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Testo del comunicato

Vedi allegato.

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Landi Renzo: Board of Directors approves the interim results at March 31, 2019

Focus on the automotive business and strengthening of the positioning in the OEM channel, with a good performance and a positive net result also in Q1

- Consolidated revenues amounted to €43.8 million, increasing (+4.2%) compared to €42 million at March 31, 2018
- EBITDA, increased to €5.4 million (after application of IFRS 16), accounted for 12.4% of revenues (equal to €4.8 million before application of IFRS 16) (€4.5 million at March 31, 2018)
- EBIT increased to €2.3 million (€1.9 million at March 31, 2018)
- EBT positive for €1.5 million (negative for €132 thousand at March 31, 2018)
- Positive net result at €590 thousand, improving compared to a net loss of €1.2 million at March 31, 2018
- Net Financial Debt before the application of IFRS 16 of €59.7 million (net financial debt after the application of IFRS 16 of €64.2 million) due to investments related to development projects of new products for the OEM channel, particularly components for the Heavy Duty segment, a new CNG pressure regulator for passenger cars and working capital to support the business growth of the Group
- The Board of Directors' approved the launch of negotiations on a new financing contract allowing the revision of the debt structure at more favorable conditions for the Group

Cavriago (RE), May 14, 2019

The Board of Directors of Landi Renzo, chaired by Stefano Landi, today examined and approved the Interim Report at March 31, 2019. The first quarter of 2019 closed with positive results, both in terms of turnover and the main economic indicators, confirming the validity and effectiveness of the actions taken over the past two years by the management team, which allowed the Group to keep adequate levels of profitability consistent with the budget set out in the 2018-2022 Strategic Plan.
The Landi Group, which aims at taking an increasingly central role in the mobility of the future, is treading a path of growth and technological development, both in the Passenger Car and, especially, the Heavy Duty segments, to develop innovative and efficient solutions that will allow it to continue the growth trend it has recorded over the past two years. This process is testified by the agreements signed in February with Uber in Brazil governing the conversion of cars owned by partner drivers throughout the country to methane and the exclusive collaboration of the Indian joint venture Krishna Landi Renzo with Ford India for the production and installation of its solutions in the CNG version of the new Ford Aspire.

"I am very satisfied with the good work carried out, also in this first quarter of the year, in which we reported a profit," stated Stefano Landi, Chairman of Landi Renzo S.p.A. "We stand ready to meet this year of fresh challenges, in an increasingly international scenario focused on environmentally friendly mobility, to the spread of which we believe we can contribute significantly. In this regard, we strengthened our Board with the addition of Paolo Ferrero, who has a great experience of the automotive sector, and Vincenzo Russi, CEO of e-Novia, with his skills and expertise in innovation at international level."

"Landi Renzo continued to grow in the automotive sector in this first quarter, alongside an improvement in the Group's performances," stated Cristiano Musi, Chief Executive Officer of Landi Renzo S.p.A. "These results obtained in the complex context of the international automotive sector, beside the excellent work done by the entire team bear out the market's confidence in our company, which recently received its second rating upgrade in six months from Cerved.

The main goals towards which we are striving include consolidating Landi Renzo in the passenger car segment at the international level (particularly on the Indian market, which is among the most promising) and in the heavy duty segment, which offers the strongest growth opportunities, considering the increasing adoption of methane-powered solutions (CNG and LNG) and biomethane for heavy vehicles — a trend set to continue moving forward. In the gas distribution sector, we are focusing on our joint venture Saf&Cec, which has a strong order backlog and encouraging growth prospects, one year after deconsolidation from the Group.
We are also working on an update to our 2018-2022 Strategic Plan, which we will present by July, after moving up some of our targets."

Consolidated Financial Highlights at March 31, 2019

As a result of the application as of January 1, 2019 of the IFRS 16 — *Leases*, economic and capital figures as of March 31, 2019 are not directly comparable with those for the same period of the previous year. The application of such standard led to the recognition at January 1, 2019 of right-of-use assets amounting to €4,943 thousand and notional financial liabilities for the same amount, and also entailed lower costs for services and use of third-party assets amounting to €631 thousand, higher amortization and depreciation, and finance expenses of €558 thousand and €29 thousand, respectively.

The Group's total revenues for the first three months of the year 2019 amounted to €43,798 thousand, up compared to the same period of the previous year (+4.2%, amounting to €1,761 thousand), chiefly thanks to the good performance of the OEM channel and a €590 thousand net profit, compared to a €1,175 thousand net loss reported at March 31, 2018.

Revenues of the OEM channel, which accounted for 45.5% of the Group's total revenues at March 31, 2019, grew by 15.9% compared to the same period of the previous year (equal to 40.8%), following the increase of the order backlog from leading European car manufacturers of which Landi Renzo has been a strategic partner for years, as well as the development and broadening of their green offering with LPG bifuel engines.

By contrast, revenues from sales on the After Market channel slightly decreased during the first quarter reaching €23.9 million (they amounted to €24.8 million in the same period of the previous year), chiefly due to the situation of the Brazilian market that is however expected to start recovering already during the second quarter of 2019.

As far as commercial prospects are concerned, the order backlog of the Automotive business confirmed the promising opportunities for the 'green' sector with regard to both the OEM distribution channel and the After Market channel, where the Group benefits from its consolidated leadership on global markets.

With reference to the breakdown of revenues by geographical area, in the first three months of 2019 79.8% of the Groups' consolidated revenues were generated abroad, confirming its strong international focus.
In detail:

- Italy accounted for 20.2% of total revenues (18.8% in Q1 2018), up by 11.5% compared to the same period of the previous year.
- The rest of Europe accounted for 51.3% of total sales (45.4% in Q1 2018), up by 17.8%, mainly due to the increased sales on the OEM channel to several leading car manufacturers which are focusing their business on LPG bifuel engines.
- America recorded sales of €4,124 thousand for the first three months of the year, down by 26.8%, essentially attributable to the current situation of the Brazilian marked, following the oil price reduction. However, this market is expected to start recovering as soon as in Q2 2019.
- The markets in Asia and the Rest of the World slightly declined (19.1% of total revenues, compared to 22.4% in the first three months of 2018), essentially due to the introduction of more restrictive trade sanctions to Iran and the oil price reduction.

In the first three months of 2019, Adjusted EBITDA was positive at €5,439 thousand (12.4% of revenues), substantially in line with the same period of the previous year (€5,360 thousand), but without the €827 thousand non-recurring costs reported at March 31, 2018. This result confirms the validity and effectiveness of the measures taken by the management within the processes of industrial reorganization and containment of costs, both fixed and variable.

EBITDA was positive at €5,439 thousand (12.4% of revenues), up compared to the same period of the previous year (€4,533 thousand, including €827 thousand non-recurring costs, or 10.8 of revenues). This result is particularly significant if we consider that, compared to the same period of the previous year, this quarter was marked by higher sales on the OEM channel which generally presents lower margins compared to the After Market sales channel. It should be noted that IFRS 16 — *Leases* had a positive €631 thousand impact on EBITDA in the first quarter of 2019.

EBIT for the reporting period stood at €2,275 thousand (€1,879 thousand at March 31, 2018), after amortization, depreciation and impairment losses amounting to €3,164 thousand (€2,654 thousand at March 31, 2018).

EBT was positive for €1,456 thousand, compared to a pre-tax loss of €132 thousand for Q1 2018. Net result for the period at March 31, 2019 was €590 thousand compared to a €1,175 thousand net loss of the Group and minority interests for Q1 2018.

Net Financial Debt totalled €64,158 thousand, up compared to a net financial debt of €52,872 thousand at December 31, 2018 and of €53,774 thousand at March 31, 2018. The change was mainly due to the effects of the application of the international accounting standard IFRS 16 — *Leases*, which entailed the recognition of right-of-use financial liabilities of €4,943 thousand at January 1, 2019 (of which €4,461 thousand remained at March 31, 2019). Net of said effect, the Group's Net Financial Debt would have been €59,697 thousand, up by €6,825 thousand compared to December 31, 2018. This was due to the increase in net working capital, primarily associated with the investments in inventory required to support revenue growth and outflows due to investments in property, plant and equipment and intangible assets of €2,290 thousand, chiefly for expenses relating to new product development projects for the OEM channel and the Heavy Duty segment (LNG and CNG) undertaken by the Group (€1,409 thousand) and investments in working capital required to support the Group's commercial growth.

Performance of the Gas Distribution and Compressed Natural Gas operating business

The Gas Distribution and Compressed Natural Gas business was subject in 2017 to a strategic business combination agreement with Clean Energy Fuels Corp aimed at creating the number-two player in the sector worldwide by turnover through the formation of a NewCo, SAFE & CEC S.r.l., to which 100% of SAFE S.p.A.'s share capital was then contributed by Landi Group and 100% of Clean Energy Compressor Ltd by Clean Energy Fuels Corp. Due to the contractually agreed 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 three months of 2019, the Gas Distribution and Compressed Natural Gas business reported consolidated net sales of €12,448 thousand (+26.1% compared to March 31, 2018), adjusted EBITDA positive at €338 thousand (negative at €1,031 thousand at March 31, 2018) and a loss after taxes of €291 thousand (compared to a €1,877 thousand loss at March 31, 2018).
The Group also has a significant order backlog, which will permit the planned budget targets to be achieved, as also confirmed upon definition of the 2019 forecasts, and is subject to constant monitoring by the directors, with expected revenues of between €65 million and €70 million.
On a related note, in April 2019 SAFE S.p.A. signed a contract with ENI S.p.A. to supply and maintain 20 gas-distribution systems for use in refuelling stations within the ENI R&M network servicing both cars and heavy vehicles.

New financing lines

In order to improve the Company's financial debt profile, the Board of Directors approved the negotiation and execution of a new financing agreement with several credit institutions mainly aimed at extinguishing its existing financial debt arising from the Optimisation Agreement signed on 27-28 March 2017 and from the Bond "LANDI RENZO 6.10% 2015-2022" code ISIN IT0005107237, as well as at obtaining new resources for general cash flow needs and to support its current and future investments.
With regard to this refinancing transaction — as a result of which the Company will bear lower financial burdens compared to the current ones — it should be noted that the Company has already signed an engagement letter with Banco BPM S.p.A., as Mandated Lead Arranger and Bookrunner, through which the latter has undertaken to organize and sign the new financing transaction with the involvement of some of the primary relationship banks of the Company.
The Board of Directors also resolved to proceed with the full early repayment of the bond pursuant to Article 9 of the related Regulations.

Significant events after the close of the first three months of 2019

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

- On April 29, 2019, the Shareholders' Meeting of the Parent Company Landi Renzo S.p.A. resolved, *inter alia*, to:
  - approve the Financial Statements for the year ended December 31, 2018 and allocate the net profit, amounting to €226,353.61, to the extraordinary reserve, as its legal reserve had already reached one fifth of share capital;
  - appoint the Board of Directors for the three-year period 2019-2021, made up of 9 members and chaired by Stefano Landi;
  - appoint the Board of Statutory Auditors for the three-year period 2019-2021, chaired by Fabio Zucchetti;
  - confirm Cristiano Musi in his position as Chief Executive Officer, and appoint the same as General Manager;
  - express a favorable opinion on Section 1 of the Remuneration Report prepared pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree No. 58/98;
  - approve the remuneration plan based on the granting of Landi Renzo S.p.A. ordinary shares ("2019-2021 Performance Shares Plan");
  - authorize the buy-back of treasury shares for a term of 18 months, after prior revocation of the previous authorization in force.
- On May 4, 2019 the rating agency Cerved upgraded the Landi Renzo Group's rating from B2.1 to B1.2, in light of the revision of its business model and the improvement in its competitive position. This was the second upgrade by Cerved in six months.

Business outlook

In light of the Group's performance in the first three months of 2019, the performance of its reference market 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, 2018, i.e., the Group forecasts revenues in the range of €185 to 190 million, and an adjusted EBITDA of approximately €27 million.
The joint venture's revenues related to the Gas Distribution and Compressed Natural Gas segment (consolidated using the equity method) are expected to increase in the range of €65-€70 million, with an adjusted EBITDA of about €8 million.

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 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.

For further information:

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Landi Renzo Group – Consolidate Financial Statements

(thousands of Euro)

INCOME STATEMENT	31/03/2019	31/03/2018
Revenues (goods and services)	43,798	42,037
Other revenue and income	203	102
Cost of raw materials, consumables and goods and change in inventories	-22,806	-20,145
Costs for services and use of third party assets	-8,487	-9,575
Personnel expenses	-6,727	-7,218
Accruals, impairment losses and other operating expenses	-542	-668
Gross Operating Profit	**5,439**	**4,533**
Amortization, depreciation and impairment losses	-3,164	-2,654
Net Operating Profit	**2,275**	**1,879**
Financial income	19	26
Financial expenses	-920	-919
Gains (losses) on exchange rate	192	-245
Gains (losses) on joint venture accounted for using the equity method	-110	-873
Profit (Loss) before tax	**1,456**	**-132**
Current and deferred taxes	-866	-1,043
Profit (loss) of the period for the Group and minority interests, including:	**590**	**-1,175**
Minority interests	-13	-52
Profit (Loss) of the period for the Group	603	-1,123
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0054	-0.0100
Diluted earnings (loss) per share	0.0054	-0.0100

(thousands of Euro)

ASSETS	31/03/2019	31/12/2018	31/03/2018
Non-current assets			
Property, plant and equipment	12,254	12,745	13,489
Development expenditure	7,347	6,932	4,904
Goodwill	30,094	30,094	30,094
Other intangible assets with finite useful lives	13,848	14,039	15,356
Right-of-use assets	4,616	0	0
Investments accounted for using the equity method	22,593	22,292	23,428
Other non-current financial assets	383	352	445
Other non-current assets	3,991	3,991	4,560
Deferred tax assets	10,170	10,538	7,647
Total non-current assets	**105,296**	**100,983**	**99,923**
Current assets			
Trade receivables	34,498	35,131	30,386
Inventories	42,375	38,895	38,822
Other receivables and current assets	7,744	8,016	8,918
Cash and cash equivalents	17,156	15,075	18,670
Total current assets	**101,773**	**97,117**	**96,796**
TOTAL ASSETS	**207,069**	**198,100**	**196,719**

(thousands of Euro)

EQUITY AND LIABILITIES	31/03/2019	31/12/2018	31/03/2018
Group shareholders' equity			
Share capital	11,250	11,250	11,250
Other reserves	49,033	43,931	45,474
Profit (loss) of the period	603	4,671	-1,123
Total equity attributable to the shareholders of the parent	**60,886**	**59,852**	**55,601**
Minority interests	-298	-276	-674
TOTAL EQUITY	**60,588**	**59,576**	**54,927**
Non-current liabilities			
Non-current bank loans	23,117	23,055	26,813
Other non-current financial liabilities	24,428	24,427	29,790
Non-current right-of-use liabilities	2,991	0	0
Provisions for risks and charges	5,652	5,443	9,045
Defined benefit plans	1,709	1,646	2,027
Deferred tax liabilities	433	339	457
Total non-current liabilities	**58,330**	**54,910**	**68,132**
Current liabilities			
Bank overdrafts and short-term loans	25,026	16,203	13,049
Other current financial liabilities	4,282	4,262	2,792
Current right-of-use liabilities	1,470	0	0
Trade payables	49,592	55,166	49,168
Tax liabilities	1,728	2,385	3,265
Other current liabilities	6,053	5,598	5,386
Total current liabilities	**88,151**	**83,614**	**73,660**
TOTAL EQUITY AND LIABILITIES	**207,069**	**198,100**	**196,719**

(thousands of Euro)

STATEMENT OF CASH FLOWS	31/03/2019	31/03/2018
Cash flow from operating activities		
Profit (Loss) before taxes of the period	1,456	-132
Adjustments for:		
Depreciation	1,119	1,233
Amortization of intangible assets	1,488	1,421
Amortization of right-of-use assets	558	0
Imperment losses on intangible assets	-21	-30
impairment loss on trade receivables	1	20
Net finance costs including forex exchange	709	1,138
Net gains/losses on trade receivables	110	873
	5,420	**4,523**
Changes in:		
inventories	-3,480	-2,260
trade and other receivables	764	-2,678
trade and other paybles	-5,530	1,266
provisions and employee benefits	219	-2,953
Cash generated from operating activities	**-2,607**	**-2,102**
Interest paid	-380	-1,159
Interest received	8	5
income taxes paid	-881	-239
Net cash flow from (for) operating activities	**-3,860**	**-3,495**
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	21	8
Acquisition of property, plant and equipment	-579	-139
Acquisition of intangible assets	-302	-56
Development expenditure	-1,409	-455
Net cash used in investing activities	**-2,269**	**-642**
Free Cash Flow	**-6,129**	**-4,137**
Cash flow from financing activities		
Repayments of right-of-use liabilities	-631	0
Bond repayments	0	0
Disbursements (reimbursement) of medium/long-term loans	-5	0
Change in short-term bank debts	8,781	5,275
Net cash from (used in) financing activities	**8,145**	**5,275**
Net increase (decrease) in cash and cash equivalents	**2,016**	**1,138**
Cash and cash equivalents as at 1 January	15,075	17,779
Effect of exchange rate fluctuations on cash held	65	-247
Cash and cash equivalents at the end of the period	**17,156**	**18,670**

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