



H1 2020 FINANCIAL RESULTS

Cavriago, 11th Sept. 2020



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H1 results have been significantly impacted by Covid-19, however Landi Renzo is ready for the “new normal” boosting the sale recovery in H2

- **Revenues** down by 41,3% impacted by lockdown especially in Q2 (-61%)
- **Positive Adj.EBITDA** also thanks to careful fixed cost management
- **Investments in R&D continued**, despite the difficulties of the pandemic, to support new products development for the Heavy Duty and Hydrogen segments
- **SAFE6CEC revenues increased by +10,2%**, with a **positive Adj.EBITDA** in line with expectations and better capital management

Landi Renzo Group

Revenues 59,9M€	Investments 5,8M€
Adj. EBITDA 1,9M€	Liquidity 13,6M€
Net Income -6,7M€	NFP (*) 73,2M€ <small>(*) without IFRS 16 effect</small>

SAFE&CEC

Production value 31,8M€
Adj. EBITDA 1,7M€
NFP (*) 10,4M€ <small>(*) without IFRS 16 effect</small>

Landi Renzo maintained a strict control of activities during first half and business continuity has been ensured

SAFETY & WELFARE



- **Strict safety protocols fully implemented** to ensure workforce remain protected
- Undertaken measures to **define the “new normal”** way of working

PROFIT & LIQUIDITY



- **Costs containment** and efficiency initiatives, mostly personnel-related (SG&A reduced by 2,4M€)
- Undertaken large measures to **protect cash position**
- **Focus on strategic R&D investments**

CUSTOMERS & SUPPLY CHAIN



- **Support our dealers network** in critical areas to facilitate recovery phase and respond effectively to the consumer demand
- **Study new special initiatives to boost the sale recovery in H2**
- **All suppliers back in action** and supply base is actively managed
- **Production resumed at full capacity** in compliance with safety standards

R&D



- **R&D projects were safeguarded** and did not undergo any interruption even during the lockdown period
- **Strong focus on CNG/LNG and Hydrogen**, ensuring new product development activities for the HD segment

Landi Renzo is ready to capture the opportunities of a resurging car market and evolving technological trends

MARKET RECOVERY



- After the pandemic, OEM and AM markets are providing **positive signs of recovery**:
 - Car sales in August are **closing the gap** vs the previous year, with some **good performers**, such as the **Indian Market**
 - **EU market is recovering**, with France reaching the same monthly volumes of 2019 in June, and Italy doing the same in August
 - LatAm still suffering from the difficulties linked to **lockdown** and worsening of local **currencies exchange rates**
 - **Landi Renzo sales portfolio** for the next quarter expected to **grow** at the **same level of Q3 2019**

HEAVY DUTY



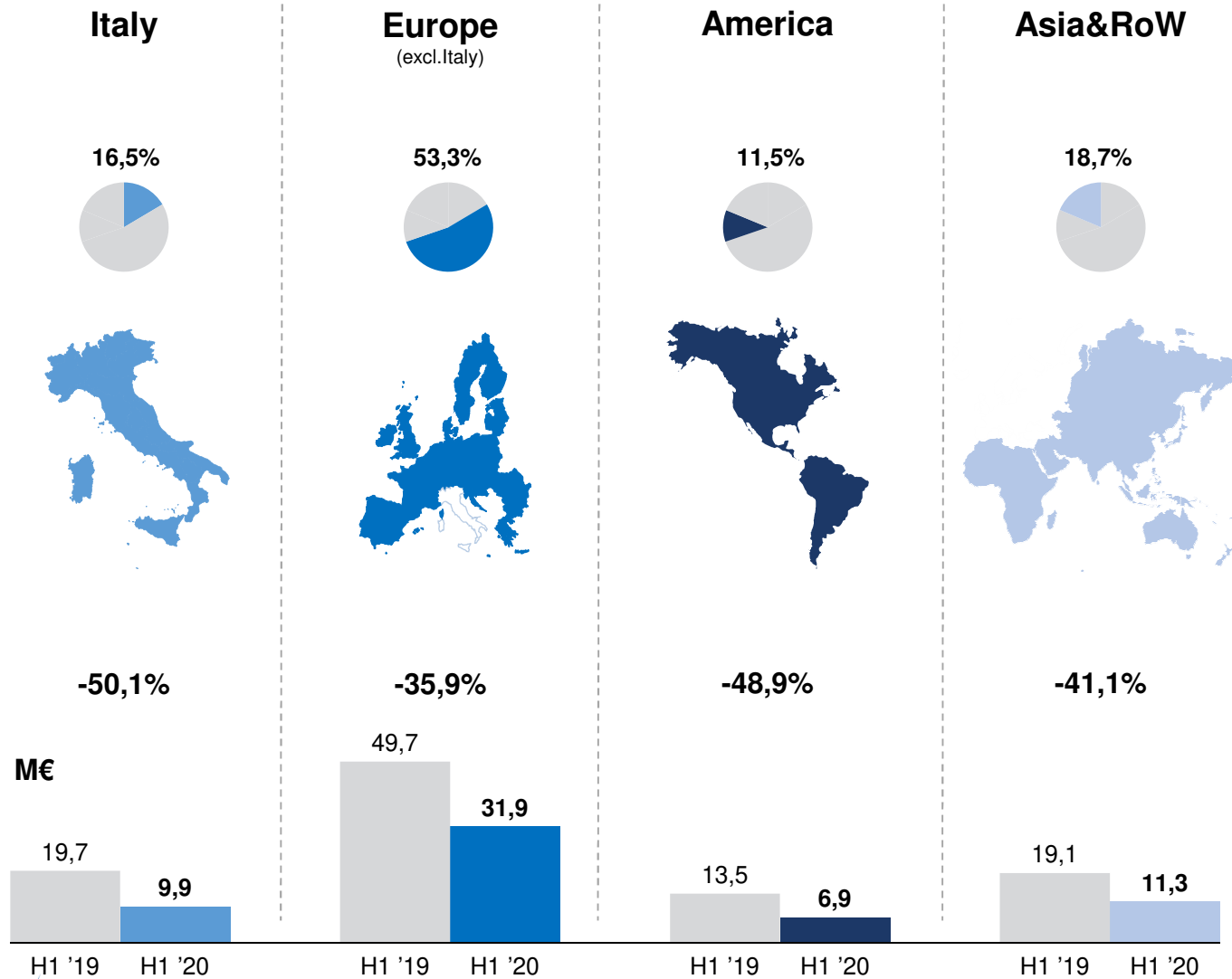
- Gas Technology (LNG / CNG) remains the **only alternative, viable solution** to diesel for Heavy Duty vehicles globally
 - **Only efficient solution** that allows a reduction of emissions and of **Total Cost of Ownership**
 - Commitment from major OEMs
 - LNG and CNG **distribution networks** keep being **developed worldwide**
 - **Landi Renzo** already obtained the **nomination by a primary OEM for CNG pressure regulators and injection system**, and is **continuing product development**

HYDROGEN



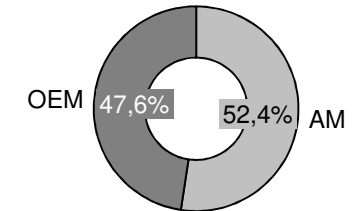
- After the pandemic, **hydrogen** has been recognized as the **new hot topic for sustainable mobility**, in line with LRG expectations:
 - True zero emission fuel, with high energy density
 - Fuel-cell solutions
 - New **Hydrogen Internal Combustion Engines** as a ready-to-use technology
 - **Infrastructure projects** in China, Europe, N. America and Australia
 - **Landi Renzo** invested in a **dedicated team**, which already achieved important results; LR USA joined the California Hydrogen Business Council

H1 2020 Net Sales down by 41,3%, impacted by lockdown especially in Q2, however Landi Renzo has taken initiatives to boost the sale recovery in H2



Sector

- Landi Renzo confirms its position as the top **OEM “tier-1” supplier in Europe**
- **OEM/AM share** in line with last year Q1



Region

Covid-19 crisis impacts in all regions:

- **Europe and Italy** mainly affected by OEM plant production shutdowns
- **America** revenues due to lockdown in Brazil, Peru and Colombia and to the devaluation of local currencies
- **Asia&RoW** revenues strongly impacted by the Covid-19 crisis

H1 results show a positive EBITDA in difficult market conditions

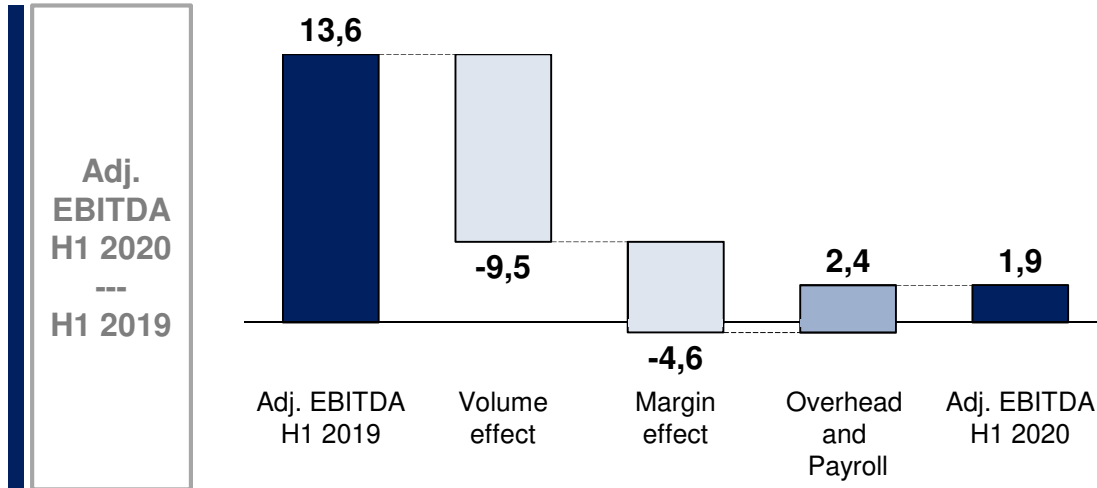
M€; %	2020 H1	2019 H1	delta	delta %
Revenues	59,9	102,0	-42,1	-41,3%
Adj. EBITDA	1,9	13,6	-11,7	-86,4%
<i>% on rev.</i>	3,1%	13,3%		
EBITDA	1,0	13,3	-12,3	-92,2%
<i>% on rev.</i>	1,7%	13,0%		
EBIT	-5,1	7,0	-12,1	<i>n.a.</i>
<i>% on rev.</i>	-8,5%	6,9%		
EBT	-7,9	4,5	-12,4	<i>n.a.</i>
<i>% on rev.</i>	-13,3%	4,4%		
Net Result	-6,7	2,9	-9,6	<i>n.a.</i>

Highlights

- **Revenues impacted by lockdown** due to the Covid-19 pandemic:
 - In Q1 sales down by 15,1%, with a potential order portfolio exceeding Q1 2019
 - In Q2 sales down by 61% as a consequence of the lockdown, shutdown of production and impossibility to deliver in some Regions (e.g.: LatAm)
- **Adj.EBITDA** affected by the contraction in sales, and an unfavorable sales mix change, partially offset by the reduction of fixed costs
- **EBITDA remains positive**, even if affected by non-recurring costs, also linked to the Covid-19 health and safety measures
- **EBT** benefits from a **reduction** of interest costs, (1,5M€ vs 2,4M€ of H1 2019) due to the improvement of financial conditions, however loaded with higher foreign exchange losses due to devaluation of currencies mainly in LatAm

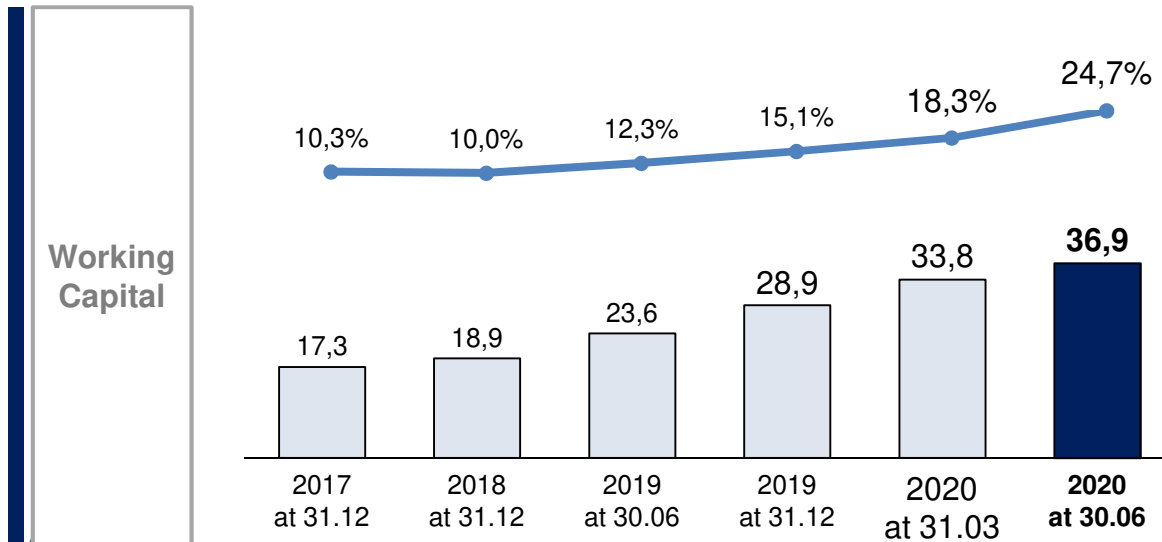
Pandemic impacts on worldwide market conditions. Cost control partially mitigates the effect of the shrinking business

M€



Highlights

- **Adj. EBITDA** affected by reduced volumes and a change in sales mix, with an increase of OEM share over total sales
- Positive effect of cost-control initiatives, linked to a tight control of non essential expenses and to the usage of “Cassa Integrazione”

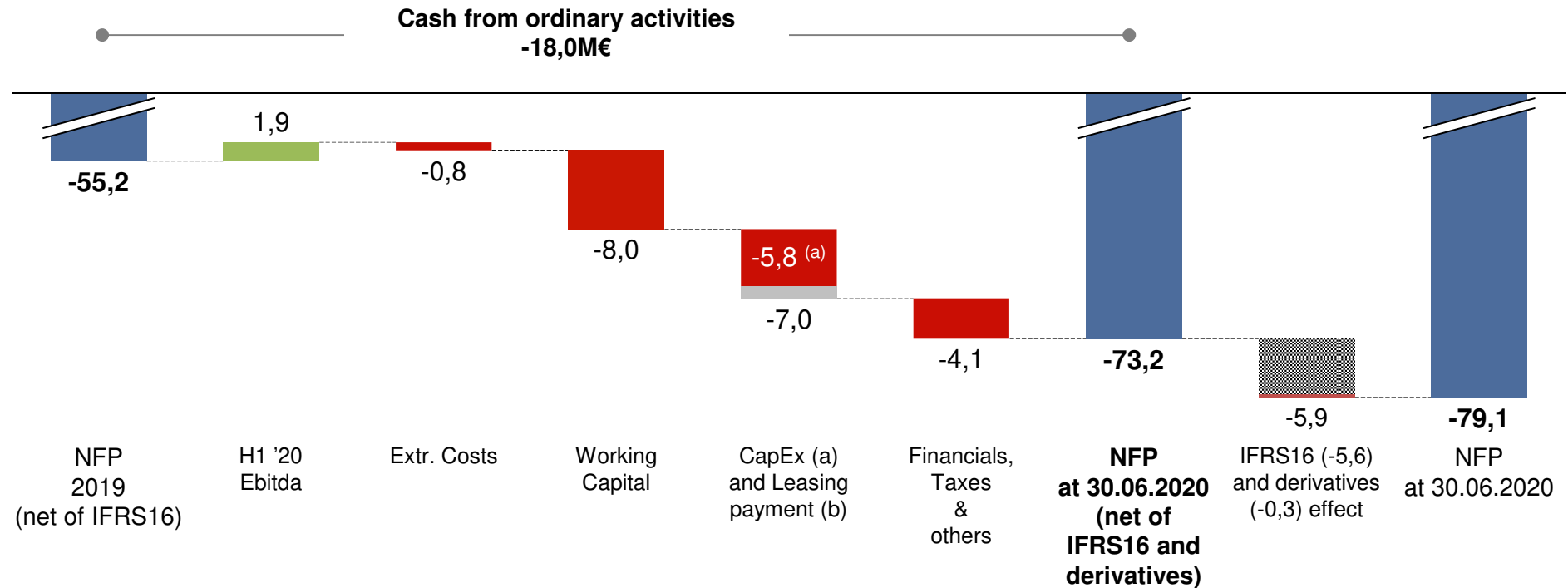


- **Working Capital**, currently affected by the Covid-19 situation, is expected to return close to 2019 levels by the end of the year

	30.06 2019	FY 2019	30.06 2020
DSO	82	77	86
DPO	145	137	151
DIOH	74	76	114

NFP impacted by the increase of working capital and by investments in R&D to support new products development for the HD segment

M€



2019	Net Financial Position	H1 2020
22,7	Cash liquidity (+)	13,6
2,8	Current Financial Assets (+)	2,8
-29,7 ⁽²⁾	Short-term debts (-)	-36,2
-51,0	Long-term debts (-)	-53,4
-55,2	NFP net of IFRS 16	-73,2
-6,6 ⁽³⁾	Financial Lease (-)	-5,9
-61,8	NFP ⁽¹⁾	-79,1

(1) Short and long terms debt and bond are inclusive of amortized cost effect

(2) Accrued interests included

(3) Financial liability related to IFRS 16 and derivatives

SAFE&CEC H1 2020 shows a growth of the Value of Production (+10,2% vs H1 2019), while Ebitda is impacted by Covid-19 because of fitful production

Highlights

M€; %	2020 H1	2019 H1	delta	delta %
Value of Production	31,8	28,8	3,0	10,2%
Adj. EBITDA	1,7	2,0	-0,3	-15,5%
<i>% on Value of Product.</i>	<i>5,3%</i>	6,9%		
Net Result	-0,5	-0,4	-0,1	n.a.

	2020 H1	FY 2019
Working Capital	13,0	15,2
<i>% on Value of Product.</i>	<i>17,1%</i>	20,7%

- **H1 2020 consolidated value of production** reached 31,8M€ confirming the growing trend of the Group, driven by higher volumes for compressors
- **Adj. EBITDA** has been negatively impacted by SAFE performance (strongly by Covid-19 lockdown) partially offset by further improvements in CEC and by fixed costs reductions
- **Net Result** is substantially in line with H1 2019
- **Working Capital** as of June 30, 2020 decreases compared to Dec. 31, 2019 and represents 17,1% of revenues, mainly due to the improved credit collection, particularly in Q2

- **Current order book** in line with pre-Covid expectations
- **Growing opportunities** arising from the **Hydrogen compression** and from **biomethane applications** market segments

Numerous signals indicate that Landi Renzo Group and SAFE&CEC can emerge from the Covid-19 crisis strong and with good perspectives



Market

- There are positive signals coming from strategic markets
 - Car sales in India grew 19,6% in August compared to Aug. 2019, also thanks to a good performance of Maruti Suzuki (+20,2%)
 - LRG has obtained new awarding in Uzbekistan and Russia
 - Despite a slow recovery of LatAm, Q3 2020 total portfolio is aligning to the same period of 2019, however with an increased share of OEM sales

Management

- Landi Renzo Group has maintained a rigorous approach to safeguard its cash position and overall situation:
 - Contained fixed costs whenever possible
 - Managed working capital in variable and unforeseeable conditions
 - Invested on key projects to pursue strategic goals

- Despite the Covid-19 crisis and the forced lockdown, SAFE&CEC is having a solid performance
 - Order book is even larger than 2019
 - Overall positive results with some markets (e.g.: Egypt) peaking compared to last year
 - Full year revenues expected to be slightly better than FY2019

- Focus on execution and strategy:
 - Keep improving overall efficiency in the production process and management of working capital
 - Looking for opportunities to consolidate the existing position in the CNG and RNG businesses and for a strategic entry in Hydrogen with some negotiations already ongoing

Expected to reach pre-Covid level of activities by mid-2021

SAFE&CEC FY results expected to be unaffected by the Covid-19 pandemic

APPENDIX



Landi Renzo - Company profile (11/09/2020)

BOARD OF DIRECTORS

Stefano Landi – Chairman
 Giovannina Domenichini – Honorary Chairman
 Cristiano Musi - CEO
 Angelo Iori – Director
 Silvia Landi - Director
 Anton Karl – Independent Director
 Sara Fornasiero - Independent Director
 Vincenzo Russi – Independent Director
 Paolo Ferrero - Director

TOP MANAGERS

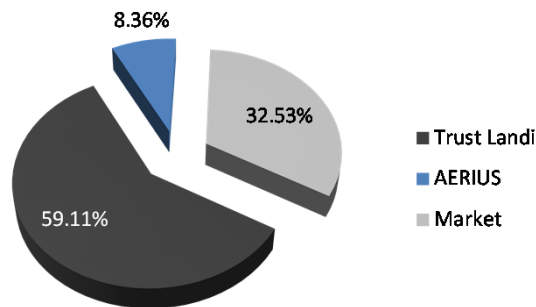


INVESTOR RELATIONS

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SHAREHOLDING



SHARE INFORMATION

FTSE Italia STAR
 N. of shares outstanding: 112.500.000
 Price as of 9/09/2020 € 0.628

CONSOLIDATED P&L

(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

CONSOLIDATED BALANCE SHEET

(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

CONSOLIDATED BALANCE SHEET

(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

2020 Corporate financial agenda

