

A photograph of a person driving a convertible car on a road during sunset. The sun is low on the horizon, casting a warm glow over the scene. The person's arm is extended out of the car window, pointing towards the horizon. The road is straight and leads towards the sunset. The background shows a green field and a fence.

The Clean Air Group
Driving the Future

**H1 2019
FINANCIAL RESULTS REVIEW**



Investor Meeting

Cristiano Musi
Group CEO



Paolo Cilloni
CFO and IR



H1 2019 – Highlights

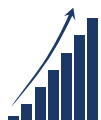
Landi Renzo Group



Up 4,9%
Revenues
102,0M€



Down 6,0M€ ⁽¹⁾
NFP



Up 4,6%
Ebitda
13,3M€



Investments
4,2M€



Up 70,6%
Net Income
2,9M€

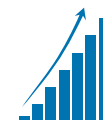


Down 3,6M€ ⁽²⁾
Working Capital
12,3% of revenues

SAFE&CEC



Up 9,5%
Revenues
28,8M€



Up 2,9M€
Ebitda
1,7M€



Up 2,2M€
Net Income
-0,4M€

- 2019 Outlook confirmed for Landi Renzo Group at 185-190M€ and Adj. EBIDTDA of ~27M€
- SAFE&CEC Outlook: revenues at 65-70M€; Adj.EBITDA between 6 and 7M€

Landi Renzo key events

— Commercial / strategic development



- Started and almost completed new product validation with top “**tier 1 OEM**” worldwide, both for HD and Off Road



- Major **European OEMs confirmed their programs with LPG** until 2023 and awarded new **OEM CNG programs in India (2021-2024)**



- Signed an **agreement with Hydrogenics** to design and develop fuel cell hydrogen systems

— New Product development



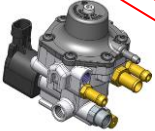









- Development of the new **CNG and LNG pressure regulator for Heavy Duty and Off Road and first application for Hydrogen**. Started new experienced team on gas-EMS (Engine Management System)
- New **CNG pressure regulator for passenger car and LCV** applications both **for AM and OEMs**

— Key management events



- Landi Renzo S.p.A. signed a **five-year medium-term financing agreement** for a total amount of € 65 million, to re-finance the existing midterm loan and bond (fully repaid on July, 1st 2019) and sustain new R&D investments with more favorable interest rates
- **LRG is currently updating its strategic plan**, assessing any new opportunity offered by the sustainable mobility market, to identify a set of actions to accelerate growth and sustain the performance improvement. By end of 2019 this activity will be completed

In H1 2019 the product portfolio for PC, HD and H₂ has been extensively renewed; moreover, LRG R&D team has been reinforced with a new technical team specialized on H₂ components and EMS for HD Gas-mobility

Passenger Cars & LCV	Heavy Duty & Off Road	H ₂
<p>New</p>  <p>CNG regulator designed for AM and OEMs</p> <p>New</p>  <p>LI18 Pressure Regulator</p> <p>New</p>  <p>SOV LI18</p> <p>LPG Membrane technology mechanical components designed for OEMs</p>	<p>Completed</p>  <p>NG2 HD: CNG Pressure regulator for M&HD OEM</p> <p>New</p>  <p>LNG Piston technology mechanical pressure reducer for HD OEM</p> <p>New</p>  <p>E-HPR: electronically controlled High Pressure Regulator for HD OEM</p> <p>New</p>  <p>Side feed injectors for M&HD OEM internally validated</p> <p>New</p>  <p>ECU : ECU for CNG/LNG HD Monofuel (under development)</p>	<p>New</p>  <p>Supply and Purge valves for on-board fuel cell system</p> <p>New</p>  <p>Integrated manifold and pressure regulator for Fuel Cell applications</p>

Revenue growth (+4,9%) in H1 leads to a net income of 2,9M€ (+70,6%). Economic results are in line with management expectations

M€; %

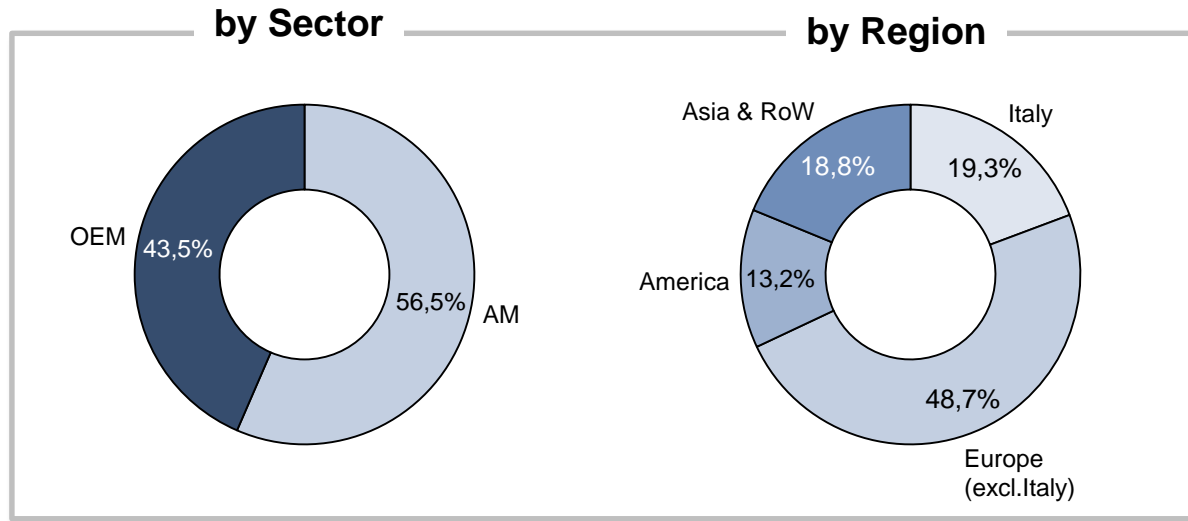
	2019 H1	2018 H1	Delta M€	Delta %
Revenues	102,0	97,3	4,7	4,9%
EBITDA Adj.	13,6	14,1	-0,5	-3,3%
<i>% on Revenues</i>	<i>13,3%</i>	<i>14,5%</i>		
EBITDA	13,3	12,7	0,6	4,6%
<i>% on Revenues</i>	<i>13,0%</i>	<i>13,0%</i>		
EBIT	7,0	7,5	-0,5	-6,1%
<i>% on Revenues</i>	<i>6,9%</i>	<i>7,7%</i>		
Capital Gain/Loss	0,1	-1,2	1,2	NA
Financials	-2,6	-2,9	0,3	10,6%
EBT	4,5	3,4	1,1	32,1%
Taxes	-1,6	-1,7	0,1	5,0%
Net Income	2,9	1,7	1,2	70,6%

Highlights

- **Revenues**, in H1 2019, increase mainly due to OEM volumes growth (+17,3%), while AM business is aligned with the previous year
- Despite the increase of OEM share, **H1 2019 EBITDA reached 13,0%** of revenues, growing +4,6% vs H1 2018, **positively impacted** by the fixed cost **reduction**
- **H1 2019 EBIT positive, 6,9%** of revenues, in line with management expectations and with best practices in the automotive sector
- **Capital gain and financials** have a significant improvement (+1,5M€ vs H1 2018) positively affecting EBT results
- **H1 2019 Net Income positive** by 2,9M€ with an increase of 70,6% compared to last year
- **Fifth consecutive quarter** with positive net income

H1 2019 Net Sales breakdown by sector and geographical region

M€; %



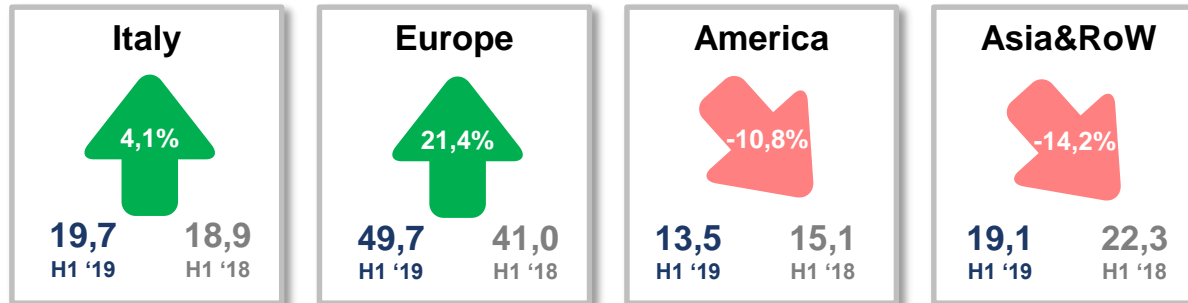
Highlights

Sector

- Landi Renzo consolidates its presence as a top **OEM “tier-1” supplier in Europe**
- OEM sales** up to **43,5%** of total sales vs **38,9%** in H12018

Region

- Growth concentrated in **Europe** (+8,8M€;+21,4%) mainly due to OEMs on LPG
- America** revenues decrease mostly due to the Q1 slowdown of the Brazilian market
- Asia&RoW** decrease mainly due to the reduction of the effect of local incentives to sustain alternative fuel mobility

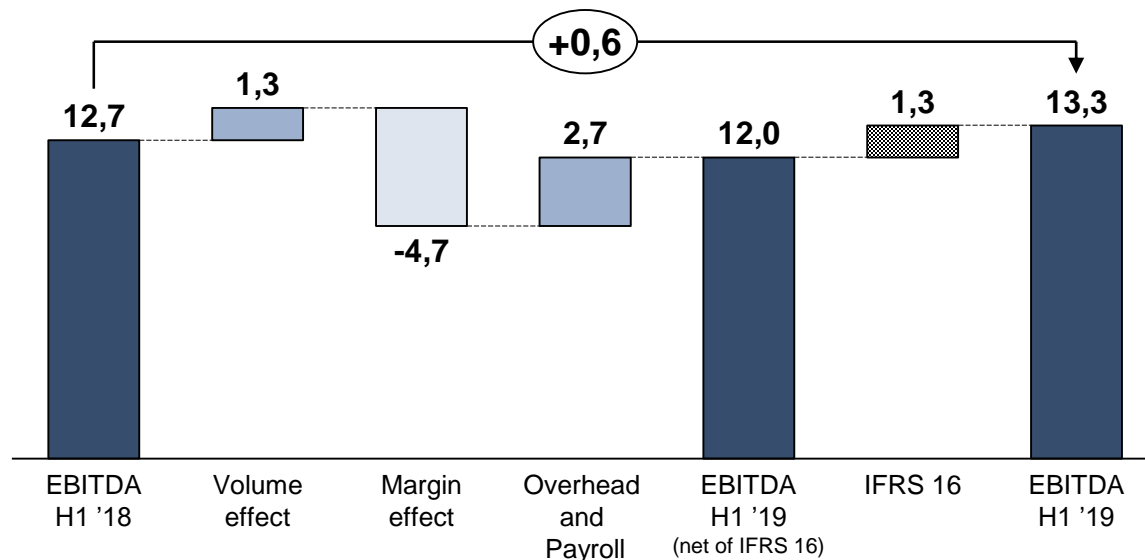


Volume increase and an efficient cost control counter balanced the different channel sales mix in H1 2019

M€

EBITDA
H1 2019

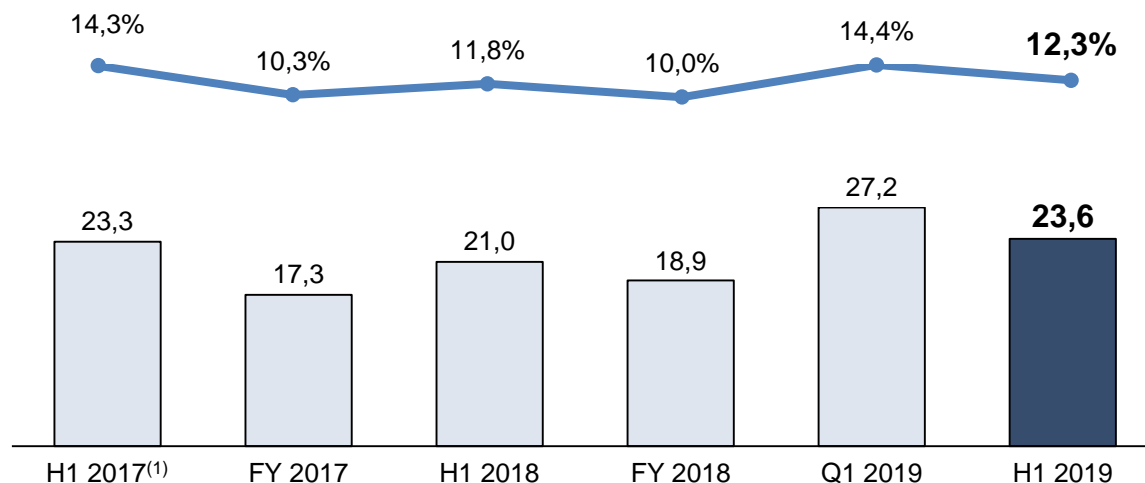
H1 2018



- **EBITDA** improved by **0,6M€** compared to last year due to:

- **Higher revenues** impact by 1,3M€
- **Effect of change in sales mix** between Aftermarket and OEM sectors impacting by 4,7M€, offset by **fixed costs reduction** by 2,7M€ thanks to the full benefit from the industrial turnaround implementation
- «**IFRS 16**» adoption from 2019 (+1,3M€) positive impact on EBITDA

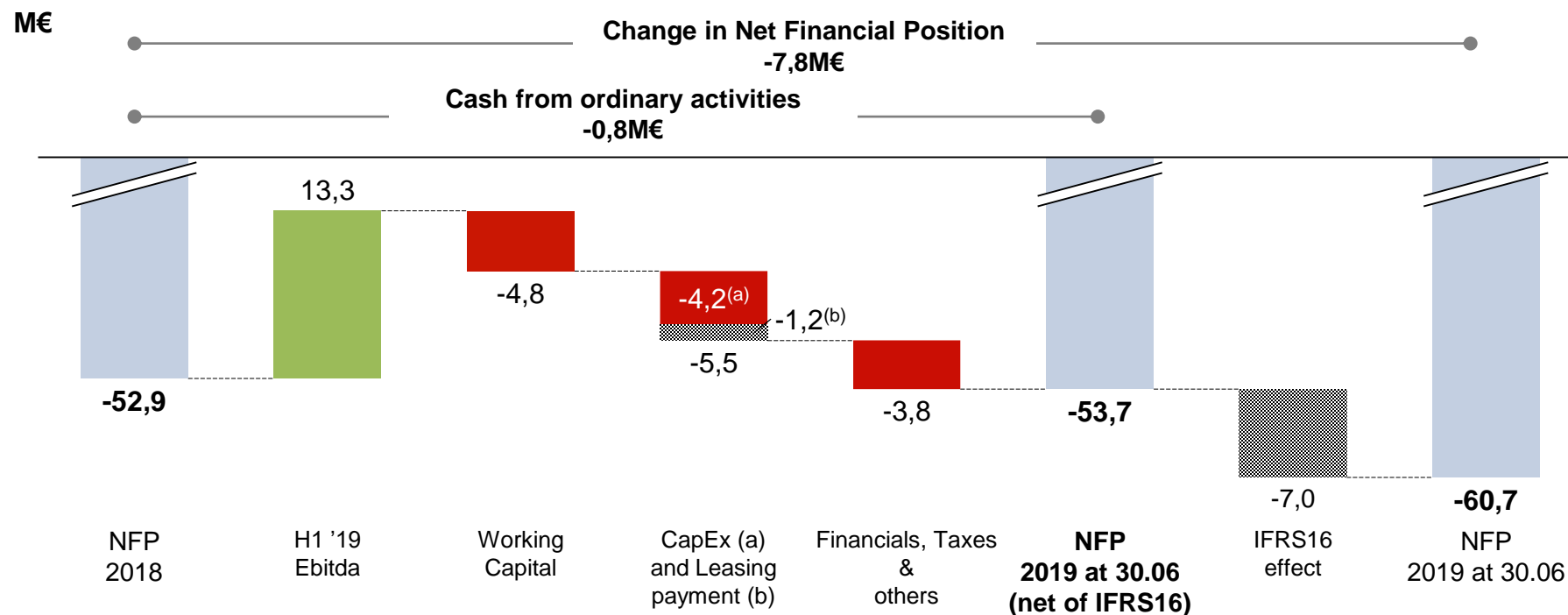
Working Capital



- **Working Capital** decreased in Q2 by 3,6M€ compared to last quarter, mainly due to a reduction of inventories

⁽¹⁾ Automotive sector

NFP remains stable, with significant R&D investments to support new products development for OEM systems and Heavy Duty components



2018	NFP	2019 H1
15,1	Cash liquidity (+)	51,4
0,0	Current Financial Assets (+)	2,8
-16,6	Short-term debts (-)	-24,0 ⁽²⁾
-23,3	Long-term debts (-)	-54,8
-28,1	Bond (-)	-29,1 ^{(2) (4)}
-68,0	Tot. Gross Debt (-)	-107,9
-52,9	NFP net of IFRS 16	-53,7
0	Financial Lease (-)	-7,0 ⁽³⁾
-52,9	NFP⁽¹⁾	-60,7

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

(2) accrued interests included

(3) Financial liability related to first time adoption of IFRS 16 – Leases

(4) Fully repayment on 1 July 2019 (being 30 June 2019 a non-working day)

SAFE&CEC result shows strong improvement in performance with +9,5% of revenues and EBITDA from -1,2 to positive for 1,7 with Q2 at break even

M€	2019 1H	2018 1H	Delta M€	Delta %
Revenues	28,8	26,3	2,5	9,5%
EBITDA Adj.	2,0	0,5	1,5	280,1%
<i>% on Revenues</i>	<i>6,9%</i>	<i>1,9%</i>		
EBITDA	1,7	-1,2	2,9	N/A
<i>% on Revenues</i>	<i>5,8%</i>	<i>-4,5%</i>		
EBIT	0,4	-1,9	2,3	121,9%
<i>% on Revenues</i>	<i>1,4%</i>	<i>-7,3%</i>		
Net Income	-0,4	-2,6	2,2	84,8%

M€	2019 H1	2018 FY
Working Capital	12,4	8,7

Highlights

- **Consolidated revenues** reached 28,8M€, **increasing** by 9,5% compared to H1 2018, confirming the growing trend of volumes and the strong positioning of the Group on the market
- **Adj. EBITDA** improved by 1,5M€, thanks to the volume effect as well as the impact of cost saving initiatives completed in 2018
- Completion of integration activities reflected in **H1 2019 EBITDA**, positive by 1,7M€, compared to -1,2M€ in H1 2018
- H1 2019 **net loss** of 0,4M€, entirely generated in Q1, compared to -2,6M€ in H1 2018;
- **Working capital** affected by large stock to satisfy the existing order book
- **Order book** of H2 more than entirely covering the management budget of 2019

An aerial photograph of a modern residential development. The scene features several high-rise apartment buildings with glass facades and balconies. In the foreground, a wide, multi-lane road with white lane markings and a central green median runs diagonally. To the right of the road, there is a lush green area with numerous palm trees and a tennis court with green and blue surfaces. A parking lot with several cars is visible near the buildings. The overall atmosphere is bright and sunny, suggesting a tropical or subtropical location.

The Clean Air Company

Driving The Future

APPENDIX

Landi Renzo - Company profile (09/09/2019)

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

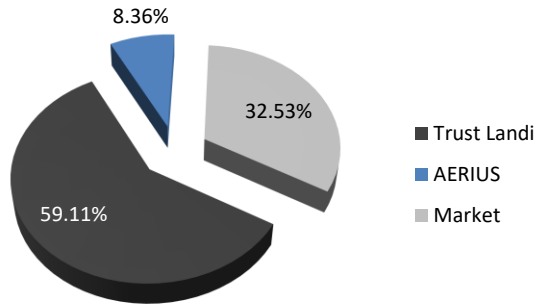


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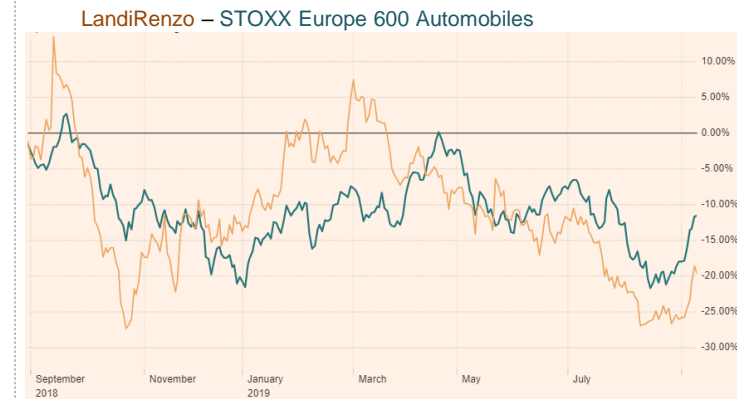
SHAREHOLDING



SHARE INFORMATION

N. of shares outstanding: 112.500.000
 Price as of 09/09/2019 € 1.046
 Capitalization: € 117.7 mln
 FTSE Italia STAR

STOCK VS MARKET



CONSOLIDATED P&L

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	30/06/2019	30/06/2018
Revenues from sales and services	102,035	97,296
Other revenue and income	229	163
Cost of raw materials, consumables and goods and change in inventories	-54,346	-46,580
Costs for services and use of third party assets	-19,097	-21,816
Personnel expenses	-14,237	-14,981
Allocation, write-downs and other operating expenses	-1,312	-1,399
Gross Operating Profit	13,272	12,683
Amortization, depreciation and impairment	-6,265	-5,223
Net Operating Profit	7,007	7,460
Financial income	49	77
Financial expenses	-2,373	-1,924
Exchange gains (losses)	-253	-1,035
Gains (losses) on equity investments valued using the equity method	97	-1,152
Profit (Loss) before tax	4,527	3,426
Current and deferred taxes	-1,641	-1,734
Net profit (loss) for the Group and minority interests, including:	2,886	1,692
Minority interests	-53	-93
Net profit (loss) for the Group	2,939	1,785
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0261	0.0159
Diluted earnings (loss) per share	0.0261	0.0159

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	30/06/2019	31/12/2018
Non-current assets		
Land, property, plant, machinery and equipment	11,920	12,745
Development expenditure	7,599	6,932
Goodwill	30,094	30,094
Other intangible assets with finite useful lives	13,386	14,039
Right-of-use assets	7,029	0
Equity investments valued using the equity method	23,011	22,292
Other non-current financial assets	397	352
Other non-current assets	3,991	3,991
Deferred tax assets	9,907	10,538
Total non-current assets	107,334	100,983
Current assets		
Trade receivables	43,349	35,131
Inventories	39,144	38,895
Other receivables and current assets	8,228	8,016
Current financial assets	2,760	0
Cash and cash equivalents	51,348	15,075
Total current assets	144,829	97,117
TOTAL ASSETS	252,163	198,100

CONSOLIDATED BALANCE SHEET

(thousands of Euro)		
SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2019	31/12/2018
Shareholders' Equity		
Share capital	11,250	11,250
Other reserves	49,268	43,931
Profit (loss) of the period	2,939	4,671
Total Shareholders' Equity of the Group	63,457	59,852
Minority interests	-328	-276
TOTAL SHAREHOLDERS' EQUITY	63,129	59,576
Non-current liabilities		
Non-current bank loans	54,836	23,055
Other non-current financial liabilities	0	24,427
Non-current liabilities for right-of-use	4,991	0
Provisions for risks and charges	5,000	5,443
Defined benefit plans for employees	1,707	1,646
Deferred tax liabilities	419	339
Total non-current liabilities	66,953	54,910
Current liabilities		
Bank financing and short-term loans	23,518	16,203
Other current financial liabilities	29,483	4,262
Current liabilities for right-of-use	1,989	0
Trade payables	59,231	55,166
Tax liabilities	2,471	2,385
Other current liabilities	5,389	5,598
Total current liabilities	122,081	83,614
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	252,163	198,100

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