

CARRARO GROUP:**First quarter 2019 results were analysed by the Board of Directors**

- **Consolidated turnover of 150.3 million euros**, a 4.6% slight decrease compared to 157.6 million euros recorded in the first quarter of 2018.
- **Consolidated EBITDA for the first quarter amounted to 14.5 million euros (9.7% of turnover)** decreasing in absolute value compared to 15 million euros (9.6% of turnover) in the same period of 2018 as a natural consequence of lower revenues, **but stable as a percentage of turnover**.
- **Net financial position of operations as at 31 March 2019 was negative for the amount of 157.2 million euros**, in line with both the value as at 31 December 2018 (156.6 million euros) and with that as at 31 March 2018 (156 million euros).

A modest reduction in volumes is confirmed for the first half of 2019 compared to the same period of the previous year but profitability is growing thanks to the efficiency activities implemented.

Campodarsego (Padua), 13 May 2019 – Carraro SpA, global leader in power transmission systems for off-highway vehicles and specialised tractors, disclosed today the Group's results for the first quarter of 2019.

*“The first three months of 2019, which recorded the stability of profitability despite a slight decline in turnover, highlight our ability to have implemented a flexible business model capable of creating value even in contexts that are not totally favourable. – said **Enrico Carraro, Group Chairman** – This is possible thanks to a highly efficient structure from the production point of view and to a careful plan to optimise overheads. Moreover, we remain confident regarding the solidity of the main target markets and in particular the visibility for the expected volumes in the construction equipment sector remains positive”.*

Target market: agriculture, earthmoving and construction equipment.

As far as the agricultural machinery sector is concerned, the first quarter of 2019 saw most of the trends already in place in 2018 confirmed. In particular, the Western Europe market reached a level of full agricultural mechanisation with the exception of specialised tractors (vineyard-orchard) that maintain a good level of demand. In China, the quarter ended with some sporadic signs of recovery, even though the demand for vehicles under 100 hp was still penalised. As regards India, which closed a record 2018, the first quarter saw weak signs of a slowdown and expectations for 2019 are for lower sales volumes compared to the previous year. The North American area drove the segment, improving compared to the same period of the previous year.

In the first quarter of 2019, the construction equipment sector confirmed the positive performance of 2018. The European market improved compared to the same period of the previous year, especially as regards the specialist compact machines (loaders and excavators). In North America, demand continued to grow, both for utility machines as well as larger machines, thanks to the significant infrastructure investments in progress. China confirmed significant growth in sales of construction equipment, again

focused on the two most popular vehicle types in this market: wheel-loaders (WL) and crawler excavators (CEX). As regards India, the true 2018 locomotive, the growth trend in the first quarter of 2019 continued, albeit at more limited levels, thanks to the continuation of large-scale infrastructure investments in progress.

Consolidated results as at 31 March 2019

The first quarter of 2019 closed with profitability that remained at good levels, unchanged compared to the first quarter of the previous year in terms of percentage incidence on turnover, despite the slight contraction in volumes. The Group continued with the R&D investment programs in consideration and in support of the new business acquired from customers.

Group condensed income statement / First quarter 2019

<i>amounts in €/000</i>	31.03.2019	% of turnover	31.03.2018	% of turnover	Var. %
Turnover	150.268		157.584		-4.6
EBITDA	14.512	9,7%	15.074	9.6%	-3.7

Revenues

Group consolidated turnover for the first quarter amounted to 150.3 million euros, a slight 4.6% decrease compared to 157.6 million euros recorded in the first quarter of 2018, due to a contraction in volumes.

EBITDA

Consolidated EBITDA for the first quarter amounted to 14.5 million euros, decreasing in absolute value compared to 15,0 million euros in the same period of 2018 as a consequence of lower volumes, but stable as a percentage of turnover (9.7% of turnover against 9.6% of turnover). The re-established correct flow of procurement and production efficiencies, together with the containment of overheads, allowed margins to improve.

Net Financial Position of operations

<i>amounts in €/000</i>	31.03.2019	31.12.2018	31.03.2018
Net financial position of operations	-157.233	-156,581	-156.022

The consolidated net financial position of operations as at 31 March 2019 was negative for the amount of 157.2 million euros, a result substantially in line with 31 December 2018 (156.6 million euros) and with 31 March 2018 (156 million euros), thanks to the prudent monitoring of net working capital. The trend is confirmed for the first half of 2019, even after payment of the dividend to shareholders.

It should be noted that the figures as at 31 March 2019, 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 the operating profit/(loss) of the income statement, amortisation and depreciation and impairment of fixed assets; EBIT: earnings before tax, interest and financial expenses, with no adjustments; Company net financial position: ESMA net financial debt established in compliance with that set forth in paragraph 127 of the recommendations contained within the document drawn up by ESMA, no. 319 of 2013, that implement the 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**

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 31.03.2019, the Group has 3,269 employees – of which 1,481 based in Italy – and manufacturing facilities in Italy (3), India (2), China, Argentina, and Brazil. For additional information visit carraro.com.

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