

Landi Renzo: Board of Directors approves 9M 2015 Results

- Revenues of Euro 145.6 million (Euro 173.9 million in 9M 2014)
- EBITDA of Euro 1.9 million (Euro 14.1 million in 9M 2014)
- EBIT loss of Euro 9.6 million (profit of Euro 2.9 million in 9M 2014)
- Net Debt of Euro 72.1 million (Euro 63.7 million at June 30, 2015)

Cavriago (RE), November 12, 2015

The Board of Directors of Landi Renzo, in a meeting chaired today by Stefano Landi, approved the Interim Report at September 30, 2015.

Stefano Landi, Chairman and Chief Executive Officer of Landi Renzo stated: *“The drop in the price of oil has impacted the sector since the beginning of the year, although these effects are beginning to ease. However, the repercussions are evident in the results for the first nine months of 2015.*

The alternative fuel sector continues to offer interesting opportunities, both through new projects by car manufacturers and through the methane conversion projects which many governments are introducing.

The investments necessary to tap into these opportunities, in addition to the realities of the current operating environment, require us to improve both operational and organizational efficiency. Therefore, the Group has undertaken - and continues to pursue - a range of cost reduction activities, in order to regain a positive financial and profitability situation already in 2016.”

9M 2015 Key Financial Highlights

Revenues reached Euro 145.6 million, compared to Euro 173.9 million in 9M 2014: this result was achieved amid a sharp drop in the price of oil, down approx. 50% on 9M 2014, with direct impacts on the price of traditional fuels and, as a consequence, reducing partially the economic saving related to vehicles gas conversions. Revenues in the third quarter amounted to Euro 47.5 million (Euro 61.6 million in the third quarter of 2014).

EBITDA amounted to Euro 1.9 million (Euro 14.1 million in 9M 2014): the contraction is principally due to lower sales volumes, increased price pressures and a less favorable product mix for the After Market channel, which normally features higher margins. Operating and overhead costs streamlining continues, with positive and gradual recovery of the margin starting in the third quarter of 2015 (EBITDA of Euro 1.7 million, a 3.7% margin) compared to the preceding quarters of 2015. First actions taken on the cost side will benefit further in following quarters.

EBIT reported a loss of Euro 9.6 million (a profit of Euro 2.9 million in 9M 2014), after amortizations and depreciations of Euro 11.5 million (Euro 11.2 million in 9M 2014).

The **Pre-tax result** reported a loss of Euro 13.5 million (profit of Euro 1 million in 9M 2014). The **Net Loss** amounted to Euro 11.3 million (loss of Euro 0.2 million in 9M 2014).

The **Net Debt** was Euro 72.1 million, compared to Euro 63.7 million at June 30, 2015 and Euro 47.2 million at December 31, 2014.

Sales overview

Segments

Gas Segment revenues amounted to Euro 131.8 million (Euro 158.2 million in 9M 2014). In particular:

- *Vehicle Systems (LPG and Methane)* sales revenues reached Euro 116.6 million (Euro 136.4 million in 9M 2014); the reduction is principally due to the drop in After Market channel revenues;
- *Distribution System* sales revenues amounted to Euro 15.2 million (Euro 21.8 million in the first nine months of 2014), due to delays in a number of regions with geopolitical difficulties.

Other sector revenues (*Anti-theft, Sound, Robotics, Oil&Gas and other*) totalled Euro 13.8 million (Euro 15.7 million at September 30, 2014).

Regional performances

Overseas revenues totalled Euro 117 million, 80.4% of total revenues (Euro 143.1 million in 9M 2014, 82.3%), confirming the recognized strong international focus of the Landi Renzo Group.

- Revenues in **Italy** amounted to Euro 28.6 million (Euro 30.8 million in 9M 2014). The decrease is mainly due to the general decline in the number of conversions on the After Market channel, which reduced 20.6% in the quarter on the previous year according to the Ecogas Consortium figures.
- In **Europe**, revenues totalled Euro 62.5 million, reducing on the first nine months of 2014 (Euro 80.3 million), due to contractions on a number of Eastern European markets and to the temporary slowdown in procurement by a major OEM client for the delay on the launch of a new model platform.
- In the **Americas**, sales reached Euro 29.2 million, up 5.7% (Euro 27.6 million in 9M 2014), thanks to improved sales on the North American market of refuelling station compressors.
- In **Asia and the Rest of the World**, revenues amounted to Euro 25.3 million (Euro 35.2 million), with the reduction due to poor performances in a number of areas, including Thailand and China. We highlight the strong sales in Iran, supported by the gradual easing of international tensions, in addition to development on the Middle Eastern market.

Outlook

On the basis of the current sector outlook, revenues are expected between Euro 205 and 210 million for FY 2015. 2015 EBITDA, excluding eventual non-recurring charges related to the cost streamlining, will be between Euro 7 and 10 millions, thanks also to the efficiency measures introduced, which are increasingly providing returns. The Group will continue however to closely focus on operating and management costs streamlining, in addition to the monitoring of the economic and financial indicators.

In parallel initiatives have been implemented to fully grasp all opportunities in the sector with the aim to increase the market impact of the Landi Group.

The executive officer responsible for the preparation of the financial statements 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's website.

This press release is a translation. The Italian version will prevail.

Landi Renzo is the global leader in the LPG and Methane gas 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 80%. Landi Renzo SpA has been listed on the STAR segment of the MTA Market of Borsa Italiana since June 2007.

LANDI RENZO
Pierpaolo Marziali
M&A and Investor Relations Officer
ir@landi.it
Corrado Storchi
Public Affairs Officer
cstorchi@landi.it
Tel. +39 0522.94.33

IR TOP CONSULTING
Maria Antonietta Pireddu, Domenico Gentile
Tel. +39 02 45473884/3
ir@irtop.com

Attachments:

- Consolidated Income Statement - 9M 2015
- Consolidated Balance Sheet at September 30, 2015
- Consolidated Cash Flow Statement at September 30, 2015

(thousands of Euros)

INCOME STATEMENT	30/09/2015	30/09/2014
Revenues (goods and services)	145,453	172,824
Revenues (goods and services)- related parties	158	1,110
Other revenue and income	1,443	1,254
Cost of raw materials, consumables and goods and change in inventories	-70,666	-79,724
Costs for services and use of third party assets	-39,185	-45,386
Costs for services and use of third party assets – related parties	-2,339	-1,870
Personnel expenses	-31,232	-31,760
Accruals, impairment losses and other operating expenses	-1,718	-2,323
Gross Operating Profit	1,914	14,125
Amortization, depreciation and impairment losses	-11,509	-11,245
Net Operating Profit	-9,595	2,880
Financial income	314	339
Financial expenses	-3,437	-3,172
Gains (losses) on exchange rate	-525	1,015
Gains (losses) on equity investments consolidated using the equity method	-210	-111
Profit (Loss) before tax	-13,453	951
Current and deferred taxes	2,157	-1,172
Profit (loss) of the period for the Group and minority interests, including:	-11,296	-221
Minority interests	-145	109
Profit (Loss) of the period for the Group	-11,151	-330
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0991	-0.0029
Diluted earnings (loss) per share	-0.0991	-0.0029

(thousands of Euros)

ASSETS	30/09/2015	31/12/2014	30/09/2014
Non-current assets			
Property, plant and equipment	34,917	35,277	34,974
Development expenditure	7,524	7,101	6,367
Goodwill	39,942	39,942	40,190
Other intangible assets with finite useful lives	23,384	24,637	25,068
Equity investments consolidated using the equity method	186	180	330
Other non-current financial assets	792	773	538
Deferred tax assets	20,047	17,247	17,201
Total non-current assets	126,792	125,157	124,668
Current assets			
Trade receivables	33,202	33,069	42,066
Trade receivables - related parties	2,408	1,986	601
Inventories	61,416	63,269	70,109
Contract works in progress	3,744	2,590	2,214
Other receivables and current assets	15,609	15,533	14,973
Cash and cash equivalents	29,517	31,820	31,533
Total current assets	145,896	148,267	161,496
TOTAL ASSETS	272,688	273,424	286,164

(thousands of Euros)

EQUITY AND LIABILITIES	30/09/2015	31/12/2014	30/09/2014
Group shareholders' equity			
Share capital	11,250	11,250	11,250
Other reserves	96,035	98,018	97,847
Profit (loss) of the period	-11,151	-1,783	-330
Total equity attributable to the shareholders of the parent	96,134	107,485	108,767
Minority interests	575	591	637
TOTAL EQUITY	96,709	108,076	109,404
Non-current liabilities			
Non-current bank loans	34,990	26,171	28,834
Other non-current financial liabilities	34,093	1,178	661
Provisions for risks and charges	3,902	5,055	5,362
Defined benefit plans	3,385	3,818	3,706
Deferred tax liabilities	8,172	8,417	8,573
Total non-current liabilities	84,542	44,639	47,136
Current liabilities			
Bank overdrafts and short-term loans	32,266	51,580	49,186
Other current financial liabilities	268	137	31
Trade payables	45,500	54,632	63,526
Trade payables - related parties	1,909	1,304	1,327
Tax liabilities	1,603	4,492	2,576
Other current liabilities	9,891	8,564	12,978
Total current liabilities	91,437	120,709	129,624
TOTAL EQUITY AND LIABILITIES	272,688	273,424	286,164

(thousands of Euros)

STATEMENT OF CASH FLOWS	30/09/2015	30/09/2014
Cash flow from operating activities		
Profit (Loss) of the period	-11,296	-221
<i>Adjustments for:</i>		
Depreciation	6,480	6,893
Amortization of intangible assets	5,029	4,352
impairment loss on trade receivables	329	315
Net finance costs including forex exchange	3,648	1,818
Gain on curtailment	-433	-33
Tax expense	-2,157	1,172
	1,600	14,296
<i>Changes in:</i>		
inventories	699	-7,701
trade and other receivables	-3,779	-2,545
trade and other payables	-8,722	16,000
provisions and employee benefits	-820	-1,146
Cash generated from operating activities	-11,022	18,904
Interest paid	-2,054	-2,339
income taxes paid	-969	-1,146
Net cash flow from (for) operating activities	-14,045	15,419
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	207	234
Affiliates consolidated using the equity method	-6	-330
Acquisition of property, plant and equipment	-6,326	-5,936
Acquisition of intangible assets	-664	-362
Development expenditure	-3,536	-2,308
Net cash used in investing activities	-10,325	-8,702
Cash flow from financing activities		
Net proceeds from the issue of bonds	33,046	
Net repayments and financings	-10,495	-8,169
Net cash from (used in) financing activities	22,551	-8,169
Net increase (decrease) in cash and cash equivalents	-1,819	-1,452
Cash and cash equivalents as at 1 January	31,820	32,953
Effect of exchange rate fluctuations on cash held	-484	32
Cash and cash equivalents at the end of the period	29,517	31,533