



9M 2019
FINANCIAL RESULTS REVIEW

9M 2019 Highlights: sixth consecutive quarter with a positive net income with increasing profitability and SAFE&CEC starting to contribute to value creation

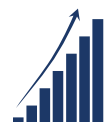
Landi Renzo Group



Revenues
137,9M€



Investments
5,9M€



Adj. EBITDA
18,1M€



3 new products for Heavy Duty launched on the market



EBT
4,9M€



1 new product for Hydrogen launched on the market



Net Income
3,1M€

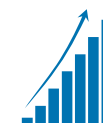


NFP (*)
61,2M€

SAFE&CEC



Revenues
46,9M€



Adj. EBITDA
3,8M€



Net Income
0,1M€

2019 Outlook confirmed for Landi Renzo Group at 185-190M€ and Adj. EBITDA of ~27M€

Landi Renzo Group key events occurred in 2019

— Commercial / strategic development



- Started and almost completed new products validation with top **“tier 1 OEM”** both in **Italy and abroad**, 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
- SAFE&CEC is working on the **adaptation of its technology to Hydrogen**, in order to be ready as infrastructure and the fuel-cell market start growing as expected

— New Product development



- **New experienced team** started to work on **Heavy Duty EMSg** to offer full system from regulator to engine system, both for CNG/LNG and H₂
- Started the development of a high pressure reducer and metering systems for **Hydrogen**
- **SAFE&CEC** is studying the development of a dedicated LNG product offering, starting from **Bio-LNG production**

— Key management events



- LRG is finalizing the agreement with **KLR to fully consolidate the company**, with positive impact both in terms of revenues and EBITDA, starting in 2020
- **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

Stable revenues lead to a net income of 3,1M€ (+35,9%) Q3 2019 is the sixth consecutive quarter with a positive result

M€; %

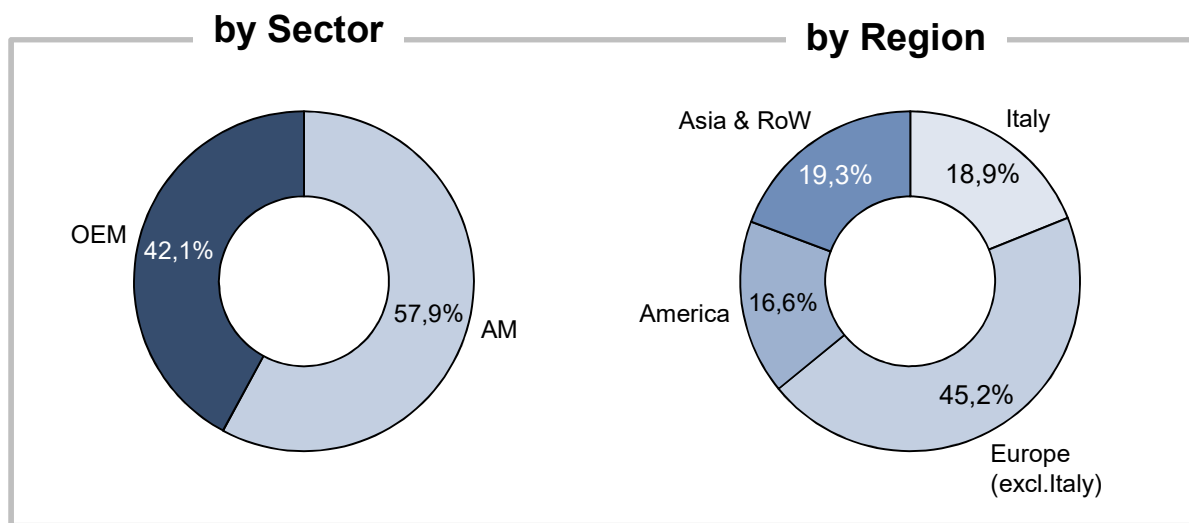
	2019 9M	2018 9M	Delta M€	Delta %
Revenues	137,9	138,1	-0,2	-0,1%
Adj. EBITDA	18,1	19,1	-1,0	-5,6%
<i>% on Revenues</i>	<i>13,1%</i>	<i>13,9%</i>		
EBITDA	17,3	17,5	-0,2	-1,5%
<i>% on Revenues</i>	<i>12,5%</i>	<i>12,7%</i>		
EBIT	8,2	9,6	-1,4	-14,2%
<i>% on Revenues</i>	<i>6,0%</i>	<i>6,9%</i>		
Capital Gain/Loss	0,3	-1,2	1,5	NA
Financials	-3,6	-4,1	0,5	11,6%
EBT	4,9	4,2	0,7	15,9%
Taxes	1,8	1,9	-0,1	8,1%
Net Income	3,1	2,3	0,8	35,9%

Highlights

- **Revenues** are stable, with a different sales mix between OEM (+13,3% volumes) and AM business, slightly declining due to Asia&RoW temporary market conditions
- **The reduced fixed cost structure** is an important lever to obtain **positive results also in Q3** with EBITDA at 12,4% (in line with best practices in the automotive sector)
- **9M 2019 EBITDA reached 12,5%** of revenues, in line with last year, showing resilience in a temporary volume slowdown and price competition, thanks to a **flexible cost structure**
- **SAFE&CEC strong performance** (Adj. EBITDA more than double compared to last year and a positive Net Result) contributes to the positive result
- **Financial costs** decreased, also thanks to the five-year medium-term financing agreement signed in Q3
- **9M 2019 EBT** (4,9M€; +15,9% vs 9M 2018) is in line with management expectations
- **9M 2019 Net Income** (3,1M€) increased 35,9% compared to last year; Q3 is the **sixth consecutive quarter** with a positive net income

9M 2019 Net Sales breakdown by sector and geographical region

M€; %



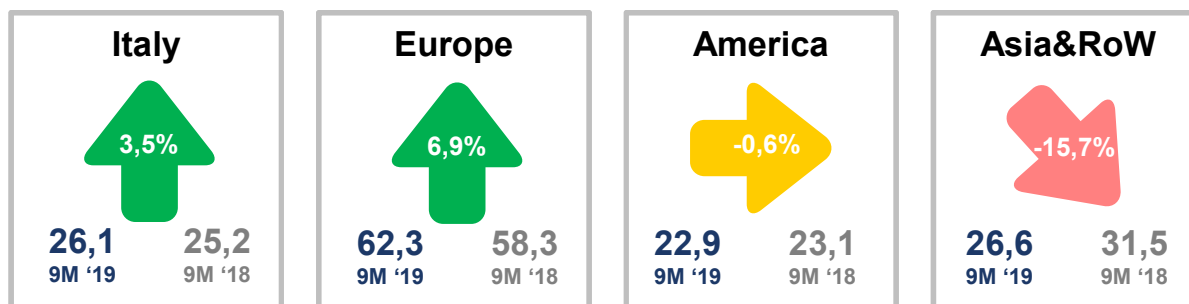
Highlights

Sector

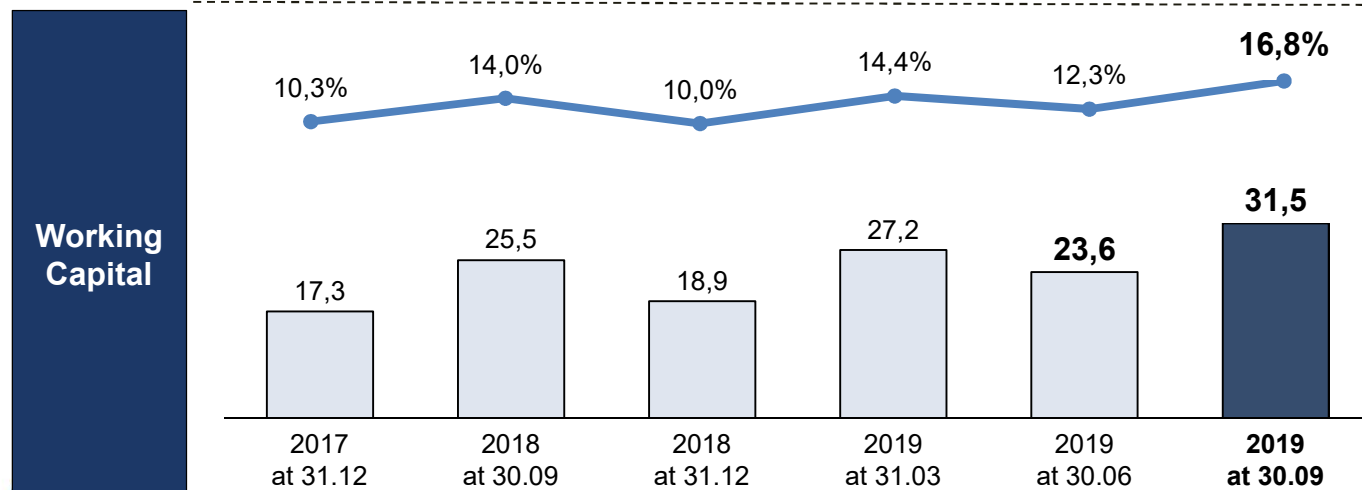
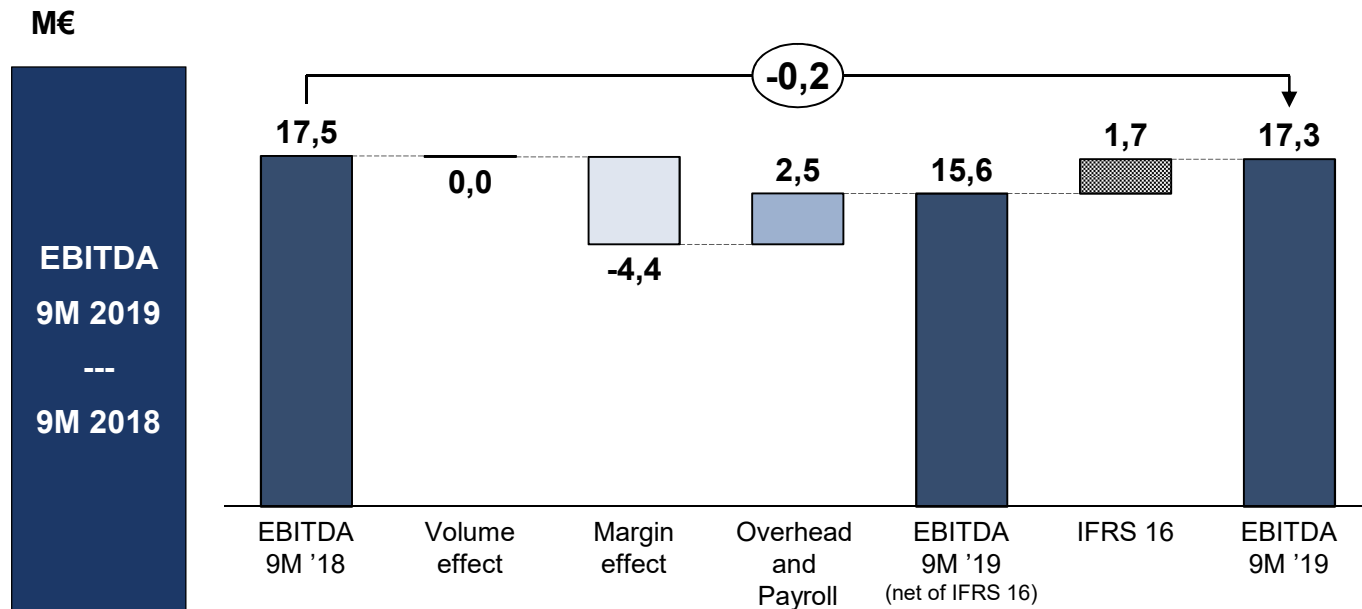
- Landi Renzo confirms its position as the top **OEM “tier-1” supplier in Europe**
- OEM share up to 42,1%** of total sales vs **37,7% in 9M 2018**

Region

- Growth concentrated in **Europe and Italy** (+4,9M€; +5,9%) mainly due to OEM sales
- America** revenues aligned to 2018, **recovering in Q3** with volumes increased by 18,5% compared to Q3 2018
- Asia&RoW** decreased mainly due to the temporary slowdown of AM volume in North Africa and India (potential consolidation of Indian OEM would positively impact)



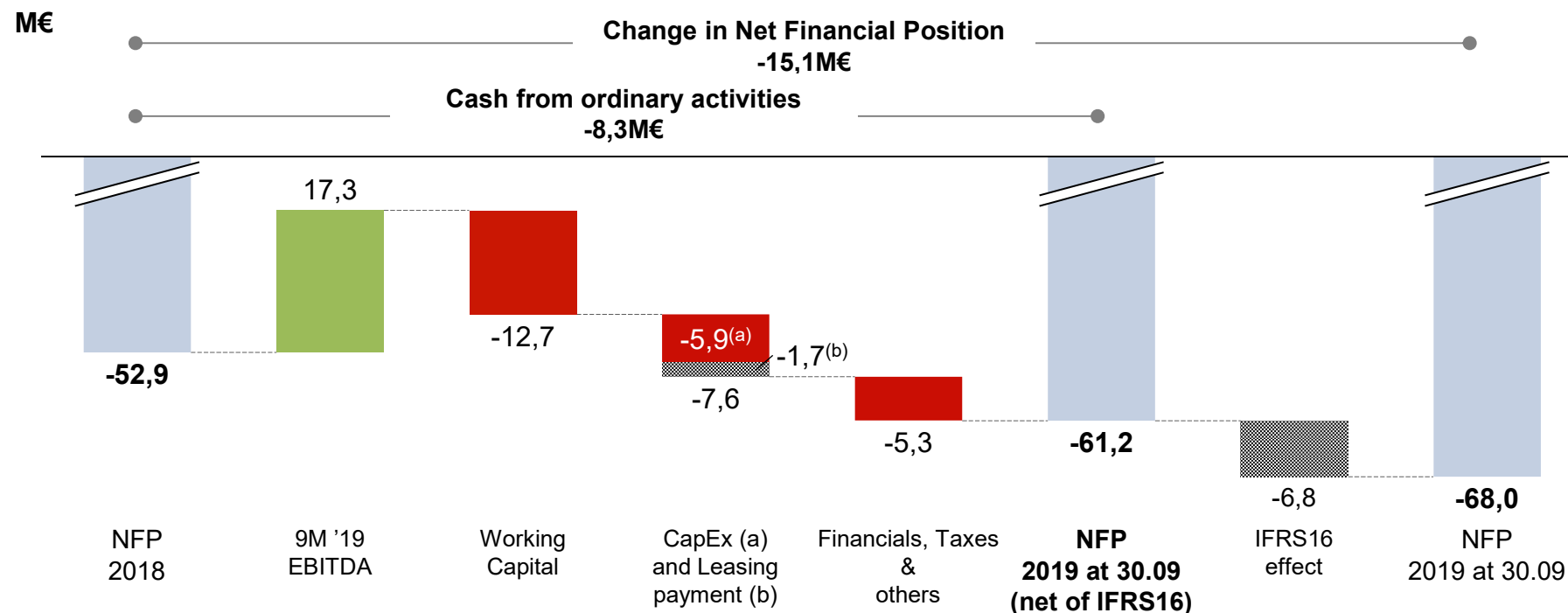
An efficient cost control implementation balanced the different channel sales mix in 9M 2019



Highlights

- **EBITDA** is in line with last year :
 - No impact of **volumes**, unchanged compared to 9M 2018
 - **Effect of change in sales mix** between Aftermarket and OEM sectors impacting by 4,4M€, offset by **fixed costs reduction** by 2,5M€ thanks to the full benefit from the industrial turnaround implementation
 - Effect of «**IFRS 16**» applied from 2019 (+1,7M€)
- **Working Capital** increased to sustain strong Q4 volumes outlook and expected to return close to 12% of revenues at the end of the year

NFP impacted by investments in working capital and in R&D to support Q4 sales orders and new products development for the HD segment



2018	NFP	2019 9M
15,1	Cash liquidity (+)	17,6
0,0	Current Financial Assets (+)	2,8
-16,6	Short-term debts (-)	-26,5 ⁽²⁾
-23,3	Long-term debts (-)	-55,1
-28,1	Bond (-)	0,0
-68,0	Tot. Gross Debt (-)	-81,6
-52,9	NFP net of IFRS 16	-61,2
0	Financial Lease (-)	-6,8 ⁽³⁾
-52,9	NFP⁽¹⁾	-68,0

(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

SAFE&CEC: strong turnover growth (+16,4%) with Adj. EBITDA more than double and positive Net Result

M€

Highlights

- **Q3 2019 best quarterly performance since the merger**, with an Adj. EBITDA of 1,8M€ and a Net Income of 0,5M€
- **9M consolidated revenues** reached 46,9M€, **increasing** by 16,4% compared to 9M 2018, confirming the growing trend of volumes and the strong positioning of the Group on the market
- **Adj. EBITDA** improved by 2,3M€, more than double compared to last year, thanks to the volume effect as well as the impact of cost saving initiatives completed in 2018
- Completion of integration activities reflected in **9M 2019 EBIT**, positive by 1,4M€, compared to -1,2M€ in 9M 2018
- **Net Result is positive**, for the first time since the merger, by 0,1M€ (2,8M€ more than last year)
- **Working capital** affected by large stock to satisfy the existing order book

	H1	Q3	2019 9M	2018 9M	Delta M€	Delta %
Revenues	28,8	18,1	46,9	40,3	6,6	16,4%
Adj. EBITDA	2,0	1,8	3,8	1,5	2,3	163,8%
% on Revenues	6,9%	10,2%	8,2%	3,6%		
EBITDA	1,7	1,7	3,4	-0,3	3,7	N/A
% on Revenues	5,8%	9,2%	7,2%	-0,7%		
EBIT	0,4	1,0	1,4	-1,2	2,6	N/A
% on Revenues	1,4%	5,4%	2,9%	-2,9%		
Net Income	-0,4	0,5	0,1	-2,7	2,8	N/A

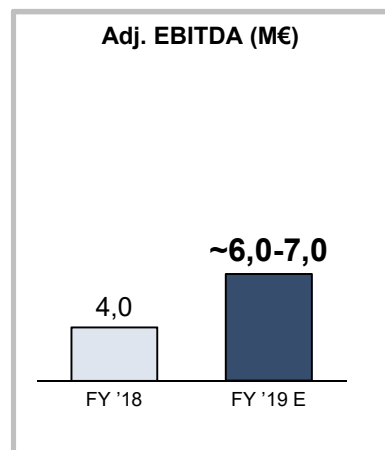
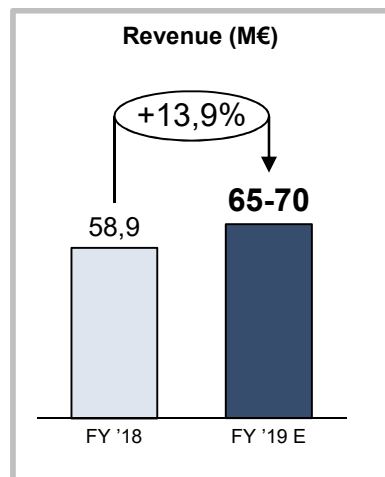
Working Capital

% on revenues

	2019 9M	2019 H1	2018 FY
Working Capital	13,4	12,4	8,7
% on revenues	19,8%	19,7%	14,8%

SAFE&CEC 2019 outlook shows a growth trend of revenue and profitability, with development opportunities for the coming future

2019 Outlook highlight



- As of today, **order book of Q4** covers the entire management budget of 2019
- **CNG business** still solid with **double digit growth**
- Consistent growth in Europe:
 - Further development of the **RNG market in Northern Europe**
 - Increased **sales in Italy and France**
- Launch of a new **brand strategy**
- **Spare parts** revenues representing **18% of turnover**

- **Adj. EBITDA will increase** compared to 2018, benefiting from:
 - **Sales increase**
 - **full effect of saving** actions started in 2018
 - Further savings on direct costs to **increase efficiency**, focusing on a standardized production approach that will **improve the operations gross margin**

Highlights

- **RNG (biomethane) share of turnover** grew from less than 2% in 2017 to 10% in 2019, as SAFE&CEC becomes a leading player in this business segment
- **Strategic option to enter LNG market segment** currently under evaluation
- SAFE&CEC is working on the **adaptation of its technology to Hydrogen**, in order to be ready as infrastructure and the fuel-cell market start growing as expected

APPENDIX



Landi Renzo - Company profile (05/11/2019)

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

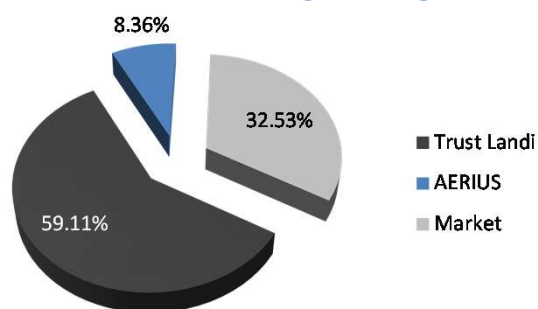


INVESTOR RELATIONS

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SHAREHOLDING



SHARE INFORMATION

N. of shares outstanding: 112.500.000
 Price as of 05/09/2019 € 0.952
 Capitalization: € 107.1 mln
 FTSE Italia STAR

STOCK VS MARKET

LandiRenzo – STOXX Europe 600 Automobiles



CONSOLIDATED P&L

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	30/09/2019	30/09/2018
Revenues from sales and services	137,910	138,083
Other revenue and income	315	249
Cost of raw materials, consumables and goods and change in inventories	-71,083	-65,433
Costs for services and use of third party assets	-27,965	-32,259
Personnel expenses	-20,169	-21,115
Allocation, write-downs and other operating expenses	-1,745	-2,008
Gross Operating Profit	17,263	17,517
Amortization, depreciation and impairment	-9,051	-7,945
Net Operating Profit	8,212	9,572
Financial income	75	106
Financial expenses	-3,178	-2,839
Exchange gains (losses)	-531	-1,376
Gains (losses) on equity investments valued using the equity method	315	-1,242
Profit (Loss) before tax	4,893	4,221
Current and deferred taxes	-1,761	-1,917
Net profit (loss) for the Group and minority interests, including:	3,132	2,304
Minority interests	-53	-107
Net profit (loss) for the Group	3,185	2,411
Basic earnings (loss) per share (calculated on 112,500,000 shares)	0.0283	0.0214
Diluted earnings (loss) per share	0.0283	0.0214

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	30/09/2019	31/12/2018	30/09/2018
Non-current assets			
Land, property, plant, machinery and equipment	11,141	12,745	12,501
Development expenditure	7,685	6,932	4,776
Goodwill	30,094	30,094	30,094
Other intangible assets with finite useful lives	12,968	14,039	14,487
Right-of-use assets	6,360	0	0
Equity investments valued using the equity method	23,594	22,292	23,059
Other non-current financial assets	404	352	373
Other non-current assets	3,420	3,991	3,990
Deferred tax assets	9,610	10,538	7,262
Total non-current assets	105,276	100,983	96,542
Current assets			
Trade receivables	34,064	35,131	33,793
Inventories	43,494	38,895	45,424
Other receivables and current assets	7,049	8,016	7,956
Current financial assets	2,760	0	0
Cash and cash equivalents	17,631	15,075	17,224
Total current assets	104,998	97,117	104,397
TOTAL ASSETS	210,274	198,100	200,939

CONSOLIDATED BALANCE SHEET

(thousands of Euro)			
SHAREHOLDERS' EQUITY AND LIABILITIES	30/09/2019	31/12/2018	30/09/2018
Shareholders' Equity			
Share capital	11,250	11,250	11,250
Other reserves	48,943	43,931	44,192
Profit (loss) of the period	3,185	4,671	2,411
Total Shareholders' Equity of the Group	63,378	59,852	57,853
Minority interests	-323	-276	-742
TOTAL SHAREHOLDERS' EQUITY	63,055	59,576	57,111
Non-current liabilities			
Non-current bank loans	55,060	23,055	24,614
Other non-current financial liabilities	0	24,427	26,560
Non-current liabilities for right-of-use	4,810	0	0
Provisions for risks and charges	3,270	5,443	6,162
Defined benefit plans for employees	1,726	1,646	1,753
Deferred tax liabilities	425	339	405
Liabilities for derivative financial instruments	357	0	0
Total non-current liabilities	65,648	54,910	59,494
Current liabilities			
Bank financing and short-term loans	26,102	16,203	18,699
Other current financial liabilities	419	4,262	3,984
Current liabilities for right-of-use	1,955	0	0
Trade payables	46,614	55,166	54,562
Tax liabilities	1,684	2,385	1,807
Other current liabilities	4,797	5,598	5,282
Total current liabilities	81,571	83,614	84,334
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	210,274	198,100	200,939

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