

Important step forward in the *local for local* strategy of Carraro Group, which consolidates its presence in Asia, expanding growth opportunities in transmission systems (axles and transmissions) for the agricultural market in China.

New Joint-venture between Carraro Group and Shandong Juming Group: Agriming Agriculture Equipment Co. Ltd

New competitive positioning for the Carraro China plant, based in Qingdao (Shandong) since 2004, which flanks the current applications, mainly for construction equipment, with new products for local manufacturers of agricultural tractors.

Beijing (China), 22 June 2017 – This morning in Beijing a *joint venture* was signed by Carraro Group and Shandong Juming Group, one of the most important local manufacturers of agricultural machinery and tractors.

The agreement, whose official signing took place in the presence of Tomaso Carraro, Group Vice Chairman, Enrico Gomiero, Group Chief Financial Officer, and Mr. Shoubo CUI., General Manager of Shandong Juming Group, implies the creation of a *newco*, called Agriming Agriculture Equipment Co. Ltd, 51% owned by Shandong Juming Group and 49% by Carraro Group.

“This important agreement marks the beginning of a new path towards growth. China is a strategic market for us, a market that will have the opportunity to expand further, especially in the field of agricultural mechanization. In the last months, in fact, the Chinese Government finalized an important multi-year development plan for agriculture. Thanks to this joint-venture, we will have the chance to make the most of our solid competences in this sector and exactly at the right moment.– said Tomaso Carraro from Beijing, Group Vice Chairman– Working alongside a partner such as Shandong Juming Group will allow us to operate even better in this region, through the direct knowledge of specific local needs. In this way we will be able to capitalize our know-how, responding to the needs of a sector that we are very well aware of and, at the same time, focussing on a new generation of Chinese tractors in the coming years, based on Carraro expertise in the high added-value mechanical area”.

Agriming Agriculture Equipment Co. Ltd, which will be based in Zibo – one of the main cities of the Shandong province – will focus its activities on the production of agricultural tractors for the Chinese market with the support of Carraro which, through its plant in Qingdao – located itself in the Shandong area – will become its strategic supplier of axles and transmissions.

According to the terms of the agreement, Carraro will also put at the JV's disposal its consolidated know-how in the definition of suitable quality/technology standards in manufacturing processes, supporting the local production of tractors.

Carraro has thus strengthened its presence in China, a country where the Group made its entrance in 2004, with an initial production plant, to then expand with the opening – 10 years ago – of the current Qingdao plant.

Thanks to this *joint venture*, Carraro China will be able to flank its current production, mainly focussed on construction equipment, with new products for the agricultural market, of great interest and with significant growth opportunities.

China confirms its potential to be one of the most important markets worldwide for the agricultural sector, also thanks to the expected government subsidies aimed at developing advanced mechanization in support of higher productivity farming. In particular, an increase in the volume of tractors with engines between 100 and 150 Hp, which already exceeds 100,000 units per year, is expected over the next three years. In the future, it is expected that these ranges can evolve technologically towards semi-automatic and automatic transmissions. A context of great interest for current and future Carraro market potential and expertise.

This operation envisages a total investment of 8 million Euros by Carraro over three years, both for the participation in the social capital of the joint-venture and for the strengthening of its manufacturing power.

Shandong Juming Group Profile

Shandong Juming Group, a company owned by the China National Agricultural Development Group Co., Ltd. is one of the leading Chinese manufacturers of agricultural machinery, with particular reference to harvesters where it is a national leader. The Group has over 1,600 employees, 300 of whom specialised technicians, with a turnover of 110 million Euros. The Group's current products mainly consist of combined harvesters and seeders and are all included in the official Ministerial catalogue including products that can benefit from public funding. Currently, following the Ministerial guidelines, Shandong Juming Group is oriented towards diversification and therefore to extend its product ranges, also by developing and manufacturing agricultural tractors. <http://en.sdjuming.com/>

Carraro is an international group, leader in transmission systems for off-highway vehicles and specialised tractors, with consolidated turnover in 2016 of 593.7 million Euros.

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

- **Drivelines**
Through the subsidiaries Carraro Drive Tech and SIAP, the Group designs, manufactures and sells 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.
- **Tractors**
Through Carraro Agritalia, the Group designs and manufactures specialised tractors (for vineyards and orchards, between 60 and 100 Hp) addressed to third parties, as well as a specialised private label 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 31.12.2016, the Group has 2,979 employees – of which 1,289 based in Italy – and manufacturing facilities in Italy (4), India (2), China, Argentina, and Brazil. For additional information visit carraro.com.

Press office contacts:

Massimiliano Franz / Head of Communications - Carraro Group
m. +39 334 6627367 / mfranz@carraro.com

Carlo Prato / True Relazioni Pubbliche
m. +39 335 6506483 / c.prato@true-rp.it