

### Landi Renzo: The BoD approves the results as at 30 June 2013

- Revenues: 112.0 million Euro (139.2 million Euro as at 30 June 2012)
- EBITDA: 5.1 million Euro (16.2 million Euro as at 30 June 2012)
- Write off, without any impact on cash flows, negative to the tune of 15.2 million Euro due to non-recurring charges related to intangible assets
- EBIT negative to the tune of 19.1 million Euro (3.9 million Euro loss net of the write off), compared to 7.0 million Euro gains as at 30 June 2012
- Net loss amounting to 20.9 million Euro (5.7 million loss net of the write off), compared to a 2.8 million Euro profit as at 30 June 2012
- Net Debt: 61.3 million Euro (71.6 million Euro as at 30 June 2012)

Cavriago (RE), 27 August 2013

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

*"2013 is certainly a challenging year - says Stefano Landi, chairman and CEO of the Group - Nonetheless, car manufacturers investing in the segment, governments' plans to adopt LPG and CNG fuel systems for public transportation, and several countries safeguarding the environment with cleaner fuels are factors that make the outlook for the industry and our Group promising. Both through strategic investments, especially in research, and further actions aimed at boosting efficiency, the Group is positioning itself to seize as many of the above opportunities as possible. Examples from the first six months of the year are the launch of the dual fuel technology (diesel and CNG) on the market, expanding the options for heavy vehicles and public transportation, as well as the ongoing manufacturing and distribution of SAFE-branded gas compressors, allowing us to win significant orders in Italy and abroad."*

#### Consolidated results at 30 June 2013

Landi Group's consolidated financial statements as at 30 June 2013 showed a 20.9 million Euro loss (of which 15.2 million Euro due to non-recurring charges related to the partial write off of goodwill allocated to the Cash Generating Unit Lovato Gas, without any impact on financial resources), compared to a 2.8 million Euro profit in the first half of 2012.

Revenues totalled 112.0 million Euro, down 19.5% compared to the prior-year period.

EBITDA amounted to 5.1 million Euro, compared to 16.2 million Euro in June 2012, dropping by 68.6%

EBIT was negative to the tune of 19.1 million Euro, of which 15.2 million Euro for non-recurring charges, compared to 7.0 million Euro gains in June 2012. Normalised EBIT, net of the above impairment losses, was negative to the tune of 3.9 million Euro.

The net loss amounted to 20.9 million Euro (of which 15.2 million Euro due to non-recurring charges), compared to a 2.8 million Euro profit in the prior-year period.

#### Breakdown of revenues

Revenues from the sales of the GAS Sector's products and services fell by 25.0%, from 132.1 million Euro in the first half of 2012 to 99.0 million Euro in the first half of 2013.

Revenues from the sales of products in the Alarm Systems, Sound, Compressors and Other Sectors rose

from around 7.1 million Euro in the first half of 2012 to 13.0 million Euro, up 83.4%. The increase was mainly due to the expansion of the sector's scope, which now includes the "Compressors" segment.

In the first half of 2013, the Landi Group realized **73.6% of consolidated revenues abroad** (69.1% as at 30 June 2012).

During the reporting period, revenues from the **Italian market** dropped by 31.1% year-on-year. The main cause was the adverse macroeconomic scenario, which weighed also on the demand for LPG/CNG fuel systems for motor vehicles, especially as far as the retrofitting of used cars is concerned.

In **Europe**, revenues dropped by 15.0% from the prior-year period, although a number of eastern markets bucked the trend and there were promising signs of improvement.

In the first half of 2013, the **American market** fell by 2.5% compared to the prior-year period. The decrease was mainly due to Venezuela, which is going through a challenging political and institutional transition. The other American markets show promising signs of growth.

**Asia and the Rest of the World** were down 20.4% compared to the first half of 2012, mainly due to lacklustre demand in countries such as, among others, Pakistan. Growth in other markets did not offset such a negative performance.

## Equity and financial results at 30 June 2013

**Net Debt** amounted to 61.3 million Euro as at 30 June 2013, compared to 64.6 million Euro as at 31 March 2013 (71.6 million Euro as at 30 June 2012).

As at 30 June 2013, **Shareholders' equity** totalled 117.7 million Euro, compared to 139.8 million euro as at 30 June 2012.

## Outlook

In 2013, the Landi Group expects to generate 210 to 240 million Euro in revenues and to achieve a consolidated EBITDA margin between 3% and 6%.

In compliance with the provisions of art. 2428 of the Italian Civil Code, it should be noted that during the first half of 2013 the Parent Company did not trade any treasury shares or shares of parent companies and currently does not hold any treasury shares or shares of parent companies. 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 slide, is also available **on the company's website [www.landi.it](http://www.landi.it)**. A conference call will be held by Top Management at 4 pm CET. Details to get connected are available on the website in investor relations section.

*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 rate of its revenues and the extent of its international operations, with a presence in over 50 countries and with over 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.

# Press Release

27 August 2013



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(thousands of Euros)

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME                            | 30/06/2013     | 30/06/2012<br>restated * |
|---|----------------|--------------------------|
| <b>Revenues (goods and services)</b>                                      | 111,643        | 139,143                  |
| Revenues (goods and services)- related parties                            | 358            | 12                       |
| Other revenue and income  | 1,063          | 959                      |
| Cost of raw materials, consumables and goods and change in inventories    | -52,319        | -62,422                  |
| Costs for services and use of third party assets                          | -31,120        | -37,961                  |
| Costs for services and use of third party assets – related parties        | -801           | -788                     |
| Personnel expenses  | -22,292        | -21,577                  |
| Accruals, impairment losses and other operating expenses                  | -1,456         | -1,212                   |
| <b>Gross Operating Profit</b>   | <b>5,076</b>   | <b>16,154</b>            |
| Amortization, depreciation and impairment losses                          | -24,209        | -9,149                   |
| <i>of which non recurrent</i>   | -15,200        | -                        |
| <b>Net Operating Profit</b>   | <b>-19,133</b> | <b>7,005</b>             |
| Financial income  | 294            | 352                      |
| Financial expenses  | -1,932         | -2,177                   |
| Gains (losses) on exchange rate   | -888           | -9                       |
| <b>Profit (Loss) before tax</b>   | <b>-21,659</b> | <b>5,171</b>             |
| Current and deferred taxes  | 723            | -2,251                   |
| <b>Net profit (loss) for the Group and minority interests, including:</b> | <b>-20,936</b> | <b>2,920</b>             |
| Minority interests  | -52            | 119                      |
| Net Profit (Loss) of the Group  | -20,884        | 2,801                    |
| <b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b> | <b>-0.1856</b> | <b>0.0249</b>            |
| <b>Diluted earnings (loss) per share</b>                                  | <b>-0.1856</b> | <b>0.0249</b>            |

\*2012 items are restated according IAS 19 revised

(thousands of Euros)

| ASSETS   | 30/06/2013     | 31/12/2012<br>restated * | 30/06/2012<br>restated * |
|--|----------------|--------------------------|--------------------------|
| <b>Non-current assets</b>                        |                |                          |                          |
| Property, plant and equipment                    | 35,139         | 32,972                   | 33,341                   |
| Development expenditure                          | 7,019          | 8,365                    | 8,875                    |
| Goodwill   | 40,382         | 55,582                   | 55,582                   |
| Other intangible assets with finite useful lives | 27,365         | 27,169                   | 28,233                   |
| Other non-current financial assets               | 1,101          | 203                      | 192                      |
| Deferred tax assets                              | 15,275         | 13,810                   | 13,992                   |
| <b>Total non-current assets</b>                  | <b>126,281</b> | <b>138,101</b>           | <b>140,215</b>           |
| <b>Current assets</b>                            |                |                          |                          |
| Trade receivables                                | 62,245         | 69,010                   | 92,423                   |
| Trade receivables - related parties              | 225            | 229                      | 285                      |
| Inventories                                      | 71,879         | 65,928                   | 79,028                   |
| Other receivables and current assets             | 16,789         | 14,213                   | 20,549                   |
| Current financial assets                         | 0              | 116                      | 174                      |
| Cash and cash equivalents                        | 37,124         | 38,629                   | 24,978                   |
| <b>Total current assets</b>                      | <b>188,262</b> | <b>188,125</b>           | <b>217,437</b>           |
| <b>TOTAL ASSETS</b>                              | <b>314,543</b> | <b>326,226</b>           | <b>357,652</b>           |

\*2012 items are restated according IAS 19 revised

(thousands of Euros)

| EQUITY AND LIABILITIES   | 30/06/2013     | 31/12/2012<br>restated * | 30/06/2012<br>restated * |
|--|----------------|--------------------------|--------------------------|
| <b>Group shareholders' equity</b>                                  |                |                          |                          |
| Share capital  | 11,250         | 11,250                   | 11,250                   |
| Other reserves   | 126,789        | 124,234                  | 125,017                  |
| Profit (loss) for the period                                       | -20,884        | 2,951                    | 2,801                    |
| <b>Total equity attributable to the shareholders of the parent</b> | <b>117,155</b> | <b>138,435</b>           | <b>139,068</b>           |
| <b>Minority interests</b>  | <b>559</b>     | <b>623</b>               | <b>780</b>               |
| <b>TOTAL EQUITY</b>  | <b>117,714</b> | <b>139,058</b>           | <b>139,848</b>           |
| <b>Non-current liabilities</b>                                     |                |                          |                          |
| Non-current bank loans   | 46,956         | 38,465                   | 30,442                   |
| Other non-current financial liabilities                            | 25             | 25                       | 49                       |
| Provisions for risks and charges                                   | 5,987          | 5,077                    | 5,292                    |
| Defined benefit plans  | 3,367          | 3,466                    | 2,938                    |
| Deferred tax liabilities   | 9,327          | 10,550                   | 10,986                   |
| <b>Total non-current liabilities</b>                               | <b>65,662</b>  | <b>57,583</b>            | <b>49,707</b>            |
| <b>Current liabilities</b>   |                |                          |                          |
| Bank overdrafts and short-term loans                               | 51,443         | 62,017                   | 65,978                   |
| Other current financial liabilities                                | 24             | 24                       | 74                       |
| Trade payables   | 65,187         | 55,722                   | 86,358                   |
| Trade payables - related parties                                   | 444            | 58                       | 61                       |
| Tax liabilities  | 3,931          | 2,478                    | 7,039                    |
| Other current liabilities  | 10,138         | 9,286                    | 8,587                    |
| <b>Total current liabilities</b>                                   | <b>131,167</b> | <b>129,585</b>           | <b>168,097</b>           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                | <b>314,543</b> | <b>326,226</b>           | <b>357,652</b>           |

\*2012 items are restated according IAS 19 revised

(thousands of euro)

| <b>CONSOLIDATED CASH FLOW STATEMENT</b>                          | <b>30/06/2013</b> | <b>30/06/2012<br/>restated *</b> |
|--|-------------------|----------------------------------|
| <b>Cash flow from operating activities</b>                       |                   |                                  |
| Profit (Loss) for the year                                       | -20,936           | 2,920                            |
| <i>Adjustments for:</i>  |                   |                                  |
| Depreciation   | 4,814             | 4,812                            |
| Amortization of intangible assets                                | 4,172             | 4,337                            |
| (Reversal of) impairment losses on property, plant and equipment | 23                |                                  |
| impairment loss on intangible assets                             | 15,200            |                                  |
| impairment loss on trade receivables                             | 170               | 392                              |
| Net finance costs  | 2,526             | 1,834                            |
| Gain on sale of property, plant and equipment                    | -43               | -75                              |
| Gain on curtailment  | -94               | 78                               |
| Tax expense  | -723              | 2,251                            |
|  | <b>5,109</b>      | <b>16,549</b>                    |
| <i>Changes in:</i>   |                   |                                  |
| inventories  | -5,951            | -11,621                          |
| trade and other receivables                                      | 1,777             | -10,872                          |
| trade and other payables   | 11,400            | 31,775                           |
| provisions and employee benefits                                 | 440               | 1,105                            |
| <b>Cash generated from operating activities</b>                  | <b>12,775</b>     | <b>26,936</b>                    |
| Interest paid  | -1,776            | -1,630                           |
| income taxes paid  | -751              | -1,152                           |
| <b>Net cash flow from (for) operating activities</b>             | <b>10,248</b>     | <b>24,154</b>                    |
| <b>Cash flow from investing activities</b>                       |                   |                                  |
| Proceeds from sale of property, plant and equipment              | 132               | 478                              |
| Acquisition of property, plant and equipment                     | -5,264            | -3,850                           |
| Acquisition of intangible assets                                 | -2,509            | -1,062                           |
| Acquisition of other investments                                 | -476              | -21                              |
| Development expenditure  | -1,402            | -1,238                           |
| <b>Net cash used in investing activities</b>                     | <b>-9,519</b>     | <b>-5,693</b>                    |
| <b>Cash flow from financing activities</b>                       |                   |                                  |
| Net repayments and financings                                    | -2,084            | -13,577                          |
| <b>Net cash from (used in) financing activities</b>              | <b>-2,084</b>     | <b>-13,577</b>                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>      | <b>-1,355</b>     | <b>4,884</b>                     |
| Cash and cash equivalents at 1 January                           | 38,629            | 20,059                           |
| Effect of exchange rate fluctuations on cash held                | -150              | 35                               |
| Cash and cash equivalents at the end of period                   | 37,124            | 24,978                           |

\*2012 items are restated according IAS 19 revised