

CARRARO GROUP:**The Shareholders' Meeting approves the 2018 Financial Statements.**

- **Turnover reached 624 million Euros, up 3% compared to the previous year.**
- **Slight decrease in EBITDA, but net of non-recurring components, it remained stable compared to last year (54 million Euros).**
- **Net profit of 12.2 million Euros.**
- **The distribution of a dividend equal to € 0.13 per share paid from 17 April 2019 was approved.**

Campodarsego (Padua), 11 April 2019 – 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 2018.

*“The data recorded at the end of 2018 financial year show, for the second year running, a strong acceleration of the Group compared to what we had forecast in the Strategic Plan launched in September 2017. – writes **Enrico Carraro, Chairman of the Group, in his Letter to Shareholders** – Turnover thus continued to grow, reaching €624 million compared to €606 million in 2017 and margins remain at notable levels”.*

*“On the basis of the results achieved in 2017, supported by the good prospects for the following year, we accelerated our investments in Research and Development in 2018. It is precisely to accompany this acceleration that we have decided to invest heavily in the expansion of the Research Centre at Campodarsego: an area where the new prototyping lines will be located, which will also allow us to double the testing rooms, equipped with the latest technologies in order to evaluate all our products”, continues **Enrico Carraro**.*

Analysis of consolidated economic and financial data of 2018

2018 closed with excellent results and once again confirmed the Group's ability to respond concretely and promptly to market pressures. This success was possible thanks to meticulous attention to the manufacturing process and the strenuous ability to monitor fixed costs.

2018 closed with a turnover of 624 million Euros, up 3% compared to 606 million Euros in 2017.

EBITDA as at 31 December 2018 came to 51.9 million Euros (8.3% of turnover), down 5.8% compared to 55 million Euros (9.1% of turnover) in 2017. **2018 EBIT amounted to 31.3 million Euros (5% of turnover)**, down 7.2% compared to 33.7 million Euros (5.6% of turnover) in 2017.

Net of the non-recurring operating items, EBITDA and EBIT were essentially in line with the previous financial year, both in absolute terms and as a percentage of turnover.

In addition, it is worth noting that **margins for the year were also influenced by the decision to accelerate R&D costs compared to the plan for the amount of 2.6 million Euros.**

Consolidated net profit amounted to 12.2 million Euros (1.9% of turnover), slightly down compared to the 2017 profit, which amounted to 13.7 million Euros (2.3% of turnover).

Net of the effects of non-recurring operations and after the related tax effect (-765 thousand Euros in 2018 and 215 thousand Euros in 2017), **adjusted net profit increased compared to the previous year, reaching 13.6 million Euros** (compared to 13.7 million Euros in 2017).

Taxes as at 31 December 2018 amounted to a total of 5.4 million Euros (0.9% of turnover) compared to 7.6 million Euros (1.2% of turnover) in the previous year.

Investments of 27.9 million Euros were made in 2018, up by 80% compared to 15.6 million Euros in 2017, for the purchase of machinery for mechanical processing, plant modernisation, R&D development, with the doubling of the testing areas, and for the construction of the new semi-automated warehouse in Campodarsego.

Research and innovation expenses in 2018 amounted to 22.4 million Euros, 3.6% of turnover (compared to 21.9 million Euros in 2017, 3.6 % of turnover).

The consolidated net financial position as at 31 December 2018 was negative by 156.6 million Euros, worse than as at 31 December 2017 (-145.9 million Euros), in line with the figure as at 30 June 2018 (-156 million Euros).

The worsening compared to the previous year was due to the change in working capital following the increase in volumes. This change was largely absorbed in the second half of the year, thanks to the planned improvement activities, and also mitigated by the collection of the residual share of the investment in O&KA GmbH of 17 million Euros.

As at 31 December 2018, all the financial parameters envisaged by the banking contracts and by the bond issue regulations were complied with. Please note that the parameters of the bond issue are of the Incurrence Covenants type.

Dividend distribution

Following the proposal made by the Board of Directors, **the Shareholders' Meeting resolved to distribute a dividend of € 0.13 per share, with Ex Date on 15 April 2019 and Payment Date from 17 April 2019**. In this case, those who are Shareholders of Carraro SpA at the end of the accounting day of April 16, 2019 (*Record Date*) will be entitled to the dividend.

In this press release the following alternative performance indicators are 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, deducting, 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 2018 of 624 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 31.12.2018, the Group had 3,266 employees – of which 1,436 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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