Landi Renzo: Board of Directors approves 2013 Results

- **Revenues of Euro 222.8 mln (Euro 275.2 mln in 2012)**
- **EBITDA of Euro 11.0 mln (Euro 28.4 mln in 2012)**
- **EBIT loss of Euro 22.2 million (profit of Euro 9.9 million in 2012), after *non-recurring charges* of Euro 15.6 million, principally concerning the goodwill write-down of a subsidiary; excluding these *non-recurring charges*, the EBIT loss amounts to Euro 6.6 million**
- **Net Loss of Euro 25.6 million (profit of Euro 3.0 million in 2012), of which Euro 15.6 million concerning non-recurring charges**
- **Net debt of Euro 53.9 mln (debt of Euro 61.9 mln at December 31, 2012)**
- **Proposal to renew authorisation for the purchase and sale of treasury shares**
- **Call for Shareholders' Meeting and related proposals**

Cavriago (RE), March 14, 2014

The Board of Directors of Landi Renzo, in a meeting chaired today by Stefano Landi, approved the 2013 Separate and Consolidated Annual Accounts.

Stefano Landi, *Chairman and Chief Executive Officer* of Landi Renzo stated:
"The 2013 results were principally impacted by a number of macroeconomic and geopolitical issues, causing: a reduction in the number of conversions in Italy; the decline of a number of European markets; the continuation of extensive difficulties in traditionally important countries such as Iran and Pakistan; a slowdown in growth in new markets. Group results therefore contracted, although financial position improved. The sector outlook however remains strong, as highlighted by the new business figures reported by methane refuelling station suppliers. This segment in fact reports significant development and interesting potential in new regions: this usually indicates an uptake in the gas fuelled vehicle market. Vehicle producers in our sector stepped up investments in the year. The Group is carrying out all investments necessary to tap into available opportunities, although continuing to implement efficiencies and whose initial results are already apparent".

2013 Key Consolidated Results[1]

Revenues totaled Euro 222.8 million, reducing on Euro 275.2 million in 2012. At like-for-like consolidation scope, revenues would have decreased 25.8%.

EBITDA totaled Euro 11.0 million; the reduction on 2012 (Euro 28.4 million) relates to the contraction in revenues and sales price pressures owing to increased sector competition. The Group has begun to offset the impact through cost reduction and streamlining. At like-for-like consolidation scope, EBITDA amounted to Euro 10.4 million.

EBIT reports a loss of Euro 22.2 million; the reduction compared to 2012 (profit of Euro 9.9 million) is principally due to *non-recurring charges* of Euro 15.6 million, related principally to the write-down of the Lovato Gas Cash Generating Unit goodwill.

The **Result before taxes** reports a loss of Euro 26.8 million, of which Euro 15.6 million concerning non-recurring charges, compared to a profit of Euro 5.7 million in 2012.

The **Net Loss** amounted to Euro 25.6 million, of which Euro 15.6 million concerning non-recurring charges, compared to a net profit of Euro 3.0 million in 2012.

[1] Compared to December 31, 2012 the Group structure altered following the incorporation of Krishna Landi Renzo India Private Ltd Held (held 51%), the incorporation of Eighteen Sound Srl by AEB SpA, the acquisition of 70% of Emmegas Srl, in addition to the incorporation of the Uzbek Joint Venture EFI Avtosanoat-Landi Renzo LLC (held 50%). In addition, the 2012 figures reflect the application of IAS 19 revised.

The **Net Financial Position** reports a net debt of Euro 53.9 million, improving on Euro 61.9 million at December 31, 2012. **Net Equity** totaled Euro 109.8 million, compared to Euro 139.1 million at December 31, 2012.

Sales performance

Segments
Revenues from the sale of *LPG Systems* totaled Euro 132.0 million, while *Methane System* sales amounted to Euro 57.8 million. *Other sector* product sales (Alarm systems, Sound, Aquatronics and Robotics, Compressors) amounted to Euro 33.0 million.

Regions
Overseas revenues totaled Euro 171.9 million, 77.1% of total revenues (Euro 197.2 million in 2012, 71.7%), confirming the strong international focus of the Landi Renzo Group.

- Italian market revenues totaled Euro 50.9 million, reducing 34.7% on 2012. This relates to the contraction in market share of the principal automotive clients and the particularly challenging economic conditions which impacted the *After Market* channel sector, although the Landi Group domestic market share increased to approx. 38% in this channel.
- In Europe, revenues amounted to Euro 90.0 million, reducing 7.0%; a light recovery took hold in the fourth quarter, together with signs from the Russian market.
- In America, revenues totaled Euro 36.1 million; the 7.6% reduction principally relates to the Venezuelan market, while improvements were reported in a number of other markets.
- In Asia and the Rest of the World, revenues totaled Euro 45.8 million, reducing 25.4% following the drop in demand in Pakistan related to the introduction of importation restrictions which impacted Group sales from Q2 2012. The reduction is due also to the sector performance in other areas of the Far East.

Outlook 2014

New markets and growth opportunities have developed and continue to develop in various untapped regions. However, difficulties continued to persist due to the economic and geopolitical conditions in a number of core sector markets. Therefore, the Group forecasts revenues of between Euro 230 and Euro 250 million for 2014, with an EBITDA margin of between 7% and 9%.

2013 Landi Renzo SpA Key Results

Revenues amounted to Euro 93.0 million (Euro 136.7 million in 2012); the performance principally relates to the reduction in the LPG line sales in Italy and in Europe, with a drop in primary plant supply, in addition to the stagnation of the After Market.

EBITDA reports a loss of Euro 0.6 million (profit of Euro 8.9 million in 2012); personnel costs reduced 8.4% to Euro 16.4 million. **EBIT** saw a loss of Euro 8.9 million (profit of Euro 0.5 million in 2012), after amortisation and depreciation of Euro 8.3 million, of which Euro 3.4 million concerning intangible assets.

The **Net Result** was a loss of Euro 15.5 million (profit of Euro 5.5 million in 2012). The Board of Directors proposes to the Shareholders' Meeting to cover the loss through the use of the extraordinary reserve.

The **Net Financial Position** reports a net debt of Euro 52.9 million, improving on Euro 59.7 million at December 31, 2012.

Proposal to renew authorisation for the purchase and sale of treasury shares

The Board of Directors proposes to the Shareholders' Meeting to authorise the renewal of the purchase and/or disposal of treasury shares programme, in order to:

(a) avail of interesting investment and/or financial structure improvement opportunities for the Company;
(b) undertake, in compliance with current regulations, a stabilisation action on share price movements in relation to market anomalies, improving the liquidity of the share;
(c) utilise treasury shares: (i) within the stock option plans for the executive directors, employees, including senior managers and consultants of the Company and of the subsidiary companies, (ii) as part of acquisition operations or for an issue of bond loans convertible into shares of the Company, (iii) for efficient use of liquidity.
(d) utilise an important flexible management and strategic instrument.
The principal features of the proposed programme include: duration of 18 months from approval of the motion by the Shareholders' Meeting; maximum number of ordinary shares with a total nominal value, including shares held by the Company and subsidiaries, not exceeding one-fifth of the entire share capital, to be acquired at a price not lower or greater than 20% of the share price recorded on the trading day preceding each purchase.
Any purchases of treasury shares would comply with existing regulations and can be executed in one of the following ways: (i) public offer of purchase or exchange (ii) on regulated markets (iii) purchase and sale of derivative instruments traded on regulated markets that provide for physical delivery of the underlying shares; (iv) assignment to the shareholders of a put option.
Each sales operation must be concluded at a price not lower or greater than 20% of the share price recorded on the trading day preceding the sales operation.

In 2013 the Parent Company did not trade treasury shares or parent company shares and currently does not hold treasury shares or parent company shares. The subsidiary companies do not hold shares in the Parent Company.

Other Board of Directors' resolutions

The Board of Directors also:
- approved the *2013 Corporate Governance and Ownership Structure Report* and the *2014 Remuneration Report*
- discussed the opportunity to revise the *Procedure for transactions with related parties*, in accordance with Article 4 of Consob Resolution No. 17221 of March 12, 2010 and subsequent amendments and supplements and in accordance with Consob notice n. DEM/10078683 of September 24, 2010.

The Board called the Shareholders' Meeting for **April 24, 2014** in single call, at **9 AM** at the registered office in Cavriago (Reggio Emilia), Corte Tegge Municipality, Via Nobel 2/4, to discuss and resolve upon the following Agenda:

- Financial Statements for the year ended December 31, 2013; Directors' Report; Board of Statutory Auditor's Report; Independent Auditors' Report; deliberations thereon;
- Approval of the first section of the *Remuneration Report* in accordance with Article 123-*ter*, sixth paragraph, of Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented;
- Authorisation for the purchase and utilisation of treasury shares, with prior revocation, where not utilised, of the previous Shareholders' resolution of April 24, 2013; deliberations thereon;

The call notice will be published in compliance with existing regulations.

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 in the company website ***www.landi.it***. At 4 PM the Group Top Management will hold a teleconference. Connection details are available on the company website in the Investor Relations section.

Landi Renzo is the global leader in the LPG and Methane gas components and systems for motor vehicles sector. The Company, based in Cavriago (Reggio Emilia) and with over 50 years experience in the sector, is present 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.

This press release is a traslation. The italian version prevails

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LANDI RENZO S.p.A. – Consolidated Financial Statements

(thousands of Euros)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	31/12/2013	31/12/2012 restated *
Revenues (goods and services)	221,974	274,695
Revenues (goods and services)- related parties	835	507
Other revenue and income	2,110	1,525
Cost of raw materials, consumables and goods and change in inventories	-105,555	-129,839
Costs for services and use of third party assets	-60,036	-71,406
Costs for services and use of third party assets – related parties	-1,579	-1,552
Personnel expenses	-42,852	-41,807
Accruals, impairment losses and other operating expenses	-3,861	-3,701
Gross Operating Profit	**11,036**	**28,422**
Amortization, depreciation and impairment losses	-33,234	-18,492
of witch non recurrent	*-15,640*	0
Net Operating Profit	**-22,198**	**9,930**
Financial income	466	693
Financial expenses	-3,982	-4,105
Gains (losses) on exchange rate	-1,095	-825
Profit (Loss) before tax	**-26,809**	**5,693**
Current and deferred taxes	849	-3,007
Profit (loss) of the period for the Group and minority interests, including:	**-25,960**	**2,686**
Minority interests	-402	-265
Profit (Loss) of the period of the Group	-25,558	2,951
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.2272	0.0262
Diluted earnings (loss) per share	-0.2272	0.0262

* amounts of 2012 reflect the application of IAS 19 revised

(thousands of Euros)

ASSETS	31/12/2013	31/12/2012 restated *
Non-current assets		
Property, plant and equipment	36,164	32,972
Development expenditure	6,571	8,365
Goodw ill	40,190	55,582
Other intangible assets w ith finite useful lives	26,546	27,169
Other non-current financial assets	1,059	203
Deferred tax assets	16,407	13,810
Total non-current assets	**126,937**	**138,101**
Current assets		
Trade receivables	38,273	69,010
Trade receivables - related parties	189	229
Inventories	61,579	65,288
Contract w orks in progress	3,043	640
Other receivables and current assets	17,118	14,213
Current financial assets	0	116
Cash and cash equivalents	32,953	38,629
Total current assets	**153,155**	**188,125**
TOTAL ASSETS	**280,092**	**326,226**

(thousands of Euros)

EQUITY AND LIABILITIES	31/12/2013	31/12/2012 restated *
Group shareholders' equity		
Share capital	11,250	11,250
Other reserves	123,714	124,234
Profit (loss) of the period	-25,558	2,951
Total equity attributable to the shareholders of the parent	**109,406**	**138,435**
Minority interests	**407**	**623**
TOTAL EQUITY	**109,813**	**139,058**
Non-current liabilities		
Non-current bank loans	12,096	38,465
Other non-current financial liabilities	661	25
Provisions for risks and charges	6,218	5,077
Defined benefit plans	3,739	3,466
Deferred tax liabilities	8,797	10,550
Total non-current liabilities	**31,511**	**57,583**
Current liabilities		
Bank overdrafts and short-term loans	74,099	62,017
Other current financial liabilities	25	24
Trade payables	51,681	55,722
Trade payables - related parties	434	58
Tax liabilities	3,876	2,478
Other current liabilities	8,653	9,286
Total current liabilities	**138,768**	**129,585**
TOTAL LIABILITIES AND EQUITY	**280,092**	**326,226**

* amounts of 2012 reflect the application of IAS 19 revised

(thousands of Euros)

CONSOLIDATED CASH FLOW STATEMENT	31/12/2013	31/12/2012 restated *
Cash flow from operating activities		
Profit (Loss) of the period	-25,960	2,686
Adjustments for:		
Depreciation	9,440	9,896
Amortization of intangible assets	8,041	8,570
(Reversal of) impairment losses on property, plant and equipment	78	25
impairment loss on intangible assets	15,675	
impairment loss on trade receivables	794	1,021
Net finance costs	4,611	4,237
Gain on sale of property,plant and equipment		-89
Gain on curtailment	273	-175
Tax expense	-850	3,006
	12,102	**29,177**
Changes in:		
inventories	1,306	1,480
trade and other receivables	24,421	20,795
trade and other paybles	-1,852	-2,253
provisions and employee benefits	588	902
Cash generated from operating activities	**36,565**	**50,101**
Interest paid	-3,312	-2,613
income taxes paid	-2,606	-7,898
Net cash flow from (for) operating activities	**30,647**	**39,590**
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	174	2,686
Acquisition of property, plant and equipment	-12,162	-9,862
Acquisition of intangible assets	-3,283	-845
Acquisition of other investments	-678	0
Development expenditure	-3,347	-3,273
Net cash used in investing activities	**-19,296**	**-11,294**
Cash flow from financing activities		
Net repayments and financings	-13,650	-9,515
Net cash from (used in) financing activities	**-13,650**	**-9,515**
Net increase (decrease) in cash and cash equivalents	**-2,299**	**18,781**
Cash and cash equivalents at 1 January	38,629	20,059
Effect of exchange rate fluctuations on cash held	-3,377	-211
Cash and cash equivalents at 31 December	32,953	38,629

* amounts of 2012 reflect the application of IAS 19 revised

LANDI RENZO S.p.A. – Parent Company Financial Statements

(Euros)

PARENT COMPANY STATEMENT OF PROFIT AND LOSS	31/12/2013	31/12/2012 restated *
Revenues (goods and services)	92,978,259	136,703,141
Other revenue and income	503,717	580,944
Cost of raw materials, consumables and goods and change in inventories	-49,137,318	-70,471,878
Costs for services and use of third party assets	-27,222,172	-39,156,606
Personnel expenses	-16,395,340	-17,890,200
Accruals, impairment losses and other operating expenses	-1,349,484	-913,837
Gross Operating Profit	**-622,338**	**8,851,564**
Amortization, depreciation and impairment losses	-8,318,826	-8,381,251
Net Operating Profit	**-8,941,164**	**470,313**
Financial income	560,936	217,684
Income from investments	6,618,486	8,535,186
Financial expenses	-2,945,686	-3,051,620
Expenses from investments	-13,198,937	-479,260
Gains (losses) on exchange rate	-430,966	-185,088
Profit (Loss) before tax	**-18,337,331**	**5,507,215**
Current and deferred taxes	2,754,400	60,292
Profit (loss) of the period	**-15,582,931**	**5,567,507**

* amounts of 2012 reflect the application of IAS 19 revised

(Euros)

PARENT COMPANY ASSETS	31/12/2013	31/12/2012 restated *
Non-current assets		
Property, plant and equipment	20,935,053	17,326,221
Development expenditure	5,634,563	5,643,221
Goodw ill and other intangible assets w ith finite useful lives	3,536,450	3,469,276
Investments in subsidiaries	112,799,376	121,656,312
Investments in associates and joint ventures	299,768	-
Other non-current financial assets	890,977	890,977
Other non-current assets	88,655	93,693
Deferred tax assets	10,029,143	7,171,461
Total non-current assets	**154,213,985**	**156,251,161**
Current assets		
Trade receivables	9,770,058	24,854,908
Trade receivables to subsidiaries	8,994,541	18,587,958
Inventories	23,939,799	28,662,302
Other receivables and current assets	4,055,433	3,791,162
Current financial assets	13,829,563	7,769,001
Cash and cash equivalents	6,331,113	19,108,428
Total current assets	**66,920,507**	**102,773,759**
TOTAL ASSETS	**221,134,492**	**259,024,920**

(Euros)

PARENT COMPANY EQUITY AND LIABILITIES	31/12/2013	31/12/2012 restated *
Equity		
Share capital	11,250,000	11,250,000
Other reserves	114,984,467	109,459,893
Profit (loss) of the period	-15,582,931	5,567,507
TOTAL EQUITY	**110,651,536**	**126,277,400**
Non-current liabilities		
Non-current bank loans	6,794,745	34,799,095
Other non-current financial liabilities	660,787	24,812
Provisions for risks and charges	3,217,850	2,403,444
Defined benefit plans	1,676,917	1,618,990
Deferred tax liabilities	833,771	961,154
Total non-current liabilities	**13,184,070**	**39,807,495**
Current liabilities		
Bank overdrafts and short-term loans	66,467,769	52,558,891
Other current financial liabilities	24,812	24,072
Trade payables	19,664,735	28,284,168
Trade payables - related parties	286,565	0
Liabilities to subsidiaries	6,712,382	7,275,782
Tax liabilities	851,731	828,929
Other current liabilities	3,290,892	3,968,183
Total current liabilities	**97,298,886**	**92,940,025**
TOTAL LIABILITIES AND EQUITY	**221,134,492**	**259,024,920**

* amounts of 2012 reflect the application of IAS 19 revised

(thousands of Euros)

PARENT COMPANY CASH FLOW STATEMENT	31/12/2013	31/12/2012 restated *
Cash flow from operating activities		
Profit (Loss) of the period	-15,583	5,567
Adjustments for:		
Depreciation	4,918	5,504
Amortization of intangible assets	3,400	2,877
Impairment losses on intangible assets		479
impairment loss on trade receivables	153	197
Net finance costs	2,816	3,019
Gain from investments	6,581	-8,535
Gain on sale of property,plant and equipment		-61
Gain on curtailment	58	-61
Tax expense	2,754	88
	5,097	**9,074**
Changes in:		
inventories	4,723	-96
trade and other receivables	12,218	20,363
trade and other paybles	-12,348	2,128
provisions and employee benefits - excluding gain on curtailment	772	-696
Cash generated from operating activities	**10,462**	**30,773**
Interest paid	-2,900	-2,351
Net cash flow from (for) operating activities	**7,562**	**28,422**
Cash flow from investing activities		
Dividends received	**6,618**	**8,211**
Proceeds from sale of property, plant and equipment	52	2,022
Acquisition of subsidiary, net of cash acquired	-1,512	-2,500
Acquisition of property, plant and equipment	-8,579	-5,331
Acquisition of intangible assets	-456	-310
Development expenditure	-3,003	-3,065
Net cash used in investing activities	**-6,880**	**-973**
Cash flow from financing activities		
Repayment of borrow ings	-7,282	-6,519
Net granted and repaid loans to subsidiaries	-6,177	-3,945
Net cash from (used in) financing activities	**-13,459**	**-10,464**
Net increase (decrease) in cash and cash equivalents	**-12,777**	**16,985**
Cash and cash equivalents at 1 January	19,108	2,123
Cash and cash equivalents at 31 December	6,331	19,108

* amounts of 2012 reflect the application of IAS 19 revised