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Testo del comunicato

Vedi allegato.

Landi Renzo: Board of Directors approves the interim results at March 31, 2020

- Main operating and financial indicators impacted by the effects of the Covid-19 pandemic

- Financial solidity confirmed by an adequate level of liquidity that ensures business continuity

- Positive net result and an increase in value of production reported by the joint venture Safe&Cec, operating in the gas distribution sector

- Consolidated revenues amounted to €37.2 million, declining compared to €43.8 million at March 31, 2019, despite a growing order backlog compared to the same period of the previous year
- EBITDA decreased to €2.4 million, accounting for 6.6% of revenues (€5.4 million at March 31, 2019)
- Adjusted EBITDA amounted to €2.9 million, accounting for 7.8% of revenues (12.4% at March 31, 2019)
- EBIT negative for €603 thousand (positive for €2.3 million at March 31, 2019)
- EBT negative for €1.6 million (positive for €1.5 million at March 31, 2019)
- Negative net result at €1.4 million, compared to a positive net result of €590 thousand at March 31, 2019
- Net Financial Debt at €69.8 million (net financial debt at €64.2 million at March 31, 2019), after investments in development projects for the OEM channel and the Heavy Duty market for €2.8 million
- The Board of Directors resolved not to proceed to the buy-back and disposal of treasury shares in 2020
- The Board of directors amended the Regulation for the increase in voting rights in order to comply with the latest interpretative orientation expressed by Consob in communication no. 0214548 of 18 April 2019

Cavriago (RE), May 15, 2020

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the Interim Report at March 31, 2020. The main operating indicators for this first quarter of the year were weighted down by the effects of the Covid-19 pandemic, with the automotive sector among those most severely affected since the outbreak of the epidemic. Market globalization has amplified the effects of this crisis and has led several OEM manufacturers to halt their production. Sales in March were especially impacted, when the lockdown measures were introduced in Italy and other European countries. They also reflected the effects of the different sales mix than in the same period of the previous year, due mainly to increasing sales to a major OEM customer, with which an important contract was signed for the supply of LPG engine components, with strong prospects for the coming years and particularly competitive sales prices. Nonetheless, the Group's financial situation remains solid and, likewise, the level of liquidity is adequate to ensure the business continuity and the continuation of R&D projects undertaken by Landi Renzo, in particular in the Heavy Duty segment.
Moreover, partnerships continued with international and national players, aimed at fostering the development of gas mobility — firstly with Snam4Mobility —, as well as with universities and research centers with reference to hydrogen mobility projects.

“We are in the midst of an unprecedented emergency situation that has disrupted our lives and is putting severe strain on the global economy,” commented Stefano Landi, Chairman of Landi Renzo S.p.A. “The Group immediately took timely measures to protect the health of its workers, in Italy and abroad, and implemented new procedures for working safely, thus ensuring the continuity of production until the lockdown ordered by the Italian government. However, the team continued to work remotely for the entire period, and we then resumed production in mid-April to prepare ourselves gradually for a return to the office in the new normality. I would like to thank all our employees for the great resilience they have shown during this period."

"After the growth trend enjoyed by the Group over the past three years, we are now suffering the repercussions of this pandemic, with the lockdown and its obvious impact on sales in the first quarter, even though our backlog in March was much larger than in the same period of 2019," added Cristiano Musi, Chief Executive Officer of Landi Renzo S.p.A. "We entered this period financially solid and this allowed us to mount an optimal response to the situation. We continued to focus on our customers, while with the team we immediately launched a series of measures designed to ensure effective management of operations, with an emphasis on cost-cutting and supply chain management, in addition to continuing research and development activities on new products and projects. In March, together with universities in Modena and Reggio Emilia, we were awarded a contract by the Emilia Romagna Region, to develop studies and research on fuel cell systems and hydrogen production, in addition to a grant obtained by Landi Renzo USA to develop near zero emission technologies applied to the new "7.3 liter" gas engines to be launched in the United States in the coming years. Research will remain the focus of our activity, even more so at this historic time, when innovation is the true driver of growth. We are also convinced that this pandemic has made us even more aware of the importance of respect for the environment and the need to develop sustainable mobility solutions, in which gas and hydrogen will play a crucial role.
In gas distribution, our joint venture SAFE&CEC S.r.l. continued to report a positive net result and value of production growth even during this first quarter of the year, propelled by an order backlog of over €50 million, up sharply on 2019, once again confirming the Group's strong presence on the market and considerable potential of its business."

Consolidated Financial Highlights at March 31, 2020

The first quarter of 2020 suffered the effects of the global spread of the Covid-19 pandemic, which entailed a significant decline in sales beginning in March. In addition, the increasing competition on the OEM market exerted pressure on prices, which was reflected in the channel's margins, with the resulting greater ratio to fixed costs on sales, despite the Group's prompt cost-containment initiatives.

The Group's total revenues for the first three months of the year 2020 amounted to €37,170 thousand, down by €6,628 thousand (-15.1%) compared to the same period of the previous year. Said reduction is substantially attributable the effects arising from the spread of Covid-19 at the global level and the ensuing lockdown imposed by the governments of the Countries that have been most affected by the pandemic. The management has estimated the sales that the Group could have reported in the quarter on the basis of the orders in the backlog and delivery forecasts, in the absence of the negative effects of Covid-19, at over €45 million, exceeding those of the first quarter of 2019. This is a confirmation of the growing interest of the market for the gas mobility market.

Revenues of the OEM channel, amounting to €17,195 thousand, accounted for 46.3% of the Group's total revenues (45.5% at March 31, 2019) and are chiefly attributable to the orders from several leading European car manufacturers that are focusing on LPG bifuel engines to broaden their green offering, thus confirming the role of Landi Renzo as their strategic partner. The 13.8% (or €2,742 thousand) revenue decline on this channel is also due to the temporary closure of customers' plants as a result of the spread of the Covid-19 pandemic.
Revenues from sales on the After Market channel decreased during the first quarter reaching €19,975 thousand (€23,861 thousand in the same period of the previous year), and are chiefly due to orders from both national and foreign wholesalers and authorized installers.

With regard to the geographical breakdown of revenues, in the first three months of 2020 82.1% of the Group's consolidated revenues were generated abroad (79.8% at March 31, 2019), of which 55.3% in Europe and 26.8% outside Europe. The spread of the epidemic has hit transversally all markets, also as a result of the increasing interconnection of the same within a more and more globalized context.

In detail:

- Italy accounted for 17.9% of total revenues (20.2% in Q1 2019), down by 24.8% compared to the same period of the previous year. According to data of the association of foreign carmakers operating in Italy (UNRAE), vehicle registrations in the first quarter of 2020 decreased by 35.2% compared to the same period of the previous year, due to the spread of the Covid-19 and the ensuing lockdown, which generated a 85.4% reduction of registrations in March and a further worsening in April that witnessed registrations close to zero (-97.5%).
- The rest of Europe accounted for 55.3% of total revenues (51.3% in Q1 2019), down by 8.5%, chiefly due to the closure of plants by several leading car manufacturers as a result of the lockdown imposed by the relevant national governments to address the Covid-19 pandemic.
- America recorded sales of €3,851 thousand for the first three months of the year, substantially stable compared to the same period of the previous year (€4,124 thousand), since it has been impacted the Covid-19 only at a later stage. However, the political and economic instability witnessed by some of American countries during the quarter led to the depreciation of their currencies against Euro, with significant effects on sales forecasts for the following months.
- The markets in Asia and the Rest of the World accounted for 16.5% of total revenues (19.1% in the first three months of 2019), down by 26.9% as a result of the effects of Covid-19, particularly in the North Africa area.

In the first three months of 2020, Adjusted EBITDA was positive at €2,884 thousand (7.8% of revenues), net of non-recurring costs of €444 thousand, down compared to the same period of the previous year (€5,439 thousand or 12.4% of revenues).

EBITDA was positive at €2,440 thousand (6.6% of revenues), down by 55.1% compared to the same period of the previous year (€5,439 thousand).

EBIT for the reporting period was negative at €603 thousand (positive at €2,275 thousand at March 31, 2019), after amortization, depreciation and impairment losses totaling €3,043 thousand (€3,164 thousand at March 31, 2019), of which €519 thousand due to the application of IFRS 16 - Leases (€558 thousand at March 31, 2019).

EBT was negative at €1,551 thousand (positive at €1,456 thousand at March 31, 2019). Net loss for the period at March 31, 2020 was €1,374 thousand, compared to a €590 thousand net result of the Group and minority interests in the same period of 2019.

Net Financial Debt totaled €69,811 thousand, compared to a net financial debt of €61,767 thousand at December 31, 2019 and of €64,158 thousand at March 31, 2019. In particular, the Net Financial Debt increase at March 31, 2020 is mainly attributable to higher inventories and investments aimed at supporting new product development projects for the OEM channel and the Heavy Duty market. Excluding the effects arising from the application of IFRS 16 - Leases (amounting to €6,181 thousand) and the fair value of derivative contracts (amounting to €159 thousand), Net Financial Debt at March 31, 2020 would have been €63,471 thousand, after €2,830 thousand investments. Management has devoted particular attention to the Group's financial situation, expected cash flows and the financing options proposed by the government in support of businesses, of which the Group intends to avail itself to reinforce its financial structure and increase the available liquidity. In view of this, Landi Renzo signed a new loan agreement for €3 million with a term of 48 months with a major Italian credit institution, intended to ensure a level of liquidity adequate to supporting current operations. Management also contacted major financial institutions for access to the relief available under Decree-Law No. 23 of April 8, 2020 (so called "Liquidity Decree"). The Group's financial situation is currently deemed to be under control, considering the liquidity available as at March 31, 2020, amounting to €21.6 million.

Performance of the Gas Distribution and Compressed Natural Gas operating business

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 three months of 2020, the Gas Distribution and Compressed Natural Gas business reported a consolidated value of production of €14,283 thousand (+14.7% compared to March 31, 2019), adjusted EBITDA positive at €273 thousand (€338 thousand at March 31, 2019) and a profit after taxes of €42 thousand (compared to a €291 thousand loss at March 31, 2019).

As a result of the lockdown imposed by the Government, production has been temporarily halted at the Group's Italian plant. Conversely, production at the Canadian plant has continued since said country has been slightly affected by the epidemic. This allowed the Group to contain the negative effects of the pandemic on its financial results, as well as to reach levels of turnover exceeding those in the same period of the previous year. On the basis of the estimates by the management and with reference to the existing orders, the value of production of the first three months of 2020 would have been even higher compared to the same period of the previous year if no lockdown has been imposed, thus confirming the good performance of the Group and the soundness of its business. Despite the order backlog of the SAFE&CEC Group exceeds that of the previous year, the spread at the global level of the Covid-19 pandemic is creating significant delays in completing ongoing contracts.

Significant events after the close of the first three months of 2020

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

- On April 29, 2020 the majority shareholders Girefin S.p.A. and Gireimm S.r.l., holding 54.662% and 4.444% of the share capital and 68.709% and 5.587% of total voting rights, respectively, gave notice of their intention to vote against the proposal on the third item of the agenda for the General Shareholders' Meeting of May 8, 2020 with regard to the authorization for the buy-back and disposal of treasury shares. This vote against the proposal was motivated solely by the desire to avoid preventing the Company from possibly being eligible for the business liquidity support measures introduced by the Liquidity Decree. In fact, Article 1, paragraph 2, letter i) of the Liquidity Decree includes among the conditions for benefiting from the credit access relief that the requesting company and all other companies of the group to which it belongs must not have approved share buy-back in 2020.
- On May 8, 2020, the Shareholders' Meeting of Landi Renzo S.p.A. resolved, *inter alia*:
    - to allocate the net profit, amounting to €2,705,828.03, to the reserves, and in particular, provided that legal reserve has already reached one fifth of share capital, €360,174.74 to a restricted reserve for equity investments measured at equity (pursuant to Article 6, paragraph 1, letter a), of Legislative Decree No. 38/2005), and the remaining, amounting to €2,345,653.29, to the extraordinary reserve;
    - to approve, with reference to the Report on Remuneration Policy and Remuneration Paid, drawn up pursuant to Articles 123-*ter* of Legislative Decree No. 58/98 and 84-*quater* of the Regulation approved through Consob Resolution No. 11971 of May 19, 1999, section I, pursuant to Article 123-*ter*, paragraph 3-*bis*, of Legislative Decree No. 58/98, and cast a favorable vote on section II, pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree No. 58/98;

- not to approve the proposal relating to the authorization for the buy-back and disposal of treasury shares, after prior revocation of the resolution passed by the General Shareholders' Meeting on April 29, 2019, to the extent not executed;
- to amend the Article 6-*bis* of the Articles of Association with regard to the increase of voting rights so as to bring it in line with the most recent Consob interpretation.

▪ Following the easing of the lockdown measures in May, after full sanitization of the facilities and reorganization of internal procedures to ensure that safe distancing rules are observed, the plants in Italy, Poland and Romania were reopened. Although activity is limited as a result of the current situation of uncertainty on the international markets, the Group is nonetheless striving to ensure that the situation is managed optimally and to prepare for the market recovery phase.

Resolutions relating to the buy-back and disposal of treasury shares in 2020

It should be noted that — in light of the fact that the General Shareholders' Meeting held on last May 8 did not approve the proposal relating to the authorization for the buy-back and disposal of treasury shares, after prior revocation of the resolution passed by the General Shareholders' Meeting on April 29, 2019 (to the extent not executed) — the authorization approved by the General Shareholders' Meeting on April 29, 2019 will remain valid and effective until October 29, 2020.
In this regard, in order to avoid preventing the Company from possibly being eligible for the business liquidity support measures introduced by the above-mentioned Liquidity Decree, the Board of Directors resolved today not to proceed to the buy-back or disposal of treasury shares in 2020.

Regulation for the increase in voting rights

The Board of Directors approved to amend the Regulation for the increase in voting rights – approved by the Board of Directors on 27 August 2015 – in order to make such Regulation compliant with Consob's latest interpretative orientation on increase in voting rights and to the new provisions of the Articles of Association approved by the Shareholders' Meeting on 8 May 2020. In particular, the approved amendments are aimed at ensuring that the right to increased voting rights is automatically recognized after the elapse of the twenty-four month period of continuous possession from the date of registration in the special list established by the Company in accordance with article 127-quinquies, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, as amended and supplemented, without the need for this circumstance to be certified by a specific statement from the authorized financial intermediary on which the financial instruments are registered.

The Regulation for the increase in voting rights approved by today's Board of Directors' meeting is available on the Company's website at the address www.landirenzogroup.com, Section: Investors, Governance – "Voto Maggiorato".

Outlook for the current year

Following the global spread of the Covid-19 epidemic and the resulting adverse effects on the international economic and financial system, when approving the financial report as at December 31, 2019 the management was already unable to provide an estimate of the outlook for the Landi Renzo Group's business in 2020, in view of the extreme uncertainty and instability of the markets, deferring its view of the situation until a later date.
In light of the persistent situation of extreme uncertainty regarding market conditions, and of the restrictions adopted by the various countries on business activities, the management has decided to postpone its updated outlook for the year until there is greater clarity and visibility regarding the future course of the pandemic and the overall impact of the crisis.

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 will prevail.

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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(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	31/03/2020	31/03/2019
Revenues from sales and services	37,170	43,798
Other revenue and income	51	203
Cost of raw materials, consumables and goods and change in inventories	-19,445	-22,806
Costs for services and use of third party assets	-8,567	-8,487
Personnel expenses	-6,263	-6,727
Accruals, impairment losses and other operating expenses	-506	-542
Gross Operating Profit	**2,440**	**5,439**
Amortization, depreciation and impairment losses	-3,043	-3,164
Net Operating Profit	**-603**	**2,275**
Financial income	30	19
Financial expenses	-738	-920
Exchange gains (losses)	-261	192
Gains (Losses) on joint venture valuate using the equity method	21	-110
Profit (Loss) before taxes	**-1,551**	**1,456**
Taxes	177	-866
Net profit (Loss) for the Group and minority interests, including:	**-1,374**	**590**
Minority interests	-6	-13
Net profit (Loss) for the Group	-1,368	603
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0122	0.0054
Diluted earnings (loss) per share	-0.0122	0.0054

(thousands of Euro)

ASSETS	31/03/2020	31/12/2019
Non-current assets		
Property, plant and equipment	11,924	11,578
Development expenditure	8,488	8,228
Goodwill	30,094	30,094
Other intangible assets with definite useful lives	12,288	12,536
Right-of-use assets	6,056	6,402
Investments in associated companies and joint ventures	22,378	23,530
Other non-current financial assets	335	334
Other non-current assets	3,420	3,420
Deferred tax assets	8,918	8,704
Total non-current assets	**103,901**	**104,826**
Current assets		
Trade receivables	38,027	40,545
Inventories	48,064	39,774
Other receivables and current assets	8,721	7,337
Current financial assets	2,822	2,801
Cash and cash equivalents	21,648	22,650
Total current assets	**119,282**	**113,107**
TOTAL ASSETS	**223,183**	**217,933**

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/03/2020	31/12/2019
Shareholders' Equity		
Share capital	11,250	11,250
Other reserves	53,276	49,367
Profit (Loss) of the period	-1,368	6,048
Total Shareholders' Equity of the Group	**63,158**	**66,665**
Minority interests	-319	-332
TOTAL SHAREHOLDERS' EQUITY	**62,839**	**66,333**
Non-current liabilities		
Non-current bank loans	53,396	50,991
Non-current liabilities for right-of-use	4,193	4,535
Provisions for risks and charges	3,139	3,609
Defined benefit plans for employees	1,560	1,630
Deferred tax liabilities	356	407
Liabilities for derivative financial instruments	159	30
Total non-current liabilities	**62,803**	**61,202**
Current liabilities		
Bank overdrafts and short-term loans	34,335	29,460
Other current financial liabilities	210	210
Current liabilities for right-of-use	1,988	1,992
Trade payables	54,348	51,935
Tax liabilities	1,645	2,134
Other current liabilities	5,015	4,667
Total current liabilities	**97,541**	**90,398**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**223,183**	**217,933**

(thousands of Euro)

CONSOLIDATED CASH FLOWS STATEMENT	31/03/2020	31/03/2019
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	-1,551	1,456
Adjustments for:		
Depreciation of property, plant and equipment	976	1,119
Amortisation of intangible assets	1,548	1,488
Amortization of right-of-use assets	519	558
Loss (Profit) from disposal of tangible and intangible assets	-37	-21
Performanche share	44	0
Impairment loss on trade receivables	3	1
Net financial expenses	969	709
Profit (loss) attributable to investments valued using equity method	-21	110
	2,450	**5,420**
Changes in:		
Inventories	-8,290	-3,480
Trade receivables and other receivables	1,123	764
Trade payables and other paybles	1,664	-5,530
Provisions and employee benefits	-492	219
Cash generated from operation	**-3,545**	**-2.607**
Interest paid	-319	-380
Interest received	9	8
Income taxes paid	-85	-881
Net cash generated (absorbed) from operating activities	**-3,940**	**-3,860**
Financial flow from investment		
Proceeds from sale of property, plant and equipment	5	21
Purchase of property, plant and equipment	-1,283	-579
Purchase of intangible assets	-221	-302
Development expenditure	-1,326	-1,409
Net cash absorbed by investment activities	**-2,825**	**-2,269**
Free Cash Flow	**-6,765**	**-6,129**
Financial flow from financing activities		
Repayment of leases IFRS 16	-558	-631
Disbursements (reimbursement) of medium/long-term loans	3,000	-5
Change in short-term bank debts	4,259	8,781
Net cash generated (absorbed) by financing activities	**6,701**	**8,145**
Net increase (decrease) in cash and cash equivalents	**-64**	**2,016**
Cash and cash equivalents as at 1 January	22,650	15,075
Effect of exchange rate fluctuations on cash and cash equivalents	-938	65
Cash and cash equivalents at the end of the period	**21,648**	**17,156**

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