



# 9M 2020 FINANCIAL RESULTS

*Cavriago, 13 November 2020*



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# 9M results significantly affected by Covid-19, yet with a positive performance in Q3

## Landi Renzo Group

## SAFE&CEC

- **Revenues** down by 28,2% impacted by the reduction in H1 (-41,3%) with a recovery in Q3 (+9,1% vs. Q3 2019)
- **Adj.EBITDA** remains positive also thanks to a tight control over fixed costs
- **Investments in R&D** remain at the core of LRG strategy, to support new products development, specially for the Heavy Duty and Hydrogen segments
- **SAFE&CEC Value of production** keeps growing, with a **14,9% increase**, **positive Adj.EBITDA** and better capital management

<b>Revenues</b> 99,0M€	<b>Investments</b> 8,6M€
<b>Adj. EBITDA</b> 4,4M€	<b>Liquidity</b> 19,8M€
<b>Net Income</b> -7,9M€	<b>NFP (*)</b> 80,5M€

<b>Production value</b> 53,9M€
<b>Adj. EBITDA</b> 3,1M€
<b>NFP (*)</b> 11,0M€

# Landi Renzo and SAFE&CEC are keeping control over strategic activities, being ready to capture the full benefits of recovering markets

## MARKET RECOVERY



- Q3 saw the **global automotive business** return **above Q1 levels**
- The-commercial initiatives undertaken allowed **Landi Renzo** to achieve **quarterly sales exceeding Q3 2019** in OEM, while AM is down 10,9% compared to Q3 2019
- Growing sales portfolio in Q4 vs. Q3
- A recovery in AM is expected by Q2 2021



## R&D



- **R&D projects** continued keeping the **focus on CNG/LNG and Hydrogen** applications
- **LNG pressure regulator for HD** has successfully passed the winter test for a major Chinese HD OEM
- The cooperation with Hydrogenics for the **developments of hydrogen components** is expanding to new projects
- Launched a New R&D stream on **hydrogen applications for Passenger Cars**

## PROFIT & LIQUIDITY



- LRG signed a six-year **21M loan** with a pool of banks (BPM, Intesa, Unicredit) covered by a 90% SACE guarantee, with two years of grace period
- **Costs containment and efficiency initiatives** (SG&A reduced by 3,9M€ vs. same period in 2019) have secured the economical and financial situation of the company

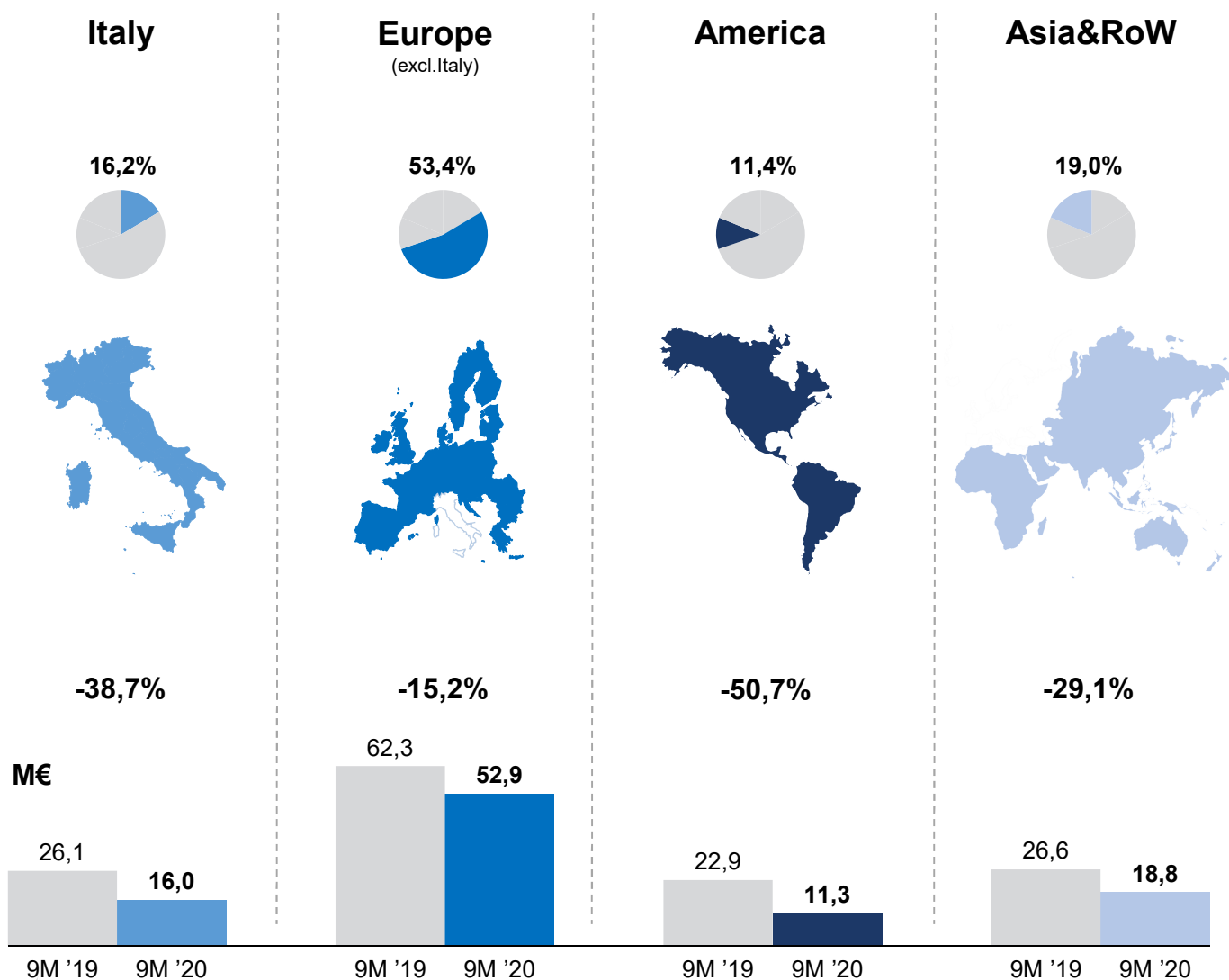
- **Good performance** also thanks to the **worldwide growing bio-methane market**
- **Highest portfolio and pipeline ever for the coming months**
- Very important order (1M\$) for RNG application in California

- The development of a **Hydrogen compressor** is progressing steadily with expected result in Q1 2021

- **Disciplined management** helped controlling all activities also during the lockdown period
- **Improvement of the NWC** thanks to actions on production and Supply Chain Management

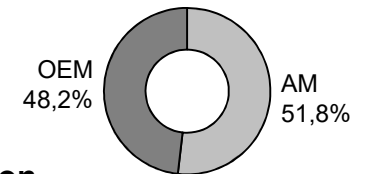


# Net Sales in Q3 up by 72,6% compared to Q2



## Sector

- Landi Renzo confirms its position as the top **OEM “tier-1” supplier in Europe**
- **OEM share** in up to 48,2%, compared to 38,5% in 2019
- AM still down compared to Q3 2019, mainly because of LatAm, while other markets grew by 15% vs Q3 2019



## Region

- **Europe and Italy** had a strong Q3, mostly driven by OEM sales
- **America** revenues still affected by local lockdowns and by the depreciation of local currencies
- **Asia&RoW** market resuming growth after H1 decline due to the pandemic

## 9M results show a positive EBITDA in difficult market conditions

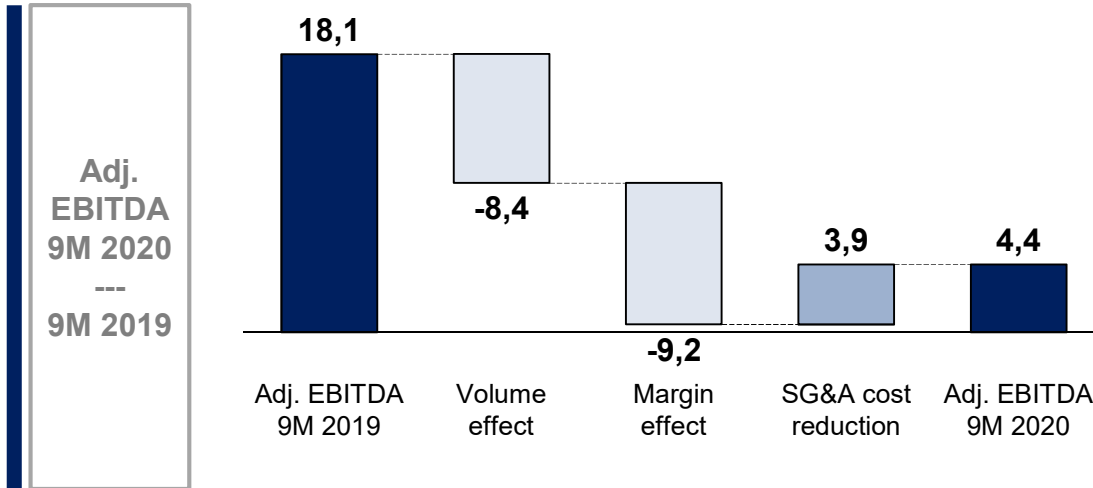
M€; %	2020 9M	2019 9M	delta	delta %
<b>Revenues</b>	<b>99,0</b>	137,9	-38,9	-28,2%
<b>Adj. EBITDA</b>	<b>4,4</b>	18,1	-13,7	-75,7%
<i>% on rev.</i>	<i>4,4%</i>	<i>13,1%</i>		
<b>EBITDA</b>	<b>3,5</b>	17,3	-13,8	-79,8%
<i>% on rev.</i>	<i>3,5%</i>	<i>12,5%</i>		
<b>EBIT</b>	<b>-5,6</b>	8,2	-13,8	<i>n.a.</i>
<i>% on rev.</i>	<i>-5,7%</i>	<i>6,0%</i>		
<b>EBT</b>	<b>-9,5</b>	4,9	-14,4	<i>n.a.</i>
<i>% on rev.</i>	<i>-9,6%</i>	<i>3,5%</i>		
<b>Net Result</b>	<b>-7,9</b>	3,1	-11,0	<i>n.a.</i>

### Highlights

- **Revenues** impacted by the Covid-19 pandemic, decreased by 28,2% YoY, affected by the decline of sales in H1 (-41,3% vs H1 2019), returning to a **positive growth in Q3** (+9,1% vs Q3 2019)
- **Adj.EBITDA** reduction due to the contraction in sales and a less favorable sales mix, partially offset by the control and reduction of fixed costs
- **EBITDA remains positive**, despite non-recurring expenses, also linked to the Covid-19 health and safety measures
- **EBT** benefits from a **reduction** of interest costs, (2,4€ vs 3,2M€ of 9M 2019) due to the improvement of financial conditions, still affected by higher foreign exchange unrealized losses due to depreciation of currencies mainly in Lat Am

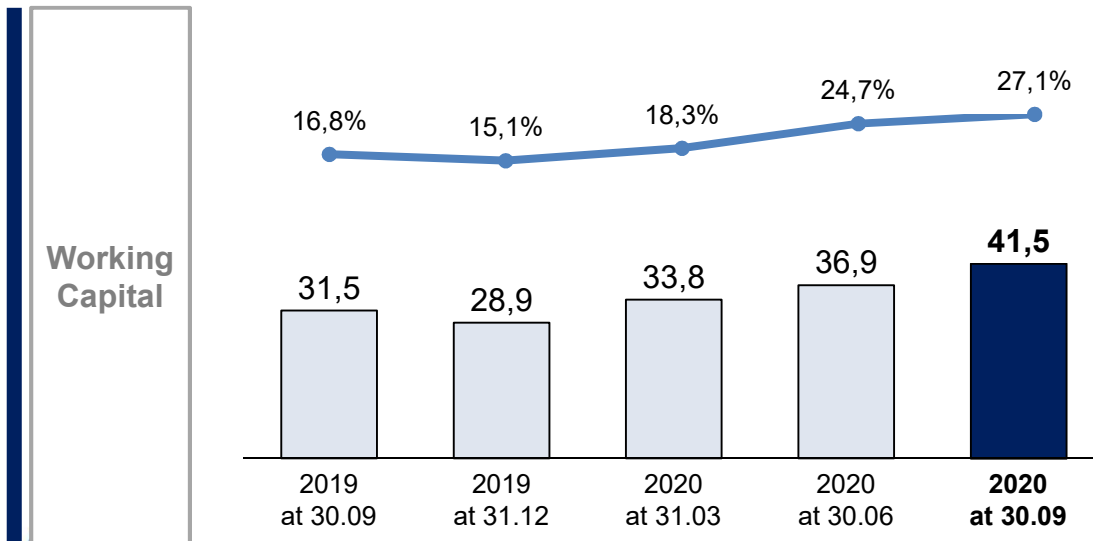
# Cost control initiatives mitigate the consequences of the shrinking business

M€



## Highlights

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

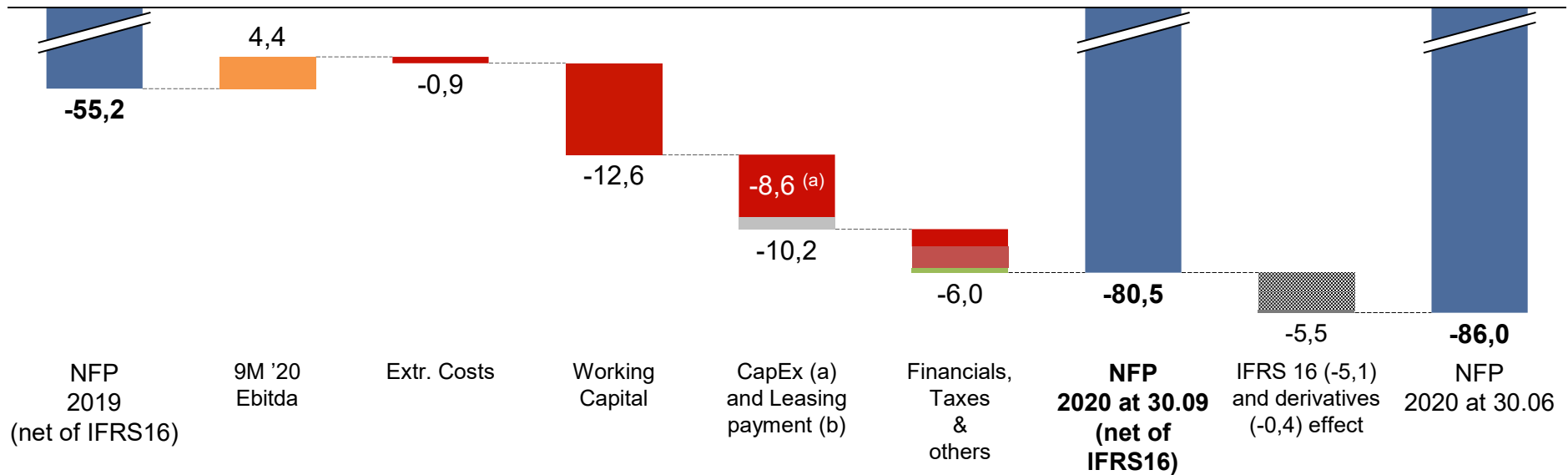


- **Working Capital**, typically higher at end of Q3, is expected to decrease by the end of the year, thanks to inventory reduction and credit collection

	30.09 2019	FY 2019	30.06 2020
<b>DSO</b>	66	77	94
<b>DPO</b>	126	137	120
<b>DIOH</b>	84	76	99

# 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	NFP	2020 9M
22,7	Cash liquidity (+)	19,8
2,8	Current Financial Assets (+)	2,8
-29,7 <sup>(2)</sup>	Short-term debts (-)	-29,2 <sup>(2)</sup>
-51,0	Long-term debts (-)	-73,9
<b>-55,2</b>	<b>NFP net of IFRS 16</b>	<b>-80,5</b>
-6,6 <sup>(3)</sup>	IFRS16 (-)	-5,1 <sup>(3)</sup>
	Derivatives (-)	-0,4
<b>-61,8</b>	<b>NFP (1)</b>	<b>-86,0</b>



# SAFE&CEC 9M 2020 shows a growth of the Value of Production (+14,9% YoY); with historically higher portfolio and pipeline for 2021

## Highlights

- **9M 2020 consolidated value of production** reached 53,9M€ confirming the growing trend of the Group
- **Adj. EBITDA** has been affected by the lockdown in H1, offset by a strong performance in Q3 (1,5M€). Adj Ebitda is negative, affected by performance in Colombia and Peru where service revenues went down because of Covid
- **Net Result** is substantially in line with 9M 2019
- **Working Capital** as of September 30, 2020 improves compared to Dec. 31, 2019 and represents 16,7% of rolling Value of Production, mainly due to the improved credit collection activity and controlled inventory management

M€; %	2020 9M	2019 9M	delta	delta %
<b>Value of Production</b>	<b>53,9</b>	46,9	7,0	14,9%
<b>Adj. EBITDA</b>	<b>3,1</b>	3,8	-0,7	-18,8%
<i>% on Value of Product.</i>	<i>5,8%</i>	8,2%		
<b>Net Result</b>	<b>-0,2</b>	0,1	-0,3	<i>n.a.</i>

	2020 9M	FY 2019
<b>Working Capital</b>	<b>12,7</b>	15,2
<i>% on Value of Product.</i>	<i>16,7%</i>	20,7%

# Landi Renzo Group and SAFE&CEC are very well positioned to play a leading role in the gas and hydrogen mobility

## Market context

- There is a constantly increasing request for clean fuel and energy, with CNG, RNG, LNG and hydrogen taking a major role in policies and projects

## Execution

- Maintained a disciplined management approach to ensure business continuity until the “new normal” situation is reached:
  - Protect workforce enforcing rigorous health and safety measures
  - Keep control over fixed costs
  - Carefully manage working capital
  - Keep focus on efficiency in production and supply chain processes

## Long-term strategy

- Continue to invest strategically to position our Group as leading player in clean and sustainable mobility:
  - LNG applications for Heavy Duty
  - Hydrogen applications for HD and Passenger Cars
  - Bio-methane generation
  - Hydrogen compression



**LRG kept executing its strategy on AM and OEM, focusing on starting new programs in HD, both for Natural Gas as well as H<sub>2</sub>**

**A “V turn” is expected in AM in many markets from Q1/Q2 2021**

**Return to pre-Covid levels is expected by 2021**



**SAFE&CEC managed to navigate through the Covid-19 crisis virtually unaffected**

**It is expected to maintain the growth trend that the company has been experiencing in the last three years**

# APPENDIX



# Landi Renzo - Company profile (13/11/2020)

## BOARD OF DIRECTORS

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

## TOP MANAGERS

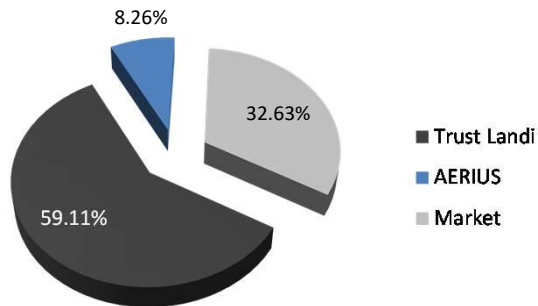


## INVESTOR RELATIONS

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## SHAREHOLDING



## SHARE INFORMATION

FTSE Italia STAR  
 N. of shares outstanding: 112.500.000  
 Price as of 12/11/2020 € 0.600

# CONSOLIDATED P&L

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	30/09/2020	30/09/2019
Revenues from sales and services	99,008	137,910
Other revenue and income	89	315
Cost of raw materials, consumables and goods and change in inventories	-57,995	-71,083
Costs for services and use of third party assets	-19,972	-27,965
Personnel expenses	-16,224	-20,169
Accruals, impairment losses and other operating expenses	-1,418	-1,745
<b>Gross Operating Profit</b>	<b>3,488</b>	<b>17,263</b>
Amortization, depreciation and impairment losses	-9,092	-9,051
<b>Net Operating Profit</b>	<b>-5,604</b>	<b>8,212</b>
Financial income	221	75
Financial expenses	-2,367	-3,178
Exchange gains (losses)	-1,718	-531
Gains (Losses) on joint venture valuate using the equity method	-21	315
<b>Profit (Loss) before tax</b>	<b>-9,489</b>	<b>4,893</b>
Taxes	1,612	-1,761
<b>Net profit (loss) for the Group and minority interests, including:</b>	<b>-7,877</b>	<b>3,132</b>
Minority interests	-163	-53
Net profit (loss) for the Group	-7,714	3,185
<b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b>	<b>-0.0686</b>	<b>0.0283</b>
<b>Diluted earnings (loss) per share</b>	<b>-0.0686</b>	<b>0.0283</b>

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	30/09/2020	31/12/2019
<b>Non-current assets</b>		
Property, plant and equipment	13,109	11,578
Development expenditure	8,976	8,228
Goodwill	30,094	30,094
Other intangible assets with finite useful lives	11,345	12,536
Right-of-use assets	5,010	6,402
Investments in associated companies and joint ventures	22,338	23,530
Other non-current financial assets	921	334
Other non-current assets	2,850	3,420
Deferred tax assets	10,561	8,704
<b>Total non-current assets</b>	<b>105,204</b>	<b>104,826</b>
<b>Current assets</b>		
Trade receivables	39,592	40,545
Inventories	41,525	39,774
Other receivables and current assets	7,167	7,337
Current financial assets	2,821	2,801
Cash and cash equivalents	19,821	22,650
<b>Total current assets</b>	<b>110,926</b>	<b>113,107</b>
<b>TOTAL ASSETS</b>	<b>216,130</b>	<b>217,933</b>

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/09/2020	31/12/2019
<b>Shareholders' Equity</b>		
Share capital	11,250	11,250
Other reserves	52,870	49,367
Profit (loss) of the period	-7,714	6,048
<b>Total Shareholders' Equity of the Group</b>	<b>56,406</b>	<b>66,665</b>
Minority interests	-454	-332
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>55,952</b>	<b>66,333</b>
<b>Non-current liabilities</b>		
Non-current bank loans	73,181	50,991
Other non-current financial liabilities	770	0
Non-current liabilities for right-of-use	3,227	4,535
Provisions for risks and charges	2,837	3,609
Defined benefit plans for employees	1,543	1,630
Deferred tax liabilities	316	407
Liabilities for derivative financial instruments	397	30
<b>Total non-current liabilities</b>	<b>82,271</b>	<b>61,202</b>
<b>Current liabilities</b>		
Bank overdrafts and short-term loans	28,996	29,460
Other current financial liabilities	210	210
Current liabilities for right-of-use	1,916	1,992
Trade payables	38,648	51,935
Tax liabilities	2,654	2,134
Other current liabilities	5,483	4,667
<b>Total current liabilities</b>	<b>77,907</b>	<b>90,398</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>216,130</b>	<b>217,933</b>