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Testo del comunicato

Vedi allegato.

Landi Renzo: Board of Directors approves H1 2018 results

- Triple-digit growth of adjusted EBITDA

- Positive net result, in line with the 2017 year-end uptrend

- **Consolidated revenues amounted to €97.3 million, sharply increasing (+11.5%) compared to €87.3 million at June 30, 2017 (on a like-for-like consolidation basis)**
- **Adjusted EBITDA at €14.1 million, up 104% (€6.9 million at June 30, 2017 on a like-for-like basis), accounting for 14.5% of revenues**
- **Adjusted EBIT at €8.9 million (negative for €126 thousand at June 30, 2017) and EBIT at €7.5 million (negative for €4.2 million at June 30, 2017) (on a like-for-like consolidation basis)**
- **EBT positive for €3.4 million, compared to EBT negative for €8.6 million in H1 2017**
- **Net result of €1.7 million, improving compared to a net loss of €8.6 million at June 30, 2017**
- **Net Financial Debt at €51.6 million (essentially in line with €49.0 million at December 31, 2017)**
- **Industrial turnaround completed; focus on product innovation and business growth**

Cavriago (RE), September 13, 2018

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the First Half Financial Report at June 30, 2018. The H1 2018 results showed a sharp improvement in Landi Renzo Group's operating indicators compared to the same period of 2017. Margins increased markedly and net result amounted to €1.7 million, with no non-recurring revenues from extraordinary operations and despite €1,394 thousand non-recurring costs. The half-year was marked by the strengthening of the effects generated by the industrial restructuring completed in H1 2018, in addition to the launch of the integration of SAFE and CEC, as set forth in the activity refocusing plan. Moreover, the Group continued to implement the guidelines defined in the 2018-2022 Strategic Plan — centered on developing new products (methane for passenger cars, and methane both CNG and LNG for the heavy duty segment) — and further expanding its commercial network, both in Italy and abroad.

"*In the first half of the year, we strongly accelerated our business within the automotive sector — our core business — further developing our Group at international level. This was possible thanks to our highly professional management team, which is open to face the challenges posed by this increasingly competitive sector,*" *commented* ***Stefano Landi, Chairman of Landi Renzo S.p.A.***

Cristiano Musi, **Chief Executive Officer of Landi Renzo S.p.A.**, stated: "*We are extremely satisfied with our performance in this first half of the year resulting from the strides towards improvement taken by the entire team over the past year and the consolidation of the positive results achieved in recent quarters, shoring up our leading position in the development of gas mobility solutions. These results mark the definitive end of the 'reorganization and restructuring' phase, and our strong margins and very limited debt will allow us to focus on the Group's growth to seize all available opportunities.*

The market scenario is favorable to our business: methane, including in liquid form, is increasingly acknowledged worldwide as an alternative fuel solution capable of significantly reducing pollutant emissions, and LPG continues to occupy a key position on many markets. In recent months, we completed the restructuring of our production and began a new organization of the entire sales network to take full advantage of the various synergies within the Group, including at the international level. We also created a team fully dedicated to the heavy duty segment, in which we will continue to invest to support its further development. In addition, we are working on an innovative product portfolio at the level of both components and methane fueled systems for the passenger car and heavy duty segments, including a new family of pressure regulators devoted to the HD segment, and we are about to launch a new line of control units. In keeping with our 2018-2022 Strategic Plan, we have also launched a World Class Manufacturing program in Reggio Emilia and we have plans to expand it soon to encompass the Group's other plants around the world, yielding benefits in terms of increased efficiency, reduced waste and increasingly greater workforce engagement in pursuit of a 'zero defect culture'. The other areas on which the Group is focusing and plans to invest include components and solutions for hydrogen vehicle solutions, drawing on Landi Renzo's consolidated expertise as a systems integrator.
We are also very satisfied with how SAFE&CEC integration is proceeding and the results we are achieving, in terms of turnover, order backlog and profitability, with a positive adjusted EBITDA already in the first half of the year."

Consolidated Financial Highlights at June 30, 2018 (on a like-for like consolidation basis)

Following the extraordinary transactions undertaken at the end of the previous year, including the deconsolidation of the Sound business (as a result of the sale of Eighteen Sound to B&C Speaker) and Gas Distribution and Compressed Natural Gas business (by transferring SAFE to the SAFE&CEC S.r.l. joint venture), in H1 2018 the Group operated directly in its automotive core business, and indirectly through the SAFE & CEC S.r.l. joint venture in Gas Distribution and Compressed Natural Gas business. The H1 2018 income statement cannot be therefore compared directly with that of H1 2017.

In H1 2018, Landi Renzo Group's revenues amounted to €97,296 thousand on a like-for-like consolidation basis, i.e., considering the automotive business alone, compared to the same period of the previous year (€87,258 thousand, up by +11.5%). The significant increase was mainly attributable to the After Market channel's positive performance, in particular within the emerging markets, where the Group concentrated its commercial initiatives.
The Group's revenues on the OEM segment accounted for 38.8% of the Group's total revenues at June 30, 2018, up compared to the same period of the previous year.

In H1 2018, 80.5% of consolidated revenues were generated on international markets, in line with the figures reported at June 30, 2017 (81%). This result further confirmed the strong international dimension of Landi Renzo, which reinforced its competitive position worldwide.

In detail:
- **Italy** accounted for 19.5% of total sales (19% in H1 2017), with an increase that mirrored the uptrend of the OEM and After Market segments;
- the rest of **Europe** accounted for 42.1% of total sales (50.8% in H1 2017), decreasing as a result of the decline in sales in Turkey, only partially offset by the recovery of the Polish market;
- **America** recorded sales of €15,061 thousand in H1 2018, up by 27.3%, essentially attributable to the After Market segment's positive sales performance in the LATAM area;
- the markets in **Asia and the Rest of the World** grew sharply (53.9% compared to H1 2017).

In H1 2018, **adjusted EBITDA** was positive at €14,077 thousand, accounting for 14.5% of revenues and increasing by €7,176 thousand compared to the end of June 2017 (€6,901 thousand). This result was attributable to both the effect of improved gross margin (owing to higher sales volumes in the automotive business and the optimization of direct costs) and the benefits in terms of lower fixed and variable costs generated by the completion in the reporting period of the EBITDA Improvement project, which has already yielded significant margin improvements. The first half of the year however only partially benefitted from the project's positive effects, as the mobility plan agreed with the unions in late 2017 was completed in the first months of 2018. In addition, as most of the project's guidelines started to be fully applied in late H1 2018, the most positive effects are expected for the second half of the year.

EBITDA was positive at €12,683 thousand, impacted by €1,394 thousand non-recurring costs attributable to strategic advisory associated with the completion of the EBITDA Improvement project.

Adjusted EBIT for H1 2018 improved markedly, posting a positive result of €8,854 thousand compared to a loss of €126 thousand at June 30, 2017. **EBIT** also improved sharply amounting to €7,460 thousand in the period (negative for €4,159 thousand at June 30, 2017), after amortization, depreciation and impairment losses totaling €5,223 thousand (€10,008 thousand at June 30, 2017, of which €2,060 thousand related to loss on assets disposal) and the aforementioned extraordinary costs.

EBT was positive at €3,426 thousand, compared to a pre-tax loss of €8,574 thousand for H1 2017, after net losses of €-1,152 thousand on equity investments measured at equity (positive for €54 thousand at June 30, 2017). **Net result** at June 30, 2018 was €1,692 thousand, compared to a net loss of €8,621 thousand for the same period of 2017.

Net Financial Debt totaled €51,625 thousand, in line with €48,968 thousand at December 31, 2017 (net financial debt of €61,681 thousand at June 30, 2017), despite the significant outlays arising from the above-mentioned mobility plan and the investments for the period.

Performance of the Gas Distribution and Compressed Natural Gas operating business

The Gas Distribution and Compressed Natural Gas business (which in 2017 was essentially represented by the subsidiary SAFE S.p.A.) was subject to a strategic business combination agreement with Clean Energy Fuels Corp aimed at creating the number-two player in the sector worldwide by turnover.
The business combination was implemented through the formation of a Newco, SAFE & CEC S.r.l., to which 100% of SAFE S.p.A. was then contributed by the Landi Group and 100% of Clean Energy Compressor Ltd (currently denominated IMW Industries Ltd) by Clean Energy Fuels Corp. Due to the contractually established governance system — which reflects a joint control arrangement between the two shareholders — the Group's equity interest has been classified as a joint venture for the purposes of international accounting standards (IFRS 11) and therefore has been consolidated using the equity method.
In H1 2018, the Gas Distribution and Compressed Natural Gas business reported consolidated net sales of €26,322 thousand, adjusted EBITDA at €568 thousand and a loss after taxes of €2,588 thousand. The results for the reporting period were attributable to both the seasonal nature of this business and several start-up inefficiencies, generally experienced by Groups that have just been incorporated and are therefore still implementing a process of harmonization and reorganization. The activities aimed at optimizing processes and synergies between SAFE S.p.A. and IMW Industries Ltd, which will lead to significant results in terms of cost reduction and margin growth, will be completed in Q4 2018. In the second half of the year, thanks to the solid order backlog, the Group forecasts a gradual recovery and the achievement of the planned budget targets, with revenues estimated in the range of €57 million to €60 million.

Significant events after the close of H1 2018

The following events occurred after the end of the reporting period and up to today's date:

- on July 2, 2018, Landi Renzo S.p.A. paid the bondholders a total additional amount of €1,061 thousand (26.13% of net income in excess of €3 million) and the lender banks a total sum of €969 thousand (23.87% of net income in excess of €3 million), applied to the final repayment installment set out in the respective amortization plans. This transaction was undertaken in accordance with the Financial Optimization Agreement, which provides for the repayment through surplus cash in the event of the sale of the Sound business and the Technical Center business unit to AVL;

- on July 24, 2018, the Board of Directors of Landi Renzo S.p.A. approved the merger of the wholly controlled company Emmegas S.r.l. into the Parent Company. This transaction is part of the Landi Renzo Group's 2018-2022 Strategic Plan and of its policy aimed at increasing efficiency, rationalization and streamlining of production processes and flows and it will not generate any accounting effects on the Group's consolidated financial statements.

Business outlook

In light of the Group's H1 2018 results, the performance of its market of operation and its order backlog, the outlook for the Group's business remains unchanged from the view released upon approval of the Financial Statements for the year ended December 31, 2017, i.e., a growth in the automotive business' revenues in the range €165-170 million, with an adjusted EBITDA at about €25 million (15% of revenues). As regards the Gas Distribution and Compressed Natural Gas business, the joint venture is expected to generate revenues ranging from €57 million to 60 million, with an adjusted EBITDA at about €5 million (8% of revenues).

Conference call with the financial community – September 14, 2018

The results at June 30, 2018 will be presented by the top managers of the Group to the financial community during a conference call to be held on Friday, September 14, 2018, at 9:00 a.m. CET. Detailed instructions about how to connect to the call will be made available in the Investor Relations section of the Company's website, www.landirenzogroup.com, by 8:00 a.m. CET on the day of the call.

Pursuant to Article 154-bis, paragraph 2, of Italian Legislative Decree No. 58 of February 24, 1998, the Officer in charge of preparing the Company's financial statements, Paolo Cilloni, declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

This press release is also available on the corporate website www.landirenzogroup.com.it.

This press release is a translation. The Italian version prevails

Landi Renzo is the global leader in the LPG and Methane gas components and systems for motor vehicles sector. The Company is based in Cavriago (Reggio Emilia) and has over 60 years' experience in the sector, and is renowned for the extent of its international activities in over 50 countries, with export sales of about 80%. Landi Renzo S.p.A. has been listed on the STAR segment of the MTA Market of Borsa Italiana since June 2007.

LANDI RENZO

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(thousands of Euro)

INCOME STATEMENT	30/06/2018	30/06/2017 (*)
Revenues from sales and services	97,296	103,508
Other revenue and income	163	433
Costs of raw materials, consumables and goods and change in inventories	-46,580	-50,121
Costs for services and use of third party assets	-21,816	-27,257
Personnel cost	-14,981	-20,446
Provisions, provision for bad debts and other operating expenses	-1,399	-1,660
Gross Operating Profit	**12,683**	**4,457**
Amortization, depreciation and impairment	-5,223	-7,948
Loss on assets disposal	0	-2,060
Net Operating Profit	**7,460**	**-5,551**
Financial income	77	48
Financial expenses	-1,924	-2,297
Exchange gains (losses)	-1,035	-828
Gain (loss) on equity investments valued using the equity method	-1,152	54
Profit (Loss) before tax	**3,426**	**-8,574**
Current and deferred taxes	-1,734	-47
Net profit (loss) for the Group and minority interests, including:	**-1,692**	**-8,621**
Minority interests	-93	-147
Net profit (loss) for the Group	1,785	-8,474
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0,0159	-0,0753
Diluted earnings (loss) per share	0,0159	-0,0753

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

(thousands of Euro)

ASSETS	30/06/2018	31/12/2017 (*)	30/06/2017 (*)
Non-current assets			
Land, property, plant, machinery and equipment	13,397	14,583	19,556
Development expenditure	4,621	5,401	7,516
Goodwill	30,094	30,094	30,094
Other intangible assets with finite useful lives	14,947	15,769	19,216
Equity investments valued using the equity method	23,149	24,301	97
Other non-current financial assets	380	428	443
Other non-current assets	4,560	4,560	0
Deferred tax assets	7,369	8,016	7,310
Total non-current assets	**98,517**	**103,152**	**84,232**
Current assets			
Trade receivables	36,409	29,118	36,657
Inventories	39,003	36,562	49,321
Contract works in progress	0	0	210
Other receivables and current assets	7,333	7,529	10,310
Cash and cash equivalents	23,188	17,779	15,916
Total current assets	**105,933**	**90,988**	**112,414**
Non-current assets available for sale	0	0	5,700
TOTAL ASSETS	**204,450**	**194,140**	**202,346**

(thousands of Euro)

EQUITY AND LIABILITIES	30/06/2018	31/12/2017 (*)	30/06/2017 (*)
Equity			
Share capital	11,250	11,250	11,250
Other reserves	44,681	41,983	42,675
Profit (loss) for the period	1,785	4,139	-8,474
Total Shareholders' Equity attributable to the Group	**57,716**	**57,372**	**45,451**
Minority interests	-727	-669	-435
TOTAL SHAREHOLDERS' EQUITY	**56,989**	**56,703**	**45,016**
Non-current liabilities			
Non-current bank loans	24,568	26,906	31,401
Other non-current financial liabilities	26,549	29,308	31,098
Provisions for risks and charges	8,630	11,891	9,294
Defined benefit plans for employees	1,847	2,446	2,829
Deferred tax liabilities	396	423	464
Total non-current liabilities	**61,990**	**70,974**	**75,086**
Current liabilities			
Bank financing and short-term loans	16,932	7,741	13,495
Other current financial liabilities	6,764	2,792	1,603
Trade payables	53,517	47,829	55,220
Tax liabilities	2,678	3,003	2,313
Other current liabilities	5,580	5,098	9,588
Total current liabilities	**85,471**	**66,463**	**82,219**
Current liabilites avaliable for sale	0	0	25
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**204,450**	**194,140**	**202,346**

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

LANDIRENZO

(thousands of Euro)

STATEMENT OF CASH FLOWS	30/06/2018	30/06/2017 (*)
Financial flows deriving from operating activities		
Profit (loss) before taxes	3,426	-8,574
Adjustments for:		
Net loss from disposal	-	2,060
Depreciation of property, plant and equipment	2,354	4,039
Amortization of intangible assets	2,869	3,787
Loss (Profit) from disposal of tangible and intangible assets	-37	122
Impairment loss on receivables	83	284
Net financial expenses	2,882	3,077
Profit (loss) attributable to investments valued using equity method	1,152	54
	12,729	**4,849**
Changes in:		
Inventories and contract work in progress	-2,441	1,622
Trade receivables and other receivables	-7,130	603
Trade payables and other payables	4,385	1,832
Provisions and employee benefits	-3,854	168
Cash generated from operations	**3,689**	**9,074**
Interest paid	-1,841	-928
Interest received	37	20
Income taxes paid	-495	-642
Net cash generated (absorbed) by operations	**1,390**	**7,524**
Financial flows from investments		
Proceeds from the sale of property, plant and equipment	95	88
Purchase of property, plant and equipment	-1,386	-1,136
Purchase of intangible assets	-100	-201
Development expenditure	-1,143	-1,656
Net cash absorbed by investment activities	**-2,534**	**-2,905**
Free Cash Flow	-1,144	4,619
Financial flows from financing activities		
Future share capital increase contributions	-	8,867
Reimbursments of bond loan	-	-
Disbursements (reimbursements) of medium/long-term loans	-1,028	-552
Change in short-term bank debts	8,673	-14,050
Net cash generated (absorbed) by financing activities	**7,645**	**-5,735**
Net increase (decrease) in cash and cash equivalents	**6,501**	**-1,116**
Cash and cash equivalents as at 1 January	17,779	16,484
Effect of exchange rate fluctuation on cash and cash equivalents	-1,092	548
Closing cash and cash equivalents	**23,188**	**15,916**

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

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