500	2,500
Reserves	21,079	29,068	29,111
Foreign currency translation reserve	-545	-183	-233
Profit/(Loss) for the period	-6,054	-8,197	-8,971
SHAREHOLDERS' EQUITY	16,980	23,188	22,407
Financial liabilities	-	-	-
Trade payables and other payables	69	130	158
Deferred tax liabilities	-	2	-8
Provision for severance indemnity and retirement benefits	524	537	559
Provisions for risks and liabilities	52	53	52
NON-CURRENT LIABILITIES	645	722	761
Financial liabilities	19,322	16,604	13,328
Trade payables and other payables	28,603	20,005	24,343
Current taxes payables	89	-	-
Provisions for risks and liabilities	985	1,076	1,848
CURRENT LIABILITIES	48,999	37,685	39,519
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	66,624	61,595	62,687

CASH FLOW AS AT 30/09/2015 BUSINESS AREA ELETTRONICA SANTERNO

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Opening Net Financial Position	-14,667	-5,110	-5,110
<i>Group profit/(loss)</i>	<i>-6,054</i>	<i>-8,197</i>	<i>-8,971</i>
<i>Amortisation, depreciation and impairment of fixed assets</i>	<i>2,147</i>	<i>2,892</i>	<i>2,169</i>
Cash flow before Net Working Capital	-3,907	-5,305	-6,802
Change in Net Working Capital	-348	1,846	2,521
Investments in fixed assets	-753	-1,277	-634
Disinvestments in fixed assets	26	30	206
Operating Free Cash Flow	-4,982	-4,706	-4,709
Other operating flows	2,002	-4,704	-1,386
Other investing flows	5	-14	-206
Other equity flows	-154	-133	-140
Free Cash Flow	-3,129	-9,557	-6,441
Closing Net Financial Position	-17,796	-14,667	-11,551

**ANALYSIS OF NET WORKING CAPITAL AS AT 30/09/2015
ELETTRONICA SANTERNO BUSINESS AREA**

<i>(amounts in Euro thousands)</i>	30/09/15	31/12/14	30/09/14
Trade Receivables	9,442	7,831	10,360
Inventory	18,622	10,418	10,749
Trade Payables	-25,370	-15,903	-19,438
Net Working Capital (NWC)	2,694	2,346	1,671

Significant events in the quarter

As part of negotiations with banks to launch a financial optimisation project, on 4 August 2015, the Group obtained a standstill from lending banks, maturing on 31 December 2015, to allow the Group to update its industrial plan and consequently bring it in line with financial requirements.

Subsequent events

On 26 October 2015, Finaid SpA, the holding of the Carraro family, which controls the Group, signed an agreement for the sale of approximately 18% of shares in Carraro SpA to an independent investor, Julia Dora Koranyi Arduini, and a shareholders' agreement for the new partner to participate in the operation to increase the share capital of Carraro SpA planned for 2016.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

Considering the ongoing difficulties of markets, the Group has launched a further stage to monitor its own industrial plan, obtaining at the same time a standstill from banks. In the last few months, the Group has worked and is working on structural solutions that will enable it to operate so that it may guarantee an adequate financial performance and position.

The expected fall in volumes and allocation of further restructuring costs will have a negative impact on figures for the last quarter, partially offset by the positive effects of the sale of some assets considered no longer core items or functional to the Group's development.

REPORTING OBLIGATIONS PURSUANT TO ARTICLE 114, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

The information below is provided in compliance with Consob requirement no. 0075995/15 of 1 October 2015.

1. Net financial position of Carraro S.p.A. and the Group, indicating short-term components separately from medium-/long-term components.

(amounts in Euro thousands)

Net financial position as at 30 September 2015	CARRARO SPA	TOTAL
Non-current loans payable	15,092	132,068
Current loans payable	127,742	182,771
Other non-current financial liabilities	-	-46
Other current financial liabilities	101	855
Financial liabilities:	142,935	315,648
Non-current loans and receivables	-5,555	-1,448
Current loans and receivables	-41	-1,077
Other non-current financial assets	-30	73
Other current financial assets	-291	-864
Financial assets:	-5,917	-3,316
Cash	-82	-128
Bank current accounts and deposits	-2,424	-56,043
Cash and cash equivalents:	-2,506	-56,171
Net financial position	134,512	256,161
of which payables / (receivables):		
- non-current	9,507	130,647
- current	125,005	125,514

2. Position of outstanding payables of Carraro S.p.A. and the Group, broken down by nature (financial, commercial, taxes, welfare contributions and to employees), and relative actions of creditors (prompts for payment, injunctions, suspended supplies, etc.)

(amounts in Euro thousands)	CARRARO SPA						TOTAL
	NOT YET DUE	PAST DUE				Total outstanding	
		1 - 30 days	31 - 60 days	61 - 90 days	> 90 days		
Trade payables	38,411	8,633	9	3,470	1,890	14,002	52,413
Other payables	7,561	-	-	-	-	-	7,561
TOTAL	45,972	8,633	9	3,470	1,890	14,002	59,974

(amounts in Euro thousands)	TOTAL						TOTAL
	NOT YET DUE	PAST DUE				Total outstanding	
		1 - 30 days	31 - 60 days	61 - 90 days	> 90 days		
Trade payables	155,369	36,316	2,457	10,321	6,346	55,440	210,809
Other payables	35,212	-	-	-	-	-	35,212
TOTAL	190,581	36,316	2,457	10,321	6,346	55,440	246,021

The current payables of Carraro SpA to third parties and Group companies as at 30 September 2015 totalled 59.974 million Euros of which 7.561 million Euros referred to other Payables (taxes, welfare contributions, to employees,...) due after the reporting period. Outstanding trade payables amounted to 14.002 million Euros, of which 8.633 million Euros due within 30 days, mainly paid the following month.

The current payables of the Carraro Group as at 30 September 2015 amounted to 246.021 million Euros of which 35.212 million Euros referred to other Payables (taxes, welfare contributions, to employees,...) due after the reporting period. Outstanding trade payables amounted to 55.440 million Euros, of which 36.316 million Euros due within 30 days, mainly paid the following month.

No significant actions had been taken by creditors, apart from an injunction order issued against the subsidiary Elettronica Santerno SpA for 146 thousand Euros.

3. Related-party transactions of Carraro S.p.A. and the Group

The most significant economic transactions of Carraro S.p.A. with related parties concern business transactions for the purchase and sale of raw materials, semi-finished products and components relative to the production of drive systems; purchases of services refer mainly to services for industrial processing.

The main sales of services include amounts charged for the utilisation of central information systems and the organisational support provided by the Parent Company in the various operating areas. Fees and royalties refer to specific commercial agency agreements and the sale of rights to use industrial know-how.

Interest income is generated by outstanding loans; interest expense is generated by the loan received from Carraro International.

The income and expenses from tax consolidation refer to the remuneration paid for taxable income and losses transferred in the context of the tax consolidation under Finaid SpA.

Financial transactions relate to short and long-term loans.

The figures for these transactions are shown in the table below:

CARRARO SPA (amounts in Euro thousands)	Financial and equity transactions				Economic transactions					
	Financial assets	Financial liabilities	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Other revenues	Purchases	Other income and expenses	Income from investments	Net financial income (expenses)
Parent Companies										
FINAID S.r.l.	-	-	811	-	3	-	-	-	-	-
Subsidiary Companies										
Carraro Argentina S.A.	5,555	-	3,005	365	451	42	125	-178	-	-
Carraro SpA	-	-	-	-	-	-	-	-	-	-
Carraro China Drive System Co. Ltd.	-	-	773	414	593	26	35	-1,431	-	-
Carraro International S.A.	292	105,096	5	-	2	-	38	-	200	4,428
Carraro Drive Tech do Brasil	-	-	33	-	13	-	-	-19	-	-12
Carraro Drive tech	-	-	7,185	737	3,656	3,291	3,312	-7,691	1,704	-70
Elettronica Santerno S.p.A.	-	-	656	-	205	-	1	-	-	-29
Santerno USA	-	-	345	-	-	-	-	-	-	-7
F.O.N. S.A.	-	-	1	-	-	-	-	-	-	-
Carraro India Ltd.	-	-	1,314	3,132	1,275	-	7,704	-3,008	-	-12
O&K Antriebstechnik GmbH	-	-	1,452	454	556	-	-	-	-	-10
Elettronica Santerno Ind. e Com. Ltd.	-	-	100	-	18	-	-	-	-	-
SIAP S.p.A.	-	-	1,113	1,298	916	-	3,526	-1,087	-	-15
Carraro North America Vb	-	-	311	-	10	-	-	-	-	-
Carraro Technologies India Pvt. Ltd.	-	-	55	228	55	-	1,031	-	-	-
Santerno South Africa Pty Ltd	-	-	46	-	46	-	-	-	-	-
TOTAL	5,847	105,096	17,205	6,628	7,799	3,359	15,772	-13,414	1,904	4,273
Other related parties										
Suam S.p.A.	-	-	12	-	3	-	-	-	-	-
TOTAL	-	-	12	-	3	-	-	-	-	-
TOTAL	5,847	105,096	17,217	6,628	7,802	3,359	15,772	-13,414	1,904	4,273

Related-party transactions of the Group refer mainly to consolidated tax relations with the parent company Finaid.

(amounts in Euro thousands)

CONSOLIDATED	Financial and equity transactions		Economic relations
	Trade receivables and other receivables	Trade payables and other payables	Sales revenues
Other related parties			
FINAID S.r.l.	910	90	3
Suam S.p.A.	12	-	3
TOTAL	922	90	6

4. Failure to comply with covenants, negative pledges and any other debt clause of the Group entailing limits on the use of financial resources, with indication of the level of compliance with these clauses (updated)

With reference to the Debt Rescheduling Agreement with the Group's main lending banks, on 4 August 2015 a standstill was obtained, maturing on 31 December 2015. During this period, when capital payments of medium- and long-term loans and the measurement of covenants are suspended, the Group is updating its 2016-19 Industrial Plan and negotiating the rescheduling of debt based on new financial requirements, as described in more detail below (see point 5).

The covenants in relations with lending banks, besides the Agreement, for loans granted by the banks, have all been complied with at the last contract reporting dates.

5. Implementation status of any industrial and financial plans, with indication of deviations of final data from estimated data.

The Carraro Group is updating its 2016-19 Industrial Plan as part of the standstill agreement reached with lending banks up to 31 December 2015. The Plan includes extraordinary operations to consolidate assets and debt rescheduling to meet the Group's new requirements. As regards the first point, on 26 October 2015, the

holding Finaid SpA signed an agreement for the sale of approximately 18% of shares to an independent investor and a shareholders' agreement for the new partner to participate in the operation to increase the share capital of Carraro SpA planned for 2016. As regards the second point, on 27 October 2015, the Group's main banks with whom negotiations have been started for debt rescheduling were convened.

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 includes 22 companies of which 13 are established and regulated in non-European Union countries, specifically in Argentina, Brazil, China, India, Russia and the United States; of these, three, in Argentina, China, India, and the United States, are significant under the terms of Title VI, Section II of the Issuer Regulations (Consob Order 11971/1999).

Carraro SpA
The Chairman

Enrico Carraro

Interim Report on Operations as at 30 September 2015

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

Subject: Interim Report on Operations as at 30/09/2015

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 October 2015

Carraro SpA
Chief Financial Officer

Enrico Gomiero