Landi Renzo: revenues up by 8.9% compared to the first half of 2011, net profit of 2.6 million Euro and reduction in net debt of over 18 million Euro in the first half of 2012

- **Revenues: 139.2 million Euro, +8.9% compared to 127.7 million Euro in 1H2011**
- **EBITDA: 15.9 million Euro, +45.9% compared to 10.9 million Euro in 1H2011**
- **EBIT: 6.7 million Euro, +274.8% compared to 1.8 million Euro in 1H2011**
- **Net profit: 2.6 million Euro (net loss of 2.4 million Euro in 1H2011)**
- **Net debt: 71.6 million Euro, significantly improved compared to 90.1 million Euro at 31 December 2011.**

Cavriago (Reggio Emilia), 28 August 2012

The Board of Directors of Landi Renzo SpA met today under the chairmanship of Stefano Landi to approve the Company's half year financial statements for the period ending 30 June 2012.

The Group recorded an **increase in revenues** mainly due to **two macro elements**: the growth in **registrations of LPG vehicles** by car makers in Italy and Europe with Euro 5 engines and the solid recovery in **transformations on the Aftermarket**, both in Italy, and in Far East countries and Latin America, where the Group is increasing its market penetration.

"*The initiatives put in place by the Group in the most recent quarters have started to produce their first results, thus enabling us, as early as the first half of 2012, to return a profit and, above all, produce cash. And this in a very difficult macroeconomic context* – said Landi Renzo CEO Claudio Carnevale, – To grow we have *focussed on technological and product developments which have enabled us to strengthen relationships with car manufacturers. In the Aftermarket channel too the product innovation strategy has produced good results, allowing us to increase our presence in strategic areas. This approach explains the commitment to acquire SAFE, the company which has been active for over 35 years in the manufacture of gas compressors: we have grounds for believing that, as part of industrial integration, filling stations could have a parallel development, or even push the sector of alternative fuels, compared to CNG fuel systems for motor vehicles.*"

Consolidated results at 30 June 2012

The Landi Renzo Group ended the first half of 2012 with net profit of 2.61 million Euro, compared to a net loss of 2.40 million Euro in the first half of 2011.
Revenues stood at 139.16 million Euro, up by 8.9% compared to the prior-year period.
EBITDA totalled 15.89 million Euro, compared to 10.89 million Euro at 30 June 2011, up by 45.9%.
EBIT totalled 6.74 million Euro, compared to 1.80 million Euro at 30 June 2011, up by 274.8%.

In the second quarter of 2012 the Group achieved **revenues** of 79.56 million Euro, up by 19.96 million Euro compared to the first quarter of 2012 (+33.5%). The Group's **net profit in the quarter** stood at 3.40 million Euro compared to a loss of 0.82 million Euro in the first quarter of 2012.

Breakdown of revenues

Revenues from the sales of LPG systems totalled 92.45 million Euro, while those from the sale of CNG systems totalled 39.62 million Euro. Revenues from product sales in Other sectors (Alarm systems, Sound, Acquatronic and Robotic) totalled 7.08 million Euro.

The **geographic breakdown of revenues** shows that in the first half of 2012 the Landi Group realised 69.1% (82.9% at 30 June 2011) of its consolidated revenues abroad (32.3% in Europe and 36.8% outside of Europe).

The **Italian market** grew by 96.7% compared to the prior-year period and revenues stood at 42.95 million Euro; this increase was caused by the rise in demand for vehicles that use cleaner and cheaper fuels (LPG and CNG) and in particular, in the car manufacturers' channel, by the full market availability from the start of the year of the completely renewed product range.

The trend in revenues in **Europe** was also positive (+35.8%) compared to the first half of 2011: Group sales benefitted both from the increase of the main markets in the area and from the positive effect generated by the launch of a renewed product range for the Aftermarket channel.

The **South-Western Asia** market, as already highlighted in the first quarter of 2012, saw sales drop by 64.8% compared to the prior-year period, mainly due to a sharp slowdown in the Iranian and Pakistani markets.

Markets in the **Rest of the World** recorded an increase of 11.8% compared to the first half of 2011, following the favourable trend in demand in the Far East countries where the Group is increasing its penetration, also thanks to its direct presence. Meanwhile **American markets** recorded a slight fall of around 5.8% compared to the prior-year period.

Equity and financial results at 30 June 2012

Net debt at 30 June 2012 amounted to 71.56 million Euro compared to 96.55 million Euro at 31 March 2012 and 90.11 million Euro at 31 December 2011. The significant fall in debt, down by 24.99 million Euro in the second quarter, is attributable to higher profits and the change in net working capital.

Shareholders' equity amounted to 139.85 million Euro, compared to 135.97 million Euro at 31 March 2012 and 137.00 million Euro at 31 December 2011.

Significant events for the period

On 23 May 2012 Landi Renzo S.p.A. sent Agave S.r.l., a company in liquidation which was preparing to submit request for arrangement with creditors, an irrevocable proposal for the temporary lease and subsequent purchase of the SAFE corporate business.
Agave S.r.l., through the SAFE brand, has operated for over 35 years in the manufacture of gas compressors that are used for a number of applications; the main business areas concern compressed natural gas (CNG fuelling systems for motor vehicles), Oil and Gas (compressors and support systems for gas processing activities from extraction to distribution), biogas processing systems, and hydrogen and LNG systems.
The lease of the corporate business was formalised in July and the subsequent final acquisition is dependent on the approval of the arrangement plan which will be submitted to creditors by Agave S.r.l.

Outlook
The trend in the first half of the year is in line with the Group's forecasts for 2012 and shows positive results in terms of both revenues and profits, despite the ongoing difficulties relating to the macroeconomic scenario and the key market, including business restrictions caused by specific country problems, such as in Iran and Pakistan.
As for the outlook, for 2012 the Landi Group confirms a positive outlook with revenues growing by over 5% compared to 2011, as well as an EBITDA margin of over 10%. The extraordinary operation relating to the possible acquisition of SAFE could bring additional 2012 revenues for more than 6 million Euro.

In compliance with the provisions of art. 2428 of the Italian Civil Code, it should be noted that during 2011 the Parent Company did not trade any treasury shares companies and currently does not hold any treasury shares. The subsidiaries do not hold any shares of the Parent Company.

Paolo Cilloni, Manager in charge of preparing the financial reports, declares – pursuant to article 154-bis, par. 2 of Legislative Decree no. 58 of 24 February 1998 – that the accounting information provided herein is in line with the documented results and to the accounting books and entries.

*This press release, together with a set of slides, is also available **on the company's website www.landi.it**.*

This press release is a translation. The Italian version prevails

Landi Renzo is a world leader in the sector of components and LPG and CNG fuel systems for motor vehicles. Based in Cavriago (Reggio Emilia – Italy) 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 with almost 70% of sales generated abroad.
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 STATEMENT OF COMPREHENSIVE INCOME (thousands of Euros)	30/06/2012	30/06/2011
Revenues (goods and services)	139,143	126,844
Revenues (goods and services) - related parties	12	899
Other revenue and income	959	678
Cost of raw materials, consumables and goods and change in inventories	-62,422	-61,296
Costs for services and use of third party assets	-37,961	-32,976
Costs for services and use of third party assets – related parties	-788	-762
Personnel expenses	-21,846	-21,161
Accruals, impairment losses and other operating expenses	-1,212	-1,341
Gross Operating Profit	**15,885**	**10,885**
Amortization, depreciation and impairment losses	-9,149	-9,088
Net Operating Profit	**6,736**	**1,797**
Financial income	352	271
Financial expenses	-2,177	-1,600
Exchange rate gains and losses	-9	-2,216
Profit (Loss) before tax	**4,902**	**-1,748**
Taxes	-2,177	-907
Net profit (loss) for the Group and minority interests, including:	**2,725**	**-2,655**
Minority interests	119	-258
Net Profit (Loss) of the Group	2,606	-2,397
Basic earnings (loss) per share (calculated on 112.500.000 shares)	0.0232	-0.0213
Diluted earnings (loss) per share	0.0232	-0.0213

ASSETS (thousands of Euros)	30/06/2012	31/12/2011	30/06/2011
Non-current assets			
Property, plant and equipment	33,341	35,096	37,156
Development expenditure	8,875	10,346	10,992
Goodwill	55,582	55,582	59,498
Other intangible assets with finite useful lives	28,233	29,506	30,328
Other non-current financial assets	192	170	259
Deferred tax assets	13,992	13,274	9,632
Total non-current assets	**140,215**	**143,974**	**147,865**
Current assets			
Trade receivables	92,423	77,429	79,837
Trade receivables - related parties	285	361	461
Inventories	79,028	67,408	74,079
Other receivables and current assets	20,549	27,452	30,389
Current financial assets	174	176	152
Cash and cash equivalents	24,978	20,059	24,557
Total current assets	**217,437**	**192,885**	**209,475**
TOTAL ASSETS	**357,652**	**336,859**	**357,340**

EQUITY AND LIABILITIES (thousands of Euros)	30/06/2012	31/12/2011	30/06/2011
Group shareholders' equity			
Share capital	11,250	11,250	11,250
Other reserves	125,212	134,154	132,951
Profit (loss) for the period	2,606	-9,138	-2,397
Total equity attributable to the shareholders of the parent	**139,068**	**136,266**	**141,804**
Minority interests	**780**	**738**	**447**
TOTAL EQUITY	**139,848**	**137,004**	**142,251**
Non-current liabilities			
Non-current bank loans	30,442	40,119	53,580
Other non-current financial liabilities	49	49	123
Provisions for risks and charges	5,292	4,860	4,240
Defined benefit plans	2,938	2,835	3,067
Deferred tax liabilities	11,060	12,351	13,103
Total non-current liabilities	**49,781**	**60,214**	**74,113**
Current liabilities			
Bank overdrafts and short-term loans	65,978	69,878	50,996
Other current financial liabilities	74	125	252
Trade payables	86,358	55,903	75,671
Trade payables - related parties	61	61	334
Tax liabilities	6,965	6,458	5,203
Other current liabilities	8,587	7,216	8,520
Total current liabilities	**168,023**	**139,641**	**140,976**
TOTAL LIABILITIES AND EQUITY	**357,652**	**336,859**	**357,340**

CONSOLIDATED CASH FLOW STATEMENT (thousands of Euros)	30/06/2012	31/12/2011	30/06/2011
Opening cash and cash equivalents	**-49,819**	**-2,110**	**-2,110**
Profit (Loss) before tax (less minority interests)	**4,782**	**-8,212**	**-1,489**
Adjustments:			
Financial net expenses / (income), including exchange differences	1,834	4,737	4,878
Amortization, depreciation	9,149	18,421	9,088
Impairment of intangible and tangible assets	0	4,316	0
Changes in provisions and employee benefits	347	343	22
Changes in other provisions	1,105	107	-513
Net change in deferred taxes	-2,008	-2,567	0
(Increase) decrease in current assets:			
Inventories	-11,621	-428	-7,099
trade receivables	-14,994	2,757	348
trade receivables - related parties	76	351	251
receivables from others and other assets	6,526	-6,149	-9,062
Increase (decrease) in current liabilities:			
trade payables	30,454	-4,285	11,198
trade payables - related parties	0	-293	-20
payables to others and other liabilities	1,321	1,747	1,796
Cash flow from (for) operating activities	**26,971**	**10,845**	**9,398**
Net interest paid (including realized exchange rate differences)	-1,630	-4,737	-1,334
Income taxes paid	-1,152	-5,833	-2,946
Free Cash flow from (for) operating activities	**24,189**	**275**	**5,118**
Investments in intangible assets	-1,062	-1,307	-1,559
Development expenditure	-1,238	-3,089	-1,450
Investments in property, plant and equipment	-3,850	-10,495	-6,514
Cash receipts from disposals of intangible and tangible assets	478	569	0
Investments in other non-current financial assets	-21	52	0
Cash flow from (for) investing activities	**-5,693**	**-14,270**	**-9,523**
Dividends paid in the period	0	-6,188	-6,188
Loans obtained/repaid to/from banks and other financial backers during the period	-9,677	-27,079	-13,417
Payments for reduction of payables for financial leasing	0	-447	-318
Cash flow from (used in) financing activities	**-9,677**	**-33,714**	**-19,923**
Total cash flow	**8,819**	**-47,709**	**-24,328**
Closing cash and cash equivalents	**-41,000**	**-49,819**	**-26,438**