

Landi Renzo ends 2010 with net income of 19.5 million Euro; proposed dividend of 0.055 Euro per share

- Revenues of 302.4 million Euro (+11.7% compared to 2009)
- EBITDA of 45.9 million Euro (+10.5% compared to 2009)
- EBIT of 33.2 million Euro (+3.1% compared to 2009)
- Net financial position of 69.5 million Euro (41.1 million Euro at 31/12/2009)

Cavriago (Reggio Emilia), 15 March 2011

The Board of Directors of Landi Renzo S.p.A. met today under the Chairman Stefano Landi and approved the draft company and consolidated financial statements at 31 December 2010.

The Board also voted to propose to the shareholders' meeting the distribution of an ordinary dividend of 0.055 Euro per share (gross of withholding taxes), for a total of 6,187,500 Euro (coupon no. 4 detachment date 23 May 2011, payment as from 26 May 2011).

The main income and financial indicators confirm the trend in the growth and expansion of the Group which in the third quarter made two important strategic acquisitions in Italy and in the United States. In the last 5 years Landi Renzo has consolidated its leadership on international markets, recording a CAGR on revenues of 26,8%.

Claudio Carnevale, the Chief Executive Officer, said: *“Over the years the Group has constantly offered end customers hi-tech solutions which favour eco-sustainable mobility. The results for 2010 confirm the growth in our leadership, in a year which has seen significant demand for alternative fuel vehicles, albeit without public incentives which ended notably in Italy. At international level, both the LPG market for motor propulsion and even more so the CNG market have seen significant growth.”*

Consolidated results at 31 December 2010

Revenues stood at 302.4 million Euro, up by 11.7% compared to 2009 (270.8 million Euro) thanks to the sharp increase recorded in all foreign markets and especially in South-Western Asia (+188%), America (+60%) and the Rest of the World (+59%).

Sales of **CNG systems** were sharply up (+82% compared to 2009), mainly thanks to the marked increase in demand in some Asian and Latin American markets, in which the adoption of this alternative fuel was backed by specific strategic choices made by Governments.

Revenues from sale of **LPG systems** fell from 210.7 million Euro to 190.2 million Euro, down by 9.7% due both to the fact that Euro 4 engines went out of production and the launch of Euro 5 engines slowed, as well as the ending of Government incentives in Italy as from April 2010. This change was partly offset by the growth in the OEM market in France and by the excellent performance of the after markets in Italy and East Europe, where there was a significant increase in the Group's volumes and market shares.

EBITDA (gross operating margin) totalled 45.9 million Euro, up by 10.5% compared to 2009 (41.6 million Euro) due to the initiatives adopted during the year to optimise industrial and fixed costs and the consolidation of A.E.B. S.p.A. which broadly offset the higher provisions set aside for product warranty.

EBIT (operating result) stood at 33.2 million Euro (+3.1% compared to 2009), after amortisation and depreciation of 12.7 million Euro, up by 35.8% compared to 2009 (9.4 million Euro).

Pre-tax income was 31.1 million Euro, up by 6.3% compared to 2009 (29.2 million Euro).

The Group recorded **net income** of 19.5 million Euro, down by 12.5% compared to 2009 (22.2 million Euro) year during which the Company had particular fiscal benefits.

The **net financial position** stood at 69.45 million Euro; the change compared to 31 December 2009 (41.1 million Euro) was due to the outlay incurred for the two strategic acquisitions made in July 2010 (AEB S.r.l. in Italy and Baytech Corporation in the USA), which was partly offset by the positive cash flow from operations. At 30 September 2010 the net financial position was 63.2 million Euro.

Outlook 2011

We believe that 2011 will be characterised by the strong growth in Asian markets and the launch of American markets, which will offset the fall in Europe, especially in Italy.

Based on the performance of the second half of 2010 and taking into account current trends, results are expected to be basically in line with those achieved during 2010, both in terms of turnover and EBITDA margin.

Proposal to renew the program to buy and/or sell treasury shares

The Board of Directors also voted to propose to the shareholders' meeting authorisation to renew the program to buy and/or sell treasury shares, subject to withdrawing the outstanding program approved by the shareholders' meeting of 22 April 2010.

The main characteristics of the program are: duration of 18 months from the resolution date, maximum number of ordinary shares with total par value, including the shares owned by the Company and the subsidiaries, not exceeding one fifth of the entire capital to be purchased at a price of not less or no more than 20% compared to the reference price recorded by the security during the Stock Exchange day preceding every single purchase.

The grounds for the program are the possible purchase or sales needs stemming from contingent market situations which could arise, which might make appropriate certain policies supporting the liquidity of the security or investment policies, as well as by the opportunity to use the shares in the portfolio as a means of payment during acquisition of companies, and furthermore in support of possible plans of allocation of shares to employees and partners.

The Board of Directors also resolved to submit to the Shareholders' approval to dispose, in whole or in part without time limits, the stocks acquired even before the completion of purchases, at a price which shall be neither lower or higher than 20% compared to the reference price recorded by the stock in the trading day prior to each operation, and these price limits will not apply if the transfer is made to employees, executive directors and employees in the Group 'scope for incentive stock option plans to those people.

Other resolutions of the Board of Directors

The Board of Directors examined and approved the *Report on corporate governance and ownership structure* for 2010.

The Board also voted to propose to the shareholders' meeting a change to articles 5, 10, 11, 14, 18, 22 and 23 of the company by-laws, in order to comply with the provisions introduced by Leg. Decree no. 27 of 27 January 2010, and to comply with the provisions adopted by Consob through Resolution 17221 of 12 March 2010 in terms of transactions with RELATED PARTIES.

Press release

15 March 2011



Finally, the Board called the shareholders' meeting for 29 and 30 April 2011, in 1st and 2nd call respectively, at 9.00 a.m. at the company offices in Cavriago (Reggio Emilia) Località Corte Tegge, Via Nobel 2/4.

The notice convening the meeting will be published, within the time periods provided for by current legislation, in a newspaper with national circulation.

The documentation relative to the items on the agenda, within the time periods provided for by current legislation, will be made available to the public at the company's registered office and at Borsa Italiana S.p.A., as well as on the website www.landi.it (Investor Relations section)

The Manager in charge of preparing the financial reports, Paolo Cilloni, states, pursuant to art. 154-bis, paragraph 2 of Leg. Decree no. 58 of 24 February 1998, that the accounting information in this press release corresponds to the documented results and to the accounting books and entries.

Landi Renzo is a world leader in the sector of LPG and CNG fuel systems and components for motor propulsion. Based in Cavriago (Reggio Emilia) and with more than 50 years' experience in the sector, Landi Renzo is distinguished by the sustained growth of its revenues and the extent of its international operations, with a presence in over 50 countries and exports accounting for more than 70% of the Company's sales. Landi Renzo S.p.A. has been listed in the STAR segment of Borsa Italiana MTA market since June 2007.

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Consolidated Income Statement

Landi Renzo S.p.A. consolidated income statement

INCOME STATEMENT (thousands of Euros)	31 December 2010	31 December 2009
Revenues (goods and services)	301.103	270.579
Revenues (goods and services) - related parties	1.273	196
Other revenue and income	1.341	1.238
Cost of raw materials, consumables and goods and change in inventories	-130.337	-112.749
Cost of raw materials - related parties	-4.112	-6.882
Cost for services and use of third party assets	-80.409	-78.535
Cost for services and use of third party assets - related parties	-1.511	-878
Personnel expenses	-36.879	-27.427
Accruals, impairment losses and other operating expenses	-4.521	-3.959
Gross Operating Profit	45.948	41.583
Amortisation, depreciation and impairment losses	-12.721	-9.366
Operating Profit	33.227	32.217
Financial income	229	218
Financial expenses	-2.378	-2.359
Exchange rate gains (losses)	-4	-843
Profit (Loss) Before Tax	31.074	29.233
Income tax expense	-10.900	-7.190
Profit (Loss) for the period/year, of which attributable to:	20.174	22.043
Minority interests	715	-195
Shareholders of the parent	19.459	22.238
Basic earnings (losses) per share (in Euros) - calculated on 112.500.000 ordinary shares	0,1730	0,1977
Diluted earnings (losses) per share (in Euros)	0,1730	0,1977

Consolidated Balance Sheet

ASSETS (thousands of Euros)	31 December 2010	31 December 2009
Non-current assets		
Property, plant and equipment	38.551	28.206
Development expenditure	5.563	4.427
Goodwill	66.225	51.961
Other intangible assets with finite useful lives	29.270	17.156
Other non-current financial assets	288	137
Deferred tax assets	9.473	9.775
Total non-current assets	149.370	111.662
Current assets		
Trade receivables	80.185	116.804
Trade receivables - related parties	712	192
Inventories	66.980	58.835
Other receivables and current assets	21.348	9.665
Current financial assets	131	140
Cash and cash equivalents	26.297	33.611
Total current assets	195.653	219.247
TOTAL ASSETS	345.023	330.909
EQUITY AND LIABILITIES (thousands of Euros)	31 December 2010	31 December 2009
Equity attributable to the shareholders of the parent		
Share capital	11.250	11.250
Other reserves	121.807	106.149
Profit(Loss) for the period/year	19.459	22.238
Total equity attributable to the shareholders of the parent	152.516	139.637
Minority interests	759	110
TOTAL EQUITY	153.275	139.747
Non-current liabilities		
Bank loans	66.637	53.620
Other non-current financial liabilities	173	295
Provisions for risks and charges	4.753	2.178
Defined benefit plans	3.153	2.549
Deferred tax liabilities	11.310	6.716
Total non-current liabilities	86.026	65.358
Current liabilities		
Bank overdraft and short-term loans	28.407	20.668
Other current financial liabilities	560	170
Trade payables	64.580	93.316
Trade payables - related parties	354	3.243
Tax liabilities	4.239	2.680
Other current liabilities	7.582	5.722
Other current liabilities - related parties	0	5
Total current liabilities	105.722	125.804
TOTAL LIABILITIES AND EQUITY	345.023	330.909

Consolidated Cash Flow Statement

CASH FLOW STATEMENT (thousands of Euros)	31-Dec-10	31-Dec-09
Opening cash and cash equivalents	12,943	21,807
Opening cash and cash equivalents AEB SpA, Baytehc Corporation and AEB America	10,264	
Profit (Loss) before tax (less minority interests)	30,360	29,428
Amortization, depreciation and impairment losses	12,458	9,366
Impairment intangible assets, R&D of Lovato SpA	263	
Net financial charges/(income), including exchange rate differences	2,147	2,984
Accruals to provisions for employee benefits	1,335	1,064
Utilization of provisions for employee benefits	-896	-453
Other accruals less utilization	2,575	1,683
Net change in deferred taxes	4,004	246
Current taxes	-10,453	-14,311
<i>(Increase) decrease in current assets:</i>		
inventories	-4,496	9,328
Trade receivables	29,228	-67,827
trade receivables - related parties	-520	394
receivables due from others and other assets	-11,555	-2,224
receivables due from others and other assets - related parties	0	0
<i>(Increase) decrease in current liabilities:</i>		
trade payables	-27,361	26,675
trade payables - related parties	-3,597	-7,107
payables to others and other liabilities	4,012	-887
payables to others and other liabilities – related parties	0	5
Cash flow from (for) operating activities	27,504	-11,636
<i>Changes in non-current assets:</i>		
Investments in intangible assets	-4,379	-3,294
Disposals of intangible assets	0	0
Investments in property, plant and equipment	-11,047	-11,460
Disposals of property, plant and equipment	852	252
Investments in other non-current financial assets	-37	-63
Disposals of other non-current financial assets	0	0
Cash flow from (used in) financing activities	-13,611	-14,565
Outlay for acquisition of AEB SpA net of liquidity	-34,500	0
Outlay for acquisition of Baytech Corporation net of liquidity	-10,742	0
Cash flow from acquisition of participations	-45,242	0
Dividends paid in the period	-6,975	-8,438
Change in equity attributable to the shareholders of the parent and minority interests	153	0
Loans obtained from banks and other financial backers during the period/year	13,157	0
Lease instalments paid	-303	25,774
Cash flow from (used in) financing activities	6,032	17,336
Total cash flow	-25,317	-8,864
Closing cash and cash equivalents	-2,110	12,943

Consolidated Net Financial Position

Net Financial Indebtedness (thousands of €)	31 December 2010	31 December 2009
Cash and cash equivalents	26.297	33.611
Bank overdrafts	-28.407	-20.668
Short-term loans	-560	-170
<i>Net short term indebtedness</i>	<i>-2.670</i>	<i>12.773</i>
Long term indebtedness	-66.810	-53.915
Outstandings Bonds	0	0
<i>Net long term indebtedness</i>	<i>-66.810</i>	<i>-53.915</i>
Net Financial Indebtedness	-69.480	-41.142