

## Landi Renzo: revenues, margins and cash flow improve in 2014

- Revenues of Euro 233.2 mln (up 5% on Euro 222.8 mln in 2013)
- EBITDA of Euro 18.3 mln (up 66% on Euro 11.0 mln in 2013)
- EBIT of Euro 2.6 mln, significantly improving on 2013 (EBIT loss of Euro 22.2 mln)
- Net loss of Euro 1.8 million, significantly improving on 2013 (loss of Euro 25.6 million)
- Net Debt of Euro 47.2 million, improving on Euro 53.9 million at December 31, 2013 and unchanged on September 30, 2014.
- Profit for the year to be allocated to the extraordinary reserve
- Proposal to renew the authorization for the purchase and sale of treasury shares
- Shareholders' Meeting date

Cavriago (RE), March 13, 2015

The Board of Directors of Landi Renzo, in a meeting chaired today by Stefano Landi, approved the 2014 Separate and Consolidated Financial Statements.

**Stefano Landi**, Chairman and Chief Executive Officer of Landi Renzo stated: *“In 2014 the Group returned to growth and posted strong results, both in terms of earnings and cash flows. This follows the implementation of effective commercial and cost reduction strategies.*

*In the same year - continued Landi - we have rolled out investments to get future growth opportunities, with new products introduced on the market and the opening of the new research and development centre. Considering also the Italian alternative fuel car registration figures for the initial months of 2015, we remain of the opinion that, despite the difficulties created by economic and geopolitical developments, the LPG and methane sectors will continue to be a source of significant opportunities for automotive into the future.”*

### 2014 Consolidated Key Financial Results

**Revenues** totalled Euro 233.2 million, +4.7% on Euro 222.8 million in 2013 - principally thanks to increased sales of re-fuelling station distribution systems and of Oil&Gas.

**EBITDA** amounted to Euro 18.3 million, +65.8% on 2013 (Euro 11.0 million), thanks to the strong revenue performance, together with the implementation of cost containment actions. The cost structure benefitted from lower operating expenses, more specifically, related to raw material, service and labour costs.

Revenues and EBITDA margin are in line with the 2014 outlook announced in March 2013.

**EBIT** amounted to Euro 2.6 million, after Euro 0.2 million of non-recurring charges, compared to an EBIT loss of Euro 22.2 million in 2013, of which non-recurring charges of 15.6 million Euro.

The **Pre-tax Loss** was Euro 0.1 million, after non-recurring charges of Euro 0.2 million, compared to a Pre-tax Loss of Euro 26.8 million in 2013, of which non-recurring charges of Euro 15.6 million.

The Group **Net Loss** was Euro 1.8 million, improving in 2013 (loss of Euro 25.6 million).

Group **Net Equity** totalled Euro 108.1 million (Euro 109.8 million at December 31, 2013).

The **Net Financial Position** reports a net debt of Euro 47.2 million, unchanged on September 30, 2014 and improving on Euro 53.9 million at December 31, 2013.

### Sales overview

## Segments

**Gas Segment** revenues amounted to Euro 211.5 million, substantially unchanged on 2013 (Euro 211.4 in 2013);

In particular:

- sales revenues from *Vehicle Systems (LPG and Methane)* totalled Euro 185.8 million (Euro 189.8 million in 2013); the reduction is principally due to the drop in LPG system sales, particularly in Italy;
- sales revenues from *Distribution Systems* amounted to Euro 25.7 million, up 18.4% on 2013 (Euro 21.6 million), thanks to the strong sales performance in Eastern Europe.

**Other sector** revenues (*Anti-theft, Sound, Aquatronics, Robotics, Oil&Gas and other*) of Euro 21.7 million grew 91.2% (Euro 11.4 million in 2013), principally due to Oil&Gas plant sales.

## Regional performance

**Overseas** revenues totalled Euro 190.5 million, +10.9% and account for 82% of total revenues (Euro 171.9 million in 2013, 77% of total revenues), confirming the strong international focus of the Landi Renzo Group.

- In **Europe**, revenues totalled Euro 103.9 million, +15.5% (Euro 90.0 million in 2013), principally due to the strong gas distribution system performance on certain Eastern European markets, in addition to the effect of the transfer of sales - previously originated from Italy - to European production sites of a leading OEM client.
- In the **Americas**, revenues amounted to Euro 39.1 million, improving 8.3% on 2013 (Euro 36.1 million), despite the poor performance on the Venezuelan market, offset by improvements on other markets, including the United States.
- In **Asia and the Rest of the World** revenues totalled Euro 47.5 million, up 3.8% on Euro 45.8 million in 2013, thanks to improved Oil&Gas plant sales, although a slowdown on the Thai market, as reported in the Interim Reports. Encouraging signs of a re-opening have emerged also from Pakistan, with the local Government deciding, for the OEM channel only, to suspend unfavourable regulations on the use of methane for transport; gas plant was again supplied in Iran, despite difficulties stemming from international tensions.

Revenues in **Italy** amounted to Euro 42.7 million (Euro 50.9 million in 2013). The reduction is principally due to a differing origin of products for a major OEM client - no longer from Italy but from various European production facilities - and a reduction in conversions on the After Market. The Group keeps its leadership market share of more than 36% on the domestic After Market channel.

## 2014 Landi Renzo SpA Key Financial Results

**Revenues** of Euro 95.2 million rose +2.4% compared to 2013 (Euro 93.0 million).

The **EBITDA** reports a loss of Euro 2.0 million (loss of Euro 0.6 million in 2013).

**EBIT** loss is Euro 10.3 million (loss of Euro 8.9 million in 2013), after amortisation and depreciation of Euro 8.3 million, of which Euro 3.4 million concerning intangible assets.

A **Net Profit** of Euro 0.2 million was reported (net loss of Euro 15.6 million in 2013) after dividends from Group companies of Euro 10.4 million, financial charges of Euro 2.8 million and impairments on investments of Euro 0.9 million.

The **Net Debt** totalled Euro 44.3 million (debt of Euro 52.9 million at December 31, 2013).

## Outlook

The sector is expanding into new markets, with a very high focus on alternative fuels. However, difficulties continue to persist due to economic and geopolitical conditions in a number of core sector markets. On the basis of that outlined, the Group for 2015 expects results in line with 2014.

## Profit for the year

Simultaneously with the approval of the draft financial statements and the consolidated financial

statements at 31 December 2014, the Board of Directors has also resolved to propose to the upcoming meeting of shareholders to use the profit for the year of € 211,778.96 to increase the extraordinary reserve, given that the legal reserve has already reached the fifth of the capital.

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

The Board of Directors will propose 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 collaborators of the Company and of the subsidiary companies, (ii) as part of acquisition operations or for any issues of bond loans convertible into shares of the Company, (iii) for efficient use of liquidity.
- (d) utilise an important management and strategic flexibility 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. The acquisition of treasury shares will be made in compliance with the applicable regulations by the following means: (i) public purchase or exchange offer, (ii) on the regulated markets, (iii) purchase or sale of derivative instruments with physical delivery of the underlying shares, or (iv) allocation to shareholders of sales options. 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 2014, the Parent Company did not trade treasury shares or parent company shares and currently does not hold treasury shares or holding company shares. The subsidiary companies do not hold shares in the Parent Company.

## Other Board of Directors' motions

The Board of Directors also approved the 2014 Corporate Governance and Ownership Structure Report and the 2015 Remuneration Report.

The Board called the Ordinary & Extraordinary Shareholders' Meeting for April 24, 2015 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:

### ORDINARY SESSION

Financial Statements for the year ended December 31, 2014; Directors' Report; Board of Statutory Auditor's Report; 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' motion of April 24, 2014; deliberations thereon.

### EXTRAORDINARY SESSION

Proposal to amend Article 6 of the Company By-Laws and introduce Articles 6-bis, 6-ter e 6-quater.

The call notice will be published in accordance with 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*

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*accounting documents, records and accounting entries.*

*The present press release, together with the presentation, is available also on the company's website. At 4 PM the Group Top Management will hold a teleconference. Connection details are available on the company website in the Investor Relations section.*

*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.

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## Consolidate Financial Statements

(thousands of Euros)

	31/12/2014	31/12/2013
<b>CONSOLIDATED STATEMENT OF PROFIT AND LOSS</b>		
<b>Revenues (goods and services)</b>	231,117	221,974
Revenues (goods and services)- related parties	2,096	835
Other revenue and income	1,542	2,110
Cost of raw materials, consumables and goods and change in inventories	-108,321	-105,555
Costs for services and use of third party assets	-60,434	-60,036
Costs for services and use of third party assets – related parties	-2,588	-1,579
Personnel expenses	-42,395	-42,852
Accruals, impairment losses and other operating expenses	-2,724	-3,861
<b>Gross Operating Profit</b>	<b>18,293</b>	<b>11,036</b>
Amortization, depreciation and impairment losses	-15,721	-33,234
<i>of which non recurrent</i>	-248	-15,640
<b>Net Operating Profit</b>	<b>2,572</b>	<b>-22,198</b>
Financial income	501	466
Financial expenses	-4,074	-3,982
Gains (losses) on exchange rate	1,194	-1,095
Profit (loss) from investments accounted for using the equity method	-301	
<b>Profit (Loss) before tax</b>	<b>-108</b>	<b>-26,809</b>
Current and deferred taxes	-1,636	849
<b>Profit (loss) of the period for the Group and minority interests, including:</b>	<b>-1,744</b>	<b>-25,960</b>
Minority interests	39	-402
Profit (Loss) of the period of the Group	-1,783	-25,558
<b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b>	<b>-0.0158</b>	<b>-0.2272</b>
<b>Diluted earnings (loss) per share</b>	<b>-0.0158</b>	<b>-0.2272</b>

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(thousands of Euros)

ASSETS	31/12/2014	31/12/2013
<b>Non-current assets</b>		
Property, plant and equipment	35,277	36,164
Development expenditure	7,101	6,571
Goodwill	39,942	40,190
Other intangible assets with finite useful lives	24,637	26,546
Investments accounted for using the equity method	180	0
Other non-current financial assets	773	1,059
Deferred tax assets	17,247	16,407
<b>Total non-current assets</b>	<b>125,157</b>	<b>126,937</b>
<b>Current assets</b>		
Trade receivables	33,069	38,273
Trade receivables - related parties	1,986	189
Inventories	63,269	61,579
Contract works in progress	2,590	3,043
Other receivables and current assets	15,533	17,118
Cash and cash equivalents	31,820	32,953
<b>Total current assets</b>	<b>148,267</b>	<b>153,155</b>
<b>TOTAL ASSETS</b>	<b>273,424</b>	<b>280,092</b>

(thousands of Euros)

EQUITY AND LIABILITIES	31/12/2014	31/12/2013
<b>Group shareholders' equity</b>		
Share capital	11,250	11,250
Other reserves	98,018	123,714
Profit (loss) of the period	-1,783	-25,558
<b>Total equity attributable to the shareholders of the parent</b>	<b>107,485</b>	<b>109,406</b>
Minority interests	591	407
<b>TOTAL EQUITY</b>	<b>108,076</b>	<b>109,813</b>
<b>Non-current liabilities</b>		
Non-current bank loans	26,171	12,096
Other non-current financial liabilities	1,178	661
Provisions for risks and charges	5,055	6,218
Defined benefit plans	3,818	3,739
Deferred tax liabilities	8,417	8,797
<b>Total non-current liabilities</b>	<b>44,639</b>	<b>31,511</b>
<b>Current liabilities</b>		
Bank overdrafts and short-term loans	51,580	74,099
Other current financial liabilities	137	25
Trade payables	54,632	51,681
Trade payables - related parties	1,304	434
Tax liabilities	4,492	3,876
Other current liabilities	8,564	8,653
<b>Total current liabilities</b>	<b>120,709</b>	<b>138,768</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>273,424</b>	<b>280,092</b>

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(thousands of Euros)

CONSOLIDATED CASH FLOW STATEMENT	31/12/2014	31/12/2013
<b>Cash flow from operating activities</b>		
Profit (Loss) of the period	-1,744	-25,960
<i>Adjustments for:</i>		
Depreciation	9,160	9,440
Amortization of intangible assets	6,296	8,041
(Reversal of) impairment losses on property, plant and equipment		113
impairment loss on intangible assets	248	15,640
impairment loss on trade receivables	513	794
Net finance costs	2,379	4,611
Gain on curtailment	79	273
Tax expense	1,636	-850
	<b>18,567</b>	<b>12,102</b>
<i>Changes in:</i>		
inventories	-1,237	1,306
trade and other receivables	3,923	24,421
trade and other paybles	5,690	-1,852
provisions and employee benefits	-1,522	588
<b>Cash generated from operating activities</b>	<b>25,421</b>	<b>36,565</b>
Interest paid	-3,214	-3,312
income taxes paid	-2,147	-2,606
<b>Net cash flow from (for) operating activities</b>	<b>20,060</b>	<b>30,647</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	310	174
Incorporation of companies accounted for using the equity method	-180	
Acquisition of property, plant and equipment	-8,583	-12,162
Acquisition of intangible assets	-617	-3,283
Acquisition of other investments		-678
Development expenditure	-4,300	-3,347
<b>Net cash used in investing activities</b>	<b>-13,370</b>	<b>-19,296</b>
<b>Cash flow from financing activities</b>		
Net repayments and financings	-7,816	-13,650
<b>Net cash from (used in) financing activities</b>	<b>-7,816</b>	<b>-13,650</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-1,126</b>	<b>-2,299</b>
Cash and cash equivalents at 1 January	32,953	38,629
Effect of exchange rate fluctuations on cash held	-7	-3,377
<b>Cash and cash equivalents at the end of the period</b>	<b>31,820</b>	<b>32,953</b>

## Landi Renzo S.p.A. - Parent Company Financial Statements

STATEMENT OF PROFIT AND LOSS (Euros)	31/12/2014	31/12/2013
<b>Revenues (goods and services)</b>	<b>95,215,020</b>	<b>92,978,259</b>
Other revenue and income	437,961	503,717
Cost of raw materials, consumables and goods and change in inventories	-49,684,588	-49,137,318
Costs for services and use of third party assets	-28,593,587	-27,222,172
Personnel expenses	-18,649,398	-16,395,340
Accruals, impairment losses and other operating expenses	-752,625	-1,349,484
<b>Gross Operating Profit</b>	<b>-2,027,217</b>	<b>-622,338</b>
Amortization, depreciation and impairment losses	-8,281,880	-8,318,826
<b>Net Operating Profit</b>	<b>-10,309,097</b>	<b>-8,941,164</b>
Financial income	291,802	560,936
Income from investments	10,360,457	6,618,486
Financial expenses	-2,777,676	-2,945,686
Expenses from investments	-945,745	-13,198,937
Gains (losses) on exchange rate	813,616	-430,966
<b>Profit (Loss) before tax</b>	<b>-2,566,643</b>	<b>-18,337,331</b>
Current and deferred taxes	2,778,422	2,754,400
<b>Profit (loss) of the period</b>	<b>211,779</b>	<b>-15,582,931</b>

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ASSETS	31/12/2014	31/12/2013
<b>Non-current assets</b>		
Property, plant and equipment	21,196,888	20,935,053
Development expenditure	5,754,447	5,634,563
Goodwill and other intangible assets with finite useful lives	3,544,277	3,536,450
Investments in subsidiaries	111,736,534	112,799,376
Investments in associates and joint ventures	868,028	299,768
Other non-current financial assets	602,774	890,977
Other non-current assets	71,330	88,655
Deferred tax assets	10,556,942	10,029,143
<b>Total non-current assets</b>	<b>154,331,220</b>	<b>154,213,985</b>
<b>Current assets</b>		
Trade receivables	7,851,679	9,770,058
Trade receivables to subsidiaries	14,583,917	8,994,541
Inventories	21,947,063	23,939,799
Other receivables and current assets	3,600,691	4,055,433
Current financial assets	7,053,867	13,829,563
Cash and cash equivalents	11,779,571	6,331,113
<b>Total current assets</b>	<b>66,816,788</b>	<b>66,920,507</b>
<b>TOTAL ASSETS</b>	<b>221,148,008</b>	<b>221,134,492</b>

EQUITY AND LIABILITIES	31/12/2014	31/12/2013
<b>Equity</b>		
Share capital	11,250,000	11,250,000
Other reserves	99,250,786	114,984,467
Profit (loss) of the period	211,779	-15,582,931
<b>TOTAL EQUITY</b>	<b>110,712,565</b>	<b>110,651,536</b>
<b>Non-current liabilities</b>		
Non-current bank loans	22,033,658	6,794,745
Other non-current financial liabilities	1,177,539	660,787
Provisions for risks and charges	2,221,404	3,217,850
Defined benefit plans	1,875,352	1,676,917
Deferred tax liabilities	979,258	833,771
<b>Total non-current liabilities</b>	<b>28,287,211</b>	<b>13,184,070</b>
<b>Current liabilities</b>		
Bank overdrafts and short-term loans	40,365,320	66,467,769
Other current financial liabilities	130,838	24,812
Trade payables	23,482,807	19,664,735
Trade payables - related parties	1,181,300	286,565
Liabilities to subsidiaries	13,067,013	6,712,382
Tax liabilities	861,465	851,731
Other current liabilities	3,059,489	3,290,892
<b>Total current liabilities</b>	<b>82,148,232</b>	<b>97,298,886</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>221,148,008</b>	<b>221,134,492</b>

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(thousands of Euros)

CASH FLOW STATEMENT	31/12/2014	31/12/2013
<b>Cash flow from operating activities</b>		
Profit (Loss) of the period	212	-15,583
<i>Adjustments for:</i>		
Depreciation	4,852	4,918
Amortization of intangible assets	3,430	3,400
(reversal of) losses due to impairment of property, plant and equipment	0	0
Impairment losses on intangible assets	0	0
impairment loss on trade receivables	138	153
Net finance costs	1,672	2,816
Gain from investments	-9,415	6,581
Gain on sale of property, plant and equipment		0
Gain on curtailment	198	58
Tax expense	2,778	2,754
	<b>3,865</b>	<b>5,097</b>
<i>Changes in:</i>		
inventories	1,993	4,723
trade and other receivables	3,184	12,218
trade and other payables	9,262	-12,348
provisions and employee benefits - excluding gain on curtailment	-992	772
<b>Cash generated from operating activities</b>	<b>17,312</b>	<b>10,462</b>
Interest paid	-2,494	-2,900
<b>Net cash flow from (for) operating activities</b>	<b>14,818</b>	<b>7,562</b>
<b>Cash flow from investing activities</b>		
Dividends received	10,360	6,618
Proceeds from sale of property, plant and equipment	229	52
Acquisition of subsidiary, net of cash acquired	-751	-1,512
Acquisition of property, plant and equipment	-5,410	-8,579
Acquisition of intangible assets	-306	-456
Development expenditure	-3,251	-3,003
<b>Net cash used in investing activities</b>	<b>871</b>	<b>-6,880</b>
<b>Cash flow from financing activities</b>		
Net repayment of borrowings and new borrowings	-10,241	-13,459
<b>Net cash from (used in) financing activities</b>	<b>-10,241</b>	<b>-13,459</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,448</b>	<b>-12,777</b>
Cash and cash equivalents at 1 January	6,331	19,108
<b>Cash and cash equivalents at 31 December</b>	<b>11,779</b>	<b>6,331</b>