



SPAFID CONNECT

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Oggetto : PR Q3 2018 Financial Results

Testo del comunicato

Vedi allegato.

Landi Renzo: Board of Directors approves results at September 30, 2018

- Positive net result confirmed in Q3
 - Adjusted EBITDA doubled
 - Acceleration of development projects both in the Automotive and the Gas Distribution and Compressed Natural Gas businesses
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- ✓ Consolidated revenues amounted to €138.1 million, increasing (+12.3%) compared to €123.0 million at September 30, 2017 (on a like-for-like consolidation basis)
 - ✓ Adjusted EBITDA at €19.1 million, up 98.7% compared to €9.6 million at September 30, 2017 (on a like-for-like consolidation basis)
 - ✓ Adjusted EBIT at €11.2 million, significantly improving on the figure at September 30, 2017 (which was negative for €0.4 million, on a like-for-like consolidation basis) and EBIT at €9.6 million (negative at €5.1 million at September 30, 2017, on a like-for-like consolidation basis)
 - ✓ Net result at €2.3 million, sharply improving compared to a net loss of €11.3 million at September 30, 2017
 - ✓ Net Financial Debt at €56.6 million (€-49.0 million at December 31, 2017)

Cavriago (RE), November 13, 2018

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the Interim Report at September 30, 2018. Compared to the same period of the previous year, in the first nine months of 2018 Landi Renzo Group reported growth both in its main operating indicators (revenues at +12.3%, sharply increasing on a like-for-like consolidation basis) and margins. The Group therefore confirmed a net result uptrend in line with the first half of the year (€2,304 thousand vs €-11,276 thousand in the first nine months of 2017), with no non-recurring revenues from extraordinary operations and despite €1,617 thousand non-recurring costs.

The third quarter of 2018 also benefited fully from the positive effects of the implementation of the guidelines for the EBITDA Improvement project, completed in the first half of the year and resulting in a significant reduction of both fixed and variable costs.

“Landi Renzo Group continues in this third quarter of the year to achieve strong results, proving that it has made the right strategic decisions and its team is working efficiently. The Group continues to strengthen its position as a market leader at the international level and can count on particularly favorable commercial prospects,” commented **Stefano Landi, Chairman of Landi Renzo**.

“The strong performance in this third quarter is further confirmation of this Group’s great potential and brings us to the beginning of a process aimed at expediting the growth foreseen in the 2018-2022 plan, with the goal of reaching the revenue target in advance,” explained **Cristiano Musi, Chief Executive Officer of Landi Renzo**. *“The international market scenario remains favorable, characterized by a growing focus on environmental issues at the global level, with methane and LPG solutions seen as an effective way of reducing pollution in various parts of the world. Consider, for example, that in India 5,000 new methane service stations are planned in the next five years and that many fleets in several parts of South America are adding bi-fuel methane vehicles. At the same time, a big push is being made in Europe and Russia, where in addition to the regulatory component there are significant developments in gas infrastructure, which is fundamental to favoring increased use of gas in both the passenger car and heavy duty segments, and the focus on new methane-powered engines by the main manufacturers in the heavy duty segment.”* Musi also added, *“Within this scenario, we are working – as both Landi Renzo and SAFE&CEC – on shoring up our market share and developing innovative solutions, both for the OEM channel and for the After Market channel.”*

Consolidated Financial Highlights at September 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 the Gas Distribution and Compressed Natural Gas business (by transferring SAFE to the SAFE&CEC S.r.l. joint venture), in the first nine months of 2018 the Group operated directly in its Automotive core business, and indirectly through the SAFE & CEC S.r.l. joint venture in the Gas Distribution and Compressed Natural Gas business. The income statement for the first nine months of 2018 cannot be therefore compared directly with that of the same period of 2017.

In the first nine months of 2018, Landi Renzo Group's revenues amounted to €138,083 thousand on a like-for-like consolidation basis, i.e., considering the Automotive business alone, up by +12.3% compared to the same period of the previous year (€122,977 thousand). The increase was mainly attributable to the After Market channel's positive sales performance (+17.6%), thanks to the new valuable orders secured on the North African market, that in recent months has made major investments for developing hybrid gas engines at a national level. Revenues on the OEM segment accounted for 37.1% of the Groups' total revenues at September 30, 2018, essentially in line with those reported in the same period of the previous year.

Landi Renzo Group generated 81.7% of its revenues abroad (42.2% in Europe and 39.5% outside Europe), in line with the same period of the previous year and established a stronger presence in Asia e the Rest of the World, thus continuing to improve its competitive position on international markets.

The breakdown of revenues by geographical area is as follows:

- **Italy** accounted for 18.3% of total sales, up in absolute terms (€25,224 thousand) compared to September 30, 2017 (€22,461 thousand), thanks to the positive performance of both the OEM and After Market segments;
- the rest of **Europe** reported sales amounting to €58,307 thousand, which accounted for 42.2% of total sales (50.1% in the first nine months of 2017), down 5.4% compared to the same period of the previous year, chiefly as a result of the decline in After Market sales in Turkey, partially offset by the recovery of sales on the Polish and Slovakian markets;
- sales generated in **America** in the first nine months of 2018 accounted for 16.7% of total sales (14.6% in the same period of 2017), amounting to €23,048 thousand , with a 28.1% increase thanks to the After Market segment's positive sales performance in the LATAM area;
- the markets in **Asia and the Rest of the World** grew significantly, accounting for 22.8% of total sales (17% in the first nine months of 2017), with a strong sales performance of €31,504 thousand in absolute terms (+50.7% compared to the first nine months of 2017).

Adjusted EBITDA amounted to €19,134 thousand (13.9% of revenues) at September 30, 2018, sharply increasing compared to the first nine months of the previous year (€9,628 thousand), owing to higher sales volumes in Landi Renzo Group's Automotive core business, as well as to lower fixed and variable costs.

EBITDA for the first nine months of 2018 was positive at €17,517 thousand and included non-recurring costs for €1,617 thousand attributable to strategic advisory associated with the completion of the EBITDA Improvement project.

EBIT for the reporting period was positive at €9,572 thousand (negative at €5,111 thousand at September 30, 2017), after amortization, depreciation and impairment losses totaling €7,945 thousand (€10,049 thousand at September 30, 2017) and non-recurring costs for €1,617 thousand (€2,771 thousand at September 30, 2017).

At September 30, 2017, **EBIT** had been affected also by a €1,919 thousand loss on asset disposal related to the Technical Center business unit's laboratories management activities to the AVL Group.

Net financial income amounted to €4,109 thousand, down slightly on the same period of 2017 (€4,217 thousand). This decrease was mainly due to lower interest expenses, attributable to more effective debt management.

Press release

November 13, 2018

EBT was positive at €4,221 thousand at September 30, 2018, sharply improving compared to a pre-tax loss of €10,564 thousand for the same period of 2017, after a €1,242 thousand loss on equity investments measured at equity. **Net result** for the reporting period was positive at €2,304 thousand, compared to a net loss of €11,276 thousand in the first nine months of 2017.

Net Financial Debt amounted to a negative €56,633 thousand, compared to a negative €48,968 thousand at December 31, 2017 (€-65,040 thousand at September 30, 2017). This change was due to both an increase in working capital, and in inventories in particular, driven by the need to move up the procurement of components to cover several significant orders planned for delivery in the final quarter of the year and the significant outlays deriving from the mobility plan that came to an end in the first six months of 2018.

Performance of the Gas Distribution and Compressed Natural Gas operating business

The Gas Distribution and Compressed Natural Gas business (which in 2017 was 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 the first nine months of 2018, the Gas Distribution and Compressed Natural Gas business reported consolidated net sales of €40,333 thousand, adjusted EBITDA positive at €1,457 thousand and a loss after taxes of €2,705 thousand. The results for the reporting period of the SAFE&CEC Newco 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 for integrating and enhancing synergies.

In parallel, all the activities aimed at reorganizing the Group's operations have been launched, particularly with a view to optimizing processes and synergies between SAFE S.p.A. and IMW Industries Ltd, and with significant objectives in terms of cost reduction and margin growth.

The third quarter of 2018 has already benefited in part from the positive effects of these activities: accounting for this joint venture according to the equity method entailed the recognition of an impairment loss on the equity investments of €1,380 thousand at September 30, 2018, essentially in line with the amount recognized at June 30, 2018 (€1,320 thousand), given that the third quarter also ended with a substantial break-even.

The Group also has a significant order backlog, which it is believed will permit the planned budget targets to be achieved, as also confirmed upon definition of the 2018 forecasts, and subject to constant monitoring by the directors, with expected revenues of between €57 million and €60 million.

Significant events after the close of Q3 2018

After the end of the first nine months of the year and up to today's date, it should be noted that on October 30, 2018 Landi Renzo consummated the merger of "Emmegas S.r.l. owned by a sole shareholder" into Landi Renzo S.p.A. and that therefore, as from the effective date of the merger (i.e., the last of the registrations of the deed of merger with the Reggio Emilia Companies Registry), Landi Renzo will become successor-in-interest in respect of all rights and obligations of Emmegas S.r.l.

Business outlook

In light of the Group's Q3 2018 results, the performance of international markets on which the Group operates 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.

Press release

November 13, 2018



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.

Landi Renzo is the global leader in the LPG and Methane gas components and systems for the 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	30/09/2018	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 September 30, 2018

(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

(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

(thousands of Euro)		
STATEMENT OF CASH FLOWS	30/09/2018	30/09/2017 (*)
Financial flows deriving from operating activities		
Profit (loss) before taxes	4,221	-10,564
<i>Adjustments for:</i>		
Net Capital Loss (Profit) from disposal	0	1,919
Depreciation of property, plant and equipment	3,629	5,698
Amortization of intangible assets	4,316	5,630
Loss (Profit) from disposal of tangible and intangible assets	-57	184
Impairment loss on receivables	99	209
Net financial expenses	4,109	4,217
Profit (loss) attributable to investments	1,242	37
	17,559	7,330
<i>Changes in:</i>		
Inventories and contract work in progress	-8,862	-1,964
Trade receivables and other receivables	-4,575	140
Trade payables and other payables	3,947	3,176
Provisions and employee benefits	-6,411	-2,237
Cash generated from operations	1,658	6,445
Interest paid	-2,956	-1,409
Interest received	49	35
Income taxes paid	-735	-869
Net cash generated (absorbed) by operations	-1,984	4,202
Financial flows from investments		
Proceeds from the sale of property, plant and equipment	57	102
Sales of operational activities	0	570
Purchase of property, plant and equipment	-1,747	-1,423
Purchase of intangible assets	-140	-266
Development expenditure	-1,840	-1,918
Net cash absorbed by investment activities	-3,670	-2,935
Free Cash Flow	-5,654	1,267
Financial flows from financing activities		
Future share capital increase contributions	0	8,867
Reimbursements of bond loan	-2,364	0
Disbursements (reimbursements) of medium/long-term loans	-2,048	-552
Change in short-term bank debts	11,099	-12,603
Net cash generated (absorbed) by financing activities	6,687	-4,288
Net increase (decrease) in cash and cash equivalents	1,033	-3,021
Cash and cash equivalents as at 1 January	17,779	16,484
Effect of exchange rate fluctuation on cash and cash equivalents	-1,589	542
Closing cash and cash equivalents	17,223	14,005

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

Fine Comunicato n.0915-36

Numero di Pagine: 9