

RELEVANT FACT
CARBURES EUROPE, S.A.
March 22, 2018

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:

The Board of Directors of Carbures, at its meeting on March 21, has formulated the individual and consolidated annual accounts for the year 2017. Thus, through this relevant fact, an advance is reported on the main financial magnitudes reached by the Company during the fiscal year 2017 and its degree of compliance with respect to the Business Plan published on 06/28/2016.

The relevant fact was prepared based on accounting and financial information formulated by the Board of Directors, whose review is being carried out by the auditors, being close to the end of their work. However, this information does not substitute or in any way equate to the publication of financial information provided in Circular 15/2016. The Company will publish, within the terms established in the aforementioned circular, its individual and consolidated audited annual accounts for the year ended December 31, 2017, together with the financial report, in which the evolution of the year will be explained in detail.

With respect to the annual accounts presented for the year 2016, it should be mentioned that, by virtue of the agreement of the Board of Directors of June 29, 2017 (disclosed to the market through a relevant fact that same day), the subsidiary "Grupo Profesional Planeación y Proyectos, SA de C.V. (" PYPSA ")", belonging to the Civil Works business line, ceased in its condition as a company held for sale and discontinued operation. This decision was taken by the Board of Directors due to the improvement of the crude market conditions and the new expectations of the company. Therefore, in the financial statements for the year 2017, the financial information of the aforementioned subsidiary is presented without considering it as an interrupted transaction.

According to the annual accounts formulated for the year 2017:

1.- The year ended with a consolidated turnover of 79.868 thousand euros, representing a growth of 10.4% compared to the 72.353 thousand euros reported the previous year (which would be 7.4% considering the turnover of PYPSA as a continuing operation in 2016) and a degree of compliance of 77.9% with respect to the Business Plan published.

2.- The year ended with a recurring EBITDA¹ of 2.282 thousand euros, which

¹ Recurring EBITDA: Same criterion as used in the first half of 2017. Does not include non-recurring expenses associated with the operational restructuring and restructuring of the Mobility division, banking refinancing carried out in 2017, costs associated with the exit project quotation to the Continuous Market and other non-recurring costs such as those derived from legal processes that the Company maintains. See calculation and conciliation at the end of this Relevant Event.

represents a significant improvement over the EBITDA of 133 thousand euros reported in 2016 (which would have been negative of 2.361 thousand euros considering PYPSA as a continuing operation in 2016) and a degree of compliance of 27.5% with respect to the Business Plan.

3.- Analysis by business line:

- **Aerospace & Defense:** The business line has contributed significantly to the turnover of the group with 33.423 thousand euros, representing 41.8% of the group's total revenues and a compliance level of 71.2% respect Business Plan published. In comparison with 2016, the division has seen its revenues decrease. This decrease was mainly due to two reasons: The decrease in orders for the Airbus A380 model and the absence of new program awards during the debt refinancing process. Both difficulties have been resolved satisfactorily for the next year by diversifying the customer portfolio, increasing the workload after receiving orders for the Airbus A380 model made by different airlines and the successful completion of the process. refinancing (announced by relevant fact on June 1).

In terms of EBITDA, the division reached a recurring EBITDA of 1.566 thousand euros, which represents a 22.4% degree of compliance with the Business Plan.

- **Mobility:** The automotive division has increased its income by 19.3%, reaching 39.763 thousand euros, that is, 94.2% compliance with the Business Plan. During 2017, Mobility contributed to the group's turnover with 49.8% of the turnover. This increase is mainly due to the vanguard technology offered by the division to its customers through the inclusion of collaborative robots and artificial vision in its production lines. In addition to achieving a historical record in terms of orders (*purchase orders*) received to deliver in 2018, Carbures Machinery proceeded to open two new production plants: Poland and China.

The business line reached a recurring EBITDA of 2.493 thousand euros, which means a degree of compliance of 68.1%.

- **Civil Works:** The division managed to achieve an income of 6,682 thousand euros, which represents a 50% degree of compliance. In terms of EBITDA, Civil Works closed the year with a recurring EBITDA of 451 thousand euros, a 27.1% degree of compliance. Thanks to its good evolution, the civil works business line has been the one that has grown the most during 2017.

In terms of structural costs, expressed as "Corporate" in the Business Plan, the Company had a negative recurring EBITDA of 2.228 thousand euros, that is, a positive deviation of 44.3% with respect to the provisions of the Business Plan.

Additionally, the Company closed 2017 with a net debt of 60.223 thousand euros (of which 18.223 thousand euros are with banks), which means a reduction of 43% over the 106.292 thousand euros at the close of the year. of 2016.

Reconciliation between EBITDA and Recurring EBITDA

During 2017 Carbures incurred non-recurring costs mainly derived from the corporate

restructuring processes, the refinancing of its debt and the reorganization and restructuring plan of the Mobility business, carried out during the final part of 2017. Additionally, costs associated with the project to go to the Continuous Market and other non-recurrent costs derived from legal processes have been incurred.

(in thousands of euros)

Recurring EBITDA	2.282
% Sales	2.9%
Non-recurring expenses incurred in FY17	(4.053)
Costs for corporate restructuring and refinancing	(2.301)
Restructuring Plan Costs in Mobility	(1.303)
Results of companies that leave the perimeter	(449)
EBITDA FY 2017	(1.771)

The non-recurring costs have been:

1. Costs of corporate restructuring, refinancing and exit process in the continuous market: 2.301 thousand euros
 - Costs related to restructuring processes and initiatives (including non-recurring compensation) with the objective of positioning themselves optimally to achieve sustained and profitable growth in the coming years.
 - Costs related to the debt refinancing process with its main banks and to increase capital by conversion of convertible debt, including advisory costs and professional services (legal, financial, etc.).
 - Advisory costs in relation to the quotation process in the Continuous Market.
 - Non-recurring costs of legal advice derived from different legal processes that the Company maintains.
2. Costs of the "Restructuring Plan in Mobility": 1.303 thousand euros
 - As part of the operational restructuring plan of the Mobility division, specifically in Automotive, extraordinary non-recurring costs derived from this initiative have been incurred. The main pillars of this initiative consist of an internal reorganization of certain production centers, reduction of staff, reduction of indirect structure costs and reorganization of *back-office* functions.
3. Results of companies that leave the perimeter: 449 thousand euros
 - On January 6, 2017, Carbures proceeded to the liquidation before the Commercial Registry of Portugal of the fully owned company Universidad de la Tecnológica Carbures, Lda. As a result, this company was derecognized from the consolidation perimeter of the Group, which has caused an expense for the loss of control amounting to 449 thousand euros, which has no cash impact.

In El Puerto de Santa María, on March 22, 2018.

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