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Testo del comunicato

Vedi allegato.

Landi Renzo: Board of Directors approves H1 2019 results

- **The Group confirmed a positive net result, further strengthening its positioning in the OEM channel**
- **New credit facilities by leading Italian banks:**
  - **Previous financial debt repaid in full**
  - **New investments in R&D activities**

- **Consolidated revenues amounted to €102 million, increasing (+4.9%) compared to €97.3 million at June 30, 2018.**
- **EBITDA at €13.3 million (13% of revenues), up 4.6% compared to the same period of the previous year (€12.7 million)**
- **Adjusted EBITDA at €13.6 million, in line with the figure at June 30, 2018 (€14.1 million)**
- **Net result at €2.9 million, sharply improving compared to €1.7 million at June 30, 2018**
- **Net Financial Debt at €60.7 million (at €53.7 million before the application of IFRS 16), essentially in line with the figure at December 31, 2018 before the application of IFRS 16 (€52.9 million)**

Cavriago (RE), September 11, 2019

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the First Half Financial Report at June 30, 2019. The H1 2019 results were positive both in terms of revenues and net result, in line with management's forecasts and the 2018-2022 Strategic Plan. The Group kept adequate levels of profitability consistent with the budget, despite a higher ratio to revenues of sales within the OEM channel, whose margins are generally lower than those generated on the After Market channel. The Group continued to report a positive net result (€2,886 thousand), further improving on H1 2018 (€1,692 thousand). Landi Renzo, which aims at keeping a central role in the mobility of the future, also forged ahead its R&D activities regarding several projects started in 2018, in addition to launch new initiatives with international partners.

"*In the first half of 2019, the market further confirmed our strong positioning within the automotive sector, and in the OEM channel in particular, as well as in the After Market channel. We are increasingly recognised by our international customers as an efficient, reliable strategic supplier/partner which offers high quality and innovative components and systems,*" commented **Stefano Landi**, **Chairman of Landi Renzo S.p.A.**

Cristiano Musi, Chief Executive Officer of Landi Renzo S.p.A., stated: *"At a time of what I would call a transition for the automotive sector, we ended the first half of the year with a net profit of nearly twice that of 2018, and sound prospects for the second half of the year and future years. The strong results achieved in the first half of this year build further on the excellent work done over the past two years in implementing efficiency-enhancement and performance-improvement policies and programmes. We are also reaping the first fruits of our strategic repositioning on OEM and After Market clients at the global level. In addition, partly thanks also to the reinforcement of our existing R&D team of top-tier professionals, which was joined by experienced new members from the gas-mobility and hydrogen-based solutions sector, we completed the initial development of new components for the HD segment — both LNG and hydrogen — and are now poised to take up the role of system integrator on the HD segment. During this first half of the year, we also won new contracts and orders from leading international OEMs in the Passenger Car segment. We are also continuing the collaboration that began in the second quarter of 2019 with Hydrogenics, a leading global designer, manufacturer and installer of modules for hydrogen generation, fuel cells and energy storage, for the development of hydrogen-based fuel cell systems and* *components. In addition, we are satisfied with the further improvement in performance achieved in the second quarter by our joint venture Safe&Cec, operating in the gas distribution sector, which was awarded new contracts at the global level in both the CNG and biomethane segments and which broke even in the second quarter. We are working on updating the Strategic Plan, which will be ready by the end of the year, in the light of the various strategic opportunities that have emerged and are taking shape."*

Consolidated Financial Highlights at June 30, 2019

In H1 2019, Landi Renzo Group's **revenues** amounted to €102,035 thousand, up 4.9% compared to the same period of the previous year (€97,296 thousand). This result was mainly driven by sales within the **OEM** channel (43.5% of total revenues compared to 38.9% at June 30, 2018), which grew by 17.3% owing chiefly to the order backlog of some European leading car manufacturers that have been partnering with Landi Renzo for years and are focusing on LPG bifuel engines to broaden their "green" offering.

At June 30, 2019, revenues from sales on the **After Market** channel totaled €57,620 thousand, slightly decreasing compared to the same period of the previous year (€59,423 thousand), mainly due to the decline in the Rest of the World geographical area and the instability currently experienced by South America, which however started to show signs of recovery in the second quarter of 2019.

In H1 2019, 80.7% of revenues were generated abroad (48.7% in Europe and 32% outside Europe), in line with figures at June 30, 2018 (80.5%). This result further confirmed the strong international dimension of Landi Renzo, which reinforced its competitive position worldwide.

In detail:

- **Italy** accounted for 19.3% of total revenues (19.5% in H1 2018), with a 4.1% increase in sales compared to the first half of 2018 that mainly reflected the good performance of the OEM channel;
- the rest of **Europe** accounted for 48.7% of total sales (42.1% in H1 2018), up by 21.4%, primarily due to the increased OEM channel sales to several leading car manufacturers which are focusing on LPG bifuel engines to broaden their "green" offering;
- **America** recorded sales of €13,440 thousand for the first six months of 2019, down by 10.8%, essentially attributable to the current difficult situation that hindered the Brazilian market, particularly in the first quarter of the year;
- the markets in **Asia and the Rest of the World** declined (-14.2% compared to H1 2018), as a result of the reduction of the positive effects generated by the gas mobility incentives granted by some countries as of the previous year.

In H1 2019, **Adjusted EBITDA** was positive at €13,612 thousand (13.3% of revenues), substantially in line with the same period of the previous year (€14,077 thousand).

EBITDA was positive at €13,272 thousand (+4.6% compared to the same period of the previous year), including €340 thousand non-recurring costs for strategic advisory.

EBIT for the reporting period was positive at €7,007 thousand (€7,460 thousand at June 30, 2018), after amortization, depreciation and impairment losses amounting to €6,265 thousand (€5,223 thousand at June 30, 2018). The increase in amortization, depreciation and impairment losses was mainly attributable to the application of IFRS 16 – *Leases*.

EBT was positive for €4,527 thousand, improving compared to H1 2018 (€3,426 thousand). **Net result** at June 30, 2019 amounted to €2,886 thousand, sharply increasing compared to the same period of 2018 (€1,692 thousand).

Net Financial Debt totaled €60,709 thousand, of which €6,980 thousand due to the application of IFRS 16 – *Leases*. In a like-for-like comparison that does not consider the effects arising from the application of this standard, Net Financial Debt at June 30, 2019 would have been €53,729 thousand, essentially in line with that at December 31, 2018 (€52,872 thousand), but sharply improving compared to the first quarter of 2019 (€59,697 thousand at March 31, 2019). This result is particularly positive in light of the Group's significant investments in product development projects for the OEM channel (both LNG and CNG products).

Performance of the Gas Distribution and Compressed Natural Gas operating business

The Landi Renzo Group operates directly in the automotive sector alone, whereas in the Gas Distribution and Compressed Natural Gas it operates indirectly through its joint venture SAFE&CEC S.r.l.
In 2017, the Gas Distribution and Compressed Natural Gas business was subject to a strategic business combination agreement with Clean Energy Fuels Corp aimed at creating the number-two Group 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 2019, the results of the **Gas Distribution and Compressed Natural Gas** business improved compared to H1 2018, with consolidated net sales of €28,825 thousand (+9.5% compared to June 30, 2018), adjusted EBITDA at €1,985 thousand (€568 thousand at June 30, 2018) and a loss after taxes of €394 thousand (compared to a €2,558 thousand loss at June 30, 2018).
In addition, 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 network servicing both cars and heavy vehicles. Under this five-year partnership agreement, SAFE S.p.A. will be responsible for supplying and installing the assets (i.e., equipment including compressor, driver, dispenser, control and storage system) in the first three years, whereas in the subsequent two years it will be providing the relating maintenance services.

New credit facilities

In light of the ongoing and significant improvement of the Group's economic and financial performance, as well as the favourable market conditions in terms of value of money, in H1 2019 the management undertook significant negotiations with leading financial institutions, aimed at obtaining a new credit facility to repay in full the Group's existing debt arising from the Financial Optimization Agreement entered into in March 2017 and the "LANDI RENZO 6.10% 2015-2022" bond, ISIN code IT0005107237, in addition to be granted a simultaneous reduction in financial expenses.
On June 26, 2019, Landi Renzo S.p.A., Lovato Gas S.p.A. and SAFE S.p.A. (subsidiaries/associates still parties to the Optimization Agreement) formally terminated the Agreement with the financial institutions in question according to the following terms:

- voluntary early repayment of the debt arising from the Optimization Agreement;
- maintenance of outstanding revocable commercial and bank lines of credit and other guarantees from the lenders, including beyond the scope of the Optimization Agreement.

On June 26, 2019, Landi Renzo S.p.A. and a pool of three leading banks (BPM, in the role of mandated lead arranger and bookrunner, Intesa Sanpaolo and UniCredit) entered into a five-year medium-to-long-term loan agreement for a total of €65 million, subject to more favourable economic conditions, which will permit a reduction of financial expenses from current levels, while also improving the Group's debt profile. The financial resources in question were used to repay in full the debt arising from the Optimization Agreement, on June 28, 2019, and the bond, on July 1, 2019, for a total of €55 million. The remainder of the new credit facility will be used to support current and future investments.

Significant events after the close of H1 2019

Between the end of the half-year and up to today's date, it should be noted that on July 1, 2019 the Company paid the bondholders of the "LANDI RENZO 6.10% 2015-2022" bond, ISIN code IT0005107237, a total of €29,064 thousand, of which €28,286 thousand by way of early repayment in full and €778 thousand by way of interest accrued.

Business outlook

In light of the Group's performance in H1 2019, the uncertainties 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., 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 business (consolidated using the equity method) are expected in the range of €65-€70 million, in increase compared to 2018, with an adjusted EBITDA of €6 to €7 million.

Conference call with the financial community – September 12, 2019

The results at June 30, 2019 will be presented by the top managers of the Group to the financial community during a conference call to be held on September 12, 2019, 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.

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.

LANDI RENZO

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Landi Renzo Group – Consolidate Financial Statements

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	30/06/2019	30/06/2018
Revenues from sales and services	102,035	97,296
Other revenue and income	229	163
Cost of raw materials, consumables and goods and change in inventories	-54,346	-46,580
Costs for services and use of third party assets	-19,097	-21,816
Personnel expenses	-14,237	-14,981
Allocation, write-downs and other operating expenses	-1,312	-1,399
Gross Operating Profit	**13,272**	**12,683**
Amortization, depreciation and impairment	-6,265	-5,223
Net Operating Profit	**7,007**	**7,460**
Financial income	49	77
Financial expenses	-2,373	-1,924
Exchange gains (losses)	-253	-1,035
Gains (losses) on equity investments valued using the equity method	97	-1,152
Profit (Loss) before tax	**4,527**	**3,426**
Current and deferred taxes	-1,641	-1,734
Net profit (loss) for the Group and minority interests, including:	**2,886**	**1,692**
Minority interests	-53	-93
Net profit (loss) for the Group	2,939	1,785
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0261	0.0159
Diluted earnings (loss) per share	0.0261	0.0159

(thousands of Euro)

ASSETS	30/06/2019	31/12/2018
Non-current assets		
Land, property, plant, machinery and equipment	11,920	12,745
Development expenditure	7,599	6,932
Goodwill	30,094	30,094
Other intangible assets with finite useful lives	13,386	14,039
Right-of-use assets	7,029	0
Equity investments valued using the equity method	23,011	22,292
Other non-current financial assets	397	352
Other non-current assets	3,991	3,991
Deferred tax assets	9,907	10,538
Total non-current assets	**107,334**	**100,983**
Current assets		
Trade receivables	43,349	35,131
Inventories	39,144	38,895
Other receivables and current assets	8,228	8,016
Current financial assets	2,760	0
Cash and cash equivalents	51,348	15,075
Total current assets	**144,829**	**97,117**
TOTAL ASSETS	**252,163**	**198,100**

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2019	31/12/2018
Shareholders' Equity		
Share capital	11,250	11,250
Other reserves	49,268	43,931
Profit (loss) of the period	2,939	4,671
Total Shareholders' Equity of the Group	**63,457**	**59,852**
Minority interests	-328	-276
TOTAL SHAREHOLDERS' EQUITY	**63,129**	**59,576**
Non-current liabilities		
Non-current bank loans	54,836	23,055
Other non-current financial liabilities	0	24,427
Non-current liabilities for right-of-use	4,991	0
Provisions for risks and charges	5,000	5,443
Defined benefit plans for employees	1,707	1,646
Deferred tax liabilities	419	339
Total non-current liabilities	**66,953**	**54,910**
Current liabilities		
Bank financing and short-term loans	23,518	16,203
Other current financial liabilities	29,483	4,262
Current liabilities for right-of-use	1,989	0
Trade payables	59,231	55,166
Tax liabilities	2,471	2,385
Other current liabilities	5,389	5,598
Total current liabilities	**122,081**	**83,614**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**252,163**	**198,100**

(thousands of Euro)

CONSOLIDATED CASH FLOWS STATEMENT	30/06/2019	30/06/2018
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	4,527	3,426
Adjustments for:		
Depreciation of property, plant and equipment	2,049	2,354
Amortisation of intangible assets	2,974	2,869
Depreciation of right-of-use assets	1,242	0
Loss (profit) from disposal of tangible and intangible assets	-28	-37
impairment loss on receivables	9	83
Net finance expenses	2,577	2,882
Profit (loss) attributable to investments valued using equity method	-97	1,152
	13,253	**12,729**
Changes in:		
inventories	-249	-2,441
trade receivables and other receivables	-8,561	-7,130
trade payables and other paybles	3,823	4,385
provisions and employee benefits	-427	-3,854
Cash generated from operation	**7,839**	**3,689**
Interest paid	-2,128	-1,841
Interest received	14	37
income taxes paid	-1,087	-495
Net cash generated from operating activities	**4,638**	**1,390**
Financial flow from investment		
Proceeds from sale of property, plant and equipment	106	95
Purchase of property, plant and equipment	-1,281	-1,386
Purchase of intangible assets	-341	-100
Development expenditure	-2,641	-1,143
Net cash absorbed by investment activities	**-4,157**	**-2,534**
Free Cash Flow	**481**	**-1,144**
Financial flow from financing activities		
Disbursements (reimbursement) of loans to associates	-2,760	0
Disbursements (reimbursement) of medium/long-term loans	35,815	-1,028
Change in short-term bank debts	3,895	8,673
Repayment of leases IFRS 16	-1,248	0
Net cash generated (absorbed) by financing activities	**35,702**	**7,645**
Net increase (decrease) in cash and cash equivalents	**36,183**	**6,501**
Cash and cash equivalents as at 1 January	15,075	17,779
Effect of exchange rate fluctuations on cash and cash equivalents	90	-1,092
Closing cash and cash equivalent	**51,348**	**23,188**

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