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Testo del comunicato

Vedi allegato.

Landi Renzo: Board of Directors approves results at June 30, 2020 and the merger by absorption of Lovato Gas S.p.A. into Landi Renzo S.p.A.

- Group's levels of profitability steadily positive, despite the worsened economic and market scenario due to the Covid-19 pandemic, which has impacted the Group's main operating and financial indicators and the overall automotive sector
- Group's financial solidity confirmed, also thanks to a new €21 million loan agreement entered into with a pool of Italian leading banks and guaranteed by SACE S.p.A.
- Increase in revenues of the joint venture SAFE&CEC (gas distribution) compared to the same period of the previous year, thanks to a significant order backlog

- Consolidated revenues amounted to €59.9 million, declining (-41.3%) compared to €102 million at June 30, 2019
- EBITDA at €1 million, decreasing sharply compared to the same period of the previous year (€13.3 million)
- Adjusted EBITDA at €1.9 million (accounting for 3.1% of revenues), severely impacted by the decline in orders in the OEM and After Market channels (€13.6 million at June 30, 2019)
- Negative net result at €6.7 million, compared to a net profit of €2.9 million at June 30, 2019
- Net Financial Debt at €79.1 million (€73.2 million before the application of IFRS 16) compared to a Net Financial Debt of €61.8 million at December 31, 2019

Cavriago (RE), September 11, 2020

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the First Half Financial Report at June 30, 2020. The H1 2020 results were severely impacted by the spread of the Covid-19 pandemic at global level, which led to a sharp decline in revenues as of March, with an increasing ratio to sales to OEM customers and strong repercussions on conversions within the After Market channel, in particular in the LATAM and Asian countries. However, the Group was able to maintain its profitability at positive levels, albeit declining markedly, thanks to the measures it promptly implemented to reduce costs, in addition to its steady financial solidity, guaranteed by new credit facilities.

"*In this first half of the year, the Group proved resilient, deploying all measures best suited to responding to one of the most challenging economic and market scenarios of all time*," stated Stefano Landi, Chairman of Landi Renzo S.p.A. "*I would like to thank our entire team of managers and employees for navigating this period, while remaining fully committed to contributing to safeguarding the Company's competitiveness.*"

Cristiano Musi, Chief Executive Officer of Landi Renzo S.p.A., commented: *"Our results in this second quarter of the year were, predictably, heavily affected by the Covid-19 pandemic. Despite the highly adverse market conditions and uncertain macroeconomic environment, we did everything in our power to protect the Company, both from the standpoint of our human resources and in financial terms, using all the measures and tools available to us. We also continued to look ahead, towards the development of green mobility — both CNG, LNG and hydrogen — together with our internal R&D team, which kept on working remotely, at full speed. We also focused deeply on costs, both fixed and variable, to align our structure to the current market context.*

As regards our joint venture SAFE&CEC, which operates in the gas, biomethane and hydrogen distribution sector, the effects of the pandemic were less severe, with revenues in the first half of the year up on the same period of the previous year, and with expectations of an improvement in the second half of the year, driven by the significant order backlog."

Consolidated Financial Highlights at June 30, 2020

In H1 2020, Landi Renzo Group was severely impacted by the current global economic scenario: **revenues** amounted to €59,857 thousand, down 41.3% compared to the same period of the previous year (€102,035 thousand). Volumes mainly driven by sales within the **OEM** channel (accounting for 47.6% of revenues compared to 43.5% at June 30, 2019), owing chiefly to the order backlog of some European leading car manufacturers that have focused on LPG bifuel engines to broaden their “green” offering.

At June 30, 2020, revenues from sales on the **After Market** channel totaled €31,383 thousand, decreasing compared to the same period of the previous year (€57,620 thousand), mainly due to the decline reported by the Italian and foreign authorized distributors and installers — the most affected by the pandemic’s effects — with a significant drop in the number of conversions.

In H1 2020, 83.5% of revenues were generated abroad (53.3% in Europe and 30.2% outside Europe). Due to its international dimension, Landi Renzo Group was impacted by the spread of the pandemic, which involved all markets, as they are increasingly interconnected at global level.

In detail:

- **Italy** accounted for 16.5% of total revenues (19.3% in H1 2019), with a 50.1% decline in sales compared to the first half of 2019 that reflected the trend of vehicle registrations in the first half of 2020, down 45.9% compared to the same period of the previous year;
- the rest of **Europe** accounted for 53.3% of total revenues (48.7% in H1 2019), down 35.9%, chiefly due to the closure of production 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 €6,862 thousand for the first six months of 2020, decreasing by 48.9%, particularly in the LATAM area, which was sharply impacted by the pandemic, with negative effects on the respective currencies;
- the markets in **Asia and the Rest of the world** declined (-41.1% compared to H1 2019) due to the effects of the pandemic, particularly in India and North Africa; the latter is however showing encouraging signs of a slow but ongoing return to normalcy, as confirmed by the increasing order backlog.

In H1 2020, **Adjusted EBITDA** was positive at €1,852 thousand (3.1% of revenues), down compared to the same period of the previous year (€13,612 thousand).

EBITDA was positive at €1,038 thousand, although far lower compared to the same period of the previous year, as a result of the measures implemented by the management to contain fixed and variable costs.

EBIT for the reporting period was negative at €5,070 thousand (positive at €7,007 thousand at June 30, 2019), after amortization, depreciation and impairment losses totaling €6,108 thousand (€6,265 thousand at June 30, 2019), of which €1,037 thousand due to the application of IFRS 16.

EBT was negative at €7,939 thousand (positive at €4,527 thousand at June 30, 2019).

Net loss for the period at June 30, 2020 was €6,653 thousand, compared to a €2,886 thousand net profit for the Group and minority interests for the same period of 2019.

Net Financial Debt totaled €79,087 thousand at June 30, 2020 (€61,767 thousand at December 31, 2019), of which €5,642 thousand due to the application of IFRS 16, and €261 thousand due to the fair value of financial derivative contracts. Excluding the effects arising from the application of this standard and the fair value of derivative contracts, Net Financial Debt at June 30, 2020 would have been €73,184 thousand, after €5,798 thousand investments.
With regard to the loans outstanding, all credit institutions granted the waiver letters related to both the measurement of financial covenants at June 30 and December 31, 2020 and to the postponement of the principal instalment due on June 30, 2020, rescheduled to the end of the amortization plan (June 2024).

Performance of the Gas Distribution and Compressed Natural Gas operating business

In H1 2020, the results of the Gas Distribution and Compressed Natural Gas business, consolidated using the equity method, improved compared to H1 2019, with consolidated net sales of €31,773 thousand (+10.2% compared to June 30, 2019), adjusted EBITDA at €1,678 thousand (€1,985 thousand at June 30, 2019) and a loss after taxes of €499 thousand (compared to a €394 thousand loss at June 30, 2019).
As a result of the lockdown imposed by the Government, production was temporarily halted at the Group's Italian plant. Following the pandemic spread in the LATAM area, the plants in Peru and Colombia were also closed. Conversely, production at the Canadian plant continued since said country was less affected by the Covid-19 epidemic. Along with the significant increase in the order backlog, this allowed the SAFE&CEC Group to contain the negative effects of the pandemic and reach levels of turnover exceeding those for the same period of the previous year, thus confirming the Group's positive performance and business solidity.

New credit facilities

As a consequence of the ongoing epidemiological emergency relating to the spread of Covid-19, in order to support Landi Renzo's current operating activity, on June 29, 2020 the Board of Directors of Landi Renzo S.p.A. resolved to make use of the liquidity support measures for Italian companies offered by the Italian government, requesting access to the form of loans backed by a guarantee from SACE S.p.A, pursuant to Decree-Law No. 23 of April 8, 2020 (the "Liquidity Decree"), converted into Law No. 40 of June 5, 2020. On July 30, 2020, Landi Renzo S.p.A. thus entered into a loan agreement with a nominal amount of €21 million, 90% guaranteed by SACE S.p.A., bearing interest at a floating rate, with a term of six years (maturity on June 30, 2026), envisaging a pre-amortization period in the first two years. The loan was disbursed on August 6, 2020 by a pool of banks (Banco BPM S.p.A. as agent bank, UniCredit S.p.A. and Intesa Sanpaolo S.p.A.), drawing on the consolidated relationships with these credit institutions. The Group's financial situation thus remains under control, owing in part to the above-mentioned loan.

Merger of Lovato Gas S.p.A. with sole shareholder into Landi Renzo S.p.A.

During the meeting held today, the Board of Directors of Landi Renzo S.p.A. approved, through resolution taken in the form of notarial deed, the merger by absorption of the fully-owned Lovato Gas S.p.A. with sole shareholder in the controlling company Landi Renzo S.p.A., as per the terms set forth in the related merger plan already approved on June 29, 2020 and filed with the Reggio Emilia Companies Registry.

The merger is expected to optimize the decisional processes and improve the utilization and valorization of the resources and competences currently existing in the companies involved in the merger. The merger, by consolidating all the activities in one single entity, would lead to an improvement of the management efficiency (from a corporate, accounting and administrative standpoint), to synergies and to a reduction of overall costs, avoiding the duplication of certain activities in two different entities with a consequent improved rationalization of costs.

The merger deed will be signed in accordance with the provisions of Articles 2503 and 2504 of the Italian Civil Code.

As the proposed transaction envisages the merger by absorption of Lovato Gas S.p.A. with sole shareholder (fully-owned by Landi Renzo S.p.A.) into Landi Renzo S.p.A., the shares representing the share capital of Lovato Gas S.p.A. with sole shareholder will be cancelled. Following the merger, the Articles of Association of Landi Renzo S.p.A. will not be amended and will continue to remain in force in their current version. Therefore, there are not the conditions for the exercise of the withdrawal right pursuant to Article 2437 of the Italian Civil Code as the merger does not imply any amendment to the corporate purpose of Landi Renzo S.p.A.

As set forth by Article 2504-*bis*, paragraph 2, of the Italian Civil Code, the merger will take civil effect (towards third parties) from the last of the required registrations of the merger deed with the competent Companies Register or the later date specifically indicated in the said merger deed. However, the transactions executed by Lovato Gas S.p.A. with sole shareholder will be recognized to the financial statements of Landi Renzo S.p.A., also for accounting and tax purposes, from the first day of the fiscal year during which the merger has become effective vis-à-vis third parties.

Lovato will continue to be an important brand of Landi Renzo for its international presence and its strength in many strategic markets, from Russia to India.

As previously disclosed, the merger plan, as well as the related documentation required by applicable laws and regulations, are available at the Reggio Emilia Companies Register, at the company registered office, on the corporate website (www.landirenzogroup.com) and on the authorized storage system *emarketstorage* at www.emarketstorage.com.

Significant events after the close of H1 2020

After the end of the first half of the year, and until today's date, the Landi Renzo Group, which has long been focused on the development potential of hydrogen in the green mobility sector, has chosen to take a further step forward, including at the international level, towards this power source. Its U.S. subsidiary, Landi Renzo USA, formally joined the *California Hydrogen Business Council* (CHBC), an organization that brings together and represents many companies in the hydrogen industry in California, one of the most active and advanced areas in the world in the development of a hydrogen-based economy.

Business outlook

If the containment of the Covid-19 pandemic in Europe now appears to be a consolidated reality, albeit with the uncertainties relating to possible new outbreaks, the spread of the virus in North and South America and several parts of Asia, and India in particular, has yet to reach peak transmission. There thus remains strong uncertainty regarding international market performance, due in part to the possibility of a second wave of the virus in the coming months — a possibility that currently cannot be excluded, with macroeconomic effects that are difficult to predict, resulting in limited visibility of the market's development in the coming months.
Although production volumes are gradually recovering in the third quarter, owing in part to the incentives for the automotive industry formulated by various countries, the main market analysts nonetheless project a contraction in the global automotive sector in the second half of 2020 as well.
Faced with these forecasts and this market uncertainty, Landi Renzo Group immediately launched a fixed cost control and reduction plan, also involving the use of redundancy programs, and deferred spending on less strategic investments to reduce the effects of the Covid-19 pandemic on the Group's financial performance in the current year.
Turning to the outlook for the year, on the basis of the most recent forecasts, which call for a significant recovery of sales in the second half of the year compared to the first, the management estimates that in the current year revenues will decline by approximately 25% overall compared to the previous year, marking a sharp improvement compared to the -41.3% recorded at June 30, 2020 (-61% in the second quarter of 2020 alone). Accordingly, the final net loss is expected to decline considerably and EBITDA to improve compared to the first half of the year. Furthermore, Landi Renzo Group has access to financial resources adequate to its current needs, thanks in part to the €21 million loan signed in July with a pool of major Italian banks and guaranteed by SACE S.p.A. pursuant to the Liquidity Decree.
The effect of the pandemic on the joint venture SAFE&CEC was less pronounced. In fact, revenues in the first half of the year increased on the same period of the previous year. Despite the persistent market uncertainty due to the Covid-19 pandemic, on the basis of the most recent forecasts 2020 revenues are expected to improve on the previous year, driven by the significant order backlog.

This press release is a translation. The Italian version prevails.

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.

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)

CONSOLIDATED INCOME STATEMENT	30/06/2020	30/06/2019
Revenues from sales and services	59,857	102,035
Other revenue and income	64	229
Cost of raw materials, consumables and goods and change in inventories	-33,074	-54,346
Costs for services and use of third party assets	-13,537	-19,097
Personnel expenses	-11,305	-14,237
Accruals, impairment losses and other operating expenses	-967	-1,312
Gross Operating Profit	**1,038**	**13,272**
Amortization, depreciation and impairment losses	-6,108	-6,265
Net Operating Profit	**-5,070**	**7,007**
Financial income	181	49
Financial expenses	-1,534	-2,373
Exchange gains (losses)	-1,211	-253
Gains (Losses) on joint venture valuate using the equity method	-305	97
Profit (Loss) before tax	**-7,939**	**4,527**
Taxes	1,286	-1,641
Net profit (loss) for the Group and minority interests, including:	**-6,653**	**2,886**
Minority interests	-92	-53
Net profit (Loss) for the Group	-6,561	2,939
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0583	0.0261
Diluted earnings (loss) per share	-0.0583	0.0261

(thousands of Euro)

ASSETS	30/06/2020	31/12/2019
Non-current assets		
Property, plant and equipment	12,225	11,578
Development expenditure	9,059	8,228
Goodwill	30,094	30,094
Other intangible assets with finite useful lives	11,836	12,536
Right-of-use assets	5,509	6,402
Investments in associated companies and joint ventures	22,434	23,530
Other non-current financial assets	330	334
Other non-current assets	3,420	3,420
Deferred tax assets	10,125	8,704
Total non-current assets	**105,032**	**104,826**
Current assets		
Trade receivables	35,215	40,545
Inventories	46,719	39,774
Other receivables and current assets	8,970	7,337
Current financial assets	2,801	2,801
Cash and cash equivalents	13,558	22,650
Total current assets	**107,263**	**113,107**
TOTAL ASSETS	**212,295**	**217,933**

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2020	31/12/2019
Shareholders' Equity		
Share capital	11,250	11,250
Other reserves	53,825	49,367
Profit (Loss) of the period	-6,561	6,048
Total Shareholders' Equity of the Group	**58,514**	**66,665**
Minority interests	-395	-332
TOTAL SHAREHOLDERS' EQUITY	**58,119**	**66,333**
Non-current liabilities		
Non-current bank loans	52,613	50,991
Other non-current financial liabilities	785	0
Non-current liabilities for right-of-use	3,699	4,535
Provisions for risks and charges	2,833	3,609
Defined benefit plans for employees	1,581	1,630
Deferred tax liabilities	337	407
Liabilities for derivative financial instruments	261	30
Total non-current liabilities	**62,109**	**61,202**
Current liabilities		
Bank overdrafts and short-term loans	35,935	29,460
Other current financial liabilities	210	210
Current liabilities for right-of-use	1,943	1,992
Trade payables	46,370	51,935
Tax liabilities	2,022	2,134
Other current liabilities	5,587	4,667
Total current liabilities	**92,067**	**90,398**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**212,295**	**217,933**

LANDIRENZO

(thousands of Euro)

CONSOLIDATED CASH FLOWS STATEMENT	30/06/2020	30/06/2019
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	-7,939	4,527
Adjustments for:		
Depreciation of property, plant and equipment	1,953	2,049
Amortisation of intangible assets	3,118	2,974
Depreciation of right-of-use assets	1,037	1,242
Loss (profit) from disposal of tangible and intangible assets	-45	-28
Performanche share	88	0
Impairment loss on trade receivables	166	9
Net finance expenses	2,564	2,577
Profit (loss) attributable to investments valued using equity method	305	-97
	1,247	**13,253**
Changes in:		
Inventories	-6,945	-249
Trade receivables and other receivables	3,534	-8,561
Trade payables and other payables	-4,912	3,823
Provisions and employee benefits	-825	-427
Cash generated from operation	**-7,901**	**7,839**
Interest paid	-828	-2,128
Interest received	51	14
income taxes paid	-491	-1,087
Net cash generated (absorbed) from operating activities	**-9,169**	**4,638**
Financial flow from investment		
Proceeds from sale of property, plant and equipment	187	106
Purchase of property, plant and equipment	-2,738	-1,281
Purchase of intangible assets	-257	-341
Development expenditure	-2,990	-2,641
Net cash absorbed by investment activities	**-5,798**	**-4,157**
Free Cash Flow	**-14,967**	**481**
Financial flow from financing activities		
Disbursements (Reimbursement) of loans to associates	0	-2,760
Disbursements (Reimbursement) of medium/long-term loans	2,818	35,815
Change in short-term bank debts	6,063	3,895
Repayment of leases IFRS 16	-1,111	-1,248
Net cash generated (absorbed) by financing activities	**7,770**	**35,702**
Net increase (decrease) in cash and cash equivalents	**-7,197**	**36,183**
Cash and cash equivalents as at 1 January	**22,650**	**15,075**
Effect of exchange rate fluctuations on cash and cash equivalents	-1,895	90
Cash and cash equivalents at the end of the period	**13,558**	**51,348**

Fine Comunicato n.0915-30	Numero di Pagine: 10