

RELEVANT FACT
CARBURES EUROPE, S.A.
April 4, 2017

In accordance with Article 17 of the Regulation (EU) n° 596/2014 about market abuse and Article 228 of refunded text 228 of Stock Market Law, approved by the Royal Legislative Decree 4/2015, of October 23, and concordant provisions, as well as in Circular 15/2016 of Alternative Stock Market (MAB), we provide the following information:

Board of Directors of Carbures, at its meeting held on March 31, formulated the individual and consolidated annual accounts for the year 2016. Due to the criterion used for the consolidation of the accounts, it will not include figures corresponding to the Grupo Profesional Planeación y Proyectos, S.A. de C.V. ("PYPSA") and Harbin Carbures Guanglian Aeronautic Composite Material Co., Ltd. ("Harbin"), consolidated in accordance with the regulations in force as a holding company for sale, the first and by the equity method, Harbin, so that its sales and costs are not included in the Group's EBITDA.

According to the accounts made, at the level of divisions, the degrees of compliance have been the following:

	EUR'000		
	2016	Budget	Degrees of compliance
Revenue-			
Aerospace	37.979	35.977	105,6%
Mobility	33.321	36.395	91,6%
Civil work	1.053	269	391,5%
Total revenue	72.353	72.641	99,6%
PYPSA and Harbin	3.093	8.533	36,3%
EBITDA-			
Aerospace	3.754	4.513	83,2%
Mobility	1.283	1.389	92,4%
Civil work	5	(147)	n/a
Corporative	(4.909)	(5.275)	93,1%
Total EBITDA	133	480	27,7%
PYPSA and Harbin	(1.499)	(348)	430,7%

That although the individual and consolidated annual accounts will be published in a timely manner in accordance with the legislation in force, the Company hereby informs the market that according to its consolidated annual accounts:

1.- It closed the year with a consolidated turnover of 72.3 million euros, which

represents a growth of 11% compared to last year 2015 and a degree of compliance of 99.6% of projections published for 2016 on 28 June.

2.- It closed the year with a positive EBITDA of 133 thousand euros, which represents a very significant improvement on the negative EBITDA of -6,881 thousand euros of the past financial year 2015 and a difference of 347 thousand euros on the projections Published for 2016 on 28 June, which included an EBITDA of 480 thousand euros, as explained in point 6.

3.- The Aerospace & Defense division has exceeded the forecast contained in the business plan as a result of the positive performance of the aeronautical parts production plants in Jerez and Illescas and the obtaining of new contracts in the engineering and development activities Of systems carried out by the subsidiary Carbures Defense, SAU, achieving total sales of 37.9 million euros, which represents 105.6% of the target set in the Business Plan. At the EBITDA level, the year ended with a figure of 3.7 million euros, 83.2% of the amount forecast, not fully reaching the objective due, mainly to two reasons, firstly to have capitalized less than expected, and secondly, that the recognition of revenues of € 401 thousand, corresponding to the 2016 annuity, of subsidies linked to three research and development projects Received the final certification from the granting body.

4.- In the same way, Mobility has fulfilled in 91.6% the sales forecasts for 2016 and in 92.4% the forecasts of EBITDA. In this division, Carbures Machinery, which represents more than 80% of the division's turnover, is particularly noteworthy, with compliance levels above 90% and a notable growth compared to the previous year.

5.- The figures of the Civil Work division include revenues accrued in 2016 corresponding to two projects for the execution of infrastructures in composite materials, both started in Spain in the last quarter of the year. In addition, certain revenues from engineering work invoiced in Mexico are also collected under the existing framework agreement with Pemex, which has led the division to exceed its sales forecast and to close the year with a balanced EBITDA.

6.- As result before depreciation of interests and taxes (EBITDA), the Group will close the year 2016 with a consolidated EBITDA of 133 thousand euros compared to a forecast of 480 thousand euros in the business plan, based on figures Comparable figures excluding PYPSA and Harbin figures. This EBITDA figure represents a substantial improvement over the negative EBITDA of -6,881 thousand euros in the previous year. Likewise, it should be noted that EBITDA in the second half of 2016 was 1,619 thousand euros, compared to -1,486 thousand euros in the first half of the year, which significantly reinforces the improvement trend.

7.- Deviations at the level of sales and EBITDA of non-consolidated companies, PYPSA and Harbin, correspond to different reasons. In the first case, there has been a considerable delay in the allocation of work orders by its main client, PEMEX, under the framework agreement between the two companies. These work orders will be awarded throughout 2017 and early 2018 until completion of the total execution of the amount provided in the contract. Harbin, for its part, has been delayed starting its manufacturing activity until finalizing the investment in the production plant and obtaining the certification of Airbus, which was achieved in January 2017.

8.- Carbuers wishes to clarify that the consolidation criterion used for the preparation of the annual accounts is not the same as the one employed for the preparation of the Business Plan published on June 28, since these figures did include those registered by PYP SA and Harbin for Which, in order to facilitate comparability with the forecasts published in the aforementioned Relevant Fact, the distribution of sales of the group would be presented in the following table:

	Eur'000		
	2016	Budget	Degrees of compliance
Consolidated turnover	72.353	72.641	99,6%
Less- PYP SA and Harbin revenues	3.093	8.533	36,3%
Turnover according RF 28.06	75.446	81.174	92,9%

The figures by division and comparable to the RF, always clarifying that this criterion will not be used for the consolidation of the annual accounts, would be:

	Eur'000		
	2016	Budget	Degrees of compliance
Revenues-			
Aerospace	38.071	36.749	103,6%
Mobility	33.321	36.395	91,6%
Civil Works	4.054	8.030	50,49%
Total revenues	75.446	81.174	92,9%
EBITDA-			
Aerospace	3.202	3.985	80,35%
Mobility	1.283	1.389	92,4%
Civil Works	(942)	34	n/a
Corporative	(4.909)	(5.275)	93,1%
Total EBITDA	(1.366)	132	n/a

Finally, with respect to the scope of the liquidity position, the Company contemplated a series of measures focused on strengthening the Group's treasury position, including a refinancing agreement with financial institutions as well as A capital increase. In this regard, on December 29, 2016, the Group entered into a refinancing agreement amounting to € 13.8 million with its main financial entities, which allows it to extend the maturities in 6 years and to improve the interest rate. In addition, with a date after the close of the financial year, on February 9, 2017, the General Meeting of Shareholders agreed to approve, with certain creditors, the liquidation of its credits for the amount of 55 million euros through a capital increase for compensation of credits. All these factors have led to an improvement of 55 million euros in the company's own resources as well as an

improvement in the consolidated maneuver fund for the amount of 67 million euros. Apart from all this, it should be clarified that the capital increase by offsetting of credits will not have effect in the figures of December 31, 2016 as a fact after the end of the year.

In accordance with current legislation, the Company will publish its annual and consolidated financial statements for the year ending December 31, 2016, together with the economic report, which will explain in detail the evolution of the year.

El Puerto de Santa María, 4 April 2017.

CARBURES EUROPE, S.A.
Guillermo Medina Ors
Non-executive Secretary of the Board