

# Bit Market Services

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Diffusione presunta

Oggetto : 9M16 Financial Results and Group General  
Manager appointment

*Testo del comunicato*

Vedi allegato.

## Landi Renzo: Board of Directors approves Q3 2016 Results

- Revenue of Euro 131.7 million (Euro 145.6 million in Q3 2015)
- Adjusted EBITDA of Euro 2.6 million (Euro 1.9 million in Q3 2015)
- Adjusted EBIT of Euro -9.5 million (Euro -9.6 million in Q3 2015)
- Net Financial Debt of Euro 87.1 million (debt of Euro 78.3 million at 30 June 2016)
- Cristiano Musi appointed as General Manager of the Company starting from 12 December 2016

Cavriago (RE), 10 November 2016

The Board of Directors of Landi Renzo, in a meeting chaired today by Stefano Landi, approved the Interim Report at 30 September 2016 and appointed Cristiano Musi as Group General Manager.

Stefano Landi, Chairman and CEO of Landi Renzo said: *"The third quarter of the current year confirms the difficulties that the industry and our Group are coping with. This requires us to continue with the economic and financial health recovery actions which, although they have so far yielded good results as showed by the increase in margins during a period of a decline in revenues, should be strengthened. It is in this light that we welcome Cristiano Musi within the Group with the role of General Manager. With his proven track record in the execution of reorganization and development plans - continues Landi - he will also give an important contribution to efficiently seize all opportunities that the alternative fuels industry continues to envisage."*

### Key financial highlights in Q3 2016

**Revenue** amounted to Euro 131.7 million (Euro 145.6 million in Q3 2015). The change refers to sales to Car Makers, as a result of the shift underway towards new Euro 6 LPG engines, as well as the slowdown in sales in the After-Market segment in several European and American countries. Albeit with lower revenue, the financial results for the first nine months of the year, excluding the impact of non-recurring costs, improved through the reduction in operating costs, mainly personnel expenses, as well as industrial costs as a result of the implementation of the organisational and production restructuring already underway in the previous year with regard to both the downsizing of the workforce and the consolidation of production and distribution units.

**Adjusted EBITDA** stood at Euro 2.6 million, an improvement compared with Q3 2015 (Euro 1.9 million), mainly as a result of the positive effects of the cost-cutting actions undertaken by the Group. EBITDA amounted to Euro -0.8 million (Euro 1.9 million in Q3 2015): in addition to the above-mentioned factors, non-recurring costs of Euro 3.5 million, which refer to commercial agreements with Car Makers, impacted this result.

**Adjusted EBIT** stood at Euro -9.5 million (Euro -9.6 million in Q3 2015). EBIT saw a loss of Euro 13.0 million (a loss of Euro 9.6 million in Q3 2015) after amortisation and depreciation of Euro 12.1 million (Euro 11.5 million in Q3 2015).

**Pre-tax loss** stood at Euro -16.5 million (Euro -13.5 million in Q3 2015). The **Net loss** for the Group stood at Euro -17.8 million (Euro -11.3 million in Q3 2015).

**Net Financial Debt** was Euro 87.1 million compared with Euro 78.3 million in H1 2016 and Euro 59.5 million in Q4 2015, mainly as a result of the performance of cash flows from operating activities, as well as less receivables discounted through factor.

### Breakdown of revenue

### Segments

**Gas segment** revenue amounted to Euro 118.8 million, compared with Euro 131.8 million in Q3 2015. Specifically:

- revenue from sales of Vehicle Systems (LPG and Methane) came to a total of Euro 104.1 million (Euro 116.6 million in Q3 2015); the recovery in the OEM channel in the third quarter offsets only partially the fall in H1 which was due to the switch from Euro 5 to Euro 6 platforms. The change in this segment was also attributable to the fall in revenues in the After-Market channel in Q3;
- revenue from sales of Distribution Systems came to Euro 14.7 million (Euro 15.2 million in Q3 2015). Sales in this segment recorded an improvement in Q3 (+54.2% compared with the same period of the previous year) over the performance in the first half of the year, thanks even to supplies in Russia.

Revenue from **Other Sectors** (Anti-theft, Sound, Robotics<sup>1</sup>, Oil & Gas and other) were Euro 13.0 million, compared with Euro 13.8 million in Q3 2015, recording a solid performance during the third quarter in spite of the economic downturn affecting sales of Oil & Gas equipment.

### Regional performances

Overseas revenue totalled Euro 104.3 million, 79.2% of total revenue (Euro 117.0 million in Q3 2015; 80.4%), confirming the historically strong international focus of the Landi Renzo Group.

- Revenue in **Italy** stood at Euro 27.4 million, essentially similar to Q3 2015 (Euro 28.6 million) albeit in the presence of both a fall in conversions in the After Market, also on account of a high degree of competition in the sector, and a fall in new OEM bi-fuel registrations.
- In **Europe** revenue stood at Euro 59.9 million, down 4.1% compared with Q3 2015 (Euro 62.5 million), with a good recovery during the third quarter (+5.8% compared with Q3 2015), driven mainly by the positive performance of sales of Distribution Systems.
- In **America** sales figures were Euro 22.5 million, a fall of 22.9% compared with H1 2015 (Euro 29.2 million) following the continued unfavourable performance of markets in Bolivia, Argentina, Colombia and North America, only partly offset by growth in other important areas for the sector.
- In **Asia and the Rest of the World** revenue totalled Euro 22.0 million, down 13.4% compared with Q3 2015 (Euro 25.4 million), mainly as a result of important contracts for Distribution Systems in Asia.

### Significant events after the close of Q3 2016

Consistently with the recent decisions, the Board of Directors, appointed Mediobanca - Banca di Credito Finanziario S.p.A. as financial adviser of the Group in the context of the Company's plan for the optimisation of the Group's financial structure. In that context the Company has instructed the financial adviser to arrange preliminary meetings with the main financial creditors of the Group aimed at exploring possible measures aimed at rebalancing the overall financial position of the Group on the basis of the mentioned optimisation plan.

The above activity is part of a wider project the Company is carrying out since a while, aimed at providing the Group with a more balanced financial structure in line with the industrial plan expected results.

### Business outlook

With regard to business outlook, taking into account the results for the first nine months of 2016 and the uncertainties of the reference market, we can confirm what was announced during the approval of the Half-Year Financial Report at 30 June 2016, with annual sales forecasts in the range of Euro 180 and 190 million and annual EBITDA adjusted by non-recurring costs in the range of Euro 4 and 6 million.

<sup>1</sup> The Robotics division was sold on 28 April.

### **Appointment of Mr Cristiano Musi as General Manager of the Company**

The Board of Directors held today also approved at unanimity the appointment of Mr Cristiano Musi as General Manager of the Company starting from 12 December 2016, who, following the necessary corporate resolutions, will be also appointed as Managing Director. Mr Cristiano Musi has a vast experience in sectors adjacent to the automotive one and significant managerial skills gained in the course of his career through top roles in companies operative in various sectors. The *curriculum vitae* of the General Manager is available at the Company's website [www.landirenzogroup.com](http://www.landirenzogroup.com), in the Investor Relations section.

*The Executive responsible for the preparation of the corporate accounting documents, Mr Paolo Cilloni, declares, in accordance with Article 154-bis, paragraph 2 of Legislative Decree No 58 of 24 February 1998, that the accounting information contained in this press release corresponds to the underlying accounting documents, records and accounting entries.*

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

*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 80%. Landi Renzo S.p.A. 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](mailto:ir@landi.it)  
**Corrado Storchi**  
*Public Affairs Officer*  
[cstorchi@landi.it](mailto:cstorchi@landi.it)  
Tel. +39 0522.94.33

**IR TOP CONSULTING**  
Maria Antonietta Pireddu, Domenico Gentile  
Tel. +39 02 45473884/3  
[ir@irtop.com](mailto:ir@irtop.com)

(thousands of Euro)

INCOME STATEMENT	30/09/2016	30/09/2015
Revenues (goods and services)	131,539	145,453
Revenues (goods and services) - related parties	196	158
Other revenue and income	792	1,443
Cost of raw materials, consumables and goods and change in inventories	-63,459	-70,666
Costs for services and use of third party assets	-35,905	-39,185
<i>of which non-recurring</i>	-2,150	
Costs for services and use of third party assets - related parties	-2,407	-2,339
Personnel expenses	-27,456	-31,232
Accruals, impairment losses and other operating expenses	-4,148	-1,718
<i>of which non-recurring</i>	-1,300	
<b>Gross Operating Profit</b>	<b>-848</b>	<b>1,914</b>
Amortization, depreciation and impairment losses	-12,137	-11,509
<b>Net Operating Profit</b>	<b>-12,985</b>	<b>-9,595</b>
Financial income	81	314
Financial expenses	-3,914	-3,437
Gains (losses) on exchange rate	400	-525
Gains (losses) on equity investments consolidated using the equity method	-75	-210
<b>Profit (Loss) before tax</b>	<b>-16,493</b>	<b>-13,453</b>
Current and deferred taxes	-1,334	2,157
<b>Profit (loss) of the period for the Group and minority interests, including:</b>	<b>-17,827</b>	<b>-11,296</b>
Minority interests	-293	-145
Profit (Loss) of the period for the Group	-17,534	-11,151
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.1559	-0.0991
Diluted earnings (loss) per share	-0.1559	-0.0991

(thousands of Euro)

ASSETS	30/09/2016	31/12/2015	30/09/2015
<b>Non-current assets</b>			
Property, plant and equipment	31,788	35,364	34,917
Development expenditure	7,871	8,404	7,524
Goodwill	30,094	30,094	39,942
Other intangible assets with finite useful lives	20,922	22,696	23,384
Equity investments consolidated using the equity method	34	109	186
Other non-current financial assets	720	574	792
Deferred tax assets	12,629	13,779	20,047
<b>Total non-current assets</b>	<b>104,058</b>	<b>111,020</b>	<b>126,792</b>
<b>Current assets</b>			
Trade receivables	35,522	31,340	33,202
Trade receivables - related parties	2,389	2,424	2,408
Inventories	59,283	57,528	61,416
Contract works in progress	2,979	2,904	3,744
Other receivables and current assets	12,708	16,347	15,609
Cash and cash equivalents	12,616	38,264	29,517
<b>Total current assets</b>	<b>125,497</b>	<b>148,807</b>	<b>145,896</b>
<b>TOTAL ASSETS</b>	<b>229,555</b>	<b>259,827</b>	<b>272,688</b>

(thousands of Euro)

EQUITY AND LIABILITIES	30/09/2016	31/12/2015	30/09/2015
<b>Group shareholders' equity</b>			
Share capital	11,250	11,250	11,250
Other reserves	59,214	95,428	96,035
Profit (loss) of the period	-17,534	-35,288	-11,151
<b>Total equity attributable to the shareholders of the parent</b>	<b>52,930</b>	<b>71,390</b>	<b>96,134</b>
Minority interests	157	425	575
<b>TOTAL EQUITY</b>	<b>53,087</b>	<b>71,815</b>	<b>96,709</b>
<b>Non-current liabilities</b>			
Non-current bank loans	21,579	11,935	34,990
Other non-current financial liabilities	26,363	1,468	34,093
Provisions for risks and charges	8,565	8,059	3,902
Defined benefit plans	3,313	3,313	3,385
Deferred tax liabilities	6,311	6,691	8,172
<b>Total non-current liabilities</b>	<b>66,131</b>	<b>31,466</b>	<b>84,542</b>
<b>Current liabilities</b>			
Bank overdrafts and short-term loans	45,119	50,797	32,266
Other current financial liabilities	6,620	33,523	268
Trade payables	44,695	56,260	45,500
Trade payables - related parties	3,705	2,091	1,909
Tax liabilities	1,737	4,990	1,603
Other current liabilities	8,461	8,885	9,891
<b>Total current liabilities</b>	<b>110,337</b>	<b>156,546</b>	<b>91,437</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>229,555</b>	<b>259,827</b>	<b>272,688</b>

(thousands of Euro)

STATEMENT OF CASH FLOWS	30/09/2016	30/09/2015
<b>Cash flow from operating activities</b>		
Profit (Loss) of the period	-17,827	-11,296
<i>Adjustments for:</i>		
Depreciation	6,395	6,480
Amortization of intangible assets	5,542	5,029
Impairment losses on intangible assets	200	
impairment loss on trade receivables	1,064	329
Net finance costs including forex exchange	3,433	3,648
Income tax for the year	1,334	-2,157
	<b>141</b>	<b>2,033</b>
<i>Changes in:</i>		
inventories	-1,830	699
trade and other receivables	-568	-3,779
trade and other payables	-14,996	-8,722
provisions and employee benefits	199	-1,253
<b>Cash generated from operating activities</b>	<b>-17,054</b>	<b>-11,022</b>
Interest paid	-3,078	-2,292
Interest received	43	238
income taxes paid	-587	-969
<b>Net cash flow from (for) operating activities</b>	<b>-20,676</b>	<b>-14,045</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	82	207
Affiliates consolidated using the equity method	75	-6
Acquisition of property, plant and equipment	-3,329	-6,326
Acquisition of intangible assets	-265	-664
Development expenditure	-3,050	-3,536
<b>Net cash used in investing activities</b>	<b>-6,487</b>	<b>-10,325</b>
<b>Cash flow from financing activities</b>		
Net proceeds from the issue of bonds	0	33,046
Bond repayments	-2,040	
Net repayments and loans	4,005	-10,495
<b>Net cash from (used in) financing activities</b>	<b>1,965</b>	<b>22,551</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-25,198</b>	<b>-1,819</b>
Cash and cash equivalents as at 1 January	38,264	31,820
Effect of exchange rate fluctuations on cash held	-450	-484
<b>Cash and cash equivalents at the end of the period</b>	<b>12,616</b>	<b>29,517</b>

Fine Comunicato n.0915-34

Numero di Pagine: 8