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Testo del comunicato

Vedi allegato.

Landi Renzo: Board of Directors approves results at June 30, 2021

- Landi Renzo strengthened its presence in the Clean Tech Solutions sector, fully consolidating the subsidiary SAFE&CEC, and thus confirming its role as an all-round player in the CNG, biomethane and hydrogen value chain
- The Group's acquisition of Metatron represents a key step in the path aimed at positioning itself as a leader in the supply of systems and components for natural gas and hydrogen mobility in the Mid&Heavy Duty segment

  - Consolidated revenues amounted to €96 million, increasing (+60.3%) compared to €59.9 million at June 30, 2020
  - Adjusted EBITDA was €4.5 million, accounting for 4.7% of revenues, compared to €1.9 million at June 30, 2020
  - EBITDA rose by €2.6 million to €3.6 million, accounting for 3.7% of revenues (€1 million at June 30, 2020)
  - Positive net result at €2.1 million, compared to a loss of €6.7 million at June 30, 2020
  - Net Financial Debt at €99.6 million (€88.2 million net of the effects of the application of IFRS 16 and of the fair value of derivative financial instruments), up compared to December 31, 2020 (€72.9 million) also as a result of the consolidation of SAFE&CEC, whose Net Financial Debt amounted to €15.3 million at June 30, 2021 (€8 million net of the IFRS 16 effects), improving compared to €16.8 million at December 31, 2020 (€9.8 million net of the IFRS 16 effects)

Cavriago (RE), September 10, 2021

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the First Half Financial Report at June 30, 2021. Despite the ongoing uncertainties surrounding the global economic outlook due to the persistence of the pandemic and shortage of raw materials and electronic components on international markets, the positive development of vaccine campaigns and fiscal stimuli introduced by several countries to support the automotive industry give hope for a volume recovery in the second half of 2021, with a further expansion as of 2022.

"*In the first half of the year, we completed several M&As aimed at consolidating Landi Renzo Group in two high-growth segments, and in particular the CNG, biomethane and hydrogen compression infrastructure sector, thanks to the consolidation of SAFE&CEC and the Metatron acquisition, which allows us to position as market leaders in components for the Mid&Heavy Duty segment. The automotive industry continues to struggle, but we are confident that it will recover as soon as the second half of the year,*" stated Stefano Landi, Chairman of Landi Renzo S.p.A..

Cristiano Musi, Chief Executive Officer of Landi Renzo S.p.A., commented: *"The first half of the year was very challenging for the Group, as it required efforts to resume our traditional business in the Passenger Car OEM and After Market segments and to perform several major M&As. The automotive industry, although slightly improving, was impacted by the increase in prices of raw materials and the well-known criticalities affecting the Passenger Car segment in the first half of the year. In addition, some markets —*

particularly the LATAM area and Europe — are still far from pre-pandemic levels, but we succeeded in addressing the shortage of components and we now see signs of an improvement, as soon as in the third quarter. Our former investee SAFE&CEC, which we now fully control, continued to report very sharp growth, improving significantly all its operating indicators and with a positive cash generation," added CEO Musi. *"The subsidiary has launched some hydrogen compression projects and already has a robust order backlog for 2022. We are also forging ahead the integration between Landi Renzo and Metatron that allows us to position as leaders in the gas and hydrogen mobility on-engine components and systems for the Mid&Heavy Duty segment, whose market value is expected to more than triple by 2025."*

Consolidated Financial Highlights at June 30, 2021

Up to April 2021, Landi Renzo Group had been operating directly in the automotive sector only, and indirectly in the Clean Tech Solutions sector through the SAFE&CEC S.r.l. joint venture, which had met the joint control requirements set forth by IFRS 11 in light of its contractually defined governance structure and had been consolidated using the equity method. In April 2021, Landi Renzo S.p.A. and Clean Energy Fuels Corp signed a deed amending the shareholders' agreements of the subsidiary SAFE&CEC S.r.l., which conferred greater decision-making autonomy on Landi Renzo S.p.A., enabling it to exercise control over SAFE&CEC S.r.l. and therefore consolidate it line by line as of May 2021, as the control requirements set forth by IFRS 10 had been met. Therefore, Landi Renzo Group's consolidated financial results at June 30, 2021 are not directly comparable with those for the same period of the previous year.

In the first half of the year, Landi Renzo Group's revenues amounted to €95,962 thousand (€59,857 thousand at June 30, 2020). On a like-for-like consolidation basis, i.e., considering the automotive sector alone, consolidated revenues at June 30, 2021 would have been €77,021 thousand, up €17,164 thousand (+28.7%) compared to June 30, 2020.

The Group's adjusted EBITDA for the first six months of 2021 was positive at €4,478 thousand, accounting for 4.7% of revenues, compared to €1,852 thousand (3.1% of revenues) for the same period of the previous year.

EBITDA was positive at €3,562 thousand (positive at €1,038 thousand at June 30, 2020), including non-recurring costs amounting to €916 thousand (€814 thousand at June 30, 2020).

EBIT for the reporting period was negative at €3,514 thousand (negative at €5,070 thousand at June 30, 2020), after amortization, depreciation and impairment losses totaling €7,076 thousand (€6,108 thousand at June 30, 2020), of which €1,244 thousand due to the application of IFRS 16 – *Leases* (€1,037 thousand at June 30, 2020).

Following the acquisition of control over the SAFE&CEC Group, which operates in the Clean Tech Solutions sector, Landi Renzo Group's interest in the latter was measured at fair value pursuant to IFRS 3; as a result, a €8,783 thousand income from consolidation was recognized in the income statement. At the consolidation date, the fair value of the group acquired was measured by a major independent expert.

Noteworthy was the positive performance of Krishna Landi Renzo — an Indian joint venture of the Group included in the consolidation area using the equity method — which significantly increased its sales volumes to a major Indian OEM customer, recording €9 million revenues and €1.5 million EBITDA in the first half of 2021.

EBT was positive at €2,685 thousand (negative €7,939 thousand at June 30, 2020).

Net Result at June 30, 2021 was positive for €2,058 thousand compared to a loss for the Group and minority interests amounting to €6,653 thousand at June 30, 2020.

Net Financial Debt totaled €99,554 thousand at June 30, 2021 (€72,917 thousand at December 31, 2020), of which €11,108 thousand due to the application of IFRS 16 —*Leases*, and €283 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 financial derivative contracts, Net Financial Debt at June 30, 2021 would have been €88,163 thousand, of which €7,967 thousand referring to the Clean Tech Solutions sector.

Performance of the automotive operating business

Revenues from sales on the automotive sector at June 30, 2021 amounted to €77,021 thousand, up €17,164 thousand (+28.7%) compared to the same period of the previous year, which had been severely impacted by the effects of lockdown periods imposed by governments to tackle the Covid-19 pandemic.

Sales within the **OEM** channel amounted to €35,368 thousand and accounted for 45.9% of total (47.6% at June 30, 2020), sharply increasing thanks to the greater order backlog of a major European OEM client that has focused on LPG bifuel engines to broaden its range of 'green' products.

Sales within the **After Market** channel amounted to €41,653 thousand (€31,383 thousand at June 30, 2020) and mainly referred to orders from both national and foreign distributors and authorized installers. Sales grew chiefly as a result of the recovery of some LATAM, North African and Asian markets, which improved sharply with significant increases in sales and orders.

In detail, with regard to the geographical breakdown of sales on the automotive sector:

- **Italy** accounted for 12.7% of total revenues (16.5% in the first half of 2020), essentially in line with the same period of the previous year (-0.9%). After a first quarter significantly impacted by the resurgence of Covid-19 cases and the ensuing limitations on people mobility, the second quarter reported encouraging signs of a recovery, with increasing demand for conversions. According to data of the association of foreign carmakers operating in Italy (UNRAE), registrations of gas-fueled (methane and LNG) vehicles in the Italian market continued to account for approximately 9% of total.
- The rest of **Europe** accounted for 54.1% of total revenues (53.3% in the first half of 2020), up 30.7% mainly thanks to the greater order backlog of a major European OEM client that has focused on LPG bifuel engines to broaden its range of 'green' products. As a result of the difficulties in procuring raw materials and components on the international markets, and the ensuing suspension of production, in the first quarter of the year this client postponed significant orders, some of which were then resumed in the second quarter.
- Sales in **America** for the first six months of 2021 amounted to €8,691 thousand (€6,862 thousand at June 30, 2020), up 26.7% thanks to the LATAM area's positive performance that, despite delays in the vaccine campaigns, showed significant signs of a recovery.
- The markets in **Asia and the Rest of the World** accounted for 22% of total revenues (18.7% in the first six months of 2020), increasing by 50.1% thanks to the positive trend of the North African and Asian

markets.

In the first six months of 2021, **adjusted EBITDA** of the automotive sector, net of €750 thousand non-recurring costs, was positive at €1,741 thousand, accounting for 2.3% of revenues, down compared to the same period of the previous year (€1,852 thousand, or 3.1% of revenues, net of non-recurring costs of €814 thousand).

EBITDA of the automotive sector was positive at €991 thousand and accounted for 1.3% of revenues (€1,038 thousand, or 1.7% of revenues, at June 30, 2020). It was influenced by the increase in raw material prices at global level and the significantly higher percentage of sales within the OEM channel rather than in the After Market channel, as well as by the performance of the After Market channel. The latter showed, on one hand, a significant volume recovery in emerging countries (particularly in the LATAM, North African and Asian markets) but with a growing price competition and, on the other hand, a decline in conversions in advanced countries, which are increasingly focused on hybrid or full-electric solutions.

EBIT was negative at €5,673 thousand (negative at €5,070 thousand at June 30, 2020), after accounting for depreciation, amortization and impairment losses of €7,076 thousand (€6,108 thousand at June 30, 2020), of which €1,244 thousand for the application of IFRS 16 – *Leases* (€1,037 thousand at June 30, 2020).

Performance of the Clean Tech Solutions operating business

With regard to the two months consolidated by Landi Renzo Group, the Clean Tech Solutions sector reported revenues amounting to €19,021 thousand, **adjusted EBITDA** positive at €2,737 thousand and **EBITDA** positive at €2,571 thousand. **EBIT** was positive at €2,159 thousand.

At a pro-forma level, i.e., considering the SAFE&CEC Group's results for the whole first half of 2021, the Clean Tech Solutions sector's revenues rose significantly from €31,773 thousand at June 30, 2020 to €42,589 thousand at June 30, 2021 (+34%). Despite the negative impacts on global economy and the persistence of the Covid-19 pandemic, the SAFE&CEC Group continued to report increasingly positive results and an order backlog able to cover most of the second half of 2021 and all of the first quarter of the following year, thus confirming the growing interest on gas and biomethane mobility from several countries, which are upgrading their distribution networks. The SAFE&CEC Group was also awarded important contracts, such as that for the supply and assembly of over 150 compressors in Egypt for the companies Gastec (Egyptian International Gas Technology) and NGVC (Natural Gas Vehicles Company), in addition to significant supplies for the biomethane application sector, both in Europe and in the United States, such as the supply of compressors to Clean Energy for use in the new refueling stations designed for Amazon.

The Clean Tech Solutions sector's pro-forma **adjusted EBITDA** at June 30, 2021 was €3,353 thousand, accounting for 7.9% of revenues, up compared to the same period of the previous year (€1,678 thousand, or 5.3% of revenues).

Pro-forma **EBIT** at June 30, 2021 of the Clean Tech Solutions sector was €1,445 thousand, up compared to the same period of the previous year (negative at €217 thousand).

These results confirmed the gradual improvement of margins within the Clean Tech Solutions sector thanks to the positive effects arising from the product standardization process, which started to generate results as of the second quarter of 2021 with a significant reduction in production costs, and to the increase in revenues, which allowed to offset fixed costs.

Significant events after the close of H1 2021

The following events occurred after the end of the first six months of 2021 and up to today's date:

- In July 2021, Landi Renzo S.p.A. formed the Landi Renzo Rus joint venture with an important local partner. The company, whose purpose is to develop the gas mobility within the Russian market, is 51% owned by Landi Renzo S.p.A.

- On August 5, 2021, Landi Renzo S.p.A. completed the acquisition of a 49% interest in Metatron S.p.A., a company based in Castel Maggiore (Bologna, Italy) and an international leader of alternative fuel solutions for the Mid&Heavy Duty segment, from Italy Technology Group S.r.l. (ITG), the current majority shareholder of Metatron. The acquisition is part of a wider transaction, aimed at also purchasing the remaining 51% interest in Metatron from ITG and the other current shareholders, to be finalized by November 30, 2021, with Landi Renzo S.p.A. acquiring a 100% interest in Metatron. The transaction is not subject to conditions precedent.

  The agreed acquisition price for 100% of Metatron's share capital has been set at €26.7 million and will be subject to an earnout based on Metatron's consolidated Net Financial Position at July 31, 2021. The price will be paid in multiple tranches, by cash. Landi Renzo S.p.A. will also have the option of paying part of the price due to ITG (and to another minority shareholder), in any event for a portion not exceeding 29.17% overall of the price of Metatron shares, by issuing new ordinary shares of Landi Renzo S.p.A. in execution of a possible share capital increase reserved for such sellers, to be subscribed through the contribution in kind of shares of Metatron.

  The acquisition of Metatron is a strategic transaction for Landi Renzo Group, which will thus be able to further strengthen its presence in the Mid&Heavy Duty segment, one of the most interested in hydrogen, CNG, biomethane, and LNG alternative fuels, for which volumes are expected to increase sharply over the coming years. Metatron is a leader in the supply of components for gas and hydrogen mobility in the Mid&Heavy Duty segment, both in Europe and China, where it has a longstanding relationship with the main sector players.

  The transaction will enable significant synergies between the two companies, in terms of both cost (estimated at about €4.7 million for the full year as of 2022) and investments (estimated at about €5 million for the two-year period 2022-2023), thus allowing the Landi Renzo Group to complete its range of components for gas and hydrogen mobility in the Mid&Heavy Duty segment.

Business outlook

The persistence of the Covid-19 pandemic and the current shortage of raw materials and electronic components on the market, with the ensuing price increases and the risk of production halts, have led the automotive sector to report lower-than-expected results. As a consequence, the management has revised its 2021 guidance, forecasting a total of €230 million revenues for Landi Renzo Group, of which €170 million in the automotive sector and €60 million in the Clean Tech Solutions sector (in the May-December 2021 period), and total adjusted EBITDA margin in the range of €17 million to €20 million, of which €10 million to €12 million relating to the automotive sector and €7 million to €8 million to the Clean Tech Solutions sector (in the May-December 2021 period). With regard to the Clean Tech Solutions sector, on a full-year basis the Group confirms the revenues and margins forecasts announced upon publishing the results at December 31, 2020, i.e., a value of production in the range of €85 million to €90 million, with adjusted EBITDA margin between €8 million and €9 million.

With reference to the investee Metatron, as a proof of the growing interest in CNG and hydrogen solutions for the Heavy-Duty segment, forecasts for full-year 2021 (on a yearly basis) call for €25 million revenues.

This press release is a translation. The Italian version will prevail

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 Methane gas, LNG, hydrogen and LPG 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	30/06/2021	30/06/2020
Revenues from sales and services	**95,962**	**59,857**
Other revenues and income	874	64
Cost of raw materials, consumables and goods and change in inventories	-59,643	-33,074
Costs for services and use of third-party assets	-17,841	-13,537
Personnel costs	-14,436	-11,305
Allocations, write downs and other operating expenses	-1,354	-967
Gross Operating Profit	**3,562**	**1,038**
Amortization, depreciation and impairment	-7,076	-6,108
Net Operating Profit	**-3,514**	**-5,070**
Financial income	86	181
Financial expenses	-1,937	-1,534
Exchange gains (losses)	-595	-1,211
Income (expenses) from equity investments	8,783	0
Income (expenses) from joint venture measured using the equity method	-138	-305
Profit (Loss) before tax	**2,685**	**-7,939**
Taxes	-627	1,286
Net profit (loss) for the Group and minority interests, including:	**2,058**	**-6,653**
Minority interests	517	-92
Net profit (loss) for the Group	1,541	-6,561
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0137	-0.0583
Diluted earnings (loss) per share	0.0137	-0.0583

(thousands of Euro)

ASSETS	30/06/2021	31/12/2020
Non-current assets		
Land, property, plant, machinery and other equipment	13,927	13,212
Development expenditure	11,165	9,506
Goodwill	55,487	30,094
Other intangible assets with finite useful lives	16,694	10,860
Right-of-use assets	10,273	4,975
Equity investments measured using the equity method	1,270	22,509
Other non-current financial assets	861	921
Other non-current assets	2,280	2,850
Deferred tax assets	12,768	12,201
Total non-current assets	**124,725**	**107,128**
Current assets		
Trade receivables	58,872	39,353
Inventories	61,214	42,009
Contract work in progress	19,195	0
Other receivables and current assets	12,359	6,712
Other current financial assets	0	2,801
Cash and cash equivalents	20,780	21,914
Total current assets	**172,420**	**112,789**
TOTAL ASSETS	**297,145**	**219,917**

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2021	31/12/2020
Shareholders' Equity		
Share capital	11,250	11,250
Other reserves	44,633	53,199
Profit (loss) for the period	1,541	-7,662
Total Shareholders' Equity of the Group	**57,424**	**56,787**
Minority interests	4,743	-473
TOTAL SHAREHOLDERS' EQUITY	**62,167**	**56,314**
Non-current liabilities		
Non-current bank loans	63,295	68,181
Other non-current financial liabilities	2,584	408
Non-current liabilities for right-of-use	8,576	2,871
Provisions for risks and charges	4,131	2,897
Defined benefit plans for employees	1,956	1,556
Deferred tax liabilities	1,497	297
Liabilities for derivative financial instruments	283	458
Total non-current liabilities	**82,322**	**76,668**
Current liabilities		
Bank financing and short-term loans	42,459	23,108
Other current financial liabilities	605	378
Current liabilities for right-of-use	2,532	2,228
Trade payables	81,595	53,509
Tax liabilities	2,566	2,677
Other current liabilities	22,899	5,035
Total current liabilities	**152,656**	**86,935**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**297,145**	**219,917**

(thousands of Euro)

CONSOLIDATED CASH FLOWS STATEMENT	30/06/2021	30/06/2020
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	2,685	-7,939
Adjustments for:		
Depreciation of property, plant and machinery	2,023	1,953
Amortisation of intangible assets	3,809	3,118
Depreciation of right-of-use assets	1,244	1,037
Loss (profit) from disposal of tangible and intangible assets	236	-45
Share-based incentive plans	88	88
Impairment loss on receivables	319	166
Net financial charges	2,446	2,564
Net expenses (income) form equity investments measured using the equity method	138	305
Net expenses (income) form equity investments	-8,783	0
	4,205	**1,247**
Changes in:		
Inventories and work in progress	-8,866	-6,945
Trade receivables and other receivables	-3,936	3,534
Trade payables and other payables	7,549	-4,912
Provisions and employee benefits	308	-825
Cash generated from operation	**-740**	**-7,901**
Interest paid	-1,242	-828
Interest received	108	51
Taxes paid	-402	-491
Net cash generated (absorbed) from operating activities	**-2,276**	**-9,169**
Financial flows from investment		
Proceeds from sale of property, plant and machinery	414	187
Purchase of property, plant and machinery	-1,695	-2,738
Purchase of intangible assets	-180	-257
Development expenditure	-2,369	-2,990
Variation in consolidation area	2,966	0
Net cash absorbed by investment activities	**-864**	**-5,798**
Free Cash Flow	**-3,140**	**-14,967**
Financial flows from financing activities		
Disbursements (reimbursement) of medium/long-term loans	-3,914	2,818
Change in short-term bank debts	9,546	6,063
Repayment of leases IFRS 16	-1,332	-1,111
Net cash generated (absorbed) by financing activities	**4,300**	**7,770**
Net increase (decrease) in cash and cash equivalents	**1,160**	**-7,197**
Cash and cash equivalents as at 1 January	21,914	22,650
Effect of exchange rate fluctuations on cash and cash equivalents	-2,294	-1,895
Cash and cash equivalents at the end of the period	**20,780**	**13,558**

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