



The Clean Air Group
Driving the Future

SAFE – Clean Energy Compression merger Investor presentation

Milan, November 2017

Executive summary

Deal

- **Landi Renzo Group** and **Clean Energy Fuels (CLNE – NASDAC)** are considering to merge their wholly owned subsidiaries **SAFE** and **Clean Energy Compression** into a new company
- **Closing** is planned within the end of the year, even if could be possible a «postponement» to January 2018
- On Safe side the **deal accelerates turnover growth and international development**, with few overlapping in terms of market coverage and product portfolio
- The deal will create the **second largest player world-wide** in the natural gas compression market, with significant opportunities for further market expansion







NewCo Strategy and Expected Results

- **Fully integration is expected to be completed by 3Q 2018**, with very few overlapping in terms of sales coverage
- NewCo will have a **market leading position in Europe and America** and will benefit from **cross selling of products** and potential market growth in the next years
- Thanks to «**immediate**» **expected synergy effect** (from ~2,6M€ in 2018 to more than 7M€ and in 2020) NewCo will be able to **create higher value for shareholders** starting from 2018 (expected adj. EBITDA: 4,9M€ in 2018, 16M€ in 2020), with **dividends distribution** along the years

LRG Value Creation

- **Landi Renzo Group will benefit from a «non monetary» capital gain of 18-20M€** at closing
- With deal completion **LRG will deconsolidate ~ 4M€ net debt**, reducing its NFP to expected ~56M€
- Based on LRG assumptions, the **book value of NewCo on LRG Assets** will be significantly higher than the book value of SAFE stand alone, starting from 2018

SAFE is a wholly owned subsidiary of Landi Renzo Group, operating in the market of Natural Gas compression and distribution...

Landi Renzo Group			
Automotive sector		Gas Distribution and Compressed Natural Gas Sector	Sound Sector
OEM	After Market		
 LANDIRENZO®	 <small>ALTERNATIVE FUEL ELECTRONICS</small>  LOVATO  <small>ALTERNATIVE FUEL SOLUTIONS</small>	 Gas designed for you	
<ul style="list-style-type: none"> • Full LPG systems • LPG, CNG and LNG components 	<ul style="list-style-type: none"> • Full CNG and LPG conversion kits • Components and systems for CNG and LPG conversion • DDF technology for M&HD 	<ul style="list-style-type: none"> • Equipment for CNG/RNG distribution stations and infrastructure • Acquired by Landi Renzo Group in 2012 • Estimated ~13-14% group revenues in 2017, with EBITDA equal to 0 and net debt around 4 M€ 	<ul style="list-style-type: none"> • Professional loudspeakers • B&C Speakers formalized a binding offer for the acquisition of 100% share capital <p style="text-align: center;">Non-core (under dismissal)</p>
		Scope of the deal	

...focused on the European market, with performance worsening since 2015

SAFE General information

Founded in **1975**

Acquired by Landi Renzo Group in **2012**

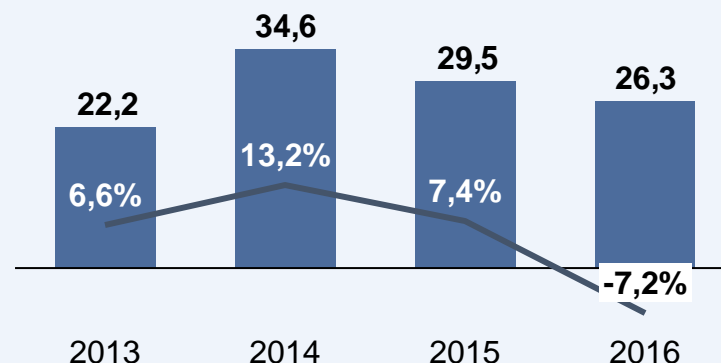
Located in **San Giovanni Persiceto (ITA)**

Installed compressor base: **3 500**

Employees: **73 (8 sales people)**

Subsidiaries: **Singapore**

Financials: Revenues (M€), EBITDA%



Addressed markets & products

CNG

- CNG components, from pipeline to tank
- Compressors: large size range 22-400 kW
 - Reducing metering systems
 - Gas treatment systems

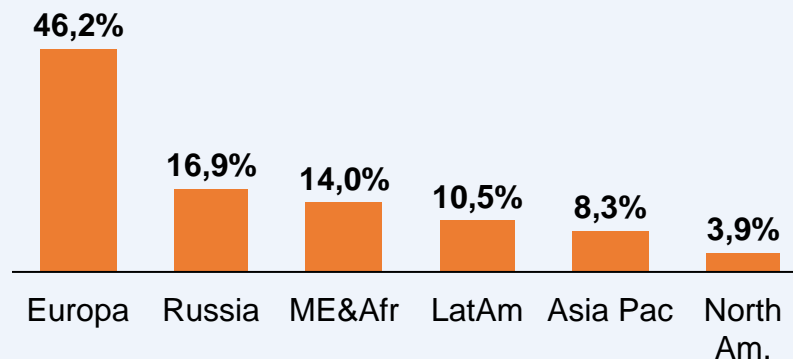
Renewable NG (RNG)

- Components for bio-methane plants
- Compression, storage & distribution






Gas recovery

- Components for Oil & Gas E&P activities
- High-power compression system

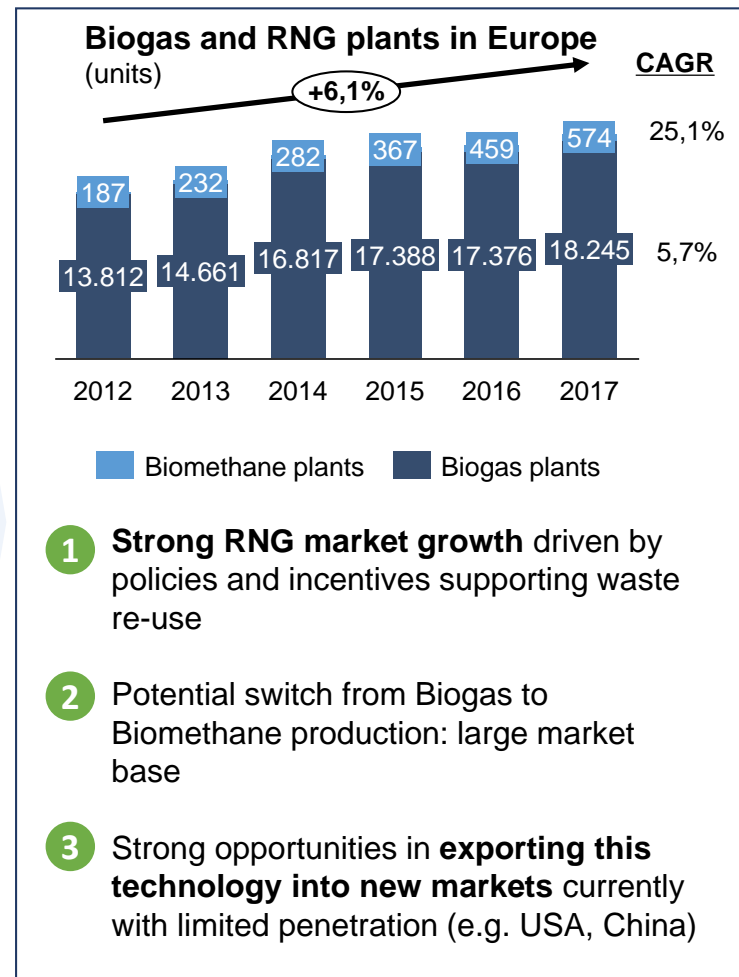
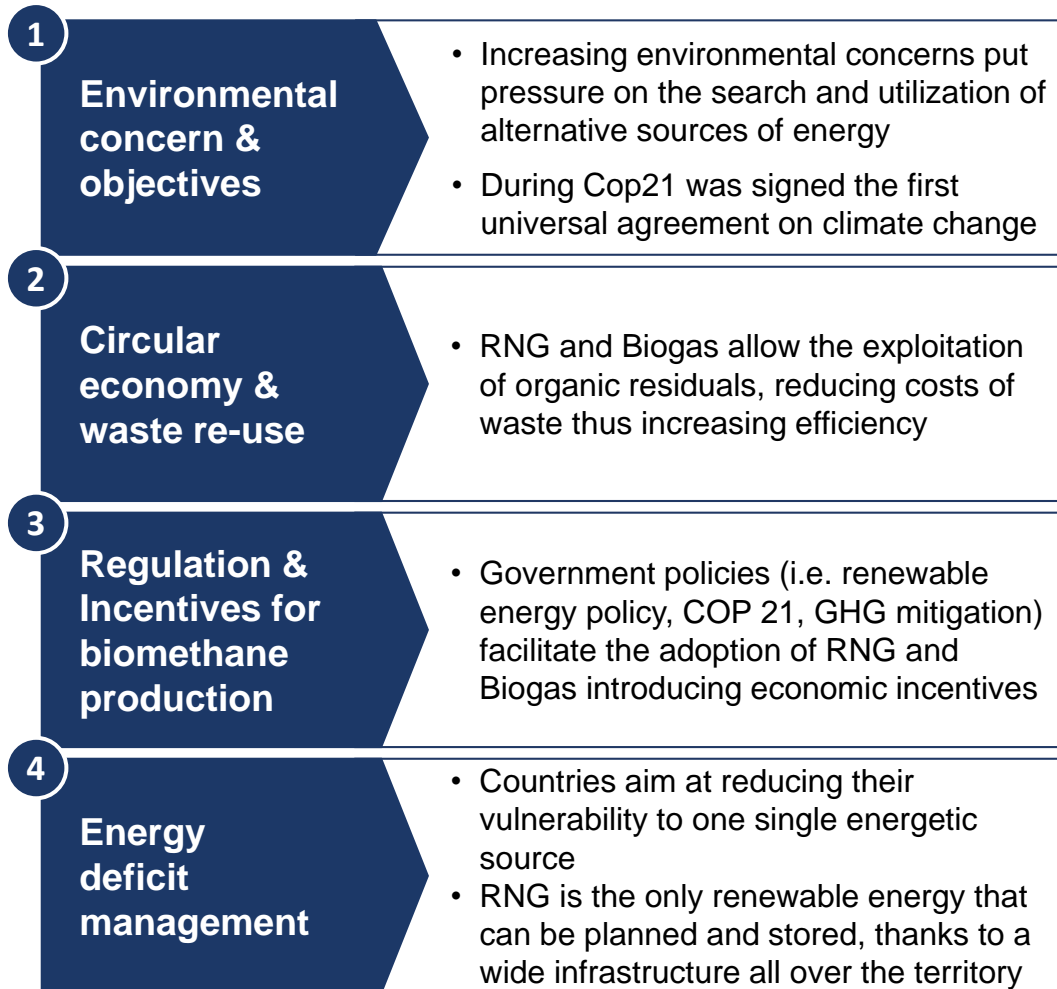
Geographical sales coverage (Rev. 2016) 45 markets covered



CNG market is expected to grow at 6%, through a set of supporting factors

Increasing environmental concerns	<ul style="list-style-type: none"> Increasing environmental concerns put pressure on the search and utilization of alternative sources of energy CO₂ emissions still growing (0.6% p.a. '15-'35): generating lower CO₂ vs. coal and oil, NG helps reaching the challenging regulatory targets, "0" particulate 	
Favorable regulation	<ul style="list-style-type: none"> Policies aimed at shifting to lower-carbon fuels (e.g. DAFI 2014/94/UE, "China VI" emissions standards, EPA and NHTSA Standards) CO₂ emissions targets in LD vehicles (e.g. European EC443/2009, U.S. EPA 2016 standards) 	
One of the <i>Best-in-class</i> AFV technology	<ul style="list-style-type: none"> Mature technology and main bridge to electrification toward 2030 for passenger cars worldwide CNG and RNG are becoming more and more viable solutions for Medium & Heavy Duty Infrastructures for this application need to be developed (e.g. along highways) 	
Material projects by large players	<ul style="list-style-type: none"> Three types of operators pushing the market growth: <ol style="list-style-type: none"> Several projects for infrastructure development (SNAM, Total, GRDF, ...) Investments on M&HD CNG vehicles by truck Manufacturers (Chevrolet, GMC, IVECO, FCA, VW, ...) Development of CNG fleets by truck users (FedEx, UPS, Auchan, ...) 	
Strong market growth expected	<ul style="list-style-type: none"> Globally, more than 8.000 new CNG stations are expected to be installed worldwide in the 2017-2022 period (6% CAGR, from 26K to 34K stations) The two main markets in 2017 are Europe and APAC (mainly China), and these countries will lead the market growth in the next 5 years 	

RNG and Biogas market currently concentrated in Europe, with growth opportunities in US



Landi Renzo Strategic plan identified three growth pillars for SAFE: strategic partnerships is a key enabler to achieve company goals

1 CNG Compressors & Packages

- **Become market leader**, exploiting **brand reputation**
- **Standardize** product components & processes
- **Diversify and expand product offering**: (1) tailor made turnkey solutions (2) ready-made products (3) dispensing equipment

2 RNG Components & System

- Explore **partnership opportunities** with upgrading specialists
- **Proactively** approach market opportunities becoming a key reference player
- Upon request, offer **complete solutions** from upgrade to compression and dispensing

3 Gas Recovery

Non core market segment

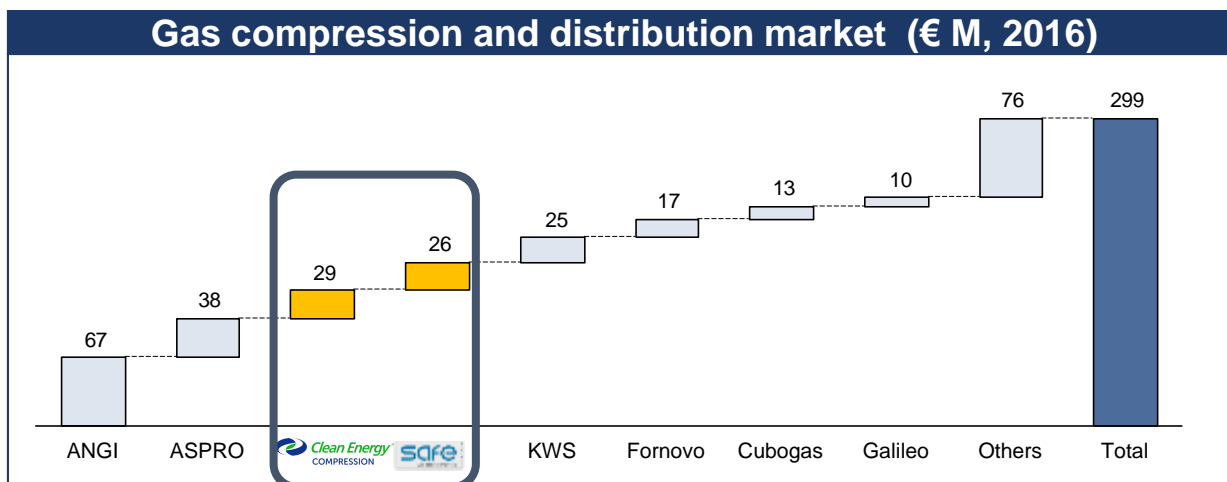
- **Tactical approach** to the market, serving Medium sized EPC and Small and medium Oil companies with already existing product portfolio & system
- Limit commercial investments

Expand after sales & spare part offering



- **Leverage**, as much as possible, **partnership opportunities** to maximise **SAFE and Partner's respective excellences through**:
 - Reinforcement / extension of value chain
 - Enlargement of Product Portfolio
 - Acceleration of go-to-market speed
 - Optimization of Sales organization coverage (mainly geographic) and effectiveness

A partnership with Clean Energy Compression (CEC) would help SAFE to accelerate growth & achieve international expansion



Main SAFE Partnership Needs

- **Turnover Growth and Market Coverage** - A partner able to accelerate turnover growth and SAFE international development, with few overlapping in terms of market coverage and product portfolio
- **Strategic Value** - A partner able to:
 - Support SAFE in finding scale economies
 - Provide experience in product standardization and reinforce the “international and continuous improvement culture”
 - Add value to SAFE capabilities to offer turn-key solutions
 - Having the know how to expand in potential markets SAFE product portfolio for RNG

CEC contribution to partnership

- **Focused market approach**
 - Single supplier of CNG fuelling systems
 - Geographical focus on America
- **Product standardization**
 - Production efficiency (production time, limited part numbers)
 - Low maintenance required

CEC is focused on CNG sales on the American market, after recent years of losses in 2017 is completing a successful industrial turnaround

CEC General information

Founded in **1984**

Owned by **Clean Energy Fuels**, listed in the Nasdaq

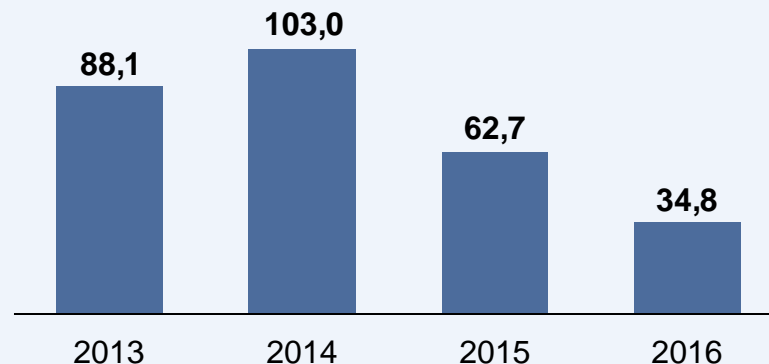
Located in **Chilliwack, BC, Canada**

Employees: **180 at Total**

Compressors installed: **1 800**

Subsidiaries: **Peru, Colombia and China**

Financials: Revenues (M\$)

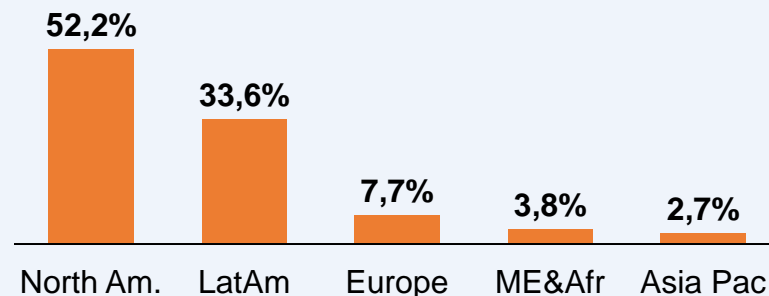


Addressed markets

CNG

- Compressor: CleanCNG 2.0 (100 – 300HP) – Electric or Gas Drive
- Clean PRS 300, 500, 2000
- CNG Dispensers (LATAM)
- CNG Storage (LATAM)

Geographical sales coverage (Rev. 2016) 10+ markets



Several fundamental rationales underneath the merger of SAFE and CEC, that will create the second player worldwide

Strong market fundamentals

- Partnership allows to better exploit CNG market growth (that is driven by several external factors)

CNG leading global position

- NewCo would become the second market player with a global footprint
- Strong complementarity in geographical footprint of the two entities

Complementary business models

- CEC and SAFE show the right fit:
 - SAFE can benefit from CEC product and process standardization
 - CEC can benefit from new product application (RNG) and engineering knowhow

Profitability gain through cost synergies

- Merge allows quick-win synergies not achievable on the stand-alone basis with a tangible impact on profitability

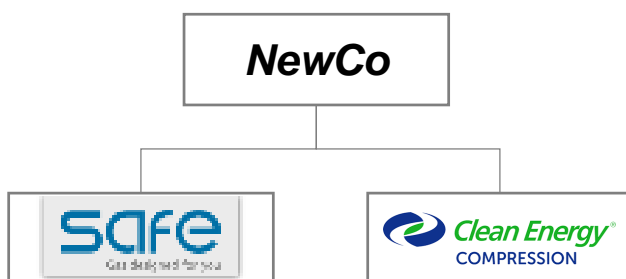
Reduced risk of execution

- Broader geographical coverage and integrated product portfolio decrease the risk of market volatility: higher chances to achieve industrial plan targets on sales growth and profitability gain

Value creation

- NewCo shows higher cash flow generation compared to SAFE stand alone

NewCo's Mission highlights the will to become the global leader



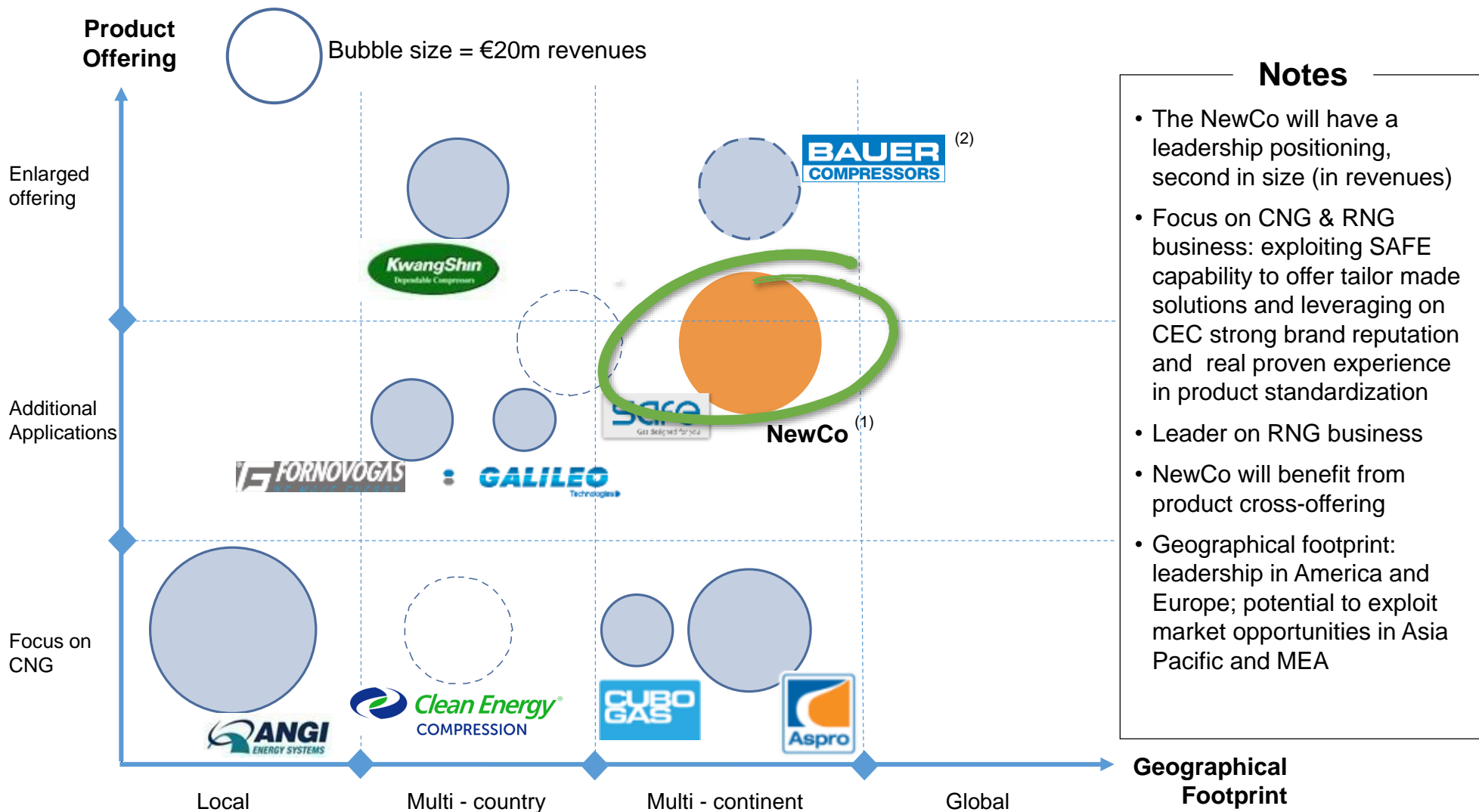
NewCo

**“Be the global leader in providing
innovative natural gas compression products and solutions
for a cleaner world”**

Our Mission

- Lead the market through **value added innovative products and solutions**, contributing to the success of our customers with our quality and services
- Ensure the **zero defect quality** of our products by establishing in our people the culture of continuous improvement and implement the world class manufacturing as a standard
- Encourage and foster a **culture** of trust, ethics, team-working, respect, integrity, and work with determination to achieve excellent results for our partners

From day one, the NewCo will be the second player in the NG compression market, with a multi-continent coverage



Note: (1) Sales 2017BP; (2) No data on revenues available
 Source: EY and LRG internal analysis

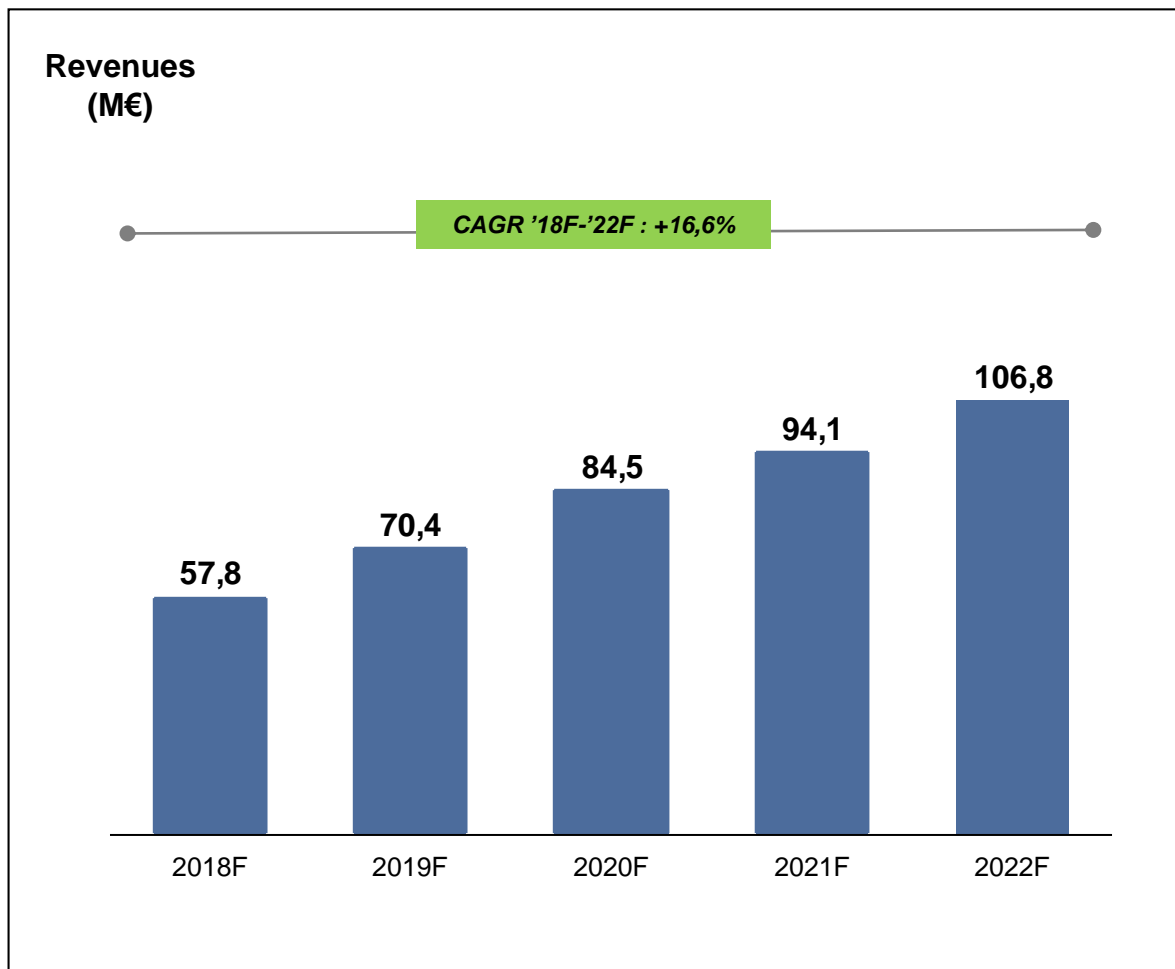
NewCo strategy is based on quickly achieving market leadership position that will lead to a value increase for both shareholders

5-year plan				
2018	2019	2020	2021	2022
1 Quick-win actions <i>Deploy NewCo full potential</i>		2 Consolidation phase <i>Create long-term value</i>		
<ul style="list-style-type: none"> • Achieve full integration of SAFE and CEC: NewCo operating at its full capacity and potential, exploiting all synergies to increase competitiveness • Consolidate market positioning: focus effort on core CNG segment, and expand existing market share in key markets (Americas and Europe) • Expand in RNG growing market: strengthen commercial network on RNG growing market segment • Operational improvement: achieve product components standardization and review key operations processes to reduce direct cost and ODT • After sales: leverage on large installed compressor base to implement international-based after sales service 		<ul style="list-style-type: none"> • Reinforce leadership market positioning: leverage on acquired efficiency and market presence to gain market share and become the first player in the market • Explore further consolidation: smaller players might not be able to operate stand-alone in a more competitive market (opportunities for M&A) • Assess best strategy to maximize value for shareholder: explore new plans to increase the value of the NewCo – and thus the value for the shareholders 		

The integration activates several levers of value creation both in Sales and in Operations

Sales & Products	CNG global leader	<ul style="list-style-type: none"> • Become Leader in America (North, Central and South) and Europe • Get ready to expand in Middle East, Africa and Asia
	Commercial strategy integration	<ul style="list-style-type: none"> • Merge the sales team across the regions and coordinate activities
	Product Portfolio management	<ul style="list-style-type: none"> • Integrate product offering • Define a sales strategy, identifying along the power range what to push where
	RNG opportunity export	<ul style="list-style-type: none"> • Industrialize and push into new markets the RNG offering
Operation	Optimized Supply Chain	<ul style="list-style-type: none"> • Centralize sourcing strategy • Integrated procurement model and volumes
	Product Standardization	<ul style="list-style-type: none"> • Review the design process to standardize product, reduce supply chain cost / warehouse and reduce the assembling time for manufacturing
	Operation Lean Management	<ul style="list-style-type: none"> • Review the manufacturing process and the integrated manufacturing organization to increase productivity and reduce production cost
	Competitive Advantage sharing	<ul style="list-style-type: none"> • Cross-supply semi-assembled components internally produced by both parties • Share manufacturing know-how and best practices

NewCo Revenues growth with a CAGR of 16,6% 2018-2022, taking advantage from to expected market growth and cross selling



- Revenues growth driven by:
 - **CNG Equipment package** market growth and increased market penetration both in current markets (U.S. and Europe) and in new geographies, exploiting joint capability to offer CNG complete systems and leveraging on strong brand reputation and proven experience in product standardization
 - **Service and Spare parts** recovery, driven by the new strategy, proactively leveraging on existing installed infrastructure and new expected installations
 - **RNG** segment growing opportunities and increased market penetration
- Revenues of the NewCo take into account potential overlaps of the two stand-alone companies

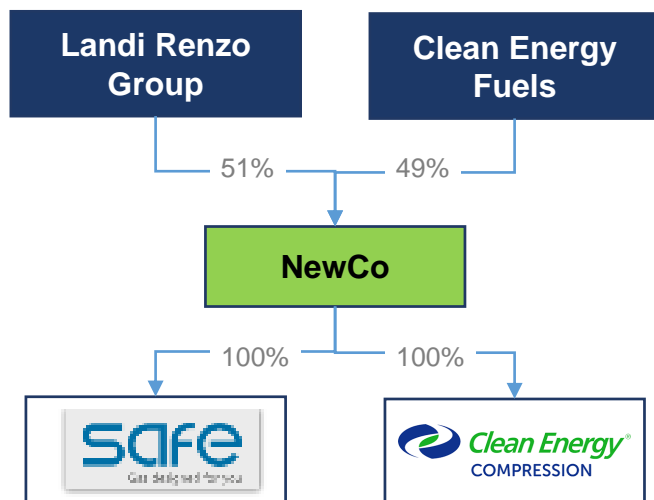
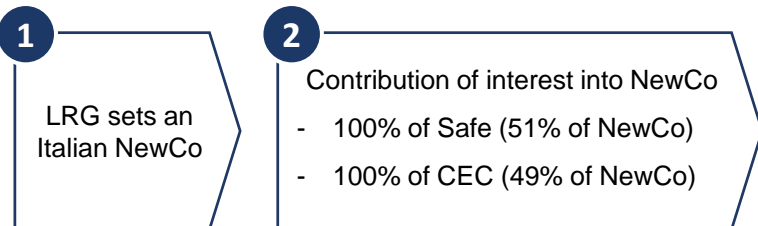
Several synergies to address, with a target 7M€ in 2020 and 9M€ in 2022

				Synergies steady state (2020, M€)	Highlights
Rev.	New markets	CNG application	RNG Sales	~3%	<ul style="list-style-type: none"> • CEC RNG sales in America (1-20 ratio with CNG sales) • COGS Material: lower cost on shared suppliers, integration path on separate suppliers and components • COGS Personnel: decreasing #hours for compressor assembly due to product standardization and process industrialization / lean (-20%); decreasing unit cost through production distribution along the year • SG&A Personnel: efficiency gained over support function integration (-19) • SG&A external cost: external agents review , integration of IT structure, cost review & rationalization
COGS	Materials	Price - Integrated procurement	Economies of scale on purchases	~59%	
			Low Cost Countries supply		
			Make or buy		
			Product Standardization		
			Intercompany parts supply		
	Warehouse & Logistics	Warehouse reduction			
		Logistics distance optimization			
	Personnel	Hours per compressor	Product standardization - Engineering		
Product standardization - Assembling					
Lean manufacturing - Assembling					
Unit cost per hour		Production flattening			
HC reduction	Engineering team				
SG&A	Personnel	HC reduction	Efficiency convergence	~11%	
			Economies of scale		
	External costs	Cost reduction	Sales Footprint review – ext. agents	~13%	
			Economies of scale / cost review		
			IT integration		

**From 7 M€ in '20
to 9 M€ in '22**

NewCo ownership structure will be 51% (LRG) - 49%(CE) with a Management team with strong expertise on similar deals

NewCo ownership structure



NewCo governance model

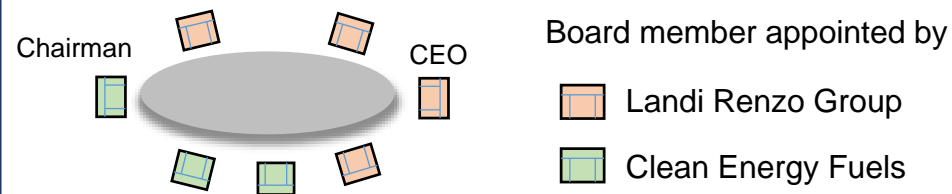
LRG and CEC will define Board of Director reserved matter rules to ensure shared control of the NewCo.

Topics to be subject to the rules include among others:

- Strategic business decisions
- Budget approval
- Capital injections
- Investments and divestments
- Top Management

Leadership Team

- Chairman: A. J. Littlefair
- CEO: C. Musi

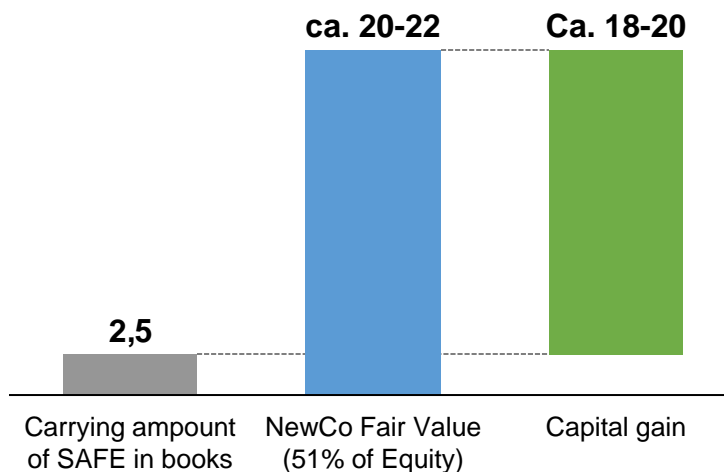


NewCo economics and financial targets

		SAFE		NewCo	
		<u>2018F</u>	<u>2022F</u>	<u>2018F</u>	<u>2022F</u>
Turnover	<ul style="list-style-type: none"> NewCo turnover almost double of SAFE in 2022 	32,1M€	55,3M€	57,8M€	106,8M€
Adjusted EBITDA⁽¹⁾	<ul style="list-style-type: none"> EBITDA positively impacted by NewCo synergies In 2022, EBITDA on revenues from 15% (SAFE) to 20% (NewCo) 	1,8M€	8,1M€	4,9M€	21,6M€
Cum. FCF	<ul style="list-style-type: none"> NewCo creates more value than SAFE stand-alone Possibility to pay dividends to shareholder 	9,9M€		34,0M€	

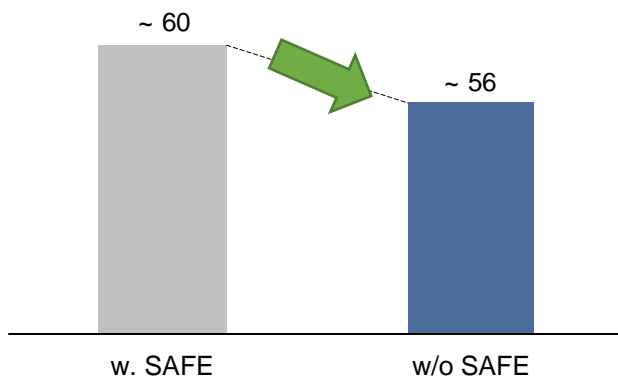
Due to SAFE deconsolidation, a capital gain (ca. 18-20M€ expected) will be recognized to LRG and 4M€ of debt will be deconsolidated

1 Capital Gain⁽¹⁾



- LR shall account for the investment in NEWCO based on its fair value (51% of equity)
- LR will recognize through profit and loss the difference between the fair value of NEWCO and the carrying amount of SAFE
- Fair Value will be calculated and certified by expert opinion

2 Impact on Assets



- Consolidated Group Net Debt reduced to expected 56M€ (from ~60M€) thanks to 4M€ deconsolidation
- Better financial ratios both in terms of NFP/ adj. EBITDA and NFP/Equity

Note (1): Non-Monetary
Source: LRG internal analysis

The merger is a key step in Landi Renzo Group forward-looking strategy

5 year plan					Mid-long term			
2017	2018	2019	2020	2021	2022	2023	2024	2025

Operational
excellence

Gas solutions as an affordable bridge to electrification and the only real solution for M&HD

Forward looking: rethink our future in a transformational & disruptive world

- Develop **multi-disciplinary skills** to navigate the “new era of automotive”
- An opportunity to be a **center of excellence** to investigate new AFV technologies, such as **LNG-battery series solutions, Hydrogen** and **off-road applications**
- To enlarge **technology capabilities to all alternative fuels developments**

Deploy NewCo Full Potential
and build The Market Leader

Explore better scenario for value
creation

- **Assess best strategy to maximize value for shareholder:** explore new plans to increase the value of the NewCo – and thus the value for the shareholders

Automotive Business

SAFE-CEC

DISCLAIMER

This presentation has been prepared by Landi Renzo S.p.A. for information purposes only and for use in presentations of the Group's results and strategies.

This presentation contains forward-looking statements regarding future events and the future results of Landi Renzo S.p.A. that are based on current expectations, estimates, forecasts, and projections about the industries in which Landi Renzo operates and the beliefs and assumptions of the management of Landi Renzo. Words such as 'expects', 'anticipates', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', variations of such words, and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future.

Therefore, Landi Renzo's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, political, economic and regulatory developments in Italy and internationally. Any forward-looking statements made by or on behalf of Landi Renzo speak only as of the date they are made.

Any reference to past performance of the Landi Renzo shall not be taken as an indication of future performance.

This document does not constitute an offer or invitation to purchase or subscribe for any shares, for any other financial instruments and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The presentation has not been prepared or approved by Clean Energy

