

CARRARO GROUP: - The BoD has analysed the results of the first quarter of 2017.

- Request for information pursuant to Article 114 of Italian Legislative Decree 58/98

Consolidated turnover amounted to 145.6 million Euros, a 7.6% decrease compared to 157.6 million Euros recorded in the first quarter of 2016. **With constant perimeter** (taking into account the deconsolidation of Elettronica Santerno) **it grew by 1.8%**.

Consolidated EBITDA for the first quarter came in at 15.9 million Euros (10.9% of turnover), more than doubled compared to the 7 million Euros (4.4% of turnover) for the same period of 2016.

The net financial position as at 31 March 2017 recorded a debt of 185.4 million Euros, in line with 31 December 2016 (183.2 million Euros) and **an improvement compared to 240.6 million Euros as at 31 March 2016**.

Campodarsego (Padua), 2 May 2017 – The Board of Directors of Carraro SpA, a global leader in power transmission systems, today under the chairmanship of Enrico Carraro released the Group's results for Q1 2017.

"The start of 2017 is showing the first signs of recovery for our reference markets and positive results are already evident to us in terms of both turnover and profitability. – said Enrico Carraro, Group Chairman – We are on the right track and the Group's restructuring plan, initiated in previous years, is finally producing concrete results, with positive figures. It is still early to speak of stable recovery and the high volatility of the main sectors will, in the medium term, still require the strong determination of our Group in managing the business. We will have to be prepared and responsive to compensate physiological changes in market dynamics, typical of the new global economic trends we are experiencing. Today the BoD has finally endorsed the terms and conditions for capital increase and we expect this next major stage to be completed by this month".

Reference markets: agriculture, construction equipment.

The first quarter 2017 saw a strengthening of demand for new vehicles in all reference geographic areas, particularly in Western Europe and India. This is even more evident for specialised tractors (Vineyard-Orchard) thanks to the positive performance of their respective application areas.

Also the construction machinery sector experienced renewed optimism in the first quarter of 2017. In Europe, there has been a strengthening of demand in construction machines, especially the more compact specialised models (diggers and excavators). The positive trend was recently extended to mining machines where there are the first signs of an increase in demand, albeit still at extremely low levels.

Despite these signs of recovery, we are still far from structured market growth.

Consolidated results as at 31 March 2017

The positive trend of the main target markets has led to an improvement in the Group's sales and margin results in the first quarter of 2017 in both absolute terms as well as turnover percentage.

Group condensed income statement / First Quarter 2017

<i>amounts in €/000</i>	31.03.2017	% of turnover	31/03/2016	% of turnover	Var. %
Turnover	145,552		157,563		-7.6
EBITDA	15,888	10.9%	7,002	4.4%	126,9

For a better understanding, the figures for 2016 are shown in the table below net of non-recurring costs – related to the restructuring of Carraro Argentina amounting to 4.4 million Euros – and of the contribution of Elettronica Santerno – no longer consolidated following the sale of the controlling interest on 30 November 2016 (adjusted proforma).

<i>amounts in €/000</i>	31.03.2017	% of turnover	31.03.2016 adjusted proforma	% of turnover	Var. %
Turnover	145,552		142,971		1.8
EBITDA	15,888	10.9%	12,127	8.5%	31.0

Revenues

Consolidated Group turnover for the first quarter amounted to 145.6 million Euros, a 7.6% decrease compared to 157.6 million Euros recorded in the first quarter of 2016. **With constant perimeter** (taking into account the lack of contribution of Elettronica Santerno) **it grew by 1.8%.**

EBITDA

Increased volumes, manufacturing efficiencies and stabilisation of overhead costs contributed to a significant improvement in margins.

Consolidated EBITDA for the first quarter came in at 15.9 million Euros (10.9% of turnover), up by 8.9 million compared to the 7,0 million Euros (4.4% of turnover) for the same period of 2016. With constant perimeter and excluding non-recurring costs in 2016, EBITDA at 31 March 2017 grew by 3.8 million compared to an EBITDA at 31 March 2016 of 12.1 million Euros (8.5% of turnover).

Net financial position of operations

<i>amounts in €/000</i>	31.03.2017	31.12.2016	31/03/2016
Net financial position of operations	-185.404	-183,200	-240,649

The consolidated net financial position of operations as at 31 March 2017 was negative at 185.4 million Euros, in line with 31 December 2016 (183.2 million Euros) and an improvement compared to 31 March 2016 when it was 240.6 million Euros, thanks to the decrease in net working capital of operations and payment of the capital increase by the reference shareholders of 34 million Euros (which took place in June 2016).

Request for information pursuant to Article 114 of Italian Legislative Decree 58/98

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 31 March 2017	CARRARO SPA	CONSOLIDATED
Non-current loans payable	-77.444	-158.989
Current loans payable	-42.391	-88.148
Other non-current financial liabilities	-	-137
Other current financial liabilities	-50	-628
Financial liabilities:	-119.885	-247.902
Current loans and receivables	-3	6,923
Other current financial assets	769	562
Financial assets:	766	7,485
Cash	41	96
Bank current accounts and deposits	464	45,520
Cash and cash equivalents:	505	45,616
Net financial position*	-118.614	-194.801
Non-current loans and receivables	6,277	9,292
Other non-current financial assets	4	105
Net financial position of operations	-112.333	-185.404
of which payables / (receivables):		
- non-current	-71.163	-149.729
- current	-41.170	-35.675

* : Net financial debt prepared according to the scheme prescribed by the ESMA/2013/319 Recommendation

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				
		PAST DUE				
		31 - 60				
Not yet due		1 - 30 days	days	61 - 90 days	> 91 days	TOTAL
Trade payables	40,061	116	279	14	196	40,666
Other payables	7,706	-	-	-	-	7,706
TOTAL	47,767	116	279	14	196	48,372

		CONSOLIDATED				
		PAST DUE				
		31 - 60				
Not yet due		1 - 30 days	days	61 - 90 days	> 91 days	TOTAL
Trade payables	138,907	6,546	3,610	915	2,042	152,020
Other payables	22,815	-	-	-	-	22,815
TOTAL	161,722	6,546	3,610	915	2,042	174,835

The payables of Carraro SpA to third parties and Group companies as at 31 March 2017 totalled 48.372 million Euros of which 7.706 million Euros referred to other Payables (taxes, welfare contributions, to employees,...) due after the reporting period. Overdue trade payables amounted to 0.605 million Euros. The payables of the Carraro Group as at 31 March 2017 amounted to 174.835 million Euros of which 22,815 million Euros referred to other Payables (taxes, welfare contributions, to employees,...) due after the reporting period. Outstanding trade payables amounted to 13.113 million Euros, of which 6.546 million Euros due within 30 days, mainly paid the following month, while those exceeding 90 days mainly refer to non-compliant supply consignments under resolution. No significant actions were taken by creditors.

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:

<i>(amounts in Euro thousands)</i>	Financial and commercial transactions				Economic transactions		
	Financial assets	Financial liabilities	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Operating costs	Net financial income (expenses)
Carraro Drive Tech S.p.A.	-	-	8,425	4,375	5,444	4,481	-18
Carraro Argentina S.A.	6,277	-	2,415	45	25	45	-
Carraro Drive Tech do Brasil	-	-	251	-	57	-	-
Carraro Deutschland GmbH	-	10,200	-	-	-	-	100
Carraro India Ltd.	-	-	642	63	928	36	-
Carraro North America Vb	-	-	414	-	4	-	-
Carraro International S.A.	739	84,833	-	19	1	12	1,201
F.O.N. S.A.	-	-	1	-	-	-	-
Carraro Technologies India Pvt. Ltd.	-	-	67	253	13	362	-
Carraro China Drive System Co. Ltd.	-	-	451	340	329	23	-
SIAP S.p.A.	-	-	369	1,622	316	753	-
Electronica Santerno S.p.A.	-	-	1,008	-	60	-	-8
Electronica Santerno Ind. e Com. Ltd.	-	-	111	-	-	-	-
Santerno USA	-	-	373	-	-	-	-1
Santerno South Africa Pty Ltd	-	-	115	-	-	-	-
O&K Antriebstechnik GmbH	-	-	155	-	78	-	-
FINAID S.r.l.	-	-	835	-	1	-	-
TOTAL	7,016	95,033	15,632	6,717	7,256	5,712	1,274

Related-party transactions of the Group refer mainly to consolidated tax transactions with the parent company Finaid and transactions with O&K Antriebstechnik GmbH and Electronica Santerno.

<i>(amounts in Euro thousands)</i>	Financial and commercial transactions			Economic transactions		
	Financial assets	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Purchases of goods and materials	Other financial income
Finaid S.r.l.	-	845	90	1	-	-
O&K Antriebstechnik GmbH	-	1,138	301	541	264	-
Electronica Santerno S.p.A.	8,163	1,082	83	63	5	8
Electronica Santerno Ind. e Com. Ltd.	-	111	-	24	-	-
Santerno South Africa Pty Ltd	-	115	-	-	-	-
Santerno USA	-	560	-	15	-	1
TOTAL	8,163	3,851	474	644	269	9

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)

As at 31 March 2017, there was no failure to comply with the covenants, negative pledges or other clauses provided for by the new agreement signed on 24 December 2015 with the banks which updated the reference parameters (net financial debt/EBITDA and net financial debt/net equity) based on the results of the new 2016-19 Business Plan.

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

Without prejudice to compliance with the covenants and the forecast that they will be complied with in 2017, as a result of the changed reference scenario, of extraordinary transactions and of the fact that the 2017 Budget highlights further deviations from the Business Plan for the same period, the Group will update the Plan in the second half of 2017, extending its term to 2021.

It should be noted that the figures as at 31 March 2017, 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 document contains references to 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 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 the subsidiary Carraro Agritalia, the Group designs and manufactures special 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 specialist own-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 31.03.2017, the Group has 3,042 employees – of which 1,345 based in Italy – and manufacturing facilities in Italy (4), India (2), China, Argentina, and Brazil. For additional information visit carraro.com.

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