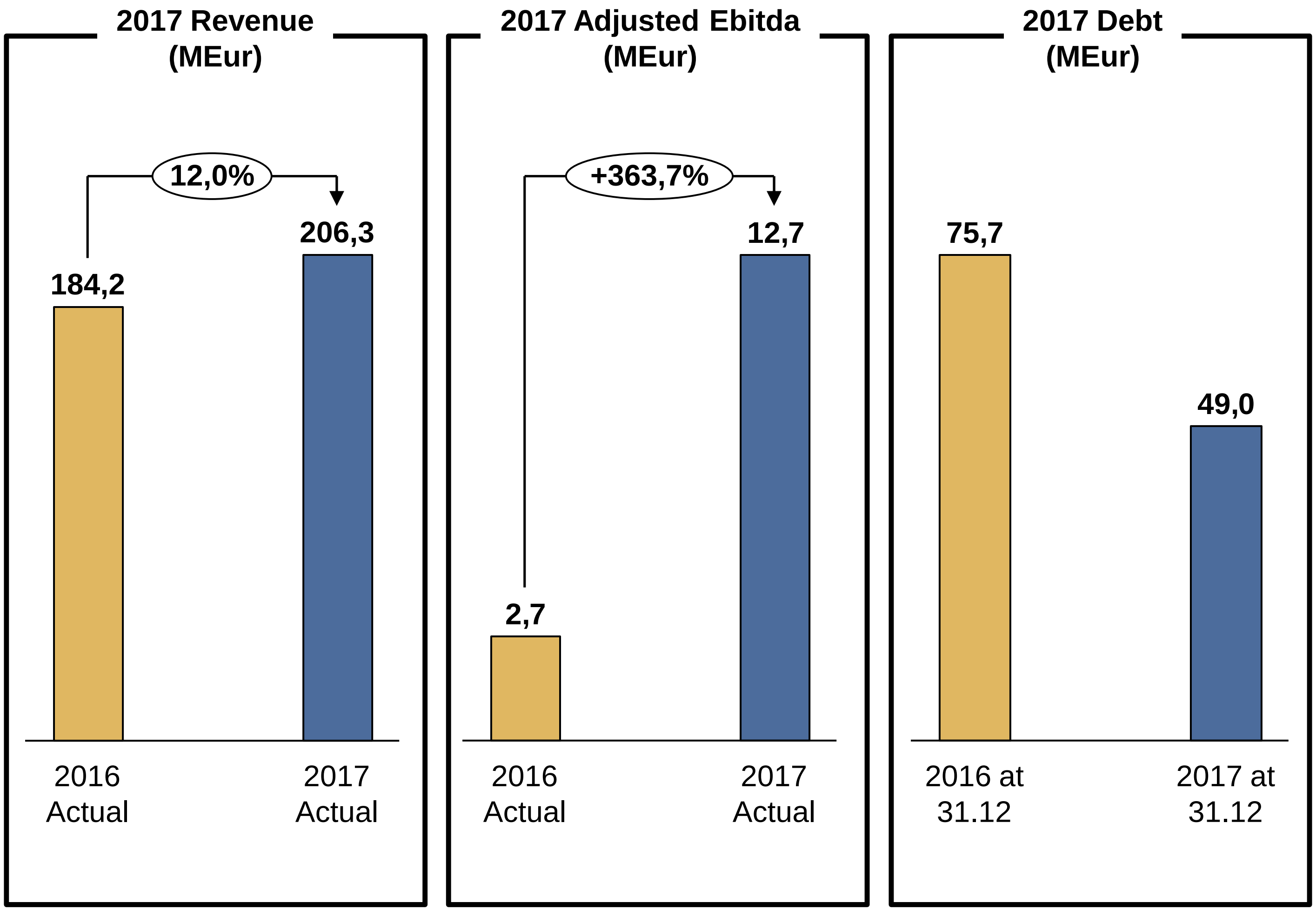
FY 2017
FINANCIAL RESULTS

Financial update

Cristiano Musi
Group CEO

Paolo Cilloni
Group CFO & IR

LRG had a successful 2017 overall result leveraging the first results of the relaunch plan and active asset management



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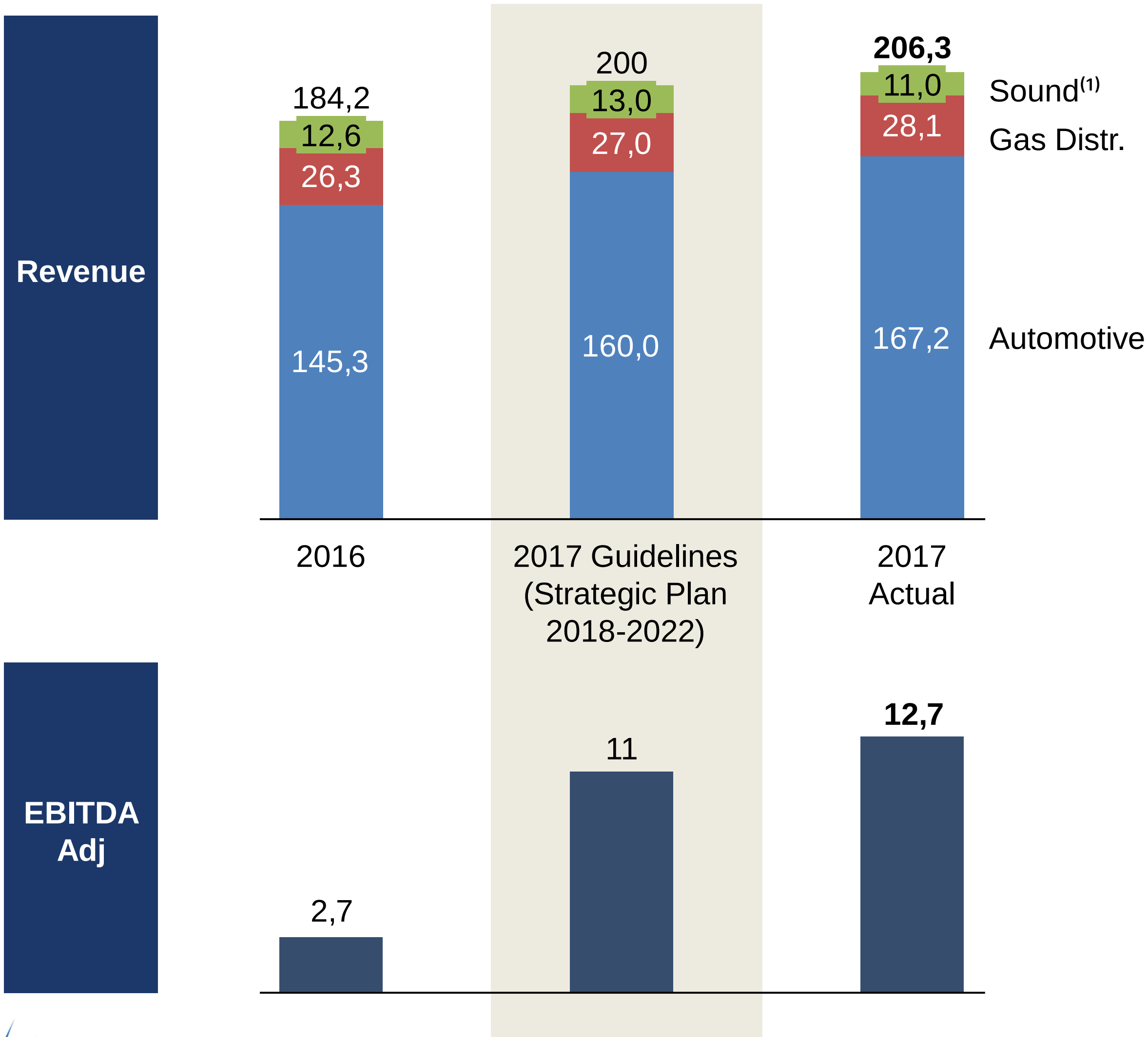
FY 2017 has overachieved guidelines in terms of revenue (+3,0%) and Adj Ebitda (+15,5%), with completion of operational restructuring



Highlights

- **Revenue** increased by 3,0% vs guidelines:
  - Automotive sector shows an increase in turnover +4,4%, mainly due to higher market penetration, having taken also benefit from increased attention on environment protection and emission restrictions on ICE engines
  - Gas Distribution and Compressed Natural Gas Sector (+4,1%) due to overall market growth and specific tenders rewards
- **Adj Ebitda** is +1,7M€ vs guidelines leveraging revenue increased and accelerated introduction of cost reduction opportunities
- **Operational restructuring**: completed in 2017 the operational restructuring, with agreement signed with Union between December 2017 and January 2018

(1) Sound Sector referred to 11 months as a result of Eighteen Sound sale

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FY 2017 P&L shows an improvement in all financial indicators, with 12,7M€ adj Ebitda and 3,7M€ net income

M€	FY 2017	FY 2016	Delta M€	Delta %
Revenues	**206,3**	**184,2**	**22,1**	**12,0%**
EBITDA Adj.	**12,7**	**2,7**	**10,0**	**363,7%**
% on Revenues	*6,2%*	*1,5%*		
EBITDA	**4,7**	**-2,9**	**7,6**	**262,0%**
% on Revenues	*2,3%*	*-1,6%*		
EBIT Adj.	**-1,5**	**-13,3**	**11,8**	**88,7%**
% on Revenues	*-0,7%*	*-7,2%*		
EBIT	**-11,5**	**-18,9**	**7,4**	**39,3%**
% on Revenues	*-5,6%*	*-10,3%*		
Capital Gain	21,1	0,0	21,1	
Financials	-6,1	-4,2	-1,9	46,3%
EBT	**3,5**	**-23,1**	**26,6**	**115,2%**
Taxes	0,2	-2,9	3,1	107,9%
Net Income	**3,7**	**-26,0**	**29,7**	**114,2%**
% on Revenues	*1,8%*	*-14,1%*		

Highlights

- **Revenue increased** by 22,1M€ (+12%), thanks to outstanding performance of the automotive sector
- **Adjusted EBITDA** improved 10,0M€ (+364%) due to increased volumes and first results of restructuring activities
- **EBITDA** is impacted by Extraordinary costs accounting for 11,0M€ to support restructuring activities (less than 1 year payback) and Extraordinary profit due to the sales of the Chinese building (+3,0M€)
- **EBIT** also impacted by capital loss due to the tech lab. to AVL (-2,0M€)
- **Capital gain** due to the merger of SAFE with Clean Energy Compressor (plus) and the sale of 18sound (minus)
- **Financials** cost impacted by "unrealized" exchange-rate differences, that will be managed in 2018
- First positive **Net Income** since 2012

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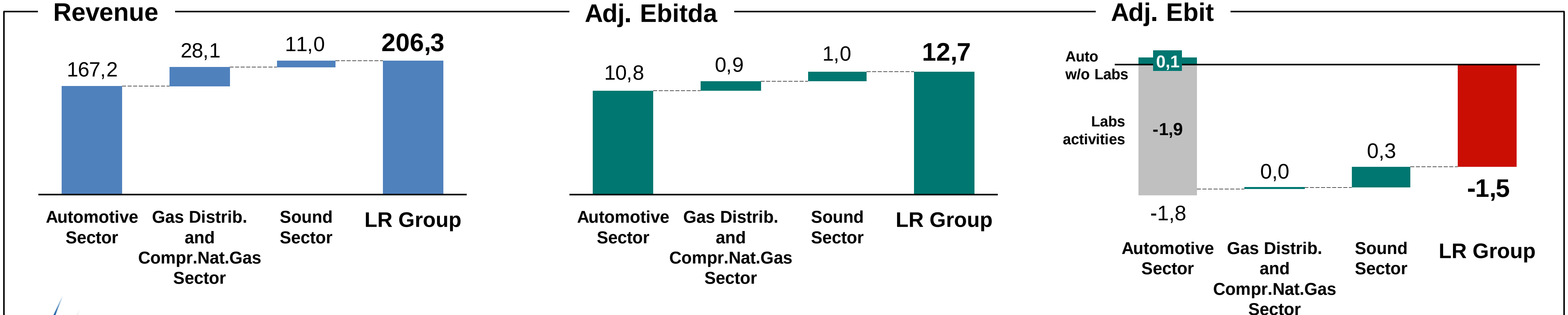
Automotive business, net of Labs and extraordinary effect, has reached the break-even (adj. Ebit 0,1M€)

M€, %

Profit & Loss	Automotive	Labs activities	"Full" Automotive Sector	Gas Distrib. and Compr.Nat.Gas Sector	Sound Sector	FY 2017
	Automotive sector					
Revenues	**167,0**	**0,2**	**167,2**	**28,1**	**11,0**	**206,3**
EBITDA Adj.	**11,5**	**-0,7**	**10,8**	**0,9**	**1,0**	**12,7**
% on Revenues	*6,9%*	*N/A*	*6,4%*	*3,2%*	*9,5%*	*6,2%*
EBITDA	**3,5**	**-0,7**	**2,8**	**0,9**	**1,0**	**4,7**
% on Revenues	*2,1%*	*N/A*	*1,7%*	*3,2%*	*9,5%*	*2,3%*
EBIT Adj.	**0,1**	**-1,9**	**-1,8**	**0,0**	**0,3**	**-1,5**
% on Revenues	*0,1%*	*N/A*	*-1,1%*	*0,1%*	*3,2%*	*-0,7%*
EBIT	**-7,9**	**-3,9**	**-11,8**	**0,0**	**0,3**	**-11,5**
% on Revenues	*-4,7%*	*N/A*	*-7,1%*	*0,1%*	*3,2%*	*-5,6%*

- All **extraordinary costs** are included in Automotive sector P&L (11,0M€)



[(1)] Sound Sector referred to 11 months as a result of Eighteen Sound sale

In 2017 Ebitda back to positive figures after three years of losses (4,7M€ vs -2,9M€ in 2016)

M€, %

2017

Profit & Loss	Automotive Sector	Gas Distrib. and Compr.Nat.Gas Sector	Sound Sector	FY 2017
Revenues	**167,2**	**28,1**	**11,0**	**206,3**
EBITDA Adj.	**10,8**	**0,9**	**1,0**	**12,7**
% on Revenues	*6,4%*	*3,2%*	*9,5%*	*6,2%*
EBITDA	**2,8**	**0,9**	**1,0**	**4,7**
% on Revenues	*1,7%*	*3,2%*	*9,5%*	*2,3%*

2016

Profit & Loss	Automotive Sector	Gas Distrib. and Compr.Nat.Gas Sector	Sound Sector	FY 2016
Revenue	**145,3**	**26,3**	**12,6**	**184,2**
EBITDA Adj.	**3,8**	**-1,9**	**0,9**	**2,7**
% on Revenues	*2,6%*	*-7,3%*	*7,1%*	*1,5%*
EBITDA	**-1,9**	**-1,9**	**0,9**	**-2,9**
% on Revenues	*-1,3%*	*-7,3%*	*7,1%*	*-1,6%*

Highlights

- **Automotive Sector**: Ebitda has performed positively for 2,8M€ (1,6% on revenue) with an increase of 2,9 percentage points (higher volumes and cost containments)
- **Gas Distribution and Compressed Natural Gas Sector**: Ebitda has better performed achieving +0,9M€
- **Sound Sector** has steady performed

(1) Sound Sector referred to 11 months as a result of Eighteen Sound sale

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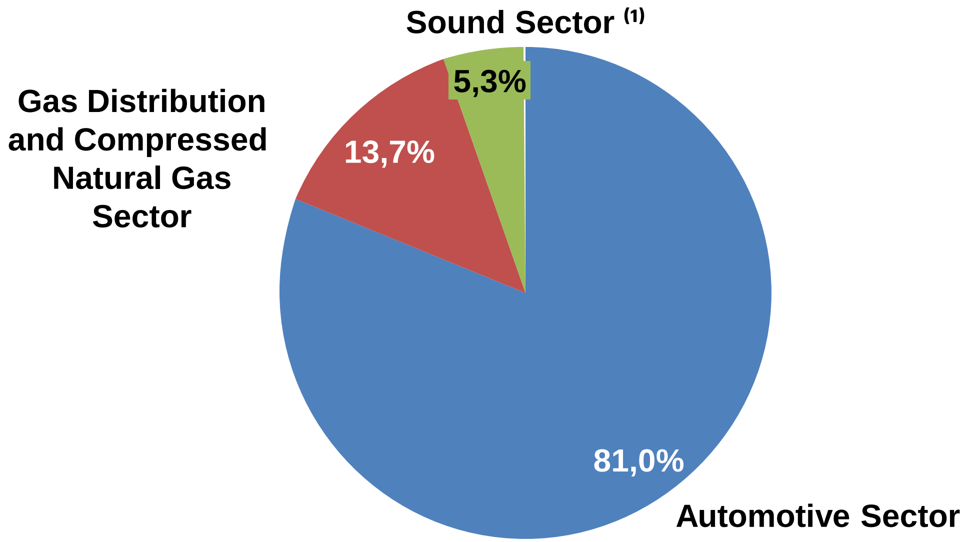
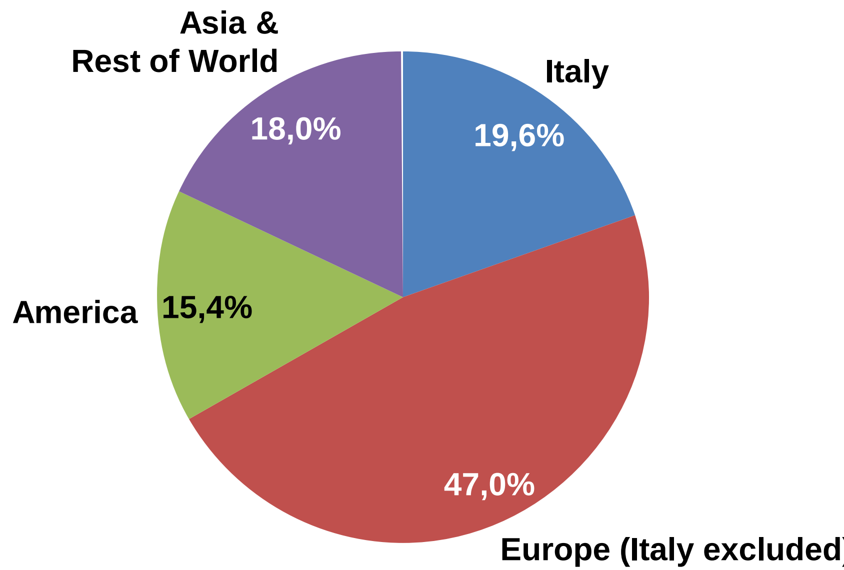
2017 LRG Revenue focused on core business Automotive sector (81%) with geographic mix improvement especially in Europe, Asia and Africa

Business breakdown



Geographical breakdown



AUTOMOTIVE SECTOR

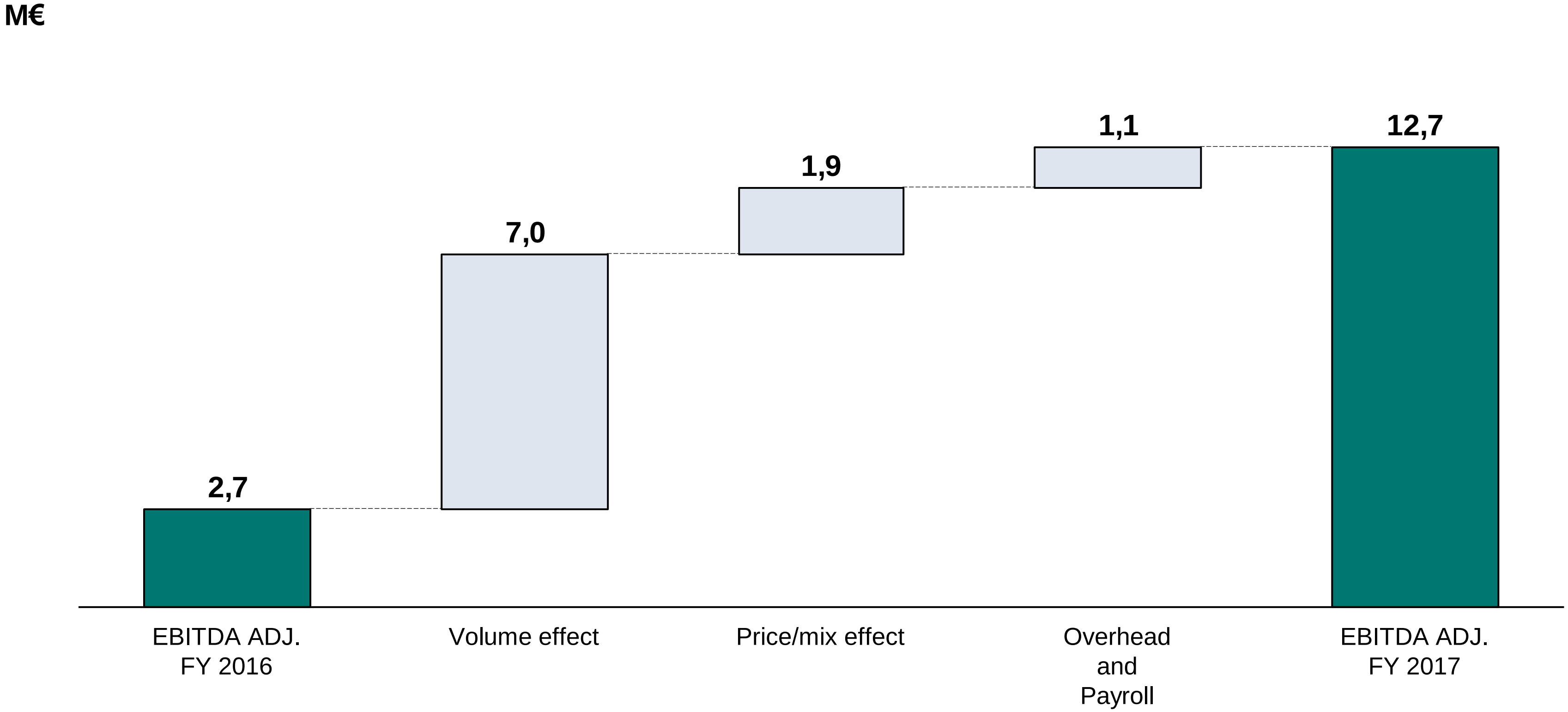
- OEM Sales channel: revenue increase in Europe driven by Euro VI engines, data non considering Indian market (not consolidated)
- After Market Sales channel: business growth driven by Asia and South America

GAS DISTRIBUTION AND COMPRESSED NATURAL GAS SECTOR

- Revenues increase in Italy and slight underperformance in South East Asia and South America. Thanks to merger with CEC SAFE has become a market leader

(1) Sound Sector referred to 11 months as a result of Eighteen Sound sale

2017 Adjusted EBITDA improvement is supported by volume effect, ongoing cost reduction and price management



- 2018 Adj. Ebitda outlook will benefit from
  - confirmation of 2017 market penetration and volume increase
  - leverage of operational restructuring improvement on variable, fixed cost and payroll cost reduction

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Focus on extraordinary activity (1/2)

Group restructuring
(i.e. Excellence prj.)

from February 2017

- In 2017, the Group went through a **structured and extensive turnaround program**, supported by a top tier consulting firm, to recover the marginality on the core business
- Most Departments and Business areas were involved in the program (e.g. Procurement, Manufacturing, Logistics, R&D, S&OP, Admin.), both in Italy and abroad, to **reshape the organization, improve efficiency and effectiveness, reduce costs and optimize processes**
- Program highlights:
    - Implementation of the new organization structure for the "Automotive Business"
    - Launch of a lay-off program involving around 100 employees (to be completed by April '18, as agreed with Trade Unions)
    - Down-sizing of production sites: in Italy (Lovato, VI), Argentina (AEB America) and Pakistan (LR PAK)
    - Planning of production lines transfer, coherently with the manufacturing footprint optimization (to be completed in '18)
    - Creation of a Single Distribution Center in Reggio Emilia
    - Renegotiation of most contracts with suppliers in Mechanical, Electronic and Components
    - SG&A cost reduction (in Italy and foreign subsidiaries)
    - Review on several processes and procedures to ease and improve daily activities

- Restructuring costs up to 11,0M€
- Costs reduction in 2017: 1,1M€
- Run-rate costs reduction: 13-15M€ (first benefit in 2017)

Focus on 2017 extraordinary activities (2/2)

Technical Laboratory sale to AVL July 2017	• **Landi Renzo-AVL signed (April) and finalized (July) the agreement for the sales of a company branch** concerning the technical laboratories • The agreement also entail the **cooperation on R&D strategic projects** on CNG, LNG and Hydrogen, that will strengthen innovation	• Sale value: 5,7M€ • Cash-in 2017: 0,6M€ per 10 years • Capital Loss: 2,0M€ • Fixed cost reduction: ext 3,0M€ per year (starting from 2018)
18 Sound sale to B&C Speakers December 2017	• The Group **completed the sale of Eighteen Sound in December '17** • The subsidiary was considered as a non-core asset; the operation further strengthen the capital of the Group	• Cash-in 2017: 6,8M€ • Debt Reduction: 0,6M€ • Capital Loss: 0,7M€
Merge of Safe-CEC in a NewCo December 2017	• The Group signed an agreement with Clean Energy Fuels to **merge SAFE (gas distribution) and Clean Energy Compression, setting up a new worldwide leading Group in the compression segment** • Newco's shareholding has the majority, with a share of **51% held by Landi Renzo**, while Clean Energy Fuels Corp. will hold the remaining 49% • The focus of the business will be on the **compressor sectors for CNG stations and on Renewable Natural Gas (RNG) at a global level**; with a market share above 15% in Europe and the United States	• Capital Gain: 21,8M€ • Debt Reduction: 2,9M€
China building sale December 2017	• The **building owned in China (Beijing), considered as a non-core asset, was disposed**, in line with the Strategic Plan's guidelines • The full payment was received in December '17	• Cash-in 2017: 4,5M€ • Capital Gain: 3,0M€

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2017 LRG Balance Sheet shows a strong reduction of NFP by 26,7M€ (-35%), and Working Capital optimization (-53%, -19,1M€)

M€, %

Balance Sheet	FY 2017	FY 2016	*delta*
Intangible Assets	51,3	58,9	*-7,6*
Tangible Assets	14,6	30,5	*-15,9*
Other non-current Assets	37,3 [2]	7,6	*29,7*
Fixed Capital	**103,2**	**97,0**	***6,2***
Receivables	29,1	37,6	*-8,5*
Inventory	36,6	51,2	*-14,6*
Paybles	-47,8	-53,1	*5,3*
Other current assets/liabilities	-0,6	0,8	*-1,4*
Working Capital	**17,3**	**36,4**	***-19,1***
% on Revenues	*10,3%* [1]	*19,8%*	
TFR and other Funds	-14,8	-12,6	*-2,2*
Invested Capital	**105,7**	**120,8**	***-15,1***
Shareholder's Equity	56,7	45,1	*11,6*
Net Financial Position	49,0	75,7	*-26,7*
Total Sources	**105,7**	**120,8**	***-15,1***

Highlights

- **Net Financial Position** reduced by 26,7M€ mainly due to:
  - a change in S&OP management that resulted in inventory optimization
  - discipline approach to optimize the Capital Expenditures
  - sale of “non-core” activities
  - Capital increase
- **Working Capital** improvement is driven by
  - Automotive sector accounting for -9,4M€ (improved stock and DSO/DPO management)
  - Eighteen Sound sale and SAFE merger with CEC

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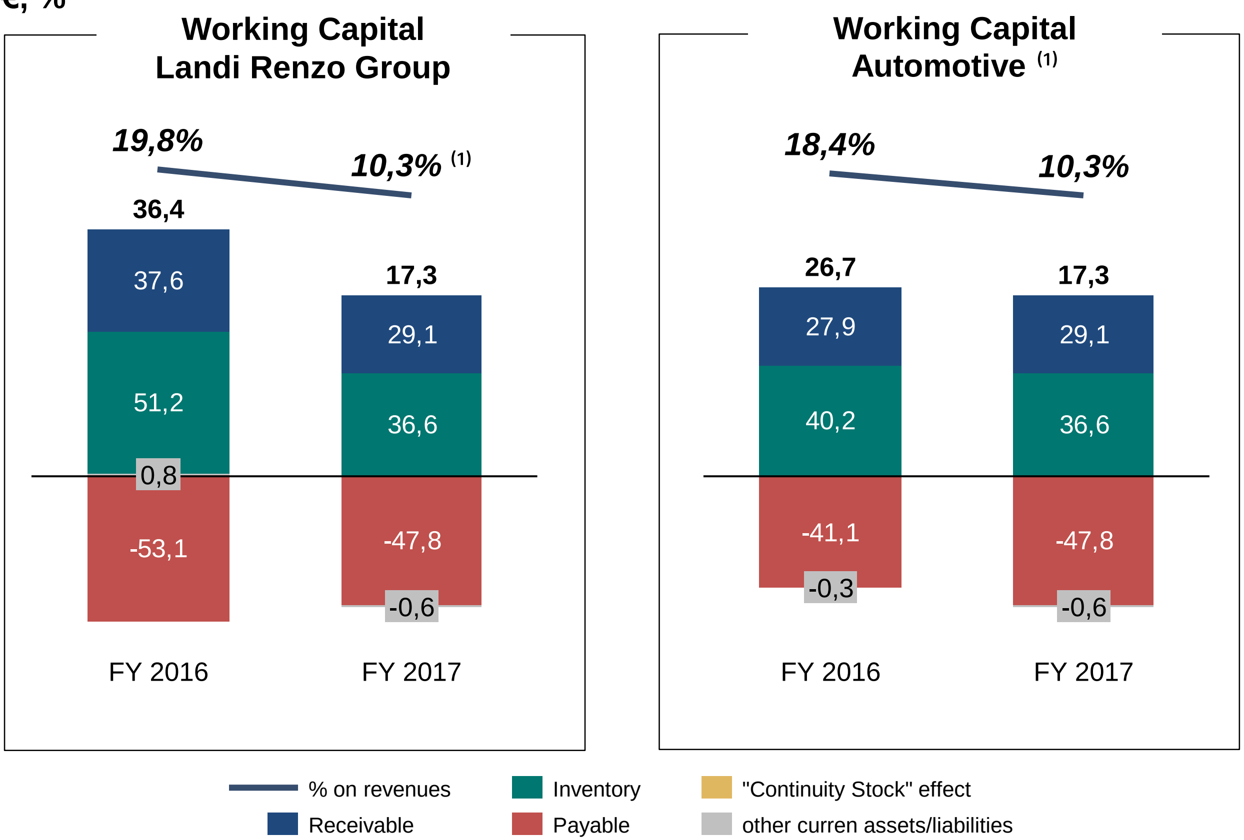
[1] calculation performed not considering Sound sector and Gas Distribution and Compressed Natural Gas, not included in Balance Sheet at 31.12.2017

[2] **Other non-current assets** including shareholding of SAFE & CEC Srl by 24,2 M€

2017 Working Capital is reduced by 19,1M€ (-53%) despite increased revenue thanks to better management of stocks and DSO

M€, %



	FY 2016 [1]	FY 2017 [1]
DSO	70	64
DPO	136	138
DIOH	100	80

Highlights

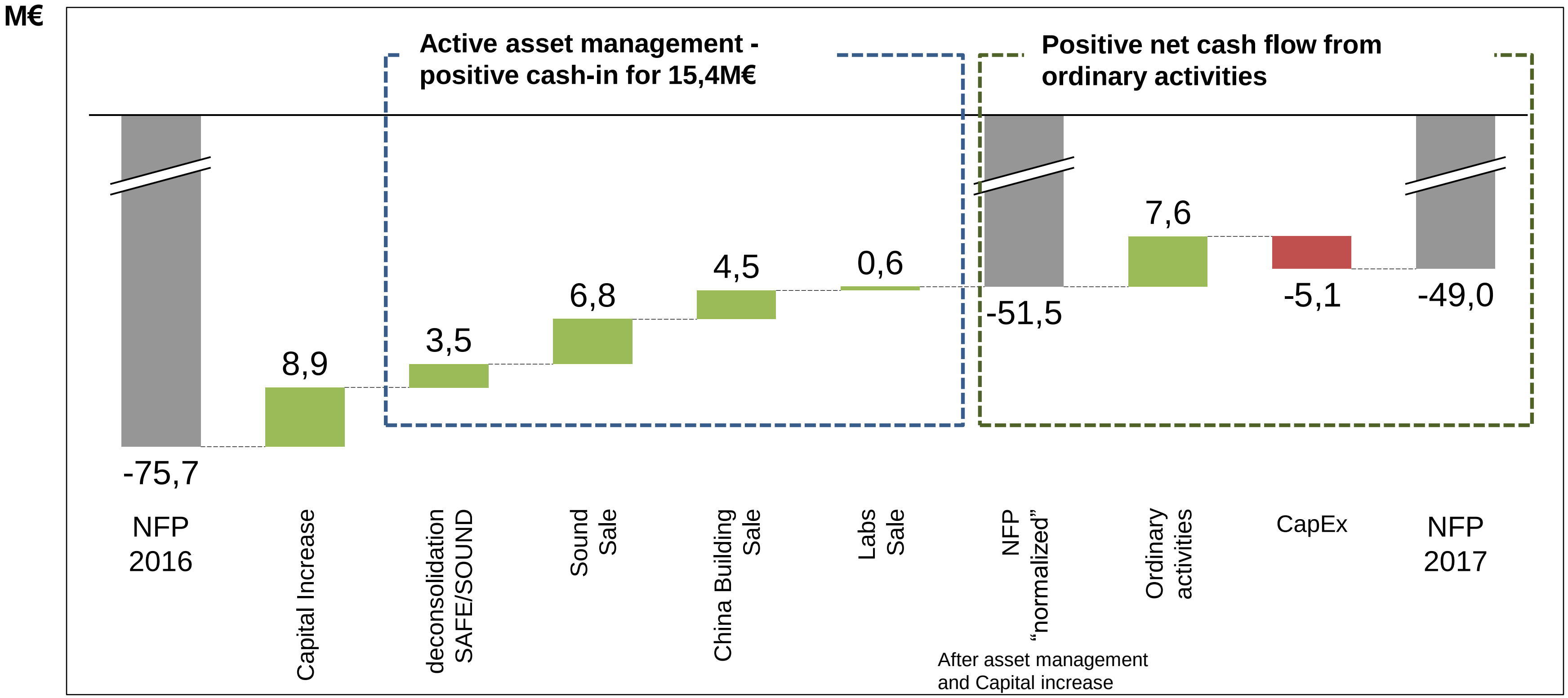
2017 Working Capital is reduced by 19,1M€ (of which 9,4M€ by Automotive)

Automotive working capital improvement is driven by:

- **DSO:** moved from 70 to 64 days
- **DIOH:** stock rotation from 100 to 80 days (inventories is reduced by 9%, -3,6M€)
- **DPO:** stable

[1] calculation performed **not** considering Sound sector and Gas Distribution and Compressed Natural Gas, **not** included in Balance Sheet at 31.12.2017

In 2017 NFP reduced by 26,7M€ mainly due to active asset management for 15,4M€ and positive net cash from ordinary activities for 2,5M€



FY 2016	NFP	FY 2017
16,5	**Cash liquidity (+)**	**17,8**
-41,1	Short-term debts (-)	-8,2
-19,7	Long-term debts (-)	-27,5
-31,4	Bond (-)	-31,1
-92,2	**Tot. Gross Debt (-)**	**-66,8**
-75,7	**NFP (*)**	**-49,0**

- For recently financial structure optimization operation signed with banks, loans have been reclassified from short to long-term (excluding the first portion expiring on June 30, 2018)
- Short and long terms debt and bond are inclusive of amortized cost effect

Since January 2017 LRG is undergoing a complete reorganization, to restore profitability and reach a leading position in the market

Feb. 2017	➢ LRG launched a **structured and extensive turnaround program with a top tier consulting company** to recover the marginality on the core business
Mar. 2017	➢ LRG **successfully renegotiated the debt** with banks and bondholders and Mr. Landi, the major shareholder, injected **8,9M€** of new capital in the company to sustain its growth
Jul. 2017	➢ **Landi Renzo-AVL finalized the agreement for the sale of advanced technical laboratory** and for introducing a stronger **cooperation on R&D strategic projects** on CNG, LNG and Hydrogen, for innovation strengthening
Sep. 2017	➢ LRG defined a new **2018-2022 strategic plan**, with the main goal to identify the mid-term competitive positioning and a set of actions **to sustain the revenue performance improvements**
Oct. 2017	➢ LRG **appointed Mr. Paolo Ferrero, former FCA Group Executive, as VP Strategic Development and Group CTO**, with the aim to sustain the relaunch of the Group and product portfolio innovation acceleration
Nov. 2017	➢ **Implementation of the new R&D organization led by Mr. Paolo Ferrero** ➢ **Launch of new product development projects** in the Automotive business to support AM and OEM business development ➢ **Definition of the new business plan for the US and Indian OEM market presence evolution**
Dec. 2017	➢ LRG signed an agreement with Clean Energy Fuels to **merge SAFE (gas distribution) and Clean Energy Compression, setting up a new worldwide leading Group in the compression segment** ➢ LRG **completed the sale of Eighteen Sound** to finance the growth and new product developments in the Automotive business ➢ **LRG received the payment for the sale of the building owned in China** (closing finalized in Jan.'18) ➢ **Landi Renzo S.p.A. incorporated AEB S.p.A.**

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2018 First Quarter – LRG has completed trade unions negotiation in Vicenza and started heavy-duty components selling

Jan. 2018

- LRG successfully **implemented the agreement signed with the Trade Unions in Reggio Emilia, through the lay-off of about 50 employees of Landi Renzo**
- **LRG launched the lay-off program in Lovato (VI) to be completed by April 2018**, as agreed with the Trade Unions in Vicenza

Feb. 2018

- New LRG Sales organization launched across all sales departments to integrate AM and OEM go-to-market and business development
- Presented LRG new product portfolio innovation roadmap focus on CNG passenger cars and CNG, RNG and LNG Heavy Duty
- LRG **appointed Mr. Monteforte as Global Head of Manufacturing and Supply Chain** with the aim to implement the "center of excellence" project and implementing operational efficiency to sustain the relaunch of the Group

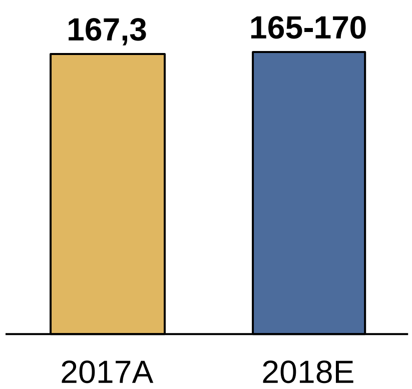
Mar. 2018

- Starting sales of a **new pressure reducer** for Heavy Duty

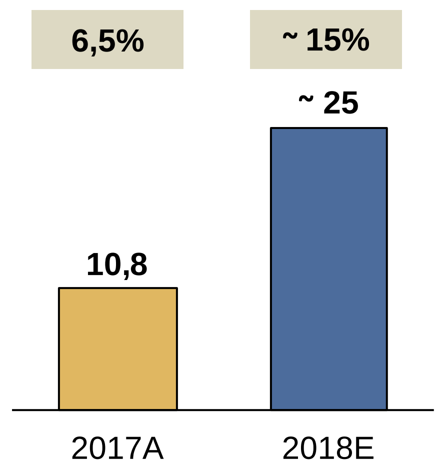
2018 Outlook confirms 2018-2022 Strategic Plan with ~ 25M€ of Adj. Ebitda

LRG --- Automotive

2018 Revenue outlook (MEur)



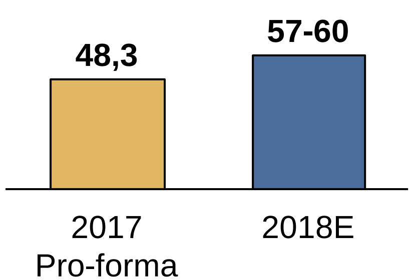
2018 Adjusted Ebitda outlook (MEur)



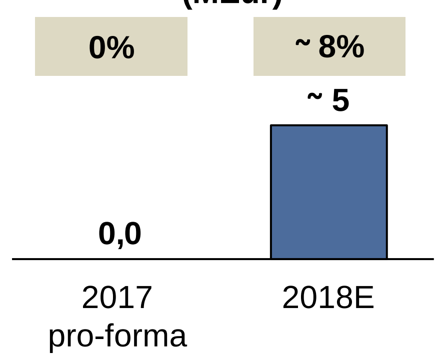
- 2018 revenue outlook is expected to confirm Strategic Plan guidelines
- 2018 Adj. Ebitda outlook is expected to achieve ~25M€ (~ +130%) in line with 2018-2022 Strategic Plan, thanks to cost reduction implementation

SAFE & CEC Group [1]

2018 Revenue outlook (MEur)



2018 Adjusted Ebitda outlook (MEur)



- 2018 revenue outlook is expected **to increase** compared to 2017 pro-forma results
- 2018 Adj. Ebitda is expected to be in line with M&A Strategic Plan guidelines

[1] joint ventures consolidated based on equity method

Landi Renzo Group is looking ahead …

5 year plan					Mid-long term			
2017	2018	2019	2020	2021	2022	2023	2024	2025

Operational excellence

Gas solutions as an affordable bridge to electrification and the only real solution for Heavy Duty

Forward looking: extend our leadership in the gas-mobility by enlarging our offering

- Develop **multi-disciplinary skills** to navigate the "new era of automotive"
- An opportunity to be a **center of excellence** to investigate new AFV technologies, such as **LNG-battery series solutions** and **off-road applications**
- To enlarge **technology capabilities to all alternative fuels developments, with strong focus on Hydrogen**

APPENDIX

Landi Renzo - Company profile (14/03/2018)

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

Stefano Landi	Chairman
Cristiano Musi	CEO
Paolo Cilloni	CFO & IR
Paolo Ferrero	Group CTO & VP Strategic Dev OEM BU Officer
Gianni Monteforte	Global Head Supply Chain & Manufacturing

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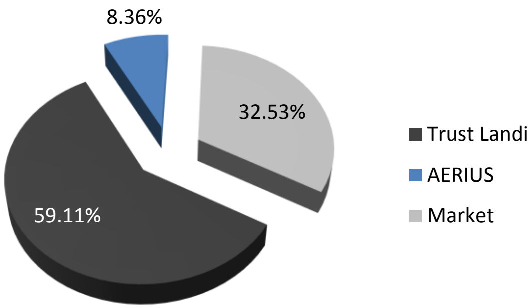
SHAREHOLDING



SHARE INFORMATION

N. of shares outstanding: 112.500.000

Price as of 14/03/18 € 1.36

Capitalization: € 165.4 mln

FTSE Italia STAR

STOCK VS MARKET

CONSOLIDATED P&L

(thousands of Euro)

INCOME STATEMENT	31/12/2017	31/12/2016
Revenues (goods and services)	206,294	184,242
Other revenue and income	4,222	1,217
Cost of raw materials, consumables and goods and change in inventories	-100,527	-94,236
Costs for services and use of third party assets	-57,307	-51,601
Personnel expenses	-43,181	-36,364
Accruals, impairment losses and other operating expenses	-4,802	-6,160
Gross Operating Profit	**4,699**	**-2,902**
Amortization, depreciation and impairment losses	-16,189	-16,018
Net Operating Profit	**-11,490**	**-18,920**
Financial income	91	117
Financial expenses	-4,396	-5,161
Gains (losses) on exchange rate	-1,873	904
Gains (losses) on equity investments	21,142	-66
Profit (Loss) before tax	**3,474**	**-23,126**
Current and deferred taxes	228	-2,878
Profit (loss) of the period for the Group and minority interests, including:	**3,702**	**-26,004**
Minority interests	-437	-759
Profit (Loss) of the period for the Group	4,139	-25,245
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0,0368	-0,2244
Diluted earnings (loss) per share	0,0368	-0,2244

LANDIRENZO GROUP

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	31/12/2017	31/12/2016
Non-current assets		
Property, plant and equipment	14,583	30,500
Development expenditure	5,401	8,420
Goodwill	30,094	30,094
Other intangible assets with finite useful lives	15,769	20,359
Equity investments consolidated using the equity method	24,301	43
Other non-current financial assets	428	664
Other non-current assets	4,560	0
Deferred tax assets	8,016	6,887
Total non-current assets	**103,152**	**96,967**
Current assets		
Trade receivables	29,118	37,551
Inventories	36,562	49,872
Contract works in progress	0,000	1,281
Other receivables and current assets	7,529	10,082
Cash and cash equivalents	17,779	16,484
Total current assets	**90,988**	**115,270**
TOTAL ASSETS	**194,140**	**212,237**

LANDIRENZO GROUP

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

EQUITY AND LIABILITIES	31/12/2017	31/12/2016
Group shareholders' equity		
Share capital	11,250	11,250
Other reserves	41,983	59,400
Profit (loss) of the period	4,139	-25,245
Total equity attributable to the shareholders of the parent	**57,372**	**45,405**
Minority interests	-669	-323
TOTAL EQUITY	**56,703**	**45,082**
Non-current liabilities		
Non-current bank loans	26,906	18,687
Other non-current financial liabilities	29,308	22,812
Provisions for risks and charges	11,891	8,973
Defined benefit plans	2,446	3,124
Deferred tax liabilities	423	514
Total non-current liabilities	**70,974**	**54,110**
Current liabilities		
Bank overdrafts and short-term loans	7,741	40,662
Other current financial liabilities	2,792	10,039
Trade payables	47,829	53,090
Tax liabilities	3,003	2,604
Other current liabilities	5,098	6,650
Total current liabilities	**66,463**	**113,045**
TOTAL EQUITY AND LIABILITIES	**194,140**	**212,237**

Disclaimer

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For further details on the Landi Renzo Group, reference should be made to publicly available information, including the Quarterly Reports and the Annual Reports.

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