

Landi Renzo: Board of Directors approves results at 31 December 2015

- Turnover equal to €205.5 million (€233.2 million at 31 December 2014)
- EBITDA adjusted for non-recurring expenses equal to €5.8 million (equal to €18.3 million at 31 December 2014), with EBITDA negative €1.3 million net of non-recurring expenses.
- EBIT adjusted for non-recurring expenses and goodwill impairment, without cash outflows, negative €9.7 million (€2.8 million at 31 December 2014), with EBIT negative €26.9 million, net of these expenses and impairment losses
- A net loss of €35.3 million was recorded (compared to a net loss of €1.8 million at 31 December 2014). This result is also affected by an impairment of receivables for deferred tax assets which, although not involving cash outflows, is equal to €6.4 million.
- Net indebtedness negative €59.5 million (negative €72.1 million at 30 September 2015)
- Proposal to renew authorisation to purchase and sell treasury shares
- Call of the Shareholders' Meeting

Cavriago (Reggio Emilia), 14 March 2016

The Board of Directors of Landi Renzo, meeting today, chaired by Stefano Landi, have approved the draft financial statements and consolidated financial statements at 31 December 2015.

Stefano Landi, Chairman and CEO of Landi Renzo, stated: *“2015 was marked by a considerable drop in oil prices which has also continued into the first few months of 2016. This has had a major impact, which is still affecting the sector.*

The alternative fuels market has slowed down, although it still offers interesting prospects with new projects from car manufacturers and the natural gas projects that governments in a number of countries are undertaking.

The advantage of natural gas and LPG as transport fuels for the future, because of their lower environmental impact, went from strength to strength in 2015 when - continued Landi - the difficulties of conventional fuel engines complying with emission standards became evident.

We therefore believe we must support appropriate investments to make the most of these opportunities, continuing the important job of recovering operating and organisational efficiency that the Group is pursuing with conviction and strong determination. The aim is to regain an economic and financial balance in as short a time as possible, despite the unfavourable economic climate at present.”

Financial highlights at 31 December 2015

Turnover was equal to €205.5 million, compared to €233.2 million at 31 December 2014: this result was achieved in a scenario marked by a major and sudden fall in oil prices, which went down by around 30% during the second half of 2015 alone, with a direct impact on conventional fuel prices, which in turn meant fewer financial benefits by using LPG and natural gas vehicles.

Adjusted EBITDA amounted to €5.8 million (€18.3 million at 31 December 2014): the change is mainly due to lower sales volumes, greater price pressures as well as a less favourable product mix for the After Market segment, which has higher margins, in the period.

Unadjusted EBITDA was negative €1.3 million. This result was affected by the above factors and by some non-recurring restructuring expenses targeting a reduction in and optimisation of main structure costs, in

particular, concerning personnel and operations. These activities produced the first positive effects on margins at the end of 2015 and will continue to do so in years to come.

Adjusted EBIT was negative €9.7 million (compared to €2.8 million at 31 December 2014), after amortisation, depreciation and impairment equal to €15.4 million.

Unadjusted EBIT was negative €26.9 million. Impairment, for €10.2 million, relative to the goodwill of some subsidiaries affected this result. This impairment had no monetary impact as indicated by net indebtedness which improved considerably in the last quarter, compared to the figure at September 2015.

A **loss before taxes** of €32.7 million was recorded (compared to a loss of €0.1 million at 31 December 2014). The consolidated financial statements of the Landi Renzo Group reported a negative **Net Result** of € 35.3 million after accounting for non-recurring costs of € 7.1 million related to the reorganization of the industrial sector and human resources, Euro 10.2 million for impairment of goodwill and € 6.4 million for adjustment of deferred tax assets based on recoverable value based on the results of the business plan..

Net indebtedness was negative €59.5 million compared to €72.1 million at 30 September 2015 and €47.2 million at 31 December 2014.

Analysis of turnover

Areas of activity

Revenues from the **Gas Sector** amounted to €185.1 million, compared to €211.5 million at 31 December 2014. In particular:

- revenues from sales of *Car systems (LPG and Natural Gas)* were equal to €161.7 million (€185.8 million at 31 December 2014); the change is mainly due to the reduction in revenues from the After Market segment as well as the slowdown in the car makers due to the transition from Euro V to Euro VI platform;
- revenues from sales of *Distribution Systems* totalled €23.3 million (€25.7 million at 31 December 2014), the change is attributable to the fall in sales in some geographic segments, due to contingent geopolitical situations.

Revenues from **Other sectors** (*Alarms, Sound, Robotics, Oil&Gas and other*) were equal to €20.5 million (€21.7 million at 31 December 2014).

Geographic segments

Turnover from **international markets** was equal to €163.8 million and accounted for 79.7% of total turnover (€190.6 million at 31 December 2014, equal to 81.8% of total turnover) confirming the strong international mind-set that has always characterised the Landi Renzo Group.

- Turnover from **Italy** was equal to €41.7 million (€42.7 million at 31 December 2014). The change is mainly due to a general downturn in car conversions, partially offset by an increase in sales of compressors for natural gas filling stations and oil and gas plants.
- In **Europe**, turnover amounted to €84.3 million, down on the figure at 31 December 2014 (€103.9 million), due to the decrease in conversions on some East European markets, as well as a temporary slowdown in supplies to a major OEM customer, because of delays in the launch of a new platform.
- In **America**, sales totalled €43.4 million, up by 10.9% (€39.1 million at 31 December 2014), due to higher sales on the North American market.
- In **Asia and the Rest of the World**, turnover was equal to €36.1 million (€47.5 million at 31 December 2014). This downturn is mainly due to a negative market trend in some geographic segments including Thailand and Pakistan. Sales performance on the Iranian market was good, boosted by a gradual easing of international tensions, and by developments in activities in the Middle East.

Highlights of Landi Renzo SpA at 31 December 2015

Turnover was equal to €82.5 million, down by 13.4% compared to 2014 (€95.2 million).

EBITDA was negative €10.8 million (negative €2.0 million in 2014) after non-recurring expenses of €5.7 million.

EBIT was negative €21.7 million (negative €10.3 million in 2014), after amortisation and depreciation of €10.8 million of which €3.9 million of amortisation for intangible assets, as well as €2.5 million for goodwill impairments.

A **Net Loss** of €37.7 million was recorded (compared to a profit of €0.2 million in 2014), after recognising dividends from Group companies of €0.3 million, net borrowing costs of €3.1 million and expenses for the impairment of investments for €12.2 million. This result is also affected by the impairment of a receivable for deferred tax assets which, without cash outflows, was equal to €6.2 million.

Net indebtedness was negative €60.3 million, and negative €44.3 million at 31 December 2014.

Business outlook

Considering the current situation of the reference sector, 2016 turnover is expected to amount to between €200 and €210 million. 2016 EBITDA is expected to be between €12 and €15 million. Given the development timeframes of some projects, as well as the seasonal nature of some reference areas, turnover will mainly be realised in the central part of the year with a weaker first quarter. The Group will continue to target operating and management cost control to the utmost, taking further action to recover efficiency.

In addition, the Board of Directors, taking into account the current negative economic situation of the sector and of the economic and financial context of the Landi Renzo Group which is also affected by strong oil price fluctuations, will assess what other steps may be necessary to take in order to facilitate the implementation of marginality recovery actions, also in view of a different and more efficient financial structure of the Group. An economic breakeven within 2017 is, among other things, expected.

Proposal to renew authorisation to purchase and sell treasury shares

The Board of Directors resolved to request authorisation from the Shareholders' Meeting to renew the programme to purchase and/or sell treasury shares, in order to:

- (a) provide an interesting investment opportunity and/or chance to improve the Company's financial structure;
- (b) provide a stabilising action for share trends in relation to contingent market anomalies, improving share liquidity, while complying with applicable laws and regulations;
- (c) have treasury shares to use: (i) for stock option plans for executive directors, employees, including managers and staff of the Company and its subsidiaries, (ii) for acquisitions, for the issue of bonds convertible into shares of the Company, (iii) effectively use company liquidity;
- (d) have the means for operating and strategic flexibility.

The main characteristics of the proposed programme are: an 18-month duration starting from the date when

the Shareholders' Meeting adopts the relative resolution; a maximum number of ordinary shares of an overall nominal value, including shares held by the Company and subsidiaries, that does not exceed one fifth of the entire capital to acquire at a price which is not less or more than 20% the benchmark price registered for the share on the trading day prior to each single purchase. Treasury shares will be purchased in compliance with laws and regulations, according to various methods: (i) public purchase offer or exchange, (ii) on regulated markets, (iii) the purchase or sale of derivatives with the physical delivery of underlying shares, or (iv) the assignment of sales options to shareholders. Each single sale shall be for an amount that is not less or more than 20% the benchmark price registered in the session prior to the sale.

In 2015, the Parent Company did not trade treasury shares nor the shares of parent companies and at present does not hold treasury shares or the shares of the Parent Company. Subsidiaries do not hold shares of the Parent Company.

Other resolutions of the Board of Directors

The Board of Directors also approved the 2015 *Corporate Governance and Ownership Structure Report* and the 2016 *Remuneration Report*;

The Board resolved to call the Ordinary Meeting of Shareholders for **29 April 2016**, on single call, at **9:00 hours**, at the company headquarters in Cavriago (Reggio Emilia), Località Corte Tegge, Via Nobel 2/4, to discuss and resolve on the following agenda:

- Financial Statements at 31 December 2015, Directors' Report on Operations, Report of the Board of Statutory Auditors and Report of the Independent Auditors; relative resolutions;
- Resolution on the first section of the *Remuneration Report* pursuant to article 123-ter, paragraph six of Italian Legislative Decree no. 58 of 24 February 1998, as amended;
- Authorisation for the purchase and sale of treasury shares, subject to withdrawal of the resolution passed by the Shareholders' Meeting of 24 April 2015, for the portion not used; relative resolutions.
- Appointment of the Board of Directors.
- Appointment of the Board of Statutory Auditors.
- Nine-year appointment for the auditing of the accounts.

The notice calling the Shareholders' Meeting will be published according to applicable laws and regulations.

The Financial Reporting Officer, Paolo Cilloni, declares, pursuant to article 154-bis, paragraph 2 of Italian Legislative Decree no. 58 of 24 February 1998, that the accounting information in this press release is consistent with accounting records.

This press release is a translation. The Italian version will prevail.

This press release and a presentation are also available on the company's website www.landi.it.

At 4 PM the Group Top Management will hold a teleconference. Connection details are available on the company website www.landi.it in the Investor Relations section.

Landi Renzo is a world leader in LPG and natural gas fuel systems and components for motor vehicles. The Company, based in Cavriago (Reggio Emilia) with 60 years' experience in the field, stands out for its international scope, operating in more than 50 countries, with international sales accounting for about 80% of total sales. Landi Renzo has been listed on the STAR segment of the Italian Stock Exchange since June 2007.

Press Release

14 March 2016



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Consolidate Financial Statements

(thousands of Euros)

INCOME STATEMENT	31/12/2015	31/12/2014
Revenues (goods and services)	205.522	233.213
Other revenue and income	1.883	1.542
Cost of raw materials, consumables and goods and change in inventories	-100.439	-108.321
Costs for services and use of third party assets	-58.483	-63.022
non recurring	-1.296	
Personnel expenses	-43.854	-42.395
non recurring	-3.058	
Accruals, impairment losses and other operating expenses	-5.913	-2.724
non recurring	-2.700	
Gross Operating Profit	-1.284	18.293
Amortization, depreciation and impairment losses	-25.617	-15.721
non recurring	-10.178	-248
Net Operating Profit	-26.901	2.572
Financial income	412	501
Financial expenses	-4.966	-4.074
Gains (losses) on exchange rate	-930	1.194
Gains (losses) on equity investments consolidated using the equity method	-288	-301
Profit (Loss) before tax	-32.673	-108
Current and deferred taxes	-2.914	-1.636
Profit (loss) of the period for the Group and minority interests, including:	-35.587	-1.744
Minority interests	-299	39
Profit (Loss) of the period for the Group	-35.288	-1.783
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0,3137	-0,0158
Diluted earnings (loss) per share	-0,3137	-0,0158

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(thousands of Euros)		
ASSETS	31/12/2015	31/12/2014
Non-current assets		
Property, plant and equipment	35.364	35.277
Development expenditure	8.404	7.101
Goodwill	30.094	39.942
Other intangible assets with finite useful lives	22.696	24.637
Equity investments consolidated using the equity method	109	180
Other non-current financial assets	574	773
Deferred tax assets	13.779	17.247
Total non-current assets	111.020	125.157
Current assets		
Trade receivables	33.764	35.055
Inventories	57.528	63.269
Contract works in progress	2.904	2.590
Other receivables and current assets	16.347	15.533
Cash and cash equivalents	38.264	31.820
Total current assets	148.807	148.267
TOTAL ASSETS	259.827	273.424

(thousands of Euros)		
EQUITY AND LIABILITIES	31/12/2015	31/12/2014
Group shareholders' equity		
Share capital	11.250	11.250
Other reserves	95.428	98.018
Profit (loss) of the period	-35.288	-1.783
Total equity attributable to the shareholders of the parent	71.390	107.485
Minority interests	425	591
TOTAL EQUITY	71.815	108.076
Non-current liabilities		
Non-current bank loans	11.935	26.171
Other non-current financial liabilities	1.468	1.178
Provisions for risks and charges	8.059	5.055
Defined benefit plans	3.313	3.818
Deferred tax liabilities	6.691	8.417
Total non-current liabilities	31.466	44.639
Current liabilities		
Bank overdrafts and short-term loans	50.797	51.580
Other current financial liabilities	33.523	137
Trade payables	58.351	55.936
Tax liabilities	4.990	4.492
Other current liabilities	8.885	8.564
Total current liabilities	156.546	120.709
TOTAL EQUITY AND LIABILITIES	259.827	273.424

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(thousands of Euros)

STATEMENT OF CASH FLOWS	31/12/2015	31/12/2014
Cash flow from operating activities		
Profit (Loss) of the period	-35.587	-1.744
<i>Adjustments for:</i>		
Depreciation	8.463	9.160
Amortization of intangible assets	6.966	6.296
Impairment losses on intangible assets	10.178	248
impairment loss on trade receivables	800	513
Net finance costs including forex exchange	5.484	2.379
Income tax for the year	2.914	1.636
	-782	18.489
<i>Changes in:</i>		
inventories	5.427	-1.237
trade and other receivables	3.345	3.923
trade and other payables	-1.281	5.690
provisions and employee benefits	2.850	-1.601
Cash generated from operating activities	9.559	25.421
Interest paid	-3.919	-3.214
income taxes paid	-1.455	-2.147
Net cash flow from (for) operating activities	4.185	20.060
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	228	310
Affiliates consolidated using the equity method	72	-180
Acquisition of property, plant and equipment	-9.053	-8.583
Acquisition of intangible assets	-1.108	-617
Development expenditure	-5.362	-4.300
Net cash used in investing activities	-15.223	-13.370
Cash flow from financing activities		
Net proceeds from the issue of bonds	33.098	
Net repayments and financings	-14.441	-7.816
Net cash from (used in) financing activities	18.657	-7.816
Net increase (decrease) in cash and cash equivalents	7.619	-1.126
Cash and cash equivalents as at 1 January	31.820	32.953
Effect of exchange rate fluctuations on cash held	-1.175	-7
Cash and cash equivalents at the end of the period	38.264	31.820

Landi Renzo S.p.A. - Parent Company Financial Statements

(Euros)

INCOME STATEMENT	31/12/2015	31/12/2014
Revenues (goods and services)	82.452.280	95.215.020
Other revenue and income	902.104	437.961
Cost of raw materials, consumables and goods and change in inventories	-44.380.128	-49.684.588
Costs for services and use of third party assets	-25.902.727	-28.593.587
non recurring	-1.242.222	
Personnel expenses	-20.316.165	-18.649.398
non recurring	-1.790.265	
Accruals, impairment losses and other operating expenses	-3.594.266	-752.625
non recurring	-2.700.000	
Gross Operating Profit	-10.838.903	-2.027.217
Amortization, depreciation and impairment losses	-10.844.667	-8.281.880
non recurring	-2.547.561	
Net Operating Profit	-21.683.570	-10.309.097
Financial income	111.071	291.802
Income from investments	275.000	10.360.457
Financial expenses	-3.754.705	-2.777.676
Expenses from investments	-12.158.734	-945.745
Exchange rate gains (losses)	555.035	813.616
Profit (Loss) before tax	-36.655.903	-2.566.643
Taxes	-1.046.287	2.778.422
Profit (loss) for the year	-37.702.190	211.779

Press Release

14 March 2016



(Euros)		
ASSETS	31/12/2015	31/12/2014
Non-current assets		
Property, plant and equipment	22.065.561	21.196.888
Development expenditure	6.170.928	5.754.447
Goodwill Other intangible assets with finite useful lives	963.084	3.544.277
Investments in subsidiaries	103.076.335	111.736.534
Equity investments in associated companies and joint ventures	280.794	868.028
Other non-current financial assets	6.128.235	602.774
Other non-current assets	71.292	71.330
Deferred tax assets	8.484.529	10.556.942
Total non-current assets	147.240.758	154.331.220
Current assets		
Trade receivables	7.408.585	7.851.679
Receivables from subsidiaries	9.612.948	14.583.917
Inventories	18.923.621	21.947.063
Other receivables and current assets	4.049.868	3.600.691
Current financial assets	0	7.053.867
Cash and cash equivalents	14.668.191	11.779.571
Total current assets	54.663.213	66.816.788
TOTAL ASSETS	201.903.970	221.148.008

(Euros)		
EQUITY AND LIABILITIES	31/12/2015	31/12/2014
Equity		
Share capital	11.250.000	11.250.000
Other reserves	99.616.303	99.250.786
Profit (loss) of the period	-37.702.190	211.779
TOTAL EQUITY	73.164.114	110.712.565
Non-current liabilities		
Bank loans	6.820.149	22.033.658
Other non-current financial liabilities	1.467.786	1.177.539
Provisions for risks and charges	5.076.042	2.221.404
Defined benefit plans	1.685.242	1.875.352
Deferred tax liabilities	340.559	979.258
Total non-current liabilities	15.389.778	28.287.211
Current liabilities		
Bank overdrafts and short-term loans	39.331.906	40.365.320
Other current financial liabilities	33.517.342	130.838
Trade payables	25.506.986	24.664.107
Payables to subsidiaries	10.566.579	13.067.013
Tax liabilities	924.080	861.465
Other current liabilities	3.503.186	3.059.489
Total current liabilities	113.350.079	82.148.232
TOTAL EQUITY AND LIABILITIES	201.903.970	221.148.008

(thousands of Euros)

STATEMENT OF CASH FLOWS	31/12/2015	31/12/2014
Cash flow from operating activities		
Profit (Loss) of the period	-37.702	212
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	4.361	4.852
Amortization of intangible assets	6.484	3.430
Net financial charges	124	138
Net income from equity investments	3.089	1.672
Changes in provision and benefits for employees	11.884	-9.415
Income tax for the year	-1.046	2.778
	-12.807	3.667
<i>Changes in:</i>		
inventories	3.023	1.993
trade receivables and other receivables	8.136	3.184
trade payables and other payables	-2.883	9.262
provisions and employee benefits	2.819	-794
Cash generated from operating activities	-1.712	17.312
Interest paid	-3.251	-2.494
Net cash flow from (for) operating activities	-4.962	14.818
Cash flow from investing activities	275	10.360
Dividends cashed	625	229
Proceeds from sale of property, plant and equipment	-305	-751
Purchase of subsidiaries, net of cash acquired	-5.854	-5.410
Purchase of property, plant and equipment	-476	-306
Purchase of intangible assets		
Development expenditure	-3.844	-3.251
Net cash used in investing activities	-9.579	871
Cash flow from financing activities		
Net repayments and loans	17.430	-10.241
Net cash from (used in) financing activities	17.430	-10.241
Net increase (decrease) in cash and cash equivalents	2.889	5.448
Cash and cash equivalents as at 1 January	11.779	6.331
Cash and cash equivalents at the end of the period	14.668	11.779