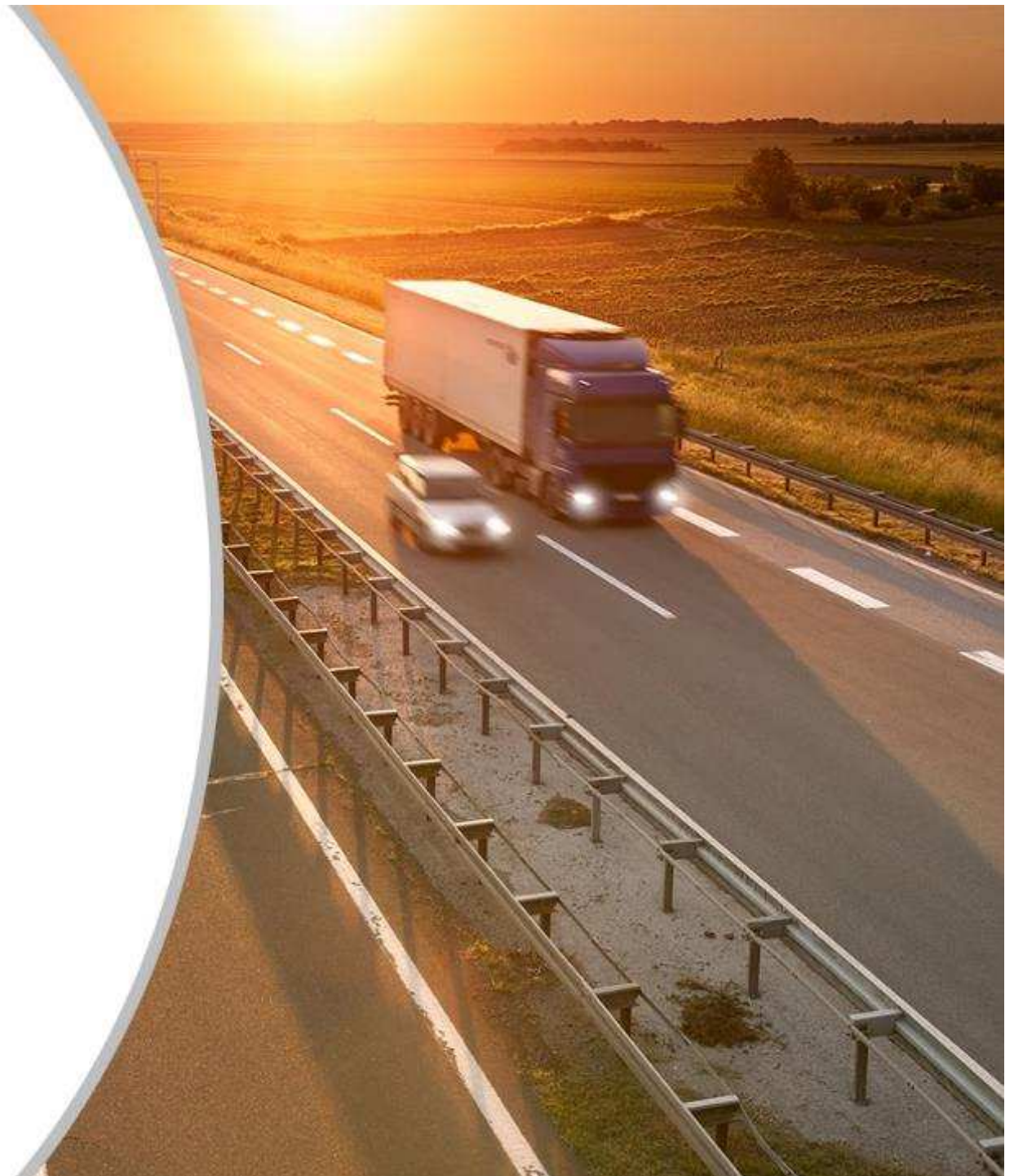




Q1 2020 FINANCIAL RESULTS

Cavriago, 15th May 2020



Agenda

- **LRG actions to face the pandemic**

- Q1 2020 Financial Results

- Looking ahead

A daily management team has been established to set priorities and manage business continuity, looking forward to continue our strategic journey



Safeguard health and well-being of our employees



Business focus - established a daily management team chaired by the CEO



Keep and maintain a constant relationship with our customers and suppliers



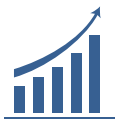
Ensure sustainable operational and financial business continuity



Go ahead with our R&D projects, with strong focus on CNG/LNG and Hydrogen



We expect clean gas-mobility to play a very important role due to the convenient TCO⁽¹⁾



SAFE&CEC portfolio is much higher than 2019, with Canada operation always ongoing

Agenda

- LRG actions to face the pandemic

- **Q1 2020 Financial Results**

- Looking ahead

Q1 results have been significantly impacted by Covid-19, even if order portfolio “at lockdown” was higher compared to last 3 years

Q1 Highlights

- **Covid-19 impacted** significantly on Q1 volumes, working capital and net financial position
- **LRG Revenues** impacted by temporary production stoppage and demand disruption in all regions related to pandemic
- Strategic **initiatives implemented** to ensure sustainable operational and business continuity (15% SG&A cost reduction on annual basis)
- The Group enter the “crisis” with a **very strong liquidity position**
- **R&D activities** have been regularly carried on during the lockdown period
- **SAFE&CEC** Q1 in line with 2019 even if Italian operational performance has been impacted. Overall the Group confirms the growing trend with positive outlook

Landi Renzo Group

Revenues 37,2M€	<i>w/o Covid-19 Revenues at 45,0M€ (7,8M€ of orders not shipped because of lockdown)</i>
Adj. EBITDA 2,9M€	Investments 2,8M€
Adj. EBIT -0,2M€	Liquidity 21,6M€
Net Income -1,4M€	NFP (*) 63,5M€

(*) without IFRS 16 effect

SAFE&CEC

Production value 14,3M€
Adj. EBITDA 0,3M€
Liquidity 2,5M€
NFP (*) 12,5M€

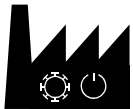
(*) without IFRS 16 effect

Order portfolio on Q1 was higher than expectation, confirming the strong market positioning. Important recognition to our R&D in Italy and US

Sales & Operations activities



- First quarter **order portfolio**, until the emergence of the Covid-19 crisis, **was higher than 2019 and budget expectations**



- As a consequence of the lockdown:
 - **European and Chinese OEMs** decided to **shut down all plants** in March and April with a consequent drop of orders
 - **Main AM Counties** adopted stringent **confinement regulation** that prevented any commercial activity



- By the end of the quarter, Landi Renzo cumulated about **7,8M€ of unclaimed or postponed orders** that had been **already produced** to meet expected demand

R&D activities

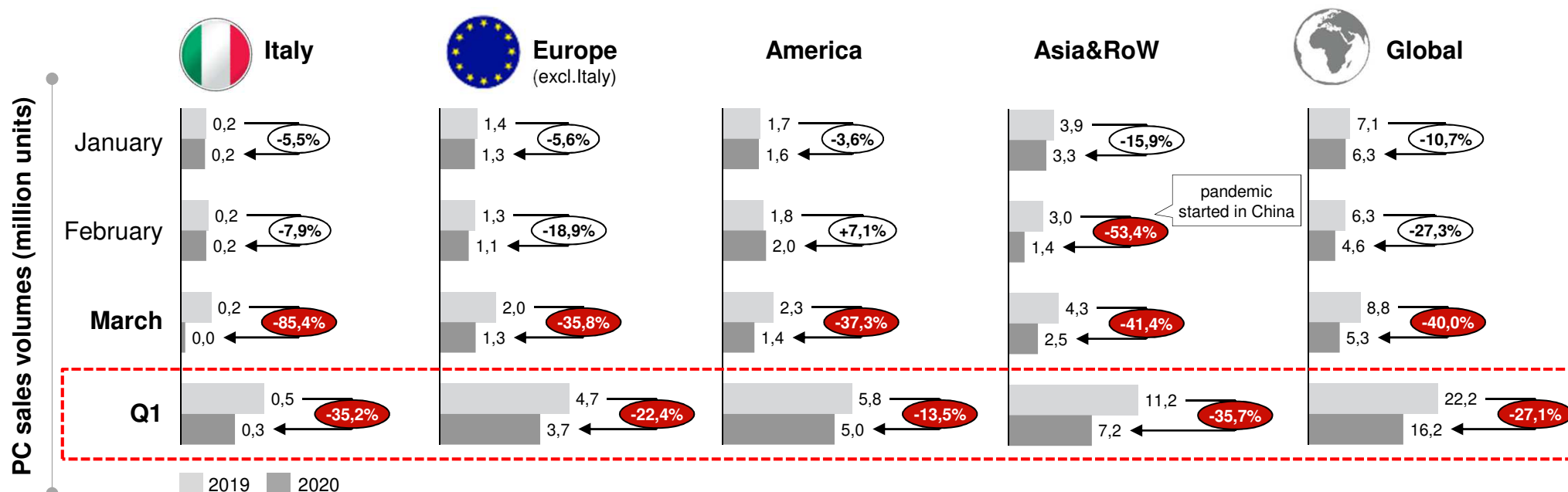


- Landi Renzo has been awarded:
 - **a funding of 1,3M€ by the Region Emilia-Romagna** for the next two years to develop innovative **components for hydrogen-powered systems** with the goal of introducing new products and services and sustaining investments and production capacity at regional level
 - **Landi USA has been awarded by a 600K\$ grant** from South Coast AQMD and SoCalGas for the **development of a new “near-zero emission” natural gas Heavy Duty engine**



- Current **R&D programs** have been **regularly carried on** during the lockdown period, with positive recognition of our new HD product portfolio both in China and India

In the global scenario, the automotive business fell by -27,1% on Q1 2020



Highlights



- All major OEMs have shut down their manufacturing facilities due to **lockdown measures, limited parts supply** and **just-in-time production strategy**. **OEMs and Tier1 re-started at the end of April**. Most of our reference market in AM were in lockdown starting from mid of March

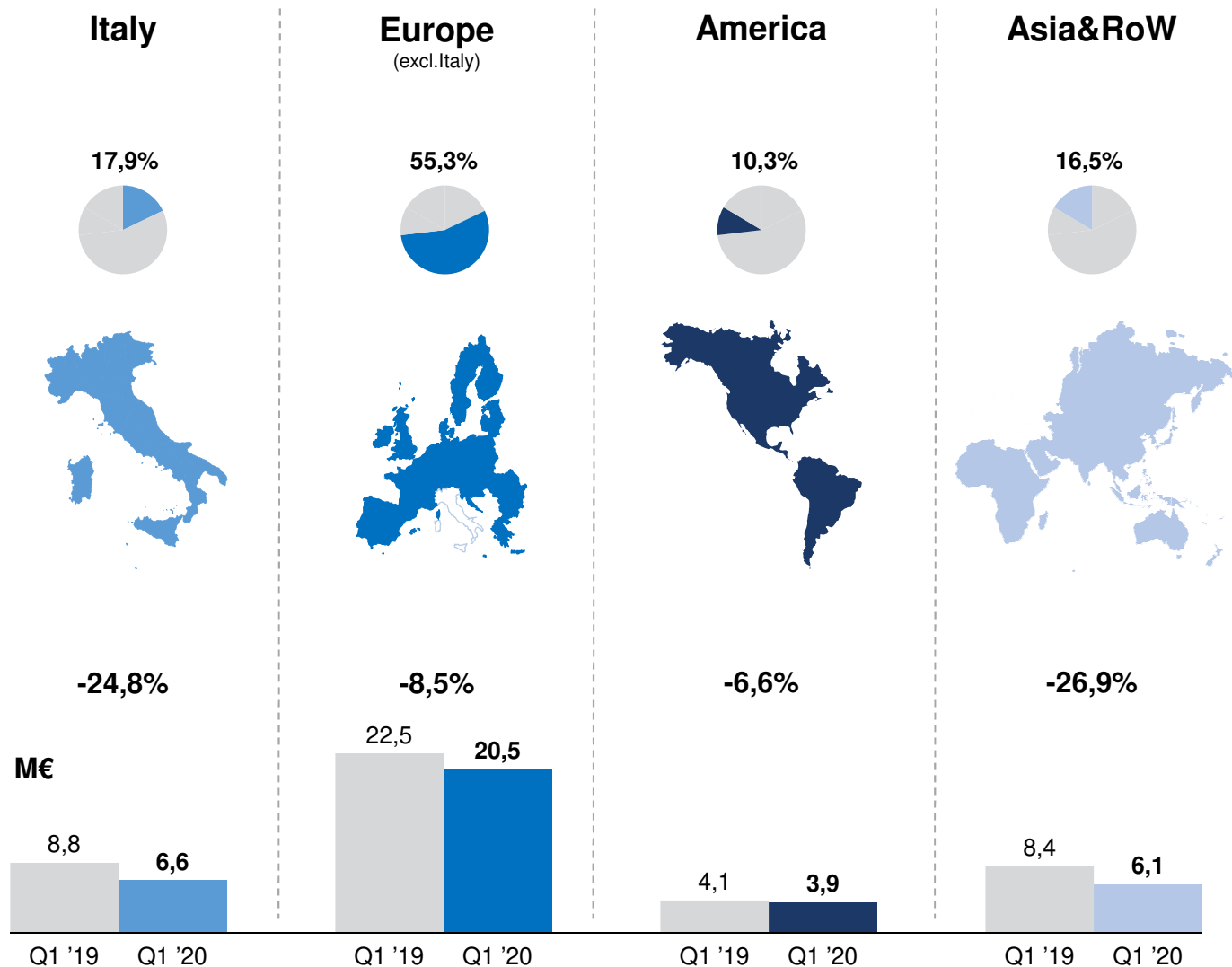


- Oil price collapsed to lowest level since 2002** due to the slowdown and interruption in the worldwide production activities



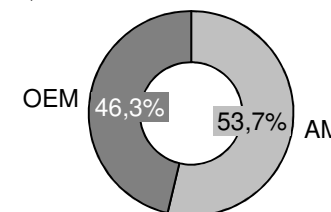
- Currencies related to our sales (mainly in all LatAm) have depreciated** against the Euro in the last two months, with a direct impact of our revenues

Q1 2020 Net Sales down by 15,1% versus a market decline of 27,1%



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 impact in all regions:

- **Europe and Italy** mainly addicted to OEM plant production shutdowns
- **America** revenues slightly down also due to Brazilian market and lockdown of Peru and Colombia
- **Asia&RoW** revenues strongly impacted by the Covid-19 crisis

Q1 results show an Adjusted EBIT at break-even despite volumes significantly impacted by Covid-19

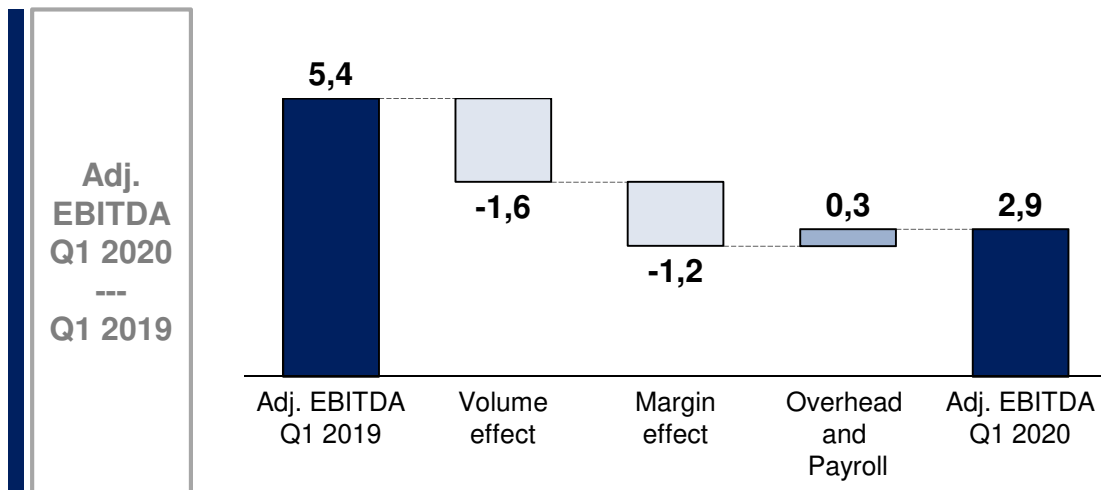
M€; %	2020 Q1	2019 Q1	delta	delta %
Revenues	37,2	43,8	-6,6	-15,1%
Adj. EBITDA	2,9	5,4	-2,5	-47,0%
<i>% on rev.</i>	<i>7,8%</i>	12,4%		
EBITDA	2,4	5,4	-3,0	-55,1%
<i>% on rev.</i>	<i>6,6%</i>	12,4%		
Adj. EBIT	-0,2	2,3	-2,5	<i>n.a.</i>
<i>% on rev.</i>	<i>-0,4%</i>	5,2%		
EBIT	-0,6	2,3	-2,9	<i>n.a.</i>
<i>% on rev.</i>	<i>-1,6%</i>	5,2%		
EBT	-1,6	1,5	-3,1	<i>n.a.</i>
<i>% on rev.</i>	<i>-4,2%</i>	3,3%		
Net Result	-1,4	0,6	-2,0	<i>n.a.</i>

Highlights

- **Revenues** impacted by lockdown due to Covid-19, that affected all regions, by 7,8M€ of orders not shipped in Q1
 - **Considering Q1 orders not shipped due to Covid-19** crisis, Q1 revenues would have been 45,0M€ - higher by 2,7% compared to last year
- **Adj. EBITDA** positively affected by a continued reduction of fixed costs (0,3M€). Lower profitability is mainly due to a different and unfavourable sales mix in OEM in addition to a price reduction in AM required to remain competitive in the changing environment conditions. **Net of Covid-19 Adj. EBITDA** would have been in line with 2019 and better than expectations
- **FY 2019 Net Result** (-1,4M€) decreased by 2M€ compared to last year also due to a unfavourable effect of currency exchange

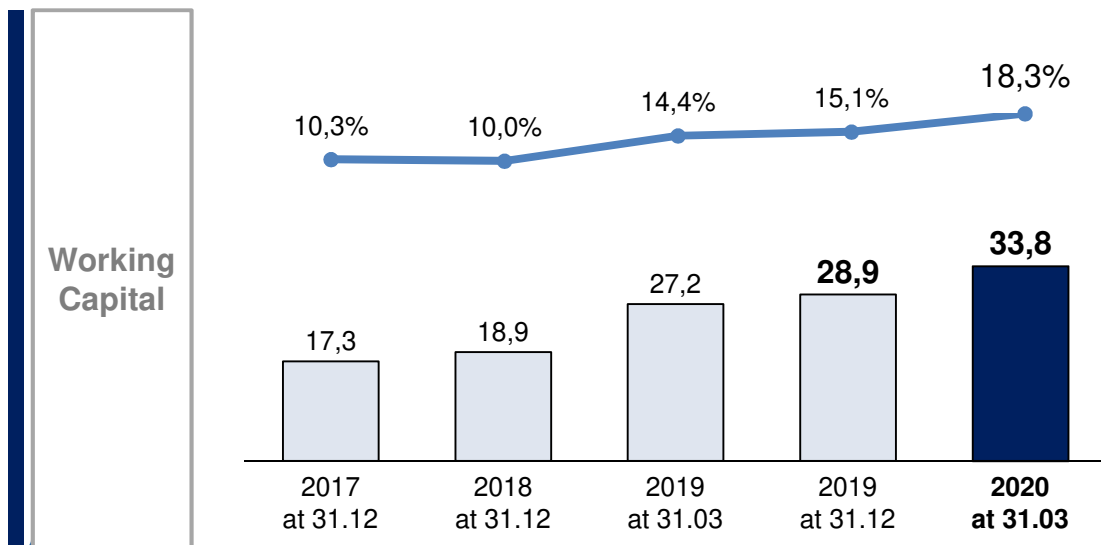
Pandemic impacts on worldwide market conditions. Cost control partially mitigates the effect of the shrinking business

M€



Highlights

- **Adj. EBITDA** decreased by 2,5M€ compared to last year:
 - **Effect of lower volumes and of change in sales mix** impacting by 2,8M€
 - Positively affected by a continued reduction of fixed costs 0,3M€

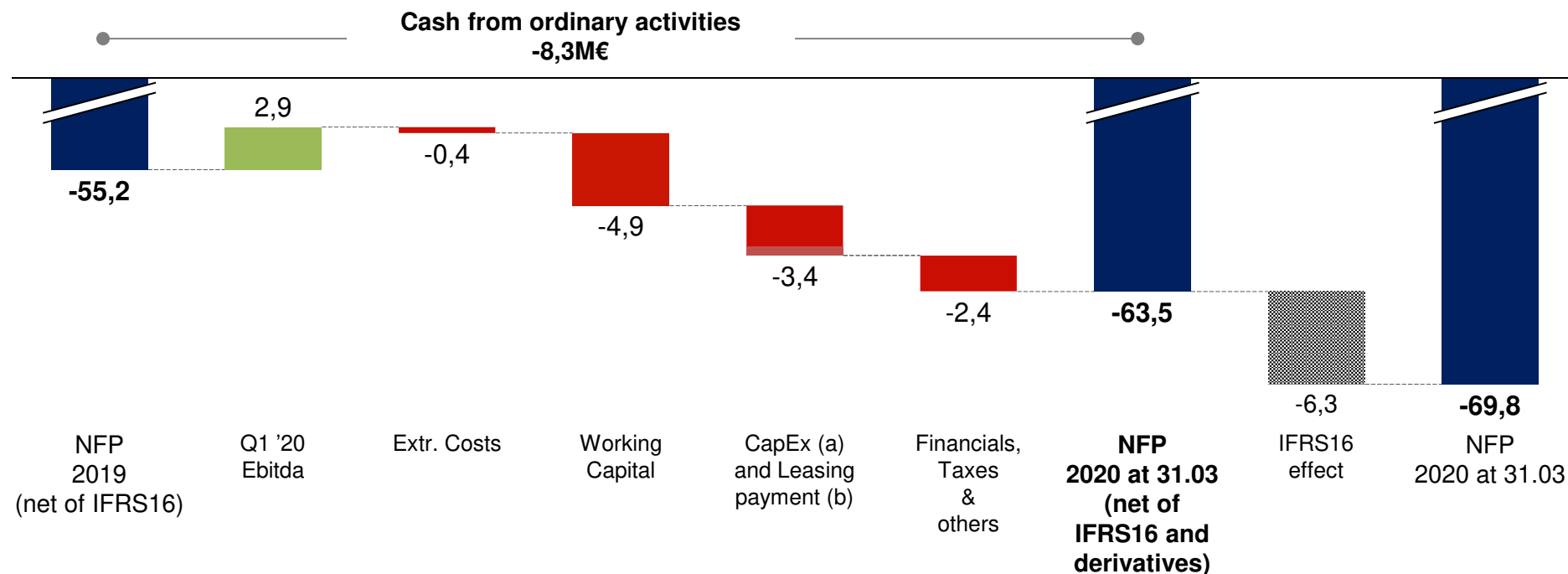


- **Working Capital** at 18,3%, strongly impacted by an increase of inventories due to sales orders not shipped, because of Covid-19, with an impact of ~**5M€** and advanced purchases to manage risks of materials lack for **1,1M€**. Net of Covid DIOH would have been better than Q1 2019

	31.03 2019	FY 2019	31.03 2020
DSO	67	77	75
DPO	127	137	135
DIOH	81	76	95 (79 net of Covid-19)

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

M€



2019	NFP	2020 at 31 th March
22,7	Cash liquidity (+)	21,6
2,8	Current Financial Assets (+)	2,8
-29,7 ⁽²⁾	Short-term debts (-)	-34,5 ⁽²⁾
-51,0	Long-term debts (-)	-53,4
-55,2	NFP net of IFRS 16	-63,5
-6,6 ⁽³⁾	Financial Lease (-)	-6,3 ⁽³⁾
-61,8	NFP ⁽¹⁾	-69,8

(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 and derivatives

SAFE&CEC: strong turnover growth (+14,7%), while Adj. EBITDA is impacted by Covid-19 because of delay in WIP completion in Italy

M€; %	2020 Q1	2019 Q1	delta	delta %
Value of Production	14,3	12,4	1,8	14,7%
Adj. EBITDA	0,3	0,3	0,0	0,0%
<i>% on Value of Product.</i>	<i>1,9%</i>	<i>2,7%</i>		
Net Result	0,0	-0,3	0,3	<i>n.a.</i>

Working Capital	15,2	15,2	0,0
<i>% on Value of Product.</i>	<i>20,3%</i>	<i>20,7%</i>	

Highlights

- **Q1 2020 consolidated value of production** reached 14,3 M€, confirming the growing trend in volumes already seen in FY2019. due to Italian plant shutdown the Group has delays the completion of some orders still on WIP at end of the quarter, while Canadian operation has continue to operate as usual
- **Adj. EBITDA** in line with previous year
- **Net Result is slightly positive**, vs a net loss in Q1 2019
- Despite having been impacted by Covid-19 in Italy (WIP), the Company has maintained **working capital** at 20,3% of value of production, and it is working to optimize

Agenda

- LRG actions to face the pandemic

- Q1 2020 Financial Results

- **Looking ahead**

We are committed to emerge stronger from the current situation, also leveraging our experience in managing complex situation

SAFETY & WELFARE



- Ongoing safety and well being of our employees
- Adoption of smart and new way of working for all the employees

CUSTOMERS & SUPPLY CHAIN



- Support our dealer network to facilitate recovery phase and respond effectively to the consumer demand
- Study new special initiatives to boost the sale recovery in H2
- Coordinate suppliers and align the supply base schedule to ensure continuity of production

PROFIT & LIQUIDITY



- Costs savings, with non essential services postponed or eliminated (SG&A reduced by more than 15% on annual basis)
- Working Capital optimization to preserve liquidity, also thanks to team expertise
- Focus on strategic investments

OPERATIONS & R&D



- Guarantee the continuity of production in compliance with safety standards
- Ensure new product development activities

Landi Renzo Group special opportunities

Although the current emergency situation has inevitably affected our business, **we are deeply committed to emerge from this crisis stronger and more efficient.** In particular, we will **continue to invest in our future growth** and we are optimistic that we will be better positioned than ever after this pandemic to achieve our long-term potential

Arising Market opportunities in Automotive

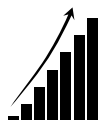
- **Sustainability** has emerged even more important after the pandemic, even because of **many signs of correlation between air quality and Covid-19 spread, with gas-mobility as immediate economically sustainable solution to improve air quality worldwide**
- There are sign of postponement of Euro7 as well as delay of e-mobility growth in Europe, **that would positively impact on gas-mobility growth**
- Typically during economic downturn people look for solution that help to **reduce cost, we expect a growth in AM conversion and in new OEM sales of gas vehicles as soon as mobility will re-start**
- The lockdown and the general delay in many projects gives us the opportunities to **be better positioned in HDs and Hydrogen** as soon as “market” will re-start, as well as the opportunities to value our enter in **e-mobility for mid-duty, also through the development of solutions that bring together gas and electrical**

SAFE&CEC 2020 perspective has been less impacted by Covid-19, also thanks to the strategic agreement in Egypt and strong market positioning

Operations activities

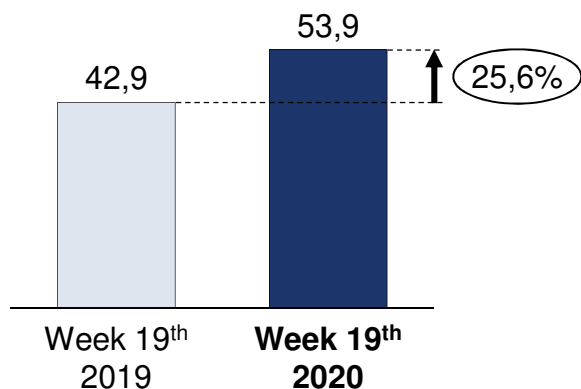


- First quarter **order portfolio higher than 2019 and budget expectations**



- Revenues are expected in line with 2019, with improvement in profitability
- in our consolidated market many opportunities are still arising in Europe, Canada and Euroasia

Revenues & Order Book (M€)



Strategic Initiatives



- **New strategic plan** is ongoing and will be completed by mid-June
- **New growth opportunities** from Hydrogen compression, **biomethane application** and **new approach to service**
- Ongoing reinforcement of **Management team** to support the growth perspective



- **Very positive perspective for high value creation even in the short term**

APPENDIX



Landi Renzo - Company profile (14/05/2020)

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

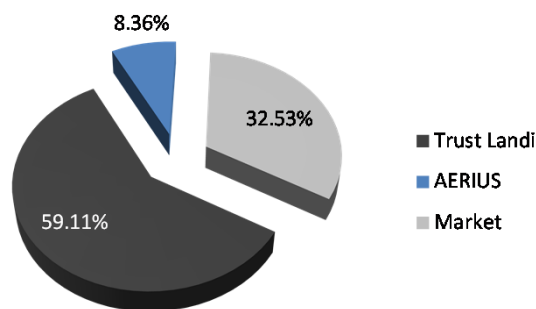


INVESTOR RELATIONS

Investor Relations Contacts:

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Tel: +39 0522 9433
E-mail: ir@landi.it
www.landirenzogroup.com

SHAREHOLDING



SHARE INFORMATION

FTSE Italia STAR

N. of shares outstanding: 112.500.000

Price as of 14/05/2020 € 0.538

CONSOLIDATED P&L

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	31/03/2020	31/03/2019
Revenues from sales and services	37,170	43,798
Other revenue and income	51	203
Cost of raw materials, consumables and goods and change in inventories	-19,445	-22,806
Costs for services and use of third party assets	-8,567	-8,487
Personnel expenses	-6,263	-6,727
Accruals, impairment losses and other operating expenses	-506	-542
Gross Operating Profit	2,440	5,439
Amortization, depreciation and impairment losses	-3,043	-3,164
Net Operating Profit	-603	2,275
Financial income	30	19
Financial expenses	-738	-920
Exchange gains (losses)	-261	192
Gains (Losses) on joint venture valuate using the equity method	21	-110
Profit (Loss) before taxes	-1,551	1,456
Taxes	177	-866
Net profit (Loss) for the Group and minority interests, including:	-1,374	590
Minority interests	-6	-13
Net profit (Loss) for the Group	-1,368	603
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0122	0.0054
Diluted earnings (loss) per share	-0.0122	0.0054

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

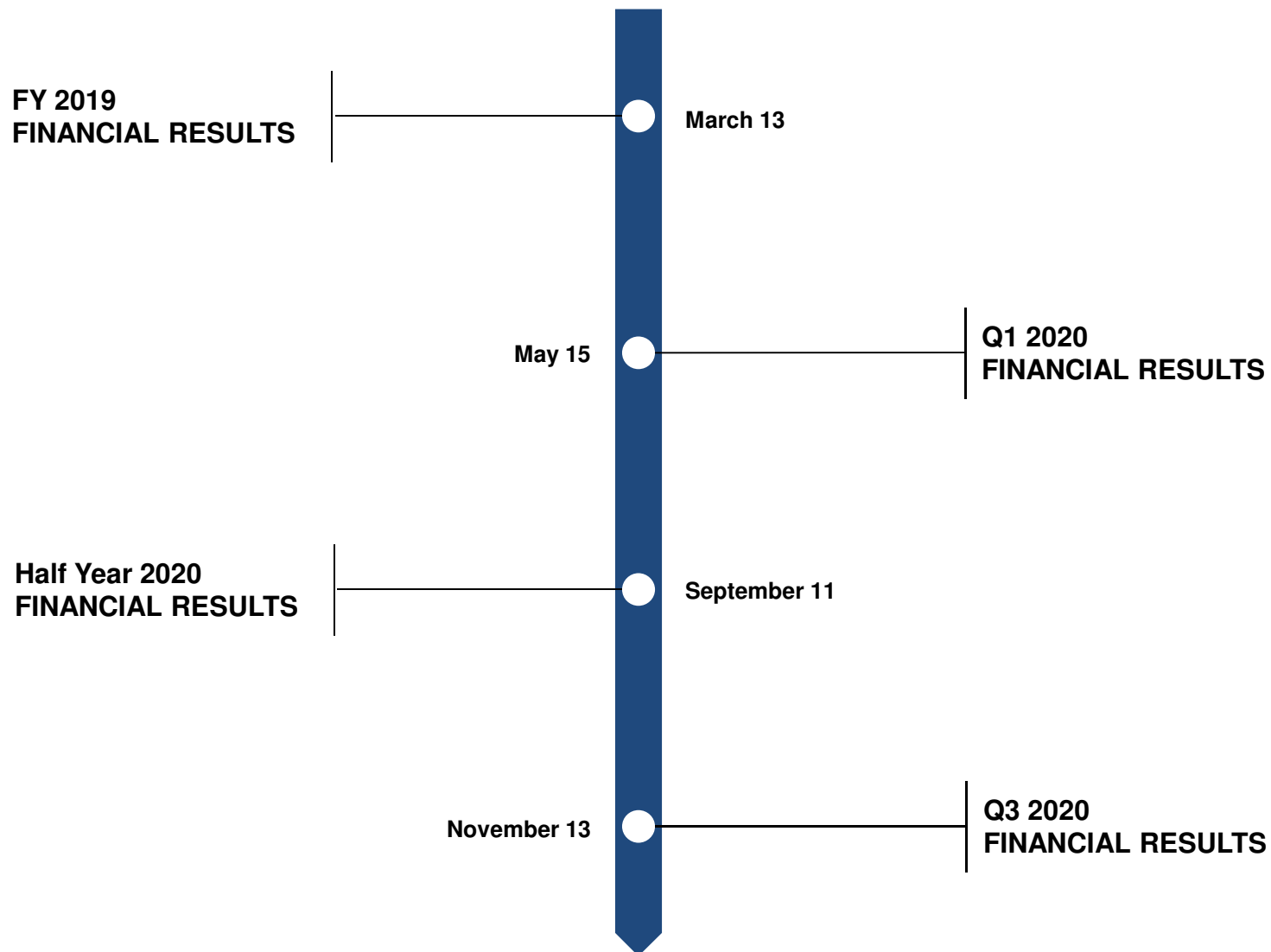
ASSETS	31/03/2020	31/12/2019
Non-current assets		
Property, plant and equipment	11,924	11,578
Development expenditure	8,488	8,228
Goodwill	30,094	30,094
Other intangible assets with definite useful lives	12,288	12,536
Right-of-use assets	6,056	6,402
Investments in associated companies and joint ventures	22,378	23,530
Other non-current financial assets	335	334
Other non-current assets	3,420	3,420
Deferred tax assets	8,918	8,704
Total non-current assets	103,901	104,826
Current assets		
Trade receivables	38,027	40,545
Inventories	48,064	39,774
Other receivables and current assets	8,721	7,337
Current financial assets	2,822	2,801
Cash and cash equivalents	21,648	22,650
Total current assets	119,282	113,107
TOTAL ASSETS	223,183	217,933

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/03/2020	31/12/2019
Shareholders' Equity		
Share capital	11,250	11,250
Other reserves	53,276	49,367
Profit (Loss) of the period	-1,368	6,048
Total Shareholders' Equity of the Group	63,158	66,665
Minority interests	-319	-332
TOTAL SHAREHOLDERS' EQUITY	62,839	66,333
Non-current liabilities		
Non-current bank loans	53,396	50,991
Non-current liabilities for right-of-use	4,193	4,535
Provisions for risks and charges	3,139	3,609
Defined benefit plans for employees	1,560	1,630
Deferred tax liabilities	356	407
Liabilities for derivative financial instruments	159	30
Total non-current liabilities	62,803	61,202
Current liabilities		
Bank overdrafts and short-term loans	34,335	29,460
Other current financial liabilities	210	210
Current liabilities for right-of-use	1,988	1,992
Trade payables	54,348	51,935
Tax liabilities	1,645	2,134
Other current liabilities	5,015	4,667
Total current liabilities	97,541	90,398
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	223,183	217,933

2020 Corporate financial agenda



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