



## STAR Conference 2018

*Milan, 28<sup>th</sup> March 2018*



# Investor Meeting

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**Cristiano Musi**  
*Group CEO*



**Paolo Cilloni**  
*Group CFO & IR*



# Agenda

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## ▸ Landi Renzo Group

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▸ Re-launch program: Achieved Results and 2017 FY Financials

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▸ Market trends and Landi Renzo Group 2018 – 2022 Strategic Plan

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▸ “G-Mobility Way” – Landi Renzo Group Forward Looking Integrated Strategy

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▸ SAFE – Clean Energy Compression merger

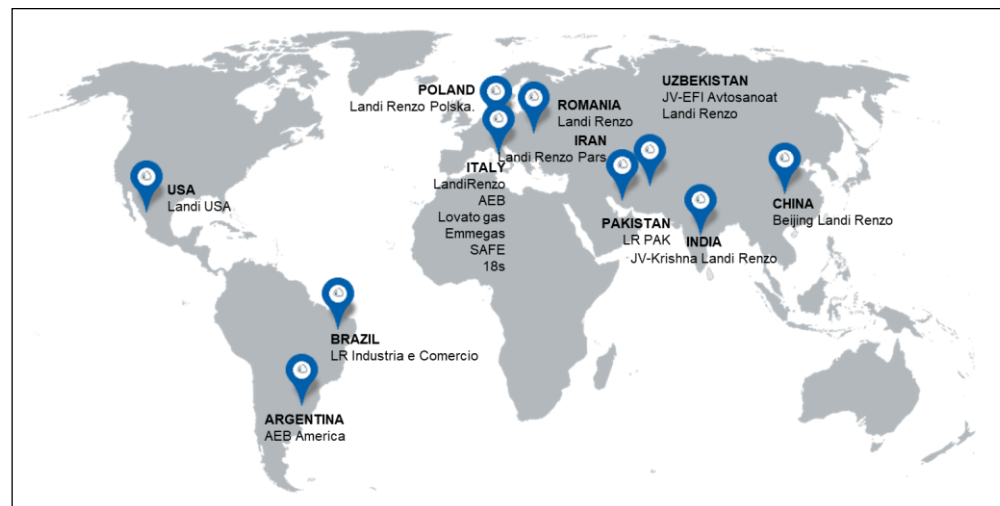
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# Landi Renzo Group promotes, designs and produces highly advanced integrated solutions, from gas distribution infrastructures to alternative fuel systems

Automotive sector		Gas Distribution and Compressed Natural Gas Sector
OEM	After Market	
	   	 
<ul style="list-style-type: none"> <li>• Full CNG and LPG systems</li> <li>• LPG, CNG and LNG components</li> <li>• R&amp;D to support AF evolution</li> </ul>	<ul style="list-style-type: none"> <li>• Full CNG and LPG conversion kits</li> <li>• Components and systems for CNG and LPG conversion</li> <li>• DDF technology for M&amp;HD</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment for CNG/RNG distribution stations and infrastructure</li> <li>• Agreement signed on Nov, 27<sup>th</sup> to merge fully owned SAFE with Clean Energy Fuels, setting up a new leading Group with an estimated turnover of approximately €58 million at the end of 2018</li> <li>• Landi Renzo owns 51% of the new Joint Venture</li> </ul>
		Not consolidated

# LRG owns a large international footprint, through direct presence in key markets

- Headquarter in Reggio Emilia
- Founded in 1954
- Stock exchange listing in 2007 (MTA Star segment)
- 14 branch offices in 11 countries
- About 600 employees worldwide, of which 80 in R&D
- 5 manufacturing plants located in 5 Countries
- Widespread presence worldwide both in OEM and AM



## OEM

**Europe**

**China**

**RoW**

**Iran**

## After Market

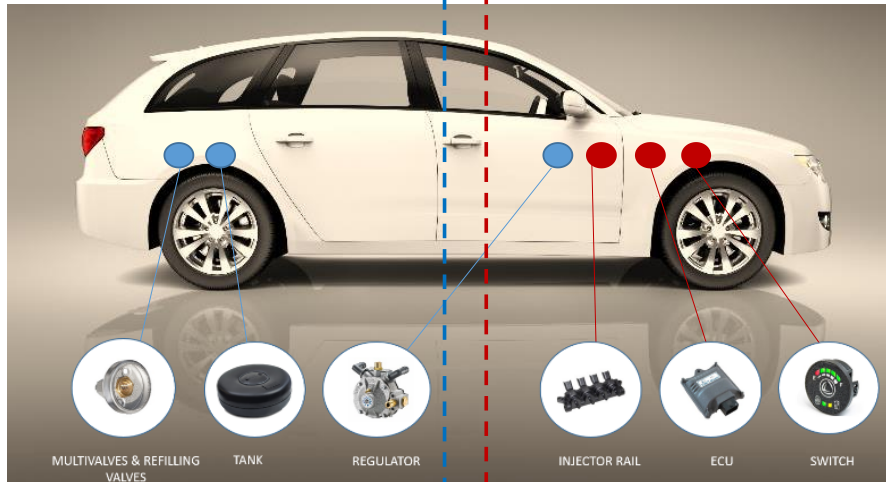
- Global sales coverage (75+ Countries) in five continents
- Widespread distribution network served: more than 100 distributors and 400+ workshops
- Direct sales and technical assistance forces
- Sales subsidiaries directly cover more than 20 Countries

# LRG produces and sells Natural Gas bi-fuel conversion solutions for passenger cars and mono / dual fuel solutions for Mid – Heavy Duty vehicles ...

## Passenger Car – LPG & CNG

### High Pressure

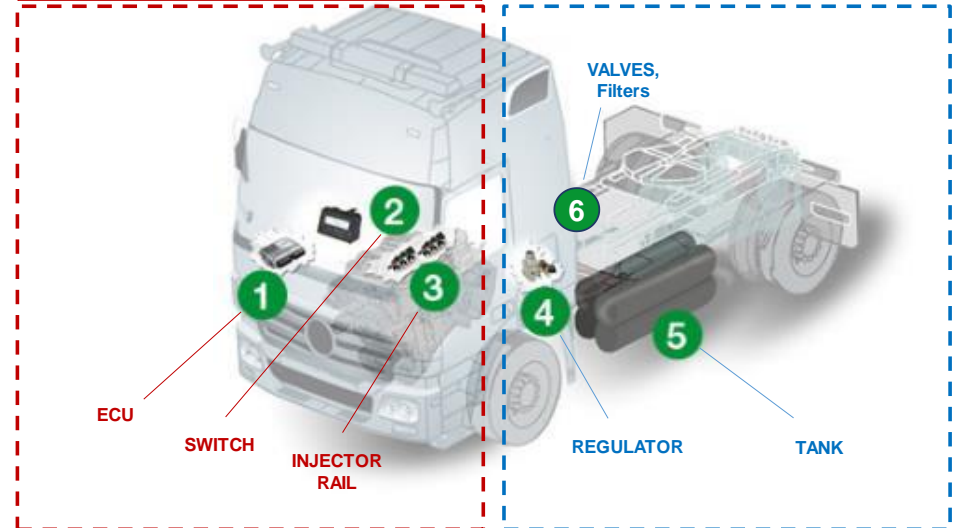
### Low Pressure



## Heavy Duty – LNG & CNG

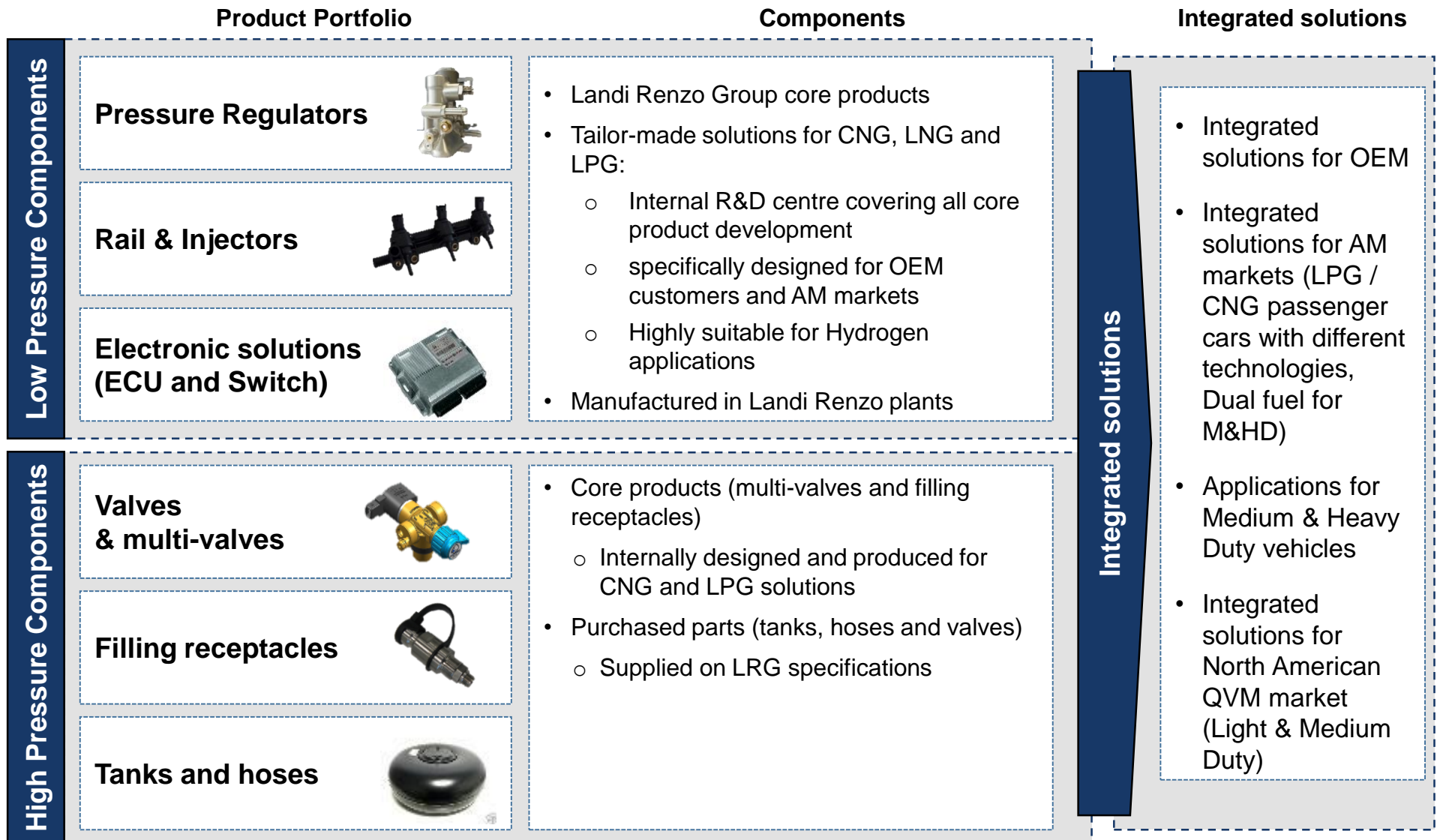
### Low Pressure

### High Pressure



- Landi Renzo Group's Product Portfolio covers all **Natural Gas conversion solutions** (CNG, LNG and LPG):
  - **systems and components**
  - supporting **passenger cars, medium & heavy duty and off-road vehicles**
  - and for **OEM Market** and **AfterMarket Market applications**
- Landi Renzo Group is starting to **enter Hydrogen - Fuel Cell segment with integrated systems and components**

# ... providing expertise and knowledge on components and integrated solutions



# Agenda

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▸ Landi Renzo Group

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▸ **Re-launch program: Achieved Results and 2017 FY Financials**

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▸ Market trends and Landi Renzo Group 2018 – 2022 Strategic Plan

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▸ “G-Mobility Way” – Landi Renzo Group Forward Looking Integrated Strategy

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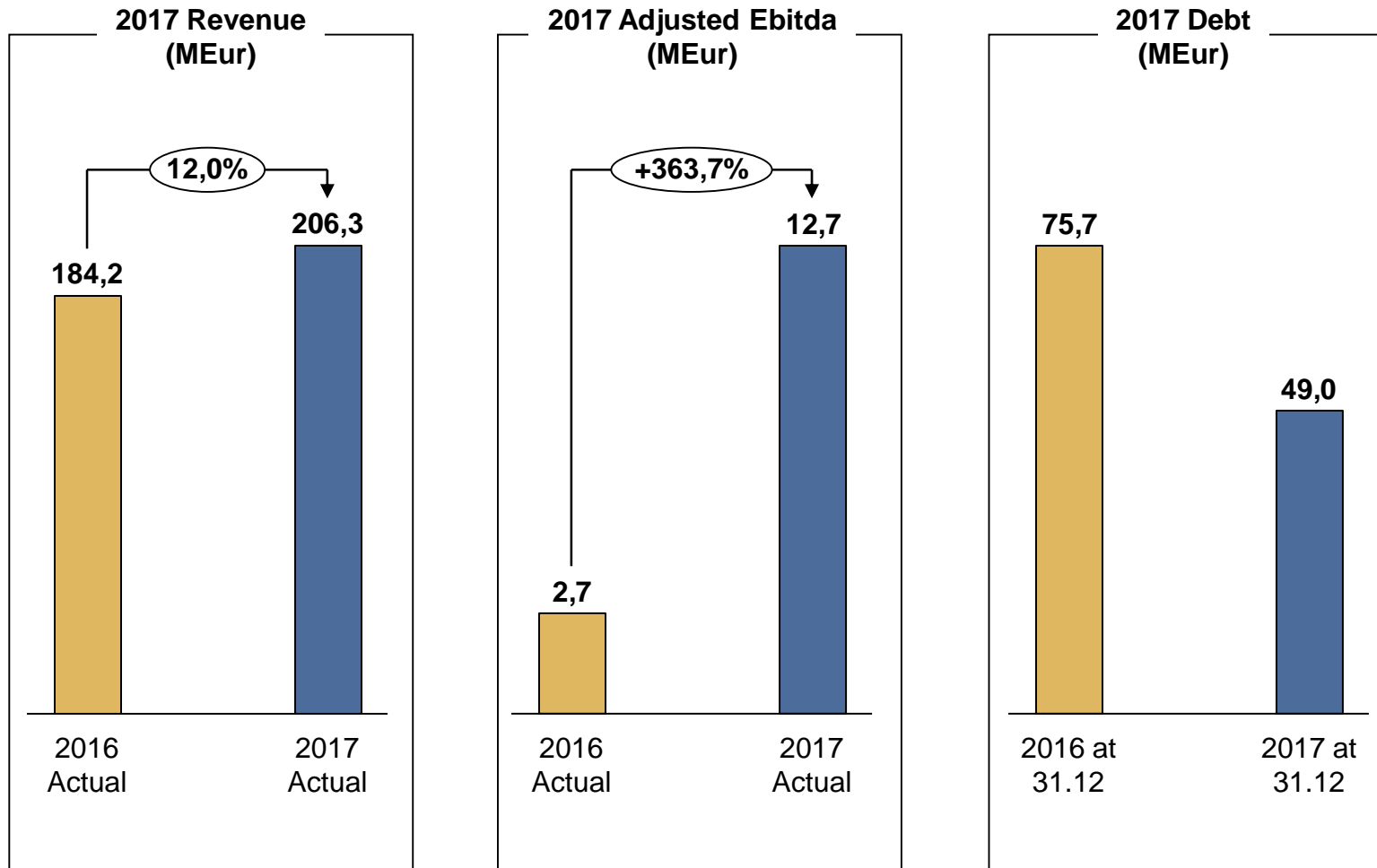
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# LRG completed the Re-Launch program, started in January 2017, to align profitability and reach a leading performance in the market

Re-Launch Program	<b>New CEO appointment</b>	<ul style="list-style-type: none"> <li>• Appointment of <b>Mr. Cristiano Musi</b> as <b>LR group CEO</b> (in charge since Dec. 2016)</li> </ul>
	<b>Operational efficiency</b> <b>Completed</b>	<ul style="list-style-type: none"> <li>• Structured and extensive <b>operational efficiency program</b> with a top tier consulting company:             <ul style="list-style-type: none"> <li>○ improved <b>operational efficiency</b> and redefine <b>manufacturing footprint</b></li> <li>○ <b>Streamlined R&amp;D activities</b> to recover the marginality on the core business</li> <li>○ Redefined LRG organization and management position needs</li> </ul> </li> </ul>
	<b>Management reinforcement</b> <b>Completed</b>	<ul style="list-style-type: none"> <li>• <b>Mr. Paolo Ferrero</b>, Former FCA Group Executive joined LRG appointed as <b>VP Strategic Development and Group CTO</b>, with the aim to sustain the long term relaunch of the Group (Oct. 2017)</li> <li>• <b>Mr. Gianni Monteforte</b> appointed as <b>Global Head of Manufacturing and Supply Chain</b> with the aim to implement the “center of excellence” project and implementing operational efficiency to sustain the relaunch of the Group</li> </ul>
	<b>Business resources rationalization</b> <b>Completed</b>	<ul style="list-style-type: none"> <li>• <b>Debt renegotiated</b> with banks and bondholders and <b>8,9 M€ capital injection</b> by the main shareholder (Mar.'17)</li> <li>• <b>Sale of a company branch to AVL</b> and <b>agreement on R&amp;D project development</b> (Apr. 2017)</li> <li>• <b>Sale of 18S</b> to B&amp;C Speakers (Oct. 2017)</li> <li>• <b>Merge of SAFE (gas distribution) and Clean Energy Compression</b> (fully owned by Clean Energy Fuels, listed in the Nasdaq), <b>setting up a new worldwide leading Group in the compression segment</b></li> </ul>
	<b>Strategic plan</b> <b>Implementation Ongoing, on track</b>	<ul style="list-style-type: none"> <li>• Presented the <b>New 2018-2022 strategic plan</b> in Sep. 2017</li> <li>• Launched <b>implementation</b> in Nov. 2017:             <ul style="list-style-type: none"> <li>○ <b>New organization</b></li> <li>○ LRG product <b>portfolio innovation and evolution (OEM projects for the Medium &amp; Heavy Duty segment)</b></li> <li>○ Rationalization opportunities <b>completed</b></li> </ul> </li> </ul>

# LRG had a successful 2017 overall result leveraging the first outcomes of the turnaround plan and active asset management



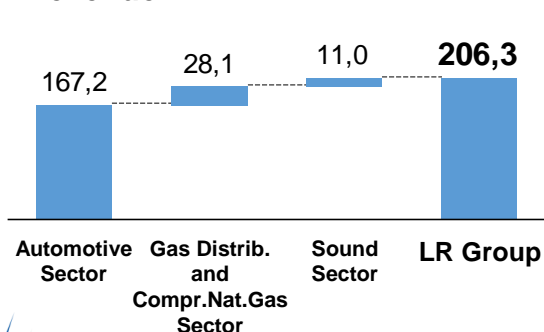
## FY 2017 P&L improves in all financial indicators - Automotive business, net of Labs and extraordinary effect, has reached break-even (adj. Ebit 0,1M€)

M€	FY 2017	FY 2016	Delta M€	Delta %
<b>Revenues</b>	<b>206,3</b>	<b>184,2</b>	<b>22,1</b>	<b>12,0%</b>
<b>EBITDA Adj.</b>	<b>12,7</b>	<b>2,7</b>	<b>10,0</b>	<b>363,7%</b>
<i>% on Revenues</i>	<i>6,2%</i>	<i>1,5%</i>		
<b>EBITDA</b>	<b>4,7</b>	<b>-2,9</b>	<b>7,6</b>	<b>262,0%</b>
<i>% on Revenues</i>	<i>2,3%</i>	<i>-1,6%</i>		
<b>EBIT Adj.</b>	<b>-1,5</b>	<b>-13,3</b>	<b>11,8</b>	<b>88,7%</b>
<i>% on Revenues</i>	<i>-0,7%</i>	<i>-7,2%</i>		
<b>EBIT</b>	<b>-11,5</b>	<b>-18,9</b>	<b>7,4</b>	<b>39,3%</b>
<i>% on Revenues</i>	<i>-5,6%</i>	<i>-10,3%</i>		
Capital Gain	21,1	0,0	21,1	
Financials	-6,1	-4,2	-1,9	46,3%
<b>EBT</b>	<b>3,5</b>	<b>-23,1</b>	<b>26,6</b>	<b>115,2%</b>
Taxes	0,2	-2,9	3,1	107,9%
<b>Net Income</b>	<b>3,7</b>	<b>-26,0</b>	<b>29,7</b>	<b>114,2%</b>
<i>% on Revenues</i>	<i>1,8%</i>	<i>-14,1%</i>		

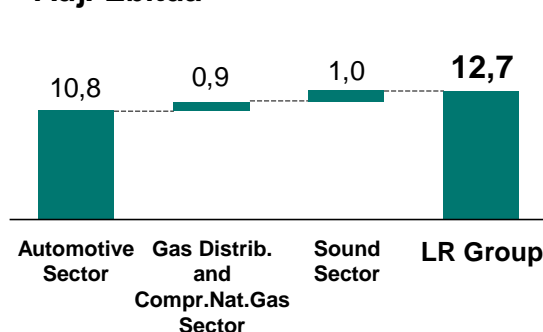
### Highlights

- **Revenue increased** by 22,1M€ (+12%), thanks to outstanding performance of the automotive sector
- **Adjusted EBITDA** improved 10,0M€ (+364%) due to increased volumes and first results of restructuring activities
- **EBITDA** is impacted by Extraordinary costs (**11,0M€**) to support restructuring activities (less than 1 year payback) and Extraordinary profit due to the sales of the Chinese building (+3,0M€)
- **EBIT** also impacted by capital loss due to the tech lab. to AVL (-2,0M€)
- **Capital gain** due to the merger of SAFE with Clean Energy Compressor (plus) and the sale of 18sound (minus)
- First positive **Net Income** since 2012

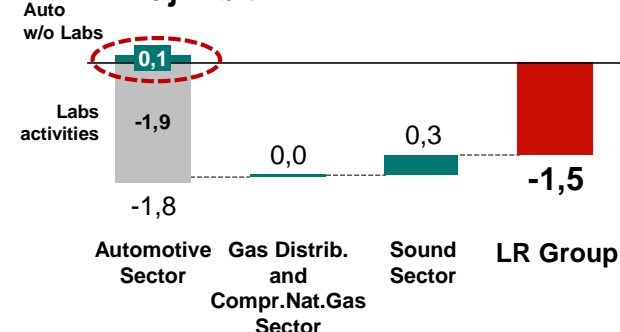
### Revenue



### Adj. Ebitda

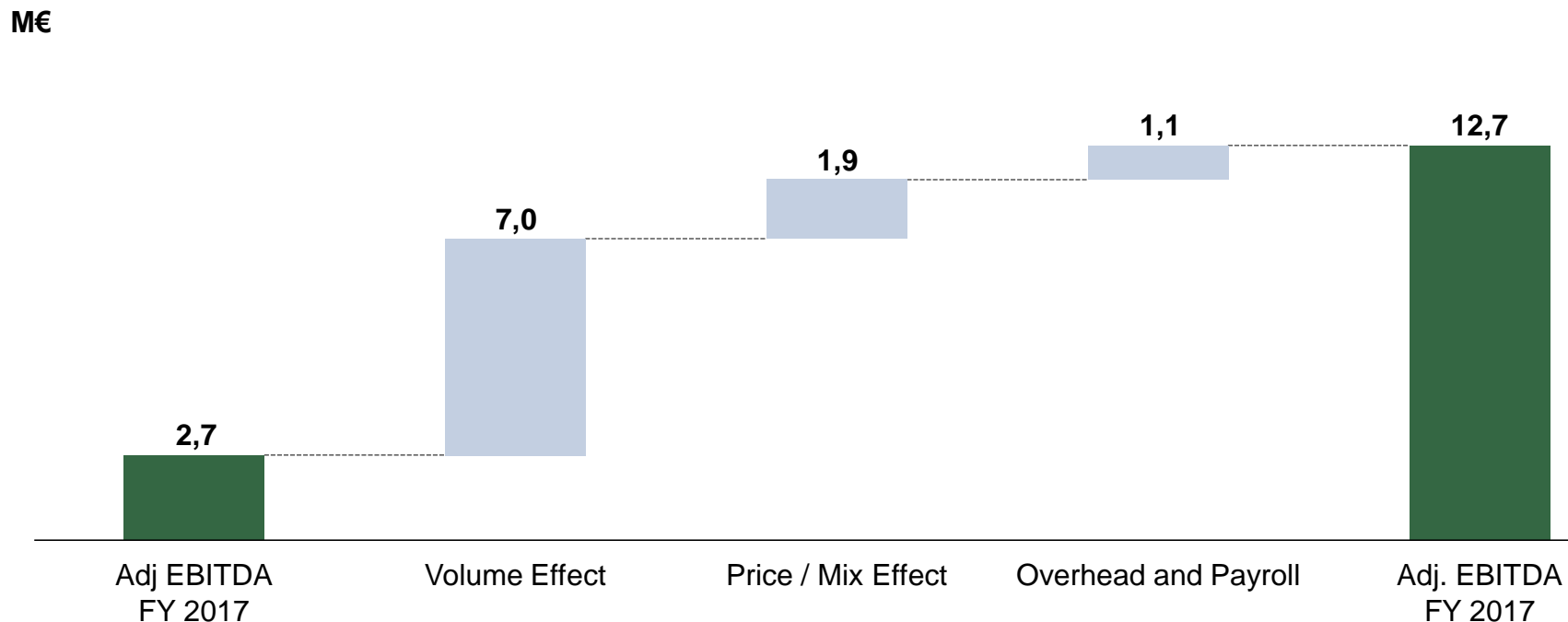


### Adj. Ebit



All **extraordinary costs** are included in Automotive sector P&L (11,0M€)

## 2017 Adjusted EBITDA improvement is supported by volume effect, ongoing cost reduction and price management



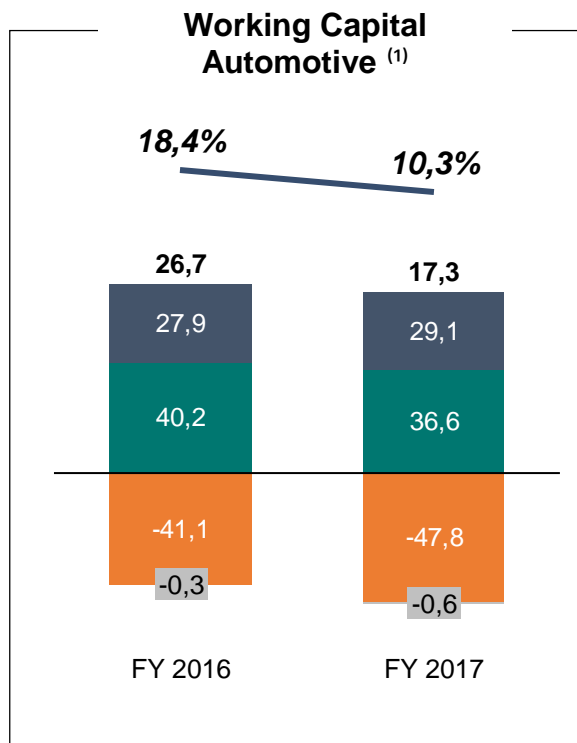
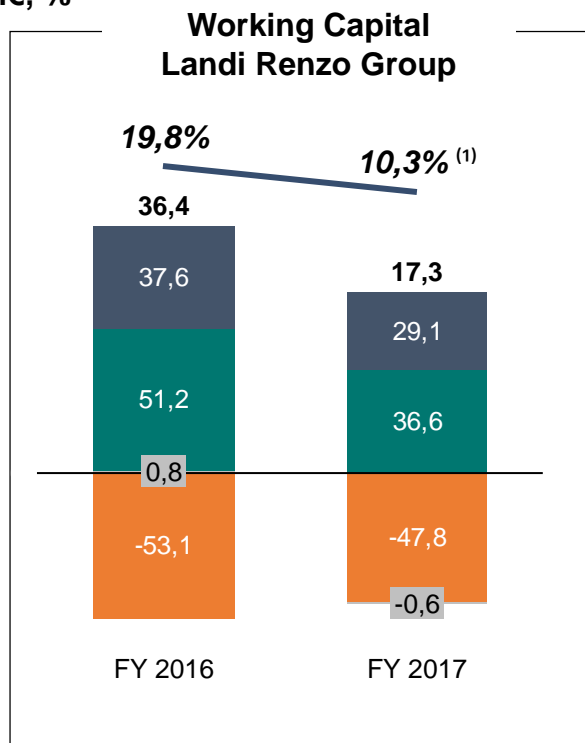
- 2018 Adj. Ebitda outlook will benefit from
  - confirmation of 2017 market penetration and volume increase
  - leverage of operational restructuring improvement on variable, fixed cost and payroll cost reduction

# In 2017 Landi Renzo Group made extraordinary activities to optimize the effectiveness and the speed of Re-launch program

Feb. - Dec 2017	<b>Group restructuring</b> (i.e. Excellence prj.)	<ul style="list-style-type: none"> <li>In 2017, the Group completed a <b>structured and extensive turnaround program</b>, to recover the marginality on the core business</li> <li>Most Departments and Business areas were involved in the program (e.g. Procurement, Manufacturing, Logistics, R&amp;D, S&amp;OP, Admin.), in Italy and abroad</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring costs: 11,0M€</li> <li>Costs reduction: 1,1M€ (2017); 13-15M€ (run-rate)</li> </ul>
Jul. 2017	<b>Technical Laboratory sale to AVL</b>	<ul style="list-style-type: none"> <li><b>Landi Renzo-AVL signed (April) and finalized (July) the agreement for the sales of a company branch</b> concerning the technical laboratories</li> <li>The agreement also entail the <b>cooperation on R&amp;D strategic projects</b> on CNG, LNG and Hydrogen, that will strengthen innovation</li> </ul>	<ul style="list-style-type: none"> <li>Sale value: 5,7M€</li> <li>Cash-in: 0,6M€ (10 years)</li> <li>Capital Loss: 2,0M€</li> <li>Fixed cost reduction: ext 3,0M€ per year (from 2018)</li> </ul>
Dec. 2017	<b>18 Sound sale to B&amp;C Speakers</b>	<ul style="list-style-type: none"> <li>The Group <b>completed the sale of Eighteen Sound in December '17</b></li> <li>The subsidiary was considered as a non-core asset; the operation further strengthen the capital of the Group</li> </ul>	<ul style="list-style-type: none"> <li>Cash-in 2017: 6,8M€</li> <li>Debt Reduction: 0,6M€</li> <li>Capital Loss: 0,7M€</li> </ul>
Dec. 2017	<b>Merge of Safe-CEC in a NewCo</b>	<ul style="list-style-type: none"> <li><b>SAFE (gas distribution) and Clean Energy Compression merged, setting up a new worldwide leading Group in the compression segment</b></li> <li>Landi Renzo holds a <b>51% majority share of the NewCo</b>, while Clean Energy Fuels Corp. holds the remaining 49%</li> <li>The focus of the business will be on the <b>compressor sectors for CNG stations and on Renewable Natural Gas (RNG) at a global level</b>; with a market share above 15% in Europe and the United States</li> </ul>	<ul style="list-style-type: none"> <li>Capital Gain: 21,8M€</li> <li>Debt Reduction: 2,9M€</li> </ul>
Dec. 2017	<b>China building sale</b>	<ul style="list-style-type: none"> <li>The <b>building owned in China (Beijing), considered as a non-core asset, was disposed</b>, in line with the Strategic Plan's guidelines</li> <li>The full payment was received in December '17</li> </ul>	<ul style="list-style-type: none"> <li>Cash-in 2017: 4,5M€</li> <li>Capital Gain: 3,0M€</li> </ul>

# 2017 Working Capital is reduced by 19,1M€ (-53%) despite increased revenue thanks to better management of stocks and DSO

M€, %



— % on revenues  
■ Receivable  
■ Inventory  
■ Payable  
■ "Continuity Stock" effect  
■ other curren assets/liabilities

## Highlights

2017 Working Capital is reduced by 19,1M€ (of which 9,4M€ by Automotive)

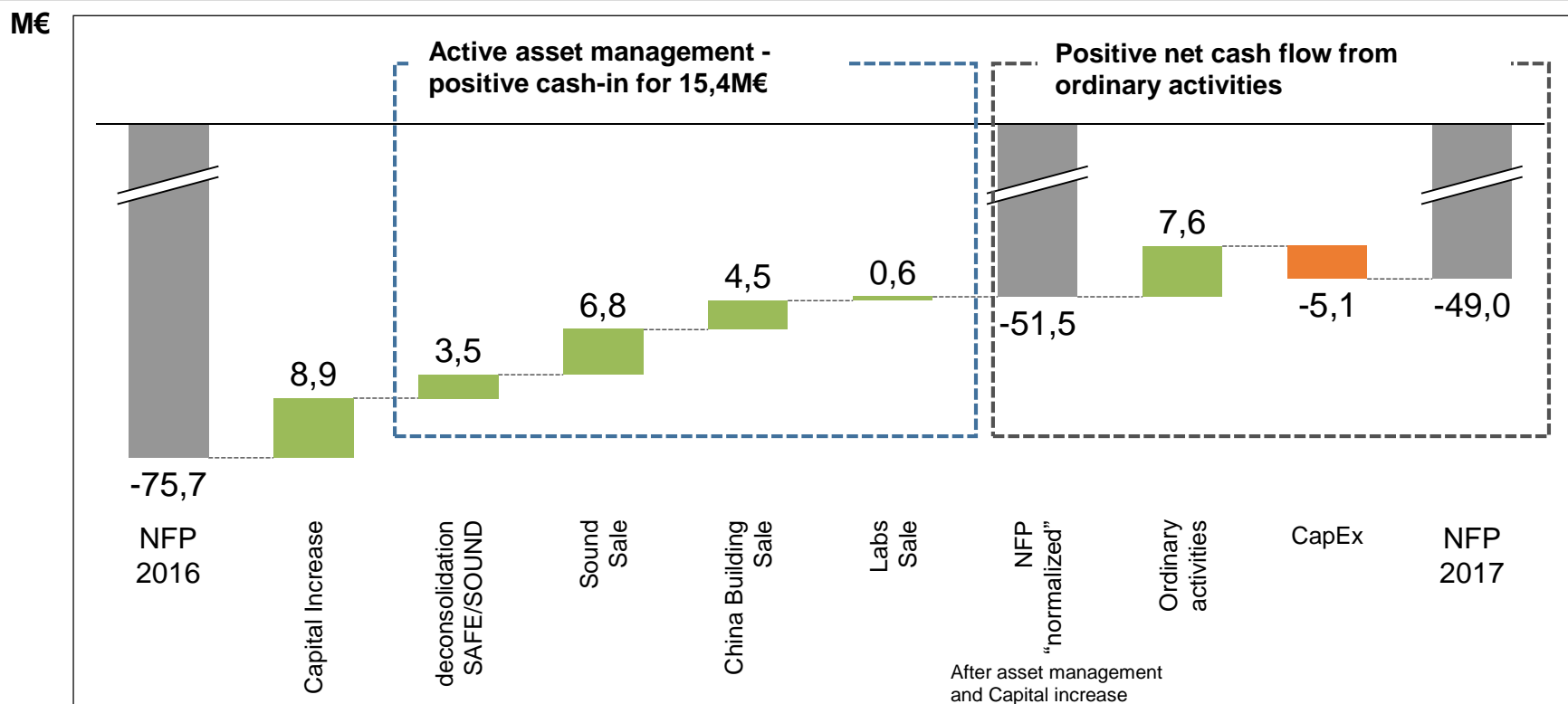
Automotive working capital improvement is driven by:

- **DSO**: moved from 70 to 64 days
- **DIOH**: stock rotation from 100 to 80 days (inventories is reduced by 9%, -3,6M€)
- **DPO**: stable

	FY 2016 <sup>(1)</sup>	FY 2017 <sup>(1)</sup>
<b>DSO</b>	70	64
<b>DPO</b>	136	138
<b>DIOH</b>	100	80

<sup>(1)</sup> calculation performed **not** considering Sound sector and Gas Distribution and Compressed Natural Gas, **not** included in Balance Sheet at 31.12.2017

# In 2017 NFP reduced by 26,7M€ mainly due to active asset management for 15,4M€ and positive net cash flow from ordinary activities for 2,5M€

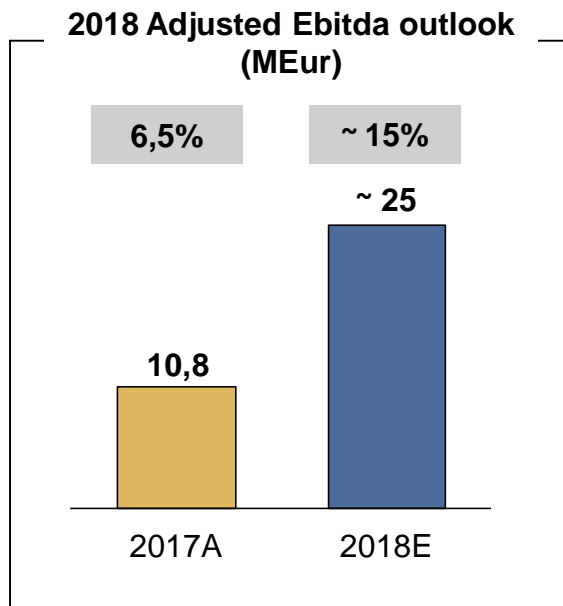
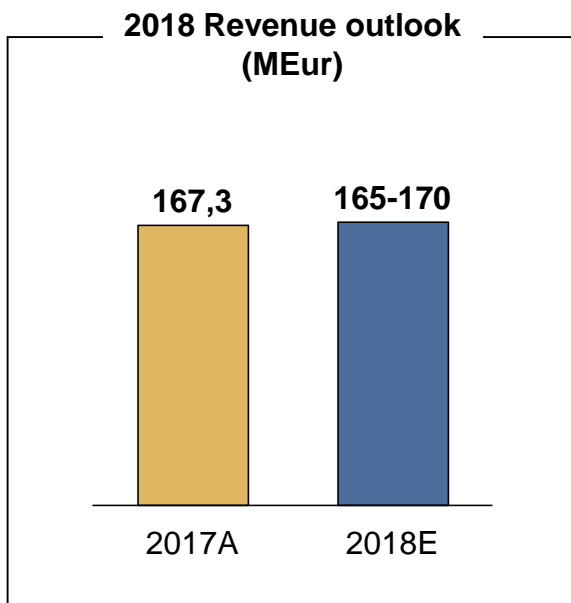


FY 2016	NFP	FY 2017
16,5	Cash liquidity (+)	17,8
-41,1	Short-term debts (-)	-8,2
-19,7	Long-term debts (-)	-27,5
-31,4	Bond (-)	-31,1
<b>-92,2</b>	<b>Tot. Gross Debt (-)</b>	<b>-66,8</b>
<b>-75,7</b>	<b>NFP (*)</b>	<b>-49,0</b>

- For recently financial structure optimization operation signed with banks, loans have been reclassified from short to long-term (excluding the first portion expiring on June 30, 2018)
- Short and long terms debt and bond are inclusive of amortized cost effect

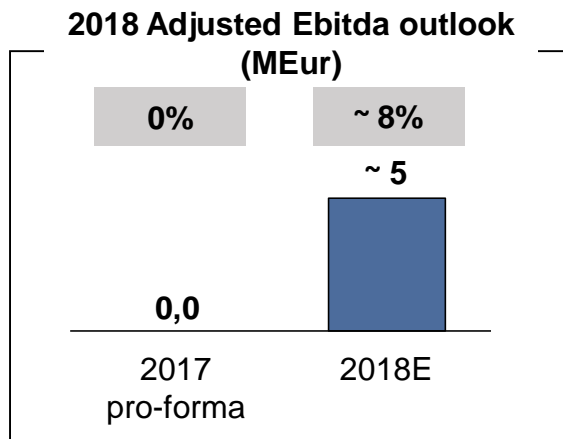
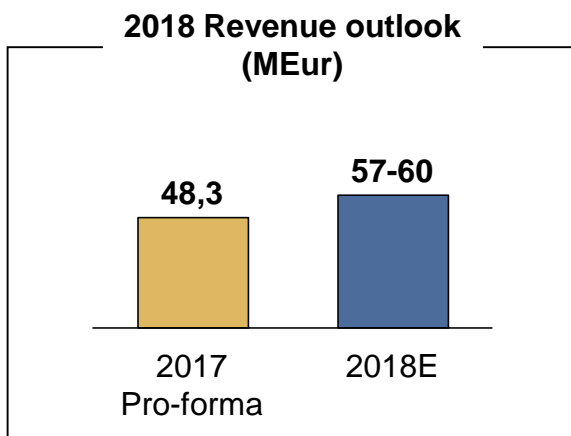
# 2018 Outlook confirms 2018-2022 Strategic Plan with ~ 25M€ of Adj. Ebitda

**LRG**  
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**Automotive**



- **2018 revenue outlook** is expected to confirm Strategic Plan guidelines
- **2018 Adj. Ebitda outlook** is expected to achieve **~25M€ (~ +130%)** in line with 2018-2022 Strategic Plan, thanks to cost reduction implementation:
  - **Direct Costs optimization**
  - **Personnel cost alignment**
  - **Fixed costs structure review**

**SAFE & CEC Group <sup>(1)</sup>**



- **2018 revenue outlook** is expected to **increase** vs. 2017 pro-forma results
- **2018 Adj. Ebitda** is expected to be in line with **M&A Strategic Plan guidelines**

<sup>(1)</sup> joint ventures consolidated based on equity method



# Agenda

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- Landi Renzo Group
- Re-launch program: Achieved Results and 2017 FY Financials
- **Market trends and Landi Renzo Group 2018 – 2022 Strategic Plan**
- “G-Mobility Way” – Landi Renzo Group Forward Looking Integrated Strategy
- SAFE – Clean Energy Compression merger

# Transportation market evolution is driven by three main factors, all of them mainly impacted by “decarbonization” targets

## Regulations

- **Emission limits** get tighter and too expensive, even for OEMs
  - **Tighter CO<sub>2</sub> and NO<sub>x</sub> emission limits**, with increasing risk of **ban for “diesel only” vehicles**
  - **Heavy Duty vehicles** are becoming more and more the main target for **GHG regulations for emission limits application**
  - **Several OEMs** required to **more deeply embrace Natural Gas car conversions to respect emission targets starting from 2018**
- 
- **New Incentive Initiatives:** at worldwide level, local Governments are again promoting **incentive plans on Natural Gas and Hydrogen**

## Vehicles fleet and sales trends

- **Worldwide Car fleet** from **1,2billion to 1,6billion** in 2025 (mainly concentrated in emerging economies)
- Large part of new M&HD vehicle sales expected with **“decarbonized” powertrains**
- **CNG, RNG, LNG and LPG** are one of the solutions for CO<sub>2</sub> and pollution and will maintain also in the future an important role
- **FCEVs** are expected to enter in the **worldwide sales mix in the next years**, also supported by the **projected hydrogen refueling station installation**
- **BEVs entrance and adoption** is still constrained by **infrastructure distribution network and limited range**

## Technology evolution

- **New powertrain technologies** are transforming the automotive sector in conjunction with **connectivity and autonomous driving features**
- **Natural Gas and Hydrogen solutions require:**
  - Integrated Solutions (at system level) vs. components
  - Introduction of new components generation (e.g.: electronic pressure regulator, new injectors)
  - Increasing of technological level of each solution's component (ECU with more processing capacity, high pressure pump required, higher injection precision, more advanced raw materials ...)

Note: NGV = Natural Gas Vehicle (ICE vehicles converted to LPG, CNG, LNG and RNG gases)  
 FCEV = Fuel Cell Electric Vehicle  
 BEV = Battery Electric Vehicle  
 PHEV = Plug-in Hybrid Electric Vehicle

# 2018 – 2022 LRG Strategic Plan has set clear directions to drive LRG towards a “virtuous” journey inside NG and Hydrogen alternative fuels ...

## Market Focalization and Business Development

- **Become one of the leading companies** in M&HD and Off-road segments
- **Benefit from current M&HD demand / opportunities** to establish LRG presence in high growth markets
- **Develop M&HD new Product Portfolio** also leveraging **EU6 discontinuity**
- **Consolidate leading global market position** in Passenger Cars LPG (AM and OEM) with current Product Portfolio
- **Enrich Passenger Cars CNG offering** for OEMs with advanced products
- **Increase market share in AM emerging growing markets** both with LPG and CNG

## Targeted Partnerships for accelerating results achievement

- **Evaluate sales and technical synergies** to
  - Leverage LRG **sales & manufacturing network**
  - Accelerate **new M&HD product portfolio go-to-market**
  - Improve current **Passenger Cars CNG product portfolio** with “ready-to-use” advanced products
  - Provide **vehicle integration service solutions in M&HD segments**
  - **Leverage LRG Hydrogen capabilities to provide FCEV solutions**

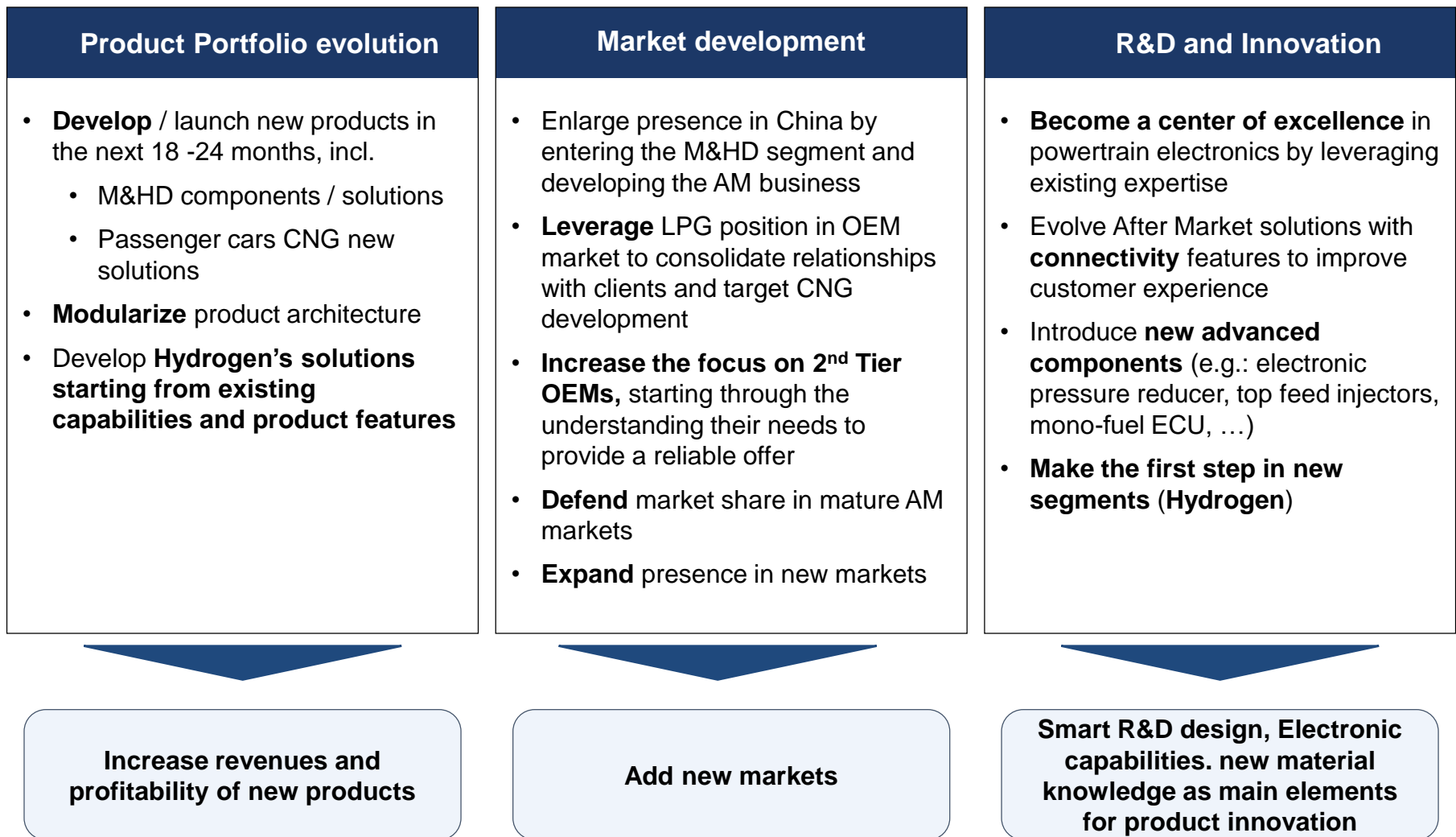
## Operations and R&D processes

### ----- Continuous Improvement

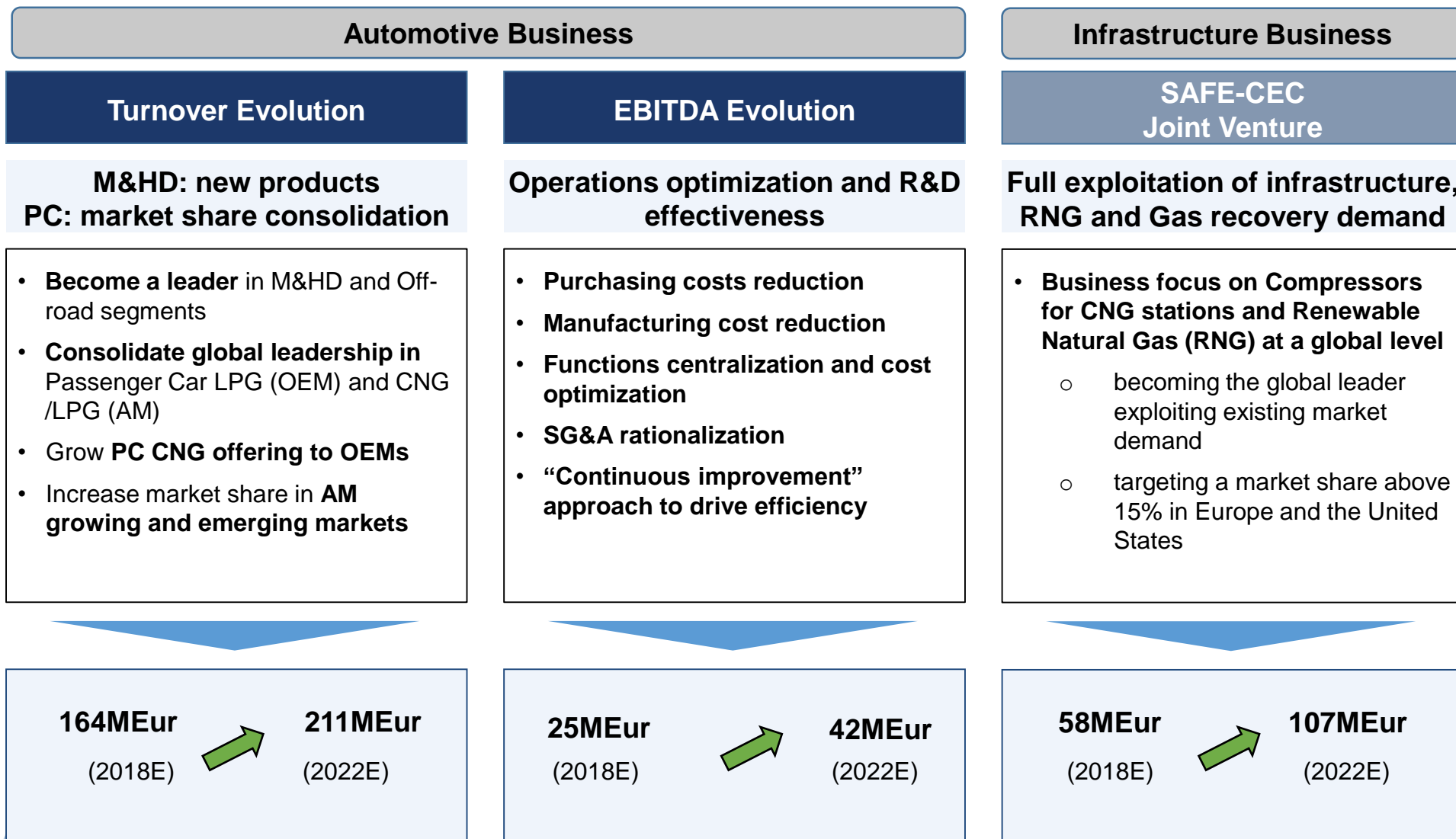
- **Assure the adoption of “continuous improvement”** as structured approach to maintain the focus on efficiency
- **Manufacturing Centre of Excellence**
  - Started the adoption of WCM in Reggio Operation
  - Focusing on having assembly facilities worldwide with the higher standard of quality, efficiency with performance aligned to top players
- **Purchasing optimization**
  - Full adoption of Sourcing effectiveness improvement
  - Strong connection between R&D and purchasing
  - Continuous spending containment

Note: M&HD: Mid & Heavy Duty Vehicles, PC: Passenger Cars, EPC: Engineering Procurement Construction; LCC: Low Cost Countries

## ... stating an articulated vision both on strategic elements ...



## ... and growth and operational excellence targets



Note: M&HD: Mid & Heavy Duty Vehicles; PC: Passenger Cars; EPC: Engineering Procurement Construction; LCC: Low Cost Countries;

# LRG has launched numerous projects to extend the Group in the CNG/LNG Heavy Duty business

## Market context

- **Greenhouse gas reduction and air quality improvement** around urban centres / on motorways are becoming more and more relevant, with strict and increasing emission limitations
- By 2020 the current **Euro-VI Heavy-Duty legislation will be introduced also in countries like China and India**
- **CNG turns to be a very attractive solution for trucks and buses (multi-point and high pressure solutions).** All primary vehicle manufacturers are developing specifically designed propulsion systems for CNG

## LRG HD Project

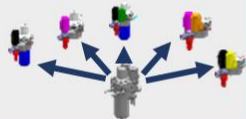
### CNG & LNG Pressure Regulator

#### Mechanical Pressure Regulator

Consolidated and safe diaphragm technology, OEM experience  
Complete range covering different engine output up to 300KW



#### CNG&LNG Pressure Regulator - NEW Family



### CNG Injectors Rail

#### Side Feed Injectors

P&H Command  
Working Pressure up to 10bar



#### Top Feed Injectors

P&H and Saturated Command  
Working Pressure up to 10bar  
Proto C maturity level



### “Alternative” ECU

Consolidated experience in OEM field

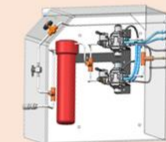
- MONO-Fuel application
- DDF Application



### CNG Fuel-BOX

A system solution for powertrain  
Customer

See slide 25 for details



### CNG Tank and Filling Valve

Available for External and Internal Tank applications

Customized upon request



# Landi Renzo Group strategic plan targets 42 MEur adj. EBITDA in 2022

## LRG\_Automotive Business

		<u>2018E</u>	<u>2022E</u>
<b>Turnover</b>	<ul style="list-style-type: none"> <li>Group turnover (Automotive Sector) growing with a <b>CAGR of 6,5%</b> over the five year plan period, driven by expansion into new segment (M&amp;HD) and markets</li> </ul>	€164M	€211M
<b>Adjusted EBITDA<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>LRG Adj. EBITDA growing from <b>15% to 20% over revenues</b></li> </ul>	€25M	€42M
<b>EBT</b>	<ul style="list-style-type: none"> <li>Group EBT growing up to <b>13,4% over revenues</b> at the end of the plan</li> </ul>	€10M	€28M
<b>Cash Flow</b>	<ul style="list-style-type: none"> <li><b>Cumulated free cash flow</b> totalling €93M over the plan period, to repay LRG debt and <b>finance growth</b>, including sale of non-core asset</li> </ul>	Cum. FCF 93M€	

(1) Net of extraordinary expenses

# SAFE-CEC join venture targets more than 100MEur of revenue and 20% of Adj. Ebitda in 2022

## SAFE – CEC join venture

		<u>2018E</u>	<u>2022E</u>
<b>Turnover</b>	<ul style="list-style-type: none"> <li>• <b>SAFE-CEC</b> revenues (<b>CAGR: 16,6%</b>) leveraging on market penetration</li> </ul>	€58M	€107M
<b>Adjusted EBIDTA<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>• EBITDA positively impacted by synergies between SAFE and Clean Energy Compression</li> <li>• In 2022, Adj.EBITDA on revenues growing up to 20% (from 8% in 2018)</li> </ul>	€5M	€22M
<b>Cash Flow</b>	<ul style="list-style-type: none"> <li>• <b>Cumulated free cash flow</b> totalling €34M over the plan period</li> <li>• Possibility to pay <b>dividends</b> to shareholder</li> </ul>	Cum. FCF 34M€	

(1) Net of extraordinary expenses



# Agenda

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- Landi Renzo Group
- Re-launch program: Achieved Results and 2017 FY Financials
- Market trends and Landi Renzo Group 2018 – 2022 Strategic Plan
- **“G-Mobility Way” – Landi Renzo Group Forward Looking Integrated Strategy**
- SAFE – Clean Energy Compression merger

# In a transformational environment and while implementing the Strategic Plan, Landi Renzo Group is forward looking ...



Operational  
excellence

Gas solutions as an affordable bridge to electrification and the only real solution for Heavy Duty

Forward looking: extend our leadership in the gas-mobility by enlarging our offering

- Develop **multi-disciplinary skills** to navigate the “*new era of automotive*” alongside **Electric Vehicles**
- Enlarge **technology capabilities** to all alternative fuels developments, with strong **focus on Hydrogen**
- Exploit the opportunity to become a **center of excellence** to investigate **new Alternative Fuels technologies**, such as **LNG-battery series solutions** and **off-road applications**

# ... to affirm its own “G-Mobility Way” integrated Strategy to complement BEVs technology in the next decades for transportation decarbonization

## Landi Renzo Group “G-Mobility Way” Landscape

### Natural Gas Vehicles (NGVs)

- **OEM LPG passenger car conversions** are expected to decline in the next 4 – 6 years (mainly in Europe)
- **CNG passenger cars** (both OEM and AM) **are expected to grow**
  - **Europe:** the short – mid term complementary solution to BEVs to support all OEMs not having an immediate answers based on PHEVs / BEVs, **bridging the entrance of BEVs**
  - **Russia and India and other Asia Pac Countries:** for all the countries with an internal production of CNG, NG-CNG ICE is the solution to contain the TCO costs
  - **China, South America and Africa:** OEM and AM solution for all car owners not able to move to BEV solution in the **next 10 – 15 years**
- **Mid - Heavy Duty: CNG is the primary solution** for respecting emissions limits and contain transportation costs

### Hydrogen Vehicles (FCEVs and H<sub>2</sub>ICEs)

- **Passenger cars:** Fuel cell is the first and necessary complementary solution to BEVs outside metropolitan / city areas (mid term solution bridged by LPG and / or CNG solution) mainly due to refueling time and autonomy range
  - Complementary is also due to technology similarities (electrical vehicles powered by batteries (BEVs) and fuel cell (FCEVs))
- **Mid – Heavy Duty vehicles:** Hydrogen vehicles (both Hydrogen ICEs and FCEVs) are expected to **be the primary global solution** for decarbonization (mid term solution bridged by LPG and / or CNG solution)
  - Weight impact of batteries and short autonomy range are the insuperable gaps of BEVs

# Landi Renzo Group “G-Mobility Way” integrated Strategy embraces all Alternative Gas Fuel to concretely make real transportation decarbonization ...

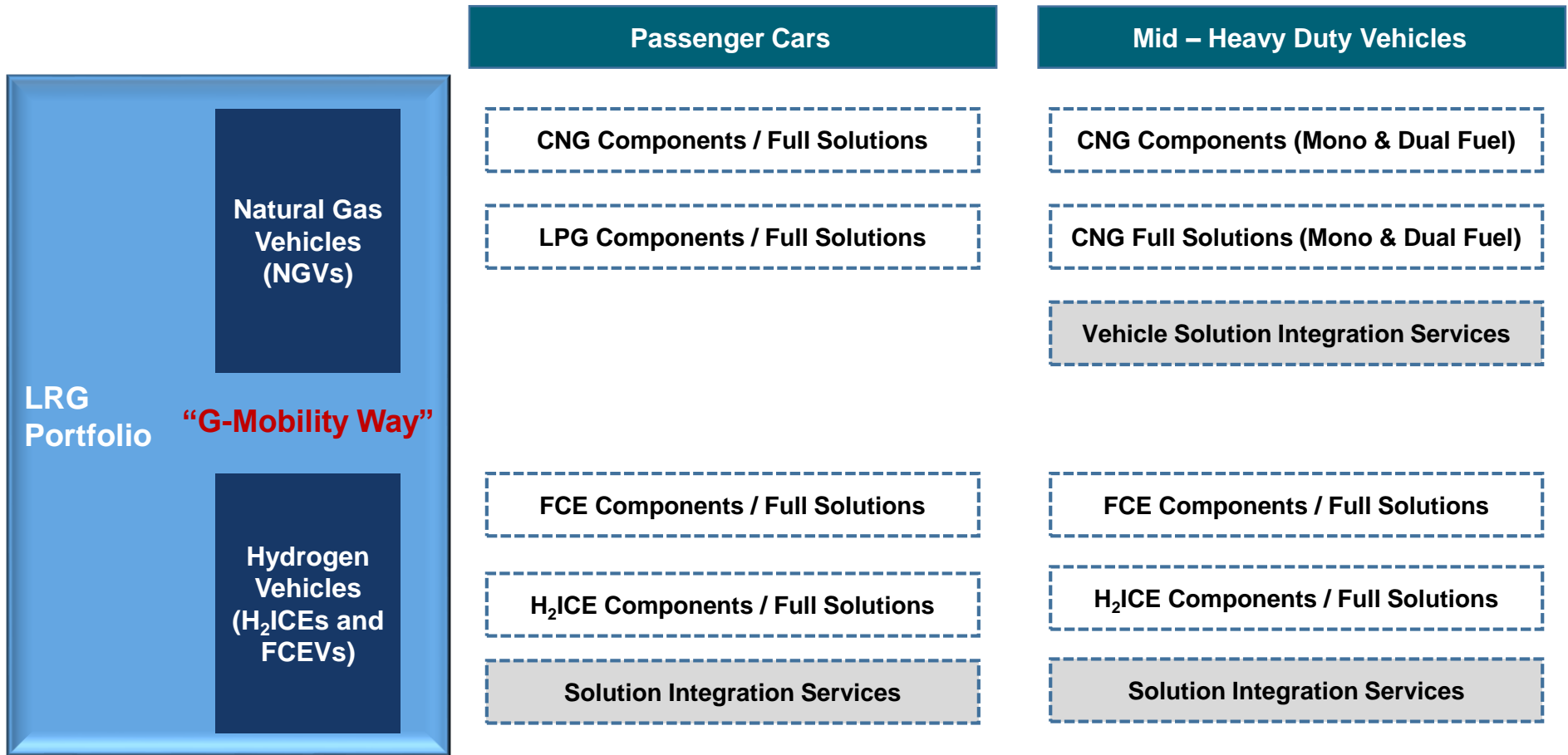
“G-Mobility Way” is the Forward Looking Integrated Strategy to make Landi Renzo Group providing full alternative fuel solutions for supporting transportation decarbonization



**Integrated Portfolio** for providing **Passenger Cars and Heavy Duty**

- **Components**
- **Full Solutions**
- **Vehicle solution integration services**

# ... through an integrated Solutions Portfolio ...



... to fulfil also benefitting a focused partnership strategy

# Agenda

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- Landi Renzo Group
- Re-launch program: Achieved Results and 2017 FY Financials
- Market trends and Landi Renzo Group 2018 – 2022 Strategic Plan
- “G-Mobility Way” – Landi Renzo Group Forward Looking Integrated Strategy
- **SAFE – Clean Energy Compression merger**

# Landi Renzo Group and Clean Energy Fuel merged their wholly owned subsidiaries SAFE and Clean Energy Compression into a new company

## Deal

- **Landi Renzo Group and Clean Energy Fuel (CLNE – NASDAC)** merged their wholly owned subsidiaries **SAFE and Clean Energy Compression** into a new company
- **Closing** occurred on 31<sup>st</sup> December 2017
- On Safe side the **deal accelerates turnover growth and international development**, with few overlapping in terms of market coverage and product portfolio
- The deal created 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
- SAFE-CEC 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 took benefit from a «non monetary» capital gain of 24,2M€** at closing
- With deal completion **LRG deconsolidated 3,4M€ net debt**
- 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

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

- 1 Strong market fundamentals**
  - The Partnership allows to better exploit CNG market growth (that is driven by several external factors) in Europe, Russia, North America and Latam
- 2 CNG leading global position**
  - NewCo would become the second market player with a global footprint
  - Strong complementarity in geographical footprint of the two entities
- 3 Complementary business models**
  - CEC and SAFE show the right fit in terms of product, in terms of compressor range (from low to high power), Technologies (from air to water cooled), with potential to expand consolidated RNG expertise in the US
- 4 Profitability gain through cost synergies**
  - Merge allows quick-win synergies not achievable on the stand-alone basis with a tangible impact on profitability, starting from 2018
- 5 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
- 6 Value creation**
  - NewCo shows higher cash flow generation, with opportunities to take higher value for the current shareholders



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

A person is driving a car, with their hand on the steering wheel. The car is on a road that stretches into the distance. The sun is setting on the right side of the road, creating a warm, golden glow. The sky is a mix of orange and blue. The overall mood is peaceful and forward-looking.

# The Clean Air Company

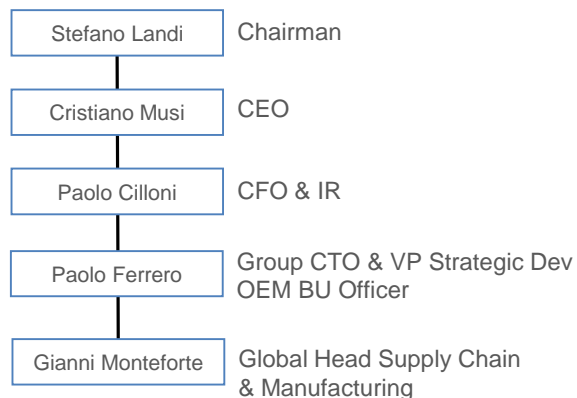
Driving The Future

# Landi Renzo - Company profile (23/03/2018)

## 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  
Ivano Accorsi – Independent Director

## TOP MANAGERS

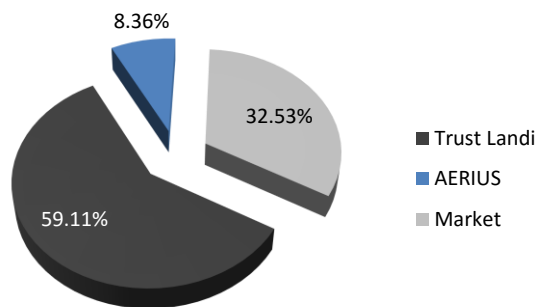


## INVESTOR RELATIONS

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

## SHAREHOLDING



## SHARE INFORMATION

N. of shares outstanding: 112.500.000

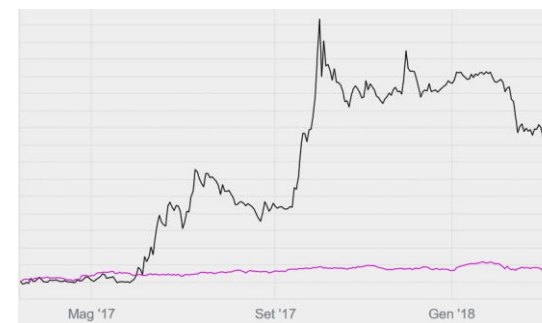
Price as of 23/03/18 € 1.516

Capitalization: € 170.5 mln

FTSE Italia STAR

## STOCK VS MARKET

LandiRenzo – FTSE MIB



# CONSOLIDATED P&L

(thousands of Euro)

INCOME STATEMENT	31/12/2017	31/12/2016
Revenues (goods and services)	206,294	184,242
Other revenue and income	4,222	1,217
Cost of raw materials, consumables and goods and change in inventories	-100,527	-94,236
Costs for services and use of third party assets	-57,307	-51,601
Personnel expenses	-43,181	-36,364
Accruals, impairment losses and other operating expenses	-4,802	-6,160
<b>Gross Operating Profit</b>	<b>4,699</b>	<b>-2,902</b>
Amortization, depreciation and impairment losses	-16,189	-16,018
<b>Net Operating Profit</b>	<b>-11,490</b>	<b>-18,920</b>
Financial income	91	117
Financial expenses	-4,396	-5,161
Gains (losses) on exchange rate	-1,873	904
Gains (losses) on equity investments	21,142	-66
<b>Profit (Loss) before tax</b>	<b>3,474</b>	<b>-23,126</b>
Current and deferred taxes	228	-2,878
<b>Profit (loss) of the period for the Group and minority interests, including:</b>	<b>3,702</b>	<b>-26,004</b>
Minority interests	-437	-759
Profit (Loss) of the period for the Group	4,139	-25,245
<b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b>	<b>0,0368</b>	<b>-0,2244</b>
<b>Diluted earnings (loss) per share</b>	<b>0,0368</b>	<b>-0,2244</b>

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	31/12/2017	31/12/2016
<b>Non-current assets</b>		
Property, plant and equipment	14,583	30,500
Development expenditure	5,401	8,420
Goodwill	30,094	30,094
Other intangible assets with finite useful lives	15,769	20,359
Equity investments consolidated using the equity method	24,301	43
Other non-current financial assets	428	664
Other non-current assets	4,560	0
Deferred tax assets	8,016	6,887
<b>Total non-current assets</b>	<b>103,152</b>	<b>96,967</b>
<b>Current assets</b>		
Trade receivables	29,118	37,551
Inventories	36,562	49,872
Contract works in progress	0,000	1,281
Other receivables and current assets	7,529	10,082
Cash and cash equivalents	17,779	16,484
<b>Total current assets</b>	<b>90,988</b>	<b>115,270</b>
<b>TOTAL ASSETS</b>	<b>194,140</b>	<b>212,237</b>

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)

<b>EQUITY AND LIABILITIES</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Group shareholders' equity</b>		
Share capital	11,250	11,250
Other reserves	41,983	59,400
Profit (loss) of the period	4,139	-25,245
<b>Total equity attributable to the shareholders of the parent</b>	<b>57,372</b>	<b>45,405</b>
Minority interests	-669	-323
<b>TOTAL EQUITY</b>	<b>56,703</b>	<b>45,082</b>
<b>Non-current liabilities</b>		
Non-current bank loans	26,906	18,687
Other non-current financial liabilities	29,308	22,812
Provisions for risks and charges	11,891	8,973
Defined benefit plans	2,446	3,124
Deferred tax liabilities	423	514
<b>Total non-current liabilities</b>	<b>70,974</b>	<b>54,110</b>
<b>Current liabilities</b>		
Bank overdrafts and short-term loans	7,741	40,662
Other current financial liabilities	2,792	10,039
Trade payables	47,829	53,090
Tax liabilities	3,003	2,604
Other current liabilities	5,098	6,650
<b>Total current liabilities</b>	<b>66,463</b>	<b>113,045</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>194,140</b>	<b>212,237</b>

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