LANDIRENZO GROUP

INTERIM REPORT
AS AT 30 SEPTEMBER 2018

CONTENTS

1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

On 29 April 2016, the Shareholders' Meeting of the parent company Landi Renzo S.p.A. elected the Board of Directors and the Board of Statutory Auditors for the period 2016-2018. They will therefore remain in office until the Meeting of Shareholders called to approve the Financial Statements for the year ending 31 December 2018. The Meeting also appointed PricewaterhouseCoopers S.p.A. as the independent auditing firm for the period 2016-2024. On 28 April 2017, after increasing the number of members of the Board of Directors from eight to nine, the Shareholders' Meeting appointed Cristiano Musi (formerly General Manager) as director; on the same date, the Board of Directors made him Chief Executive Officer and revoked all other mandates previously assigned.

Chairman Stefano Landi continues to act as Executive Chairman of the Board.

On 17 October 2017 the Shareholders' Meeting of the parent company Landi Renzo S.p.A. approved the reduction of the number of members of the Board of Directors from nine to eight, following the resignation of Claudio Carnevale in July 2017.

On the date this Interim Report was drafted, the company officers were as follows:

Board of Directors	
Executive Chairman	Stefano Landi
Honorary Chairperson - Director	Giovannina Domenichini
Chief Executive Officer	Cristiano Musi
Director	Silvia Landi
Director	Angelo Iori
Independent Director	Anton Karl
Independent Director	Sara Fornasiero (*)
Independent Director	Ivano Accorsi
Board of Statutory Auditors	
Chairman of the Board of Statutory Auditors	Eleonora Briolini
Standing Statutory Auditor	Diana Rizzo
Standing Statutory Auditor	Domenico Sardano
Alternate Auditor	Filomena Napolitano
Alternate Auditor	Andrea Angelillis
Control and Risks Committee	
Chairman	Sara Fornasiero
Committee Member	Ivano Accorsi
Committee Member	Angelo Iori
Remuneration Committee	
Chairman	Ivano Accorsi
Committee Member	Sara Fornasiero
Committee Member	Angelo Iori
Committee for Transactions with Related Parties	
Chairman	Ivano Accorsi
Committee Member	Sara Fornasiero
Supervisory Board (Italian Legislative Decree 231/01)	
Chairman	Jean-Paule Castagno
Board Member	Sara Fornasiero
Board Member	Domenico Sardano (**)
Independent Auditing Firm	PricewaterhouseCoopers S.p.A.

Financial Reporting Manager	Paolo Cilloni

(*) The Director also holds the office of Lead Independent Director
(**) Appointed on 15 March 2018

Registered office and company details

Landi Renzo S.p.A.
Via Nobel 2/4
42025 Corte Tegge – Cavriago (RE) – Italy
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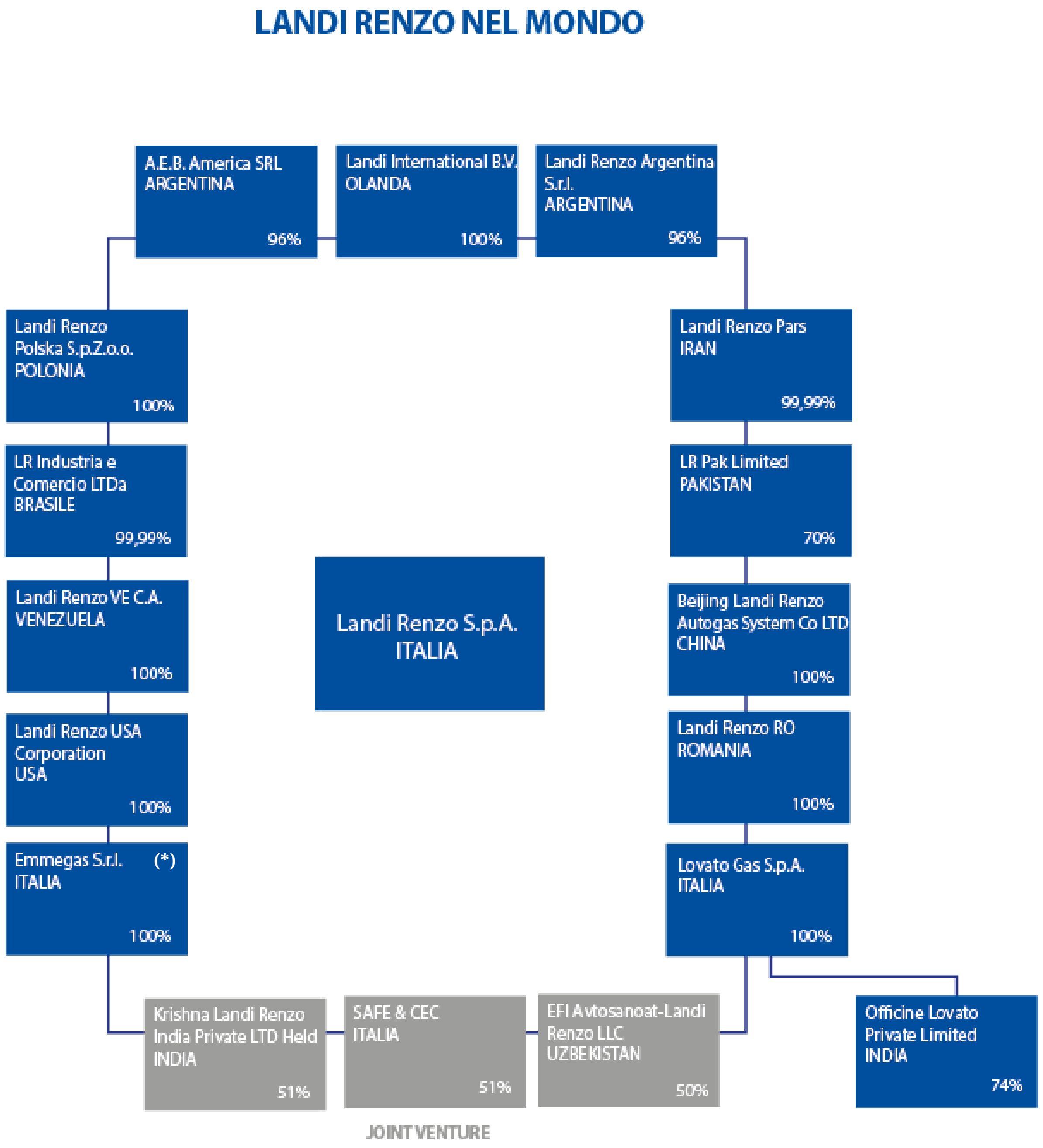
Share capital: Euro 11,250,000
Tax Code and VAT Reg. No. IT00523300358

This report is available online at:
www.landirenzogroup.com

1.2. GROUP STRUCTURE



(*) Merged into Landi Renzo S.p.A. in October 2018

1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

Following the extraordinary transactions occurring at the end of the previous financial year, leading to the deconsolidation of the "Sound" and "Gas Distribution and Compressed Natural Gas" segments, the financial data for the first nine months of 2018 are not directly comparable with the same period of 2017.

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE THIRD QUARTER	Q3 2018	Q3 2017	Change	%
Revenue	40,787	46,001	-5,214	-11.3%
Adjusted Gross Operating Profit (EBITDA) (1)	5,057	3,388	1,669	49.3%
Gross Operating Profit (EBITDA)	4,834	2,590	2,244	86.6%
Adjusted Net Operating Profit (EBIT) (1)	2,335	-176	2,511	
Net Operating Profit (EBIT)	2,112	-833	2,945	
Earnings before Tax	795	-1,990	2,785	
Net profit (loss) for the Group and minority interests	612	-2,655	3,267	
Adjusted Gross Operating Profit (EBITDA) / Revenue	12.4%	7.4%		
Net profit (loss) for the Group and minority interests / Revenue	1.5%	-5.8%		

(Thousands of Euro)

ECONOMIC INDICATORS OF THE FIRST NINE MONTHS	30/09/2018	30/09/2017	Change	%
Revenue	138,083	149,509	-11,426	-7.6%
Adjusted Gross Operating Profit (EBITDA) (1)	19,134	9,818	9,316	94.9%
Gross Operating Profit (EBITDA)	17,517	7,047	10,470	148.6%
Adjusted Net Operating Profit (EBIT) (1) *(1 bis)*	11,189	-1,694	12,883	
Net Operating Profit (EBIT)	9,572	-6,384	15,956	
Earnings before Tax	4,221	-10,564	14,785	
Net profit (loss) for the Group and minority interests	2,304	-11,276	13,580	
Adjusted Gross Operating Profit (EBITDA) / Revenue	13.9%	6.6%		
Net profit (loss) for the Group and minority interests / Revenue	1.7%	-7.5%		

Below are the main financial indicators, with the same scope ("Automotive" segment)

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE THIRD QUARTER	Q3 2018	Q3 2017	Change	%
Revenue	40,787	35,719	5,068	14.2%
Adjusted Gross Operating Profit (EBITDA) (1)	5,057	2,727	2,330	85.4%
Gross Operating Profit (EBITDA)	4,834	1,929	2,905	150.6%
Adjusted Net Operating Profit (EBIT) (1)	2,335	-295	2,630	
Net Operating Profit (EBIT)	2,112	-952	3,064	
Adjusted Gross Operating Profit (EBITDA) / Revenue	12.4%	7.6%		

(Thousands of Euro)

ECONOMIC INDICATORS OF THE FIRST NINE MONTHS	30/09/2018	30/09/2017	Change	%
Revenue	138,083	122,977	15,106	12.3%
Adjusted Gross Operating Profit (EBITDA) (1)	19,134	9,628	9,506	98.7%
Gross Operating Profit (EBITDA)	17,517	6,857	10,660	155.5%
Adjusted Net Operating Profit (EBIT) (1) *(1 bis)*	11,189	-421	11,610	
Net Operating Profit (EBIT)	9,572	-5,111	14,683	
Adjusted Gross Operating Profit (EBITDA) / Revenue	13.9%	7.8%		

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	30/09/2018	31/12/2017	30/09/2017
Net fixed assets and other non-current assets	96,542	103,152	85,388
Operating capital (2)	25,522	17,279	31,770
Non-current liabilities (3)	-8,320	-14,760	-10,207
NET INVESTED CAPITAL	113,744	105,671	106,951
Net Financial Position (4)	56,633	48,968	65,040
Equity	57,111	56,703	41,911
BORROWINGS	113,744	105,671	106,951

(Thousands of Euro)

KEY INDICATORS	30/09/2018	31/12/2017	30/09/2017
Operating capital / Turnover (*rolling 12 months*) (5)	14.0%	10.3%	15.7%
Net financial debt / Equity	99.2%	86.4%	155.2%
Gross tangible and intangible investments	3,727	5,149	3,607
Personnel (peak) (6)	494	599	751

(Thousands of Euro)

CASH FLOWS	30/09/2018	31/12/2017	30/09/2017
Operational cash flow before non-recurrent expenditure (7)	2,393	8,954	4,165
Non-recurrent expenditure	-4,377	0	0
Cash flow for investment activities	-3,670	3,319	-2,898
FREE CASH FLOW	-5,654	12,273	1,267
Future share capital increase contributions	0	8,867	0

(1) The data does not include accounting of non-recurrent costs.

(1 *bis*) The figures at 30 September 2017 do not include accounting of the net capital loss of Euro 1,919 thousand deriving from assets held for sale, due to the disposal of the Technical Centre business unit.

(2) This is calculated as the difference between Trade Receivables, Inventories, Contract Work in Progress, Other Current Assets and Trade Payables, Tax liabilities, Other Current Liabilities.

(3) These are calculated by totalling Deferred Tax Liabilities, Defined Benefit Plans for employees and Provisions for Risks and Charges.

(4) The net financial position is calculated in accordance with the provisions of CONSOB Communication DEM/6064293 of 28 July 2006.

(5) The figures at 30 September 2018 and 31 December 2017 have been “normalised” to take into account the deconsolidation of the “Sound” and “Gas Distribution and Compressed Natural Gas” segments.

(6) The Personnel figure as at 31 December 2017 does not include the employees of Eighteen Sound S.r.l. and SAFE S.p.A. (38 and 73 employees, respectively), which exited the scope of the Group's consolidated accounts in November and December 2017, respectively.

(7) Operational cash flow before non-recurrent expenditure relating to voluntary resignation incentives for a value of Euro 3,732 thousand, and to TFR (severance indemnity) for a value of Euro 645 thousand, disbursed in the first nine months of 2018 based on the provisions of the labour mobility agreement made with social partners.

1.4. SIGNIFICANT EVENTS DURING THE PERIOD

April On 24 April 2018, the Shareholders' Meeting of Landi Renzo S.p.A. resolved, amongst other things to:

- approve the Financial Statements for 2017, and to allocate to the Extraordinary Reserve the sum of Euro 1,938,986.13 being the annual profit earned by Landi Renzo S.p.A., as the Statutory Reserve has already reached one fifth of the share capital
- authorize the Board of Directors to purchase treasury shares.

April In April, one of the leading automotive publications, «Automotive News Europe», nominated CEO Cristiano Musi as one of the industry's Rising Stars of 2018 in the General Management category. This award is part of an annual programme for managers from all disciplines in the automotive industry.

June On 20 June 2018, the Board of Directors of Landi Renzo S.p.A. approved the proposed merger by incorporation of the wholly owned subsidiary Emmegas S.r.l.. The approved operation falls within the scope of the Landi Renzo Group 2018-2022 Strategic Plan, with continuation of the policy of improved efficiency, streamlining, and simplification of production flows and processes, allowing synergies to be achieved as well as a reduction in overall costs. This extraordinary operation will not generate impacts on the Group's consolidated accounts.

June On 20 June 2018, the Landi Renzo S.p.A. Board of Directors also appointed Filippo Alliney as the manager of the company’s internal auditing department, after checking his independence and professionalism, being an external party to the organisation.

July On 02 July 2018, in line with the provisions of the Financial Optimisation Agreement, which provided for repayment as excess liquidity in the case of the sale of the “Sound” segment and of the business branch of the Technical Centre to AVL (transactions that fall under the so-called “Permitted Transactions”), Landi Renzo S.p.A. paid the holders of the debenture loan an overall additional amount of Euro 1,061 thousand (equal to 26.13% of the net income exceeding Euro 3 million) and the lending banks an overall amount of Euro 969 thousand (23.87% of the net income exceeding Euro 3 million), drawn from the last instalment provided for by the respective repayment schedules.

July On 24 July 2018, the Landi Renzo S.p.A. Board of Directors approved the merger by incorporation of the wholly owned subsidiary Emmegas S.r.l. into Landi Renzo S.p.A.

2. DIRECTORS' OBSERVATIONS ON BUSINESS PERFORMANCE

The first nine months of 2018 ended with a net profit of Euro 2,304 thousand, compared with a loss of Euro 11,276 thousand at 30 September 2017, and a significantly increased turnover of Euro 138,083 thousand compared with the same period of the previous financial year (+12.3%) for the same scope. After 5 years of losses, the Landi Renzo Group is once again in profit, in the absence of non-recurrent income coming from extraordinary transactions and despite non-recurrent costs of Euro 1,617 thousand.

Completion of the labour mobility plan agreed with social partners at the end of 2017 and the implementation of the guidelines of the “EBITDA improvement” project – started in the previous financial year – have led to significant improvements in margins. The adjusted EBITDA was in fact Euro 19,134 thousand (equal to 13.9% of the turnover), compared with Euro 9,628 thousand (7.8% of the turnover) at 30 September 2017 (for the same scope). As already discussed in the Half-Yearly Financial Report at 30 June 2018, the labour mobility plan was completed during the first six months of 2018 and many of the “EBITDA improvement” project guidelines were only fully implemented in the last few months of the half-year. As a result, only the third quarter of 2018 fully benefitted from the associated positive impacts, as well as not being impacted by significant additional non-recurring costs. Following on from what is indicated above, it should also be noted that there has been a significant improvement in EBIT (of some Euro 16 million) which, for the same scope, increased from a negative value of Euro 5,111 thousand at 30 September 2017 to a positive value of Euro 9,572 thousand.

For the same scope, there was an important increase in turnover (+12.3%), mainly attributable to the good performance of the After Market channel, in particular for emerging markets, which the business initiatives of the Group were focused on. This growth confirms the adequacy of the efforts made by the Group in terms of business expansion, both in Italy and abroad, and its established positioning in the OEM market.

Net Financial Position at 30 September 2018 was Euro 56,633 thousand (Euro 65,040 at 30 September 2017), up with respect to the end of the previous financial year (Euro 48,968 thousand). The variation is mainly due to the increase of the net operating capital, in particular for the investment in inventory, as a result of the need to anticipate the procurement of components to complete some significant orders expected to be delivered in the last quarter of the year, and for capital expenditure in tangible and intangible assets (Euro 3.7 million). Furthermore, during the period, disbursements for leaving incentives and relative TFR (severance indemnity) for some Euro 4.4 million were incurred during the period based on the abovementioned labour mobility plan.

As regards the business outlook, the “Automotive” segment order portfolio is showing encouraging signs of a trend reversal compared with previous years in both the OEM distribution channel and the After Market channel, where the Group benefits from its established leadership position in the global markets.

For the purposes of better understanding this Interim Report , it should be noted that during the previous year the Landi Renzo Group completed various extraordinary operations. These were described in detail in the Financial Report as at 31 December 2017, which should be referred to for more information. In particular:

- The “Sound” segment, which is essentially represented by Eighteen Sound S.r.l. and its subsidiary Sound&Vision S.r.l., was sold in November 2017.
- On 29 December 2017, a strategic agreement was concluded for the industrial aggregation of the subsidiary SAFE S.p.A. – a company in the Landi Group operating in the production and installation of gas treatment compressors for many applications (“Gas Distribution and Compressed Natural Gas” segment) – and Clean Energy Compression Ltd (today called “IMW Industries Ltd”) – a company specialized in compressed natural gas (CNG) supply systems including compressors, distributors, gas control systems and storage systems for

various forms of transport, company fully owned by the US group Clean Energy Fuels Corp. – consequently creating the world's second largest group in this sector in terms of turnover. The aggregation was based on the establishment of a newco called SAFE & CEC S.r.l., and subsequent contribution of 100% of SAFE S.p.A. by the Landi Group and 100% of Clean Energy Compressor Ltd by Clean Energy Fuels Corp. Landi Renzo S.p.A. has a majority share of around 51% in SAFE & CEC S.r.l., while Clean Energy Fuels Corp. holds the remaining 49%. Following the contractually required governance system which reflects the joint control agreement between the two shareholders, the Group ownership is classified as a "joint venture" pursuant to international accounting standards (IFRS 11).

As a result, the financial data for the "Sound" segment and the "Gas Distribution and Compressed Natural Gas" segment were consolidated into the Group's consolidated accounts at 31 December 2017, for 11 and 12 months respectively. In the first nine months of 2018, the Group therefore only operated directly in the "Automotive" segment, its core business, and indirectly through the joint venture SAFE & CEC S.r.l., consolidated using the equity method, in the "Gas Distribution and Compressed Natural Gas" segment. Consequently, the income statement at 30 September 2018 is not directly comparable with the same period of the previous year, which included the contribution of both the above segments.

2.1. PERFORMANCE AND NOTES ON THE MAIN CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2018

The following table sets out the main economic indicators of the Group for the first nine months of 2018 compared with the same period in 2017.

(Thousands of Euro)

	30/09/2018	Non-recurring costs	30/09/2018 ADJ	%	30/09/2017	Non-recurring costs	30/09/2017 ADJ	%	ADJ changes	ADJ %
Revenues from sales and services	**138,083**		**138,083**	**100.0%**	**149,509**		**149,509**	**100%**	**-11,426**	-7.6%
Other revenue and income	249		249	0.2%	490		490	0.3%	-241	-49.2%
Operating costs	-120,815	-1,617	-119,198	-86.3%	-142,952	-2,771	-140,181	-93.8%	20,983	-15.0%
Gross operating profit	**17,517**		**19,134**	**13.9%**	**7,047**		**9,818**	**6.6%**	**9,316**	**94.9%**
Amortisation, depreciation and impairment	-7,945		-7,945	-5.8%	-11,512		-11,512	-7.7%	3,567	-31.0%
Net capital loss from disposal	0		0	0.0%	-1,919	-1,919	0	0.0%	0	0.0%
Net operating profit	**9,572**		**11,189**	**8.1%**	**-6,384**		**-1,694**	**-1.1%**	**12,883**	**760.5%**
Financial income (charges) and exchange differences	-4,109		-4,109	-3.0%	-4,217		-4,217	-2.8%	108	2.6%
Gain (loss) on equity investments valued using the equity method	-1,242		-1,242	-0.9%	37		37	0.0%	-1,279	-3456.8%
Profit (loss) before tax	**4,221**		**5,838**	**4.2%**	**-10,564**		**-5,874**	**-3.9%**	**11,712**	**199.4%**
Current and deferred taxes	-1,917				-712					
Net profit (loss) for the Group and minority interests, including:	**2,304**				**-11,276**					
Minority interests	-107				-223					
Net profit (loss) for the Group	**2,411**				**-11,053**					

The consolidated revenues for the first nine months of 2018 were Euro 138,083 thousand, a reduction of Euro 11,426 thousand (-7.6%) compared to the same period in the previous year. As previously illustrated, this dip in sales relates only to the sale of the "Sound" segment and to the deconsolidation of the "Gas Distribution and Compressed Natural Gas" segment at the end of 2017.
Consolidated revenues in the first nine months of 2018 for the "Automotive" segment increased by 12.3% compared with the same period of the previous financial year. This was mainly as a result of sales in the After Market channel, which increased by around 17.6%.
Revenues in the OEM segment, which represented 37.1% of the Group's total revenues at 30 September 2018, were essentially in line with the revenues recorded in the same period of the previous year.

Adjusted EBITDA at 30 September 2018 was Euro 19,134 thousand at the end of the quarter, which is a clear improvement on the same period in the previous year (Euro 9,818 thousand) thanks to the higher sales in the "Automotive" sector and in particular, the positive reduction in fixed and variable costs resulting from the EBITDA improvement project.

The Gross Operating Profit (EBITDA) was positive at Euro 17,517 thousand. This result was impacted not only by the above factors but also by non-recurring costs totalling Euro 1,617 thousand. These related to the costs of strategic consultancy connected to the completion of the EBITDA improvement project.

SEGMENT REPORTING

In compliance with the provisions of IFRS 8, information is provided below on the business operating segments.
The criteria applied to identify the operating segments and the performance indicators are consistent with the management reporting periodically prepared and used by the Group's top management to take strategic decisions.
As previously illustrated, during the first nine months of 2018 the Group's direct operations were only in the "Automotive" segment. The information below, which illustrates the segment contributions by each business unit in the same period of the previous financial year, gives an adequate comparison of the results at 30 September 2018.

The Group currently operates in the "Gas Distribution and Compressed Natural Gas" segment through the joint venture SAFE & CEC S.r.l. which, in accordance with the agreed governance system, meets the joint control requirements as stipulated by IFRS 11 and is consolidated according to the equity method. This paragraph provides information about the trend in this segment during the first nine months of 2018, to provide a better understanding of the impact of this business unit on the Group's balance sheet.

Breakdown of sales by business segment

Third quarter 2018 compared to third quarter 2017

(Thousands of Euro)

Distribution of revenues by segment	Q3 2018	% of revenues	Q3 2017	% of revenues	Change	%
“Automotive” segment	40,787	100.0%	35,719	77.6%	5,068	14.2%
“Gas Distribution and Compressed Natural Gas” segment	0	0.0%	7,202	15.7%	-7,202	-100.0%
“Sound” segment	0	0.0%	3,080	6.7%	-3,080	-100.0%
Total revenues	**40,787**	**100.0%**	**46,001**	**100.0%**	**-5,214**	**-11.3%**

During the quarter in question, revenues from Group sales of products and services decreased overall, from Euro 46,001 thousand in the third quarter of 2017 to Euro 40,787 thousand in the third quarter of 2018. Whereas, the “Automotive” segment, the only segment in which the Group currently operates directly, showed a significant increase (+14.2%) compared with the same period of the previous financial year.

First nine months 2018 compared to first nine months 2017

(Thousands of Euro)

Distribution of revenues by segment	At 30/09/2018	% of revenues	At 30/09/2017	% of revenues	Change	%
“Automotive” segment	138,083	100.0%	122,977	82.3%	15,106	12.3%
“Gas Distribution and Compressed Natural Gas” segment	0	0.0%	17,082	11.4%	-17,082	-100.0%
“Sound” segment	0	0.0%	9,450	6.3%	-9,450	-100.0%
Total revenues	**138,083**	**100.0%**	**149,509**	**100.0%**	**-11,426**	**-7.6%**

The Group’s total revenues in the first nine months were Euro 138,083 thousand, a reduction (-7.6%, Euro 11,426 thousand) compared to the corresponding period in the previous year. They relate entirely to the “Automotive” segment following the contribution of the “Gas Distribution and Compressed Natural Gas” segment to the joint venture SAFE&CEC S.r.l., and the sale of the Sound segment which took place in December and November 2017. Following these extraordinary transactions, there were no intersegment sales during the period (this item amounted to Euro 585 thousand at 30 September 2017), as they mainly related to intercompany services provided by “Automotive” companies to companies operating in other sectors.

Revenues from sales of products and services in the “Automotive” segment moved from Euro 122,977 in 2017 to Euro 138,083 thousand in 2018, recording an increase of 12.3% (Euro 15,106 thousand).

Breakdown of sales by geographical area

Third quarter 2018 compared to third quarter 2017

(Thousands of Euro)

Geographical distribution of revenues	Q3 2018	% of revenues	Q3 2017	% of revenues	Change	%
Italy	6,264	15.4%	8,239	17.9%	-1,975	-24.0%
Europe (excluding Italy)	17,354	42.5%	22,053	47.9%	-4,699	-21.3%
America	7,987	19.6%	7,225	15.7%	762	10.5%
Asia and Rest of the World	9,182	22.5%	8,484	18.5%	698	8.2%
Total	**40,787**	**100.0%**	**46,001**	**100.0%**	**-5,214**	**-11.3%**

In view of the extraordinary transactions occurring at the end of the previous financial year, leading to the deconsolidation of the “Sound” and “Gas Distribution and Compressed Natural Gas” segments, for comparison purposes, a breakdown of sales by geographic area is reported below, for the “Automotive” segment only.

(Thousands of Euro)

Geographical distribution of revenues	Q3 2018	% of revenues	Q3 2017 (*)	% of revenues	Change	%
Italy	6,264	15.4%	5,898	16.5%	366	6.2%
Europe (excluding Italy)	17,354	42.5%	17,289	48.4%	65	0.4%
America	7,987	19.6%	6,158	17.2%	1,829	29.7%
Asia and Rest of the World	9,182	22.5%	6,374	17.8%	2,808	44.1%
Total	**40,787**	**100.0%**	**35,719**	**100.0%**	**5,068**	**14.2%**

(*) Data for the “Automotive” segment only

First nine months 2018 compared to first nine months 2017

(Thousands of Euro)

Geographical distribution of revenues	At 30/09/2018	% of revenues	At 30/09/2017	% of revenues	Change	%
Italy	25,224	18.3%	29,409	19.7%	-4,185	-14.2%
Europe (excluding Italy)	58,307	42.2%	71,707	48.0%	-13,400	-18.7%
America	23,048	16.7%	22,387	15.0%	661	3.0%
Asia and Rest of the World	31,504	22.8%	26,006	17.3%	5,498	21.1%
Total	**138,083**	**100.0%**	**149,509**	**100.0%**	**-11,426**	**-7.6%**

In view of the extraordinary transactions occurring at the end of the previous financial year, leading to the deconsolidation of the “Sound” and “Gas Distribution and Compressed Natural Gas” segments, for comparison purposes, a breakdown of sales by geographic area is reported below, for the “Automotive” segment only.

(Thousands of Euro)

Geographical distribution of revenues	At 30/09/2018	% of revenues	At 30/09/2017 (*)	% of revenues	Change	%
Italy	25,224	18.3%	22,461	18.3%	2,763	12.3%
Europe (excluding Italy)	58,307	42.2%	61,616	50.1%	-3,309	-5.4%
America	23,048	16.7%	17,991	14.6%	5,057	28.1%
Asia and Rest of the World	31,504	22.8%	20,909	17.0%	10,595	50.7%
Total	**138,083**	**100.0%**	**122,977**	**100.0%**	**15,106**	**12.3%**

(*) Data for the "Automotive" segment only

Regarding the geographical distribution of "Automotive" segment revenues, during the first nine months of 2018 the Group realized 81.7% of its consolidated turnover abroad (42.2% in Europe and 39.5% outside Europe), and in detail:

- Italy

Sales on the Italian market of Euro 25,224 thousand, considering the same scope, increased compared with the same period of the previous financial year (an increase of Euro 2,763 thousand). The sales essentially reflect the good performance of the OEM and After Market segments, in particular:

- New bi-fuel car registrations (OEM), for the set of new vehicles equipped with LPG and CNG systems, increased compared with the same period of the previous financial year, accounting for 8.6% of total vehicle registrations according to data published by ANFIA (the Italian National Association for the Automotive Industry).
- The After Market was essentially stable in terms of the number of conversions compared with the same period in the previous year. The Group's domestic market share on the After Market channel at the end of the period was roughly 33%.

- Europe

The decrease in revenues in Europe of Euro 3,309 thousand was mainly attributable to the fall in After Market sales in Turkey. This was only partially offset by an upturn in sales in the Polish and Slovakian markets.

- America

Sales in the first nine months of 2018 for this area, equal to Euro 23,048 thousand, represent an increase of 28.1%. This was mainly attributable to the positive After Market sales trend in Latam.

- Asia and Rest of the World

The Asia and Rest of World markets saw significant growth (+50.7% compared to the first nine months of 2017).

Profitability

(Thousands of Euro)	Values at 30 September 2018					Values at 30 September 2017				
	Automotive	*Gas Distribution and Compressed Natural Gas*	*Sound*	Adjustments	Landi Renzo Consolidated	*Automotive*	*Gas Distribution and Compressed Natural Gas*	*Sound*	Adjustments	Landi Renzo Consolidated
Net sales outside the Group	138,083				138,083	122,977	17,082	9,450		149,509
Intersegment sales	0				0	473	81	31	-585	0
Total Revenues from net sales and services	**138,083**	**0**	**0**	**0**	**138,083**	**123,450**	**17,163**	**9,481**	**-585**	**149,509**
Other revenue and income	249				249	451	38	1		490
Operating costs	-119,198				-119,198	-114,273	-17,927	-8,542	561	-140,181
Adjusted gross operating profit	**19,134**	**0**	**0**	**0**	**19,134**	**9,628**	**-726**	**940**	**-24**	**9,818**
Non-recurring costs	-1,617				-1,617	-2,771	0	0		-2,771
Gross operating profit	**17,517**	**0**	**0**	**0**	**17,517**	**6,857**	**-726**	**940**	**-24**	**7,047**
Amortisation, depreciation and impairment	-7,945				-7,945	-10,049	-887	-576		-11,512
Net capital loss from disposal	0				0	-1,919	0	0		-1,919
Net operating profit	**9,572**	**0**	**0**	**0**	**9,572**	**-5,111**	**-1,613**	**364**	**-24**	**-6,384**
Financial income (charges) and exchange differences					-4,109					-4,217
Gain (loss) on equity investments valued using the equity method					-1,242					37
Profit (loss) before tax					**4,221**					**-10,564**
Current and deferred taxes					-1,917					-712
Net profit (loss) for the Group and minority interests, including:					**2,304**					**-11,276**
Minority interests					-107					-223
Net profit (loss) for the Group					**2,411**					**-11,053**

In the first nine months of 2018, the adjusted Gross Operating Profit (adjusted EBITDA) was positive (Euro 19,134 thousand), equivalent to 13.9% of revenues, up by Euro 9,316 thousand compared with the figure for September 2017 (Euro 9,818 thousand). This was mainly due to the higher sales in the “Automotive” sector, which is the core business of the Landi Renzo Group, and partly as a result of the benefits from the reduction in fixed and variable costs.

The Gross Operating Profit (EBITDA) was positive at Euro 17,517 thousand, including Euro 1,617 thousand in non-recurring costs relating to strategic consultancy expenses, as detailed below:

(Thousands of Euro) EXTRAORDINARY COSTS	30/09/2018	30/09/2017	Change
Strategic consultancy	1,617	2,331	-714
Voluntary resignation incentives payments	0	440	-440
Total	**1,617**	**2,771**	**-1,154**

The costs of raw materials, consumables, and goods and changes in inventories decreased overall from Euro 71,446 thousand at 30 September 2017 to Euro 65,433 thousand at 30 September 2018, which in absolute terms is a decrease of Euro 6,013 thousand, mainly related to the improvements in production efficiency and the deconsolidation of the "Sound" and "Gas Distribution and Compressed Natural Gas" segments.

The costs of services and use of third-party assets amounted to Euro 32,259 thousand and included non-recurring costs of Euro 1,617 thousand related to the strategic consultancy costs mentioned above, compared with Euro 39,797 thousand in the same period of the previous year (which included non-recurring costs of 2,331 thousand).

Personnel costs were Euro 21,115 thousand, a significant decrease compared with the same period of the previous financial year (Euro 29,544 thousand), following the company restructuring process aimed at bringing the business organisation into line with the Group's current activities and Strategic Plan, and following the deconsolidation of the "Sound" and "Gas Distribution and Compressed Natural Gas" segments (Euro 5,410 thousand at 30 September 2017). The number of employees of the Group reduced from 599 units at 31 December 2017 to 494 units at 30 September 2018.

The Net Operating Profit (EBIT) for the period was Euro 9,572 thousand (a negative Euro 6,384 thousand at 30 September 2017), after accounting for amortization, depreciation and impairment of Euro 7,945 thousand (Euro 11,512 thousand at 30 September 2017), as well as non-recurring costs of Euro 1,617 thousand (Euro 2,771 thousand at 30 September 2017). EBIT at 30 September 2017 was also affected by capital losses from disposal of Euro 1,919 thousand relating to the sale of a business unit regarding the laboratory management part of the Technical Centre to the AVL Group.

Total financial charges (interest income, interest charges and exchange differences) amounted to Euro 4,109 thousand, down compared with the same period of 2017 (Euro 4,217 thousand), mainly as a result of lower interest charges due to more effective debt management.

The first nine months ended with a pre-tax profit of Euro 4,221 thousand against a pre-tax loss of Euro 10,564 thousand at 30 September 2017, after the recognition of losses on investment write-downs of Euro 1,242 thousand.

In the first nine months of 2018, the devaluation of equity investments valued using the net equity method was Euro 1,242 thousand (Euro 37 thousand from revaluation at 30 September 2017). This includes the Group's share of the profits from the Joint Venture Krishna Landi Renzo India Private Ltd Held (revaluation of Euro 138 thousand) and SAFE&CEC S.r.l. (devaluation equal to Euro 1,380 thousand).

The net result of the Group and minority interests at 30 September 2018 showed a profit of Euro 2,304 thousand compared with a Group and minority interest loss of Euro 11,276 thousand for the same period of 2017. Given these positive results in the first nine months of 2018, which confirm the effectiveness of the initiatives undertaken by the management and the relative forecasts, deferred tax assets were recognised on losses for the period as it was deemed that they will be recoverable based on our future plans.

The net result for the period as at 30 September 2018 was positive for Euro 2,411 thousand, compared with a negative result of Euro 11,053 thousand in the same period of 2017.

"Gas Distribution and Compressed Natural Gas" operating segment performance

As already illustrated above, the "Gas Distribution and Compressed Natural Gas" segment (which in 2017 was essentially represented by the subsidiary SAFE S.p.A.), was the subject of a strategic aggregation with Clean Energy Fuels Corp, the aim of which was to create the world's second-largest group, in terms of business volume. The aggregation was based on the establishment of a newco called SAFE & CEC S.r.l. and subsequent contribution of 100% of SAFE S.p.A. by the Landi Group and 100% of Clean Energy Compressor Ltd (now "IMW Industries Ltd") by Clean Energy Fuels Corp. In accordance with the contractually required governance system, which reflects the joint control agreement between the two shareholders, the Group's share is classified as a joint venture pursuant to international accounting standards (IFRS 11). Therefore consolidation is via the equity method.

During the first nine months of 2018, the "Gas Distribution and Compressed Natural Gas" segment achieved consolidated net sales of Euro 40,333 thousand, adjusted EBITDA of Euro 1,457 thousand, and a post-tax loss of Euro 2,705 thousand. SAFE&CEC's results for the period were affected both by the seasonality of the business and by the initial inefficiencies arising from the need for group harmonisation and reorganisation, which came about only a few months ago. In the meantime, all the activities aimed at reorganising the Group's activities were initiated, aimed in particular at optimising processes and the synergies between SAFE S.p.A. and IMW Industries Ltd., with significant targets in terms of cost reductions and an increase in margins. The third quarter of 2018 already partially benefitted from the positive effects of these activities. Indeed, this joint venture was recognised according to the equity method. It led to the recognition of a write-down of the equity investment of Euro 1,380 thousand at 30 September 2018, essentially in line with the amount recognised at 30 June 2018 (Euro 1,320 thousand), as the third quarter closed basically at the breakeven point.

The Group also has a portfolio of major orders which is believed will allow for the achievement of budget targets. These were also confirmed in the phase of defining the 2018 forecast and subject to continuous monitoring by directors. i.e. expected revenues are between Euro 57 and Euro 60 million.

Invested capital

(Thousands of Euro)

Balance Sheet and Financial Position	30/09/2018	31/12/2017	30/09/2017
Trade receivables	33,793	29,118	37,332
Inventories	45,424	36,562	51,953
Work in progress on orders	0	0	1,163
Trade payables	-54,562	-47,829	-57,642
Other net current assets	867	-571	-1,036
Net operating capital	**25,522**	**17,279**	**31,770**
Tangible assets	12,501	14,583	18,236

Intangible assets	49,357	51,264	55,297
Other non-current assets	34,684	37,305	11,855
Fixed capital	**96,542**	**103,152**	**85,388**
TFR (severance indemnity) and other provisions	-8,320	-14,760	-10,207
Net invested capital	**113,744**	**105,671**	**106,951**
Financed by:			
Net Financial Position	56,633	48,968	65,040
Group shareholders’ equity	57,853	57,372	42,407
Minority interests	-742	-669	-496
Borrowings	**113,744**	**105,671**	**106,951**

Ratios	30/09/2018	31/12/2017	30/09/2017
Net operating capital	25,522	17,279	31,770
Net operating capital/Turnover (rolling)	14.0%	10.3%	15.7%
Net invested capital	113,744	105,671	106,951
Net capital employed/Turnover (rolling)	62.4%	63.0%	52.9%

Net working capital at the end of the period stood at Euro 25,522 thousand. This is an increase compared to the same figure recorded on 31 December 2017, of Euro 8,243 thousand as a result of the increase in inventories and receivables, which was only partially offset by the increase in trade payables. In terms of percentages on rolling sales, there was an increase in this figure, from 10.3% on 31 December 2017 to the current 14.0% (15.7% on 30 September 2017).

Trade receivables stood at Euro 33,793 thousand, an increase of Euro 4,675 thousand compared with 31 December 2017. On 30 September 2018, derecognised receivables assigned through factoring with crediting on maturity stood at Euro 28.1 million, compared to Euro 19.5 million on 31 December 2017.

There was an increase of Euro 6,733 thousand in trade payables, which rose from Euro 47,829 thousand as at 31 December 2017 to Euro 54,562 thousand, while the closing inventories totalling Euro 45,424 thousand, increased by Euro 8,862 thousand. The increase in inventories was connected to the need to anticipate the procurement of components to fill several significant orders expected to be delivered during the fourth quarter.

The significant decline in TFR (severance indemnity) and other provisions was caused by redundancy payments made as set forth in the above-mentioned labour mobility plan and the relative TFR totalling Euro 4.4 million and reimbursements for product warranties to car manufacturers, amounts that had already been recognised in the previous financial statements.

Net Invested Capital (Euro 113,744 thousand) was basically unchanged compared with December 2017 (Euro 105,671 thousand), while the percentage indicator calculated on the rolling turnover decreased from 63.0% to 62.4%.

Net Financial Position and cash flows

(Thousands of Euro)

	30/09/2018	31/12/2017	30/09/2017
Cash and cash equivalents	17,224	17,779	14,005
Bank financing and short-term loans	-18,699	-7,741	-15,029
Bonds issued (net value)	-3,565	-2,373	-1,184
Short-term loans	-419	-419	-420
Net short term indebtedness	**-5,459**	**7,246**	**-2,628**
Bonds issued (net value)	-26,141	-28,679	-30,289
Medium-long term loans	-25,033	-27,535	-32,123
Net medium-long term indebtedness	**-51,174**	**-56,214**	**-62,412**
Net financial position	**-56,633**	**-48,968**	**-65,040**

Net Financial Position at 30 September 2018 was Euro 56,633 thousand (Euro 65,040 at 30 September 2017), up with respect to the end of the previous financial year (Euro 48,968 thousand). The variation is mainly due to the increase of the net operating capital, in particular for the investment in inventory, as a result of the need to anticipate the procurement of components to complete some significant orders expected to be delivered in the last quarter of the year, and for capital expenditure in tangible and intangible assets (Euro 3.7 million). Furthermore, during the period, disbursements for leaving incentives and relative TFR (severance indemnity) for some Euro 4.4 million were incurred during the period based on the abovementioned labour mobility plan.

On 2 July 2018, in line with the provisions of the Financial Optimisation Agreement, which provided for repayment as excess liquidity in the case of the sale of the Sound segment and of the Technical Centre business branch to AVL (transactions that fall under the so-called “Permitted Transactions”), Landi Renzo S.p.A. paid the holders of the debenture loan an overall additional amount of Euro 1,061 thousand (equal to 26.13% of the net income exceeding Euro 3 million) and the lending banks an overall amount of Euro 969 thousand (23.87% of the net income exceeding Euro 3 million), drawn from the last instalment provided for by the respective repayment schedules.

The following table illustrates the trend in total cash flow:

(Thousands of Euro)

	30/09/2018	31/12/2017	30/09/2017
Operational cash flow before non-recurrent expenditure (1)	2,393	8,954	4,202
Non-recurrent expenditure	-4,377	0	0
Cash flow for investment activities	-3,670	3,319	-2,935
Free Cash Flow	***-5,654***	***12,273***	***1,267***

(1) Operational cash flow before non-recurrent expenditure relating to voluntary resignation incentives for a value of Euro 3,732 thousand, and to TFR (severance indemnity) for a value of Euro 645 thousand, disbursed in the first nine months of 2018 based on the provisions of the labour mobility agreement made with social partners.

The free cash flow for the period was negative at Euro 5,654 thousand, of which a negative Euro 1,984 thousand generated by operations and Euro 3,670 thousand from investment activities.

Investments

Investments in property, plant, machinery and other equipment totalled Euro 1,747 thousand (Euro 1,423 thousand as at 30 September 2017) and refer to purchases of plant and machinery, new production moulds and testing/control equipment.

The increase in intangible assets amounted to Euro 1,980 thousand (Euro 2,184 thousand as at 30 September 2017) and mainly related to the capitalisation of costs of development projects, which meet the requirements of IAS 38 for recognition as balance sheet assets.

2.1.2. Results of Parent Company

As at 30 September 2018, Landi Renzo S.p.A. had generated revenues of Euro 99,747 thousand, a significant improvement of +47.4% compared to the same period of the previous year (Euro 67,679 thousand).
The Gross Operating Profit was positive and totalled Euro 9,591 thousand compared to a negative value of Euro -604 thousand at 30 September 2017.
In the first nine months of 2018, the Parent Company incurred total extraordinary costs of Euro 1,617 thousand related to the strategic advisory costs mentioned above.

2.1.3. Transactions with related parties

The Landi Group deals with related parties at market conditions considered to be normal in the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties listed below include:

- the relationships for supply of services between Gireimm S.r.l. and Landi Renzo S.p.A. for rent of the property used as the operational headquarters of the Parent Company and of the subsidiaries;
- the service contracts between Gestimm S.r.l., a company in which a stake is held through the parent company Girefin S.p.A., and Landi Renzo S.p.A. for rent of the property used as headquarters of the subsidiary;
- the service supply contracts between Emilia Properties Inc., a company in which a stake is held through the parent company Girefin S.p.A., and Landi Renzo USA Corporation for the rents on properties used by the company;
- the supply agreements for services provided by Landi Renzo S.p.A. and Landi Renzo USA Corporation to the joint venture SAFE & CEC S.r.l. in relation to administration and commercial services;
- relationships for supply of services to the Pakistani company AutoFuels (held by a minority shareholder of the Pakistani subsidiary LR PAK), to the joint venture Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC.

2.2. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER AND LIKELY FUTURE DEVELOPMENTS

Significant events after the end of the quarter

With respect to the events that took place after the end of the quarter and up to the present date we point out that on 30 October 2018 the merger by incorporation of “Emmegas S.r.l. a socio unico” into Landi Renzo S.p.A. was finalised.

Likely future developments

With regard to the business outlook, taking into account the results of the first nine months of 2018, the uncertainties in the reference market and the orders in the portfolio, the information already given at the time of approval of the Annual Financial Report at 31 December 2017 is confirmed, with a moderate business growth forecast along with a slight recovery in margins in terms of adjusted EBITDA.

Cavriago, 13 November 2018

Chief Executive Officer
Cristiano Musi

3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2018

3.1. GENERAL ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES

3.1.1. Preamble

The Interim Report as at 30 September 2018, which has not been audited, has been prepared in compliance with art. 154-*ter* of Italian Legislative Decree no. 58 of 24 February 1998, as amended, and with the *Regolamento Emittenti* (Issuers' Regulations) issued by CONSOB (Italian Securities and Exchange Commission). Therefore, the provisions of the IAS on infra-annual financial information (IAS 34 – Interim Financial Reporting) were not adopted.

The Interim Report as at 30 September 2018 has been prepared in accordance with the IAS/IFRS. To this end, the data of the separate financial statements of the Italian and foreign subsidiaries have been reclassified and adjusted accordingly.

The line-by-line method is used for consolidation, whereby all assets and liabilities are recognised in their entirety, excluding the joint ventures SAFE & CEC S.r.l. and Krishna Landi Renzo India Private LTD Held, which are consolidated using the equity method.

The accounting standards, and the valuation and consolidation criteria used in preparing the Interim Report as at 30 September 2018 are not different to those used in drawing up the consolidated financial statements closed at 31 December 2017, to which please refer for further information.

As well as the interim values as at 30 September 2018 and 2017, the financial data for the year ended on 31 December 2017 is shown for the purpose of comparison.

The functional and reporting currency is the Euro. Figures in the schedules and tables herein are in thousands of Euro.

3.1.2. Amendments and revised accounting standards applied by the Group for the first time

The accounting standards and calculation methods used in preparing this interim report have not been varied compared to the standards used for the consolidated financial statements for the year ending 31 December 2017, apart from the initial application of IFRS 9, which led to a redetermination of the amortised cost of the loans and bonds that were renegotiated during the previous year. As provided for by the transitional rules, the related effect was charged to the opening balance of net equity for the current year.
Please note that the valuation and measurement of the accounting items shown are based on International Accounting Standards and the relative interpretations currently in force, and that no new accounting standards were applied early.

3.1.3. Consolidation procedures and accounting criteria

The preparation of the Interim Report requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances. Application of these estimates and assumptions affects the amounts presented in the financial statements, such as the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity and the Consolidated Cash Flow Statement, and in disclosures provided. Estimates are used in recognizing goodwill, impairment of fixed assets, development expenditure, taxes, provisions for bad debts and inventories write-down, employee benefits and other provisions. The estimates and assumptions are reviewed periodically and the effects of all changes are normally reflected immediately on the income statement.

However, some valuation processes, especially the more complex ones such as establishing any loss in value of non-current assets, are normally carried out to a fuller extent only during the preparation of the annual financial statements, when all the necessary information is available, except for those cases in which there are impairment indicators that require an immediate assessment of possible losses in value.

The Group performs activities that do not present significant seasonal or cyclical variations in total sales over the course of the year, except for the signing of new supply contracts on the OEM channel which may involve planned and differing delivery schedules in the individual quarters.

The policies and principles of the Landi Renzo Group for the identification, management and control of risks related to the activity are described in detail in the Consolidated Financial Statements as at 31 December 2017, to which you may refer for a more complete description of such aspects.

3.1.4. Consolidation scope

The scope of consolidation includes the Parent Company Landi Renzo S.p.A. and the companies in which it holds a direct or indirect controlling stake according to IFRS.

There has been no change to the consolidation area, as of 30 September 2018, compared to 31 December 2017. However, the company Eighteen Sound S.r.l. and its subsidiary Sound&Vision S.r.l. were sold in November 2017 and therefore the income statement was only consolidated for 11 months. Moreover, the subsidiary SAFE S.p.A was contributed to the joint venture SAFE & CEC S.r.l. on 29 December 2017 and was therefore deconsolidated. Following these extraordinary operations which are described in detail in the Financial Report for the year ending 31 December 2017 (to which please refer), the income statement as at 30 September 2018 is not directly comparable with the same period for the previous year.

Adoption of simplification of reporting obligations pursuant to CONSOB Resolution no. 18079 of 20 January 2012.

Under Art. 3 of CONSOB Resolution no. 18079 of 20 January 2012, Landi Renzo S.p.A. decided to adopt the opt-out system envisaged by Arts. 70, par. 8, and 71, par. 1-*bis,* of CONSOB Regulation no. 11971/99 (as amended). It is therefore able to opt out from the disclosure of the information documents listed in Annex 3B to the CONSOB Regulation, on occasion of significant mergers, demergers, increases in capital through contribution of goods in kind, acquisitions and disposals.

3.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	30/09/2018	31/12/2017	30/09/2017
Non-current assets			
Land, property, plant, machinery and equipment	12,501	14,583	18,236
Development expenditure	4,776	5,401	6,580
Goodwill	30,094	30,094	30,094
Other intangible assets with finite useful lives	14,487	15,769	18,623
Equity investments valued using the equity method	23,059	24,301	80
Other non-current financial assets	373	428	461
Other non-current assets	3,990	4,560	4,560
Deferred tax assets	7,262	8,016	6,754
Total non-current assets	**96,542**	**103,152**	**85,388**
Current assets			
Trade receivables	33,793	29,118	37,332
Inventories	45,424	36,562	51,953
Work in progress on orders	0	0	1,163
Other receivables and current assets	7,956	7,529	10,724
Cash and cash equivalents	17,224	17,779	14,005
Total current assets	**104,397**	**90,988**	**115,177**
TOTAL ASSETS	**200,939**	**194,140**	**200,565**

(Thousands of Euro)

EQUITY AND LIABILITIES	30/09/2018	31/12/2017	30/09/2017
Equity			
Share capital	11,250	11,250	11,250
Other reserves	44,192	41,983	42,210
Profit (loss) for the period	2,411	4,139	-11,053
Total Equity of the Group	**57,853**	**57,372**	**42,407**
Minority interests	-742	-669	-496
TOTAL EQUITY	**57,111**	**56,703**	**41,911**
Non-current liabilities			
Non-current bank loans	24,614	26,906	31,284
Other non-current financial liabilities	26,560	29,308	31,128
Provisions for risks and charges	6,162	11,891	6,861
Defined benefit plans for employees	1,753	2,446	2,895
Deferred tax liabilities	405	423	451
Total non-current liabilities	**59,494**	**70,974**	**72,619**
Current liabilities			
Bank financing and short-term loans	18,699	7,741	15,029
Other current financial liabilities	3,984	2,792	1,604
Trade payables	54,562	47,829	57,642
Tax liabilities	1,807	3,003	1,986
Other current liabilities	5,282	5,098	9,774
Total current liabilities	**84,334**	**66,463**	**86,035**
TOTAL EQUITY AND LIABILITIES	**200,939**	**194,140**	**200,565**

3.3. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	30/09/2018	30/09/2017 (*)
Revenues from sales and services	138,083	149,509
Other revenue and income	249	490
Cost of raw materials, consumables and goods and change in inventories	-65,433	-71,446
Costs for services and use of third party assets	-32,259	-39,797
Personnel costs	-21,115	-29,544
Provisions, provision for bad debts and other operating expenses	-2,008	-2,165
Gross operating profit	**17,517**	**7,047**
Amortisation, depreciation and impairment	-7,945	-11,512
Net capital loss from disposal	0	-1,919
Net operating profit	**9,572**	**-6,384**
Financial income	106	67
Financial charges	-2,839	-3,295
Exchange gains (losses)	-1,376	-989
Gain (loss) on equity investments valued using the equity method	-1,242	37
Profit (loss) before tax	**4,221**	**-10,564**
Current and deferred taxes	-1,917	-712
Net profit (loss) for the Group and minority interests, including:	**2,304**	**-11,276**
Minority interests	-107	-223
Net profit (loss) for the Group	2,411	-11,053
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0214	-0.0982
Diluted earnings (loss) per share	0.0214	-0.0982

(*) The comparative figure was re-presented in accordance with the classification adopted on 30 September 2018

3.4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30/09/2018	30/09/2017
Net profit (loss) for the Group and minority interests:	**2,304**	**-11,276**
Profits/losses that will not be subsequently reclassified in the income statement		
Remeasurement of defined employee benefit plans (IAS 19)	12	201
Total profits/losses that will not be subsequently reclassified in the income statement	**12**	**201**
Profits/losses that could subsequently be reclassified in the income statement		
Exchange rate differences from conversion of foreign operations	-1,586	502
Total profits/losses that could subsequently be reclassified in the income statement	**-1,586**	**502**
Profits/losses recorded directly to Equity after tax effects	**-1,574**	**703**
Total consolidated income statement for the period	**730**	**-10,573**
Profit (loss) for Shareholders of the Parent Company	803	-10,396
Minority interests	-73	-177

3.5. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)

CONSOLIDATED CASH FLOW STATEMENT	30/09/2018	30/09/2017
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	4,221	-10,564
Adjustments for:		
Net capital loss from disposal	0	1,919
Depreciation of property, plant and equipment	3,629	5,698
Amortization of intangible assets	4,316	5,630
Loss (Profit) from disposal of tangible and intangible assets	-57	184
Impairment loss on receivables	99	209
Net financial charges	4,109	4,217
Profit (loss) attributable to investments	1,242	37
	17,559	**7,330**
Changes in:		
Inventories and contract work in progress	-8,862	-1,964
Trade receivables and other receivables	-4,575	140
Trade payables and other payables	3,947	3,176
Provisions and employee benefits	-6,411	-2,237
Cash generated from operations	**1,658**	**6,445**
Interest paid	-2,956	-1,409
Interest received	49	35
Income taxes paid	-735	-869
Net cash generated (absorbed) by operations	**-1,984**	**4,202**
Financial flows from investments		
Proceeds from the sale of property, plant and equipment	57	102
Disposal of operating activities	0	570
Purchase of property, plant and equipment	-1,747	-1,423
Purchase of intangible assets	-140	-266
Development expenditure	-1,840	-1,918
Net cash absorbed by investment activities	**-3,670**	**-2,935**
Free Cash Flow	**-5,654**	**1,267**
Financial flows from financing activities		
Future share capital increase contributions	0	8,867
Bond disbursements (repayments)	-2,364	0
Disbursements (reimbursements) of medium/long-term loans	-2,048	-552
Change in short-term bank debts	11,099	-12,603
Net cash generated (absorbed) by financing activities	**6,687**	**-4,288**
Net increase (decrease) in cash and cash equivalents	**1,033**	**-3,021**
Cash and cash equivalents as at 1 January	17,779	16,484
Effect of exchange rate fluctuation on cash and cash equivalents	-1,589	542
Closing cash and cash equivalents	**17,223**	**14,005**

In order to provide better information and for greater conformity with the requirements of IAS 7, slight changes were made to the structure of the cash flow statement, resulting in the restatement of comparative data.

3.6. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Euro)

	Share capital	Statutory Reserve	Extraordinary and Other Reserves	Share Premium Reserve	Future share capital increase contributions	Result for the year	Group Equity	Profit (Loss) attributable to minority interests	Capital and reserves attributable to minority interests	Total Equity
Balance at 31 December 2016	**11,250**	**2,250**	**10,552**	**46,598**	**0**	**-25,245**	**45,405**	**-759**	**436**	**45,082**
Result for the year						-11,053	**-11,053**	-223		**-11,276**
Actuarial profits/losses (IAS 19)			201				**201**			**201**
Translation difference			456				**456**		46	**502**
Total overall profits/losses			**657**			**-11,053**	**-10,396**	**-223**	**46**	**-10,573**
Other changes			-1,469		8,867		**7,398**		4	**7,402**
Allocation of profit			-9,365	-15,880		25,245	**0**	759	-759	**0**
Balance as at 30 September 2017	**11,250**	**2,250**	**375**	**30,718**	**8,867**	**-11,053**	**42,407**	**-223**	**-273**	**41,911**
Balance as at 31 December 2017	**11,250**	**2,250**	**148**	**30,718**	**8,867**	**4,139**	**57,372**	**-437**	**-232**	**56,703**
Effect of IFRS 9 application			-321				**-321**			**-321**
Balance as at 01 January 2018	**11,250**	**2,250**	**-173**	**30,718**	**8,867**	**4,139**	**57,051**	**-437**	**-232**	**56,382**
Result for the year						2,411	**2,411**	-107		**2,304**
Actuarial profits/losses (IAS 19)			12				**12**			**12**
Translation difference			-1,620				**-1,620**		34	**-1,586**
Total overall profits/losses			**-1,608**			**2,411**	**803**	**-107**	**34**	**730**
Other changes			-1				**-1**			**-1**
Allocation of profit			4,139			-4,139	**0**	437	-437	**0**
Balance as at 30 September 2018	**11,250**	**2,250**	**2,357**	**30,718**	**8,867**	**2,411**	**57,853**	**-107**	**-635**	**57,111**

STATEMENT PURSUANT TO ARTICLE 154-*bis*, PAR. 2, OF ITALIAN LEGISLATIVE DECREE NO. 58 DATED 24 FEBRUARY 1998

Subject: Interim Report as at 30 September 2018

I, the undersigned, Paolo Cilloni, the Financial Reporting Manager of Landi Renzo S.p.A.,

declare

in accordance with Article 154-*bis*, paragraph 2 of the *Testo Unico della Finanza* (Italian Finance Consolidation Act – Legislative Decree 58/1998) that the accounting information contained in the Interim Report as at 30 September 2018 corresponds to the accounting documents, ledgers and records.

Cavriago, 13 November 2018

Financial Reporting
Manager
Paolo Cilloni