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**Landi Renzo signed an agreement with Clean Energy Fuels for the merger between SAFE and Clean Energy Compression: setting up a new leading Group in the compression segment with operational headquarter in Italy and an estimated turnover of approximately €58 million at the end of 2018 (around €107 million at the end of 2022)**

*The industrial project envisages the creation of a Newco (51% Landi Renzo and 49% Clean Energy Fuels), made up of SAFE and Clean Energy Compression, operating from the beginning of January 2018*

*Cavriago (Reggio Emilia), November 27<sup>th</sup> 2017*

**Landi Renzo**, a worldwide leading firm in the LPG and Methane gas components and systems for motor vehicles sector, announces that it has signed a strategic agreement for an industrial project that aims at the merger between its subsidiary **SAFE**, specialized in the manufacturing and installation of gas compressors for multiple applications, and **Clean Energy Compression**, owned by the US company **Clean Energy Fuels Corp.**, a single-source supplier of Compressed Natural Gas (CNG) fueling systems, including compressors, dispensers, gas control and storage systems for vehicle applications and bulk CNG transportation. The agreement envisages the setting up of a Newco, made up of 100% of SAFE and 100% of Clean Energy Compression, that will be the second Group in the sector at a global level, with a focus on compressors for CNG and Renewable Natural Gas (RNG) at a global level; with a market share above 15% in Europe and the United States.

With operational headquarters in San Giovanni Persiceto (BO), the Newco will be owned in majority by Landi Renzo, with a share equal to 51%. The remaining 49% stake will be held by Clean Energy Fuels Corp. The governance will have a Board of Directors that would be made of 7 members, out of which 4 appointed by Landi Renzo; Cristiano Musi, CEO of Landi Renzo, will hold the same position also in the Newco, whereas Andrew J. Littlefair, CEO of Clean Energy Fuels Corp., will be appointed non-executive Chairman.

SAFE, founded in 1975 and headquartered in San Giovanni Persiceto (BO), is part of the Landi Renzo Group since 2012. It employs over 70 people and it is specialized in the production of compressors for CNG refilling stations, Oil&Gas (above all gas recovery) and renewable natural gas (RNG). The company is already active with a sales network in Europe, America, Asia and Middle East with a 2016 global turnover of € 26.3 million.

Clean Energy Compression, located in Chilliwack (Canada), was founded in 1984 and employs 180 people. The company offers a high quality product portfolio, highly effective and standardized for CNG refilling systems. Its geographical presence is characterized by an important market share in the US, besides in South America and, more marginally, in Europe, Asia and Middle East. In 2016 the turnover of Clean Energy Compression was about \$ 34.8 million.

The Newco that will be set up from the merger will be the second player worldwide in terms of turnover, taking advantage from the global positioning, product offering and market penetration required to meet the growing needs of customers within a sector that will fast expand in the next years. This is also due to the strict environmental policies, which worldwide require a progressive adoption of alternative fuels to minimize

polluting emissions. The expansion of a more capillary infrastructure network for the dispensing of methane gas - and also of the newer and greener biogas - is the first step towards the spreading of these refueling technologies. Newco can count on outstanding competences in order to position as market leader in the sector at a global level, leveraging on a wide and advanced product portfolio.

From the merger between SAFE and Clean Energy Compression, Newco aims to achieve a leading position in Europe and in USA but also to expand into new geographies (Middle East and Asia), thus laying the foundations to accelerate the development of the business. Revenues expected for 2018 are equal to about € 58 million with +17% CAGR at 2022 (estimated turnover at about € 107 million) and adjusted EBITDA equal to € 4.9 million, to reach € 21.6 million at the completion of the plan, also thanks to the economies of scale and synergies that would be possible and that will allow to meet a cost decrease for an amount of € 9 million at regime, more than € 7 million of which already in 2020.

The agreement announced today will allow the strengthening of the growth process of SAFE communicated in the industrial plan of Landi Group in the past September. The Newco will be able to strengthen and to expand the value chain of SAFE and will allow to meet the targets included in the plan in a shorter time, improving significantly the value creation for shareholders during the 5 years.

*“Since SAFE became part of the Landi Renzo Group in 2012, it has grown to become an Italian excellence that makes us particularly proud. The historic headquarters based in San Giovanni in Persiceto will become the focus of the activity of the new Group, which is a result of the aggregation with an important American player. This deal will enable us to strengthen our presence on international markets by maintaining an Italian DNA”* said **Stefano Landi, Chairman of Landi Renzo**.

**Cristiano Musi, CEO of Landi Renzo**, said: *“This agreement is part of the process of growth and development of our Group, with a focus on the strengthening of our leadership position in our strategic segments, as well as on the acceleration of the value creation process. We believe that the methane and biomethane distribution industry will be more and more strategic for our reference market. Becoming majority shareholders of the second player in this business at a worldwide level represents an acceleration in the value creation process. This new entity, thanks to the distinctive and complementary competences of SAFE and Clean Energy Compressor, will be able to cover the whole offer for the segments distribution and Renewable Natural Gas with a complete and unique product range in the industry. Moreover, with reference to assets management, this deal will allow from the start to reduce the Landi Renzo Group net financial position of about € 4 million, to close 2017 in balance if the closing of the transaction will be executed within 2017, and with a significant increase in the value creation for shareholders. As a matter of fact, we believe that 51% of the Newco will have a significant greater valorization than our 100% of SAFE, due to the dimensions, to the greater potential for growth, as well as to the effects of synergies”*.

*“Safe and Clean Energy Compression’s businesses have been competing so far, but, when combined, they establish a completely complementary structure in geography, expertise and highly competitive products”* said **Andrew J. Littlefair, President and CEO of Clean Energy**. *“By consolidating operations and corporate functions, the Newco will be able to drive manufacturing efficiencies and reduce redundant costs, resulting in improved margins”*.

The industrial plan of the Newco is based on two main pillars:

- turnover increase, with an optimization of the product range and an increase of the offer in some markets;
- operative efficiencies and synergies of costs.

The Newco will be characterized by a global sales network, deriving from the integration of the two existing networks, which incidentally do not present any significant overlapping. As regards products offer, optimizations are foreseen in the product range of mid power compressors - an area in which CEC has already completed the standardization process – as well as a better offer to CEC clients of low power compressors, dryers, and integrated solutions, which have always been a strength of SAFE. The new entity is also meant to

give value to the RNG product range of SAFE, which completes the offer of CEC in North America, one of the most promising markets for the biomethane, thanks to the regulations on green house gas emissions.

The estimated operational synergies are around 9% of combined cost structure, with a target value in 2020 of € 7 million. The cost reduction are estimated to be significant already in 2018 (about € 2.6 million) and fully developed in 2022 at € 9 million.

In detail:

- improvement in the purchase of materials policies and in the SCM, as well as make or buy choices, that will bring to immediate estimated benefits of about € 1.6 million in 2018, which will become about € 5.2 million in 2020 and about € 6.7 million at the end of the plan;
- general costs reduction for about € 1.7 million (one million of which already in 2018 and € 1.7 million already in 2019) thanks to the optimization of SG&A and to actions of reduction on the Canadian structure of CEC.

Following the main economical-financial 2022 targets foreseen in the strategic plan of the Newco:

- turnover equal to € 106.8 million, with a CAGR equal to 17%;
- Adj. EBITDA target equal to € 21.6 million (€ 4.9 million in 2018);
- Over the life of the plan (2018-2022) a dividend distribution for € 35 million is planned.

As regards Landi Renzo's consolidated financial statements, the net financial position will decrease by about € 4 million thanks to the merger. The agreement will allow the achievement of a significant capital gain at the closing, which is expected by the end of the year and is, among other things, conditional on reaching an agreement with Landi Group Bondholders and the lending banks, as established in the debt optimization agreement signed by the Group at the end of March 2017.

The new company is expected to be operational from the beginning of January 2018.

Landi Renzo Group was advised by Clifford Chance for the legal aspects and by EY for the financial and fiscal due diligence, and as consultant for the structuring of the deal.

To discuss the details of the deal, a conference call with the financial community is scheduled for today at 15.00 (CET) - 14.00 (GMT). The connecting link details will be available in the Investors section of the website: [www.landirenzogroup.com](http://www.landirenzogroup.com). At the end of the presentation, a Q&A session will follow.

*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 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.

## Press Release

November 27th 2017

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