

Landi Renzo: Board of Directors approves Q1 2014 Results

- Revenues of Euro 48.1 mln (Euro 53.1 mln in Q1 2013)
- EBITDA of Euro 1.5 mln (Euro 1.7 mln in Q1 2013)
- EBIT loss of Euro 2.2 million (loss of Euro 2.8 million in Q1 2013)
- Net loss of Euro 2.5 million (loss of Euro 2.6 million in Q1 2013)
- Net debt of Euro 56.1 mln (debt of Euro 53.9 mln at December 31, 2013)

Cavriago (RE), May 13, 2014

The Board of Directors of Landi Renzo, in a meeting chaired today by Stefano Landi, approved the Interim Report at March 31, 2014.

Stefano Landi, *Chairman and Chief Executive Officer* of Landi Renzo stated: “A slight recovery in the margin was reported in the first quarter, in line with budget expectations and following the recent restructuring actions undertaken by the Group. This is despite the drop in revenues compared to the first quarter of the previous year, due to specific circumstances foreseen by the company. During this period, in addition, development prospects for the sector and the Group consolidated, as demonstrated in particular by the sales of the CNG refuelling station activities in various global regions. This fact is particularly significant as the creation of a network of refuelling stations is a necessary and anticipating condition for the development of the sector”.

Q1 2014 Key Financial Highlights

Revenues totaled Euro 48.1 million, reducing on Euro 53.1 million in Q1 2013.

EBITDA amounted to Euro 1.5 million (Euro 1.7 million in Q1 2013). The EBITDA margin remained in line with Q1 2013 (3.2%). **EBIT** reports a loss of Euro 2.2 million, improving on Q1 2013 (loss of Euro 2.8 million), despite the reduction in revenues.

A **Pre-tax loss** of Euro 3.0 million was reported, improving on Q1 2013 (loss of Euro 3.3 million). The **Net Loss** was Euro 2.5 million (net loss of Euro 2.6 million in Q1 2013).

The **Net Debt** totaled Euro 56.1 million (debt of Euro 53.9 million at December 31, 2013). **Shareholders' Equity** amounted to Euro 106.9 million (Euro 109.8 million at December 31, 2013).

Sales overview

Segment performance

Revenues from the sale of *LPG Systems* totaled Euro 28.6 million, while *CNG System* sales amounted to Euro 11.0 million. *Other sector* product sales (Alarm systems, Sound, Aquatronics and Robotics, Compressors) amounted to Euro 8.5 million.

Regional performance

Overseas revenues totaled Euro 37.2 million, 77.3% of total revenues (Euro 36.5 million in Q1 2013, 68.7%), confirming the recognised historically strong international focus of the Landi Renzo Group.

- Revenues in **Italy** totaled Euro 10.9 million, reducing 34.2% compared to Q1 2013. The reduction is principally due to the change in the supply method and the destination of sales, which has moved to the European production sites, of a leading OEM client. In addition, in relation to the general performance of conversions on the After Market channel, in the quarter, according to the Ecogas Consortium figures, a reduced number of conversions were reported compared to the previous year. Despite this reduction, the domestic market share of the Landi Group on the After Market channel in the quarter was approx. 38%, improving on Q1 2013 (34%).

- In **Europe**, revenues totaled Euro 21.7 million, up 15.2%, principally due to the strong performance on a number of Eastern European markets, in addition to the effect of the above stated change.
- In **America**, revenues amounted to Euro 7.5 million; this improvement of 9.5% relates to sales on the North American markets, in particular due to the conversion to gas of medium and heavy duty vehicles for corporate fleets.
- In **Asia and the Rest of the World**, revenues totaled Euro 8.0 million, reducing 26.1%, substantially due to the weak demand figures in Thailand.

Significant events after the end of the quarter

April 1, 2014: the subsidiary AEB S.p.A., within the restructuring process of Group activities, sold the “Aquatronica” business unit. The value of the transaction was Euro 203 thousand.

April 9, 2014: Two Ministerial Decrees dated 31/03/2014 were published in the Official Gazette which authorised, with prior compliance with the technical requirements on safety measures, drivers of Methane gas and LPG vehicles to refuel through Self-Service stations, utilising identification cards issued by station managers, overcoming therefore the restriction imposed by the opening hours of distributors.

April 2014: The Group published for the first time the **Sustainability Report**, in order to improve dialogue with the stakeholders, in the full knowledge that the day-to-day focus on sustainability is a means to create value not just for the company, but within a wider social viewpoint and for all stakeholders with whom the Group interacts.

Outlook 2014

Although uncertainties remain linked to the general economic climate and the sector, the Landi Group, taking into account even the seasonality of the first quarter, for the year 2014 confirms a positive outlook, with revenues forecast of between Euro 230 and 250 million and an EBITDA margin of between 7% and 9%.

The executive responsible for the preparation of the corporate accounting documents Mr. Paolo Cilloni declares in accordance with Article 154 bis, paragraph 2, of Leg. Decree No. 58 of February 24, 1998, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

The present press release, together with the presentation is available also on the company website www.landi.it.

This press release is a translation. The Italian version prevails.

Landi Renzo is the global leader in the LPG and CNG components and systems for motor vehicles sector. The Company is based in Cavriago (Reggio Emilia) and has over 60 years' experience in the sector, is renowned for the extent of its international activities in over 50 Countries, with export sales of over 77%. Landi Renzo SpA has been listed on the STAR segment of the MTA Market of Borsa Italiana since June 2007.

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Attachments:

- Consolidated income statement Q1 2014
- Consolidated balance sheet at March 31, 2014
- Consolidated Cash Flow Statement at March 31, 2014

(thousands of Euros)

STATEMENT OF PROFIT AND LOSS	31/03/2014	31/03/2013
Revenues (goods and services)	47,740	53,048
Revenues (goods and services)- related parties	383	80
Other revenue and income	224	182
Cost of raw materials, consumables and goods and change in inventories	-20,518	-23,430
Costs for services and use of third party assets	-14,270	-15,834
Costs for services and use of third party assets - related parties	-578	-392
Personnel expenses	-10,645	-11,005
Accruals, impairment losses and other operating expenses	-819	-922
Gross Operating Profit	1,517	1,726
Amortization, depreciation and impairment losses	-3,727	-4,518
Net Operating Profit	-2,210	-2,791
Financial income	116	184
Financial expenses	-1,041	-875
Gains (losses) on exchange rate	167	177
Profit (Loss) before tax	-2,968	-3,305
Current and deferred taxes	531	700
Profit (loss) of the period for the Group and minority interests, including:	-2,437	-2,605
Minority interests	64	-10
Profit (Loss) of the period for the Group	-2,501	-2,595
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0222	-0.0232
Diluted earnings (loss) per share	-0.0222	-0.0232

(thousands of Euros)

ASSETS	31/03/2014	31/12/2013	31/03/2013
Non-current assets			
Property, plant and equipment	35,180	36,164	33,349
Development expenditure	6,435	6,571	7,719
Goodwill	40,190	40,190	55,582
Other intangible assets with finite useful lives	26,035	26,546	26,811
Other non-current financial assets	1,051	1,059	665
Deferred tax assets	17,275	16,407	14,681
Total non-current assets	126,166	126,937	138,807
Current assets			
Trade receivables	34,605	38,273	65,615
Trade receivables - related parties	192	189	229
Inventories	67,216	61,579	72,893
Contract works in progress	3,845	3,043	738
Other receivables and current assets	18,125	17,118	17,929
Current financial assets			112
Cash and cash equivalents	27,796	32,953	34,527
Total current assets	151,779	153,155	192,043
TOTAL ASSETS	277,945	280,092	330,850

(thousands of Euros)			
EQUITY AND LIABILITIES	31/03/2014	31/12/2013	31/03/2013
Group shareholders' equity			
Share capital	11,250	11,250	11,250
Other reserves	97,648	123,714	127,434
Profit (loss) of the period	-2,501	-25,558	-2,595
Total equity attributable to the shareholders of the parent	106,397	109,406	136,089
Minority interests	476	407	622
TOTAL EQUITY	106,873	109,813	136,711
Non-current liabilities			
Non-current bank loans	11,405	12,096	46,964
Other non-current financial liabilities	661	661	25
Provisions for risks and charges	6,328	6,218	5,650
Defined benefit plans	3,850	3,739	3,393
Deferred tax liabilities	8,657	8,797	9,792
Total non-current liabilities	30,901	31,511	65,824
Current liabilities			
Bank overdrafts and short-term loans	71,780	74,099	52,143
Other current financial liabilities	31	25	24
Trade payables	54,688	51,681	62,767
Trade payables - related parties	684	434	10
Tax liabilities	3,808	3,876	4,270
Other current liabilities	9,180	8,653	9,101
Total current liabilities	140,171	138,768	128,315
TOTAL LIABILITIES AND EQUITY	277,945	280,092	330,850

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(thousands of Euros)	31/03/2014	31/12/2013	31/03/2013
CASH FLOW STATEMENT			
Cash flow from operating activities			
Profit (Loss) of the period	-2,437	-25,960	-2,605
<i>Adjustments for:</i>			
Depreciation	2,301	9,440	2,437
Amortization of intangible assets	1,426	8,041	2,060
(Reversal of) impairment losses on property, plant and equipment		113	21
impairment loss on intangible assets		15,640	
impairment loss on trade receivables	188	794	71
Net finance costs	758	4,611	514
Gain on sale of property, plant and equipment			-24
Gain on curtailment	111	273	-90
Tax expense	-531	-850	-700
	1,816	12,102	1,685
<i>Changes in:</i>			
inventories	-6,439	1,306	-7,704
trade and other receivables	1,610	24,421	-849
trade and other payables	3,942	-1,852	8,638
provisions and employee benefits	-8	588	126
Cash generated from operating activities	921	36,565	1,896
Interest paid	-446	-3,312	-280
income taxes paid	-147	-2,606	-368
Net cash flow from (for) operating activities	328	30,647	1,248
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	19	174	25
Acquisition of property, plant and equipment	-1,336	-12,162	-2,558
Acquisition of intangible assets	-78	-3,283	-402
Acquisition of other investments	0	-678	-476
Development expenditure	-700	-3,347	-685
Net cash used in investing activities	-2,095	-19,296	-4,096
Cash flow from financing activities			
Net repayments and financings	-3,004	-13,650	-1,375
Net cash from (used in) financing activities	-3,004	-13,650	-1,375
Net increase (decrease) in cash and cash equivalents	-4,771	-2,299	-4,223
Cash and cash equivalents at 1 January	32,953	38,629	38,629
Effect of exchange rate fluctuations on cash held	-386	-3,377	121
Cash and cash equivalents at 31 March	27,796	32,953	34,527