

Landi Renzo: Board of Directors approves Q1 2016 Results

- Revenues of Euro 41.4 mln (Euro 45.6 mln in Q1 2015)
- EBITDA of Euro 0.4 mln (Euro 0.04 mln in Q1 2015)
- EBIT of Euro -3.76 mln (Euro -3.84 mln in Q1 2015)
- Net loss of Euro -4.3 mln (Euro -2.7 mln in Q1 2015)
- Net debt of Euro 78.4 mln (debt of Euro 59.5 mln at December 31, 2015)

Cavriago (RE), May 12, 2016

The Board of Directors of Landi Renzo, in a meeting chaired today by Stefano Landi, approved the Interim Report at March 31, 2016.

Stefano Landi, Chairman and CEO of Landi Renzo: *"As already indicated in March, the first quarter of 2016 was still difficult but in line with the budget. In particular, it must be highlighted the negative impact of a very gradual release of new LPG Euro VI models by Car Manufacturers, resulting in a slowdown in sales of new cars with alternative fuels.*

However even in face with a decline in business within the quarter the Group improves the EBITDA. This was possible thanks to a reduction in business costs, as a consequence of continuing for several months in the implementation of those actions to improve company efficiency."

Key Financial Highlights as at March 31, 2016

Revenues totalled Euro 41.4 million (Euro 45.6 million in Q1 2015) and are in line with both budget forecasts for the current year and with historical trends where Q1 is weaker in terms of sales volumes. Specifically, revenues put in a solid performance in the After Market segment, which globally consolidated business volumes in line with those achieved in the same period of the previous year; meanwhile a fall in sales volumes in the OEM channel was recorded as a result of a slowdown in supplies to car manufacturers due to the shift to new Euro 6 engines. This is expected to be recovered in the second half of the financial year.

EBITDA amounted to Euro 0.4 million, a considerable improvement compared with the figure of Euro 0.04 million in Q1 2015. The positive change is also due, in addition to an improvement in the profitability of sales, to the reduction in operating costs, specifically labour costs, as well as the positive effects of industrial costs thanks to the organisational and production restructuring already underway in the previous financial year.

EBIT saw a loss of Euro 3.76 million (loss of Euro 3.84 million in Q1 2015) after amortisation, depreciation and impairments of Euro 4.1 million (Euro 3.9 million in Q1 2015).

A **Pre-tax loss** of Euro 5.2 million was reported, compared to a loss of Euro 3.5 million in Q1 2015. Net financial expenses, equal to Euro 1.3 million, rose by Euro 0.6 million compared to Q1 2015. This increase was due to the higher cost of the debt relating to the "LANDI RENZO 6.10% 2015-2020" bond issue.

The Group **Net Loss** was Euro 4.2 million (loss of Euro 2.8 million in Q1 2015).

Net Debt totalled Euro 78.4 million, temporarily worse compared to the figure at December 31, 2015 (debt of Euro 59.5 million) mainly on account of several dynamics linked to the seasonal performance of working capital items.

Sales overview

Segments

Gas segment revenues amounted to Euro 37.6 million, compared to Euro 42.6 million in Q1 2015. Specifically:

- *Vehicle system (LPG and Methane)* sales revenues amounted to Euro 33.9 million (Euro 38.0 million in Q1 2015); the reduction is mainly a result of the impact on the OEM channel from the slowdown in supplies due to the shift from Euro V to Euro VI engines.
- *Distribution System* sales revenues amounted to Euro 3.7 million (Euro 4.6 million in Q1 2015), after lower revenues in South-East Asia only partly offset by the positive performance of several Western European countries.

Other Sectors (Anti-theft, Sound, Robotics¹, Oil&Gas and other) totalled Euro 3.8 million, up 27.4% compared with the figure of Euro 3.0 million in Q1 2015.

Regional performances

Overseas revenues totalled Euro 32.0 million, 77.3% of total revenues (Euro 36.1 million in Q1 2015; 79.1%), confirming the historically strong international focus of the Landi Renzo Group.

- Revenues in Italy totalled Euro 9.4 million, essentially in line with Q1 2015 (Euro 9.5 million). The Group's share of the domestic market in the After Market channel was stable at 34% (Ecogas Consortium figures).
- In Europe, revenues stood at Euro 18.8 million, down by 13.9% compared with Q1 2015 (Euro 21.9 million), as a result of the slowdown in supplies due to the switch from Euro 5 to Euro 6 engines in the OEM channel.
- In America, sales totalled Euro 6.1 million, a 23.6% fall compared with Q1 2015 (Euro 8.0 million) following the negative performance of sales in some South American countries (Bolivia and Argentina).
- In Asia and the Rest of the World, revenues totalled Euro 7.1 million, an increase of 14.5% compared with Q1 2015, thanks to the favourable development in revenues in India and Africa. There were signs of the Iranian market reopening, fostered by the gradual easing of the tense international situation.

Significant events after the end of the quarter

April 29, 2016: The Shareholders' Meeting approved, *inter alia*, the coverage of the losses for the financial year of Landi Renzo S.p.A., equal to Euro 37,702,189.73, through the full use of the merger reserve, which would be cancelled out, and the extraordinary reserve, which would be reduced to Euro 12,620,747.55. In addition, the Meeting appointed the Board of Directors and the Board of Statutory Auditors; the nine-year appointment for carrying out the statutory auditing was assigned to PricewaterhouseCoopers S.p.A.; and lastly authorisation for buying and selling treasury shares was renewed.

April 2016: the Group published the 2015 Sustainability Report in order to improve dialogue with stakeholders in the full knowledge that an operation focused 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

Taking into consideration the current situation, in line with that stated on March 14, it is confirmed that 2016 sales will be between Euro 200 and 210 million and that EBITDA in 2016 is forecast at between Euro 12 and 15 million. As a matter of fact the business with Car Manufacturers is expected to grow during next months for the release of new LPG models with Euro VI engines; the Distribution System business is historically stronger during the second part of the year.

The Group shall continue to pay the utmost attention to operational costs and management control, implementing further measures aimed at improving efficiency.

¹ The Robotics division was sold on April 28 with effect from May 1, 2016.

Press Release

May 12, 2016



The Executive responsible for the preparation of the corporate accounting documents, Paolo Cilloni, declares in accordance with Article 154-bis, paragraph 2 of Legislative 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 also available on the Company's website www.landi.it

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

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, and is renowned for the extent of its international activities in over 50 countries, with export sales of about 77%. Landi Renzo S.p.A. 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 at March 31, 2016
- Consolidated Balance Sheet at March 31, 2016
- Consolidated Cash Flow Statement at March 31, 2016

Press Release

May 12, 2016



(thousands of Euro)

INCOME STATEMENT	31/03/2016	31/03/2015
Revenues (goods and services)	41,416	45,466
Revenues (goods and services) - related parties	4	92
Other revenue and income	195	220
Cost of raw materials, consumables and goods and change in inventories	-19,105	-19,852
Costs for services and use of third party assets	-11,312	-13,658
Costs for services and use of third party assets - related parties	-775	-669
Personnel expenses	-9,466	-10,929
Accruals, impairment losses and other operating expenses	-594	-627
Gross Operating Profit	363	43
Amortization, depreciation and impairment losses	-4,118	-3,878
Net Operating Profit	-3,755	-3,835
Financial income	39	115
Financial expenses	-1,301	-799
Gains (losses) on exchange rate	-159	1,024
Gains (losses) on equity investments consolidated using the equity method	-38	4
Profit (Loss) before tax	-5,214	-3,491
Current and deferred taxes	898	774
Profit (loss) of the period for the Group and minority interests, including:	-4,316	-2,717
Minority interests	-126	37
Profit (Loss) of the period for the Group	-4,190	-2,754
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0372	-0.0245
Diluted earnings (loss) per share	-0.0372	-0.0245



(thousands of Euro)

ASSETS	31/03/2016	31/12/2015	31/03/2015
Non-current assets			
Property, plant and equipment	33,998	35,364	35,191
Development expenditure	8,464	8,404	7,121
Goodwill	30,094	30,094	39,942
Other intangible assets with finite useful lives	22,017	22,696	24,288
Equity investments consolidated using the equity method	71	109	491
Other non-current financial assets	453	574	788
Deferred tax assets	14,705	13,779	18,493
Total non-current assets	109,802	111,020	126,314
Current assets			
Trade receivables	33,279	31,340	33,321
Trade receivables - related parties	2,371	2,424	2,507
Inventories	60,955	57,528	72,862
Contract works in progress	2,457	2,904	2,732
Other receivables and current assets	15,582	16,347	15,771
Cash and cash equivalents	20,263	38,264	22,588
Total current assets	134,907	148,807	149,781
TOTAL ASSETS	244,709	259,827	276,095

(thousands of Euro)

EQUITY AND LIABILITIES	31/03/2016	31/12/2015	31/03/2015
Group shareholders' equity			
Share capital	11,250	11,250	11,250
Other reserves	59,349	95,428	96,688
Profit (loss) of the period	-4,190	-35,288	-2,754
Total equity attributable to the shareholders of the parent	66,409	71,390	105,184
Minority interests	359	425	725
TOTAL EQUITY	66,768	71,815	105,909
Non-current liabilities			
Non-current bank loans	26,899	11,935	26,645
Other non-current financial liabilities	29,850	1,468	1,178
Provisions for risks and charges	7,498	8,059	5,234
Defined benefit plans	3,277	3,313	3,827
Deferred tax liabilities	6,531	6,691	8,615
Total non-current liabilities	74,055	31,466	45,499
Current liabilities			
Bank overdrafts and short-term loans	36,725	50,797	52,847
Other current financial liabilities	5,223	33,523	137
Trade payables	50,248	56,260	58,382
Trade payables - related parties	2,364	2,091	1,493
Tax liabilities	1,683	4,990	2,344
Other current liabilities	7,643	8,885	9,484
Total current liabilities	103,886	156,546	124,687
TOTAL EQUITY AND LIABILITIES	244,709	259,827	276,095

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(thousands of Euro)			
STATEMENT OF CASH FLOWS	31/03/2016	31/12/2015	31/03/2015
Cash flow from operating activities			
Profit (Loss) of the period	-4,316	-35,587	-2,717
<i>Adjustments for:</i>			
Depreciation	2,143	8,463	2,234
Amortization of intangible assets	1,876	6,966	1,644
Impairment losses on intangible assets	100	10,178	
impairment loss on trade receivables	86	800	98
Net finance costs including forex exchange	1,421	5,484	-340
Income tax for the year	-898	2,914	-774
	412	-782	145
<i>Changes in:</i>			
inventories	-2,980	5,427	-9,735
trade and other receivables	-2,013	3,345	-2,370
trade and other payables	-10,432	-1,281	4,918
provisions and employee benefits	-789	2,850	79
Cash generated from operating activities	-15,802	9,559	-6,963
Interest paid	-467	-3,919	-527
income taxes paid	-368	-1,455	-343
Net cash flow from (for) operating activities	-16,637	4,185	-7,833
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	24	228	71
Affiliates consolidated using the equity method	38	72	-310
Acquisition of property, plant and equipment	-800	-9,053	-2,219
Acquisition of intangible assets	-84	-1,108	-270
Development expenditure	-1,273	-5,362	-1,046
Net cash used in investing activities	-2,095	-15,223	-3,774
Cash flow from financing activities			
Net proceeds from the issue of bonds		33,098	
Net repayments and financings	975	-14,441	1,741
Net cash from (used in) financing activities	975	18,657	1,741
Net increase (decrease) in cash and cash equivalents	-17,757	7,619	-9,866
Cash and cash equivalents as at 1 January	38,264	31,820	31,820
Effect of exchange rate fluctuations on cash held	-244	-1,175	634
Cash and cash equivalents at the end of the period	20,263	38,264	22,588