

## Carraro International SE: Group reorganisation project

**Campodarsego (Padua), 17 March 2020** - The Board of Directors of Carraro International SE has resolved to proceed with the **Group reorganisation operation activities** put in place by the parent company Carraro SpA **aimed at further supporting international growth**, that directly involve it and its affiliates Carraro Drivetech SpA and Carraro Drivetech Italia SpA.

Specifically, the reorganisation will mean the two companies directly controlled by Carraro SpA will be structured as follows: **Carraro Drivetech Italia SpA will take over Italian equity investments and business and the assets of Carraro International SE will include international equity investments**, thereby pursuing greater clarity and efficiency from an organisational and managerial point of view.

The final step of the reorganisation will see **Carraro International SE transfer its registered office to Luxembourg to benefit, in the whole Group's interest, from the significant market opportunities in terms of access to the international credit market and from the presence there of the main sector operators and institutions**. The basic objective is to optimise the Group's operations in an international and dynamic context, with more effective management of related costs to the benefit of the income statement and, in the medium term, to be able to adapt quickly and effectively to financial market changes, also through a direct presence in the area where the changes occur.

The reorganisation will be divided into the following interconnected operations:

- the simplified partial demerger of Carraro International SE with the bonds and related financial assets assigned to the parent company Carraro SpA (CINT Demerger);
- the partial, non-proportional (so-called asymmetric) demerger, of Carraro Drive Tech SpA, with the "Drivetech Italia" business unit assigned to the newly established Carraro *Drive Tech Italia* SpA (CDT Demerger);
- on completion of the aforementioned operations, Carraro Drive Tech SpA, as resulting from the CDT Demerger, will be merged by incorporation into Carraro International SE, as resulting from the CINT Demerger (Merger);
- on completion of all the aforementioned operations, and in any event with an effect subsequent to them, the Carraro International SE headquarters will be transferred to Luxembourg.

In the meantime, Carraro SpA has deemed it appropriate to request a consultation from the Agenzia delle Entrate (Revenue Agency) in relation to the tax treatment of some controversial aspects of the operation. Upon the outcome of the consultation, it will be possible to definitively determine the tax and financial burden of the operation as a whole and of the transfer of Carraro International SE in particular. Therefore, without prejudice to the strategic value of the entire reorganisation and in particular of the stages preceding the transfer, it cannot be excluded that it may be appropriate to reconsider the benefit of going ahead with the Transfer in light of the position taken by the financial administration through their response to the request for consultation.

However, the Boards of Directors of the Companies involved in the operation stressed that, even if it was decided not to go ahead with the Transfer, the benefit of carrying out the Demergers and Merger would remain, as they would bring about a significant improvement in the overall Group organisation.

With reference to the impact of the Reorganisation and in particular of the Demerger of Carraro International SE on the Carraro International SE bond issue, named "Senior Unsecured Fixed Rate Bonds denominated in Euro maturing on 31 January 2025 - ISIN: XS1747134564" it should be noted that:

- it is proposed that Carraro International SE will be substituted as the Issuer of the Bonds by Carraro SpA in accordance with Clause 13.2 of the Trust Deed in respect of the Bonds (the "**Substitution**") which provides that the Trustee may, without the consent of the Noteholders or Couponholders, agree to the substitution of the Guarantor in place of the Issuer as the principal debtor under the Trust Deed provided that certain formalities are complied with and confirmations delivered to the Trustee; Carraro International SE and Carraro SpA have confirmed that these formalities will be complied with and confirmations delivered to the Trustee at the requisite time. It is expected therefore that the Substitution will take place immediately after the expiration of the period of opposition of the creditors to the Demerger and Merger;
- by virtue of this Substitution, immediately after the agreement of the demerger deed relating to the CINT Demerger, Carraro SpA will become the Issuer of the bonds in all respects and will automatically cease to be its Guarantor; and
- except for the above, the reorganisation operation will, in the opinion of the Board of Directors of Carraro International on the basis of the opinion received from legal counsel, therefore have no other effect on the bond issue and the rights of bondholders.

Finally, we note that the plans relating to the operations have been approved by the Board of Directors today. The related documentation will be filed and made available to the public in accordance with the applicable rules.

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Carraro International provides financial, treasury and consulting services to subsidiaries, affiliates and to the parent company, in accordance with the approved policies and the strategic needs of the Carraro Group. The Company in particular, via its permanent establishment in Luxembourg, works to provide financial resources to the Carraro Group's European companies, whereas the Asian and South American companies source their funds from the local markets, utilising the strategic consulting services provided by Carraro International. Moreover, Carraro International coordinates the factoring activities of the Italian operating companies.

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