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Testo del comunicato

Vedi allegato.

Landi Renzo: Board of Directors approves results at September 30, 2019

- **The Group reports positive net result for the sixth consecutive quarter**
- **R&D investments continued for developing solutions for the methane, LNG and hydrogen mobility sectors. Partnerships with OEM and Universities**
- **SAFE&CEC's acceleration in the gas distribution sector, with a positive net result and double the adjusted EBITDA of the previous year**

- Consolidated revenues amounted to €137.9 million, in line with the same period of the previous year (€138.1 million)
- EBITDA at €17.3 million (12.5% of revenues) compared to €17.5 million at September 30, 2018
- Adjusted EBITDA at €18.1 million (€19.1 million at September 30, 2018)
- EBIT positive for €8.2 million, in slight decrease compared to September 30, 2018 (€9.6 million)
- Net result at €3.1 million, sharply improving (+35.9%) compared to €2.3 million at September 30, 2018
- Net Financial Debt at €68 million (€61.2 million before the application of IFRS 16 – *Leases*); €52.9 million at December 31, 2018

Cavriago (RE), November 8, 2019

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the Interim Report at September 30, 2019. The results for the first nine months of the year were positive, in line with the management's expectations, despite the impact on the third quarter of a decline in orders in the OEM sales channel following the phase-out of the current Euro 6 engines, in view of the upcoming entry into force of the new emissions limits imposed by the European Community.
In the first nine months of 2019 the Landi Renzo Group reported essentially stable revenues and a sharp increase in net result (€3,132 thousand compared to €2,304 thousand in the first nine months of 2018).

"The Landi Renzo Group reported a positive net result also for the third quarter of the year, within a challenging economic environment, and at a time when the automotive sector is undergoing a major transformation, in view of increasingly strict emissions regulatory requirements and growing environmental awareness amongst consumers. We are ready and willing to take advantage of all the opportunities that the growth of gas mobility has in store for us, now and in the near future," commented **Stefano Landi, Chairman of Landi Renzo S.p.A.**

"I am satisfied with the Group's performance in the third quarter of 2019," stated **Cristiano Musi, Chief Executive Officer of Landi Renzo S.p.A.** "Even though it was a particularly challenging quarter for the automotive sector, our results for the first nine months of the year are further proof that we have made the right strategic decisions in recent years, also thanks to the solid foundations laid together with a capable, well-prepared management team. We are also further developing our strategic project and finalizing the first products and solutions in methane, LNG and hydrogen mobility, with particular reference to the Heavy Duty segment, with the new products for several major industry operators that are in their advanced validation phase. With regard to hydrogen mobility, the first commercial opportunities are emerging and projects for the development of new products forge ahead in partnership with some of our OEM clients and

research centers/universities.
I am also particularly proud of the Q3 results of our joint venture SAFE&CEC in the gas distribution sector, which improved all its financial performance indicators, with a significant increase in revenues, a positive net result for the period and double the adjusted EBITDA of the same period of the previous year. The gas and biomethane — and, in the near future, the hydrogen — distribution sector is strategic to Landi Renzo and to Italy, and we are certain we are in the position to make an important contribution to developing the infrastructure network of this industry to ensure the further spread of gas and hydrogen mobility."

Consolidated Financial Highlights at September 30, 2019

In the first nine months of the year, the Landi Renzo Group's revenues amounted to €137,910 thousand, in line with the same period of the previous year (€138,083 thousand). This result is even more significant in light of the impact on the third quarter of the decline in orders in the OEM sales channel following the phase-out of the current Euro6 engines, in view of the upcoming entry into force of the new emissions limits imposed by the European Community. Nonetheless, the Group's sales within the OEM channel in the first nine months of 2019 accounted for 42.1% of total revenues (up compared to 37.7% for the same period of the previous year). September 30, 2019 revenues from sales on the After Market channel declined in the first nine months of 2019 mainly due to the downtrend in the "Asia and the Rest of the World" geographical areas resulting from the reduction of the positive effects generated by the gas mobility incentives granted by some countries as of the previous year.

Landi Renzo generated 81.1% of its revenues abroad (45.2% in Europe and 35.9% outside Europe), in line with the same period of the previous year. This result further confirmed the very strong international dimension of the Group, which reinforced its competitive position on global markets. The breakdown of revenues by geographical area is as follows:

- Italy accounted for 18.9% of total revenues, up 3.5% in absolute terms (€26,114 thousand) compared to September 30, 2018 (€25,224 thousand) thanks to the good performance of the OEM channel as regards vehicles equipped with LPG and methane-powered systems and to the stability of the After Market segment in terms of number of conversions compared to the same period of the previous year;

- the rest of Europe accounted for 45.2% (€62,344 thousand) of total revenues (42.2% in the first nine months of 2018), up 6.9% compared to the same period of the previous year, mainly as a result of the increased OEM channel sales to several leading car manufacturers which are developing their green offering, however offset by a decline in the third quarter in sales due to the shift from Euro6 to Euro6d-Temp engines imposed by the European Community;

- Sales in America for the first nine months of 2019, which in the first quarter had been affected by the Brazilian market's difficulties, accounted for 16.6% of total revenues (16.7% for the same period of 2018) and amounted to €22,901 thousand, in line with the same period of the previous year (€23,048 thousand), thanks to the Group's expansionary trade policies in this area;

- the markets of Asia and the Rest of the World, which accounted for 19.3% of total revenues, declined (-15.7% compared to the first nine months of 2018), with sales amounting to €26,551 thousand.

At September 30, 2019, **adjusted EBITDA** amounted to €18,068 thousand (13.1% of revenues), compared to €19,134 thousand for the same period of the previous year (13.9% of revenues). This result is even more significant when considering the sharp sales increase compared to the previous year within the OEM channel, whose margins are markedly lower than those generated on the After Market channel. This confirms the efficacy of the cost-cutting strategies launched by the management, particularly with regards to fixed costs.

EBITDA for the first nine months of 2019 was positive at €17,263 thousand, essentially in line with the same period of the previous year. Moreover, non-recurring costs for strategic advisory (€805 thousand) halved compared to the same period of the previous year (€1,617 thousand).

EBIT for the reporting period was positive at €8,212 thousand (€9,572 thousand at September 30, 2018), after amortization, depreciation and impairment losses amounting to €9,051 thousand (€7,945 thousand at September 30, 2018). The increase in amortization, depreciation and impairment losses was mainly attributable to the application of IFRS 16 – *Leases*.

Net financial expenses amounted to €3,634 thousand, down compared to the same period of 2018 (€4,109 thousand).

At September 30, 2019, **EBT** was positive at €4,893 thousand (positive at €4,221 thousand at September 30, 2018) net of €315 thousand gains on equity investments. Net result for the period was positive at €3,132 thousand, compared to a positive €2,304 thousand for the same period of 2018.

Net Financial Debt totaled €67,955 thousand, of which €6,765 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 September 30, 2019 would have been €61,190 thousand, increasing compared to the same period of the previous year (€56,633 thousand) and to December 31, 2018 (€52,872 thousand). This increase is mainly related to the seasonal nature of the suppliers' payments and the need for higher inventories to handle the portfolio orders that are to be delivered in the coming months, in addition to the significant investments made in the period (€3,678 thousand) for projects aimed at developing new products, in particular as regard LNG and CNG solutions within the OEM channel.

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 the first nine months of 2019, the results of the Gas Distribution and Compressed Natural Gas business improved compared to the same period of the previous year, with consolidated net sales of €46,930 thousand (+16.4% compared to September 30, 2018), adjusted EBITDA at €3,849 thousand (€1,457 thousand at September 30, 2018) and a profit after taxes of €55 thousand (compared to a €2,705 thousand loss at September 30, 2018).
Following the important contracts that the Group delivered in the third quarter of 2019, the SAFE&CEC Group can now boast a significant and greater-than-expected order backlog.

Business outlook

In light of the Group's performance in the first nine months of 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, up compared to 2018, with an adjusted EBITDA of €6 to €7 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/en.

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 S.P.A.

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LANDIRENZO GROUP

Landi Renzo Group – Consolidate Financial Statements

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	30/09/2019	30/09/2018
Revenues from sales and services	137,910	138,083
Other revenue and income	315	249
Cost of raw materials, consumables and goods and change in inventories	-71,083	-65,433
Costs for services and use of third party assets	-27,965	-32,259
Personnel expenses	-20,169	-21,115
Allocation, write-downs and other operating expenses	-1,745	-2,008
Gross Operating Profit	**17,263**	**17,517**
Amortization, depreciation and impairment	-9,051	-7,945
Net Operating Profit	**8,212**	**9,572**
Financial income	75	106
Financial expenses	-3,178	-2,839
Exchange gains (losses)	-531	-1,376
Gains (losses) on equity investments valued using the equity method	315	-1,242
Profit (Loss) before tax	**4,893**	**4,221**
Current and deferred taxes	-1,761	-1,917
Net profit (loss) for the Group and minority interests, including:	**3,132**	**2,304**
Minority interests	-53	-107
Net profit (loss) for the Group	3,185	2,411
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0283	0.0214
Diluted earnings (loss) per share	0.0283	0.0214

LANDIRENZO GROUP

(thousands of Euro)

ASSETS	30/09/2019	31/12/2018	30/09/2018
Non-current assets			
Land, property, plant, machinery and equipment	11,141	12,745	12,501
Development expenditure	7,685	6,932	4,776
Goodw ill	30,094	30,094	30,094
Other intangible assets w ith finite useful lives	12,968	14,039	14,487
Right-of-use assets	6,360	0	0
Equity investments valued using the equity method	23,594	22,292	23,059
Other non-current financial assets	404	352	373
Other non-current assets	3,420	3,991	3,990
Deferred tax assets	9,610	10,538	7,262
Total non-current assets	**105,276**	**100,983**	**96,542**
Current assets			
Trade receivables	34,064	35,131	33,793
Inventories	43,494	38,895	45,424
Other receivables and current assets	7,049	8,016	7,956
Current financial assets	2,760	0	0
Cash and cash equivalents	17,631	15,075	17,224
Total current assets	**104,998**	**97,117**	**104,397**
TOTAL ASSETS	**210,274**	**198,100**	**200,939**

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/09/2019	31/12/2018	30/09/2018
Shareholders' Equity			
Share capital	11,250	11,250	11,250
Other reserves	48,943	43,931	44,192
Profit (loss) of the period	3,185	4,671	2,411
Total Shareholders' Equity of the Group	**63,378**	**59,852**	**57,853**
Minority interests	-323	-276	-742
TOTAL SHAREHOLDERS' EQUITY	**63,055**	**59,576**	**57,111**
Non-current liabilities			
Non-current bank loans	55,060	23,055	24,614
Other non-current financial liabilities	0	24,427	26,560
Non-current liabilities for right-of-use	4,810	0	0
Provisions for risks and charges	3,270	5,443	6,162
Defined benefit plans for employees	1,726	1,646	1,753
Deferred tax liabilities	425	339	405
Liabilities for derivative financial instruments	357	0	0
Total non-current liabilities	**65,648**	**54,910**	**59,494**
Current liabilities			
Bank financing and short-term loans	26,102	16,203	18,699
Other current financial liabilities	419	4,262	3,984
Current liabilities for right-of-use	1,955	0	0
Trade payables	46,614	55,166	54,562
Tax liabilities	1,684	2,385	1,807
Other current liabilities	4,797	5,598	5,282
Total current liabilities	**81,571**	**83,614**	**84,334**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**210,274**	**198,100**	**200,939**

(thousands of Euro)

CONSOLIDATED CASH FLOWS STATEMENT	30/09/2019	30/09/2018
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	4,893	4,221
Adjustments for:		
Depreciation of property, plant and equipment	3,017	3,629
Amortisation of intangible assets	4,414	4,316
Depreciation of right-of-use assets	1,620	0
Loss (profit) from disposal of tangible and intangible assets	-35	-57
impairment loss on receivables	6	99
Net finance expenses	3,634	4,109
Profit (loss) attributable to investments valued using equity method	-315	1,242
	17,234	**17,559**
Changes in:		
inventories	-4,599	-8,862
trade receivables and other receivables	2,472	-4,575
trade payables and other paybles	-8,543	3,947
provisions and employee benefits	-2,143	-6,411
Cash generated from operation	**4,421**	**1,658**
Interest paid	-3,028	-2,956
Interest received	68	49
income taxes paid	-1,876	-735
Net cash generated (absorbed) from operating activities	**-415**	**-1,984**
Financial flow from investment		
Proceeds from sale of property, plant and equipment	111	57
Purchase of property, plant and equipment	-1,928	-1,747
Purchase of intangible assets	-409	-140
Development expenditure	-3,678	-1,840
Net cash absorbed by investment activities	**-5,904**	**-3,670**
Free Cash Flow	**-6,319**	**-5,654**
Financial flow from financing activities		
Disbursements (reimbursement) of loans to associates	-2,760	0
Bond issue (repayments)	-28,286	-2,364
Disbursements (reimbursement) of medium/long-term loans	40,815	-2,048
Change in short-term bank debts	533	11,099
Repayment of leases IFRS 16	-1,713	0
Net cash generated (absorbed) by financing activities	**8,589**	**6,687**
Net increase (decrease) in cash and cash equivalents	**2,270**	**1,033**
Cash and cash equivalents as at 1 January	15,075	17,779
Effect of exchange rate fluctuations on cash and cash equivalents	286	-1,589
Closing cash and cash equivalent	**17,631**	**17,223**

Fine Comunicato n.0915-35	Numero di Pagine: 9