

CARRARO GROUP:**The Shareholders' Meeting approves the 2017 Financial Statements.**

- **The distribution of a dividend equal to € 0.17 per share paid from 23 May 2018 was approved.**
- **New members join the Board of Directors and Board of Statutory Auditors: Enrico Carraro confirmed as Chairman.**

First quarter 2018:

- **Consolidated turnover amounted to €157.6 million, an 8.3% increase against €145.552 million as at 31.03.2017.**
- **Consolidated EBITDA for the first quarter of € 15.1 million, above expectations and in line with the value of € 15.9 million for the same period of 2017.**
- **Net financial position as at 31 March 2018 recorded a debt of € 162.2 million, an increase compared to 31 December 2017 (€ 145.9 million) and a significant improvement compared to € 185.4 million as at 31 March 2017.**

The positive trend of the first quarter is confirmed for the whole year 2018, leaving room to even further growth.

Campodarsego (Padua), 14 May 2018 – The Shareholders' Meeting of Carraro SpA, global leader in transmission systems for off-highway vehicles and specialised tractors, today approved - under the chairmanship of Enrico Carraro - the Financial Statements and appointed a new Board of Directors for the period 2018 -2020.

“The excellent results recorded in 2017 mark a turning point and project the Group towards new and more ambitious goals. The refound financial solidity will guarantee adequate support for our growth plans”, said **Enrico Carraro, Group Chairman.**

“The first months of 2018 confirm the already positive trend recorded at the end of last year, with solid demand in almost every market, except for specific geographical areas. This also due to the start-up of several new products in production both in transmission systems and in specialised tractors. – Enrico Carraro added following the Shareholders' Meeting – In scenarios that on the one hand are showing signs of significant growth in volumes and, on the other, upward trends in the prices of raw materials, it is necessary more than ever today to work closely with our Partner suppliers with specific targeted action plans to establish shared development paths”.

Appointment of the new Board of Directors and Board of Statutory Auditors

Today's **Shareholders' Meeting** appointed the new **Board of Directors** that will remain in office for **three years, until approval of the Financial Statements as at 31 December 2020**, and determined the fees for its members.

Enrico Carraro was **confirmed as Group Chairman**.

The new Carraro Board sees the confirmation of all outgoing directors – Riccardo Arduini, Fabio Buttignon (independent), Marina Manna (independent) and Marina Pittini (independent) – **in addition to Enrico Gomiero, Group CFO, and Virginia Carraro**. Eight of the nine members of the new Board of Directors of Carraro SpA come from the list of candidates presented by Finaid SpA. Director Riccardo Arduini comes from the list presented by Julia Dora Koranyi Arduini.

The Meeting also appointed the new Board of Statutory Auditors, that will remain in office for the three-year period 2018-2020, simultaneously determining its fees.

The following Auditors were appointed:

- Carlo Pesce (Chairman of the Board of Statutory Auditors)
- Saverio Bozzolan (standing auditor)
- Stefania Centorbi (standing auditor)
- Barbara Cantoni (alternate auditor)
- Gabriele Andreola (alternate auditor)

The Chairman of the Board of Statutory Auditors and the alternate auditor, Gabriele Andreola, come from the list presented by Julia Dora Koranyi Arduini. The other members of the new Board of Statutory Auditors come from the list of candidates presented by Finaid SpA.

The curricula of the newly appointed Board Directors and Auditors may be viewed at www.carraro.it, under Corporate Governance / Investor Relations.

Dividend distribution

Following the proposal made by the Board of Directors, **the Shareholders' Meeting resolved to distribute a dividend of € 0.17 per share, with a coupon date of 21 May 2018, paid from 23 May 2018**.

Analysis of consolidated economic and financial data of 2017

2017 closed with a consolidated turnover of 606 million Euros, up 2% compared to 593.7 million Euros in 2016. EBITDA as at 31 December 2017 came to 55 million Euros (9,1% of turnover), significantly up by 40.5% compared to 39.2 million Euros (6.6% of turnover) in 2016. EBIT amounted to 2017 33.7 million Euros (5.6% of turnover), a considerable increase compared to 11.8 million Euros (2% of turnover) in 2016. 2017 closed with a significant profit of 13.7 million Euros (2.3% of turnover) compared to a loss of 9.1 million Euros (-1.5% of turnover) in 2016.

The consolidated net financial position of operations as at 31 December 2017, negative at 145.9 million Euros, improved compared to 31 December 2016, when it was negative at 183.2 million Euros. The significant increase was positively affected by the payment of capital increases (in Carraro SpA by the market for 20 million Euros and in SIAP spa by Friulia for 8 million), collection of the price for the sale of the property in Argentina and the good performance of operating free cash flow. At 31 December 2017, the covenants envisaged by the agreement signed with the banks on 24 December 2015 were complied with, an agreement terminated by the Group in February 2018.

First quarter 2018 results

During the Shareholders' Meeting, certain figures concerning the performance of the first quarter of 2018 were also announced, analysed by the Board of Directors today.

The first quarter of 2018 confirmed the positive trends in place in the latter part of 2017.

In particular, as regards the agricultural sector in Western Europe, a good trend in demand was maintained, albeit with some signs of slowing down also for specialised tractors, and the excellent result on the Indian market is continued, driven by the domestic market. In China, the first quarter closed with a negative balance due to the decline in state subsidies and the increase in the price of tractors following the technological upgrade resulting from the new emission standards, while in South America there were timid signs of improvement on the Argentine market.

With regard to the construction sector in Europe, the increase in demand for new construction vehicles was confirmed; in North America, the good performance of the economy and plans for large infrastructural investments drove the demand for Utility machines; in China, the trend reversal already evident in 2017 was confirmed and there were again significant increases in volumes for the two most common vehicles, loaders and crawler excavators. The South American market remained weak, especially Brazil, and Turkey due to geopolitical instability.

Summary consolidated results as at 31 March 2018

<i>amounts in €/000</i>	31.03.2018	% of turnover	31/03/2017	% of turnover	Var. %
Turnover	157.584		145,552		8.3
EBITDA	15.074	9.6%	15,888	10.9%	-5.1

Consolidated Group turnover for the first quarter amounted to 157.6 million Euros, a 8.3% increase compared to 145.6 million Euros recorded in the first quarter of 2017.

Consolidated EBITDA for the first quarter amounted to 15.1 million Euros, in line with 15.9 million Euros in the same period of 2017.

The positive performance of the main target markets led to an improvement in the Group's sales in the first quarter of 2018. in terms of profitability, against an initial forecast provided in advance in the 2017 Directors' Report on Operations of a decrease due to the increase in the cost of raw materials, the difficulty in finding them, as well as the costs for starting production of certain renewed tractor ranges, margins remained substantially in line with the previous year in absolute terms. Thanks to the cost increase containment activities, the effect will not only be reabsorbed, but an increase in margins is expected, significantly supported by the volumes expected in the second half of 2018.

Net financial position of operations

amounts in €/000	31.03.2018	31.12.2017	31.03.2017
Net financial position of operations	-162.205	-145.896	-185.404

The consolidated net financial position as at 31 March 2018 was negative, amounting to 162.2 million Euros, an increase compared to 31 December 2017 (145,9 million Euros) due to the increase in net working capital following the procurement difficulties, but a significant improvement compared to 31 March 2017, when the figure amounted to 185.4 million Euros.

At the end of the Shareholders' Meeting, the new Board of Directors met, under the chairmanship of Enrico Carraro, which appointed (i) Tomaso Carraro Deputy Chairman of the Board of Directors and (ii) Alberto Negri Chief Executive Officer, who accepted the position.

The Board of Directors also:

(A) **ascertained**, to the extent of its responsibilities, existence: (i) of the requisites required by the applicable law for the appointment as Director and (ii) of the independence requirements for directors Fabio Buttignon, Marina Manna and Marina Pittini, pursuant to art. 148, paragraph 3, of Legislative Decree 58/1998, as referred to in art. 147-ter, paragraph 4, of Legislative Decree 58/1998.

(B) **renewal of the composition** (i) of the **Control, Risks and Sustainability Committee** with the appointment of the independent directors, Fabio Buttignon, Marina Pittini and Marina Manna (Chairman), who immediately accepted the position and (ii) of the **Appointments and Remuneration Committee**, with the appointment of the independent directors Marina Manna, Marina Pittini and Fabio Buttignon (Chairman), who immediately accepted the position.

It should also be noted that the Board of Statutory Auditors verified the existence of the independence requirements of all its members, also on the basis of the principles established by the Code of Conduct with reference to the independence of Directors and informed the Board of Directors.

It should be noted that the figures as at 31 March 2018, examined by the Board of Directors, are not subject to audit by the independent auditors. 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 this document is consistent with the accounting records.

This press release contains some "alternative performance indicators": EBITDA: the sum of operating profit/(loss) of the income statement, amortisation, depreciation and impairment of fixed assets EBIT: earnings before tax taxes and financial income and expenses, with no adjustments; Net financial position of operations: ESMA Net Financial Debt determined in accordance with the provisions of paragraph 127 of the recommendations contained in the ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004, deducted, where applicable, non-current receivables and financial assets.

Carraro is an international group, leader in transmission systems for off-highway vehicles and specialised tractors, with consolidated turnover in 2017 of 606 million Euros.

The Group's activities are divided into two Business Areas:

– **Drive systems and components**

Through the subsidiaries Carraro Drive Tech and SIAP, the Group designs, manufactures and sells transmission systems (axles and transmissions) 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.

– **Tractors**

Through Divisione Agritalia, the Group designs and manufactures specialised tractors (for vineyards and orchards from 60 to 100 hp) for third-party brands, namely John Deere, Massey Ferguson and Claas, as well as a specialised Carraro-brand range; Agritalia also provides engineering services for the design of innovative tractor ranges.

The Group's holding company, Carraro SpA, has been listed on the Italian Stock Exchange since 1995 (CARR.MI) and has its headquarters in Campodarsego (Padua). As at 31.12.2017, the Group had 3,156 employees – of which 1,408 based in Italy – and has manufacturing facilities in Italy (4), India, China, Argentina and Brazil. For additional information visit carraro.com.

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