INTERIM REPORT
AS AT 31 MARCH 2019

CONTENTS

This report is a translation. The Italian version prevails.

1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

On 29 April 2019, the Shareholders' Meeting of the parent company Landi Renzo S.p.A. elected the Board of Directors, bringing its number of members to nine, and the Board of Statutory Auditors for the period 2019-2021. They will therefore remain in office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2021. On the same date, the Board of Directors made Cristiano Musi Chief Executive Officer and General Manager and confirmed Stefano Landi as Executive Chairman of the Board.

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
Director	Paolo Emanuele Maria Ferrero
Independent Director	Anton Karl
Independent Director	Sara Fornasiero (*)
Independent Director	Vincenzo Russi

Board of Statutory Auditors	
Chairman of the Board of Statutory Auditors	Fabio Zucchetti
Statutory Auditor	Diana Rizzo
Statutory Auditor	Domenico Sardano
Alternate Auditor	Marina Torelli
Alternate Auditor	Gian Marco Amico di Meane

Control and Risks Committee	
Chairman	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi

Remuneration Committee	
Chairman	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi

Committee for Transactions with Related Parties	
Chairman	Sara Fornasiero
Committee Member	Vincenzo Russi

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

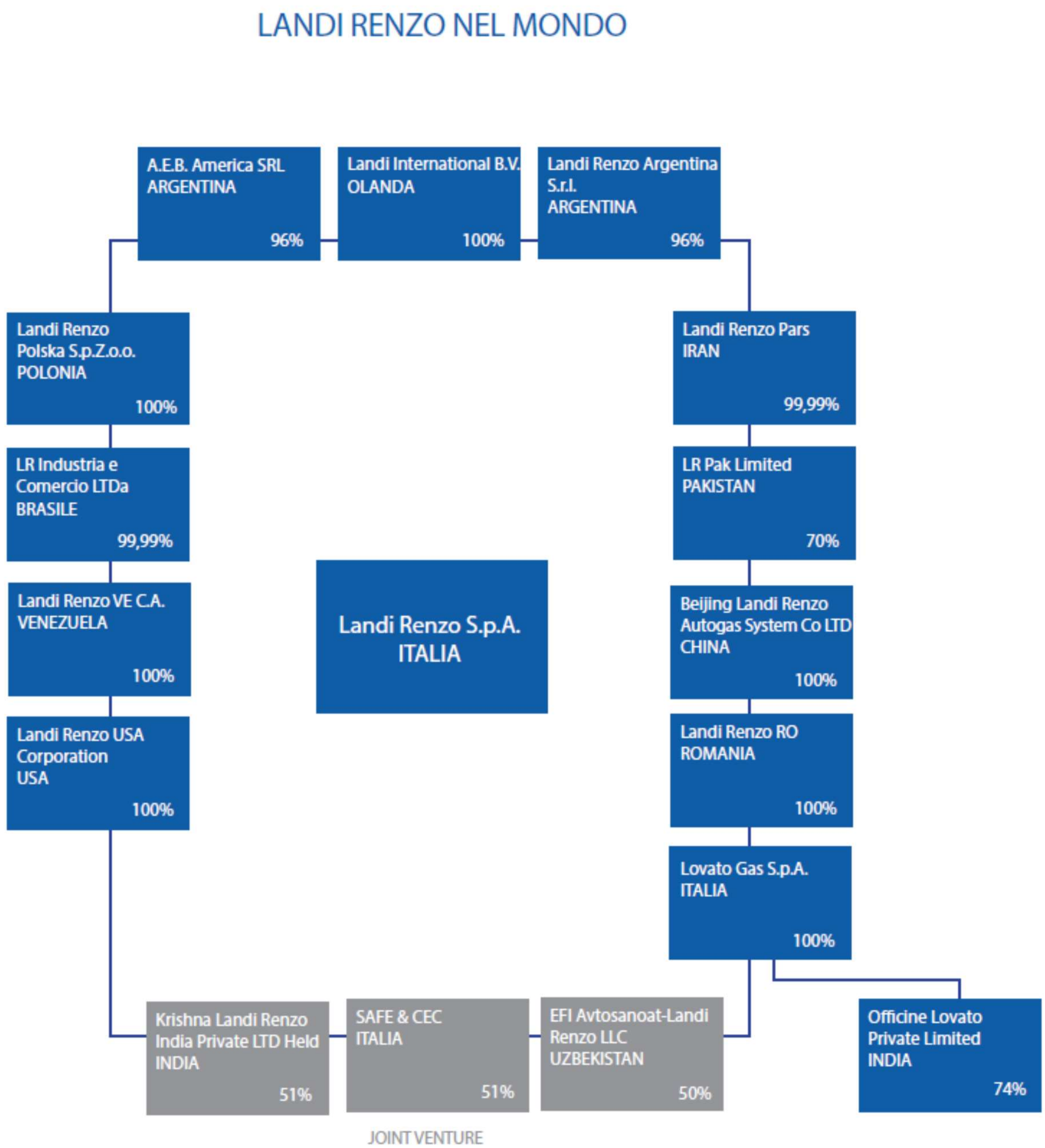
Registered office and company details

Landi Renzo S.p.A.
Via Nobel 2/4
42025 Corte Tegge – Cavriago (RE) – Italy
Tel. +39 0522 9433
Fax +39 0522 944044

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



1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

Following the application of IFRS 16 - Leases as of 1 January 2019, and as the Group has applied the "modified retrospective approach", the income statement and balance sheet data as at 31 March 2019 are not directly comparable with those of the previous year. The impacts of the application of that accounting standard are described in section 3.1.2 - "Amendments and revised accounting standards applied by the Group for the first time" in this Interim Report.

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE FIRST QUARTER	Q1 2019	Q1 2018	Change	%
Revenue	43,798	42,037	1,761	4.2%
Adjusted Gross Operating Profit (EBITDA) (1)	5,439	5,360	79	1.5%
Gross Operating Profit (EBITDA)	5,439	4,533	906	20.0%
Net Operating Profit (EBIT)	2,275	1,879	396	21.1%
Earnings before Tax	1,456	-132	1,588	
Net profit (loss) for the Group and minority interests	590	-1,175	1,765	
Adjusted Gross Operating Profit (EBITDA) / Revenue	12.4%	12.8%		
Net profit (loss) for the Group and minority interests / Revenue	1.3%	-2.8%		

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	31/03/2019	31/12/2018	31/03/2018
Net fixed assets, other non-current assets and rights of use	105,296	100,983	99,923
Operating capital (2)	27,244	18,893	20,307
Non-current liabilities (3)	-7,794	-7,428	-11,529
NET INVESTED CAPITAL	124,746	112,448	108,701
Net Financial Position (4)	64,158	52,872	53,774
Net financial position - applying the same accounting standards (5)	59,697	52,872	53,774
Equity	60,588	59,576	54,927
BORROWINGS	124,746	112,448	108,701

(Thousands of Euro)

KEY INDICATORS	31/03/2019	31/12/2018	31/03/2018
Operating capital / Turnover (rolling 12 months)	14.4%	10.0%	12.1%
Net financial debt (5) / Equity	98.5%	88.7%	97.9%
Adjusted net financial debt (5) / EBITDA (rolling 12 months)	2.36	2.10	2.12
Personnel (peak)	503	494	510

(Thousands of Euro)

CASH FLOWS	31/03/2019	31/12/2018	31/03/2018
Gross operational cash flow	-3,860	9,946	-3,495
Cash flow for investment activities	-2,269	-8,269	-642
Gross FREE CASH FLOW	-6,129	1,677	-4,137
Non-recurrent expenditure for voluntary resignation incentives and TFR	0	-4,377	0
Net FREE CASH FLOW	-6,129	-2,700	-4,137

(1) As EBITDA is not an accounting measure within the scope of the international accounting standards (IAS/IFRS), there may be various ways of calculating it. EBITDA is a measure used by the management of the company to monitor and evaluate its operating trends. The management believes that EBITDA is an important parameter for the measurement of the company's operating performance, as it is not influenced by the effects of the different criteria for determining taxable income, the amount and characteristics of the capital employed or the relative amortisation policies. The method for determining the EBITDA applied by the company may not be consistent with that adopted by other companies/groups and therefore its value may not be comparable with that determined by them.
The data relating to 2018 does not include accounting of non-recurrent costs.

(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) Not including the effects of the application of IFRS 16 - Leases.

1.4. SIGNIFICANT EVENTS DURING THE PERIOD

February On 6 February 2019, Landi Renzo Brasil, the Brazilian branch of the Landi Renzo Group, entered into an exclusive partnership agreement with Uber, a company which directly connects passengers and drivers at global level, which calls for the conversion of personal cars owned by Uber's partner drivers to CNG throughout Brazil, using the solutions offered by the Landi Renzo Group.

February On 28 February 2019, Krishna Landi Renzo, the Indian joint venture of the Landi Renzo Group, entered into an exclusive partnership agreement with Ford India which establishes that Landi Renzo will manufacture and install its solutions for the CNG version of the new Ford Aspire, also providing after sales support through its local authorised garages. The number of vehicles subject to the supply agreement is around 2,000 per year, for a duration of roughly 5 years.

2. DIRECTORS' OBSERVATIONS ON BUSINESS PERFORMANCE

The first quarter of 2019 closed with positive results, in terms of turnover as well as income and in line with management forecasts and the Strategic Plan. The Group strives to be a key player in the mobility of the future, valuing the importance and the role of gas mobility, which still has significant room for development, in the Passenger Car segment and, especially, in the Heavy Duty segment. To that end, the Group has embarked upon a path of growth and technological development to offer innovative and efficient solutions to its customers that allow for an acceleration, as set forth in the Strategic Plan, of turnover growth and the creation of value.

The first three months of 2019 ended with turnover of Euro 43,798 thousand, up compared with the same period of the previous year (+4.2%), and net profit of Euro 590 thousand, compared to a net loss of Euro 1,175 thousand as at 31 March 2018.

As also highlighted in the 2018 Annual Financial Report, the activities connected to the mobility plan agreed upon with the trade unions and the implementation of the "EBITDA improvement" project guidelines were completed in the previous financial year, with substantial positive effects in terms of margins. The first quarter of 2019 confirmed the validity and effectiveness of the actions undertaken by the management, enabling the Group to maintain adequate profit margins consistent with the budget forecasts of the Strategic Plan. Indeed, as at 31 March 2018 EBITDA came to Euro 5,439 thousand (equal to 12.4% of turnover), up compared to the same period of the previous year, amounting to Euro 4,533 thousand (equal to 10.8% of turnover). This result is particularly important if we consider that, compared to the same period of the previous year, this quarter was characterised by significant sales in the OEM channel, which generally has lower profit margins than the After Market sales channel. Indeed, as at 31 March 2019 sales in the OEM channel made up 45.5% of total sales (40.8% as at 31 March 2018).

The sales results in the OEM channel (+15.9%) are primarily linked to increasing orders by several top European automobile manufacturers, which have focused on LPG bi-fuel engines for the development of their green offering and have selected the Landi Renzo Group as their strategic partner, given its consolidated experience in the sector. This confirms the well established strategic positioning of the Landi Renzo Group in the OEM channel and its recognition as a supplier of high quality, efficient and reliable components and systems.

The Group's turnover in the After Market channel during the quarter, amounting to Euro 23,861 thousand, was down slightly compared to the same period of the previous year (Euro 24,835 thousand), primarily due to current instability in the South American area, where however signs are visible of a recovery starting from the second quarter of 2019. This result confirms the adequacy of the efforts made in terms of expansion, and the strategic positioning of the Group both in Italy and abroad.

The Net financial position at 31 March 2019 is Euro 64,158 thousand, of which Euro 4,461 thousand due to the application of IFRS 16 - Leases. Applying the same standards, i.e., without considering the effects deriving from the application of that accounting standard, the Net financial position as at 31 March 2019 would have been Euro 59,697 thousand, up compared to the end of the previous year (Euro 52,872 thousand) due to significant investments, especially in OEM and Heavy Duty product development projects (LNG and CNG), totalling Euro 1,409 thousand, and due to investments in working capital necessary to support the Group's commercial growth.

As regards the business outlook, the order portfolio is showing encouraging opportunities for the green sector, in both the OEM distribution channel and the After Market channel, where the Group benefits from its established leadership position in the global markets.

Please also note that the income statement for the first quarter of 2019 reflects the application of the new IFRS 16 - Leases, introduced starting from 1 January 2019, based on which accounting for operating lease costs on a straightline basis is replaced by the amortisation of the right of use and financial expenses on the relative figurative financial liabilities. In the first quarter of 2019, this accounting standard had a positive effect of Euro 631 thousand on EBITDA.

2.1. PERFORMANCE AND NOTES ON THE MAIN CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

The following table sets out the main economic indicators of the Group for the first three months of 2019 compared with the same period in 2018.

(Thousands of Euro)	31/03/2019	%	31/03/2018	%	Change	%
Revenues from sales and services	**43,798**	**100.0%**	**42,037**	**100%**	**1,761**	4.2%
Other revenues and income	203	0.5%	102	0.2%	101	99.0%
Operating costs	-38,562	-88.0%	-36,779	-87.5%	-1,783	4.8%
Adjusted gross operating profit	**5,439**	**12.4%**	**5,360**	**12.8%**	**79**	**1.5%**
Non-recurrent costs	0	0.0%	-827	-2.0%	827	-100.0%
Gross operating profit	**5,439**	**12.4%**	**4,533**	**10.8%**	**906**	**20.0%**
Amortisation, depreciation and impairment	-3,164	-7.2%	-2,654	-6.3%	-510	19.2%
Net operating profit	**2,275**	**5.2%**	**1,879**	**4.5%**	**396**	**21.1%**
Financial income (charges) and exchange rate differences	-709	-1.6%	-1,138	-2.7%	429	-37.7%
Gain (loss) on equity investments valued using the equity method	-110	-0.3%	-873	-2.1%	763	-87.4%
Profit (loss) before tax	**1,456**	**3.3%**	**-132**	**-0.3%**	**1,588**	**N/a**
Current and deferred taxes	-866	-2.0%	-1,043	-2.5%	177	-17.0%
Net profit (loss) for the Group and minority interests, including:	**590**	**1.3%**	**-1,175**	**-2.8%**	**1,765**	**N/a**
Minority interests	-13	0.0%	-52	-0.1%	39	-75.0%
Net profit (loss) for the Group	**603**	**1.4%**	**-1,123**	**-2.7%**	**1,726**	**N/a**

The consolidated revenues for the first three months of 2019 were Euro 43,798 thousand, an increase of Euro 1,761 thousand (+4.2%) compared to the same period in the previous year, especially thanks to the good performance of the OEM channel (+15.9%). As illustrated previously, sales in the OEM channel as at 31 March 2019 represent 45.5% of total Group revenues, compared to 40.8% in the same period of the previous year, especially following the increase in turnover from some top European automobile manufacturers which have focused on LPG bi-fuel engines for the development of their green offerings, and with which the Landi Renzo Group has collaborated for years as a strategic partner. Sales revenues in the After Market channel as at 31 March 2019 were down slightly during the quarter, primarily as a result of the Brazilian market situation following the decline in oil prices. A recovery is in any event expected as early as the second quarter of 2019.

Adjusted EBITDA at 31 March 2019 was Euro 5,439 thousand, compared to Euro 5,360 thousand in the same period of the previous year, confirming the validity and effectiveness of the actions taken by the management for the company reorganisation and the limitation of both fixed and variable costs. Indeed, the Group has maintained adequate profit margins despite the increase in sales in the OEM channel this quarter, which has lower profit margins than the After Market channel.

The Gross Operating Profit (EBITDA) was positive at Euro 5,439 thousand, up 20.0% compared to the same period of last year (Euro 4,533 thousand).

The Net Operating Profit (EBIT) was positive at Euro 2,275 thousand, up 21.1% compared to the same period of last year (Euro 1,879 thousand).

Segment reporting

The Group operates directly only in the Automotive segment and indirectly in the "Gas Distribution and Compressed Natural Gas" segment through the joint venture SAFE & CEC S.r.l. which, in accordance with the contractual governance system, meets the joint control requirements as stipulated by IFRS 11, and is consolidated according to the net equity method. This paragraph provides information about the trend in this segment during the first three months of 2019, to provide a better understanding of the impact of this business unit on the Group's balance sheet.

Breakdown of sales by geographical area

First quarter 2019 compared to first quarter 2018

(Thousands of Euro)

Geographical distribution of revenues	At 31/03/2019	% of revenues	At 31/03/2018	% of revenues	Change	%
Italy	8,832	20.2%	7,919	18.8%	913	11.5%
Europe (excluding Italy)	22,456	51.3%	19,065	45.4%	3,391	17.8%
America	4,124	9.4%	5,636	13.4%	-1,512	-26.8%
Asia and Rest of the World	8,386	19.1%	9,417	22.4%	-1,031	-10.9%
Total	**43,798**	**100.0%**	**42,037**	**100.0%**	**1,761**	**4.2%**

Regarding the geographical distribution of revenues, during the first three months of 2019 the Group achieved 79.8% of its consolidated revenues abroad (51.3% in Europe and 28.5% outside Europe), and in detail:

- Italy

Sales on the Italian market of Euro 8,832 thousand were up by Euro 913 thousand compared to the same period of the previous year, in particular:

- New bi-fuel car registrations (OEM), for the set of new vehicles equipped with LPG and CNG systems, accounted for 7.8% of total vehicle registrations according to data published by UNRAE (Association of foreign car makers operating in Italy).

- 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 increase in revenues in Europe, totalling euro 3,391 thousand, was primarily attributable to the increase in OEM sales to several top automobile manufacturers which are focusing on LPG bi-fuel engines for the development of their green offerings and which confirmed the Landi Renzo Group as their strategic partner.

- America

Sales in the first three months of 2019 for this area, equal to Euro 4,124 thousand, represented a decrease of 26.8% (equivalent to Euro 1,512 thousand). This was mainly attributable to the current Brazilian market situation following the decline in oil prices.

- Asia and rest of the world

The Asia and Rest of World markets saw a decline of 10.9% (equal to Euro 1,031 thousand) compared to the first three months of 2018, due to the tightening of trade sanctions on Iran and the reduction in oil prices.

Profitability

The adjusted Gross Operating Profit (GOP, or adjusted EBITDA) for the first three months of 2019 was positive by Euro 5,439 thousand, equal to 12.4% of revenues, substantially in line with the same period of the previous year, but without non-recurrent costs, which instead came to Euro 827 thousand as at 31 March 2018.

(Thousands of Euro)

EXTRAORDINARY COSTS	31/03/2019	31/03/2018	Change
Strategic consultancy	0	-827	827
Total	**0**	**-827**	**827**

Costs of raw materials, consumables and goods and changes in inventories increased overall from Euro 20,145 thousand as at 31 March 2018 to Euro 22,806 thousand as at 31 March 2019, which in absolute terms is an increase of Euro 2,661 thousand, mainly related to the growth in Group turnover.

The costs of services and use of third-party assets amounted to Euro 8,487 thousand, compared to Euro 9,575 thousand in the same period of the previous year.

Personnel cost was Euro 6,727 thousand, a decrease compared to the same period in the previous year (Euro 7,218 thousand as at 31 March 2018). This reduction is linked to the full completion in the first half of 2018 of the company restructuring process aiming to bring the business organisation into line with the Group's current activities and the Strategic Plan. The Group has 503 employees, basically in line with the end of last year (494).

The Net Operating Profit (EBIT) for the period was Euro 2,275 thousand (Euro 1,879 thousand on 31 March 2018), after accounting for amortisation, depreciation and impairment of Euro 3,164 thousand (Euro 2,654 thousand on 31 March 2018).

Total financial expenses (interest income, interest expense and exchange differences) totalled Euro 709 thousand, down compared to the same period of 2018 (Euro 1,138 thousand). This decline is mainly linked to exchange effects recorded during the quarter (positive, in the amount of Euro 192 thousand) compared to the same period of the previous year (a negative Euro 245 thousand), due to greater stability in the exchange rates with currencies in which the Group does business.

In the first three months of 2019, the devaluation of equity investments valued using the net equity method is Euro 110 thousand (Euro 873 thousand from devaluation at 31 March 2018). This includes the Group's share of the profits from the Joint Venture Krishna Landi Renzo India Private Ltd Held (revaluation of Euro 39 thousand) and SAFE&CEC S.r.l. (devaluation equal to Euro 149 thousand).

Furthermore, the first three months ended with a pre-tax profit of Euro 1,456 thousand against a pre-tax loss of Euro 132 thousand as at 31 March 2018, after the recognition of losses from the write-down of investments.

The net result of the Group and minority interests as at 31 March 2019 showed a profit of Euro 590 thousand compared with a Group and minority interest loss of Euro 1,175 thousand for the same period of 2018.

The net result for the period as at 31 March 2019 was positive at Euro 603 thousand compared to a negative result of Euro 1,123 thousand in the same period of 2018.

To allow for a better comprehension and comparability of the Group's economic and financial results, details are provided below of the effects of the application of IFRS 16 - Leases on the first quarter of 2019.

(Thousands of Euro)	31/03/2019			31/03/2018
	Landi Renzo Consolidated	*Adjustment IFRS 16*	Landi Renzo Consolidated applying the same accounting standards	Landi Renzo Consolidated
Revenues from sales and services	**43,798**	**0**	**43,798**	**42,037**
Other revenue and income	203	0	203	102
Operating costs	-38,562	-631	-39,193	-36,779
Adjusted gross operating profit	**5,439**	**-631**	**4,808**	**5,360**
Non-recurrent costs	0	0	0	-827
Gross operating profit	**5,439**	**-631**	**4,808**	**4,533**
Amortisation, depreciation and impairment	-3,164	558	-2,606	-2,654
Net operating profit	**2,275**	**-73**	**2,202**	**1,879**
Financial income (charges) and exchange rate differences	-709	29	-680	-1,138
Gain (loss) on equity investments valued using the equity method	-110	0	-110	-873
Profit (loss) before tax	**1,456**	**-44**	**1,412**	**-132**
Current and deferred taxes	-866	12	-854	-1,043
Net profit (loss) for the Group and minority interests, including:	**590**	**-32**	**558**	**-1,175**
Minority interests	-13		-13	-52
Net profit (loss) for the Group	**603**	**-32**	**571**	**-1,123**

Gas Distribution and Compressed Natural Gas operating segment performance

In 2017, the "Gas Distribution and Compressed Natural Gas" segment 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 net equity method.

During the first three months of 2019, the “Gas Distribution and Compressed Natural Gas” segment achieved better results in line with the approved Plan, with consolidated net sales of Euro 12,448 thousand (+26.1% compared to 31 March 2018), positive adjusted EBITDA of Euro 338 thousand (a negative Euro 1,031 thousand as at 31 March 2018), and a post-tax loss of Euro 291 thousand (compared to a loss of Euro 1,877 thousand as at 31 March 2018).

The Group also has a portfolio of major orders which is believed will allow the achievement of budget targets. These were also confirmed in the phase of defining the 2019 forecast and subject to continuous monitoring by directors. i.e. expected revenues are between Euro 65 and Euro 70 million.

In this regard, please also note that in April SAFE S.p.A. entered into an agreement with ENI S.p.A. for the supply of 20 CNG distribution systems, and the relative maintenance, for fuelling stations for cars as well as heavy duty vehicles, in the ENI R&M network. Under the agreement, the companies will collaborate for the next five years. In the first 3 years, SAFE S.p.A. will provide and install equipment (including compressor, driers, dispensers, control and storage system), and in the following 2 years it will provide the relative maintenance services.

Invested capital

(Thousands of Euro)

Balance Sheet and Financial Position	31/03/2019	31/12/2018	31/03/2018
Trade receivables	34,498	35,131	30,386
Inventories	42,375	38,895	38,822
Trade payables	-49,592	-55,166	-49,168
Other net current assets	-37	33	267
Net operating capital	**27,244**	**18,893**	**20,307**
Tangible assets	12,254	12,745	13,489
Intangible assets	51,289	51,065	50,354
Right of use assets	4,616	0	0
Other non-current assets	37,137	37,173	36,080
Fixed capital	**105,296**	**100,983**	**99,923**
TFR (severance indemnity) and other provisions	-7,794	-7,428	-11,529
Net invested capital	**124,746**	**112,448**	**108,701**
Financed by:			
Net Financial Position *(*)*	64,158	52,872	53,774
Group shareholders' equity	60,886	59,852	55,601
Minority interests	-298	-276	-674
Borrowings	**124,746**	**112,448**	**108,701**

Ratios	31/03/2019	31/12/2018	31/03/2018
Net operating capital	27,244	18,893	20,307
Net operating capital/Turnover (rolling)	14.4%	10.0%	12.1%
Net invested capital	124,746	112,448	108,700
Net capital employed/Turnover (rolling)	65.7%	59.8%	64.6%

(*) The net financial position at 31 March 2019 is inclusive of Euro 4,461 thousand for financial liabilities for rights of use deriving from the application as of 1 January 2019 of IFRS 16 - Leases.

Net working capital at the end of the period stood at Euro 27,244 thousand. This is an increase compared to the same figure recorded on 31 December 2018, of Euro 8,351 thousand, as a result of the increase in inventories to support Group growth and the decrease in trade payables, due primarily to seasonal effects. In terms of percentages on rolling sales, there was an increase in this figure, from 10.0% on 31 December 2018 to the current 14.4% (12.1% on 31 March 2018). This figure, which is also impacted by seasonal effects, is in line with management forecasts.

Trade receivables stood at Euro 34,498 thousand, basically in line with 31 December 2018 (Euro 35,131 thousand). On 31 March 2019, derecognised receivables assigned through factoring with crediting on maturity stood at Euro 29.1 million, compared to Euro 25.4 million on 31 December 2018.

There was a decrease of Euro 5,574 thousand in trade payables, which dropped from Euro 55,166 thousand as at 31 December 2018 to Euro 49,592 thousand as at 31 March 2019, while the closing inventories totalling Euro 42,375 thousand, increased by Euro 3,480 thousand. Inventory rose as a result of the need to anticipate the procurement of components to support expectations of Group turnover growth in the second quarter, considering the orders in the OEM portfolio and expectations of growth in the After Market channel.

The increase in Fixed capital is linked to the effects of the application of IFRS 16 - Leases, which entailed the recognition of right of use assets of Euro 4,943 thousand as at 1 January 2019.

TFR and other provisions, totalling Euro 7,794 thousand as at 31 March 2019, are in line with 31 December 2018.

Net invested capital (Euro 124,746 thousand, equal to 65.7% of rolling turnover) was up compared to December 2018 (Euro 112,448 thousand, equal to 59.8% of rolling turnover) due to operating capital as well as the application of IFRS 16 - Leases.

Net Financial Position and cash flows

(thousands of Euro)	31/03/2019	31/12/2018	31/03/2018
Cash and cash equivalents	17,156	15,075	18,670
Bank financing and loans	-25,026	-16,203	-13,049
Right of use liabilities	-1,470	0	0
Bonds issued	-3,863	-3,843	-2,373
Other loans	-419	-419	-419
Net short term indebtedness	**-13,622**	**-5,390**	**2,829**
Loans	-23,117	-23,054	-27,502
Right of use liabilities	-2,991	0	0
Bonds issued	-24,218	-24,218	-28,472
Other loans	-210	-210	-629
Net medium-long term indebtedness	**-50,536**	**-47,482**	**-56,603**
Net financial position	**-64,158**	**-52,872**	**-53,774**
Net financial position - applying the same accounting standards (*)	**-59,697**	**-52,872**	**-53,774**

(*) Not including the effects of the application of IFRS 16 - Leases.

The Net financial position at 31 March 2019 is Euro 64,158 thousand (Euro 53,774 as at 31 March 2018), up compared with the end of the previous year (Euro 52,872 thousand). This change is primarily linked to the effects of the application of IFRS 16 - Leases, which entailed the recognition of financial liabilities for rights of use of Euro 4,943 million as at 1 January 2019 (Euro 4,461 thousand remaining as at 31 March 2019).

Net of this effect, the Group's Net financial position would be Euro 59,697 thousand, up by Euro 6,825 thousand compared with at 31 December 2018, mainly due to:

- the increase in net operating capital, due in particular to investments in inventories required to support turnover growth, as well as
- outlays for investments in tangible and intangible fixed assets totalling Euro 2,290 thousand, primarily for costs for development projects for new products in the OEM channel and for LNG and CNG Heavy Duty vehicles (Euro 1,409 thousand).

The following table illustrates the trend in total cash flow:

(thousands of Euro)	31/03/2019	31/12/2018	31/03/2018
Gross operational cash flow	-3,860	9,946	-3,495
Cash flow for investment activities	-2,269	-8,269	-642
Gross FREE CASH FLOW	**-6,129**	**1,677**	**-4,137**
Non-recurrent expenditure for voluntary resignation incentives and TFR	0	-4,377	0
Net FREE CASH FLOW	**-6,129**	**-2,700**	**-4,137**

The free cash flow for the period was Euro -6,129 thousand, of which Euro -3,860 thousand generated by operating activities and Euro 2,269 thousand relating to investments, as illustrated above.

Investments

Investments in property, plant, machinery and other equipment totalled Euro 579 thousand (Euro 139 thousand as at 31 March 2018) and refer to purchases of plant and machinery, new production moulds and testing/control equipment.

The increase in intangible assets amounted to Euro 1,711 thousand (Euro 511 thousand as at 31 March 2018) and mainly related to the capitalisation of costs of development projects (Euro 1,409 thousand, for new products for the OEM channel and for LNG and CNG Heavy Duty vehicles), which meet the requirements of IAS 38 for recognition as balance sheet assets. The increase in investments in development projects is consistent with the Group's re-launch plan.

2.1.2. Results of Parent company

As at 31 March 2019, Landi Renzo S.p.A. had generated revenues of Euro 32,823 thousand, a significant improvement of +16.6% compared to the same period of the previous year (Euro 28,145 thousand).
The Gross Operating Profit was positive and totalled Euro 4,745 thousand compared to Euro 1,709 thousand at 31 March 2018, with an increase of Euro 2,508 thousand.

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 and part of the New Technical Centre 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 the company Landi Renzo S.p.A. for rent of the production facility on Via dell'Industria, in Cavriago;
- the contracts between Reggio Properties LLC, 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;
- 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;
- service supply contracts between Landi Renzo S.p.A. and SAFE&CEC S.r.l., relating to chargebacks of service and IT costs.

Please also note that after the date on which this Interim Report was drafted, the lease agreement on the property used as the operating headquarters of Landi Renzo S.p.A., the contractual expiry of which is scheduled for 10 May 2019, was renewed. This contract, renewed for 5 years and renewable by written agreement between the parties, requires the quarterly payment of Euro 215 thousand and will have a significant impact on right of use assets and the relative liabilities starting in the second quarter of 2019 (around Euro 4 million).

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

Significant events after the end of the quarter

After the end of the quarter and up to the present date we point out that:

- On 24 April 2019, the Shareholders' Meeting of Landi Renzo S.p.A. resolved, amongst other things:

  - to approve the financial statements for 2018, and to allocate to the extraordinary reserve the sum of Euro 226,353.61, as the Legal Reserve has already reached one fifth of the share capital;
  - on the appointment of the Board of Directors for the 2019-2021 three-year period, consisting of 9 members and led by Chairman Stefano Landi;
  - on the appointment of the Board of Statutory Auditors for the 2019-2021 three-year period;
  - to confirm Cristiano Musi as Chief Executive Officer as well as General Manager;
  - to provide its favourable opinion on the first section of the Remuneration Report pursuant to article 123-ter, paragraph 6 of Legislative Decree 58/98;
  - to approve the compensation plan based on the assignment of ordinary shares of Landi Renzo S.p.A. ("2019-2021 Performance Shares Plan");
  - to authorise the Board of Directors to purchase treasury shares for a duration of 18 months, after revocation of the previous authorisation.

- On 4 May 2019, Cerved Rating Agency raised the Landi Renzo Group's rating from B2.1 to B1.2, considering the revision of the business model and the strengthening of its competitive positioning. This is the second increase received from the agency in the last 6 months.

- In May 2019, after approval by the Related parties committee, the lease agreement on the properties used as the Parent Company's operating headquarters was renewed and signed with the related company Gireimm S.r.l. This 5-year agreement is renewable only based on a written agreement by the parties, and calls for a quarterly payment of Euro 215 thousand.

Likely future developments

With regard to the business outlook, taking into account the results of the first three months of 2019, trends in the core market and the orders in the portfolio, the information already given at the time of approval of the annual financial report to 31 December 2018 is confirmed: for this year, the Group expects revenues to come to between Euro 185 million and Euro 190 million, with an adjusted EBITDA margin of approximately Euro 27 million.

Revenues from the joint venture in the Gas Distribution and Compressed Natural Gas segment (consolidated at equity) are expected to rise to between Euro 65 million and Euro 70 million with an adjusted EBITDA margin of around Euro 8 million.

Cavriago, 14 May 2019

Chief Executive Officer
Cristiano Musi

3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

3.1. GENERAL ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES

3.1.1. Preamble

The Interim Report as at 31 March 2019, 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 31 March 2019 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, which consists of stating all the items of assets and liabilities 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 31 March 2019 are not different to those used in drawing up the consolidated financial statements closed at 31 December 2018, to which please refer for further information.

As well as the interim values as at 31 March 2019 and 2018, the financial data for the year ended on 31 December 2018 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 changed compared to the standards used for the consolidated report to 31 December 2018 apart from the initial application of IFRS 6 - Leases, which for operating leases with a duration exceeding 12 months requires the recognition in the financial statements of an asset representing the right of use of the assets subject to the contract and a liability connected to the obligation to make the payments set forth in the contract.
The Group applied that standard at the date of initial application (1 January 2019) using the modified retrospective approach, by recognising the lease liability at the present value of the remaining payments due, discounted using the marginal rate of financing at the date of initial application, and recognising the right of use asset at an amount equal to the lease liability, adjusted by the amount of any deferrals and accruals relating to the lease. The use of this method did not require the restatement of comparative information and did not have effects on the Group's equity.
The application of this standard entailed the recognition in the financial statements as at 1 January 2019 of right of use assets of Euro 4,943 thousand and figurative financial liabilities in the same amount, while in the first quarter of 2019 lower costs for services and the use of third party assets for Euro 631 thousand and higher amortisation and financial expense by Euro 558 thousand and Euro 29 thousand, respectively, were recognised.

Please also note that after the date on which these financial statements were drafted, the lease agreement on the property used as the operating headquarters of Landi Renzo S.p.A., the contractual expiry of which is scheduled for 10 May 2019, was renewed. This contract, which has a duration of 5 years and renewable only by written agreement between the parties, requires the quarterly payment of Euro 215 thousand and will have a significant impact on right of use assets and the relative liabilities starting in the second quarter of 2019 (around Euro 4 million).

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 on the whole 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 2018, 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 31 March 2019, compared to 31 December 2018.

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	31/03/2019	31/12/2018	31/03/2018
Non-current assets			
Land, property, plant, machinery and equipment	12,254	12,745	13,489
Development expenditure	7,347	6,932	4,904
Goodwill	30,094	30,094	30,094
Other intangible assets with finite useful lives	13,848	14,039	15,356
Right-of-use assets	4,616	0	0
Equity investments valued using the equity method	22,593	22,292	23,428
Other non-current financial assets	383	352	445
Other non-current assets	3,991	3,991	4,560
Deferred tax assets	10,170	10,538	7,647
Total non-current assets	**105,296**	**100,983**	**99,923**
Current assets			
Trade receivables	34,498	35,131	30,386
Inventories	42,375	38,895	38,822
Other receivables and current assets	7,744	8,016	8,918
Cash and cash equivalents	17,156	15,075	18,670
Total current assets	**101,773**	**97,117**	**96,796**
TOTAL ASSETS	**207,069**	**198,100**	**196,719**

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/03/2019	31/12/2018	31/03/2018
Equity			
Share capital	11,250	11,250	11,250
Other reserves	49,033	43,931	45,474
Profit (loss) for the period	603	4,671	-1,123
Total Equity of the Group	**60,886**	**59,852**	**55,601**
Minority interests	-298	-276	-674
TOTAL SHAREHOLDERS' EQUITY	**60,588**	**59,576**	**54,927**
Non-current liabilities			
Non-current bank loans	23,117	23,055	26,813
Other non-current financial liabilities	24,428	24,427	29,790
Non-current rights-of-use liabilities	2,991	0	0
Provisions for risks and charges	5,652	5,443	9,045
Defined benefit plans for employees	1,709	1,646	2,027
Deferred tax liabilities	433	339	457
Total non-current liabilities	**58,330**	**54,910**	**68,132**
Current liabilities			
Bank financing and short-term loans	25,026	16,203	13,049
Other current financial liabilities	4,282	4,262	2,792
Current rights-of-use liabilities	1,470	0	0
Trade payables	49,592	55,166	49,168
Tax liabilities	1,728	2,385	3,265
Other current liabilities	6,053	5,598	5,386
Total current liabilities	**88,151**	**83,614**	**73,660**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**207,069**	**198,100**	**196,719**

3.3. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	31/03/2019	31/03/2018
Revenues from sales and services	43,798	42,037
Other revenue and income	203	102
Cost of raw materials, consumables and goods and change in inventories	-22,806	-20,145
Costs for services and use of third party assets	-8,487	-9,575
Personnel costs	-6,727	-7,218
Provisions, provision for bad debts and other operating expenses	-542	-668
Gross operating profit	**5,439**	**4,533**
Amortisation, depreciation and impairment	-3,164	-2,654
Net operating profit	**2,275**	**1,879**
Financial income	19	26
Financial expenses	-920	-919
Exchange gains (losses)	192	-245
Gain (loss) on equity investments valued using the equity method	-110	-873
Profit (loss) before tax	**1,456**	**-132**
Current and deferred taxes	-866	-1,043
Net profit (loss) for the Group and minority interests, including:	**590**	**-1,175**
Minority interests	-13	-52
Net profit (loss) for the Group	603	-1,123
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0054	-0.0100
Diluted earnings (loss) per share	0.0054	-0.0100

3.4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31/03/2019	31/03/2018
Net profit (loss) for the Group and minority interests:	**590**	**-1,175**
Profits/losses that will not be subsequently reclassified in the income statement		
Remeasurement of defined employee benefit plans (IAS 19)	-53	-33
Total profits/losses that will not be subsequently reclassified in the income statement	**-53**	**-33**
Profits/losses that could subsequently be reclassified in the income statement		
Valuation of investments with the net equity method	411	0
Exchange rate differences from conversion of foreign operations	64	-247
Total profits/losses that could subsequently be reclassified in the income statement	**475**	**-247**
Profits/losses recorded directly in Equity after tax effects	**422**	**-280**
Total consolidated income statement for the period	**1,012**	**-1,455**
Profit (loss) for Shareholders of the Parent Company	1,034	-1,450
Minority interests	-22	-5

3.5. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)

CONSOLIDATED CASH FLOW STATEMENT	31/03/2019	31/03/2018
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	1,456	-132
Adjustments for:		
Depreciation of property, plant and equipment	1,119	1,233
Amortisation of intangible assets	1,488	1,421
Amortisation of right-of-use assets	558	0
Loss (Profit) from disposal of tangible and intangible assets	-21	-30
Impairment loss on receivables	1	20
Net financial charges	709	1,138
Profit (loss) attributable to investments	110	873
	5,420	**4,523**
Changes in:		
Inventories and contract work in progress	-3,480	-2,260
Trade receivables and other receivables	764	-2,678
Trade payables and other payables	-5,530	1,266
Provisions and employee benefits	219	-2,953
Cash generated from operations	**-2,607**	**-2,102**
Interest paid	-380	-1,159
Interest received	8	5
Income taxes paid	-881	-239
Net cash generated (absorbed) by operations	**-3,860**	**-3,495**
Financial flows from investments		
Proceeds from the sale of property, plant and equipment	21	8
Purchase of property, plant and equipment	-579	-139
Purchase of intangible assets	-302	-56
Development expenditure	-1,409	-455
Net cash absorbed by investment activities	**-2,269**	**-642**
Free Cash Flow	**-6,129**	**-4,137**
Financial flows from financing activities		
Repayments of right-of-use liabilities	-631	0
Bond issue (repayments)	0	0
Disbursements (reimbursements) of medium/long-term loans	-5	0
Change in short-term bank debts	8,781	5,275
Net cash generated (absorbed) by financing activities	**8,145**	**5,275**
Net increase (decrease) in cash and cash equivalents	**2,016**	**1,138**
Cash and cash equivalents as at 1 January	15,075	17,779
Effect of exchange rate fluctuation on cash and cash equivalents	65	-247
Closing cash and cash equivalents	**17,156**	**18,670**

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 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						-1,123	**-1,123**	-52		**-1,175**
Actuarial profits/losses (IAS 19)			-33				**-33**			**-33**
Translation difference			-294				**-294**		47	**-247**
Total overall profits/losses	**0**	**0**	**-327**	**0**	**0**	**-1,123**	**-1,450**	**-52**	**47**	**-1,455**
Other changes							**0**			**0**
Allocation of profit			4,139			-4,139	**0**	437	-437	**0**
Balance as at 31 March 2018	**11,250**	**2,250**	**3,639**	**30,718**	**8,867**	**-1,123**	**55,601**	**-52**	**-622**	**54,927**
Balance as at 31 December 2018	**11,250**	**2,250**	**2,096**	**30,718**	**8,867**	**4,671**	**59,852**	**-138**	**-138**	**59,576**
Effect of IFRS 16 application							**0**			**0**
Balance as at 01 January 2019	**11,250**	**2,250**	**2,096**	**30,718**	**8,867**	**4,671**	**59,852**	**-138**	**-138**	**59,576**
Result for the year						603	**603**	-13		**590**
Actuarial profits/losses (IAS 19)			-53				**-53**			**-53**
Translation difference			484				**484**		-9	**475**
Total overall profits/losses	**0**	**0**	**431**	**0**	**0**	**603**	**1,034**	**-13**	**-9**	**1,012**
Other changes							**0**			**0**
Allocation of profit			4,671			-4,671	**0**	138	-138	**0**
Balance as at 31 March 2019	**11,250**	**2,250**	**7,198**	**30,718**	**8,867**	**603**	**60,886**	**-13**	**-285**	**60,588**

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

Subject: Interim Report as at 31 March 2019

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

declare

in accordance with Article 154-bis, subparagraph 2 of the Finance Consolidation Act (Legislative Decree 58/1998) that the accounting information contained in the Interim Report to 31 March 2019 corresponds to the accounting documents, ledgers and records.

Cavriago 14 May 2019

Financial Reporting
Manager
Paolo Cilloni