

**CARRARO GROUP: Draft Financial Statements for 2016 Approved by the Board of Directors.**

**Group restructuring completed. With the sale of the controlling interest in Elettronica Santerno the Group is fully focused on transmission systems for off-highway vehicles and tractors.**

**Net loss of 9.1 million Euros, but net of extraordinary operations, the group would have a profit of 5.2 million Euros.**

**Significant improvement in the consolidated net financial position of operations which from 227.8 million Euros decreased to 183.1 million Euros**

- **2016 consolidated turnover** of 593.7 million Euros, down by 11.9% compared to 2015 (674 million Euros). **Net of disposals, the decrease in turnover was only 8.3%.**
- **Consolidated EBITDA amounted to 39.2 million Euros (6.6% of turnover)**, down 16.5% compared to 46.9 million Euros (7% of turnover) in 2015; **net of non-recurring costs and with constant perimeter, EBITDA amounted to 48.2 million Euros (8.6% of turnover)**, down 4.9% (50.6 mln € in 2015).
- **Consolidated EBIT amounted to 11.8 million Euros (2% of turnover)**, up compared to 0.3 million Euros (0% of turnover) in 2015. **Net of non-recurring costs and with constant perimeter, EBIT grew by 4.3% to 27.7 million Euros (5% of turnover) .**
- **Net Loss** of 9.1 million Euros (-1.5% of turnover) compared to a loss of 8.9 million Euros (-1.3% of turnover) in 2015. **Net of non-recurring operations and with constant perimeter, net profit was 5.2 million Euros (0.9% of turnover)**, an increase compared to the loss of 3.5 million Euros (-0.6% of turnover) in 2015.
- **Consolidated net financial position of operations** showed liabilities of 183.1 million Euros at 31.12.2016, compared to 194.6 million Euros at 30 June 2016 and **with a significant improvement compared to 227.8 million Euros at 31.12.2015.**

**Campodarsego (Padua), 15 February 2017** – The Board of Directors of Carraro SpA, **world leader in power transmission systems for off-highway vehicles and specialised tractors**, met today under the chairmanship of Enrico Carraro to examine the draft financial statements for 2016, which will be submitted to the General Members' Meeting convened for 31 March next.

*“The close of 2016 for us marks major turning point. A new organisational plan, the sale of all non-strategic and loss-making businesses and the capital increase ensure once again a solid economic base for the Group for its relaunch to ensure development in the coming years. – said **Enrico Carraro, Group Chairman** – Today, in the eyes of the market and our customers, we are now stronger than before. We start once again with a clear vision of the new scenarios, determined to start to grow again where we had stopped, adding new technologies and new applications to the traditional products. It was a restructuring which our Group had never seen before. We went through difficult decisions, but with a clear vision of the future of the Group. A journey shared and supported by our major customers, suppliers and the entire banking system that never lost its trust in Carraro”.*

#### **Analysis of consolidated economic and financial data of 2016**

With the sale of the controlling interest in Elettronica Santerno and the restructuring of Carraro Argentina, the process of restructuring and refocusing on the core business started following the crisis in 2009 due to the changed and radical transformations of the main target markets, can be considered completed.

A long and complicated journey that involved optimisation of the industrial footprint, rationalisation of the supply chain, also through partnerships with suppliers, reduction and streamlining of the structure (lean management) and a series of not strictly necessary asset disposals to achieve the defined objectives.

This over time resulted in the use of significant resources to bring the Group not only to the right size, but also to a new level of competitiveness and innovation, key factors for the company's growth and future.

Once again in its history, the Group has proved its capacity to interpret the new business cycle through a radical alignment of the organisational structure. As a demonstration of this, it is worth highlighting that, albeit in the presence of an overall reduction in fixed costs (net of non-recurring operating costs) in absolute terms, research and development costs and investments have grown steadily over the years.

#### **Markets**

**Agricultural sector:** The persistence of still very low commodity prices limited, also for 2016, the investment capacity of farmers in new machinery and vehicles and only India showed a marked change in trend, with a significant increase in volumes.

Larger machines, directly related to the production of agricultural commodities, were more penalised than those in the compact segment. A positive demand was however confirmed for specialised (Vineyard-Orchard, where our group is present with Divisione Agritalia) tractors, thanks to the good performance of their respective sectors. For 2017, early indications are for a market in line with the year just ended.

**Construction equipment:** In the various geographical areas, the negative trends in place in recent years were largely confirmed, with a particular slowdown in the latter part of the year due to a weaker macroeconomic scenario.

In this context, the compact machines recorded overall stability in volumes compared to the more powerful machines, much more penalised. In particular, the demand for mining machines seems to have stabilised at a very low level, and a number of analysts believe that the time is ripe for a weak turnaround, thanks to the recovery in commodity prices (copper for example).

With substantial stability expected in the US, the prospects for the construction sector in 2017 are positive in Europe, thanks to the renewal of the existing installed base, and in India, thanks to the significant planned infrastructure investments.

**In terms of geographical areas, in 2016 India (with 11% of turnover) became the Group's most important target market, followed by Germany (10.1%) and the US (9.6%).**

### Revenues

**2016 closed with a consolidated turnover of 593.7 million Euros, down by 11.9% compared to 2015 (was 674 million Euros). The 2016 proforma turnover amounted to 557.8 million Euros, compared to a proforma turnover of 608.5 million Euros in 2015, down 8.3%.**

Turnover for the business areas operating in the mechanical engineering sector (Drive Tech and Agritalia) was down by 8.2%. Elettronica Santerno (the controlling interest of which was sold in November 2016) recorded a turnover of 36.2 million Euros, in the year, compared to 35.2 million Euros in 2015.

### EBITDA and EBIT

**EBITDA at 31 December 2016 amounted 39.2 million Euros (6.6% of turnover), down by 16.5% compared to the 46.9 million Euros (7% of turnover) of 2015, while EBIT amounted to 11.8 thousand Euros (2% of turnover), an increase compared to 331 thousand Euros (0% of turnover) in 2015. Net of non-recurring operations and with constant perimeter, adjusted and proforma EBITDA and EBIT would have been the following:**

| <i>GROUP (Values in Euro thousands)</i> | <b>31.12.2016</b> | <i>% of turnover</i> | <b>31.12.2015</b> | <i>% of turnover</i> |
|---|-------------------|----------------------|-------------------|----------------------|
| EBITDA                                  | 39,182            | 6.6%                 | 46,938            | 7.0%                 |
| ADJUSTED EBITDA                         | 44,669            | 7.5%                 | 42,627            | 6.3%                 |
| <b>ADJUSTED PROFORMA EBITDA</b>         | <b>48,151</b>     | <b>8.6%</b>          | <b>50,642</b>     | <b>8.3%</b>          |
| EBIT                                    | 11,759            | 2.0%                 | 331               | 0.0%                 |
| ADJUSTED EBIT                           | 22,459            | 3.8%                 | 14,406            | 2.1%                 |
| <b>ADJUSTED PROFORMA EBIT</b>           | <b>27,662</b>     | <b>5.0%</b>          | <b>26,534</b>     | <b>4.4%</b>          |

With reference to the business areas operating in the mechanical engineering segment (Drive Tech and Agritalia), EBITDA at 31 December 2016 amounted to 45.3 million Euros (7.8% of turnover), compared to 47.9 million Euros (7.2% of turnover) in the previous year. EBIT as at 31 December 2016 was equal to 27.4 million Euros (4.7% of turnover) compared to 24.4 million Euros (3.7% of turnover). Net of non-recurring operations and with constant perimeter, adjusted and proforma EBITDA and EBIT would have been the following:

| <i>MECHANICAL ENGINEERING</i> (values in Euro thousands) | 31.12.2016    | % of turnover | 31.12.2015    | % of turnover |
|--|---------------|---------------|---------------|---------------|
| EBITDA   | 45,265        | 7.8%          | 47,978        | 7.2%          |
| ADJUSTED EBITDA  | 49,522        | 8.5%          | 41,674        | 6.3%          |
| <b>ADJUSTED PROFORMA EBITDA</b>                          | <b>49,522</b> | <b>8.5%</b>   | <b>47,005</b> | <b>7.4%</b>   |
| EBIT   | 27,337        | 4.7%          | 24,416        | 3.7%          |
| ADJUSTED EBIT  | 31,594        | 5.4%          | 18,812        | 2.8%          |
| <b>ADJUSTED PROFORMA EBIT</b>                            | <b>31,594</b> | <b>5.4%</b>   | <b>25,424</b> | <b>4.0%</b>   |

#### Net profit/(loss)

2016 closed with a loss of 9.1 million Euros (-1.5% of turnover), compared to the loss of 8.9 million Euros (-1.3% of turnover) in 2015. Net of non-recurring operations and with constant perimeter, net profit would have been 5.2 million Euros (0.9% of turnover, an increase compared to the loss of 3.5 million Euros (-0.6% of turnover) in 2015.

Taxes as at 31 December 2016 amounted to 7.3 million Euros (1.2% of turnover) against 11.4 million Euros (1.7% of turnover) as at 31 December 2015.

#### Investments

In 2016, investments amounted to 16.7 million Euros compared to 25.4 million Euros in 2015, focussed on supporting the project for *re-insourcing* activities previously carried out externally and on systems efficiency and modernisation.

#### Research and innovation

Expenses for research and innovation in 2016 amounted to 14.7 million Euros, 2.5% of turnover, compared to 13.8 million Euros, 2 % of turnover, in 2015.

#### Net financial position

The consolidated net financial position of operations as at 31 December 2016 was negative, amounting to -183.1 million Euros, improving constantly as from 31 December 2015 (when it was negative at -227.8 million Euros) during 2016. This improvement was due to a slight decrease in net working capital of operations (from 12.8 million Euros at 31 December 2015 to 12.2 million Euros at 31 December 2016), payment of the capital increase by the majority shareholders amounting to 34 million Euros, and the deconsolidation of Elettronica Santerno SpA and its subsidiaries (amounting to 9.5 million Euros).

At 31 December 2016, the covenants provided for in the new agreement, signed with the banks on 24 December 2015, were complied with.

### Performance by Business Area

- **Carraro Drive Tech** (transmission systems and components) recorded **total turnover of 461.8 million Euros** in 2016, down by 15.1% compared to 543.7 million Euros in 2015. The proforma turnover (which takes into account deconsolidation of the subsidiary O&KA) of 2015 would have amounted to 513.1 million Euros, bringing the decrease to 10%.

The foreign exchange effect in 2016 was unfavourable for approx. 5.3 million Euros.

The target markets of Drivetech were characterised by ongoing weakness in the course of 2016. Only in the third quarter there were some tentative signs of improvement compared to the normal course of the seasonality, which disappeared in the fourth, confirming a trend characterised by caution and uncertainty.

**EBITDA amounted to 37.5 million Euros (8.1% of turnover)**, down 6.5% compared to 40.1 million Euros (7.4% of turnover) in 2015. **Excluding non-recurring items and with constant perimeter, EBITDA would have amounted to 41.7 million Euros (9% of turnover)**, an improvement compared to 39.1 million Euros (7.6% of turnover) in 2015.

The 2016 results were affected by restructuring costs amounting to 4.3 million Euros (compared to 5.8 million Euros in 2015). It is also pointed out that in 2015 a capital gain was realized from the partial sale of the property of the Argentine factory for a value of 12.2 million Euros.

- **Agritalia** (tractors) **closed 2016 with total turnover of 119.8 million Euros (4,052 tractors), stable compared to 120.4 million Euros in 2015 (4258 tractors)**, despite a not particularly brilliant market, also in the special tractor segment.

Stability in volumes was facilitated by greater geographic diversification, particularly in the Americas, with the launch of the new range for the US market. The fall in volumes, concentrated in the last quarter of the year, was justified by the change in the engine emissions level planned for 2017 (Stage3b and Tier 4) which limited the possibility of registration of current production models.

**EBITDA was equal to 7.8 million Euros (6.5% of turnover)** compared to 7.9 million Euros (6.6% of turnover) as at 31 December 2015.

- **Elettronica Santerno** (power electronics), **de-consolidated in November 2016** following the sale of the controlling interest, **closed 2016 with total turnover of 36.1 million Euros, an increase of 2.8%** compared to 35.2 million Euros in 2015 and **a negative EBITDA of 3.5 million Euros** compared to a negative figure of -3.9 million Euros in 2015 (note that following the sale, the data indicated for 2016 considers only eleven months of operations compared to twelve in the previous year).

### Business outlook

For 2017, at constant perimeter, sales volumes slightly down compared to 2016 are expected.

## Documentation

By March 10<sup>th</sup>, the Annual Report, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors and attached documents, as well as the Annual Report on Corporate Governance and Ownership Structures will be made available to the public at the registered office of the Company and at Borsa Italiana SpA, as well as on the Company's Internet site [www.carraro.com](http://www.carraro.com), in the Corporate Governance section.

## General Members' Meeting

The Financial Statements will be approved by the General Members' Meeting to be held on 31 March 2017.

## 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 December 2016 | CARRARO SPA    | CONSOLIDATED   |
|---|----------------|----------------|
| Non-current loans payable                     | 77,381         | 159,666        |
| Current loans payable                         | 41,600         | 87,896         |
| Other non-current financial liabilities       | -              | -115           |
| Other current financial liabilities           | 32             | 272            |
| <b>Financial liabilities:</b>                 | <b>119,013</b> | <b>247,719</b> |
| Current loans and receivables                 | -392           | -5,871         |
| Other current financial assets                | -531           | -658           |
| <b>Financial assets:</b>                      | <b>-923</b>    | <b>-6,529</b>  |
| Cash  | -47            | -96            |
| Bank current accounts and deposits            | -245           | -47,657        |
| <b>Cash and cash equivalents:</b>             | <b>-292</b>    | <b>-47,753</b> |
| <b>Net financial position*</b>                | <b>117,798</b> | <b>193,437</b> |
| Non-current loans and receivables             | -6,251         | -10,508        |
| Other non-current financial assets            | -12            | 180            |
| <b>Net financial position of operations</b>   | <b>111,535</b> | <b>183,109</b> |
| of which payables / (receivables):            |                |                |
| - non-current                                 | 71,118         | 149,223        |
| - current                                     | 40,417         | 33,886         |

\* : 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    |               |             |              |              |            |               |
|----------------|---------------|-------------|--------------|--------------|------------|---------------|
|                | Not yet due   | PAST DUE    |              |              |            | TOTAL         |
|                |               | 1 - 30 days | 31 - 60 days | 61 - 90 days | > 91 days  |               |
| Trade payables | 37,670        | 110         | 453          | 16           | 229        | <b>38,478</b> |
| Other payables | 7,577         | -           | -            | -            | -          | <b>7,577</b>  |
| <b>TOTAL</b>   | <b>45,247</b> | <b>110</b>  | <b>453</b>   | <b>16</b>    | <b>229</b> | <b>46,055</b> |

| CONSOLIDATED   |                |              |              |              |              |                |
|----------------|----------------|--------------|--------------|--------------|--------------|----------------|
|                | Not yet due    | PAST DUE     |              |              |              | TOTAL          |
|                |                | 1 - 30 days  | 31 - 60 days | 61 - 90 days | > 91 days    |                |
| Trade payables | 118,503        | 6,169        | 1,795        | 264          | 2,356        | <b>129,087</b> |
| Other payables | 23,000         | -            | -            | -            | -            | <b>23,000</b>  |
| <b>TOTAL</b>   | <b>141,503</b> | <b>6,169</b> | <b>1,795</b> | <b>264</b>   | <b>2,356</b> | <b>152,087</b> |

The payables of Carraro SpA to third parties and Group companies as at 31 December 2016 totalled 46.055 million Euros of which 7.577 million Euros referred to other Payables (taxes, welfare contributions, to employees,...) due after the reporting period. Overdue trade payables amounted to 0.808 million Euros.

The payables of the Carraro Group as at 31 December 2016 amounted to 152.087 million Euros of which 23 million Euros referred to other Payables (taxes, welfare contributions, to employees,...) due after the reporting period. Outstanding trade payables amounted to 10.584 million Euros, of which 6.169 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.

**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:

| Related parties                       | 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.             | -                                     | -                     | 11,094                                  | 5,174                             | 20,312                | 14,667          | 6,568                           |
| Carraro Argentina S.A.                | 6,251                                 | -                     | 2,533                                   | 260                               | 539                   | 261             | -                               |
| Carraro Drive Tech do Brasil          | -                                     | -                     | 195                                     | -                                 | 108                   | -               | 28                              |
| Carraro Deutschland GmbH              | -                                     | 10,099                | -                                       | -                                 | -                     | -               | 499                             |
| Carraro India Ltd.                    | -                                     | -                     | 1,560                                   | 1,070                             | 3,793                 | 59              | 4                               |
| Carraro North America Vb              | -                                     | -                     | 392                                     | -                                 | 14                    | -               | -                               |
| Carraro International                 | 903                                   | 82,594                | -                                       | 19                                | 6                     | 60              | 5,729                           |
| F.O.N. S.A.                           | -                                     | -                     | 1                                       | -                                 | -                     | -               | -                               |
| Carraro Technologies India Pvt. Ltd.  | -                                     | -                     | 54                                      | 244                               | 54                    | 1,367           | -                               |
| Carraro China Drive System Co. Ltd.   | -                                     | -                     | 752                                     | 583                               | 1,161                 | 91              | -                               |
| SIAP S.p.A.                           | -                                     | -                     | 1,019                                   | 1,407                             | 1,202                 | 1,738           | 5                               |
| Elettronica Santerno S.p.A.           | -                                     | -                     | 940                                     | 2                                 | -                     | -               | -                               |
| Elettronica Santerno Ind. e Com. Ltd. | -                                     | -                     | 111                                     | -                                 | -                     | -               | -                               |
| Santerno USA                          | -                                     | -                     | 377                                     | -                                 | -                     | -               | -                               |
| Santerno South Africa Pty Ltd         | -                                     | -                     | 115                                     | -                                 | -                     | -               | -                               |
| O&K Antriebstechnik GmbH              | -                                     | -                     | 103                                     | -                                 | 258                   | -               | -                               |
| Finaid S.r.l.                         | -                                     | -                     | 832                                     | -                                 | -                     | -               | -                               |
| <b>TOTAL</b>                          | <b>7,154</b>                          | <b>92,693</b>         | <b>20,078</b>                           | <b>8,759</b>                      | <b>27,447</b>         | <b>18,243</b>   | <b>12,833</b>                   |

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 Elettronica Santerno.

(amounts in Euro thousands)

| Related parties                       | 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 | Purchases of services | Other income and expenses | Purchases of assets |
| Finaid S.r.l.                         | -                                     | 842                                     | 90                                | 6              | -                                | -                     | -                         | -                   |
| O&K Antriebstechnik GmbH              | -                                     | 1,346                                   | 2,064                             | 2,817          | 4,700                            | 3                     | -117                      | 178                 |
| Elettronica Santerno S.p.A.           | 8,163                                 | 1,017                                   | 79                                | -              | -                                | -                     | -                         | -                   |
| Elettronica Santerno Ind. e Com. Ltd. | -                                     | 118                                     | -                                 | -              | -                                | -                     | -                         | -                   |
| Santerno South Africa Pty Ltd         | -                                     | 115                                     | -                                 | -              | -                                | -                     | -                         | -                   |
| Santerno USA                          | -                                     | 541                                     | -                                 | -              | -                                | -                     | -                         | -                   |
| <b>TOTAL</b>                          | <b>8,163</b>                          | <b>3,979</b>                            | <b>2,233</b>                      | <b>2,823</b>   | <b>4,700</b>                     | <b>3</b>              | <b>-117</b>               | <b>178</b>          |

#### 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 December 2016, 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 2015-19 Business Plan.

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

In 2016, the Group continued implementation of the new 2016-19 Business Plan approved by the Board of Directors during 2015 and the only significant deviations of the results compared to the forecasts were due to the restructuring activities at the plant in Argentina and the deconsolidation of Elettronica Santerno.

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.

*In this press release, for a correct comparison and better understanding of the actual results of the period, adjustments of actual data have been highlighted. In particular, the adjusted data take account of transactions not related to ordinary operations, such as restructuring activities, which mainly concerned Carraro Argentina, the impairment of certain intangible assets and other non-recurring income and expenses. The proforma data take into account the effects of the deconsolidation of O&KA (for constant perimeter) due to the sale of a 55% stake which took place in 2015 and the effects of the deconsolidation resulting from the sale of 51% of Elettronica Santerno S.p.A. and its subsidiaries (for constant perimeter) in November 2016. The following alternative performance indicators are also used: 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 Working Capital of operations: difference between Trade Receivables, Net Inventories and Trade Payables in the balance sheet; 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.*

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

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

- **Drive systems**  
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 31.12.2016, it has 2,979 employees – of which 1,289 are based in Italy – and manufacturing facilities in Italy (4), India (2), China, Argentina, and Brazil. For additional information visit [carraro.com](http://carraro.com).

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**Attachments: extract of the Statement of Financial Position and Income Statement of the Statutory and Consolidated Financial Statements as at 31.12.2016**

## Carraro S.p.A. December, 31 2016

(Figures not audited by independent auditors)

### Balance Sheet (values in thousands Euro)

| IAS/IFRS  | Dec 31, 2016   | Dec 31, 2015   |
|---|----------------|----------------|
| <b>Fixed assets</b>   | <b>187.480</b> | <b>181.611</b> |
| Tangible  | 40.736         | 42.146         |
| Intangible  | 17.993         | 16.758         |
| Capital assets  | 540            | 540            |
| Investments   | 108.472        | 98.167         |
| Financial assets  | 6.349          | 5.733          |
| Deferred taxes assets   | 13.352         | 18.230         |
| Trade and other current receivables                           | 38             | 37             |
| <b>Current assets</b>   | <b>41.670</b>  | <b>43.684</b>  |
| Inventory   | 10.723         | 16.898         |
| Trade and other current receivables                           | 29.666         | 26.024         |
| Financial assets  | 989            | 269            |
| Liquid assets   | 292            | 493            |
| <b>Total assets</b>   | <b>229.150</b> | <b>225.295</b> |
| <b>Shareholders' equity</b>                                   | <b>52.659</b>  | <b>21.494</b>  |
| <b>Non current liabilities</b>                                | <b>80.278</b>  | <b>19.204</b>  |
| Financial liabilities   | 77.381         | 16.408         |
| Trade and other non current payables                          | 1              | -              |
| Deferred taxes liabilities                                    | -              | -              |
| Provision for indemnity, pension and similar                  | 2.695          | 2.794          |
| Provision for risks and contingencies                         | 201            | 2              |
| <b>Current liabilities</b>                                    | <b>96.213</b>  | <b>184.597</b> |
| Financial liabilities   | 41.632         | 128.525        |
| Trade and other current payables                              | 46.054         | 52.185         |
| Current taxes   | 2.204          | 95             |
| Provision for contingencies and obligations                   | 6.323          | 3.792          |
| <b>Total liabilities &amp; shareholders' equi<sup>i</sup></b> | <b>229.150</b> | <b>225.295</b> |
| <b>Management Net financial position</b>                      | <b>111.535</b> | <b>138.694</b> |
| <b>Cash flow</b>  | <b>2.704</b>   | <b>1.084</b>   |

### Income statement (values in thousands Euro)

|  | Dec 31, 2016   |              | Dec 31, 2015   |              |
|--|----------------|--------------|----------------|--------------|
| Revenues                                     | 142.863        |              | 146.191        |              |
| Cost of material                             | - 80.442       |              | - 85.710       |              |
| Services                                     | - 25.206       |              | - 21.790       |              |
| Leases                                       | -              |              | -              |              |
| Cost of personnel                            | - 24.535       |              | - 25.598       |              |
| Depreciations and writedown of Assets        | - 4.141        |              | - 4.933        |              |
| Writedown Of Receivables                     | - 59           |              | - 46           |              |
| Changes in inventories stock                 | - 6.175        |              | - 4.182        |              |
| Provision for risks and contingencies        | - 3.299        |              | - 2.838        |              |
| Other incomes / expenses                     | 3.267          |              | 4.884          |              |
| <b>EBIT</b>                                  | <b>2.273</b>   | <b>1,6%</b>  | <b>5.978</b>   | <b>4,1%</b>  |
| <b>EBITDA</b>                                | <b>6.414</b>   | <b>4,5%</b>  | <b>10.911</b>  | <b>7,5%</b>  |
| Incomes from investments                     | 6.468          |              | 1.904          |              |
| Financial incomes / expenses                 | - 7.162        |              | - 7.778        |              |
| Incomes / losses in exchange rates           | - 211          |              | 127            |              |
| Adjustments of the value of financial assets | - 895          |              | -              |              |
| <b>Net result before taxes</b>               | <b>473</b>     |              | <b>231</b>     |              |
| Income and deferred taxes                    | - 1.910        |              | - 4.080        |              |
| Net result divestment of the activities      | -              |              | -              |              |
| Minority interest                            | -              |              | -              |              |
| <b>Net Result</b>                            | <b>- 1.437</b> | <b>-1,0%</b> | <b>- 3.849</b> | <b>-2,6%</b> |

## Carraro Group December, 31 2016

(Figures not audited by independent auditors)

### Balance Sheet (Euro thousands)

| IAS/IFRS   | Dec 31, 2016   | Dec 31, 2015   |
|--|----------------|----------------|
| <b>Fixed assets</b>                                      | <b>266.976</b> | <b>293.525</b> |
| Tangible   | 150.849        | 163.828        |
| Intangible   | 61.117         | 70.702         |
| Capital assets   | 695            | 695            |
| Investments  | 18.561         | 16.552         |
| Financial assets   | 10.424         | 8.896          |
| Deferred taxes assets                                    | 21.780         | 29.796         |
| Trade and other current receivables                      | 3.550          | 3.056          |
| <b>Current assets</b>                                    | <b>219.099</b> | <b>286.499</b> |
| Inventory  | 90.665         | 118.086        |
| Trade and other current receivables                      | 72.918         | 88.683         |
| Financial assets   | 7.763          | 8.972          |
| Liquid assets  | 47.753         | 70.758         |
| <i>Assets held for sale</i>                              | -              | -              |
| <b>Total assets</b>                                      | <b>486.075</b> | <b>580.024</b> |
| <b>Total group shareholders' equity</b>                  | <b>46.821</b>  | <b>31.023</b>  |
| <b>Non current liabilities</b>                           | <b>177.802</b> | <b>199.208</b> |
| Financial liabilities                                    | 159.551        | 180.188        |
| Trade and other non current payables                     | 646            | 910            |
| Deferred taxes liabilities                               | 2.117          | 3.214          |
| Provision for indemnity, pension and similar             | 10.697         | 11.643         |
| Provision for risks and contingencies                    | 4.791          | 3.253          |
| <b>Current liabilities</b>                               | <b>261.452</b> | <b>349.793</b> |
| Financial liabilities                                    | 88.449         | 135.443        |
| Trade and other current payables                         | 151.441        | 190.944        |
| Current taxes  | 6.473          | 5.384          |
| Provision for contingencies and obligations              | 15.089         | 18.022         |
| <i>Liabilities held for sale</i>                         | -              | -              |
| <b>Total liabilities &amp; shareholders' equi</b>        | <b>486.075</b> | <b>580.024</b> |
| <b>Consolidated Net financial position of operation:</b> | <b>183.109</b> | <b>227.783</b> |
| <b>Cash flow</b>   | <b>18.336</b>  | <b>37.692</b>  |

### Income Statement (Euro thousands)

|  | Dec 31, 2016   | Dec 31, 2015   |
|--|----------------|----------------|
| Revenues                                     | 593.747        | 674.010        |
| Cost of material                             | - 339.617      | - 389.819      |
| Services                                     | - 94.579       | - 105.091      |
| Leases                                       | - 1.908        | - 4.599        |
| Cost of personnel                            | - 97.871       | - 125.063      |
| Depreciations and writedown of Assets        | - 27.423       | - 46.607       |
| Writedown Of Receivables                     | - 495          | - 2.301        |
| Changes in inventories stock                 | - 17.449       | - 11.356       |
| Provison for risks and contingencies         | - 10.270       | - 11.586       |
| Other incomes / expenses                     | 7.624          | 22.743         |
| <b>EBIT</b>                                  | <b>11.759</b>  | <b>331</b>     |
|  | <b>2,0%</b>    | <b>0,0%</b>    |
| <b>EBITDA</b>                                | <b>39.182</b>  | <b>46.938</b>  |
|  | <b>6,6%</b>    | <b>7,0%</b>    |
| Incomes from investments                     | - 14           | 22.825         |
| Financial incomes / expenses                 | - 11.444       | - 16.418       |
| Incomes / losses in exchange rates           | - 1.836        | - 4.471        |
| Adjustments of the value of financial essets | - 213          | -              |
| <b>Net result before taxes</b>               | <b>- 1.748</b> | <b>2.267</b>   |
| Income and deferred taxes                    | - 7.340        | - 11.373       |
| Minority interest                            | 1              | 191            |
| <b>Net consolidated result</b>               | <b>- 9.087</b> | <b>- 8.915</b> |
|  | <b>-1,5%</b>   | <b>-1,3%</b>   |