



The Clean Air Group  
Driving the Future

## Landi Renzo Group London Star Conference








*London, 24<sup>th</sup> October 2018*

## Agenda

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- Landi Renzo Group
- Achieved Results and Financials
- Market trends and Landi Renzo Group Strategy
- “G-Mobility Way” – Landi Renzo Group Forward Looking

# Landi Renzo Group promotes, designs and produces highly advanced integrated solutions, from gas distribution infrastructures to alternative fuel systems

| Automotive sector  |   | Gas Distribution and Compressed Natural Gas Sector  |
|--|---|---|
| OEM  | After Market  |   |
|   |     |     |
| <ul style="list-style-type: none"> <li>• Full CNG and LPG systems</li> <li>• LPG, CNG and LNG components</li> <li>• R&amp;D to support Alternative Fuel evolution</li> </ul> | <ul style="list-style-type: none"> <li>• Full CNG and LPG conversion kits</li> <li>• Components and systems for CNG and LPG conversion</li> <li>• Diesel Dual Fuel technology for Bus&amp;HD</li> </ul>   | <ul style="list-style-type: none"> <li>• Landi Renzo owns 51% (49% owned by Clean Energy Fuels, NASDAQ: CLNE) of the Joint Venture established in December 2017</li> <li>• Equipment for CNG/RNG distribution stations and infrastructure</li> <li>• Compressors &amp; full solution for different applications from CNG distribution to Biomethane and Gas Recovery applications, ready to enter LNG business</li> </ul> |

Not consolidated

# LRG owns a large international footprint, through direct presence in key markets

- Headquarter in Reggio Emilia
- Founded in 1954
- Stock exchange listing in 2007 (MTA Star segment)
- 14 branch offices in 11 countries
- About 500 employees worldwide, of which 80 in R&D
- 5 manufacturing plants located in 5 Countries
- Widespread presence worldwide both in OEM and AM



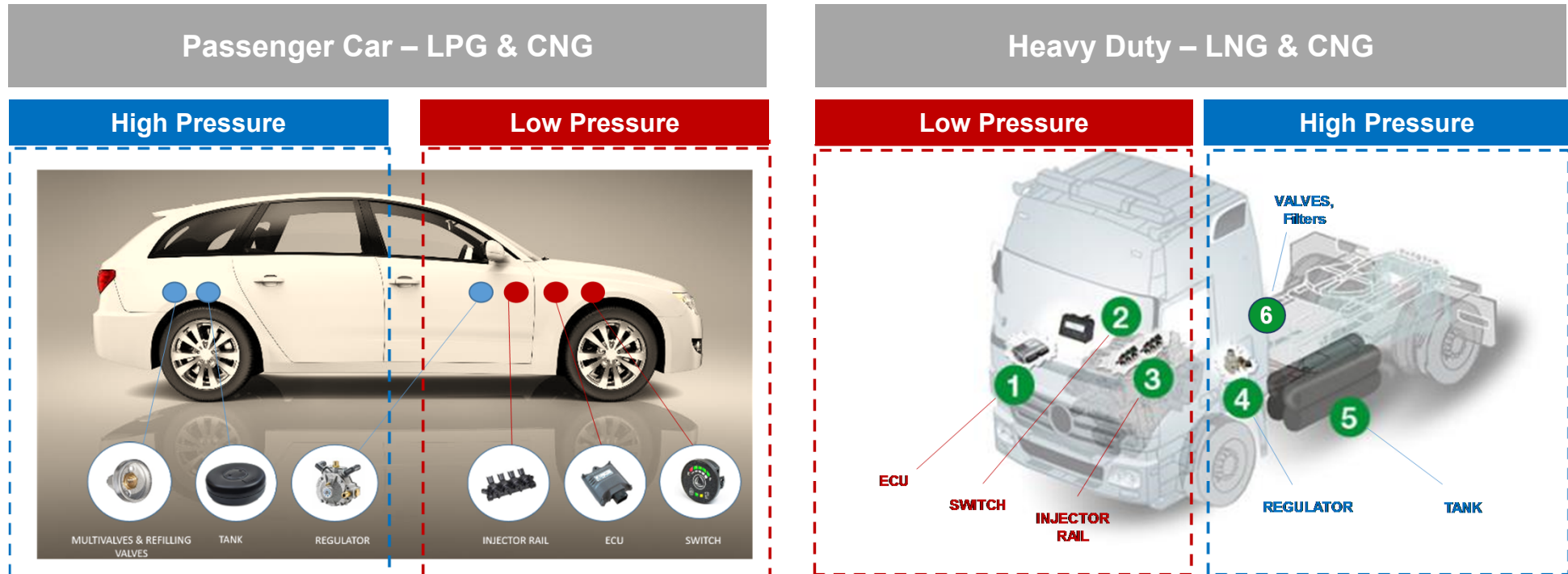
## OEM



## After Market

- Global sales coverage (75+ Countries) in five continents
- Widespread distribution network served: more than 100 distributors and 400+ workshops
- Strong relationship with main car fleets and “mobility service providers”
- Direct sales and technical assistance forces
- Sales subsidiaries directly cover more than 20 Countries

# LRG produces and sells Natural Gas bi-fuel conversion solutions for passenger cars and mono / dual fuel solutions for Mid – Heavy Duty vehicles



- Landi Renzo Group's Product Portfolio covers all **Natural Gas conversion solutions** (CNG, LNG and LPG):
  - **systems and components**
  - supporting **passenger cars, Bus & Heavy Duty** and **off-road vehicles**
  - and for **OEM Market** and **AfterMarket Market** applications
- Landi Renzo Group is starting to **enter Hydrogen - Fuel Cell** segment with **integrated systems and components**

# SAFE & CEC offers full packaging solutions to fulfill different needs in product range and applications

## CNG Stations



### Pipeline

Public and private stations able to serve different CNG vehicle.



### Daughter

Mechanical and hydraulic compressors are suitable for daughter stations to meet the customer needs.



### Mobile

SAFE supplies a turn-key equipment for trailer installations that do not need external power supply.



### All-in-one

Tailored solution for high capacity. All equipment is installed inside the enclosure: dryer, filters, storage, compressors, dispensers, control panel, etc.

## Oil & Gas



- Exploration & production, unconventional gas processing
- Transportation, storage, marketing and natural gas processing plants
- Refining, distribution, processing and purifying CNG compressors



**Whole package system** includes compressor, skid, dispenser and all required accessories to process and measure gas

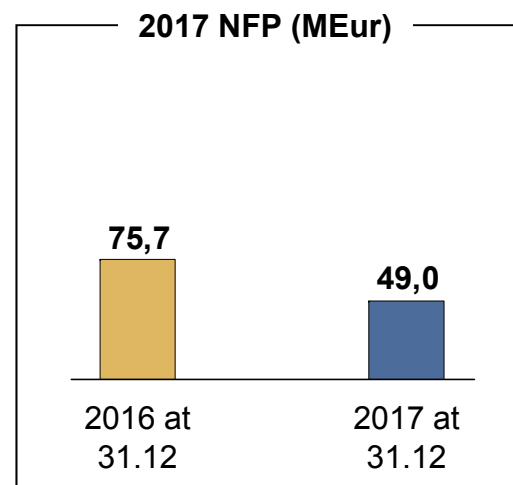
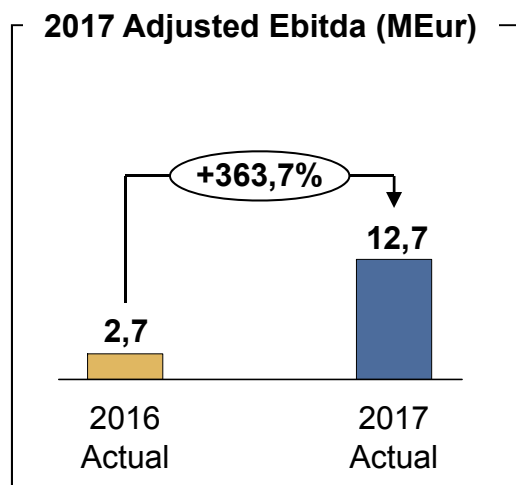
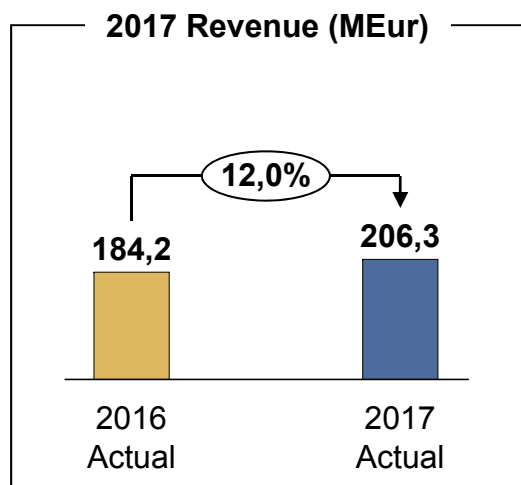
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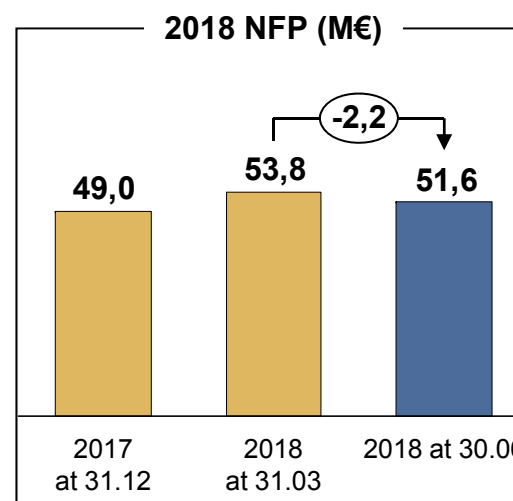
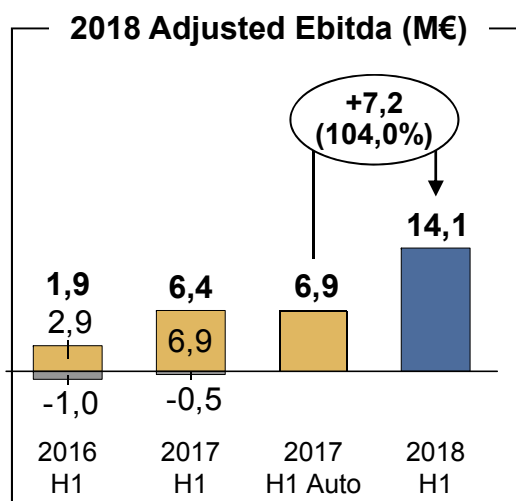
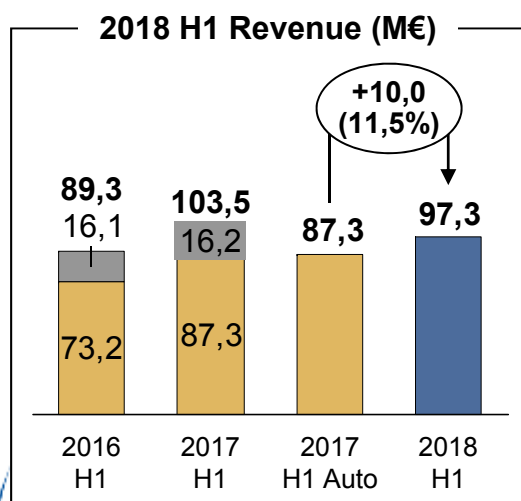
# Landi Renzo Group – 18 months with successful outcome ...

## 2017



**Successful 2017 overall result leveraging the first outcomes of the turnaround plan and active asset management ...**

## 1H1F 2018<sup>(1)</sup>



**... that have been confirmed in H1 2018 LRG**

(1) Due to the deconsolidation of Gas Distribution and Compressed Natural Gas and Sound sectors, H1 2018 financial figures are not directly comparable with the same period of previous year



# H1 2018 P&L highlight results are higher than strategic plan, with strong increase on EBITDA and EBIT

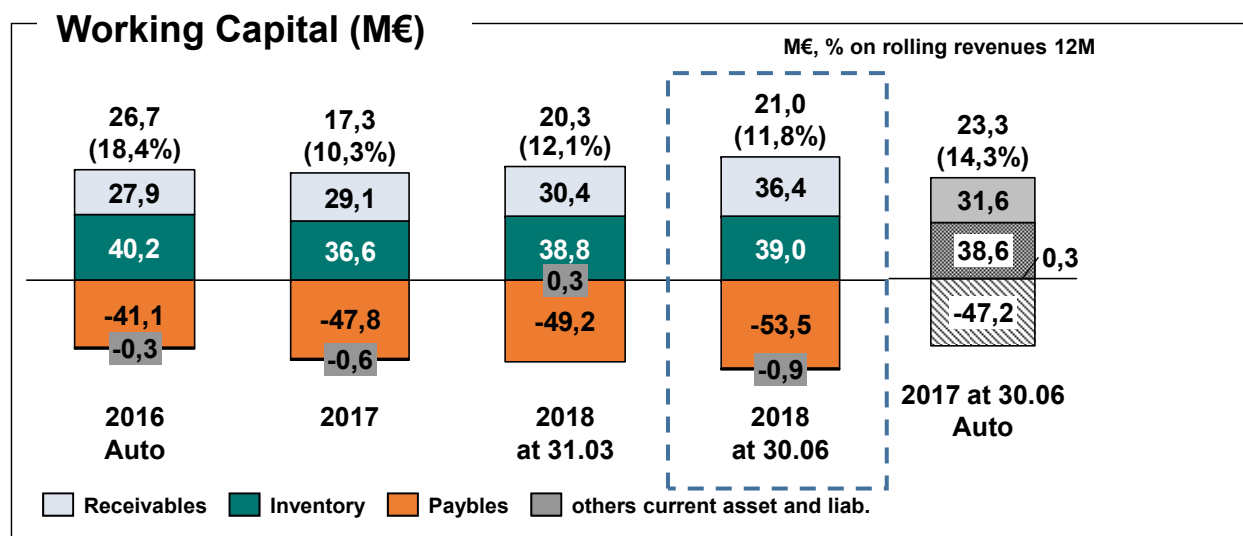
| M€                   | 2018<br>H1   | 2017<br>H1<br>Automotive | like for like |               |
|----------------------|--------------|--------------------------|---------------|---------------|
|                      |              |                          | Delta<br>M€   | Delta %       |
| <b>Revenues</b>      | <b>97,3</b>  | <b>87,3</b>              | <b>10,0</b>   | <b>11,5%</b>  |
| <b>EBITDA Adj.</b>   | <b>14,1</b>  | <b>6,9</b>               | <b>7,2</b>    | <b>104,0%</b> |
| <i>% on Revenues</i> | <i>14,5%</i> | <i>7,9%</i>              |               |               |
| <b>EBITDA</b>        | <b>12,7</b>  | <b>4,9</b>               | <b>7,8</b>    | <b>158,8%</b> |
| <i>% on Revenues</i> | <i>13,0%</i> | <i>5,6%</i>              |               |               |
| <b>EBIT Adj.</b>     | <b>8,9</b>   | <b>-0,1</b>              | <b>9,0</b>    | <b>N/A</b>    |
| <i>% on Revenues</i> | <i>9,1%</i>  | <i>-0,1%</i>             |               |               |
| <b>EBIT</b>          | <b>7,5</b>   | <b>-4,2</b>              | <b>11,7</b>   | <b>N/A</b>    |
| <i>% on Revenues</i> | <i>7,7%</i>  | <i>-4,8%</i>             |               |               |
| Capital Gain/Loss    | -1,2         |                          |               |               |
| Financials           | -2,9         |                          |               |               |
| <b>EBT</b>           | <b>3,4</b>   |                          |               |               |
| Taxes                | -1,7         |                          |               |               |
| <b>Net Income</b>    | <b>1,7</b>   |                          |               |               |
| <i>% on Revenues</i> | <i>1,7%</i>  |                          |               |               |

## Highlights

- Automotive sector **revenues** increased by 10,0M€ (+11,5%), mainly on AM
- **Automotive Adj. EBITDA** up to 14,1M€ (+104,0%), 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** in line with best practice in the sector, also positively impacted by the 2017 AVL deal
- **Capital Loss** from SAFE&CEC up to 300K€ in Q2, with a strong reduction compared to Q1 (-900K€), thanks to the first set of actions implemented in the integration phase as well as the turnover growth

# 2018 H1 vs. 2017 shows a strong optimization on Working Capital

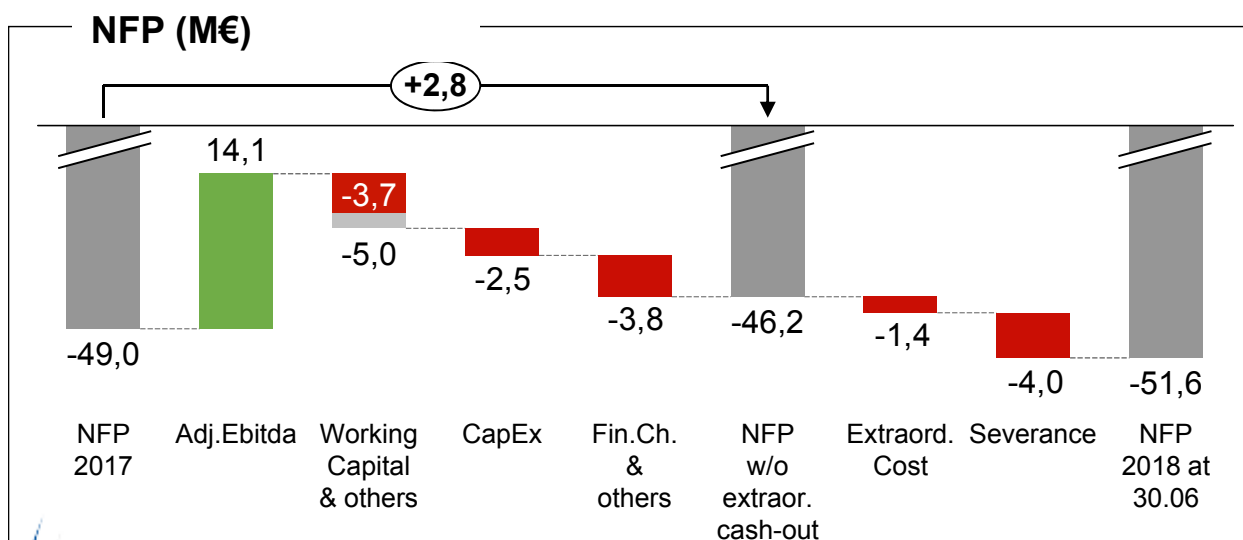
## 2018 H1 company has generated cash before extraordinary cash out



### Highlights

Working capital KPI is in line with 2017:

- **DSO:** in line with 2017
- **DIOH:** stock rotation stable at 80 days; compared to last year at H1 moved from 88 to 80 days
- **DPO:** stable



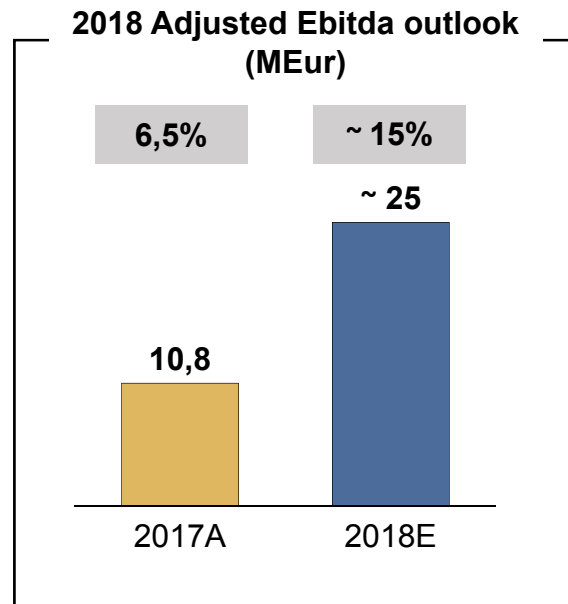
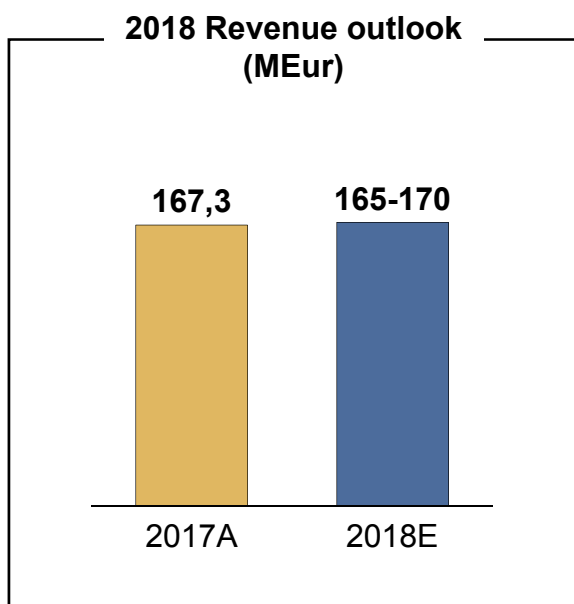
### Highlights

In 2018 NFP is impacted by

- Cash-in for **ordinary activities** by 2,8M€
  - +14,1M€ Adj.Ebitda
  - -5,0M€ Working capital and others receivables and debts
  - -2,5M€ CapEx (1,3M€ tangible and 1,2M€ intangible)
  - -3,8M€ interests and taxes
- Cash-out for **extraordinary activities** by 5,4M€ due to extraordinary costs and severance due to reduction of headcount

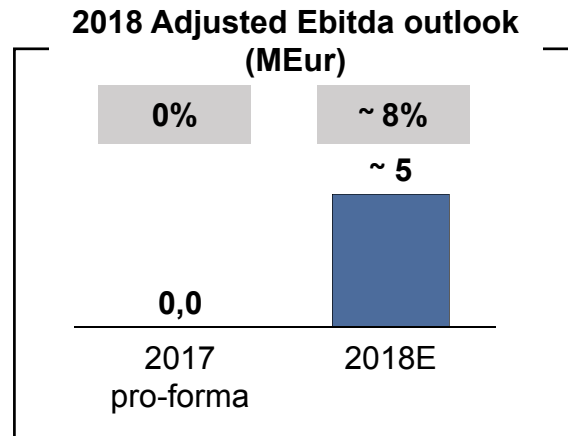
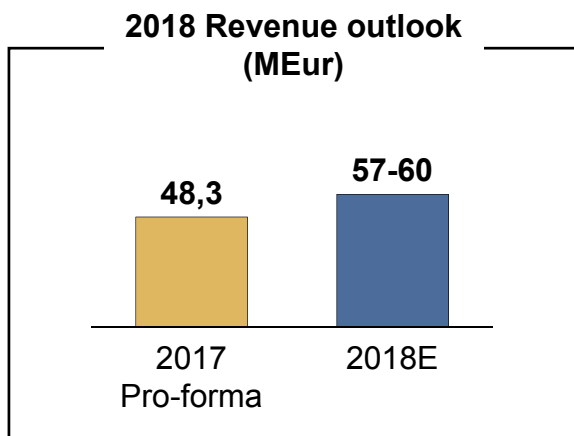
# 2018 Outlook confirms the set targets

LRG  
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Automotive



- 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

SAFE &  
CEC  
Group <sup>(1)</sup>



- 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

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  - **Automotive**
    - SAFE – Clean Energy Compression Business
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# Global car market will be impacted by several factors

## Environmental protection awareness

- Emission limits get tighter and requires **expensive systems**, even for OEMs
- Emissions are focusing on **lower CO<sub>2</sub> and near-zero NO<sub>x</sub>** limits, with even **more attention on particulate emission risk** for human health
- **Declining sales of «diesel only»** vehicles are forcing OEMs to find quick, efficient and cost-competitive solutions

## New technologies are under development

- New technologies, from Hybrid to BEV, to Hydrogen/Fuel cells and to self driving cars, are **transforming the automotive sector**
- Powertrain technology evolution, mainly **turbo and direct injection**, are improving engine performance while respecting emission limits both on passenger cars and Bus&HD

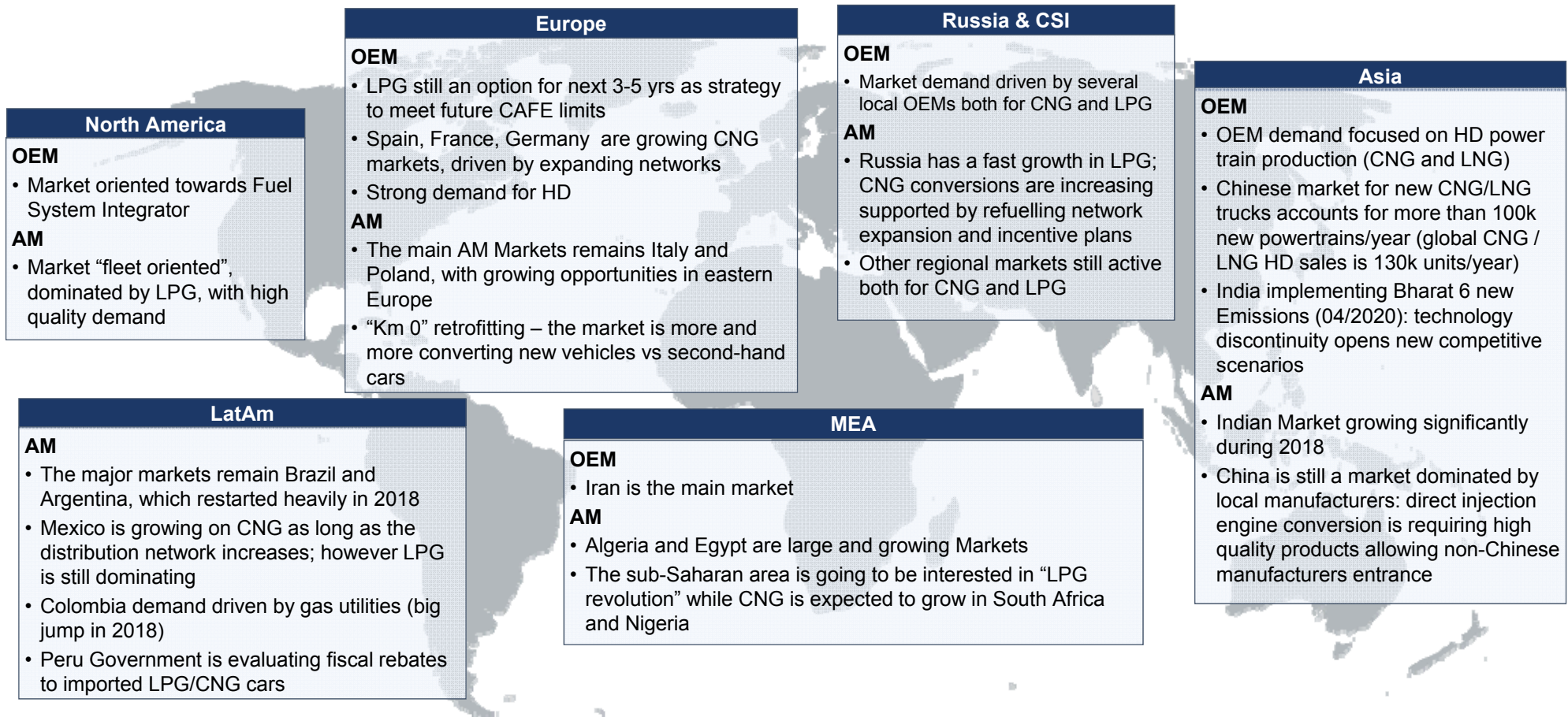
## GDP growth driving car market expansion in Asia, India and Africa

- **Car fleet worldwide from 1,2billion to 1,6billion in 2025** growth will be concentrated in emerging economies
- GDP/head growth will drive car ownership with **China and India as most attractive markets**. Huge potential in **Africa**

## Cost of ownership and consumer habits

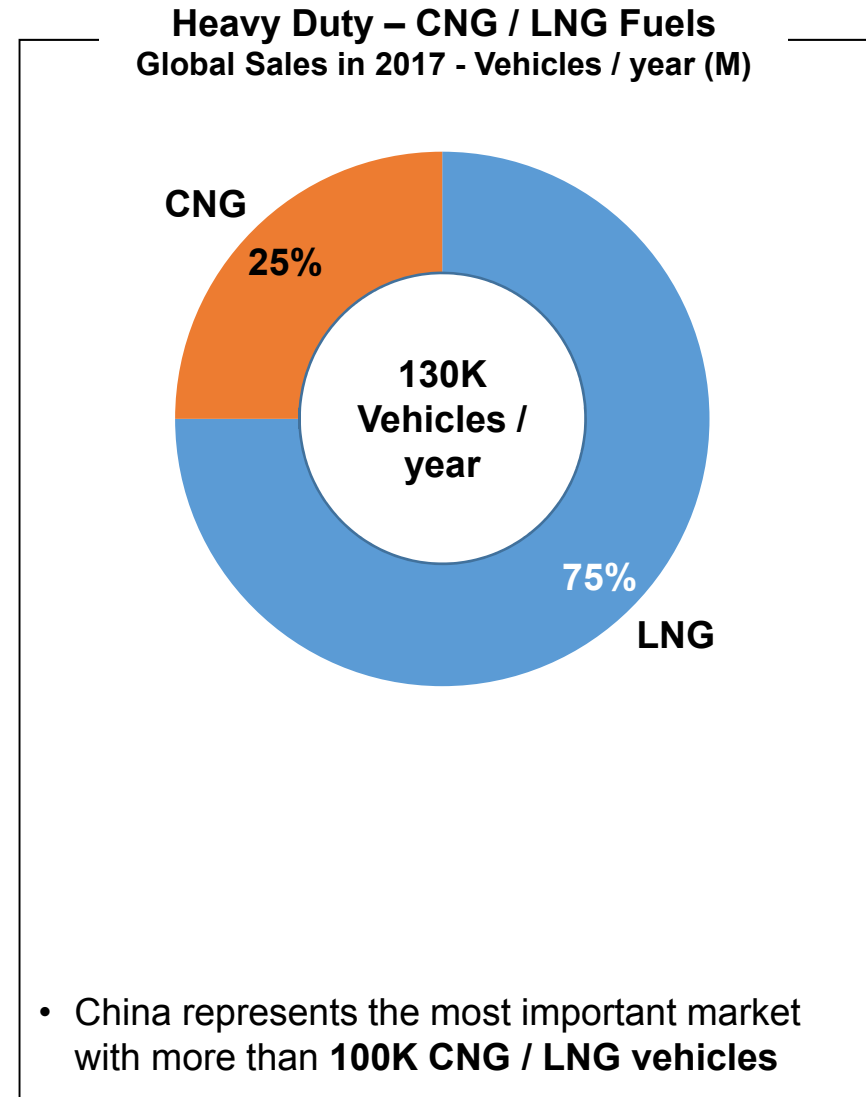
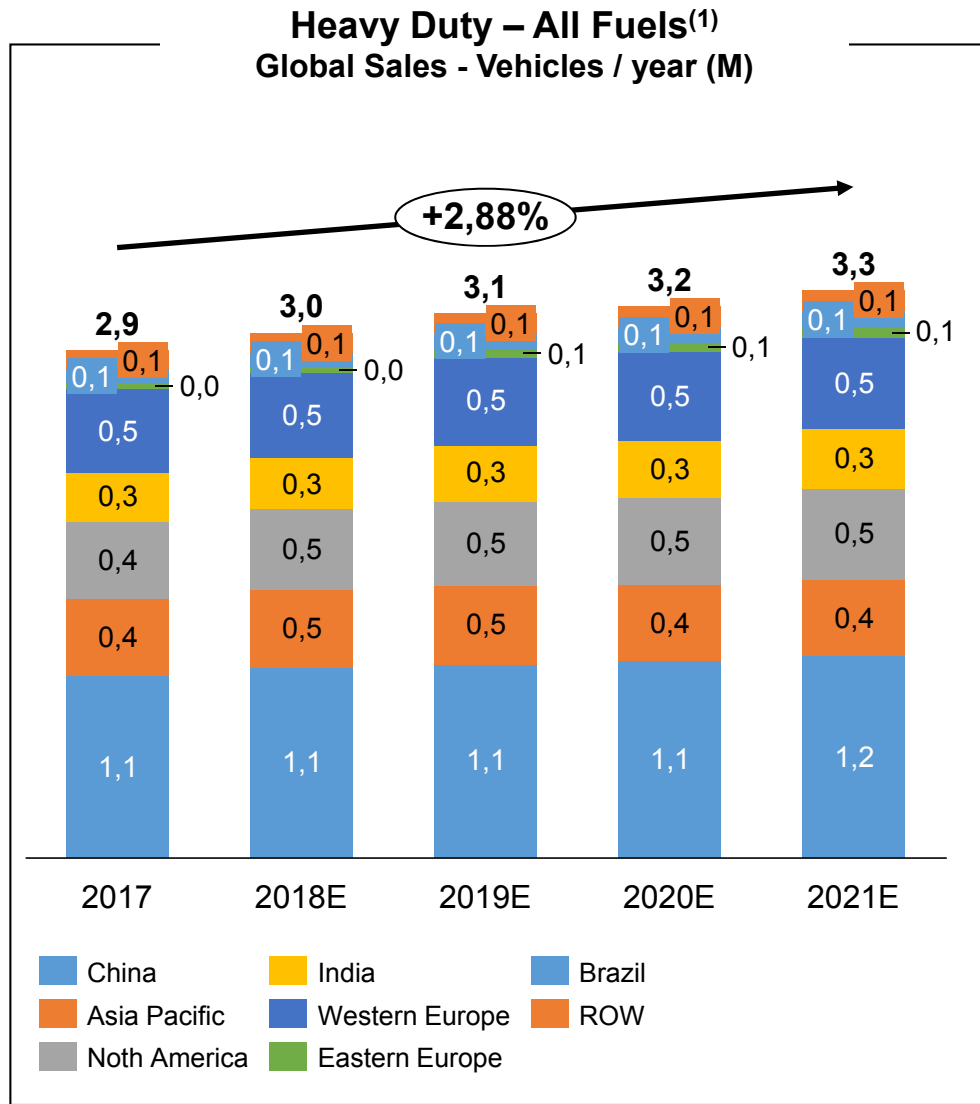
- Buying decision will be affected by **different factors based on geographical area** (US, Europe, China and RoW), **consumer segments** (mass, premium) and **usage** (passenger cars, taxi fleet, Bus&HD)
- **TCO<sup>(1)</sup> will play a key role**, mainly for mass market and Bus&HD segment, especially considering rising **oil price level** and **lower taxation** on clean fuels (CNG and LPG less tax-burdened)

# Overall market situation shows a promising set of opportunities both in OEM and AM business segments



- Cross OEM / AM global opportunities**
- Potential opportunity for a more sophisticated AM business, with car rental fleets and car sharing management companies
  - Exploit “0 km” and delayed OEM opportunities
  - NG M-HD business as component supplier, to become a complete Fuel System Integrator
  - More advanced markets are looking for H<sub>2</sub> applications

# Mid & Heavy Duty vehicles today on the road account for about 25M vehicles, with more than 130K vehicles sold on 2017 with CNG / LNG powertrain



# 2018 – 2022 LRG Strategic Plan has set clear directions to drive LRG towards a “virtuous” journey inside NG and Hydrogen alternative fuels

## Market Focalization and Business Development

- **Become one of the leading companies** in Bus&HD and Off-road segments
- **Benefit from current Bus&HD demand / opportunities** to establish LRG presence in high growth markets
- **Develop Bus&HD new Product Portfolio** also leveraging **EU6 discontinuity**
- **Consolidate leading global market position** in Passenger Cars LPG (AM and OEM) with current Product Portfolio
- **Enrich Passenger Cars CNG offering** for OEMs with advanced products
- **Increase market share in AM emerging growing markets** both with LPG and CNG
- Exploit increasing opportunities on **delayed OEM** or “**0 km**” with fleet management companies such as car rentals, car sharing platforms, taxi companies

## Targeted Partnerships for accelerating results achievement

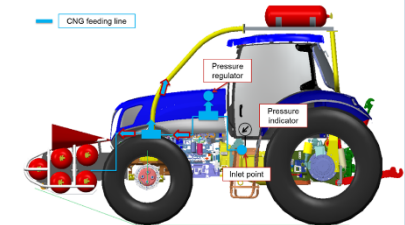
- **Evaluate sales and technical synergies to**
  - Leverage LRG **sales & manufacturing network**
  - Accelerate **new Bus&HD product portfolio go-to-market**
  - Improve current **Passenger Cars CNG product portfolio** with “ready-to-use” advanced products
  - Provide **vehicle integration service solutions in Bus&HD segments**, including **Diesel Dual Fuel (DDF) solutions**
  - Leverage LRG **Hydrogen capabilities to provide FCEV solutions**



# After-Market workshop and sales network is a strong asset for LRG, in an increasingly sophisticated, evolving market

## Diesel Dual Fuel

- Experience in transforming **mid/heavy-duty diesels in bi-fuel vehicles** through dedicated kit
- Successfully installed and tested **complete system on agricultural vehicle**



## «0 km» Conversion

- High growing market worldwide, with LRG highly recognize worldwide as market leader and complete product offering
- Expertise to set up a **LRG-managed workshop**, and to train Customer's workforce



## New opportunities

- Leverage consolidated experience and network to set up framework agreements with **large car fleet owners / managers** or **mobility solutions providers**
- Explore **new emerging technologies** (e.g.: Autonomous drive)



# LRG has launched numerous projects to extend the Group offer in the NG Heavy Duty business

## CNG & LNG Pressure Reducers

### Mechanical Pressure Reducers

Consolidate diaphragm technology with OEM experience up to 300 kW



### New Mechanical / Mechatronic Pressure Regulators

To confirm leadership in leading edge technologies and extend the range to higher displacement engines



## CNG Injector Rails

### Side Feed Injectors

Leverage current PC technology and quality for HD applications



### Top feed Injectors

Extend injectors application range to multi-point solutions



## CNG Tank and Filling Valves

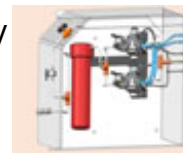
### Tank Valves

Available for External and Internal Tanks applications with high level of customization



## CNG Fuel Management Module

**System Solution** to easy lay-out and fuel line design and installation



## Dedicated Engine Control Unit

### Consolidate and extend OEM experience

- Mono-fuel Engine Management System
- DDF Applications



## Filling Valves

## Landi Renzo Group strategic plan targets 42 MEur adj. EBITDA in 2022

| LRG_Automotive Business              |   |               |              |
|--------------------------------------|---|---------------|--------------|
|                                      |   | <u>2018E</u>  | <u>2022E</u> |
| <b>Turnover</b>                      | <ul style="list-style-type: none"> <li>Group turnover (Automotive Sector) growing with a <b>CAGR of 6,5%</b> over the five year plan period, driven by expansion into new segment (Bus&amp;HD) and markets</li> </ul> | €164M         | €211M        |
| <b>Adjusted EBITDA<sup>(1)</sup></b> | <ul style="list-style-type: none"> <li>LRG Adj. EBITDA growing from <b>15% to 20% over revenues</b></li> </ul>  | €25M          | €42M         |
| <b>EBT</b>                           | <ul style="list-style-type: none"> <li>Group EBT growing up to <b>13,4% over revenues</b> at the end of the plan</li> </ul>   | €10M          | €28M         |
| <b>Cash Flow</b>                     | <ul style="list-style-type: none"> <li><b>Cumulated free cash flow</b> totalling €93M over the plan period, to repay LRG debt and <b>finance growth</b>, including sale of non-core asset</li> </ul>                  | Cum. FCF 93M€ |              |

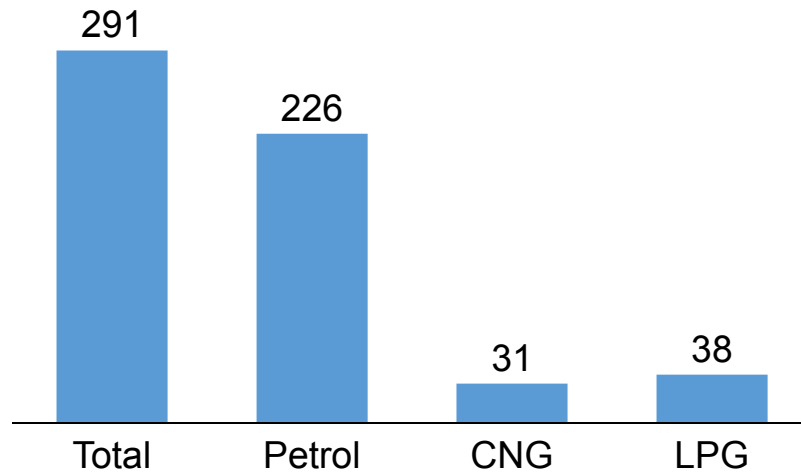
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# Market View: CNG is a «true» world-wide market, with strong increase of Biomethane

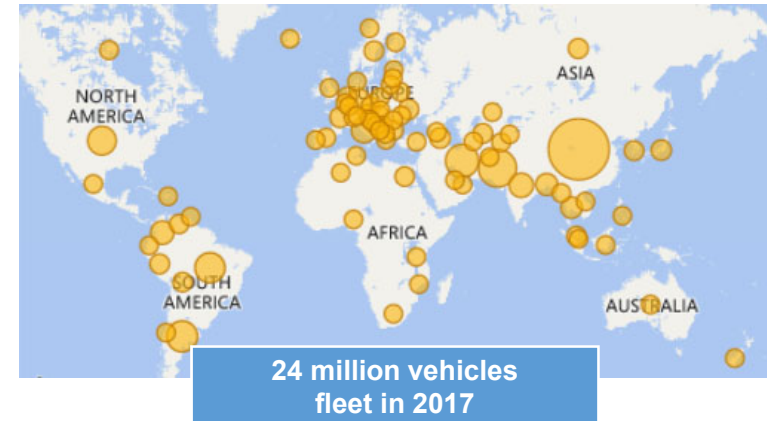
**Filling stations worldwide**  
(‘000 units)



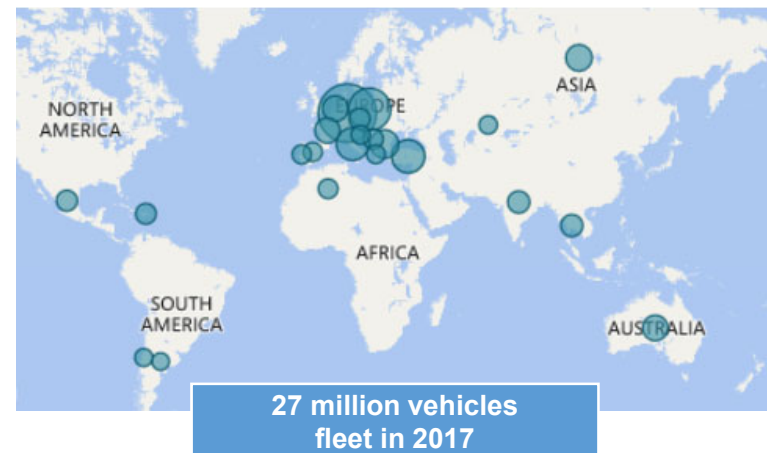
## CNG / LNG market trends

Globally, more than 8.000 new CNG stations are expected to be installed worldwide by 2022 (6% CAGR)

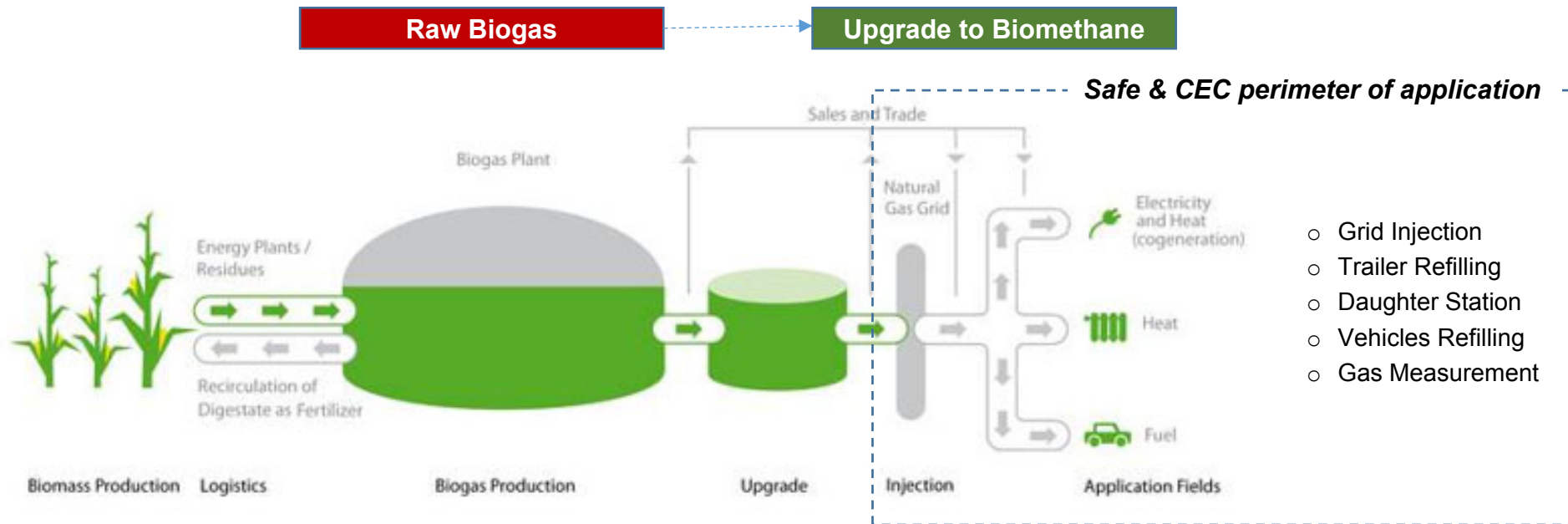
**CNG filling stations and total NG**



**LPG filling stations and total LPG sales**



# SAFE & CEC products can be used in Biomethane production from biomass, in a worldwide growing market



## Biomethane market highlights

- Incentives switching from **energy production** (electricity, heat, steam) to **grid injection, fuel vehicle production and production of chemicals**
- More than **17.000 biogas plants** in Europe (75% of which in Germany, Italy and France) could potentially be **converted to biomethane production**
- **Global biomethane market** estimated in **1,2 Bn Eur** in 2017, with expected growth at a **6,7% CAGR** between 2017 and 2025

# SAFE-CEC join venture targets more than 100MEur of revenue and 20% of Adj. Ebitda in 2022

## SAFE – CEC join venture

|                                      |   | <u>2018E</u>  | <u>2022E</u> |
|--------------------------------------|---|---------------|--------------|
| <b>Turnover</b>                      | <ul style="list-style-type: none"> <li>• <b>SAFE-CEC</b> revenues (<b>CAGR: 16,6%</b>) leveraging on market penetration</li> </ul>  | €58M          | €107M        |
| <b>Adjusted EBITDA<sup>(1)</sup></b> | <ul style="list-style-type: none"> <li>• EBITDA positively impacted by synergies between SAFE and Clean Energy Compression</li> <li>• In 2022, Adj. EBITDA on revenues growing up to 20% (from 8% in 2018)</li> </ul> | €5M           | €22M         |
| <b>Cash Flow</b>                     | <ul style="list-style-type: none"> <li>• <b>Cumulated free cash flow</b> totalling €34M over the plan period</li> <li>• Possibility to pay <b>dividends</b> to shareholder</li> </ul>                                 | Cum. FCF 34M€ |              |

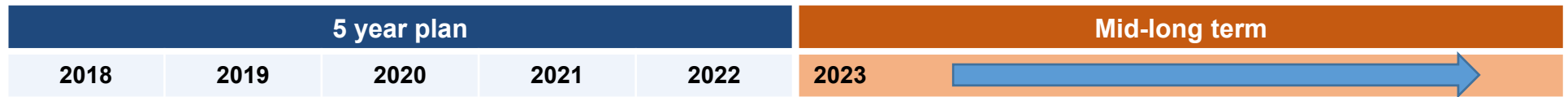
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# In a transformational environment and while implementing the Strategic Plan, Landi Renzo Group is looking forward



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

- Develop **multi-disciplinary skills** to navigate the “*new era of automotive*” alongside Electric Vehicles
- Enlarge **technology capabilities to all alternative fuels developments, with strong focus on Hydrogen**
- Exploit the opportunity to become a **center of excellence** to investigate **new Alternative Fuels technologies**, such as **LNG-battery series solutions** and **off-road applications**

A photograph of a person driving a car on a road during sunset. The driver's hand is on the steering wheel, and the sun is low on the horizon, creating a warm, golden glow. The road stretches into the distance with a white line marking. The text "The Clean Air Company" and "Driving The Future" is overlaid on the image.

# The Clean Air Company

Driving The Future

# Landi Renzo - Company profile (17/10/2018)

## 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

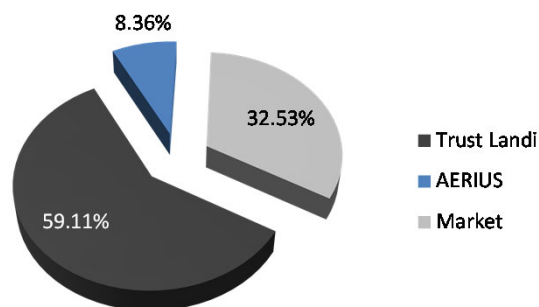


## INVESTOR RELATIONS

Investor Relations Contacts:

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 Tel: +39 0522 9433  
 E-mail: [ir@landi.it](mailto:ir@landi.it)  
[www.landirenzogroup.com](http://www.landirenzogroup.com)

## SHAREHOLDING



## SHARE INFORMATION

N. of shares outstanding: 112.500.000  
 Price as of 17/10/18 € 1.078  
 Capitalization: € 121.3 mln  
 FTSE Italia STAR

## STOCK VS MARKET



# Disclaimer

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An aerial photograph of a modern residential development. On the left, a multi-lane asphalt road with white lane markings and a central green median with palm trees runs vertically. To the right of the road is a landscaped area with numerous palm trees, a green tennis court with white lines, and a parking lot with several cars. In the background, several high-rise apartment buildings with white facades and balconies are visible under a clear blue sky. The overall scene is bright and sunny.

The Clean Air Company  
Driving The Future