



The Clean Air Group
Driving the Future

H1 2017 FINANCIAL RESULTS



Financial update

Stefano Landi
Chairman



Cristiano Musi
CEO



H1 2017 Profit & Loss Highlights

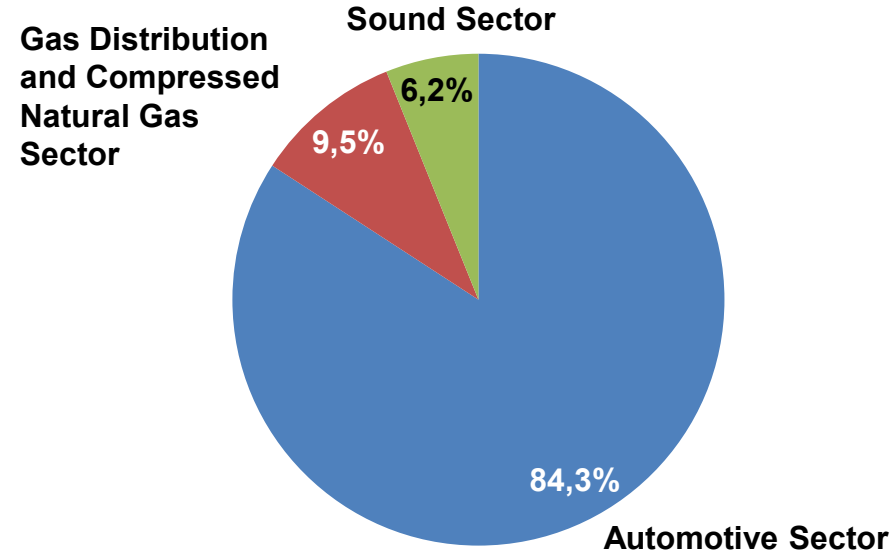
| M€ | H1 2017 | H1 2016 | Delta M€ | Delta % |
|----------------------|--------------|---------------|-------------|--------------|
| Revenues | 103,5 | 89,3 | 14,2 | 15,9% |
| EBITDA Adj. | 6,4 | 1,9 | 4,5 | N/A |
| <i>% on Revenues</i> | <i>6,2%</i> | <i>2,1%</i> | | |
| EBITDA | 4,5 | -1,6 | 6,0 | N/A |
| <i>% on Revenues</i> | <i>4,3%</i> | <i>-1,7%</i> | | |
| EBIT Adj. | -1,5 | -6,1 | 4,6 | 75,3% |
| <i>% on Revenues</i> | <i>-1,5%</i> | <i>-6,9%</i> | | |
| EBIT | -5,6 | -9,6 | 4,0 | 42,1% |
| <i>% on Revenues</i> | <i>-5,4%</i> | <i>-10,7%</i> | | |
| Financials | -3,0 | -2,0 | -1,0 | 50,0% |
| EBT | -8,6 | -11,6 | 3,0 | 26,1% |
| Taxes | 0,0 | -1,2 | 1,2 | N/A |
| Net Income | -8,6 | -12,8 | 4,1 | 32,5% |
| <i>% on Revenues</i> | <i>-8,3%</i> | <i>-14,3%</i> | | |

Highlights

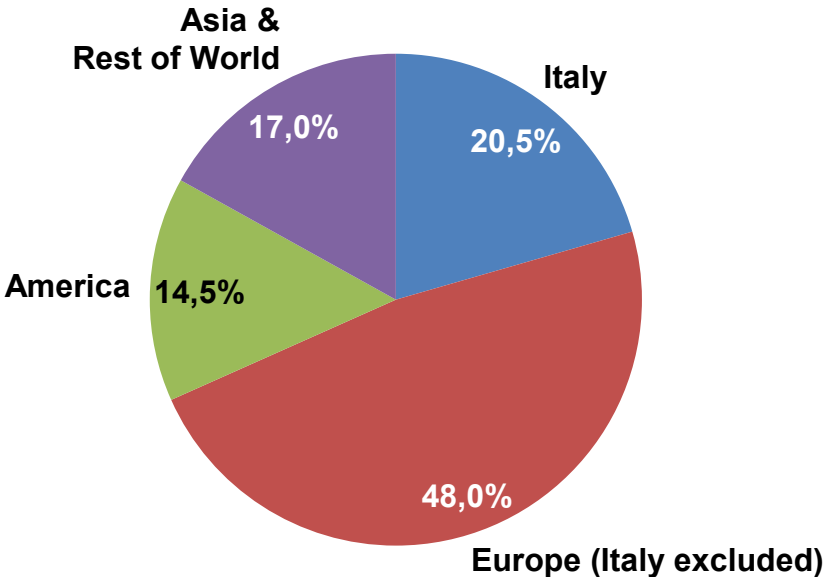
- **Revenues** increase driven primarily by the Automotive sector (both in the OEM and After-market sales channels)
- **Adjusted EBITDA** benefits from turnover increase and from initial fixed costs reduction (delta with EBITDA due to ongoing restructuring cost)
- **EBIT** is negatively effected for 2,1 M€ by the non-monetary **loss on the assets disposal to AVL** (Labs sale)
- **Financial charges** have increased mainly due to non-monetary exchange losses from valuation

Revenues breakdown - based on new Group structure

Business breakdown



Geographical breakdown



AUTOMOTIVE SECTOR

- OEM Sales channel: revenues increase in Europe driven by Euro VI engines
- After Market Sales channel: business growth driven by Italy, Central America and Rest of the World

GAS DISTRIBUTION AND COMPRESSED NATURAL GAS SECTOR

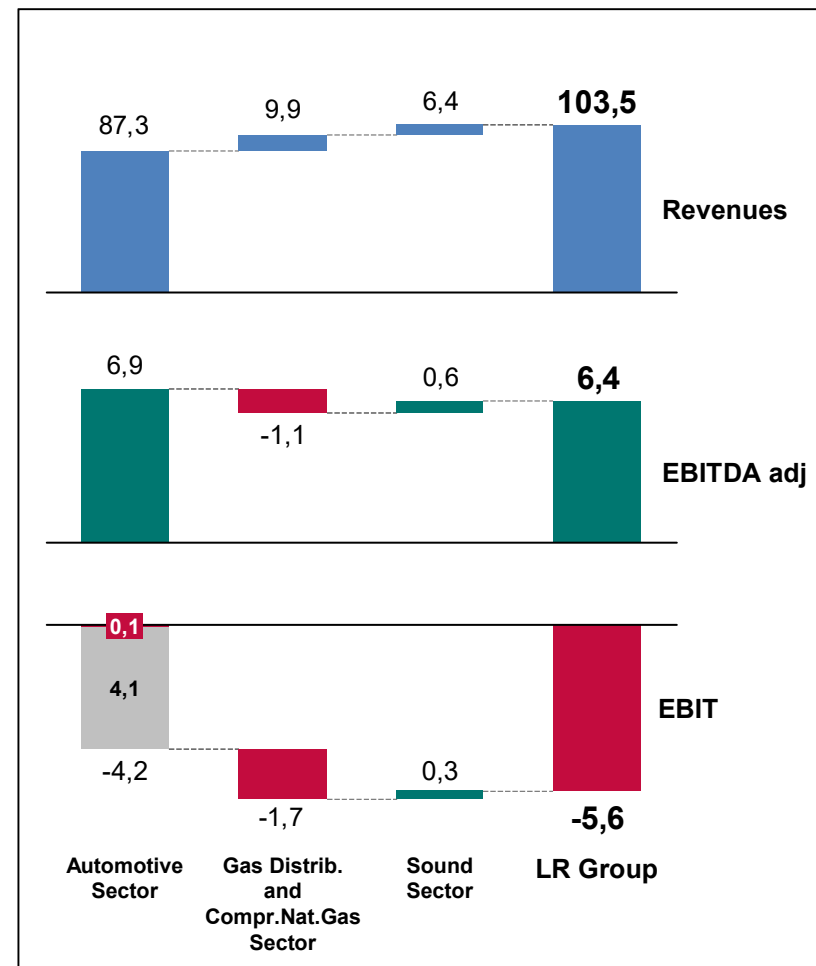
- Revenues increase in Italy and slight underperformance in Europe and South America

Profit & Loss breakdown

M€, %

| Profit & Loss | Automotive Sector | Gas Distrib. and Compr.Nat.Gas Sector | Sound Sector | H1 2017 |
|----------------------|-------------------|---------------------------------------|--------------|--------------|
| Revenues | 87,3 | 9,9 | 6,4 | 103,5 |
| EBITDA Adj. | 6,9 | -1,1 | 0,6 | 6,4 |
| <i>% on Revenues</i> | <i>7,9%</i> | <i>-10,8%</i> | <i>9,4%</i> | <i>6,2%</i> |
| EBITDA | 4,9 | -1,1 | 0,6 | 4,5 |
| <i>% on Revenues</i> | <i>5,6%</i> | <i>-10,8%</i> | <i>9,4%</i> | <i>4,3%</i> |
| EBIT Adj. | -0,1 | -1,7 | 0,3 | -1,5 |
| <i>% on Revenues</i> | <i>-0,1%</i> | <i>-17,2%</i> | <i>4,9%</i> | <i>-1,5%</i> |
| EBIT | -4,2 | -1,7 | 0,3 | -5,6 |
| <i>% on Revenues</i> | <i>-4,8%</i> | <i>-17,2%</i> | <i>4,9%</i> | <i>-5,4%</i> |

- Automotive Sector – excluding net of extraordinary costs and loss on labs sales to AVL improves almost to breakeven
- Gas Distribution and Compressed Natural Gas Sector – in 2Q turnover up to 6,8M€ (compared to 3,1M€ in Q1) with EBITDA in balance
- Sound Sector - no significant impact



Profit & Loss breakdown Actual H1 2017 vs H1 2016

M€, %

2017 H1

| Profit & Loss | Automotive Sector | Gas Distrib. and Compr. Nat. Gas Sector | Sound Sector | H1 2017 |
|----------------------|-------------------|---|--------------|-------------|
| Revenues | 87,3 | 9,9 | 6,4 | 103,5 |
| EBITDA Adj. | 6,9 | -1,1 | 0,6 | 6,4 |
| <i>% on Revenues</i> | <i>7,9%</i> | <i>-10,8%</i> | <i>9,4%</i> | <i>6,2%</i> |
| EBITDA | 4,9 | -1,1 | 0,6 | 4,5 |
| <i>% on Revenues</i> | <i>5,6%</i> | <i>-10,8%</i> | <i>9,4%</i> | <i>4,3%</i> |

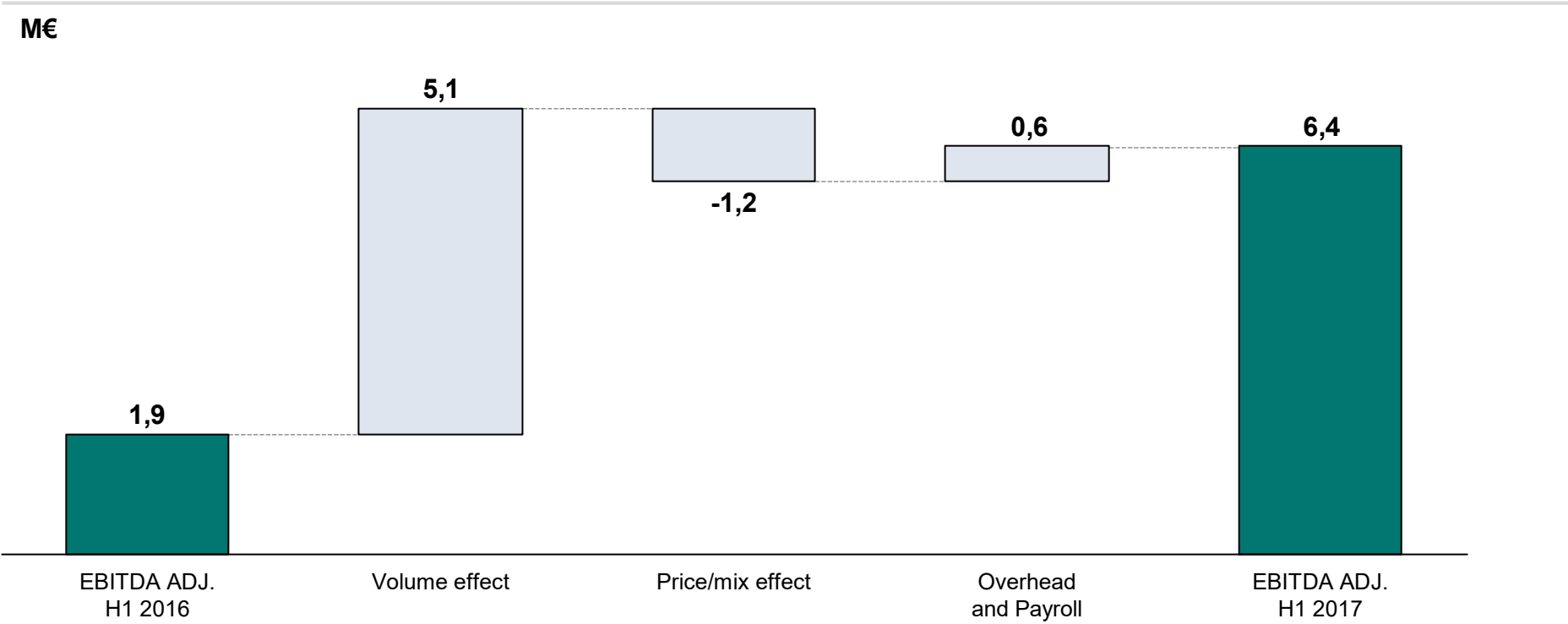
2016 H1

| Profit & Loss | Automotive Sector | Gas Distrib. and Compr. Nat. Gas Sector | Sound Sector | H1 2016 |
|----------------------|-------------------|---|--------------|--------------|
| Revenues | 73,1 | 10,1 | 6,0 | 89,3 |
| EBITDA Adj. | 3,0 | -1,4 | 0,4 | 1,9 |
| <i>% on Revenues</i> | <i>4,0%</i> | <i>-14,1%</i> | <i>6,0%</i> | <i>2,1%</i> |
| EBITDA | -0,5 | -1,4 | 0,4 | -1,6 |
| <i>% on Revenues</i> | <i>-0,7%</i> | <i>-14,1%</i> | <i>6,0%</i> | <i>-1,7%</i> |

Highlights

- **Automotive Sector:** market growth and market driven approach positively impact on the turnover (both in the OEM and After-market sales channels)
- **Gas Distribution and Compressed Natural Gas Sector** slight underperformance, but improvement at EBITDA level compared to 2016
- **Sound Sector**, a non-core business, revenues growth in line with expectations

EBITDA Adjusted Bridge



- **Volume effect** primarily driven by sales increase in the Automotive Sector
- **Price / mix effect** primarily due to a different channel distribution mix in the Automotive Sector
- **Overhead and Payroll** benefits due to initial fixed costs reduction

Balance Sheet Overview

M€, %

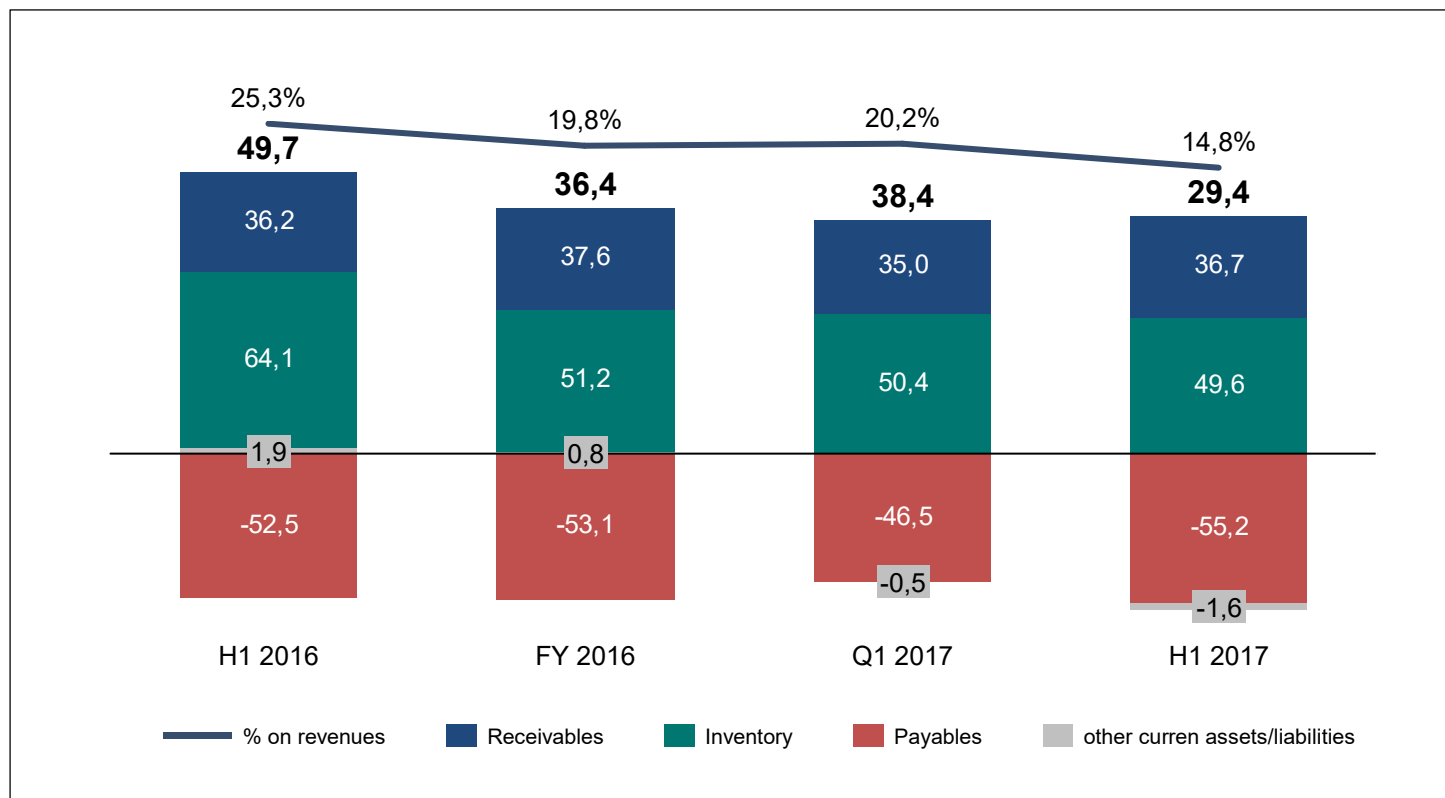
| Balance Sheet | H1 2017 | FY 2016 | H1 2016 |
|----------------------------------|--------------|--------------|--------------|
| Intangible Assets | 56,8 | 58,9 | 60,0 |
| Tangible Assets | 25,3 | 30,5 | 32,9 |
| Other non-current Assets | 7,9 | 7,6 | 7,4 |
| Fixed Capital | 89,9 | 97,0 | 100,3 |
| Receivables | 36,7 | 37,6 | 36,2 |
| Inventory | 49,5 | 51,2 | 64,1 |
| Paybles | -55,2 | -53,1 | -52,5 |
| Net Working Capital | 31,0 | 35,6 | 47,8 |
| <i>% on Revenues</i> | <i>15,6%</i> | <i>19,4%</i> | <i>24,3%</i> |
| Other current assets/liabilities | -1,6 | 0,8 | 1,9 |
| Working Capital | 29,4 | 36,4 | 49,7 |
| <i>% on Revenues</i> | <i>14,8%</i> | <i>19,8%</i> | <i>25,3%</i> |
| TFR and other Funds | -12,6 | -12,6 | -13,4 |
| Invested Capital | 106,7 | 120,8 | 136,6 |
| Shareholder's Equity | 45,0 | 45,1 | 58,3 |
| Net Financial Position | 61,7 | 75,7 | 78,3 |
| Total Sources | 106,7 | 120,8 | 136,6 |

Highlights

- Disciplined approach to assets management
- Improvement in Net Working Capital positively affected by a change in S&OP management that resulted in inventory optimization
- Strong focus to optimize the Capital Expenditures
- Tangible assets (25,3 M€) still including 5,7 M€ of assets held for sale (AVL Labs)
- Net Financial Position has been impacted by a positive free cash flow

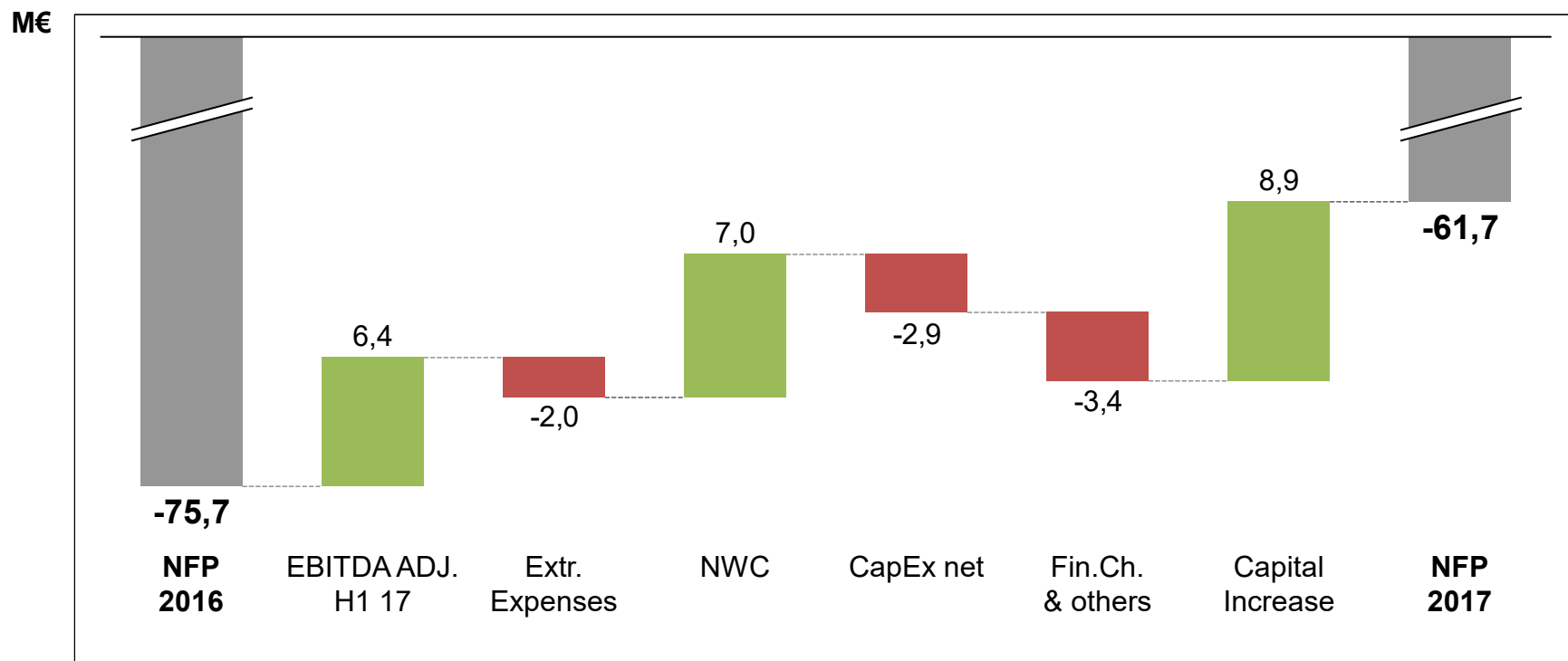
Working Capital evolution

M€, %



| | H1 2016 | FY 2016 | Q1 2017 | H1 2017 |
|--------------------------|---------|---------|---------|---------|
| Days Sales Outstanding | 67 | 74 | 67 | 68 |
| Days Payable Outstanding | 119 | 136 | 112 | 119 |
| Days Inventory on Hand | 111 | 101 | 97 | 92 |

Net financial position evolution



| FY 2016 | NFP | H1 2017 |
|--------------|----------------------------|--------------|
| 16,5 | Cash liquidity (+) | 15,9 |
| -41,1 | Short-term debts (-) | -13,9 |
| -19,7 | Long-term debts (-) | -32,3 |
| -31,4 | Bond (-) | -31,4 |
| -92,2 | Tot. Gross Debt (-) | -77,6 |
| -75,7 | NFP (*) | -61,7 |

At the end of 2016, LRG has undertaken a structured turnaround and relaunch project, which will reach its first completion by mid 2018



Given the set of launched actions, the Group confirms the targets

An aerial photograph of a modern residential complex. The image shows several multi-story buildings with balconies, a large green tennis court, and numerous palm trees. A road with cars is visible on the left side. The text "The Clean Air Company" and "Driving The Future" is overlaid in the center.

The Clean Air Company

Driving The Future

APPENDIX

Landi Renzo - Company profile (06/09/2017)

BOARD OF DIRECTORS

Stefano Landi – Chairman
 Giovannina Domenichini – Honorary Chairman
 Cristiano Musi - CEO
 Angelo Iori – Director
 Silvia Landi - Director
 Anton Karl – Independent Director
 Sara Fornasiero - Independent Director
 Ivano Accorsi – Independent Director

TOP MANAGERS

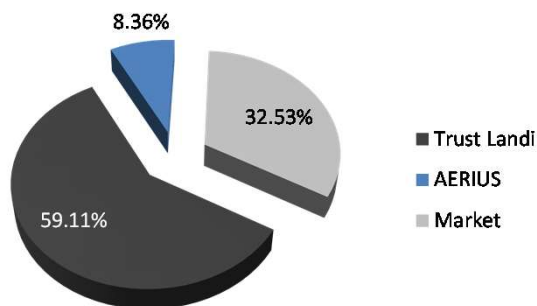


INVESTOR RELATIONS

Investor Relations Contacts:

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www.landirenzogroup.com

SHAREHOLDING



SHARE INFORMATION

N. of shares outstanding: 112.500.000
 Price as of 06/09/17 € 0.89
 Capitalization: € 100.125 mln
 FTSE Italia STAR

STOCK VS MARKET

LandiRenzo – FTSE MIB



CONSOLIDATED P&L

(thousands of Euro)

| INCOME STATEMENT | 30/06/2017 | 30/06/2016 |
|---|---------------|----------------|
| Revenues from sales and services | 103,216 | 89,219 |
| Revenues from sales and services - related parties | 292 | 71 |
| Other revenue and income | 433 | 559 |
| Cost of raw materials, consumables and goods and change in inventories | -50,121 | -42,240 |
| Costs for services and use of third party assets | -25,644 | -24,286 |
| Costs for services and use of third party assets - related parties | -1,613 | -1,614 |
| Personnel cost | -20,446 | -18,966 |
| Provision, provision for bad debts and other operating expenses | -1,660 | -4,297 |
| Gross Operating Profit | 4,457 | -1,554 |
| Amortization, depreciation and impairment losses | -7,948 | -8,037 |
| Loss on assets disposal | -2,060 | 0 |
| Net Operating Profit | -5,551 | -9,591 |
| Financial income | 48 | 65 |
| Financial expenses | -2,297 | -2,677 |
| Exchange gains (losses) | -828 | 660 |
| Gains (losses) on equity investments valued using the equity method | 54 | -64 |
| Profit (Loss) before tax | -8,574 | -11,607 |
| Current and deferred taxes | -47 | -1,159 |
| Net Profit (loss) for the Group and minority interests, including: | -8,621 | -12,766 |
| Minority interests | -147 | -225 |
| Net Profit (Loss) for the Group | -8,474 | -12,541 |

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

| ASSETS | 30/06/2017 | 31/12/2016 |
|---|-------------------|-------------------|
| Non-current assets | | |
| Land, property, plant and equipment | 19,556 | 30,500 |
| Development expenditure | 7,516 | 8,420 |
| Goodwill | 30,094 | 30,094 |
| Other intangible assets with finite useful lives | 19,216 | 20,359 |
| Equity investments consolidated using the equity method | 97 | 43 |
| Other non-current financial assets | 443 | 664 |
| Deferred tax assets | 7,310 | 6,887 |
| Total non-current assets | 84,232 | 96,967 |
| Current assets | | |
| Trade receivables | 35,015 | 35,553 |
| Trade receivables - related parties | 1,642 | 1,998 |
| Inventories | 49,321 | 49,872 |
| Contract works in progress | 210 | 1,281 |
| Other receivables and current assets | 10,310 | 10,082 |
| Cash and cash equivalents | 15,916 | 16,484 |
| Total current assets | 112,414 | 115,270 |
| Non-current assets held for sale | 5,700 | |
| TOTAL ASSETS | 202,346 | 212,237 |

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

| EQUITY AND LIABILITIES | 30/06/2017 | 31/12/2016 |
|---|-------------------|-------------------|
| Shareholders' equity | | |
| Share capital | 11,250 | 11,250 |
| Other reserves | 42,675 | 59,400 |
| Profit (loss) of the period | -8,474 | -25,245 |
| Total equity attributable to the Group | 45,451 | 45,405 |
| Minority interests | -435 | -323 |
| TOTAL EQUITY | 45,016 | 45,082 |
| Non-current liabilities | | |
| Non-current bank loans | 31,401 | 18,687 |
| Other non-current financial liabilities | 31,098 | 22,812 |
| Provisions for risks and charges | 9,294 | 8,973 |
| Employee defined benefit plans | 2,829 | 3,124 |
| Deferred tax liabilities | 464 | 514 |
| Total non-current liabilities | 75,086 | 54,110 |
| Current liabilities | | |
| Bank overdrafts and short-term loans | 13,495 | 40,662 |
| Other current financial liabilities | 1,603 | 10,039 |
| Trade payables | 50,272 | 48,919 |
| Trade payables - related parties | 4,948 | 4,171 |
| Tax liabilities | 2,313 | 2,604 |
| Other current liabilities | 9,588 | 6,650 |
| Total current liabilities | 82,219 | 113,045 |
| Non-current liabilities held for sale | 25 | |
| TOTAL EQUITY AND LIABILITIES | 202,346 | 212,237 |