

# Bit Market Services

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*Testo del comunicato*

Vedi allegato.

## Landi Renzo: Board of Directors approves 1H 2016 Results

- Revenues of Euro 89.3 mln (Euro 98.1 mln in 1H 2015)
- *Adjusted* EBITDA of Euro 1.9 mln (Euro 0.16 mln in 1H 2015)
- EBIT OF Euro -9.6 mln (Euro -7.6 mln in 1H 2015)
- Net loss of Euro -12,5 mln (Euro -7,2 mln in 1H 2015)
- Net Debt of Euro 78.3 mln (debt of Euro 78.4 mln in Q1 2016)

Cavriago (RE), September 27, 2016

The Board of Directors of Landi Renzo, in a meeting chaired today by Stefano Landi, approved the Interim Report at June 30, 2016.

**Stefano Landi**, Chairman and CEO of Landi Renzo: *"As already highlighted on other occasions during 2016, the recent fall in oil prices had a significant impact on the alternative fuels market, particularly in the Americas.*

*Furthermore, during the first half of 2016 in the European market, the registration of new lpg/cng cars slowed down as a consequence of the transition from the Euro V engines to the Euro VI engines.*

*Such a context suggests new and further initiatives to improve efficiency, both operational and organizational, in addition to current cost containment actions, which already highlighted a major impact. The Group still continues to support the appropriate investments, in order to seize the opportunities that the alternative fuels sector continues to offer, mainly through new projects of Car Manufacturers and through the natural gas conversion programs that governments of various countries continue to undertake"*

### Key Financial Highlights as at June 30, 2016

**Consolidated revenues** for the first half of 2016 totalled Euro 89.3 million (98.1 million in I Half 2015). This fall in revenues relates primarily to sales in the OEM channel, as a consequence of transition to the new LPG Euro 6 engines, which is due to be completed during the second half of the year, and the slowdown in After Market sales in several South American and Asian countries.

Although revenues were lower, excluding the impact of non-recurrent charges, the first half economic results, improved, thanks to higher revenues profitability, linked with a more favourable sales mix, and the reduction in operating costs, both personnel and industrial ones, because of the implementation of the reorganisation plan which already started during the previous year, both through downsizing the company workforce and the merger of production and distribution units.

The **adjusted Gross Operating Margin (adjusted EBITDA)** at the end of the six months totalled Euro 1.9 million, a net improvement compared with the same period of the previous year (Euro 0.16 million), despite the fall in revenues.

The Gross Operating Margin (EBITDA) was negative at Euro -1.6 million. This result was affected not only by the above factors, but also by non-recurrent charges totalling Euro 3.5 million, relating to costs which the Group will sustain for business agreements with OEM manufacturers.

The **Net Operating Profit (EBIT)** of the six months was negative at Euro -9.6 million (negative Net Operating Profit of Euro -7.6 million at 30 June 2015), after amortisation/depreciation and impairment of Euro -8.0 (Euro -7.7 million at 30 June 2015).

The **Result Before Tax** was negative at Euro -11.6 million (Euro -8.9 million at 30 June 2015); financial management recorded a negative result at Euro -2.0 million (Euro -1.3 at 30 June 2015). The Net Result of the Group showed a loss of Euro -12.5 million (Euro -7.2 million at 30 June 2015).

The net financial position was negative for Euro -78.3 million (negative at Euro -78.4 million at 31 March 2016). The Group Shareholders' Equity amounts at Euro 58.3 (Euro 66.8 million at March 31 2016).

### Sales overview

#### Segments

**Gas segment** revenues amounted to Euro 80.3 million, compared to Euro 90.4 million in first half 2015.

Specifically:

- *Vehicle system (LPG and Methane)* sales revenues amounted to Euro 71.8 million (Euro 79.2 million in 1H 2015); the reduction is mainly a result of the impact on the OEM channel, caused by the slowdown in supplies due to the shift from Euro 5 to Euro 6 engines. It is expected that this will be partially recovered in the second half of the year;
- revenues for the *Distribution Systems* stood at Euro 8.5 million (Euro 11.2 in the first half of 2015) due to lower revenues in the Middle East and South-east Asia, which were only partially offset by positive performance of several South American countries.

Revenues from sales in the *Other divisions (Anti-theft, Sound, Robotics<sup>1</sup>, Oil&Gas and other)* amounted to Euro 9.0 million, plus 15.6% increase when compared to Euro 7.8 million thousand in the first half of 2015, assisted by good performance of sales of speakers under the 18Sound brand.

#### Regional performances

Overseas revenues totalled Euro 69.9 million, 78.3% of total revenues (Euro 78.2 million in 1H 2015; 79.7%), confirming the historically strong international focus of the Landi Renzo Group

- Sales in the Italian market, which totalled Euro 19.4 thousand in the first half of the year, remained basically stable compared with the same period of the previous year, despite a fall in After Market conversions, considering an increased competition in the sector and a decrease in new OEM bi-fuel registrations.
- In Europe revenues stood at Euro 40.7 million, a fall of 8.2% compared with the first half of 2015 (Euro 44.4 million) as a result of the aforementioned slowdown in supplies due to conversion from Euro 5 to Euro 6 engines on the OEM channel.
- Sales on the American market totalled Euro 14.3 million, a decrease of 17.8% in the six months in question, mainly because of negative sales performance in certain South American countries.
- Sales on the Asia and Rest of the World markets decreased by 9.6% (Euro 14.9 million) compared with the first six months of 2015, mainly because of important Distribution System contracts in the Middle East and Far East Asia carried out in the first six months of the previous year. On the other hand, favourable recovery of revenues continues in important markets for the sector.

#### Significant events after the end of the first half

After the closing of the period and up to the present, we point out that:

- Registrations of motor vehicles in Italy in the period January-July (ANFIA figures) totalled 1,179,310 units, an increase of 17.1% compared to the same period in 2015. In July 2016, 136,292 vehicles were registered, an increase of 2.9% compared with volumes in 2015. Also in July 2016, first registrations of LPG and CNG bi-fuel vehicles represented 8.1% of the total (12.4% in July 2015), of which 5.5% LPG and 2.6% CNG.
- in July, the company Lovato Gas S.p.A. formalised sale of a 26% stake in the capital of subsidiary

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

September 27, 2016



company Officine Lovato Private Limited to the Indian company Ecofuel System India Private Limited, a traditional importer and distributor of Lovato brand products on the local market;

- prior to the approval date of this Report, the Parent Company received letters of waiver issued by a bank in relation to two loans, for a residual amount of Euro 9,143 thousand, for which there were six-monthly financial covenants at 30 June 2016 which were not satisfied at that date.

### Outlook

Given the current sector developments, the Group expects that 2016 sales will be between Euro 180 and 190 million. EBITDA 2016, adjusted for any non-recurring expenses related to the cost reduction activities, will be between 4 and 6 million, even as a results of the cost efficiency measures undertaken that have already released benefits with increasing intensity.

The Group, given the situation, will put in place new and additional efficiency recovery activities, both operational and organizational, to improve the economic and financial numbers.

*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.*

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

*This press release and a presentation are also available on the Company's website [www.landirenzogroup.com](http://www.landirenzogroup.com).*

*At 4 PM, the Group Top Management will hold a teleconference. Connection details are available on the company website [www.landirenzogroup.com](http://www.landirenzogroup.com) 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 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 78%. 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 June 30, 2016
- Consolidated Balance Sheet at June 30, 2016
- Consolidated Cash Flow Statement at June 30, 2016

(thousands of Euro)

INCOME STATEMENT	30/06/2016	30/06/2015
Revenues (goods and services)	89,219	97,990
Revenues (goods and services) - related parties	71	135
Other revenue and income	559	864
Cost of raw materials, consumables and goods and change in inventories	-42,240	-46,701
Costs for services and use of third party assets	-24,286	-27,098
<i>of which non-recurring</i>	-1,050	
Costs for services and use of third party assets - related parties	-1,614	-1,561
Personnel expenses	-18,966	-22,206
Accruals, impairment losses and other operating expenses	-4,297	-1,263
<i>of which non-recurring</i>	-2,400	0
<b>Gross Operating Profit</b>	<b>-1,554</b>	<b>160</b>
Amortization, depreciation and impairment losses	-8,037	-7,716
<b>Net Operating Profit</b>	<b>-9,591</b>	<b>-7,556</b>
Financial income	65	224
Financial expenses	-2,677	-2,101
Gains (losses) on exchange rate	660	597
Gains (losses) on equity investments consolidated using the equity method	-64	-100
<b>Profit (Loss) before tax</b>	<b>-11,607</b>	<b>-8,936</b>
Current and deferred taxes	-1,159	1,703
<b>Profit (loss) of the period for the Group and minority interests, including:</b>	<b>-12,766</b>	<b>-7,233</b>
Minority interests	-225	-64
Profit (Loss) of the period for the Group	-12,541	-7,169
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.1115	-0.0637
Diluted earnings (loss) per share	-0.1115	-0.0637

(thousands of Euro)

ASSETS	30/06/2016	31/12/2015
<b>Non-current assets</b>		
Property, plant and equipment	32,889	35,364
Development expenditure	8,319	8,404
Goodwill	30,094	30,094
Other intangible assets with finite useful lives	21,594	22,696
Equity investments consolidated using the equity method	45	109
Other non-current financial assets	622	574
Deferred tax assets	12,896	13,779
<b>Total non-current assets</b>	<b>106,459</b>	<b>111,020</b>
<b>Current assets</b>		
Trade receivables	33,810	31,340
Trade receivables - related parties	2,388	2,424
Inventories	60,878	57,528
Contract works in progress	3,182	2,904
Other receivables and current assets	12,126	16,347
Cash and cash equivalents	18,749	38,264
<b>Total current assets</b>	<b>131,133</b>	<b>148,807</b>
<b>TOTAL ASSETS</b>	<b>237,592</b>	<b>259,827</b>

(thousands of Euro)

EQUITY AND LIABILITIES	30/06/2016	31/12/2015
<b>Group shareholders' equity</b>		
Share capital	11,250	11,250
Other reserves	59,374	95,428
Profit (loss) of the period	-12,541	-35,288
<b>Total equity attributable to the shareholders of the parent</b>	<b>58,083</b>	<b>71,390</b>
Minority interests	205	425
<b>TOTAL EQUITY</b>	<b>58,288</b>	<b>71,815</b>
<b>Non-current liabilities</b>		
Non-current bank loans	17,200	11,935
Other non-current financial liabilities	26,305	1,468
Provisions for risks and charges	9,731	8,059
Defined benefit plans	3,333	3,313
Deferred tax liabilities	6,512	6,691
<b>Total non-current liabilities</b>	<b>63,081</b>	<b>31,466</b>
<b>Current liabilities</b>		
Bank overdrafts and short-term loans	46,913	50,797
Other current financial liabilities	6,600	33,523
Trade payables	49,367	56,260
Trade payables - related parties	3,086	2,091
Tax liabilities	1,652	4,990
Other current liabilities	8,605	8,885
<b>Total current liabilities</b>	<b>116,223</b>	<b>156,546</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>237,592</b>	<b>259,827</b>

(thousands of Euro)

STATEMENT OF CASH FLOWS	30/06/2016	30/06/2015
<b>Cash flow from operating activities</b>		
Profit (Loss) of the period	-12,766	-7,233
<i>Adjustments for:</i>		
Depreciation	4,255	4,383
Amortization of intangible assets	3,632	3,333
Impairment losses on intangible assets	150	0
impairment loss on trade receivables	675	215
Net finance costs including forex exchange	1,952	1,280
Income tax for the year	1,159	-1,703
	<b>-943</b>	<b>275</b>
<i>Changes in:</i>		
inventories	-3,628	-5,516
trade and other receivables	1,947	-8,068
trade and other payables	-9,658	6,942
provisions and employee benefits	1,440	-800
<b>Cash generated from operating activities</b>	<b>-10,842</b>	<b>-7,167</b>
Interest paid	-2,745	-1,720
Interest received	32	158
income taxes paid	-333	-582
<b>Net cash flow from (for) operating activities</b>	<b>-13,888</b>	<b>-9,311</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	54	111
Affiliates consolidated using the equity method	64	-117
Acquisition of property, plant and equipment	-2,148	-4,335
Acquisition of intangible assets	-150	-414
Development expenditure	-2,321	-2,475
<b>Net cash used in investing activities</b>	<b>-4,501</b>	<b>-7,230</b>
<b>Cash flow from financing activities</b>		
Net proceeds from the issue of bonds	0	32,994
Bond repayments	-2,040	0
Non-current loans disbursements (repayments)	-12,530	19,799
Current bank debts change	13,867	-9,210
<b>Net cash from (used in) financing activities</b>	<b>-703</b>	<b>43,583</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-19,092</b>	<b>27,042</b>
Cash and cash equivalents as at 1 January	38,264	31,820
Effect of exchange rate fluctuations on cash held	-423	80
<b>Cash and cash equivalents at the end of the period</b>	<b>18,749</b>	<b>58,942</b>

Fine Comunicato n.0915-30

Numero di Pagine: 8