



The Clean Air Group  
Driving the Future

# Q1 2019 FINANCIAL RESULTS

# Executive Summary

## Governance



- **New Board of Directors** appointed for 2019-2021, with the appointment of Mr. Vincenzo Russi as new Independent Director and Mr. Paolo Ferrero as new members of the Board
- Mr. Stefano Landi confirmed Chairman and Mr. **Cristiano Musi** confirmed in his position as Chief Executive Officer and General Manager

## Q1 2019 Financial Results



- Q1 2019 results presented under **IFRS 16**
- **Revenues** +4,2% vs Q1 2018
- **EBITDA** +20,0% vs Q1 2018 (+6,1% vs Q1 2018 ante-IFRS 16)
- **Net Income** positive 0,6M€ (vs 1,2M€ negative in Q1 2018)
- **NFP @** 64,2M€ (59,7M€ ante-IFRS 16)
- **SAFE&CEC** revenues +26,1% vs Q1 2018; Adj. EBITDA positive @ 0,3M€ (+1,3M€ vs Q1 2018)

## Main events



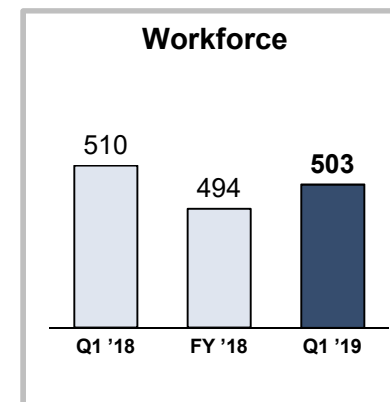
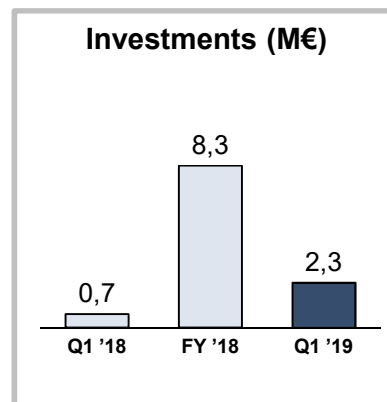
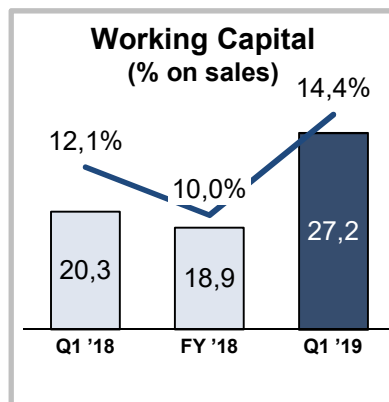
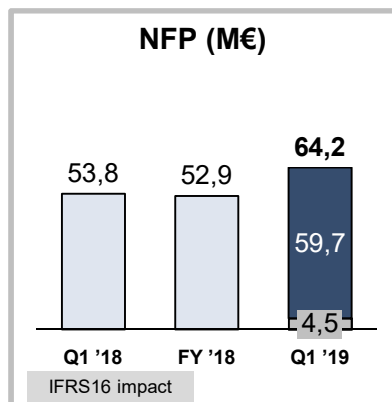
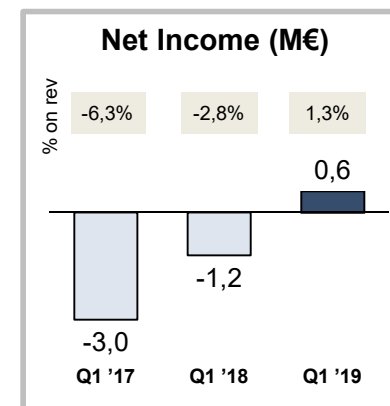
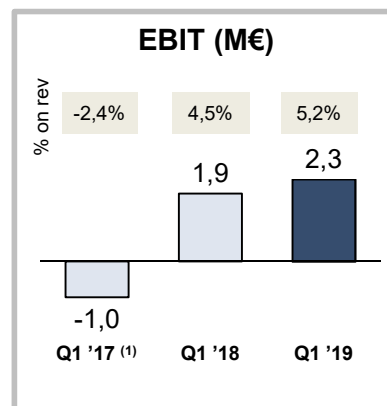
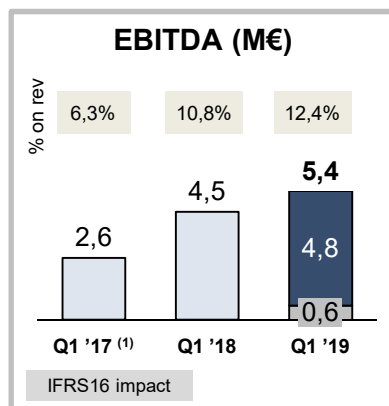
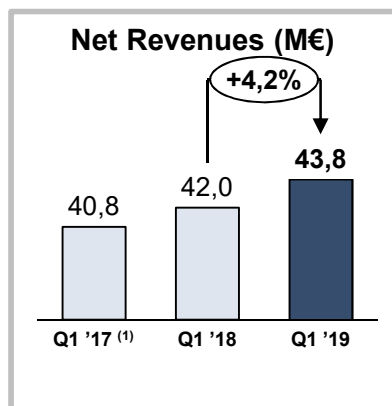
- Signed an **agreement with Hydrogenics** to design and develop fuel cell hydrogen systems and components for heavy duty mobility. The initial project foresees a **collaboration to design and prototype a truck system application**
- Cerved **updated the rating** of Landi Renzo to **B1.2**
- LRG is in discussion with KLR to fully consolidate the company, with positive impact both in term of volume and EBITDA
- Started working on **New Strategic Plan**, with the main goal to identify the proper competitive positioning and a set of actions to accelerate growth and sustain the performance improvement
- SAFE&CEC had signed important agreement with ENI in Italy and is valuing strategic option to enter LNG

## Strategic Outlook

- 2019 Outlook **confirmed** both for Landi Renzo Group and SAFE&CEC

# Q1 2019 performance improved compared to last year, with results aligned to expectations

## Landi Renzo Group Highlights – Q1



From 1<sup>st</sup> January 2019 «IFRS 16 – Leases» has been applied, which provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish leasing contracts from contracts for the provision of services

The main effects on Q1 2019 are: EBITDA +0,6M€, EBIT -0,03M€, NFP +4,5M€

## Q1 LRG economic result is positive with a net income of 0,6M€ Revenues and EBITDA increased Y-o-Y, in line with expectations

M€; %

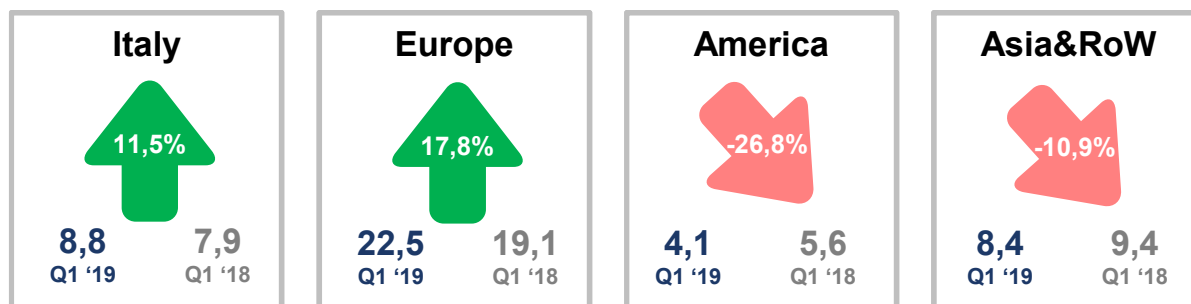
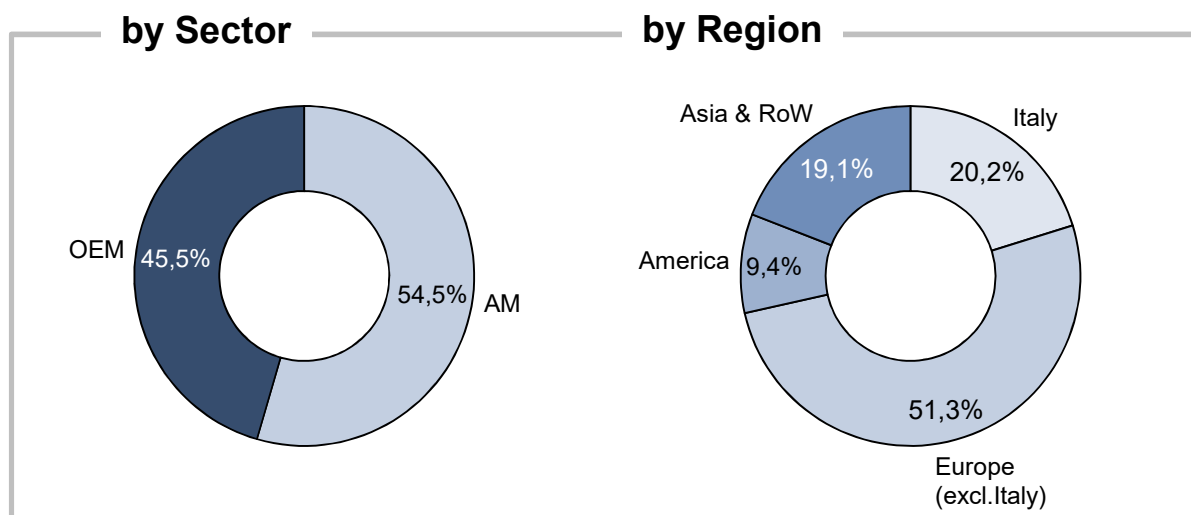
	2019 Q1	2018 Q1	Delta M€	Delta %
<b>Revenues</b>	<b>43,8</b>	<b>42,0</b>	<b>1,8</b>	<b>4,2%</b>
<b>EBITDA Adj.</b>	<b>5,4</b>	<b>5,4</b>	<b>0,1</b>	<b>1,5%</b>
<i>% on Revenues</i>	<i>12,4%</i>	<i>12,8%</i>		
<b>EBITDA</b>	<b>5,4</b>	<b>4,5</b>	<b>0,9</b>	<b>20,0%</b>
<i>% on Revenues</i>	<i>12,4%</i>	<i>10,8%</i>		
<b>EBIT</b>	<b>2,3</b>	<b>1,9</b>	<b>0,4</b>	<b>21,1%</b>
<i>% on Revenues</i>	<i>5,2%</i>	<i>4,5%</i>		
Capital Gain/Loss	-0,1	-0,9	0,8	87,4%
Financials	-0,7	-1,1	0,4	37,7%
<b>EBT</b>	<b>1,5</b>	<b>-0,1</b>	<b>1,6</b>	<b>NA</b>
Taxes	-0,9	-1,0	0,2	17,0%
<b>Net Income</b>	<b>0,6</b>	<b>-1,2</b>	<b>1,8</b>	<b>NA</b>

### Highlights

- **Revenues** increased by 1,8M€ (+4,2%), mainly due to OEM volumes increase (+15,9% vs Q1 2018), while AM is stable
- Despite the increase of OEM share on turnover **EBITDA reached 12,4% of revenues**, up to 0,9M€ (+20,0%) positively impacted by the reduction of fixed cost, showing that the company has a cost structure aligned to OEM suppliers
- **EBIT positive, 5,2% of revenues**, in line with best practices in the automotive sector
- **Impact** from SAFE&CEC improved, compared to Q1 2018 and expected to be positive in Q2
- **Net Income positive** by 0,6M€ compared to a loss of 1,2M€ in Q1 '18

# Q1 2019 Net Sales details by sector and geographical region

M€; %



## Highlights

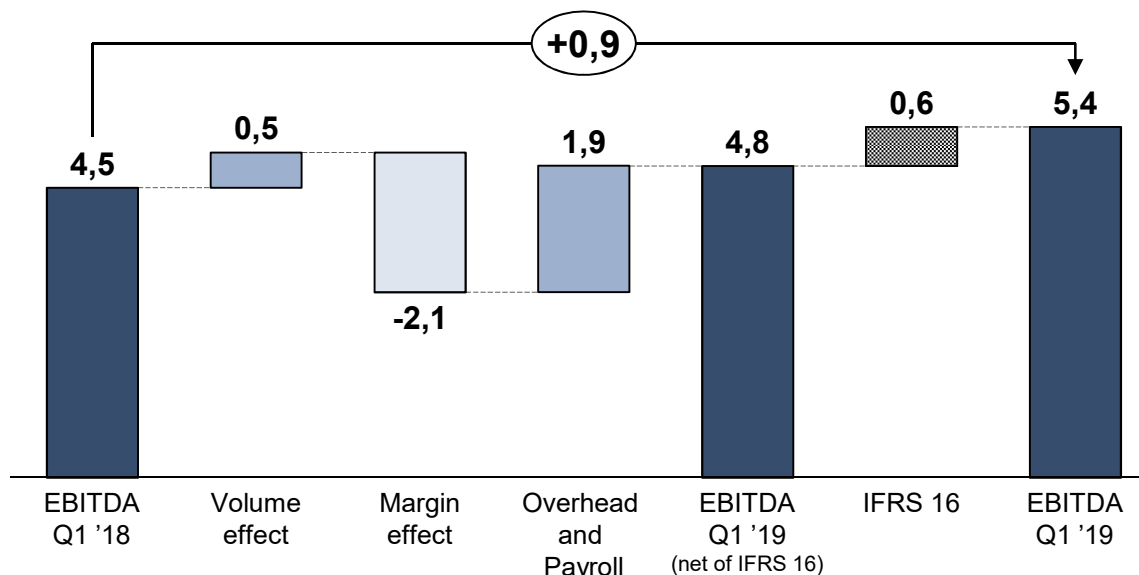
- Landi Renzo consolidates its presence as a top **OEM “tier-1” supplier in Europe**
- Growth concentrated in **Europe** (+3,4M€;+17,8%) mainly thanks to OEMs on LPG models
- **America** revenues decrease mostly due to a temporary slow down of the Brazilian market caused by a decrease of oil price, with expected recovery from Q2 (oil price increase)
- **Asia&RoW** decrease mainly due to the effect of sanctions against Iran as well as price of oil. Sales of HD components in China expected to increase in Q2

# 2019 Q1 EBITDA improved by 0,9M€ thanks to continuous improvement projects

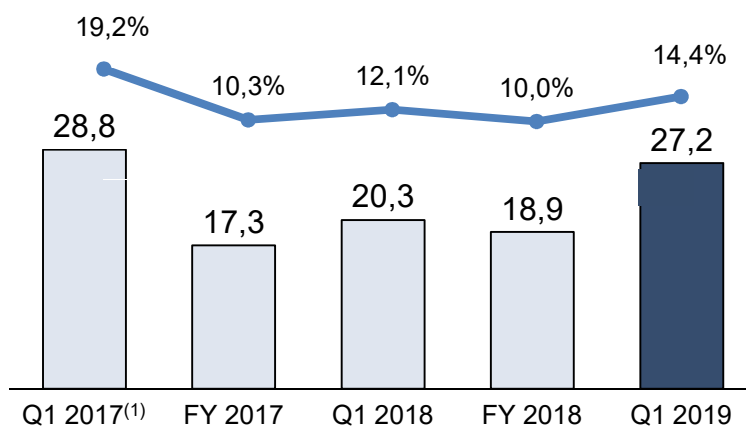
## Working Capital in line with budget expectations

M€

EBITDA  
Q1 2019  
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Q1 2018



Working  
Capital



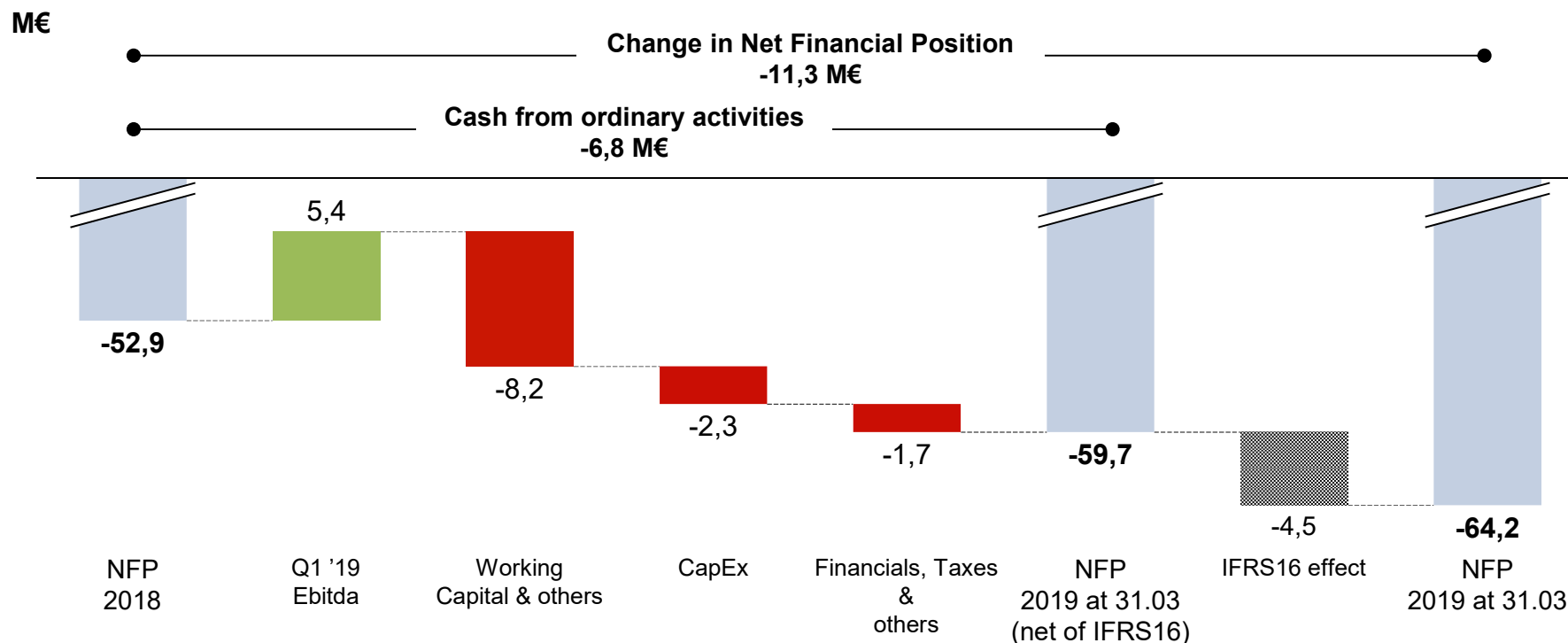
### KPI Working Capital

	Q1 '18	FY '18	Q1 '19
DSO	66	68	67
DPO	138	141	127
DIOH	85	75	81

### Highlights

- **EBITDA** improved by **0,9M€** compared to last year due to:
  - **Higher** revenues impact by 0,5M€
  - **Effect of change in sales mix** between Aftermarket and OEM sectors impacting by 2,1M€, offset by **fixed costs reduction** by 1,9M€ thanks to full benefit from the industrial turnaround implemented
  - Effect of «**IFRS 16**» rules application from 2019 (+0,6M€)
- **Working Capital** increased to sustain strong Q2 volume expectations, considering OEM sales orders for April as well as expected growth in AM. Moreover, the company has reduced payment terms to suppliers

# NFP evolution impacted by investments in working capital and in R&D to support new products development for the Heavy Duty segment



2018	NFP	2019 Q1
15,1	<b>Cash liquidity (+)</b>	17,2
-16,6 <sup>(2)</sup>	Short-term debts (-)	-25,4 <sup>(2)</sup>
-23,3	Long-term debts (-)	-23,4
-28,1 <sup>(2)</sup>	Bond (-)	-28,1 <sup>(2)</sup>
0	Financial Lease (-)	-4,5 <sup>(3)</sup>
<b>-68,0</b>	<b>Tot. Gross Debt (-)</b>	<b>-81,4</b>
<b>-52,9</b>	<b>NFP <sup>(1)</sup></b>	<b>-64,2</b>

(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 result shows strong improvement in performance with +26% of revenues and a positive EBITDA

M€; %

	2019 Q1	2018 Q1	Delta M€	Delta %
<b>Revenues</b>	<b>12,4</b>	<b>9,9</b>	<b>2,6</b>	<b>26%</b>
<b>EBITDA Adj.</b>	<b>0,3</b>	<b>-1,0</b>	<b>1,3</b>	<b>NA</b>
<i>% on Revenues</i>	<i>2,7%</i>	<i>-10,4%</i>		
Extraord.Expenses	-0,1	-0,5	0,4	-88%
<b>EBITDA</b>	<b>0,3</b>	<b>-1,5</b>	<b>1,8</b>	<b>NA</b>
<i>% on Revenues</i>	<i>2,3%</i>	<i>-15,2%</i>		
Depreciation	-0,4	-0,3	-0,1	19%
<b>EBIT</b>	<b>-0,1</b>	<b>-1,8</b>	<b>1,7</b>	<b>95%</b>
<i>% on Revenues</i>	<i>-0,7%</i>	<i>-18,3%</i>		
<b>Net Income</b>	<b>-0,3</b>	<b>-1,9</b>	<b>1,6</b>	<b>85%</b>

	2019 Q1	2018 Q1
<b>Working Capital</b>	<b>9,0</b>	<b>8,7</b>
<i>% on 12M rolling revenues</i>	<i>14,7%</i>	<i>14,8%</i>

## Highlights

- **Consolidated revenues** reached 12,4M€, **increasing** by 26% compared to Q1 2018, confirming the growing trend of volumes and the strong positioning of the Group on the market
- **Order book** of Q1 more than 20% higher compared to the same period of 2018
- Q1 2019 **Adj. EBITDA** positive by 0,3M€ (compared to negative 1,0M€ of Q1 2018), thanks to the volume effect as well as the impact of cost saving initiatives completed in 2018
- Q1 2019 **Net loss** of 0,3M€ compared to minus 1,9M€ in Q1 (+1,6M€)
- **Working capital** as at March 31, 2019 is in line to December 2018



An aerial photograph of a modern residential development. The scene features a multi-lane road on the left with several cars. To the right of the road is a landscaped area with numerous palm trees, a green tennis court, and a parking lot. In the background, there are several high-rise apartment buildings with balconies and glass facades. The overall atmosphere is bright and sunny.

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**APPENDIX**



# Landi Renzo - Company profile (10/05/2019)

## 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

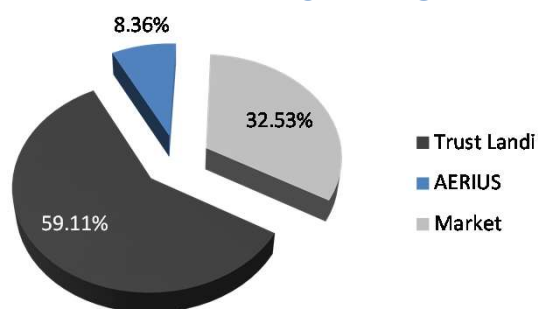


## INVESTOR RELATIONS

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[www.landirenzogroup.com](http://www.landirenzogroup.com)

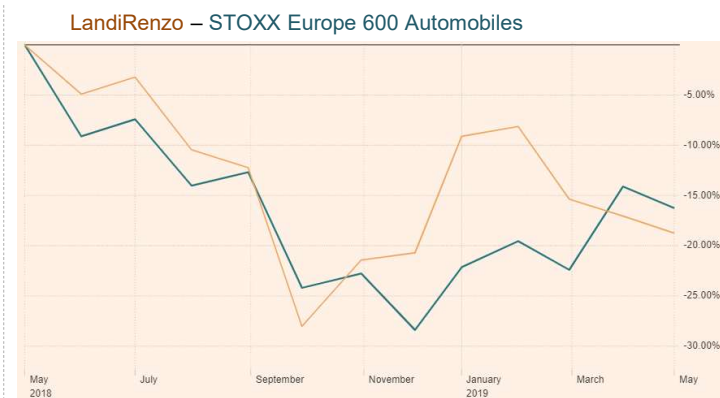
## SHAREHOLDING



## SHARE INFORMATION

N. of shares outstanding: 112.500.000  
 Price as of 10/05/2019 € 1.150  
 Capitalization: € 129.4 mln  
 FTSE Italia STAR

## STOCK VS MARKET



# CONSOLIDATED P&L

(thousands of Euro)

INCOME STATEMENT	31/03/2019	31/03/2018
Revenues (goods and services)	43,798	42,037
Other revenue and income	203	102
Cost of raw materials, consumables and goods and change in inventories	-22,806	-20,145
Costs for services and use of third party assets	-8,487	-9,575
Personnel expenses	-6,727	-7,218
Accruals, impairment losses and other operating expenses	-542	-668
<b>Gross Operating Profit</b>	<b>5,439</b>	<b>4,533</b>
Amortization, depreciation and impairment losses	-3,164	-2,654
<b>Net Operating Profit</b>	<b>2,275</b>	<b>1,879</b>
Financial income	19	26
Financial expenses	-920	-919
Gains (losses) on exchange rate	192	-245
Gains (losses) on joint venture accounted for using the equity method	-110	-873
<b>Profit (Loss) before tax</b>	<b>1,456</b>	<b>-132</b>
Current and deferred taxes	-866	-1,043
<b>Profit (loss) of the period for the Group and minority interests, including:</b>	<b>590</b>	<b>-1,175</b>
Minority interests	-13	-52
Profit (Loss) of the period for the Group	603	-1,123
<b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b>	<b>0.0054</b>	<b>-0.0100</b>
<b>Diluted earnings (loss) per share</b>	<b>0.0054</b>	<b>-0.0100</b>

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	31/03/2019	31/12/2018	31/03/2018
<b>Non-current assets</b>			
Property, plant and equipment	12,254	12,745	13,489
Development expenditure	7,347	6,932	4,904
Goodwill	30,094	30,094	30,094
Other intangible assets with finite useful lives	13,848	14,039	15,356
Right-of-use assets	4,616	0	0
Investments accounted for using the equity method	22,593	22,292	23,428
Other non-current financial assets	383	352	445
Other non-current assets	3,991	3,991	4,560
Deferred tax assets	10,170	10,538	7,647
<b>Total non-current assets</b>	<b>105,296</b>	<b>100,983</b>	<b>99,923</b>
<b>Current assets</b>			
Trade receivables	34,498	35,131	30,386
Inventories	42,375	38,895	38,822
Other receivables and current assets	7,744	8,016	8,918
Cash and cash equivalents	17,156	15,075	18,670
<b>Total current assets</b>	<b>101,773</b>	<b>97,117</b>	<b>96,796</b>
<b>TOTAL ASSETS</b>	<b>207,069</b>	<b>198,100</b>	<b>196,719</b>

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)			
<b>EQUITY AND LIABILITIES</b>	<b>31/03/2019</b>	<b>31/12/2018</b>	<b>31/03/2018</b>
<b>Group shareholders' equity</b>			
Share capital	11,250	11,250	11,250
Other reserves	49,033	43,931	45,474
Profit (loss) of the period	603	4,671	-1,123
<b>Total equity attributable to the shareholders of the parent</b>	<b>60,886</b>	<b>59,852</b>	<b>55,601</b>
Minority interests	-298	-276	-674
<b>TOTAL EQUITY</b>	<b>60,588</b>	<b>59,576</b>	<b>54,927</b>
<b>Non-current liabilities</b>			
Non-current bank loans	23,117	23,055	26,813
Other non-current financial liabilities	24,428	24,427	29,790
Non-current right-of-use liabilities	2,991	0	0
Provisions for risks and charges	5,652	5,443	9,045
Defined benefit plans	1,709	1,646	2,027
Deferred tax liabilities	433	339	457
<b>Total non-current liabilities</b>	<b>58,330</b>	<b>54,910</b>	<b>68,132</b>
<b>Current liabilities</b>			
Bank overdrafts and short-term loans	25,026	16,203	13,049
Other current financial liabilities	4,282	4,262	2,792
Current right-of-use liabilities	1,470	0	0
Trade payables	49,592	55,166	49,168
Tax liabilities	1,728	2,385	3,265
Other current liabilities	6,053	5,598	5,386
<b>Total current liabilities</b>	<b>88,151</b>	<b>83,614</b>	<b>73,660</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>207,069</b>	<b>198,100</b>	<b>196,719</b>

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