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Testo del comunicato

Vedi allegato

CARRARO

Press Release

CARRARO GROUP: Draft Financial Statements for 2024 Approved by the Board of Directors.

Achieved margin improvement despite the drop in volumes due to significant market downturn.

- **2024 consolidated revenues at 736.6 million Euros, a 12,96% decrease compared to 846.3 million Euros** as at 31.12.2023.

- **Consolidated EBITDA equals to 80.2 million Euros (10.9% of revenues)** showing an improvement in percentage terms and a slight decrease of 1.1% compared to 81.1 million Euros (9.6% of revenues) as at 31.12.2023; **adjusted EBITDA**, net of events not related to ordinary operations, **equal to 81.5 million Euros (11.1% of revenues).**

- **Consolidated EBIT equals to 53.2 million Euros (7.2% of revenues)** showing an improvement in percentage terms, although it decreased by 2.7% from 54.7 million Euros (6.5% of revenues) as at 31.12.2023; **adjusted EBIT**, net of events not related to ordinary operations, **equal to 54.5 million Euros (7.4% of revenues).**

- **Consolidated net profit strongly positive at €13.1 million (1.8% of revenues),** compared to a profit of €19.1 million (2.3% of revenues) as at 31.12.2023; net of events not related to ordinary operations and after related tax effects, **adjusted net profit amounts to €14 million (1.9% of revenues).**

- **Consolidated net financial position of operations as of 31.12.2024, negative at 131.4 million Euros,** significantly improved from 238.6 million Euros as at 30.06.2024, and also from 234.5 million Euros as at 31.12.2023, thanks to the listing of the Indian Subsidiary on the Mumbai Stock Exchange. The stake held in the Indian subsidiary has decreased by approximately 31.2%.

Campodarsego (Padua), 13 March 2025 – The Board of Directors of Carraro SpA, **world leader in transmission systems for off-highway vehicles and specialised tractors**, met today under the chairmanship of Enrico Carraro to examine the draft Financial Statements for 2024, which will be submitted to the Shareholders' Meeting convened for 16 April.

"We are pleased with the results achieved in 2024, despite a significant downturn in our target markets. – a commented **Enrico Carraro, Group Chairman** – *Thanks to our commercial strategy, the launch of new business initiatives, and investments in process and product technological development, we have managed to achieve our goal: improving profitability, with EBITDA growing both in absolute value and percentage terms. This is a significant result, demonstrating the effectiveness of the actions taken in recent years, during which we have focused on innovation to ensure increasingly efficient development of our production platform".*

"The first part of 2025 is still characterized by a challenging context, making it necessary to maintain a strong focus on supporting the Group's profitability. – added **Enrico Carraro** – *In the second half of the year, we will benefit from important phase-ins of new products that could generate a recovery in volumes, factors that should allow us to close the year with revenue growth compared to 2024. We believe that any new protectionist dynamics, which are not yet defined, should not have a significant impact on the current year's results".*

Analysis of consolidated economic and financial data of 2024

After a first half of the year in which the effects on Western markets were offset by the growth of new businesses (Automotive Axles and eTruck) and the excellent performance of Asian markets, the second half of 2024 saw a sharp decline in volumes. This was due to the downward revision of sales forecasts by our main European and North American customers in both the agricultural and earthmoving sectors.

The sudden production stoppage at our plant dedicated to INEOS Grenadier off-road axles, which had been fully aligned with forecasts in the first part of the year, was caused by an unforeseen interruption in our customer's supply chain. This had a negative impact on our activity levels, also affecting our suppliers. The decline in volumes was partially offset by the excellent performance of our business in China. At the EBITDA level, the negative impact of volumes was mitigated by actions to reduce product and structural costs, relocation of supplies, negotiations with suppliers, and general streamlining of production processes, thanks to investments made in recent years.

The listing of the Group's Indian subsidiary in December 2024 deserves special mention.

On 30 December 2024, Carraro India Pvt was listed on the Mumbai Stock Exchange with the sale of 17,755,681 shares for a value of 140,639 thousand Euros. The stake held in the Indian subsidiary decreased by approximately 31.2%.

Markets

Agricultural sector

In 2024, all regions of the world experienced a significant contraction in sales volumes of new agricultural machinery, uniformly across various markets and sectors. In particular, the drop in demand was more pronounced in the family farming and hobby farming segments, due to operators' difficulties in accessing credit, linked to the persistence of high interest rates and the reduction of sector incentives.

The **European market** recorded a significant drop in sales in 2024 compared to the previous year. The prices of agricultural raw materials progressively fell, impacting operators' incomes, who also had to bear much higher costs for fertilizers, lubricants, fuel, and irrigation due to the drought that affected vast areas of the continent. The European Union also reduced subsidies and incentives. In light of this, the propensity to renew the vast fleet of agricultural vehicles in Europe contracted. The increase in the cost of money also affected the dynamics, making investments more expensive.

North America experienced a decline in sales compared to the previous fiscal year, particularly pronounced in the second half. The hobby and family farming sector faced a significant contraction, leading to an increase in dealers' inventories. Additionally, demand decreased in the segment related to large plots of land as well as in the harvesting machinery sector, albeit to a lesser extent.

The **Turkish** agricultural market is slowing down, leading to an increase in the already high stock of existing vehicles both at dealers and manufacturers. After years of significant growth, registrations have declined in both the first and second half of the year, although the postponement of the introduction of new engine emission regulations (Stage V - from January 2025) has favored retail sales.

China is experiencing a slowdown in the sector, although there is a substantial shift in demand towards higher power machines, also due to local subsidies. Sales of machines under 100HP have significantly decreased in favor of more powerful machines above 200HP, a segment where the Carraro Group holds a leadership position. To make the best use of the large installed production capacities, the local market is increasingly orienting its activities towards export, pushing Chinese manufacturers towards significant technological improvements.

In **Japan** and **South Korea**, sales volumes in 2024 were in line with trends in other markets. Noteworthy is the ongoing development of alliances between Japanese and Indian OEMs to expand their respective sales territories.

In **India**, the first half of 2024 saw a slight contraction in sales volumes compared to the previous year. The positive effects of the Minimum Support Price (MSP) and stable raw material prices only partially supported operators in purchasing new agricultural machinery. These benefits were somewhat offset by the negative impact of the 2023 monsoon season on the early months of 2024 and above-average temperatures, which affected crop yields and hindered tractor sales in some areas of the country. The domestic demand for four-wheel-drive tractors continues to grow.

In **Latin America**, particularly in **Brazil**, sales deteriorated compared to the previous fiscal year, mainly due to difficulties in accessing credit and the insufficient size of incentives, such as the SAFRA plan. This significantly slowed the propensity to purchase new machinery, with the exception of orchard tractors.

Earthmoving and construction equipment

After an extremely positive three-year period in many regions of the world, 2024 has shown significant signs of slowdown, most notably in the private construction sector, both residential and commercial. The decline in sectors related to large-scale public works was less pronounced.

In **Europe**, the decline in demand was significant and varied depending on the specific sector. In particular, the German market exhibited strong signs of slowdown. The availability of vehicles at distributors reached its peak in the first part of the year and then began to decline in the second half. The actions taken by the ECB in the second half of the year to gradually reduce interest rates were not decisive in encouraging operators to demand new vehicles.

The **Turkish** construction market has been heavily affected by the ongoing economic crisis in the country, which has significantly reduced domestic demand. As a result, local manufacturers are increasingly turning to foreign markets.

In **North America**, the renewal of rental fleets has led to better performance compared to other regions of the world. However, distributor inventories have increased due to forecasts of a decline in purchasing propensity. In the latter part of the year, there was a slowdown in investments due to uncertainty regarding the upcoming elections and a lack of clarity about new economic policies.

China's domestic demand has further slowed, reaching significantly lower levels compared to the past. Similar to the agricultural sector, manufacturers have sought to balance excess production capacity by focusing on exports, which for the first time have surpassed the domestic market. Consequently, the local industry is partially shifting from heavy construction to "light construction" to support the maintenance needs of internal infrastructure.

In **India**, the demand for new vehicles has been satisfactory and in line with the previous year, partly due to the postponement of the introduction of new emission regulations to 2025, which led to an increase in sales in the latter part of 2024. The recent re-election of the outgoing government has provided continuity in internal infrastructure investments, positively impacting demand.

In **Latin America**, there has been a slight increase in demand following the significant reduction in 2023. However, volumes remain relatively low. There is still strong pressure on costs, partly due to the import of vehicles from China.

New Business Initiatives of the Group

Starting from 2023, the Group has strengthened its commitment to diversifying its target markets through two new initiatives related to the Maniago hub.

Automotive Off-Highway & e-Trucks Sector

Regarding the INEOS Grenadier project, the first half of 2024 saw the delivery of 22,000 axles, continuing the growth trend that began in 2023 and meeting volume expectations. However, the second half of the year experienced a sharp halt due to a shortage of critical components from a supplier, which forced the customer to stop production for several months. This issue was resolved towards the end of the year, allowing production to resume in the spring of 2025.

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In parallel, 2024 saw the start of series production and the consolidation of orders acquired in previous years with major OEMs in the sector of gear shafts and distribution gears for internal combustion engines for trucks. The year was also marked by the completion of further significant investments, strengthening the role of the Montereale Valcellina (PN) production site as a center of excellence in the high-volume gear market for the trucks sector.

Revenues

The 2024 fiscal year ended with a significant reduction in consolidated revenues, amounting to 736.6 million Euros, a decrease of 12.96% compared to 846.3 million Euros in the previous fiscal year. Regarding the Drivelines & Components Business Area (DriveTech), revenue declined by 8.60% compared to 2023, while the Vehicles Business Area (Agritalia) saw a reduction in revenues of 29.43%. This contraction is attributable to the sharp decline in both the agricultural and construction equipment markets.

Geographically, **India** showed a slight improvement (+1.23%) and confirmed its position as the top foreign market, ahead of **China**, which recorded a significant increase of 50.5%, and the group's historical market, **North America** (down by -12.5%).

The breakdown of revenues by business areas is the following:

	REVENUES			REVENUES TO THIRD PARTIES			INTRA-GROUP REVENUES		
(Euro thousands)	**2024**	**2023**	**Diff %**	**2024**	**2023**	**Diff %**	**2024**	**2023**	**Diff %**
DRIVETECH	637.461	697.479	-9%	581.421	635.776	-9%	56.040	61.703	-9%
AGRITALIA	126.894	179.806	-29%	123.191	176.528	-30%	3.703	3.278	-13%
UNALLOCATED REVENUES	63.628	69.814	-9%	31.983	33.995	-6%	31.645	35.820	-12%
TOTAL SEGMENTS	**827.983**	**947.099**	**-13%**	**736.595**	**846.299**	**-13%**	**91.388**	**100.801**	**-9%**
INTRA-GROUP ELIMINATIONS	-91.376	-100.801	-9%	-	-		-91.388	-100.801	9%
CONSOLIDATED TOTAL	**736.607**	**846.298**	**-13%**	**736.595**	**846.299**	**-13%**	**-**	**-**	

Intragroup revenues refer to revenues made between companies belonging to different business areas (specifically the Drivelines & Components Business Area (DriveTech) and the Vehicles Business Area (Agritalia)).

The breakdown of revenues by application sectors is the following:

(valori in migliaia di Euro)	**31.12.2024**	**%**	**31.12.2023**	**%**
CONSTRUCTION EQ.	305.148	41,43%	319.522	37,76%
AGRICULTURE	280.085	38,02%	375.190	44,33%
SPARE PARTS	65.125	8,84%	62.635	7,40%
AUTOMOTIVE	56.175	7,63%	49.204	5,81%
MATERIAL HANDLING	11.198	**1,52%**	15.066	**1,78%**
OTHER	18.876	2,56%	24.681	2,92%
Totale	**736.607**	**100,0%**	**846.298**	**100,00%**

EBITDA and EBIT

Regarding profitability, despite the aforementioned market turbulence, the Carraro Group has significantly counterbalanced the effects of the revenue decline through important actions implemented since 2023 to reduce product costs. Additionally, the stabilization of industrial capacity and the efficiency improvements in production facilities, achieved through recent investments in highly technological machinery, have played a crucial role. All these mitigation actions have allowed the Carraro Group to maintain a positive profitability result, with only a slight contraction in absolute terms compared to the previous fiscal year, but an increase in percentage terms relative to revenue.

As of December 31, 2024, the EBITDA stands at 80.2 million Euros (10.9% of revenues), showing an improvement in percentage terms but a slight decrease of 1.1% compared to 81.1 million Euros (9.6% of revenues). **The EBIT for 2024 amounts to 53.2 million Euros** (7.2% of revenues), reflecting an improvement in percentage terms despite a reduction of 2.7% compared to 54.7 million Euros (6.5% of revenues) in 2023.

EBITDA and EBIT for 2024 were impacted by events not related to ordinary operations amounting to 1,289 thousand Euros, primarily due to provisions needed to cover the costs of early retirement agreements signed during the year.

***GROUP** (Euro thousands)*	**31.12.2024**	***% on revenues***	**31.12.2023**	***% on revenues***
EBITDA	80,216	10.9%	81,069	9.6%
EBITDA ADJ	81,505	11.1%	81,069	9.6%
EBIT	53,238	7.2%	54,719	6.5%
EBIT ADJ	54,527	7.4%	54,719	6.5%

Net profit

The 2024 fiscal year ended with a profit of 13.1 million Euros (1.8% of revenues), a decline compared to the 2023 result of 19.1 million Euros (2.3% of revenues).

Net of the events not related to ordinary operations mentioned earlier, and the related tax effect, the adjusted net result for the year would be as follows:

GROUP *(Euro thousands)*	**31.12.2024**	***% on revenues***	**31.12.2023**	***% on revenues***
NET INCOME	13,085	1.8%	19,086	2.3%
NET INCOME ADJ	14,015	1.9%	19,086	2.3%

Investments

In 2024, investments amounting to 42.4 million Euros were made for the purchase of machinery and the maintenance, efficiency, and modernization of plants, a decrease compared to 49.5 million Euros in 2023. It is worth noting that 2023 saw the Group significantly accelerate investments to increase the production capacity needed to support portfolio objectives and the acquisition of a plant by SIAP, as well as the initiation of new production lines and highly technological machinery.

Research and Innovation

In 2024, the financial commitment to product and process R&D activities was approximately 3.62% of revenues, slightly higher in percentage terms compared to the 2023 value (3.54%) and in line with expectations.

Consolidated Net Financial Position of Operations

From a financial management perspective, it is noted that the consolidated net financial position of operations as of December 31, 2024, was in debt by 131.4 million Euros, compared to 234.5 million Euros in debt as of December 31, 2023. This was negatively impacted by the drastic reduction in revenue, particularly in the last four months, which created tension on inventories, especially regarding goods in transit. However, a positive balance was achieved thanks to the successful sale of shares of the Indian subsidiary.

Performance by Business Area

The Drivelines & Components Business Area (DriveTech) recorded total revenues of 637.5 million Euros in 2024, compared to 697.5 million Euros for the same period in 2023, marking a decrease of 8.6%, primarily due to reduced volumes in the agricultural sector. Revenue from third-party customers, which represents 91.2% of total revenues, amounts to 581.421 million Euros compared to 635.776 million Euros in the previous year (91.2% of total revenues), with a decrease of 8.5%. Compared to 2023, the utilization of production capacity has significantly improved, despite lower volumes, especially in Italy. The production of axles for the off-road "INEOS Grenadier" reached a higher output level than the previous year, although it did not meet expectations in the second half of the year due to the customer-imposed halt mentioned earlier.

Of notable importance is the commissioning of the new Montereale Valcellina plant dedicated to the production of gears for the truck segment, which strengthens the Group's already established presence in the heavy-duty gears market.

The Vehicles Business Area (Agritalia) closed 2024 with a revenues of 126.9 million Euros (2,946 tractors), down from 179.8 million Euros (4,015 tractors) in the previous year, confirming the forecasts of a significant slowdown in traditional markets.

Business outlook

2025 continues to show a clear weakness in the Group's traditional reference markets (Agricultural and Construction Equipment), particularly in the first part of the year, as well as in the Automotive sector. This maintains high pressure on production and fixed costs to sustain the Group's overall profitability. In the second half of 2025, the Group expects to benefit from some phase-ins and a general recovery, factors that should lead to an increase in revenue and thus compensate for the negative effects recorded in the first part of the year.

It remains crucial to continuously develop an investment plan that aligns with business strategies in Europe and Asia, with particular attention to financial dynamics and cash generation.

For a better understanding of the figures relating to 2024, adjusted figures will be highlighted. Specifically, the adjusted figures will take into events not related to ordinary operations and Exceptional Items.

This document uses certain "alternative performance indicators" not provided for by IFRS accounting principles:

- EBITDA: defined as the sum of operating profit from the income statement, depreciation (including any adjustments), and impairment of fixed assets. The directors consider EBITDA to be an alternative performance indicator useful for understanding the Group's operating result.

- EBIT: defined as operating profit from the income statement. The directors consider EBIT to be a significant indicator for understanding the Group's operating result.

- NET FINANCIAL POSITION OF OPERATIONS: ESMA Net Financial Debt determined in accordance with the recommendations contained in the document prepared by ESMA, no. 32-382-1138 of 2021, net of, where applicable, non-current financial receivables and assets, as well as the effects deriving from the application of IFRS 16. The directors consider the net financial position to be a relevant indicator for representing the Group's overall debt situation.

Carraro (**www.carraro.com**) is a **leading international Group in transmission systems for off-highway vehicles and specialised tractors.** The Group's activities are divided into **two Business Areas:**

- **Transmission systems** (axles and transmissions) and components mainly for agricultural and construction equipment; gears for very diverse sectors, from the automotive industry to material handling, agricultural applications and construction equipment.

- **Specialised tractors** (for vineyards and orchards, between 60 and 100 horsepower) for third-party brands and engineering services for the design of innovative tractor ranges.

The Group has its headquarters in Campodarsego (Padua). As at **31.12.2024, the Group had 3,623 employees – of which 1,652 based in Italy –** and has manufacturing facilities in Italy (4), India, China and Argentina.

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Attachments:
Extract of the Consolidated statement of Financial Position and Consolidated Income Statement as of 31.12.2024

Carraro Group December, 31 2024

(Figures not audited by independent auditors)

Consolidated Statement of Financial Position

IAS/IFRS - *(amounts in Euro thousands)*	31.12.2024	31.12.2023
Total non-current assets	**411,456**	**397,328**
Property, plant and equipment	273,540	253,451
Intangible fixed assets	106,828	110,832
Real estate investments	870	833
Equity investments	4,204	4,273
Financial assets	420	304
Deferred tax assets	20,954	22,199
Trade receivables and other receivables	4,640	5,436
Current assets	**543,342**	**462,938**
Closing inventory	151,337	146,892
Trade receivables and other receivables	90,309	114,541*
Financial assets	1,172	1,029
Cash and cash equivalents	300,524	200,476
Assets held for sale	*14,006*	*8,163*
Total assets	**968,804**	**868,429**
Total shareholders' equity	**216,466**	**100,090**
Non current liabilities	**447,468**	**458,095**
Financial liabilities	398,487	410,465
Trade payables and other payables	11,399	9,831
Deferred tax liabilities	23,114	24,613
Provisions for employee benefits/retirement	9,714	8,300
Provisions for risks and liabilities	4,754	4,886
Current liabilities	**296,083**	**302,852**
Financial liabilities	40,967	31,484
Trade payables and other payables	233,432	239,981*
Current tax payables	4,532	9,059 *
Provisions for risks and liabilities	17,152	22,328
Liabilities held for sale	*8,787*	*7,392*
Total Shareholders' Equity And Liabilities	**968,804**	**868,429**
Net financial position of operations	**131,445**	**234,451**

(*)*The data as of December 31, 2023, has been restated to provide a clearer presentation of certain items.*

Carraro Group December, 31 2024

(Figures not audited by independent auditors)

Consolidated Income Statement

IAS/IFRS - *(amounts in Euro thousands)*	31.12.2024		31.12.2023	
Revenues from sales	736,607		846,298	
Purchases of goods and materials	- 449,648		- 525,970	
Services	- 97,923		- 117,827	
Use of third-party goods and services	- 49		- 97	
Personnel costs	- 116,415		- 110,167	
Amortisation, depreciation and impairment of fixed assets	- 26,978		- 26,350	
Impairment of receivables	- 2,398		- 556	
Changes in inventories	2,979		- 7,381	
Provision for risks and other liabilities	- 3,585		- 10,178	
Other income and expenses	10,024		6,558	
Internal construction	624		389	
Operating profit/(loss) - EBIT	**53,238**	**7.2%**	**54,719**	**6.5%**
Income and expenses from equity investments	-		-	
Financial incomes / expenses	- 23,447		- 20,845	
Net gains/(losses) on foreign exchange	- 868		579	
Value adjustments of financial assets	- 56		-	
Income (charges) from hyperinflation	-		-	
Profit/(loss) before taxes	**28,867**		**34,453**	
Income and deferred taxes	- 13,714		- 7,804	
Net operating result from disposals	- 2,103		- 6,262	
Minority interests	35		- 1,301	
Group consolidated profit/(loss)	**13,085**	**1.8%**	**19,086**	**2.3%**
EBITDA	**80,216**	**10.9%**	**81,069**	**9.6%**
ADJUSTED EBITDA	**81,505**	**11.1%**	**81,069**	**9.6%**

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