



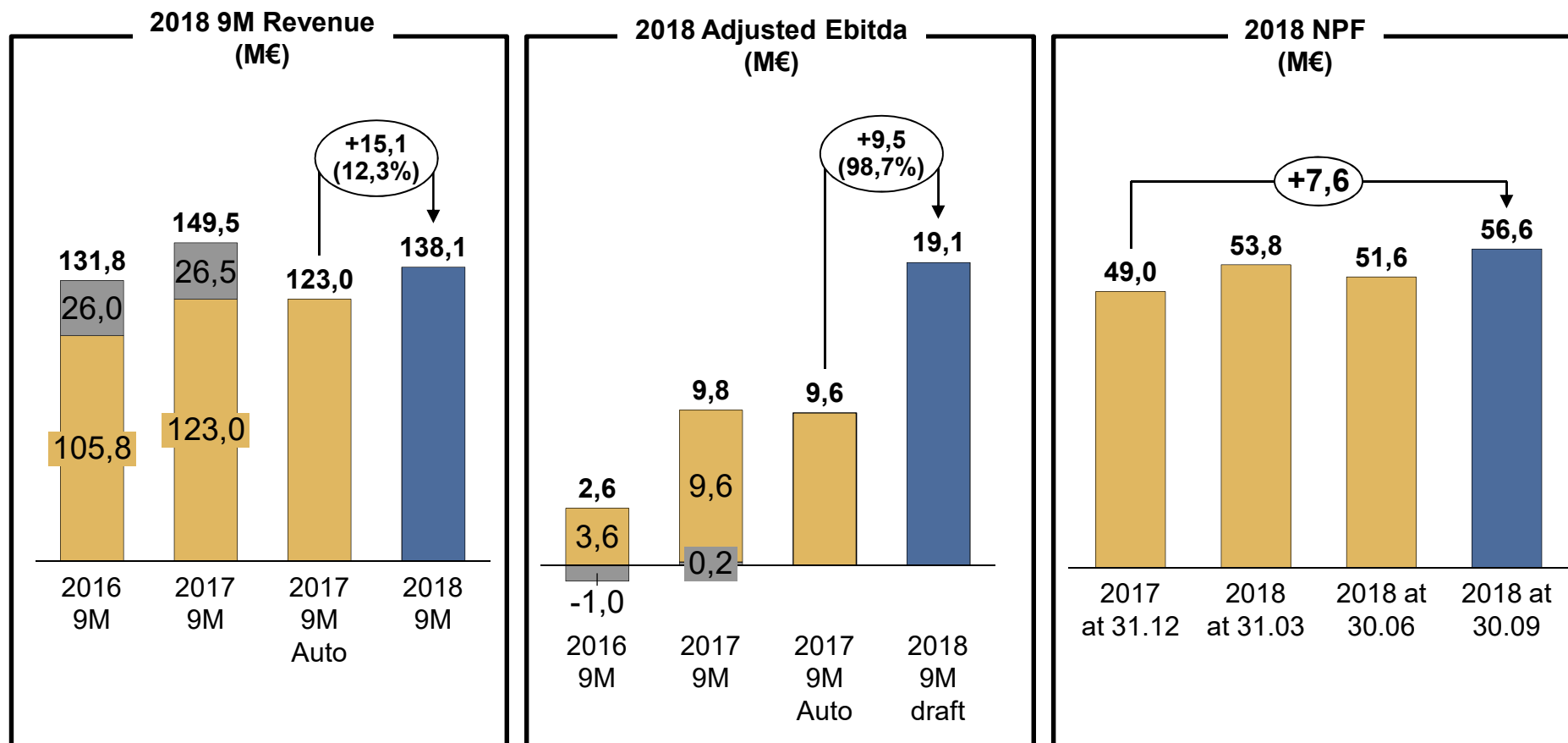
The Clean Air Group
Driving the Future

2018 9M FINANCIAL RESULTS

Main events and market drivers

- New **EU legislative proposal for CO₂ emissions standard for Heavy-Duty** will favour the growth of gas-powered solutions
- Worldwide strong focus on environmental and climate change, with **strong investment on infrastructure in different area worldwide** and growing attention to **Biomethane/RNG**. **New infrastructures will fasten the adoption of the gas-mobility in many areas**
- Growing interest by **fleets worldwide to convert to gas enlarge growing opportunities for After Market business**; won a significant tender in **Bolivia** of **USD 5 million** (more than 31 thousands traditional kits) to be delivered in Q4 2018 and Q1 2019; other opportunities on track
- LRG continue its cooperation with two of the main players in the **powertrain Heavy Duty industry for the development of new components**
- LRG invited by a top market player to participate for the the first EU RFQ for **Hydrogen components**
- **2018 Outlook remains confirmed**

9M 2018 LRG shows strong performance improvement compared to 2017



Due to the deconsolidation of Gas Distribution and Compressed Natural Gas and Sound sectors, 9M 2018 financial figures are **not** directly comparable with the same period of previous year

To provide a meaningful explanation of main difference, in the following of this document 9M 2018 results are compared only with 9M 2017 Automotive sector figures

9M 2018 P&L figures show a positive Net Income due to increased revenues and a continuous improvement on EBITDA

M€	2018 9M	2017 9M	Delta		2017 9M Automotive	like for like	
			M€	Delta %		Delta M€	Delta %
Revenues	138,1	149,5	-11,4	-7,6%	123,0	15,1	12,3%
EBITDA Adj.	19,1	9,8	9,3	94,9%	9,6	9,5	98,7%
<i>% on Revenues</i>	<i>13,9%</i>	<i>6,6%</i>			<i>7,8%</i>		
EBITDA	17,5	7,0	10,5	148,6%	6,9	10,7	155,5%
<i>% on Revenues</i>	<i>12,7%</i>	<i>4,7%</i>			<i>5,6%</i>		
EBIT Adj.	11,2	-1,7	12,9	N/A	-0,4	11,6	N/A
<i>% on Revenues</i>	<i>8,1%</i>	<i>-1,1%</i>			<i>-0,3%</i>		
EBIT	9,6	-6,4	16,0	N/A	-5,1	14,7	N/A
<i>% on Revenues</i>	<i>6,9%</i>	<i>-4,3%</i>			<i>-4,2%</i>		
Capital Gain/Loss	-1,2	0,0	-1,2				
Financials	-4,1	-4,2	0,1				
EBT	4,2	-10,6	14,8	N/A			
Taxes	-1,9	-0,7	-1,2				
Net Income	2,3	-11,3	13,6	N/A			
<i>% on Revenues</i>	<i>1,7%</i>	<i>-7,5%</i>					

Highlights

- Automotive sector **revenues** increased by 15,1M€ (+12,3%), mainly on AM
- **Automotive Adj. EBITDA, 13,9% of revenues**, up to 9,5M€ (+98,7%) positively impacted by the improvement of the gross margin (volumes and direct cost optimization) and leveraging the reduction of fixed cost. Extraordinary costs consisting in the last part of the “excellence project” started in 2017
- **Adj. EBIT, 8,1% of revenues**, in line with best practice in the sector, also positively impacted by the 2017 AVL deal
- **Capital Loss** from SAFE&CEC **remains unchanged** since H1, thanks to the first set of actions implemented in the integration phase as well as the turnover growth

(1): 2017 9M P&L included sectors that were out of consolidation perimeter (Gas Distribution and Compressed Natural Gas) or no longer present in 2018 (Sound)
2017 9M “Automotive” figures refer to the same perimeter of 2018 9M

Q3 results improve both in revenues (+14,2%) and in profitability, with adj EBITDA increasing by +2,3M€ (+85,4%)

9M P&L by quarter

M€	2018 Q1	2018 Q2	2018 Q3	2017 Q3	2018 Q3
Revenues	42,0	55,3	40,8	35,7	40,8
EBITDA Adj.	5,4	8,7	5,1	2,7	5,1
% on Revenues	12,8%	15,8%	12,4%	7,6%	12,4%
EBITDA	4,5	8,2	4,8	1,9	4,8
% on Revenues	10,8%	14,7%	11,9%	5,4%	11,9%
EBIT Adj.	2,7	6,1	2,3	-0,3	2,3
% on Revenues	6,4%	11,1%	5,7%	-0,8%	5,7%
EBIT	1,9	5,6	2,1	-1,0	2,1
% on Revenues	4,5%	10,1%	5,2%	-2,7%	5,2%

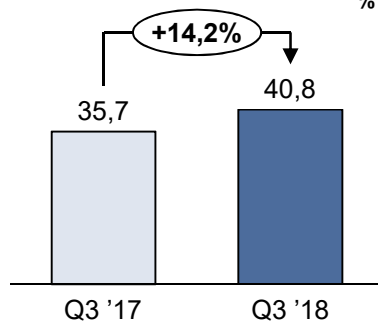
Q3 '17 vs '18

2017 Q3	2018 Q3
35,7	40,8
2,7	5,1
7,6%	12,4%
1,9	4,8
5,4%	11,9%
-0,3	2,3
-0,8%	5,7%
-1,0	2,1
-2,7%	5,2%

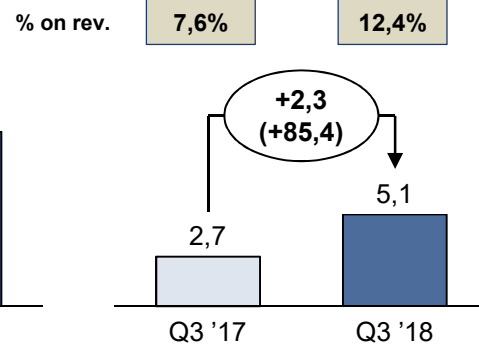
Highlights

- Q3 Automotive **revenues** increased by 5,1M€ (+14,2%) compared to Q3 2017
- **Q3 EBITDA** results 11,9% of revenues (vs 5,4% in Q3 2017) also due to a strong reduction of extraordinary costs
- **Q3 EBIT** (**positive** by 2,1M€ and 5,2% of revenues) displays a strong improvement compared to last year Q3 (negative by 1,0M€)

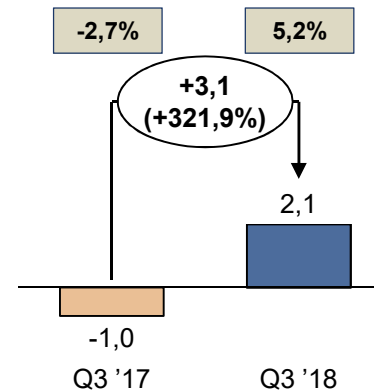
Q3 Automotive Revenues (Meur)



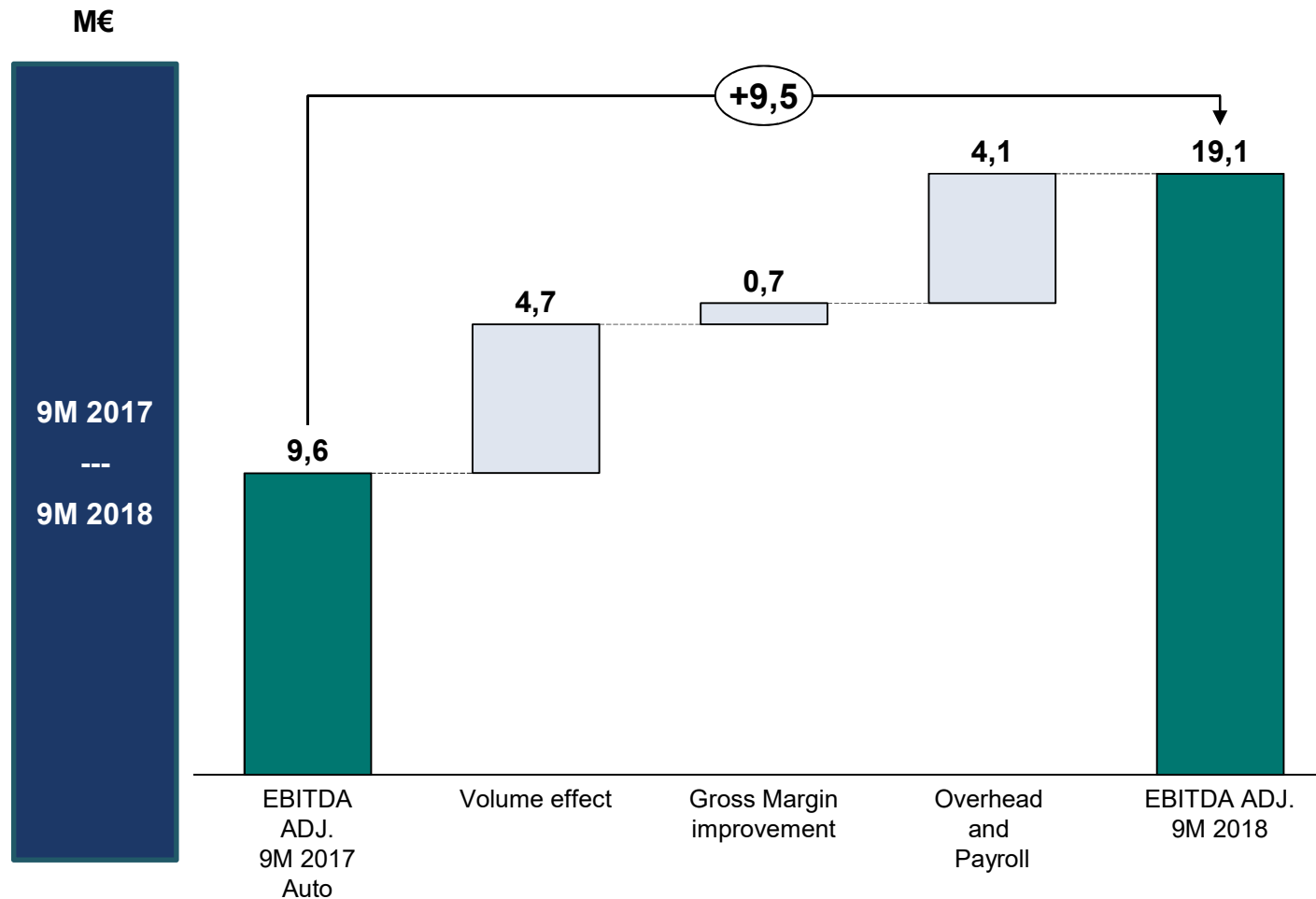
Q3 Automotive Adj.EBITDA (Meur)



Q3 Automotive EBIT (Meur)



2018 9M Adjusted EBITDA improved by 9,5M€ thanks to volumes and to the effect of the industrial turnaround, both for direct and indirect costs

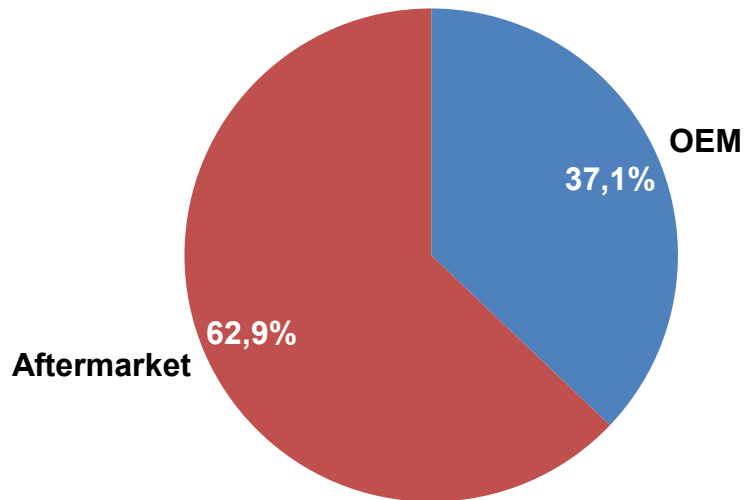


Highlights

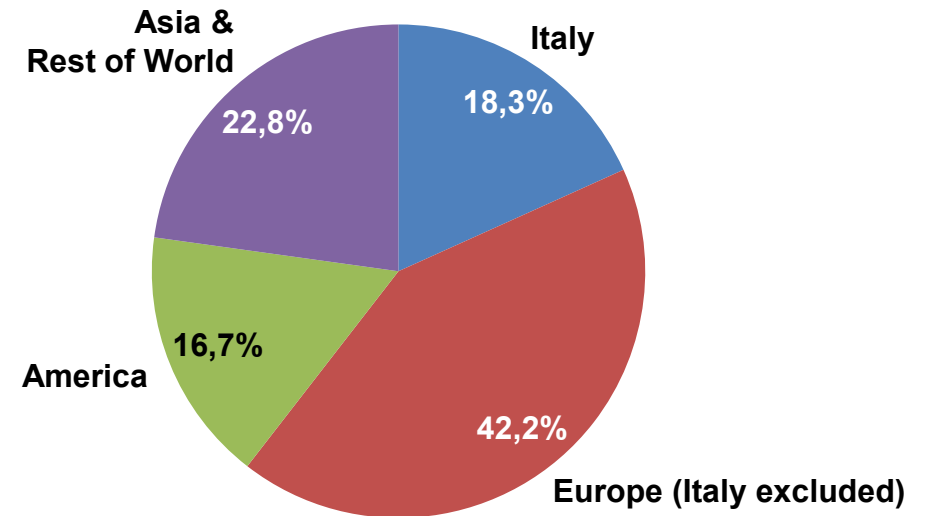
- **Adj.Ebitda** improved by **9,5M€** compared to last year due to:
 - **Higher** revenues
 - **Improved efficiency** on direct purchasing and production with an impact of 0,7M€ on Adj. Ebitda
 - **Fixed costs reduction** by 4,1M€ both in OpEx and Payroll. Total headcounts, in automotive sector, **reduced** by more than **150** compared to December 2016
 - It is important to outline that in 9M the Group has only partially benefited from the industrial turnaround implemented in 2017 and Q1 2018

Increased share of revenue from America and Asia/RoW consolidates LRG international coverage. AM/OEM revenue mix in line with 2017 data

Sales channel breakdown



Geographical breakdown



AUTOMOTIVE SECTOR

- Italy revenue improves by 12,3% compared to 9M 2017 mostly due to OEM sales
- America revenue improves by 28,1% compared to 9M 2017 thanks to after market sales in LatAm
- Asia & Rest of World revenue improves by 50,7% compared to 9M 2017
- Europe revenue decreased by 5,4% compared to 9M 2017 mostly due to after market sales in Turkey despite a good performance in Poland

2018 Balance Sheet shows a balanced working capital (14,0% of revenues) and a reduction of funds and severance packages

M€, %

Balance Sheet	2018 at 30.09	2018 at 30.06	2018 at 31.03	FY 2017	delta
Intangible Assets	49,4	49,7	50,4	51,3	-1,9
Tangible Assets	12,5	13,4	13,5	14,6	-2,1
Other non-current Assets	34,7	35,5	36,1	37,3	-2,6
Fixed Capital	96,5	98,5	99,9	103,2	-6,7
Receivables	33,8	36,4	30,4	29,1	4,7
Inventory	45,4	39,0	38,8	36,6	8,8
Payables	-54,6	-53,5	-49,2	-47,8	-6,8
Other current assets/liabilities	0,9	-0,9	0,3	-0,6	1,5
Working Capital	25,5	21,0	20,3	17,3	8,2
<i>% on Revenues (*)</i>	<i>14,0%</i>	<i>11,8%</i>	<i>12,1%</i>	<i>10,3%</i>	
TFR and other Funds	-8,3	-10,9	-11,5	-14,8	6,5
Invested Capital	113,7	108,6	108,7	105,7	8,0
Shareholder's Equity	57,1	57,0	54,9	56,7	0,4
Net Financial Position	56,6	51,6	53,8	49,0	7,6
Total Sources	113,7	108,6	108,7	105,7	8,0

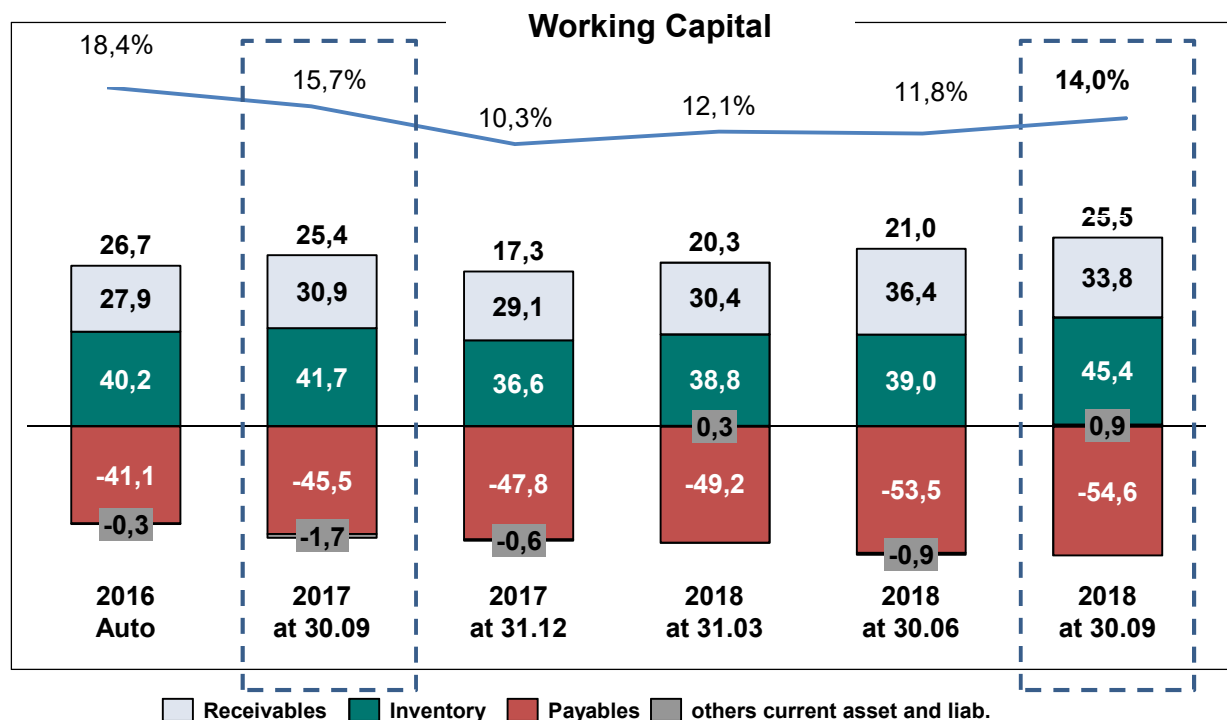
Highlights

- **Working Capital** in line with Strategic Plan target at 14,0% of revenues
- **Inventory** at 30.09 was impacted by purchase orders in advance to satisfy Q4 needs
- **Net Financial Position** increased by 7,6M€ mainly due to working capital, extraordinary payment for TFR and other funds

(*)= rolling revenues on Automotive sector

2018 9M working capital in line with Strategic Plan target: 14,0% of revenues (9M 2018) vs 15,7% (9M 2017)

M€, % on rolling revenues 12M

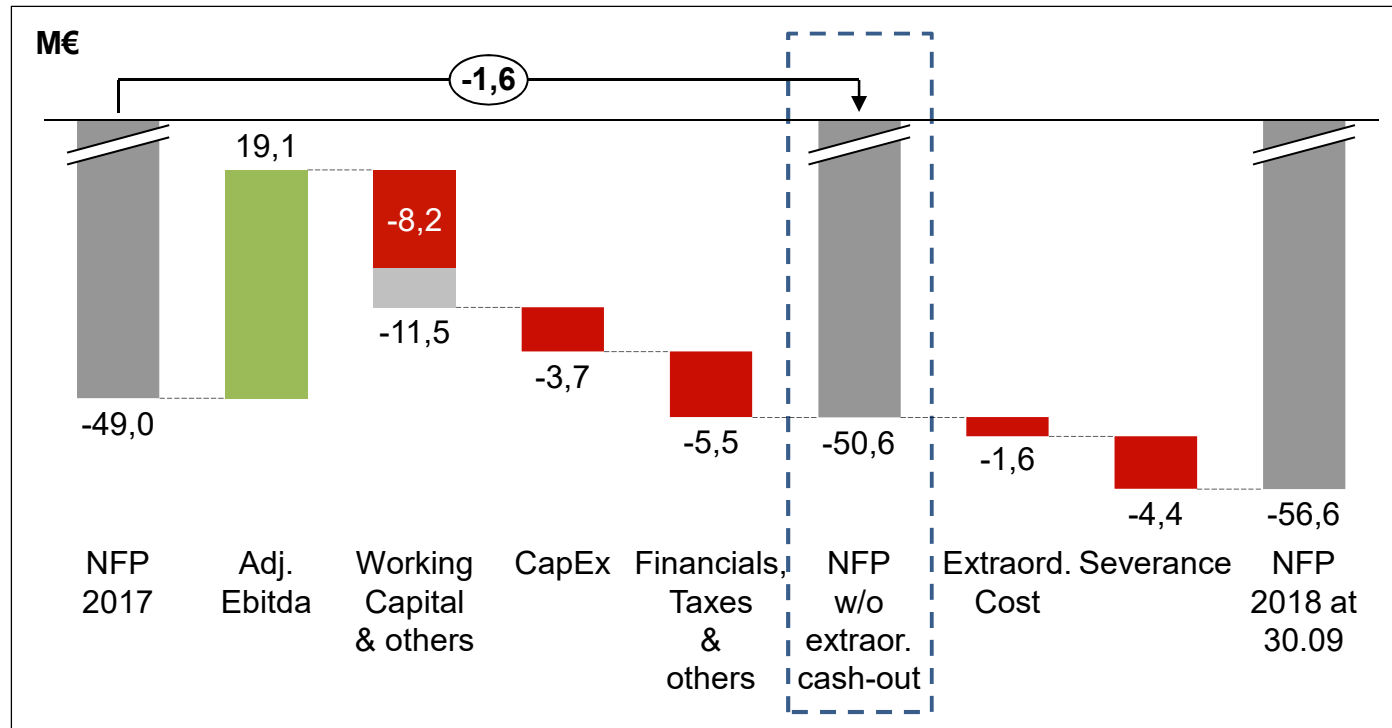


Highlights

- Working capital KPI:
 - DSO: in line with 30/09/2017
 - DIOH: stock rotation at 91 days, higher than 30/06 due to purchase orders in advance to satisfy Q4 needs; better than last year at 30/09
 - DPO: stable quarter by quarter

	FY 2016	FY 2017	31.03.2018	30.06.2018	30.09.2018	30.09.2017
DSO	70	64	66	75	68	70
DPO	136	138	138	134	137	135
DIOH	101	80	85	80	91	94

Q3 2018 NFP increases mainly because of working capital to be ready for an escalation of sales in Q4 and extraordinary activities



Highlights

- In 2018 NFP is impacted by
 - Net Working Capital increased due to inventory by purchase orders in advance to satisfy Q4 needs
 - Cash-out for **extraordinary activities** by 6,0M€ due to extraordinary costs and severance payments

FY 2017	NFP	2018 9M ytd
17,8	Cash liquidity (+)	17,2
-8,2	Short-term debts (-)	-19,1 (**)
-27,5	Long-term debts (-)	-25,0
-31,1	Bond (-)	-29,7 (**)
-66,8	Tot. Gross Debt (-)	-73,8
-49,0	NFP (*)	-56,6

(*) Short and long terms debt and bond are inclusive of amortized cost effect

(**) accrued interests included

SAFE&CEC total 9M 2018 consolidated revenues of 40,3M€ and Adj. EBITDA positive by 1,5M€, vs 9M 2017 SAFE Ebitda negative by 0,7M€

SAFE & CEC Economics

M€	2018 Q1	2018 Q2	2018 Q3	2018 9M
Revenues	9,9	16,4	14,1	40,3
EBITDA Adj.	-1,0	1,5	1,0	1,5
<i>% on Revenues</i>	-10,4%	9,4%	6,8%	3,6%
EBITDA	-1,5	0,3	0,9	-0,3
<i>% on Revenues</i>	-14,9%	1,8%	6,3%	-0,7%
EBIT	-1,8	-0,1	0,7	-1,2
<i>% on Revenues</i>	-18,3%	-0,6%	5,3%	-2,9%
Net Income	-1,9	-0,7	-0,1	-2,7
<i>% on Revenues</i>	-19,0%	-4,3%	-0,8%	-6,7%

- 9M sales in line with expectations
- Key markets:
 - US and Latam: ~ **43%**
 - Europe: ~ **37%**
 - MEA: ~ **20%**
- Over the first 3 quarters of 2018, EBITDA has a growing trend, moving from Q1 negative (1,5M€) to Q2 positive (0,3M€) and Q3 positive (0,9M€)
- Extraordinary one-off costs due to integration activities

SAFE & CEC Financials

M€	2018 at 31.03	2018 at 30.06	2018 at 30.09
Working Capital	6,8	6,8	9,0
Net Financial Position	-1,9	-1,6	-4,0

- Working capital in line with budget. % on revenues is close to 15%
- Net Financial Position negative for 3,9M€ with 7,3M€ debt and 3,4M€ cash available

An aerial photograph of a modern residential complex. The image shows several multi-story buildings with balconies, a large green tennis court, and numerous palm trees. A road with cars is visible on the left side. The text "The Clean Air Company" and "Driving The Future" is overlaid in the center.

The Clean Air Company

Driving The Future

APPENDIX

Landi Renzo - Company profile (09/11/2018)

BOARD OF DIRECTORS

Stefano Landi – Chairman
Giovannina Domenichini – Honorary Chairman
Cristiano Musi - CEO
Angelo Iori – Director
Silvia Landi - Director
Anton Karl – Independent Director
Sara Fornasiero - Independent Director
Ivano Accorsi – Independent Director

TOP MANAGERS

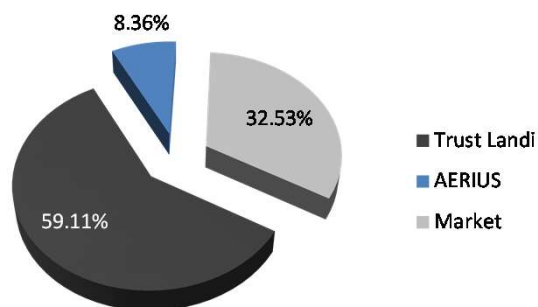


INVESTOR RELATIONS

Investor Relations Contacts:

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Tel: +39 0522 9433
E-mail: ir@landi.it
www.landirenzogroup.com

SHAREHOLDING



SHARE INFORMATION

N. of shares outstanding: 112.500.000

Price as of 09/11/18 € 1.094

Capitalization: € 123.1 mln

FTSE Italia STAR

STOCK VS MARKET

LandiRenzo – FTSE MIB



CONSOLIDATED P&L

(thousands of Euro)

INCOME STATEMENT	30/09/2018	30/09/2017 (*)
Revenues from sales and services	138,083	149,509
Other revenue and income	249	490
Costs 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 cost	-21,115	-29,544
Provisions, provision for bad debts and other operating expenses	-2,008	-2,165
Gross Operating Profit	17,517	7,047
Amortization, depreciation and impairment	-7,945	-11,512
Loss on assets disposal	0	-1,919
Net Operating Profit	9,572	-6,384
Financial income	106	67
Financial expenses	-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 Sept 2018

CONSOLIDATED BALANCE SHEET

(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
Contract works in progress	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

CONSOLIDATED BALANCE SHEET

(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 Shareholders' Equity attributable to the Group	57.853	57.372	42.407
Minority interests	-742	-669	-496
TOTAL SHAREHOLDERS' 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 SHAREHOLDERS' EQUITY AND LIABILITIES	200.939	194.140	200.565

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

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